

Limited

2021

CNOOC Limited Environmental, Social and Governance Report

About the Report

Name of Organisation

CNOOC Limited (“the Company”, or “we”).

Reporting Period

From 1 January 2021 to 31 December 2021. The report may include information beyond the reporting period in order to keep the information consistent.

Scope of the Report

CNOOC Limited and its subsidiaries. Please refer to the *CNOOC Limited 2021 Annual Report* disclosed in conjunction with this report for details on the scope of reporting entities.

Contents of the Report

Vision and commitment of the Company’s Corporate Social Responsibility (“CSR”), common practices and key achievements in its ESG performance. There are no significant adjustments to the scope of disclosure in this report compared with the Company’s previous ones, and a consistent methodology of disclosure is used.

Data

The data in the report is derived from CNOOC Limited’s internal statistical reports, company documents and reports, stakeholder surveys and interviews. The Company’s emissions and energy use indicators are counted and calculated in accordance with national regulations or international standards.

Reporting Languages

Chinese and English (should there be any discrepancies, please refer to the Chinese version.)

Reference

This report refers to the *Environmental, Social and Governance Reporting Guide* issued by the Stock Exchange of Hong Kong Limited (HKEX), the 10 Principles of UN Global Compact, the *GRI Sustainability Reporting Standards* issued by the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD) and *Sustainability Reporting Guidance for the Oil and Gas Industry* by IPIECA.

Report Verification

An independent limited assurance engagement on selected data and performance claims (“the Subject Matter Information”) of 2021 was conducted against this report by Deloitte Touche Tohmatsu Certified Public Accountants LLP.

An electronic version of this report is available on the Company’s website at www.cnoocld.com and hard copies are available upon request.

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Board Statement

The Board of the Company is committed to improving ESG governance and pursuing harmonious development of the Company, environment and the society, while continues to enhance business development and financial performance.

Supervision over ESG matters:

The Board is the principal and decision-making body for ESG matters, has incorporated ESG affairs into the corporate governance structure and get fully involved in ESG governance and ESG information disclosure, and is fully liable for ESG strategies and reporting. The Board regularly receives a special report on health, safety and environmental protection each year, approves corporate governance reports and working reports on internal control, risk management and compliance management, assesses and determines the Company's ESG-related risks, and ensures that the Company has an appropriate and effective ESG risk management and internal control system.

ESG management policies and strategies:

We integrate ESG governance requirements into our daily management system. Through regularly reviewing ESG outcomes internally and analyzing the evaluation of our ESG performance by external ESG rating agencies, we prioritize and manage the ESG issues with due consideration of macro policies and the communication with stakeholders. The Company reports to the Board regularly on the issues, to clarify our ESG management policies and strategies, and to improve our ESG performance.

Review on ESG targets:

The Board continuously strengthens its supervision and participation in ESG governance. The board will hear the annual special report on health, safety and environmental protection issues made by the management of the Company, set annual targets on the effectiveness of health and safety system, environmental pollution, safety management, green and low-carbon development strategy, and review and evaluate the completion of the objectives of the previous year. In 2021, the management made a special report to the Board on the "14th five year plan" and the future new energy development framework, covering issues like the "carbon emission peak and carbon neutrality" goals, and the challenges, the main direction of new energy and carbon reduction, and the targets of our new energy business development.

The above-mentioned environmental, social and governance related matters are also disclosed in detail in this report, which has been reviewed and approved by the Board.

The Board of CNOOC Limited

About Us

About Us

CNOOC Limited, incorporated in the Hong Kong Special Administrative Region in August 1999, was listed on the Stock Exchange of Hong Kong Limited (code: 00883) on 28 February 2001. The Company was included as a constituent stock of the Hang Seng Index in July 2001.

The Company is the largest producer of offshore crude oil and natural gas in China and one of the largest independent oil and gas exploration and production companies in the world. The Company mainly engages in exploration, development, production and sale of crude oil and natural gas.

At present, the Company's core operation areas include Bohai, the Western South China Sea, the Eastern South China Sea and the East China Sea in offshore China. The Company has assets in Asia, Africa, North America, South America, Oceania and Europe.

As at 31 December 2021, the Company owned net proved reserves of approximately 5.73 billion BOE, and its average daily net production was 1,569,560 BOE. The Company had total assets of approximately RMB 786.6 billion.

Unless otherwise stated, all amounts of reserve and production in this report include reserve and production accounted for using the equity method



Chairman's Statement



Dear friends,

On behalf of the Board of Directors of the Company, I would like to sincerely thank you for your continued support to CNOOC Limited!

2021 was the opening year of the “14th Five-Year Plan” as well as a year when CNOOC strived to go beyond itself. With COVID-19 sweeping the globe and the energy landscape undergoing a profound transformation, CNOOC Limited well prepared to embrace the changes. In such a complicated environment, we continued to improve our governance capability and performance, actively responded to the risks and challenges, insisted on maintaining steady business growth. With our efforts, our oil and gas production reached a new record high, and the operating efficiency reached the best

level in history. We fully implemented green and low-carbon strategies, endeavoured to develop clean energy, vigorously promoted energy conservation and emission reduction, improved the utilization rate of energy resources, and built a resource-saving green enterprise. As a responsible corporate citizen, we delivered outstanding performance in contributing to the harmonious development of the Company, society, humanity and nature.

[Strengthening pandemic prevention and control, fortifying the safety and environmental protection bottom line.](#) In the face of the ongoing pandemic, CNOOC Limited has always prioritised the safety and health of our employees. We have continuously improved our pandemic prevention and control management

system with the consideration of the characteristics of offshore production and operations. We maintained regular pandemic prevention and control measures and ensured “zero infection” in domestic workplace to safeguard the health of our employees. The Company adhered to the core values of Health, Safety and Environment (HSE) of “Prioritising Safety and Environment Protection, Operating with a People-oriented Approach, Keeping Equipment Intact”. We implemented a company-wide responsibility system of safety production and promoted a new pattern of safety governance. With the implementation of ecological protection policies, we stepped up efforts to strengthen the whole process of environmental protection management and comprehensively fulfilled our corporate environmental responsibility in all aspects and dimensions.

Building up energy supply, insisting on increasing reserves and production. In 2021, led by our targets focusing on improving our technical innovation capabilities and organizational management effectiveness, while ensuring safety and environment protection, we strived to enhance the quality of the reserves and production and to strengthen our capability of supply. In offshore China, we secured four large and medium-sized oil and gas fields, including “Kenli 10-2”. For overseas operation, we continued to make new discoveries in Stabroek block in Guyana, with total recoverable resources exceeding 10 billion BOE, which has effectively consolidated the resource foundation for sustainable development. During the year, new projects were intensively put into production, and Bohai oilfield has become the largest crude oil production base in China. In addition, the Company’s net oil and gas production reached a record high of 573 million BOE.

Following the trend of energy transition, adhering to green and low-carbon development. We resolutely implemented the strategies of “carbon peaking and carbon neutrality” by facilitating the establishment of a green and low-carbon oil and gas industry chain. Firstly, we promoted green and low-carbon production. The Bohai oilfields onshore power project commenced operation successfully, which will become a model for green oilfield construction. Throughout the year, more than 40 energy-saving transformation projects were implemented, and the carbon emission level per unit of oil and gas field production ranked among the top of international oil companies. Secondly, we have optimized the production structure of oil and gas. The commencement of “Shenhai-1” gas field will drive the construction of a gas producing area of trillion cubic meters resources in the South China Sea. The Company planned to bring the proportion of natural gas production to over 30% by 2025.

Adopting digitalization and intelligentization, utilizing scientific and technological innovation. We continued to enhance our core competitiveness, invested in innovation sector along the industry chain, and vigorously promoted the reform of the science and technology system and mechanism, and step up the construction of the science and technology platform. Our core technology research projects have achieved milestones, and our “Shenhai-1” energy station has realised three world-

class innovations. We also achieved remarkable results in the promotion of digital and intelligent operation. In particular, 12.5% of our offshore production platforms were unmanned, the Enping Oilfields achieved unmanned production during typhoons for the first time, and we built the first offshore intelligent oilfield project in China, marking a key step towards green, efficient and intelligent development in China’s offshore oil industry.

CNOOC Limited insists on growing together with the employees. By improving the training system, optimizing the talent development system, and providing a clear career path, we helped every employee to become the main force of the Company’s high-quality development. In so doing, we were awarded as “2021 Forbes China - Most Sustainable Employer of the Year”. We also actively fulfilled our social responsibilities and increased our public welfare investment in various projects such as rural revitalization, environmental treatment, education support and charitable activities, with donations totalling nearly RMB 100 million.

Looking back on 2021, we fought through adversities with hard work and diligence and eventually achieved fruitful results. Because of our excellent ESG performance, the Company garnered numerous awards, including the “Best Environmental, Social and Governance” by Institutional Investor magazine and the “Best Environmental Responsibility” by Corporate Governance Asia magazine. The Company was also included in the “ESG · Pioneer 50 Index of Government-owned Enterprises” by the SASAC, ranking the 12th.

Only in hard times can courage and perseverance be manifested, and only after polishing can a piece of jade be finer. In 2022, we will remain true to our original aspiration. Upholding the concept of “harmonious development of economy, environment and society” and “win-win partnership with stakeholders”, we will listen to our stakeholders and actively respond to the Ten Principles of UN Global Compact as well as new guidelines of the Hong Kong Stock Exchange. We will also continue to refine our ESG management, improve ESG disclosure, and strive to become a world-class energy company with perseverance, courage, diligence and hard work.



Wang Dongjin
Chairman of CNOOC Limited
March 2022

Vision and Commitments

We are committed to sustainable development; therefore, we will develop existing natural resources in a safe, efficient, and environmentally-friendly manner and provide society with clean, reliable and stable energy that meets people's reasonable energy demand. The economy, environment, and society form three cornerstones for us to use to devote our businesses to energy resource development and value creation. As our business and economic contributions grow steadily, we will press ahead on the road of environmental protection and social progress. Continued efforts will be made to integrate economic, environmental and social factors to drive the sustainable development of the Company.

The Company believes that sustainable development should not only depend on the knowledge, beliefs and ideas of management or employees. We must also integrate sustainability into our corporate management systems to make it part of our corporate culture.

We constantly assess our performance and make improvements and adjustments to ensure that our operations and management are more environmentally-friendly, efficient and safer, and achieves balance in the development of the economy, environment and society.

CNOOC Limited strives to be

- A driving force for the supply of sustainable energy
- A motivational force for joint progress of stakeholders and society
- A dominating force for clean, healthy and green energy development models

CNOOC Limited is committed to

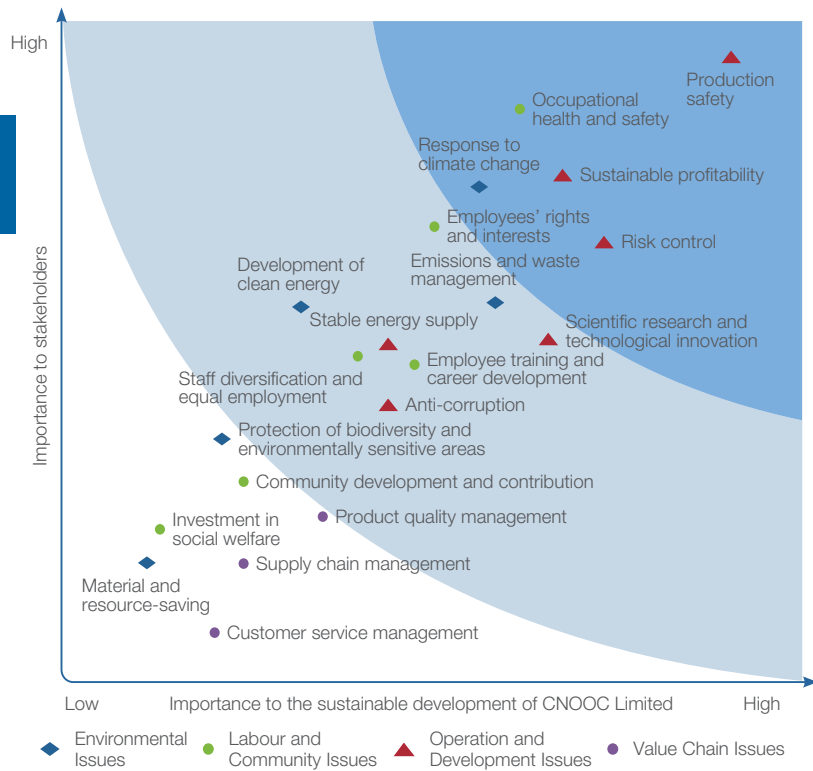
- Increasing the reserves and production levels, ensuring the stable supply of energy in the world and enhancing supply capacity
- Pursuing sustainable development, strengthening independent innovation in science and technology and promoting green energy transition
- Operating in compliance with laws and regulations and adhering to a high standard of business ethics and corporate governance
- Exploiting resources in a safe and environmentally-friendly way and responding actively to climate change
- Proactively participating in community-building activities and making contributions to the general welfare
- Respecting the rights and interests of stakeholders and pursuing an all-win situation

CNOOC Limited focuses on

- Providing clean energy
Continuously increasing gas supply capacity and pushing forward green and low carbon products
Improving the proportion of natural gas production
- Constructing green plants
Driving energy efficiency and carbon reduction throughout the oil and gas field development process
Accelerating the construction of onshore power projects
- Developing green industries
Developing new energy businesses selectively
Advancing offshore CCS and CCUS demonstration projects



The materiality analysis results of CNOOC Limited's ESG issues in 2021 are as follows:



Materiality Analysis

The Company, in accordance with the requirements of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited (HKEx), has understood the opinions of stakeholders on our environmental, social and governance (ESG) issues, identified issues that stakeholders are potentially concerned with and determined their importance, as important references to the extent and scope of issue disclosure, to ensure more accurate and comprehensive disclosure of ESG information and respond to stakeholders' concerns by means of questionnaire surveys, business review and discussion, ESG performance benchmarking and internal workshops.



Collection of relevant issues

The identification of substantive issues was conducted by an independent third-party consultant of the Company. The evaluation collected 20 issues related to the economy, environment, labour and human rights. These key issues were derived from a wide range of data, including the Environmental, Social and Governance Reporting Guide of the HKEx, GRI Index, TCFD Disclosure, opinions of relevant parties, policies and management strategies of the Company, industry benchmarking, ESG rating system analysis, internal publications and media coverage.

Analysis of influence on operations



We solicited opinions from the senior management of CNOOC Limited and evaluated the importance of these issues to CNOOC Limited, from the perspective of the Company.

Survey on the degree of concern



The independent consultant of the Company conducted a questionnaire survey on seven major stakeholder groups respectively, including shareholders and creditors, employees and employee organisations, government and regulatory authorities, partners and subcontractors, the public and communities, public welfare organisations and non-governmental organisations, and clients, and invited stakeholders to evaluate the importance of these issues. Based on the survey results, the Company conducted analysis to identify and assess the importance of issues.



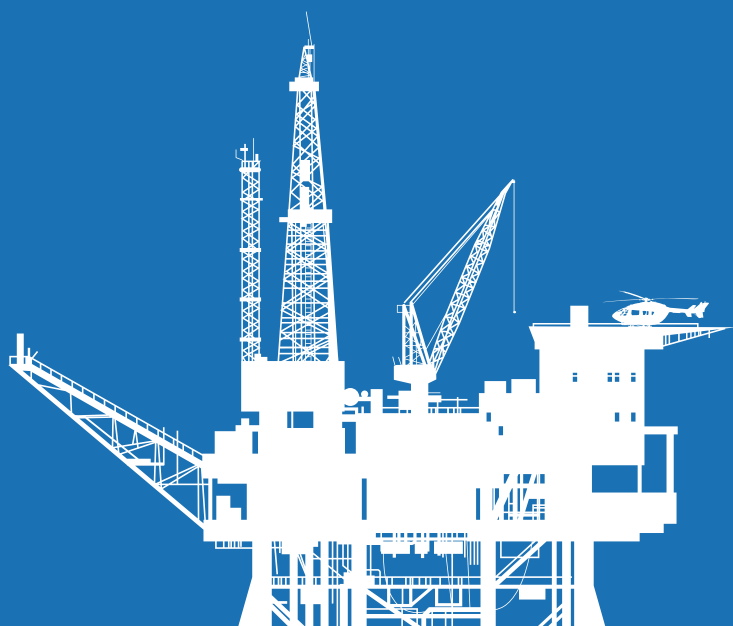
Determination of the order of issues

On the basis of the above analysis results, we collected data and made an analysis according to two dimensions, namely the importance of these issues to stakeholders and to the sustainable development of CNOOC Limited, and presented these issues in a matrix. This Materiality Matrix will serve as an important reference for future strategy development, goal setting and continuous information disclosure.

Topic 1

Integrating with Energy Transformation and Driving Green Development by New Energy

In response to China's requirements on the development goal of "carbon peaking and carbon neutrality" as well as the global energy industry trend, the Company expands the natural gas business, increases the proportion of natural gas production, and actively develops offshore wind power business and onshore wind power and photovoltaics selectively, so as to push forward the green and low-carbon transition on an ongoing basis.



Development Strategy

- Proactively develop offshore wind power to form a large-scale and efficient development trend
- Develop integration of onshore wind power and photovoltaics selectively
- Promote key science and technology programmes in key areas of new energy

Development Plan

By 2025, 5%-10% of capital expenditures are used for new energy and new industry business development:

- Obtain 5-10 million kW of offshore wind power resources, with the installed capacity achieving 1.5 million kW
- Obtain 5 million kW of onshore wind power and photovoltaic resources, with 0.5-1 million KW put into operation

Attaching Priorities to both Oil and Gas, Offshore and Onshore, Conventional and Unconventional



Plan and Goal

- The Company will continuously increase the proportion of natural gas production;
- The Company will put more efforts in the exploration and development of China's offshore natural gas, aiming to build a "trillion-cubic-metre gas field in the South China Sea" by 2025;
- The Company plans to speed up the project of increasing the reserves of onshore unconventional natural gas by 100 billion cubic meters, and strives to achieve a major breakthrough in increasing natural gas reserves and production.



"Shenhai-1" Helps Build the "Trillion-Cubic-Metre Gas Field in the South China Sea"

- In June 2021, the first 1,500-metre ultra-deep-water gas field "Shenhai-1" independently explored and developed by China, officially commenced production in the waters of Lingshui, southeast of Hainan Island;
- The gas field is an offshore ultra-deep-water gas field with the deepest average water depth and the greatest exploration and development difficulties independently discovered in China to date;
- It can provide a stable supply of 3 billion cubic metres of gas each year, meeting a quarter of the people's natural gas demand in the Guangdong-Hong Kong-Macao Greater Bay Area;
- "Shenhai-1" energy station can give impetus to the development of new deep-water gas fields in surrounding areas, boosting regional economic development and energy structure transition.

Promotion of High-quality Development of Unconventional Natural Gas

- The daily drilling efficiency of coalbed methane increased by 51% year-on-year, and more than 600 kilometres of various new gas transmission pipelines were built;
- Daily gas capacity reached 14 million cubic metres, a year-on-year increase of 40%, ranking first among coalbed methane enterprises in China in terms of growth rate, equivalent to the daily gas demand of 28 million households;
- In the future, the focus will be on advancing Shenfunan Gas Field development project, whose peak output can reach 1.6 million cubic metres per day.





Actively Developing Offshore Wind Power

Plan and Goal

- Following the general trend of low carbon development in the global energy industry, the Company actively develops offshore wind power and other new energy businesses, and carries out research in cutting-edge technology fields;
- Revolving around the acquisition of wind resources and project development, the Company gradually forms a new energy business with offshore wind power as its core and strives to build 1-2 integrated energy demonstration islands;
- By 2025, we plan to obtain 5-10 million kW of resources, with the installed capacity of offshore wind power achieving 1.5 million kW.

Jiangsu 300,000-kW Offshore Wind Power

- Full-capacity operation was realised in 2021;
- The annual cumulative on-grid energy is about 395 million kWh, and the annual on-grid energy during normal operation period is about 860 million kWh;
- Compared with coal-fired power generation units, 279,000 tons of standard coal can be saved while carbon dioxide emissions can be reduced by 571,000 tons, equivalent to the total amount of carbon dioxide absorbed by planting about 430,000 mu of woods.

In addition to the Jiangsu offshore wind power project, the Company's second offshore wind power project in the waters near Shantou, Guangdong is progressing in an orderly manner. CNOOC Limited is also vigorously promoting demonstration projects such as offshore wind power supplying power to oil and gas fields.

In addition, relying on its capability to develop marine resources, the Company orderly promoted several demonstration projects such as Wenchang floating wind power in deep water.

Developing Onshore Wind Power and Photovoltaics Selectively

Plan and Goal

- The Company participates in the construction of energy demonstration base for integrating utilisation and storage of wind and solar energies, actively explores new models of integrated development, and takes quick actions to acquire resources with importance to both centralisation and distribution;
- Capacity of 0.5-1 million kW will be built by 2025.

Weizhou Oilfield Cluster PV Power Station

- Total installed capacity of Weizhou Oilfield Cluster Onshore Terminal is 4.5 MW;
- It is expected to provide 5.17 million kWh of green and clean electricity to the Weizhou Oilfield Cluster and residents of Weizhou Island each year over the 25-year operating period;
- Compared with coal-fired power generation units, 1,600 tons of standard coal are saved each year, and emissions of carbon dioxide, sulphur dioxide, nitrogen oxides and soot will be reduced by approximately 4,100 tons, 0.79 tons, 1.15 tons and 2,500 tons each year;
- By 2025, the Company will realize a new power supply model of “offshore wind farm + photovoltaic + energy storage + onshore power” in Weizhou Oilfield Cluster, and build the first offshore demonstration oilfield of “zero-carbon” power supply.



South Gansu Animal Husbandry and Photovoltaic Complementary Project

- The Company makes positive contributions to the rural revitalisation strategy and supports local economic and social construction;
- The average annual on-grid energy is expected to reach 78.33 million kWh;
- Compared with coal-fired power generation units, 23,900 tons of standard coal can be saved each year while carbon dioxide emissions can be reduced by 72,000 tons.



Overseas New Energy Construction

- The Company owns 50% equity of the Soderglen wind plant in Alberta, Canada;
- The power plant has an installed capacity of 70.5 MW;
- The plant generated 113,070 MWh of electricity in 2021, equivalent to the electricity consumption of 15,000 households for one year.

Topic 2

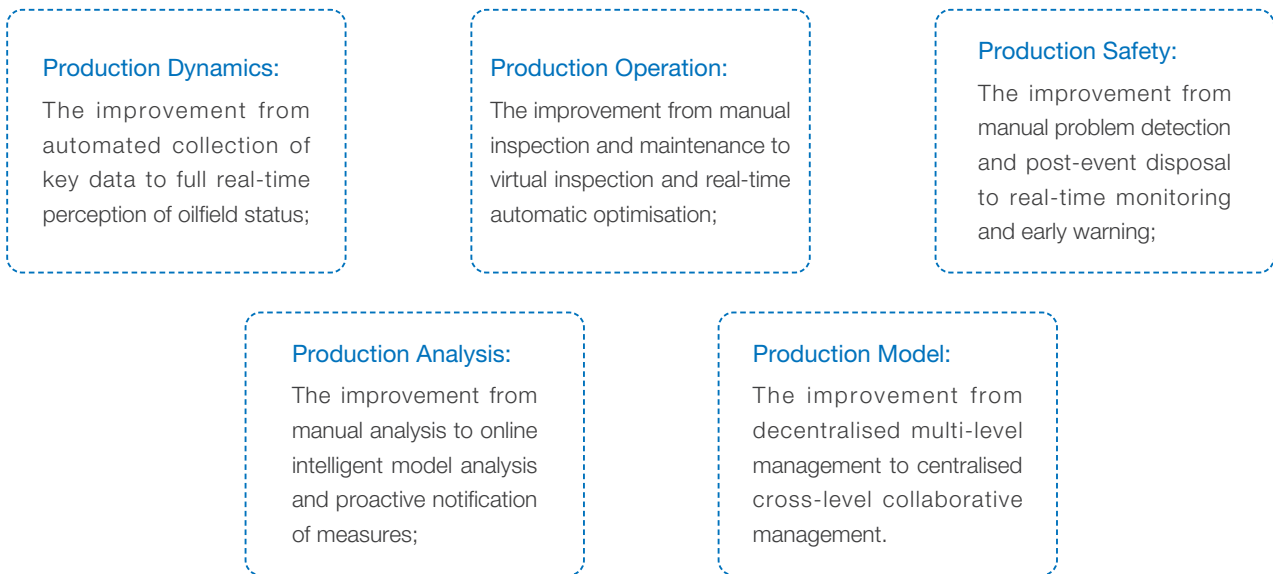
Being Driven by Digital Intelligence and Starting a New Era for Offshore Oilfields



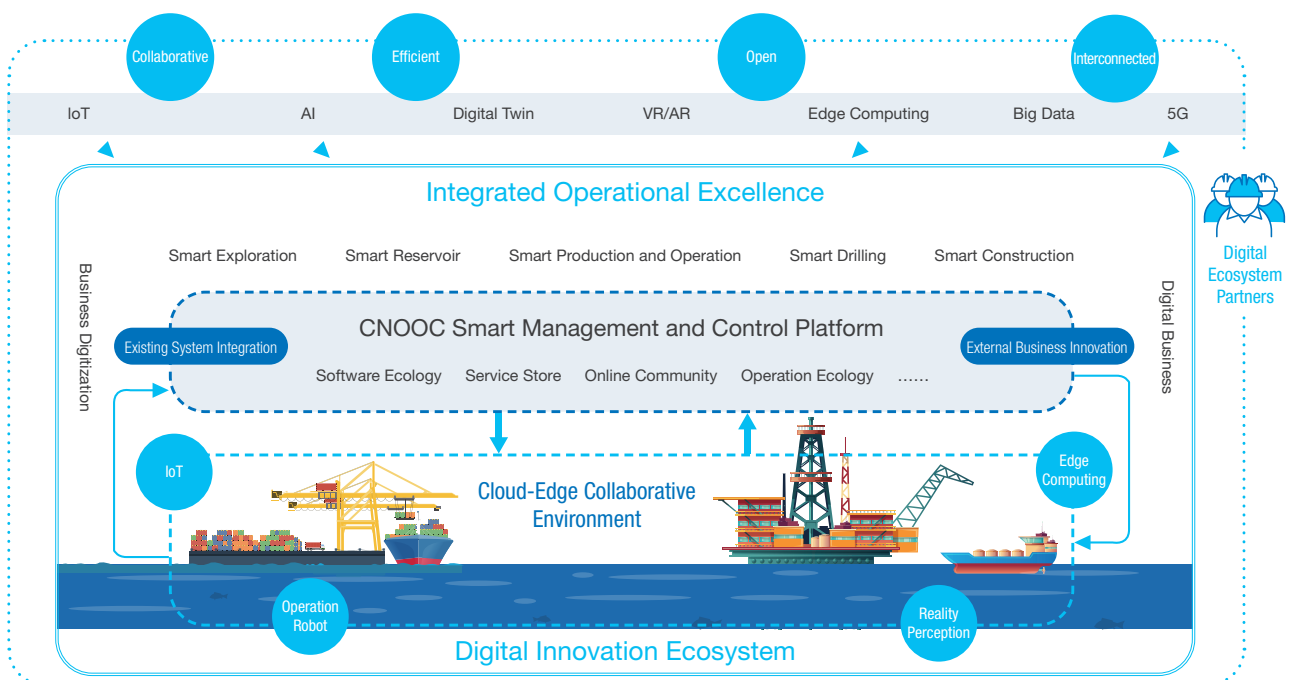
With the accelerated innovation of modern information technologies such as big data, cloud computing, artificial intelligence and blockchain, enterprises have made strategic choices to master digital technology and develop digital economy for seizing opportunities arising from the new round of scientific and technological revolution and industrial reform. Fully applying digital technologies including cloud computing, big data, artificial intelligence, 5G and Beidou to the demonstration project of Qinhuangdao 32-6 Oilfield, CNOOC Limited rebuilds a modern, digitalised and intelligent oilfield through intelligence empowerment and process reengineering, and ushers in a new era of offshore oilfields intelligence, which are great achievements.

Intelligent Oilfield - A “New Species” of Oilfield

Basing on the construction of IoT at sites, focusing on core assets for oil and gas production including oil and gas reservoirs, wells, equipments and facilities and relying on the digital technology-based platform as strong support to asset management and efficiency improvement, the intelligent oilfield incorporates the transformation of production organisation and the improvement of business management process, creates a new “intelligent, safe, green and efficient” model of offshore oil and gas development and operation and builds “an oilfield of real-time perception, full collaboration, active management and overall optimisation”, thus maximising the value of oil and gas assets.



In October 2021, China’s first offshore intelligent oilfield construction project - the Qinhuangdao 32-6 Intelligent Oilfield (Phase I) project, was fully completed and put into operation.



Significance

- Propel the change of management model, and establish a sea-land synergistic and efficient operation model with land-based production control centre as the hub;
- Promote optimal risk management and control, use AI technologies to achieve automatic identification and early warning of operational risks and hidden dangers; replace men with robots to conduct operations; utilise drones for submarine pipe and cable inspection to achieve accurate safety management and control on production sites;
- Advance the business intelligence and agility and the application of intelligent equipment, realise comprehensive monitoring, intelligent inspection and remote control of the working sites, and reduce equipment maintenance costs by more than 10%;
- Improve production efficiency, bring about a 30% increase in work efficiency, and generate direct benefits of approximately RMB 30 million per year.

Innovation

- Build a sea-land all-scenario industrial internet platform of services, data, network and application synergy with data as the core;
- Deploy offshore platforms with edge-integrated machines and land cloud with intelligent edge platforms, and build a cloud-edge collaboration platform for the first time in the industry to enable remote management at the edge;
- Practice AI recognition technology, fully perceive potential safety hazards, and improve the efficiency of safety risk disposal;
- Use digital twin technology in an innovative way, and combine with real-time data to build equipment dynamic display, virtual inspection, personnel positioning, hidden danger identification, hierarchical risk control and management, lifting area risk management and other application scenarios;
- Comprehensively apply intelligent individual equipment such as drones, robots, PDAs, positioning bracelets, etc. for the first time in China, enabling data interconnection and information exchange between offshore platform equipments and systems.

Value

- Empower safety management through digitalisation for sustainability, low-carbon development, safety and environmental-friendliness;
- Empower reservoir management through digitalisation for maximisation of the economic value of reservoirs;
- Empower production management through digitalisation for efficient production and operation;
- Empower equipment management through digitalisation for optimal life-cycle costs.



Achievements

Develop **8** core technologies

Break through **3** key core technologies

Construct over **100** sets of algorithmic models

Develop over **1,600** business function points

Finalise **17** corporate standards
29 intellectual property rights and
9 sets of construction guidelines

Rank first among “2021 Top 10 Achievements in Digital Transformation” at the 1st Chinese Central State-owned Enterprises Digital Transformation Summit.

Onshore Power - Lifeline of Intelligent Oilfield

Under the principle of “simultaneous research, design and promotion of intelligent oilfield construction and onshore power work”, through the laying of submarine optical fibres and cables, the offshore platform of Qinhuangdao 32-6 Oilfield has achieved onshore transmission and distribution, whole connectivity of optical fibres and full coverage of wireless signals, and the bandwidth of the backbone network has been increased from 40 megabytes to 10,000 megabytes, with a seamless connection between the offshore platform and the land and accurate record and transmission of production data. The demonstration project is not only China’s first offshore oilfield cluster onshore power application project, but also the world’s largest onshore power project with the highest AC transmission voltage in offshore oilfields. It is a pioneering model of green and low-carbon development strategy, and a “world business card” for promoting energy reform and upgrading offshore oilfield development models, marking another historic step for China’s offshore oil industry towards green development, efficient development, and intelligent development.



Unmanned Platform - New Scenario of Intelligent Application

The unmanned and intelligent offshore platforms will greatly help to reduce the construction and operation costs of platforms, highlighting significant management and economic value. Based on the completion of Qinhuangdao 32-6 smart oilfield and Dongfang 1-1 smart gas field group, CNOOC Limited promoted the construction of production control centres such as Enping, Panyu, Baiyun and CUCBM in an orderly manner. Currently, CNOOC Limited has completed the design and transformation of 9 unmanned platforms, and the unmanned operation rate of offshore productive platforms has reached 12.5%. It is expected that CNOOC Limited will have 34 unmanned platforms put into production in the next five years. Meanwhile, it will accelerate the construction of production control centres and production command centres, and gradually promote the unmanned operation of offshore platforms and the regular typhoon-season production model in conjunction with the onshore power project.



Corporate Governance

Corporate Governance

CNOOC Limited strictly abides by the national laws and regulations and regulatory provisions at places where we operate as well as by our own corporate governance policies. We operate honestly and legally and value risk management and internal control. We emphasise ESG management and the Board of Directors' participation during the whole process of ESG information disclosure. For audit and supervision, we have a whistleblower protection system and have implemented policies on audit and supervision and anti-corruption among suppliers, third-party agents, and intermediaries to ensure compliant and effective corporate governance.



Risk Analysis

Anti-corruption, anti-fraud, anti-money laundering and corporate governance risks

Regulatory guidelines and laws regarding anti-corruption, anti-fraud and anti-money laundering become more and more strict - as is corporate governance in the countries and regions in which we operate. If we, or our directors, executives and employees, fail to comply, we may be sued or punished with reputation and image damaged, restricted from obtaining new resources and/or access to capital markets, and even subjected to civil or criminal liabilities.

Measures

Taking the *Basic Policies for Compliance Management* as the general outline, together with the *Code of Ethics* and *Compliance Manual for Departments and Employees*, we continue to improve and issue comprehensive compliance management measures (or rules), compliance guidelines and operation manuals for key special areas. We have also established a strict prevention and management system, and strengthened compliance training and awareness, to ensure all directors, executives and employees properly discharge their responsibilities.

Governance Standards

The Company has always upheld and attained high standard of business ethics and the transparency and standard of governance have been recognised by shareholders and also the public. We believe that maintaining high-standard corporate governance is essential to the stable and effective operation, and serves the long-term interests of the Company and shareholders.

In 2021, the Company executed corporate governance policies strictly and complied with the relevant codes on corporate governance from the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the “*Listing Rules*”). Furthermore, we ensured that all decisions were made on the principles of trust and equity and issued in an open and transparent manner so as to protect the interests of all shareholders.

As at 31 December 2021, the Board of the Company consisted of nine members, including two Executive Directors, three Non-executive Directors and four Independent Non-executive Directors. The responsibilities of the Board include reviewing and approving long-term strategic plans and annual operating plans, and monitoring the execution of these plans; reviewing and approving significant financial and business transactions and other major corporate actions; reviewing and approving financial statements and reports, and overseeing the establishment and maintenance of controls, processes and procedures to ensure accuracy, integrity and clarity in financial and other disclosures; and being fully responsible for the Company’s ESG strategy and reporting, evaluating and determining the Company’s ESG-related risks, and ensuring

appropriate and effective ESG risk management and internal control systems are in place. The Company holds Board meetings at least four times a year. ESG related issues are set on the agenda of the Board meeting. Three committees have been set up under the Board, namely the Audit Committee, Nomination Committee and Remuneration Committee. Members of these three committees are Non-executive Directors and Independent Non-executive Directors with a high degree of independence. When potential conflict of interests related to Board matters arises, the Independent Non-executive Directors will take the lead in reflecting the opinion of the minority shareholders.

In 2021, there were changes in the directors and the senior management of CNOOC Limited. Mr. Hu Guangjie no longer served as the Executive Director and President of the Company starting from 21 April. Mr. Xia Qinglong has been appointed as the President and Executive Director of the Company starting from 21 May and 3 August respectively.

The Board adopted a board diversity policy in August 2013, considering a diversified Board as the key for strategic goals and sustainable growth. The Board has deliberated the policy and took into account the objectives set out in the policy in reviewing Board composition. In particular, in selecting the candidates for Non-executive Director, the Board not only considers the expertise, experience and industry-specific background of the candidates but also takes into account gender, cultural background and diversified vision of the candidates. In selecting candidates for Executive Director, the Board considers their expertise and background in the oil and

CNOOC Limited Organisational Structure of Board of Directors



gas industry, leadership and management skills, and experience and length of service in the industry.

The Company believes the active involvement of Non-executive Directors and Independent Non-executive Directors makes the management and decision-making of the Board and the Committees more objective and independent. As of the end of the reporting period, the Company has received annual confirmations from all our Independent Non-executive Directors acknowledging full compliance with the relevant requirements in respect of their independence pursuant to Rule 3.13 of the *Listing Rules*. The Company believes that all Independent Non-executive Directors are independent.

The Company provides all the newly-appointed directors of the Board with comprehensive, formal and tailored instructions on appointment and trainings in order to enable them to keep abreast of the latest developments in the Company's business and operation, and of their responsibilities under laws and regulations and other regulatory requirements, as well as the Company's business and governance policies, so that the directors can discharge their responsibilities. In 2021, we provided all the directors with the compliance training on "International Anti-Corruption and Anti-Bribery". Some directors also participated in the training on regulatory updates and directors' responsibilities. In addition, the Company kept the directors updated at regular intervals on the continuing obligations of listed issuers and their directors as well as on the Company's business and operation.

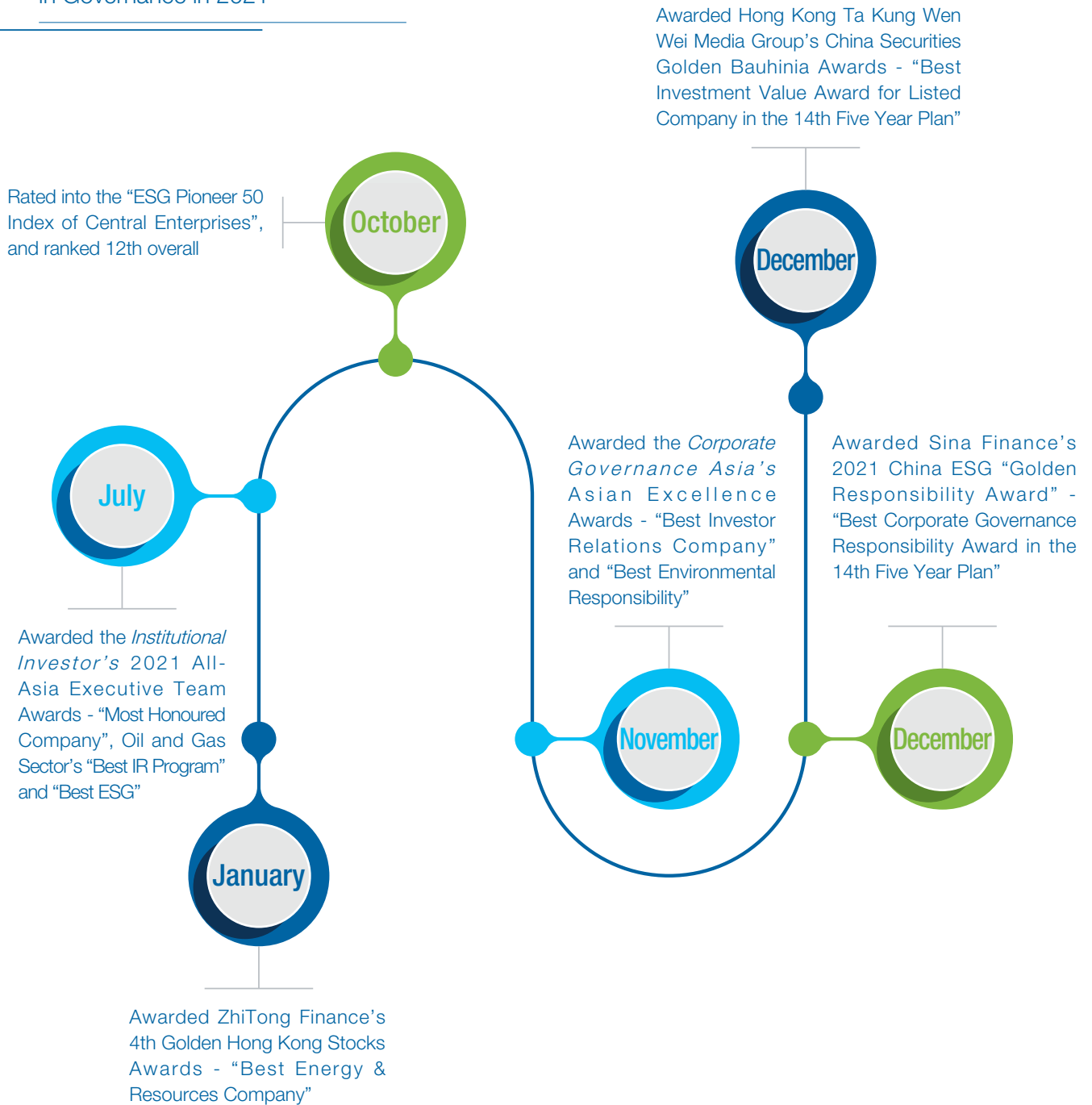
The Company has established open and transparent

communication channels for minority shareholders. We have set up a dedicated section on the "Investor Relations" page of our website to inform our shareholders of important events in an open and transparent manner; meanwhile, we have been inviting them to participate in the Annual General Meeting, Extraordinary General Meeting and Performance Announcement, and delivering timely responses to their concerns via email or conference call, so that they can have a better understanding of the Company's operation.

The Company regularly organizes Performance Announcement, Annual Strategic Outlooks, Press Conference and other activities in various forms and channels via online live broadcast/conference calls, offline as well as the combination of the two. We communicate with the market in a timely and transparent manner, sharing the Company's development strategy, business strategy, financial performance and future prospects. During the event-in, the management actively and conscientiously answered the core concerns of the market and won unanimous praise from the outside world. In 2021, a total of 1,200 analysts and reporters participated in the event.



Awards & Honours of the Company in Governance in 2021





ESG Management

CNOOC Limited has incorporated ESG management into corporate governance. The Board is the highest and decision-making body for ESG matters, and it takes overall responsibility for the Company's ESG strategies and reporting. Its responsibilities include evaluating and identifying ESG risks, ensuring the establishment of appropriate and effective ESG risk management and internal control systems, and overseeing and managing ESG goals and work progress. The Company has established an ESG Audit Committee, which is responsible for evaluating and auditing the Company's ESG reports and submitting them to the Board. The director of this Committee is undertaken by the CEO, and its members are executives of the Company.

CNOOC Limited has also founded a working group for the ESG Audit Committee. The members of the working group include heads of the Board's Office, QHSE Department, Human Resources Department, and other related departments. Following the instructions of the ESG Audit Committee, the working group is responsible for preparing ESG reports, regularly reporting progress to the Committee, and handling other tasks assigned by the Committee.

The Board receives a special report on safety and environmental protection from the Chief Safety Officer once a year and a report on risk control and compliance from executives at least twice a year. It also reviews corporate governance reports, working reports on internal control, risk management and compliance management, ESG reports, and the results of communication between stakeholders and analysis of material issues so as to ensure the whole-process involvement of the Board in ESG management and disclosure.

We embed ESG in our daily risk management. Risks are identified and evaluated by experts from different departments and projects, taking into account our objectives, classification methods and norms, as well as changes in our internal and external environments. The possibility and consequences of every type of risks are evaluated in terms of their impact on the environment, personnel, our reputation and finance. The implementation of countermeasures is tracked and regularly reviewed to ensure that risks at all levels are adequately monitored and handled.

Risk Management and Internal Control

The Board ensures that the Company establishes and maintains appropriate and effective risk management and internal control systems and regularly reviews their effectiveness. The Board receives a report on risk management and internal control systems from executives twice a year. All major risks are reported to the Board, which also evaluates the risks and their response plan.

With respect to risk management, the Company's Risk Management, Internal Control and Compliance Management Committee (RMICC Committee) is authorised by the Board to organise and carry out the Company's overall risk management and internal control. Its responsibilities include developing risk management and internal control systems, implementing standard institutional framework, authorisation, responsibilities, processes and methods for the systems, continuously monitoring the operation of the systems, and regularly reporting the construction and compliance management of the systems to the Audit Committee and the Board. The Company has adopted the ISO 31000 Risk Management Guidelines, and has established a continuously-improving risk management system covering design, implementation, monitoring, review and other processes, with reference to the risk management framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) of the U.S and the *Guidelines for Comprehensive Risk Management of Central Companies* by the State-owned Assets Supervision and Administration Commission (SASAC). Furthermore, the RMICC Committee lays down the overall targets and strategies for the risk management. The committee identifies, analyses and assesses the Company's overall risks, and reviews and approves major

risks countermeasures. The Committee is also responsible for keeping track of and periodically reviewing the implementation of such countermeasures so as to ensure that major risks of the Company be sufficiently addressed and monitored.

In regard to internal control, the Company has adopted the internal control framework issued by the COSO of the U.S. and established internal control systems and mechanisms for finance, operation and compliance monitoring, and has been reviewing and evaluating internal control of the Company in alignment with the *Basic Standard for Enterprise Internal Control* and the supporting guidelines jointly formulated by the Ministry of Finance, the China Securities Regulatory Commission, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission.

In 2021, we integrated ESG into our routine risk management, that is, at least six types of ESG risks including climate changes, emissions and wastes, renewable energy sources, human capitals, privacy and data security, and controversial development into major risk sources for regular assessment and continuous follow-up. In addition, we conducted targeted follow-up and assessment for pandemic risk and "carbon peaking and carbon neutrality" risks. We further defined and refined the compliance responsibilities, and strengthened the construction and effective operation of the compliance management system, based on the existing risk control framework. Through the *Compliance Manual for Entities and Employees*, the *Basic Policies for Compliance Management*, we defined basic behaviour requirements for all employees.

CIMS Optimisation Project

With the rapid development of overseas businesses, we launched the CIMS Optimisation Project. Through such methods as top-level design, alignment with world-class standards, end-to-end major process development, informative outline design, asset study, pilot units to develop differentiated management and control, and information application, we strived to establish a set of world-leading management system, centralised governance structure and unified governance concept, providing the Company with world-leading competence in asset management and control.



Audit and Supervision

CNOOC Limited has established a risk control oriented, internal control supported, and internal audit guaranteed supervision and management system, with internal audit led by the Board and supervised and guided by the Audit Committee of the Board. Pursuant to the *Audit Law of the People's Republic of China*, the *China's Internal Auditing Standards* and other laws and regulations, we have formulated and published the *Internal Audit Management System*, the *Implementing Rules for Internal Control Audit* and other policies, which apply to our headquarters and to domestic and overseas subsidiaries, to ensure the integrity and consistency of audit policies.

Following the principle of “Strengthening Internal Control, Preventing Risks and Promoting Compliance”, we have strengthened full-coverage audit supervision of key areas, important processes and major projects; built up the ability to perceive major risks; promoted risk control, efficiency and compliance operation; and ensured the sustainable development of the Company. We have also focused on audit rectification and have established a strict accountability mechanism to ensure the audit findings is well rectified.

Our headquarters is responsible for overseas audit. We have strengthened our audit supervision of overseas assets to improve our international operation and management ability based on the overseas risk control requirements.

Business Ethics

We strictly uphold the business ethics of honesty, trustworthiness and fair competition, and have established rigorous internal prevention and management systems to regulate our behaviour and ensure that employees perform their duties properly.

CNOOC Limited strictly observes the policies and regulations on combating corruption, business ethics, and upholding integrity, including the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and the *Prevention of Bribery Ordinance*, and we have established rigorous internal punishment mechanisms and management systems. In 2021, we integrated compliance complaint channels, disclosed the complaint website <https://www.cnoocd.com/complaint> on our website, and formulated and published the *Compliance Complaints Management Measures*, specifying the assignment of responsibilities, management processes and requirements of compliance complaints, and further improved the mechanism for violation complaints and their handling, so that domestic and overseas violation complaint channels are available, and such violations can be investigated timely.

CNOOC Limited has formulated the *Code of Ethics for Directors and Senior Executives* (the “Code of Ethics”) to provide guidance and requirements to the directors and senior executives, defining requirements on regulatory rules, insider trading, improper market conduct, conflicts of interest, corporate opportunities, protection and proper use of corporate assets, and reporting requirements. The Company's directors and senior executives are required to be familiar with and abide by the Code of Ethics. Every year, the Code of Ethics is reviewed and amended by the Board and disclosed on the Company's website.

CNOOC Limited upholds high ethical standards for employees. We have issued the *Compliance Manual for Entities and Employees*, the *Procedures for Handling Rule Violations*, and the *Regulations on Conflicts of Interest*, and have established an effective mechanism for punishing and preventing fraud. Senior executives and departmental general managers of the Company should be responsible for the construction of clean government in their areas of management. In addition, department heads are required to sign a letter of responsibility for combating corruption and upholding integrity every year, and we deliver warning education and publicity on integrity at important moments such as employee orientation, promotion and major holidays.

In 2021, we organised 12 compliance trainings, covering trade sanctions, export control, blocking legislation, anti-commercial bribery, anti-corruption, overseas employment, listed issuer compliance, ESG and human rights, cybersecurity and data protection. All staff learned the *Compliance Manual for Entities and Employees* online and signed a Commitment to Compliance.

In 2021, CNOOC had no concluded litigation cases involving the Company or its employees in corruption.

Compliance Manual for Entities and Employees

The *Compliance Manual for Entities and Employees* defines compliance requirements for avoiding conflicts of interest and insider trading, anti-corruption and money laundering, asset use and protection, information security and personal privacy protection, as well as fair trade and competition.

Procedures for Handling Rule Violations

The *Procedures for Handling Rule Violations* details provisions for behaviours such as corruption, bribery and violation of integrity practices, and clearly outlines punishments for corruption, embezzlement and bribery.

Regulations on Conflicts of Interest

The *Regulations on Conflicts of Interest* defines activities that may lead to conflicts of interest, and provides measures to protect whistleblowers' lawful rights and interests.

Energy Supply

Energy Supply

We always aim firmly to increase reserves and production of oil and gas, optimise products and services, and promote technological innovation. And we endeavour to guarantee stable supply of oil and gas by focusing on stabilising and sustaining the supply chain.



Risk Analysis

Market risk

The global turbulence and turmoil, complex international environment, and the wide-ranging and far-reaching impact of the global COVID-19 pandemic have blocked the economic globalisation, breeding more external factors to affect the oil market, leading to impacts on energy supply and prices. We are facing fierce competition for access to oil and gas resources, alternative energy sources, customers, capital financing, technology and equipment, talents and business opportunities. Meanwhile, as the regulation on environmental protection in the field of energy are increasingly strict, the green and low-carbon transformation may intensify the demand for alternative energy sources, thereby resulting in intense competition in the energy supply market, and exerting adverse impact on the Company's operation and performance.

Measures

The Company insists on enhancing reserves and production of oil and gas resources, and increasing the proportion of natural gas in the total production of oil and gas; improving the exploration success ratio, reducing development costs, and refining the asset quality and operation efficiency; and actively promoting the green and low-carbon transformation.

Measures

Maintaining good cooperative relations with major suppliers, and actively developed new suppliers to ensure the sufficiency of supply and promote competition. Enhancing global market research and extending supply chain.

Risk of high supplier centralization

Major suppliers of the company accounted for a relatively high proportion of purchases. When major suppliers couldn't continue their services due to accidental factors, and we could not seek for suitable alternatives, our businesses would be disrupted, thereby our performance would be adversely affected.

Technology risk

Technology and innovation are essential for the Company to enhance its competitiveness under the competitive environment and exploration and development challenges. We strive to realise our strategies based on technology and innovation to enhance our competitiveness and operation competence. Insufficient core technology could negatively impact our reserves, production, cost control and management.

Measures

Adhering to innovation on science and technologies, management and business models, promoting the transformation from the rate, scale and factor-driven model to an innovation-driven model, and striving toward an innovative energy company.

Measures

Developing cybersecurity management systems and mechanisms, building critical data backup system, maintaining security inspections and vulnerability tests for information systems, and raising awareness of cybersecurity among employees.

Cybersecurity and IT infrastructure damage risk

Malicious attacks on our cyber network, and negligence in our cybersecurity or IT systems, could damage or disable our IT infrastructure, interrupt our services, and lead to loss or improper use of data or sensitive information, personnel injury, environmental harm, asset damage, legal or regulatory violation and potential legal liability. These will come at a reputational or financial cost.

Product and Service

As a pioneer in China's offshore oil and gas industry, CNOOC Limited committed to ensuring stable supply of energy. Meanwhile, we actively seek innovation and changes by promoting digital transformation and intelligence development to continuously improve the stable supply competence and the service quality.

Product Supply

To survive the extremely challenging external environment, the Company adhered to the business strategy of seeking progress while maintaining stability in 2021. We strived to increase reserves and production, steadily implemented major projects, firmly promoted technological innovation, actively expedited green and low-carbon development, and insisted on enhancing quality and efficiency to reduce costs, and achieved the best business performance in history.

We kept looking for mid-to-large sized oil and gas fields, and stepped up our exploration efforts. During the year, we made 22 new discoveries and successfully appraised 30 oil and gas bearing structures. In offshore China, 4 new mid-to-large sized oil and gas discoveries including Kenli 10-2 were made. Overseas, 6 new discoveries were made in Stabroek block in Guyana. The total recoverable resources in the block exceed 10 billion barrels of oil equivalent.

We remained committed to increasing oil and gas production, strived to enhance output and efficiency, and steadily advanced the construction of new projects. New projects including Caofeidian 6-4 oilfield, Kenli 6-1 oilfield, "Shenhai-1" gas field in offshore China, and Buzzard phase II in the U.K. North Sea have all been successfully commissioned. Over 20 projects were under construction in the year, which would strongly support our sustainable development.

In the future, the Company will continuously adhere to the value-driven exploration philosophy, focus on the goal of increasing reserves and production, strengthen the support from technological progress, adopt innovative development mode, promote the construction of new capacity, further consolidate the cost competitive advantage. At the same time, the Company will actively respond to the green and low-carbon trend of the oil and gas industry, promote the large-scale and profitable development of offshore wind power, involve in the competitive allocation of onshore wind power and photovoltaic resources, and start a new journey of building a new energy industry with CNOOC Limited's characteristic.

By the end of 2021, net proved reserves of approximately

5.73

billion BOE



Net oil and gas production

573

million BOE



All-in cost

29.49

USD/BOE



Liuhua 29-2 Project



The Liuhua 29-2 Project, a deep-water development project operated by CNOOC Limited at the depth over 700 metres, adopts a fully underwater development model, making numerous breakthroughs in China, including the first deep-water umbilical cable and the application of the first underwater wet gas metre. In 2021, the annual yield of the project will exceed 420 million cubic metres, which can meet the daily demand for natural gas of about 8 million residents, and is of great significance to safeguarding the energy security of China and the green and low-carbon development of the Guangdong-Hong Kong-Macao Greater Bay Area.



Product Quality

CNOOC Limited upholds the principle of “people, safety, integrity, foundation, innovation, quality”. Following these principles, we carry out quality improvement actions, identify quality risks comprehensively, refine quality management systems, cultivate a culture of quality, and continuously improve the quality of products.

Strictly adhering to laws and regulations such as the *Regulations of the People's Republic of China for Product Quality Management*, we have formulated the *Policy for QHSE Management*, the *Measures for Quality Management* and other internal management policies in accordance with domestic and international quality control standards and contractual quality requirements. We set up a full-time post of quality, safety and environmental protection as required. We invite third-party professionals to conduct independent sampling and undertake self-sampling and joint quality tests with customers to test the quality of our products and publish objective and truthful reports based on the results. In addition, we have strengthened supervision of customer transport of products to ensure that ships and vehicles for this purpose meet our standards, and ensure the safety and quality of the project of exporting products.

In 2021, we conducted tests for crude oil, natural gas and by-products throughout the Company. The quality of our products remains stable and meets the national standards, without any major quality disputes.

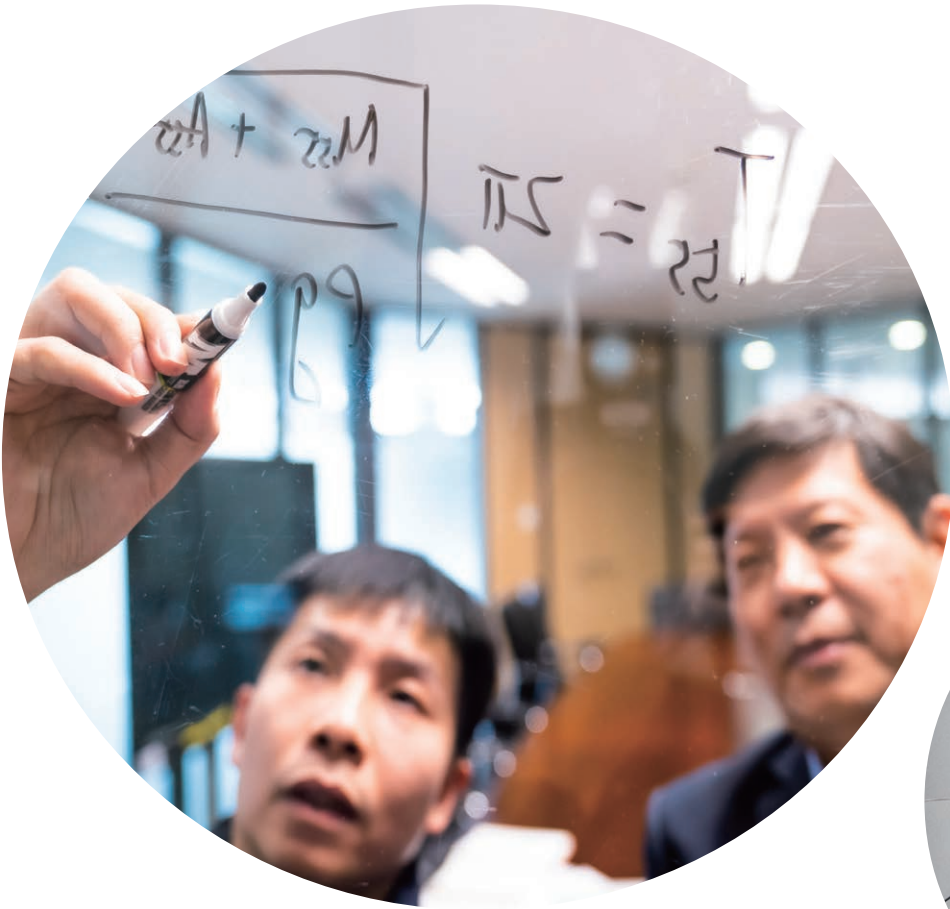
In 2021, we did not receive any client complaints regarding the quality of our crude oil, natural gas and by-products. Should any quality complaints arise, we will communicate with the clients in accordance with general international standards, and national standards for the quality of crude oil, natural gas and by-products, to handle the complaints properly.

Cyber Security

CNOOC Limited continues to enhance the application of information systems in management, and takes the construction of “Digital CNOOC” and “Smart CNOOC” as the general idea to comprehensively improve the level of network security.

Abiding by the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China* and other laws and regulations, we have formulated the *Information Security Management Measures (Trial)*, the *Regulations on the Administration of Information Security Training* and other relevant policies, and published the *Employee Information Security Manual* and other information security-related operational manuals. We have structured a cybersecurity framework featured by “one centre, three lines of defence”, constructed a security operation centre at the headquarters, established a cybersecurity management structure, and defined cybersecurity goals and management principles, achieving full-scope, dynamic, real-time monitoring of our information assets. Besides, we continually enhance cybersecurity protection via special inspections and rectification and vulnerability tests to identify and rectify risks.

In 2021, we actively publicised and implemented knowledge of laws and regulations. Specifically, we regularly broadcast cybersecurity promotional videos, released briefings, distributed the *Cybersecurity Awareness Manual* to employees, and conducted on-site lectures, trainings, and offensive and defensive penetration drills to continuously improve our employees' awareness and skills of cybersecurity prevention, and enhance the Company's ability in response to cyber attacks.



Technological Innovation

To achieve sci-tech self-reliance and self-strengthening at higher levels, we upheld the new development philosophy. In specific, we further promoted the innovation-driven strategy gave full play to our role as an innovation entity and accelerate our pace towards the deep sea. In addition, we continued to advance the reform of scientific and technological system.



Planning and goals by 2025

- Make breakthroughs in key technologies and equipment such as underwater production systems at 1500-metre depth; make significant achievements in risk prevention and control; forge world-leading key technologies such as the effective development of thermal recovery of offshore viscous oil, the drilling and completion under ultra-temperature and high pressure, and the pilot production of offshore natural gas hydrates;
- Make breakthroughs in key technologies for exploration and development; launch major technological model projects with achievements industrialised; promote the transformation and application of achievements; and increase reserves and production, reduce costs and enhance efficiency to support our growth in reserves and production;
- Master key technologies in the field of clean energy; support the taking-shape new energy and emerging industries;
- Continuously carry out digital and intelligent transformation; strive to reach four fifths of new businesses to be digitalised and half of the overall businesses to be digitalised.

In 2021, we, based on our strategic development goals, actively promoted the implementation of major science and technology projects and scientific research projects, and made major scientific achievements and technological breakthroughs in key fields such as exploration theory, efficient development, and production, operation and maintenance:

Major phased breakthroughs in key technology projects

- Independently developed and built the “Shenhai-1”, the world’s first 100,000-ton deep-water semi-submersible oil production and storage platform, creating 3 original technologies all over the world and adopting 13 original technologies in China.
- Development of localized equipment and sea trial verification of deepwater subsea oil and gas production system.
- The sea trial of China’s first underwater emergency blowout preventer led by the Company was successful.

Remarkable breakthroughs in national major science and technology projects

- 7 projects and 3 demonstration projects in National Science and Technology Major Projects led by the Company achieved good grades from 2015 to 2020.
- We developed 59 sets of products/equipment in partnership with more than 100 scientific research institutes, enterprises and public institutions.
- We received 11 national grade awards and developed 11 national standards.
- We proposed 15 key tasks for the development of upstream science and technology of offshore oil and gas in 2035.



Major science and technology projects for increasing reserves and production

Our “Seven-Year Action Plan” made phased breakthroughs in key technologies and their application in the deep-water/deep-zone exploration and development, the effective development of heavy oil reservoirs, and the stable production of “high water-cut and recovery” oilfields through the “Seven-Year Action Plan”. Through these projects, we explored 270 million tons of additional proven reserves of crude oil and 95.2 billion cubic metres of natural gas throughout the year, and achieved a yield of 39.05 million tons of oil equivalent, facilitating the Company in achieving the overall goal of increasing reserves and production.

Steady progress in digital and intelligent transformation

- The “smart oilfield” system began to take shape. The Dongfang Smart Gas Field Clusters and the Qinhuangdao 32-6 Smart Oilfield Project (Phase I) have been put into use. The Enping Oilfield Cluster achieved unmanned production under the typhoon mode for the first time.
- We completed design and transformation of 9 unmanned platforms, and the unmanned rate of offshore in-production platforms reached 12.5%.
- We continued to promote the governance of exploration and development data, and the historical master data cleaning and inputting into the data lake has been basically completed.



In accordance with the *Guiding Opinions on Precise Incentives for Scientific Research Personnel (Trial)* and the *Implementing Rules for the Selection and Assessment of Outstanding Scientific and Technological Contribution Awards*, we explored the implementation of precise incentives for major science and technology projects, and completed the first selection and assessment of the outstanding scientific and technological contribution award to invigorate the enthusiasm and passion of scientific research personnel in operation and innovation.

In order to effectively maintain and protect intellectual property rights, we, in strict accordance with laws and regulations such as the *Patent Law of the People's Republic of China*, and the *Law of the People's Republic of China on Promoting the Transformation of Scientific and Technological Achievements*, have formulated the *Intellectual Property Management Measures* and the *Patent Management Implementation Rules* and other policies to effectively implement the plan for high-quality development of intellectual property. In addition, we carry out intellectual property review during the establishment and acceptance of scientific research projects, and design patent portfolio for key technology research and development projects to effectively protect patents.

The Company's diligence in the field of technological innovation has been recognised by the country and all sectors of society. In 2021, we won one second prize of National Science and Technology Progress Award and three second prizes of National Technology Invention Award.

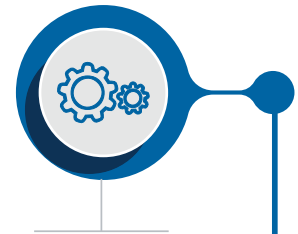


Supply Chain Management

In 2021, in accordance with laws and regulations such as the *Law of the People's Republic of China on Tenders and Bids*, on the basis of the *Policy on Supply Chain Management*, CNOOC Limited formulated the *Supplier Management Implementation Rules*, specifying standards and procedures for the classification, grading and handling of suppliers to avoid suppliers' ESG risks. We attached great importance to the legitimate rights and interests of the parties involved in tendering and bidding. We issued the *Management Rules for Handling Complaints in Tendering and Bidding Activities*, standardising the procedures for handling supplier complaints in purchase, and specifying the strict confidentiality measures for complaints to safeguard the rights and interests of suppliers.

In 2021, we continued supplier registration and suppliers list management. Registered suppliers are entitled to participate in purchase of CNOOC Limited. Suppliers who sign the purchase contract and excellent suppliers developed by the Company can be listed in the Company's supplier list. All of the sub-companies share the registered supplier resources and the whole-process management information on suppliers. As at the end of December 2021, we had approximately 3,300 suppliers, including more than 280 overseas suppliers.

CNOOC Limited has formulated and published the *Implementing Rules for Internal Control Audit*, which defines the details on reviewing the completeness and efficiency of the system in the qualification approval and evaluation of suppliers and the management of bid evaluation experts.



In 2021, considering the needs of business development and current situation, the Company has reinforced the management of suppliers:

Supplier evaluation and grading

CNOOC Limited managed all processes, ranging from supplier registration, admission, classification and grading, qualification appraisal, performance evaluation to withdrawal, and conducted annual performance evaluations of listed suppliers, including but not limited to product quality and the implementation of the HSE system. Suppliers who fail the annual performance evaluation would be removed from the supplier list.



In 2021, we held eight communication meetings with suppliers in total to familiarise them with our regulations on relevant management system and compliance requirements.

Integrity requirements for suppliers

CNOOC Limited released an open letter to all suppliers on the official website, which emphasised the requirements of integrity, self-discipline, honest business and strict compliance management during bidding and procurement, and increased the penalties for illegality and violations of disciplines. The contracts between CNOOC Limited and suppliers required them to jointly abide by relevant regulations on integrity and professional ethics, with the *Memorandum on Integrity* being attached. In 2021, we adhered the *Regulations on Prohibiting Employees from Utilising CNOOC Resources for Profit*, which regulated the behaviours of employees and their relatives in holding shares, running businesses and holding senior posts.

Supplier risk management

CNOOC Limited made ongoing improvements to the supplier risk control system by bringing six types of risks under unified management, i.e., violations of laws and regulations, abnormal operation, unqualified evaluation, non-compliant relationships, investigation and punishment by government, and prohibition of business strife. Besides, various methods, standards and processes were developed for addressing supplier risks. We devoted more efforts to identifying supplier environment and social risks, and invited third-parties to sort out and inspect suppliers' latest operation, interrelationships and credit risks, so as to expel those with abnormal operation and high credit risks.

Requirements of environmental protection and energy saving for suppliers

CNOOC Limited provided proper favourable policies to suppliers of green, eco-friendly and energy-saving products in the system setting. We also invited qualified inspection agencies to compile energy-saving reports on fixed asset investment projects, and analysed the energy-saving measures, the utilisation of energy and efficiency level as well as the impact brought by energy consumption, so as to urge suppliers to improve their energy-saving capacities.

Safety and Health

Safety and Health

Adhering to the core HSE values of “Prioritising Safety and Environment Protection, Operating with a People-oriented Approach, and Intact Equipment”, CNOOC Limited has implemented a responsibility system of safety production for all employees and constructed a HSE management system. To build up a favourable safety culture within the Company, we have carried on trainings and publicity on safety and health in an active manner, which helps forge a new pattern of safety management.



Risk Analysis

Health, safety and security risks

Due to the diversity of our businesses in different geographical regions as well as the complexity of our technologies, we face various potential health, safety and security risks in every aspect of our daily operations. We operate some businesses in the environmentally sensitive or politically unstable areas, and also have some offshore operations far from land. The Company's operations expose itself and the communities in which it operates to some risks, including potential major safety accidents, and other consequences caused by natural disasters, social unrest, health problems in operation personnel, security lapses, and some unforeseen external damage. Major HSE accidents may cause injuries or deaths, business disruptions, and hence tarnish our reputation. These may also affect our bidding right, and even lead us to lose the operating right in some areas. In the meantime, the regulatory regimes for HSE issues in different countries are likely to become more stringent over time, so we may be liable for enormous expenses (e.g., fines, penalties, clean-up fees and third-party claims) for violating HSE-related laws and regulations.

Production Safety

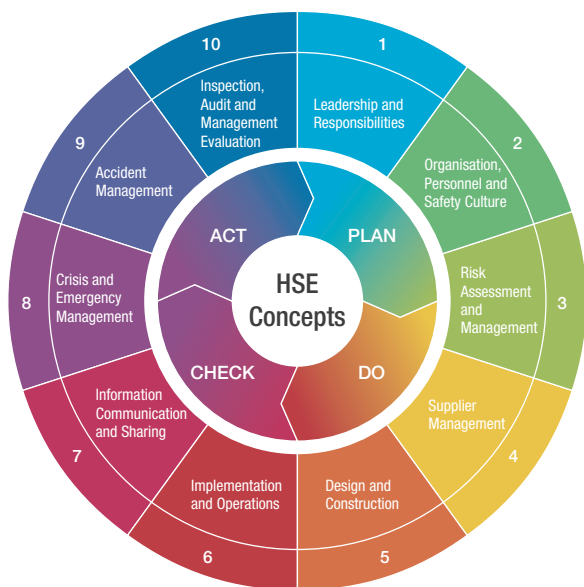
CNOOC Limited strictly abides by the *Work Safety Law of the People's Republic of China*, the *Detailed Rules for the Administration of Offshore Oil Safety*, the *Safety Rules for Offshore Fixed Platforms* and other relevant laws, regulations and industry standards. Referring to the standards issued by the International Association of Oil & Gas Producers (IOGP) and other organisations, we have established the CNOOC HSE management system (hereinafter "CHSEMS"). This includes 10 core elements such as leadership and responsibilities, along with 70 specific requirements. All these set clear parameters for safety management.

We have hierarchical management - headquarters, subsidiary companies and business units - and an internal control

mechanism for quality, health, safety and environmental protection (QHSE), consisting of one basic system, 23 administrative measures and 49 management regulations. All subsidiary companies and business units are required to have their own QHSE systems and to undertake superior audits and special audits.

The Safe Operation Committee of CNOOC Limited is the highest authority for QHSE management, with the CEO serving as the director. The committee establishes the management position of safety director, including setting annual goals of safety management, investigating and dealing with major accidents, taking measures to rectify major hidden dangers and monitoring their implementation, as well as reviewing relevant rewards and evaluation. The QHSE Department is mainly responsible for the overall supervision and management of quality, occupational health, production safety and environmental protection.

HSE system covers all subordinate units and third-party partners. We developed and released our *HSE Administrative Measures for Contractors* and the *HSE Management Rules for Contractors*, and implemented the *Notice on Further Strengthening Contractors' Safety Management*. According to these regulations, contractors' HSE responsibilities are clarified in the contract. In addition, we have also strengthened the management of contractors selection, reviewed personnel's professional qualification, arranged site-entry safety training, and conducted site supervision and performance appraisal. Cumulative scoring has also been adopted for contractors with accidents that were rated certain level and corresponding measures have been taken.



Measures

At the company, we have continuously consolidated our efforts to quality, health, safety and environmental protection, adhered to make safety production the first priority and make the prevention and resolution of major safety risks and hazards a top priority. We continuously strengthen safety trainings for employees as we highly value the safety education publicity and safety culture construction at the frontline level and in the working sites. We will persistently do a good job in COVID-19 epidemic prevention and control.

We promote the development of the emergency management system, strengthen basic work of resource reserves and emergency response, promote standardized research and building of relevant systems on emergency preparedness, improve capacity building for oil spill emergency response, enhance natural disaster preparedness and response, so as to improve the level of emergency response capacity.

In 2021, we continued to enhance our HSE management by developing a series of objectives, systems and mechanisms:

- We formulated and released the *CNOOC Three-year Action Plan for Deepening Production Safety*, the *CNOOC Regulations on Upgrading Safety Management in Holidays and Special Periods (Trial)*, and the *CNOOC Suggestions on Improving Safety Management for Contractors* and other management regulations, so as to further consolidate the responsibility of safe operation at all levels and in all links;
- We formulated and released the *Interim Provisions on Accountability for Accidents and Violations of Safety and Environmental Regulations*, and formulated regulations on accountability for safety and environmental incidents and major high-risk events above Class B.

Objective

- In a bid for “zero fatalities”, we set a goal of eliminating all major accidents and hidden dangers.

System

Mechanism

- We implemented the Three-year Action Plan in depth to solve production safety problems, and launched an extensive “100-day campaign to improve safety management”. Our objectives were to implement the safe operation responsibility system among all employees in thoughts and actions, strengthen safety leadership, and lay a solid management foundation;
- We constructed a closed-loop working mechanism to ensure inspection efficiency, established a long-term mechanism for supervision, inspection and tracking analysis, and carried out special investigation and rectification on potential safety risks of offshore oil platforms. As yet, we have conducted full coverage inspections of all manned platforms and FPSOs at sea;
- We emphasised safety education, compiled and published safety warnings, and printed the *Accidents Collection*. We worked hard to arrange safety training for team leaders, new hires, contractors and other key personnel at “three posts”, and organised professional exchanges for safety practitioners.

In 2021, the Company witnessed an overall stability in safe operation.

OSHA (Occupational Safety and Health Administration) Occupational Safety Record for 2021

	Scope	Total work hours (1 million labour hours)	Number of recordable incidents	Rate of recordable incidents	Cases of lost work days	Rate of lost work days	Work-related casualties	Rate of work-related casualties	Lost days due to work injury
2021	Employees	38	8	0.21	3	0.08	0	0	108
	Employees and direct contractors	161	29	0.04	18	0.02	3	0.019	2,150
2020	Employees	62	1	0.02	0	0.00	0	0	*
	Employees and direct contractors	158	25	0.16	16	0.10	1	0.006	*
2019	Employees	41	16	0.40	5	0.10	0	0	*
	Employees and direct contractors	142	47	0.35	20	0.15	1	0.007	*
2018	Employees	40	16	0.40	10	0.25	1	0.025	*
	Employees and direct contractors	111	44	0.40	22	0.20	2	0.018	*



Safety Culture

CNOOC Limited assumes the primary responsibility for production safety. At work, we provide institutional guarantee, popularise safety knowledge, demonstrate typical cases, and create safety work environment, and these efforts have significantly heightened the employees' safety awareness, quality and protective capability. We have made great efforts to build a safety cultural system of "People Orientation, Execution and Intervention" with CNOOC characteristics, and consolidate the responsibilities of staff working on the ground.

In 2021, the construction of safety culture within CNOOC Limited moved forward steadily on the theme of "implementing safety responsibilities and promoting safe development".

• **Promoting knowledge about safety at work**

During the safety production month, we required all employees to accept systematic trainings on safe operation, and leaders at all levels stayed close to the grassroots and frontline staff and popularised production safety knowledge via "safety lecture" and safety forum.

• **Building safety leadership**

We conducted one-on-one interviews with leaders about their responsibility fulfilment of production safety. This played a positive role in constructing the Company's safety leadership.

• **Improving safety implementation**

We appraised and commended outstanding groups and individuals in safe operation, and organised knowledge competition on network security to encourage employees to learn more about laws and regulations related to production safety, so as to enhance their safe operation legal sense.



Safety Audit

CNOOC Limited attaches great importance to safety audit. We eliminate hidden dangers and promote production safety with our “Highlighting key points, Classified guidance and Accurate implementation of policies ” protocol.

Specific Measures in 2021

- Conduct “two full-coverage” supervision and inspection, with the focus on the weak points of management, and strengthen the implementation of safety management;
- Develop quantitative audit tools, implement quantitative audit and evaluation, assess safety management status of each unit objectively;
- Strengthen specialised departments’ responsibilities and joint their efforts to realise safe operation and highlight supervision of key risks and weak links such as well control, pipelines, hazardous chemicals and typhoon prevention measures, etc;
- Strengthen special supervision and inspection on key areas during important period, e.g., carry out special inspection on oil and gas supply and major sources of hazardous chemicals, and conduct random inspection of production safety in winter.

Safety Emergency Management

CNOOC Limited has continuously enhanced its emergency management, and established and improved the emergency management system for better preventing and responding to accidents.



Strengthening the development of emergency response mechanisms and building capabilities

- Continuously improving the emergency response plan system and timely updating the *Crisis Management Plan*;
- Establishing a quick response platform for emergencies, and continuously carrying out emergency drills;
- Improving the competence of emergency rescue teams in regard to domestic offshore oil and gas pipelines and well control;
- Clarifying terrorism risk levels and corresponding civilian, physical and technical defences;
- Promoting the construction of emergency coordination system, participating in the construction of inter-enterprise emergency response system.

Systematically improving emergency capability

- Summarize five emergency scenarios including oil spill, fire fighting, emergency rescue, well control and engineering emergency maintenance, so as to make the offshore emergency management mechanism and management mode more reasonable;
- Improve the capabilities of three centers (well control emergency center, engineering emergency maintenance center and oil spill emergency center) and fire fighting and rescue, and strengthen the effectiveness and applicability of emergency equipment.

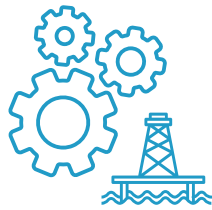
Establishing scientific mechanism to respond to natural disasters

- Targeted alleviation
The company prepares special plans for disaster prevention and improves the special plans of all subsidiary companies and business units. Threatened by 10 typhoon attacks in 2021, we mobilised a total of 461 helicopters and 56 voyages and evacuated 10,172 persons. There were no typhoon-caused casualties nor secondary disasters.
- The company perfects the weather monitoring and forecasting system to improve technical support capacity, uses hydrometeorological observation and prediction to build a “one network for natural disasters”, continues to promote the renovation of marine meteorological monitoring stations, and preliminarily establishes the prototype of the observation network.

In 2021, a total of **7,309** emergency drills were carried out with **460,914** participants.

Efficient Linkage with “Land-Sea-Air” Integration

In July 2021, the first national risk-prevention drill of offshore oil platform was held in Tianjin. This drill was the first one in China that integrated anti-collision of oil platform with mass evacuation of passenger ships, and it was also the first remote visual communication command exercise that integrated various techniques such as satellite communication, microwave ad hoc networks and coast radio. There were 19 ships, 2 aircrafts (including 1 helicopter and 1 UAV), 8 ambulance vehicles and more than 400 people in the drill.

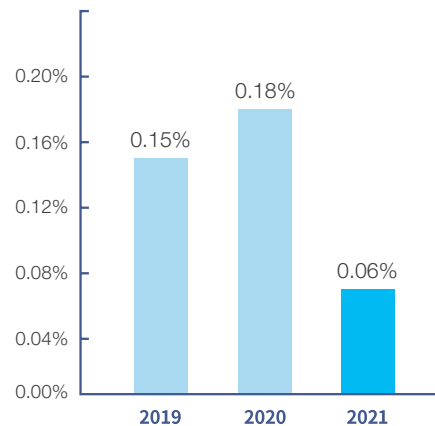


Equipment and Facility Integrity Management

To make sure the safe and compliant operation of equipment and facilities, CNOOC Limited strictly abides by the *Work Safety Law of the People’s Republic of China*, the *Oil and Natural Gas Pipeline Protection Law of the People’s Republic of China* and other laws and regulations. We have advanced the integrity management in the whole life cycle, conducted the feasibility study and integrity review in the initial design stage of development projects, and worked harder to identify hidden dangers and assess risks of key facilities. In 2021, we revised 9 documents and drew up another 12 documents on the basis of our *Equipment and Facilities Integrity Management System*.

The probability of safety accidents arising from our equipment and facilities is very low and our production is also less impacted by equipment and facilities failures. Therefore, we are able to control the risks in our equipment and facilities and have realised sustainable development.

Impact rate of equipment and facilities breakdowns on production (production losses/planned production)



Enhancing production safety: Subsea pipelines and cables

In 2021, the key emphasis in our work was to “apply specific rules to each pipeline”, and launch special work of “preventing risks at source, controlling process, undertaking comprehensive treatment and adopting advanced approaches” in terms of pipe corrosion protection. Up to now, we have completed internal inspection of 80 pipelines, undertaken external investigation of 178 pipelines. The replacement of the old crude oil storage tank at Chengbei B-Platform and the relaying of subsea pipelines with hidden dangers from Huizhou 32-5 to 25-8 have been accomplished.

Safety Management for Well Control

Pursuant to the *Work Safety Law of the People's Republic of China*, the *Detailed Rules for the Administration of Offshore Oil Safety* and other laws and regulations, CNOOC Limited set up a well control system supplemented by internal control mechanism and technical guidance on the basis of the *Administrative Measures for Well Control* and other six regulations. In 2021, CNOOC Limited issued four operation guidelines including the *Guidelines for Offshore Well Control Equipment Deployment*, which stated relevant standards and provided guarantee for well control.

CNOOC Limited made adjustments to the management bodies and their responsibilities, and clarified responsibility main body to avoid the risk that no one is responsible in wells management. At the same time, we further reinforced hierarchical management, drew up a dynamic management list of risk wells, standardised the allocation of personnel for on-site supervision, reviewed design source even stricter, emphasised management of key links, and developed a safety reminder mechanism. We inspected wells on a regular basis, and all these problems were rectified and effective prevention and control measures were formulated.

While implementing management responsibility on well control, the Company has taken a series of measures to improve the standardisation and institutionalisation of its daily work.

1

We have established a hierarchical, professional and multi-channel well control training system to identify, evaluate and improve the corresponding skills of personnel in key positions.

2

We have drawn up a management list of hidden dangers in well control and made dynamic update to it. The hidden dangers were managed by implementing hierarchical control, fulfilling responsibility, taking control measures and tracking management.

3

We have built a well control emergency system with “unified planning and dispatching, multi-dimensional construction, multi-level and -speciality response”.



Heeding the lesson from the accident of V-Platform in April 2021, CNOOC Limited would make greater efforts to raise employees' awareness of safety risks, strengthen the safety management of operation sites, and maintain equipment and facilities effectively to ensure oilfields' sustainable development.

Overseas Safety Management

According to the change of overseas safety environment, the Company developed *the Report of Oversea Safety Risk*. The Company has guided relevant units to carry out risk prevention work according to the changes of resident risks, continuously improve the safety emergency response plan, special anti-terrorism plan and emergency evacuation plan, regularly carry out desktop exercises and exercises based on risk early warning and safety tips issued in due time for safety risks in the operation location, which help the Company run smoothly and ensure personnel safety.

CNOOC Limited has established a relatively complete HSSE management system overseas, covering 13 aspects including occupational safety management, occupational

health management, environment management, emergency management and security management.

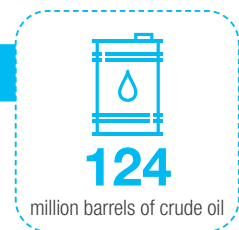
In accordance with the requirements of laws and regulations of the countries where the business is located, industry standards and business realities, we have carried out HSSE trainings to ensure that the personnel are certified to work after passing the training. Various HSSE trainings were organised throughout the year with about 130,000 labour hours and 120,000 participants.

In 2021, there was no major accident at the overseas safety management level. HCML (Husky-CNOOC Madura Limited) won the gold award issued by SKK Migas, the local government department because of the zero lost work days during its continuous operation of 10 million labour hours.



The Golden Eagle oilfield in the UK has no lost-time accident for 7 years

Our management team puts the health and safety of our employees first. In the face of the COVID-19 pandemic, Golden Eagle recorded seven consecutive years of safe operation without any loss-time accident in 2021, with a cumulative safe operation of 124 million barrels of crude oil.



Occupational Health

CNOOC Limited strictly abides by the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and relevant laws and regulations in the countries and regions in which it operates. We have implemented systematic management for occupational health, promoted safety controls for offshore catering, deepened the use of occupational health management information system, and implemented hierarchical control of occupational hazards. All these have helped us to monitor our employees' health and periodically test factors that might lead to disease.

The Company prevents and controls occupational health risks at source, conducts pre-assessments on occupational health risks, and designs and inspects occupational-disease-prevention equipment. In 2021, we pre-evaluated 15 occupational hazards in construction projects, designed 19 occupational disease protection facilities, and completed and accepted 5 occupational disease protection facilities. We used the occupational health management information system to prioritise occupational hazards in the workplace, and took targeted measures to control occupational diseases.

The Company carries out regular testing of occupational hazard factors and occupational health monitoring, and provides full coverage of occupational health monitoring for all persons exposed to occupational hazard factors. The occupational health examination rate was 100%. In 2021, the Company continued to prevent and control diseases at source and inspected 213 operation sites. The inspection rate was 100%.

CNOOC Limited attaches great importance to employees' mental health by strengthening the top-level design. Besides, we have also set up five tasks in this regard, such as conducting mental health assessment, opening consulting hotline, strengthening mental health education, offering mental health service for key groups, and treating psychological problems caused by emergencies. A 7*24-hour mental health consultation network covering the whole company has been established within the Company. By providing mental health services for our staff at sea, we hope their mental health can be improved.



In 2021, we maintained constant vigilance in combating the epidemic, enhanced the prevention and control system, made well-timed adjustments to our response approaches and improved the contingency plan for preventing and controlling COVID-19. To achieve “zero infection” in the workplace, we advanced the vaccine programme for our offshore workers to protect their health and safety.

In overseas epidemic prevention and control, the Company gives top priority to the safety and health of its employees. On the basis of strict compliance with the laws and regulations of the host countries, we have established and improved epidemic risk work plans and epidemic response plans, issued risk warnings and reminders in time, conducted irregular

video inspections of overseas companies and workplaces on epidemic control, and continued to improve the overseas medical security system. We have held special working meetings on COVID-19 prevention and control more than 100 times. In light of the development of the epidemic, we have adjusted and deployed various work in domestic and overseas. At the same time, the Company issued “Care package” for those entering and leaving the country, strengthened personal protection on the way, carried out pre-trip safety education to ensure the safety of overseas shift workers. Besides, we opened a psychological counseling hotline to proactively concern the employees’ physical health and relieve employees’ psychological pressure. Based on the principle of volunteer, overseas Chinese employees achieve 100% vaccination rate.





Environmental Protection

Environmental Protection

CNOOC Limited consistently upholds the philosophy of “protecting the environment by conserving resources and striving for green development”, and regards environmental protection as the basis of sustainable development. We abide by relevant laws and regulations in China and beyond, and strictly follow carbon emission reduction policies. Moreover, we also implement a *Green Development Action Plan* to continuously strengthen the whole process management of environmental protection and develop clean energy, thereby fulfilling a robust corporate environmental responsibility.

Note: All data in this chapter do not include CNOOC International; all data in this chapter, except for emissions management data, include China United Coalbed Methane Corporation Limited (CUCBM).



Risk Analysis

Environmental risks

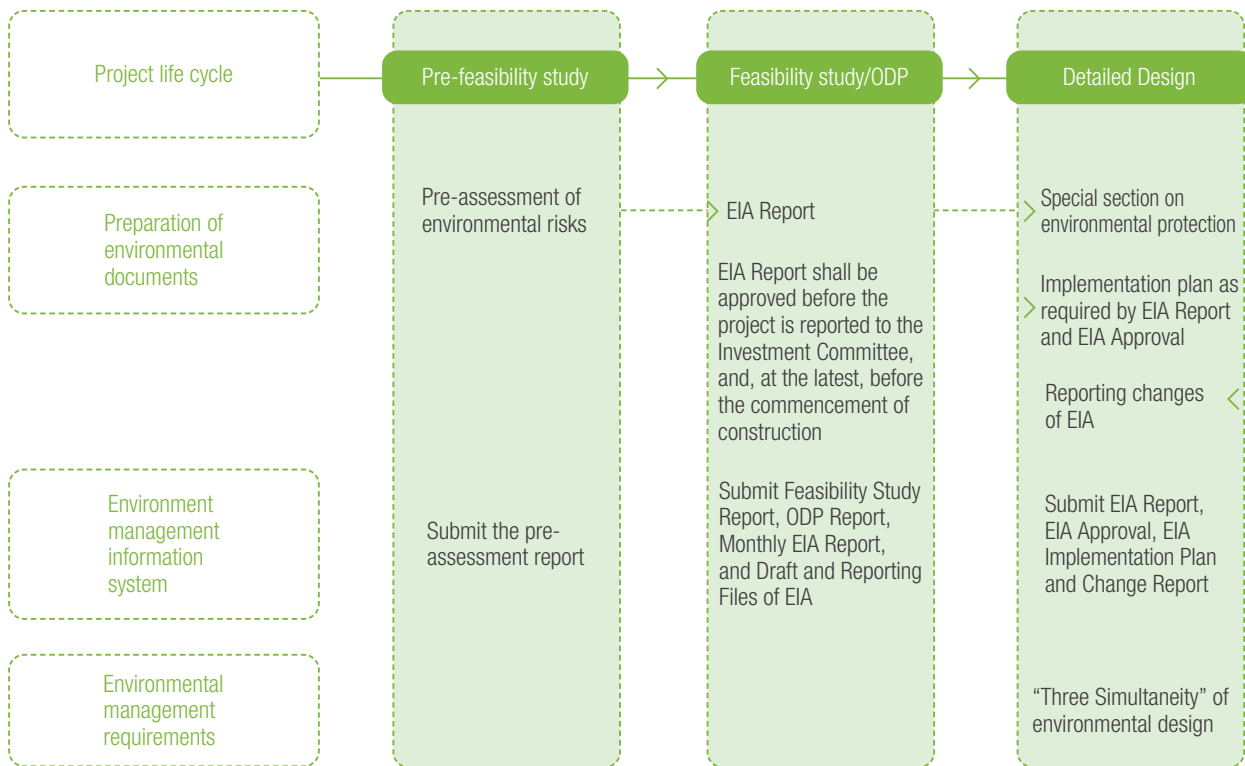
Sewage and waste generated by our offshore operating platforms and exploration activities, if not properly handled, may occur substandard wastewater discharge or non-compliant waste disposal processes, and damage our reputation and business, increase our costs, and even expose us to lawsuits and sanctions.

Climate change risks

The goal of “carbon peaking and carbon neutrality” will greatly accelerate the progress of energy transformation and pose a challenge to the oil and gas industry. The Company expects that the CO₂ emissions will increase along with the Company’s output. In the absence of mature and reliable CO₂ reduction technology, the CO₂ emission from the combustion of fossil fuels in oil and gas fields will continue to rise, so the Company might be subject to the supervision of relevant institutions and organisations in the future. Failing to find economic and publicly acceptable solutions to reduce carbon emissions from existing and newly-added projects, we may bear additional costs, and our reputation may be adversely affected.

At present, some countries, for the purpose of global low carbon clean energy transition, have begun to transform by setting emission reduction standards, strictly implementing renewable energy proportion plan, levying high carbon tax, and issuing strict regulatory laws and regulations. Green and low-carbon transformation may lead to intensified competition in the energy supply market, resulting in increased operating costs of the Company.

CNOOC Limited whole-process environmental protection flow chart



Three Simultaneity: environmental protection facilities must be designed, constructed and put into use simultaneously with the main project - *Environmental Protection Law of the People’s Republic of China*

Measures

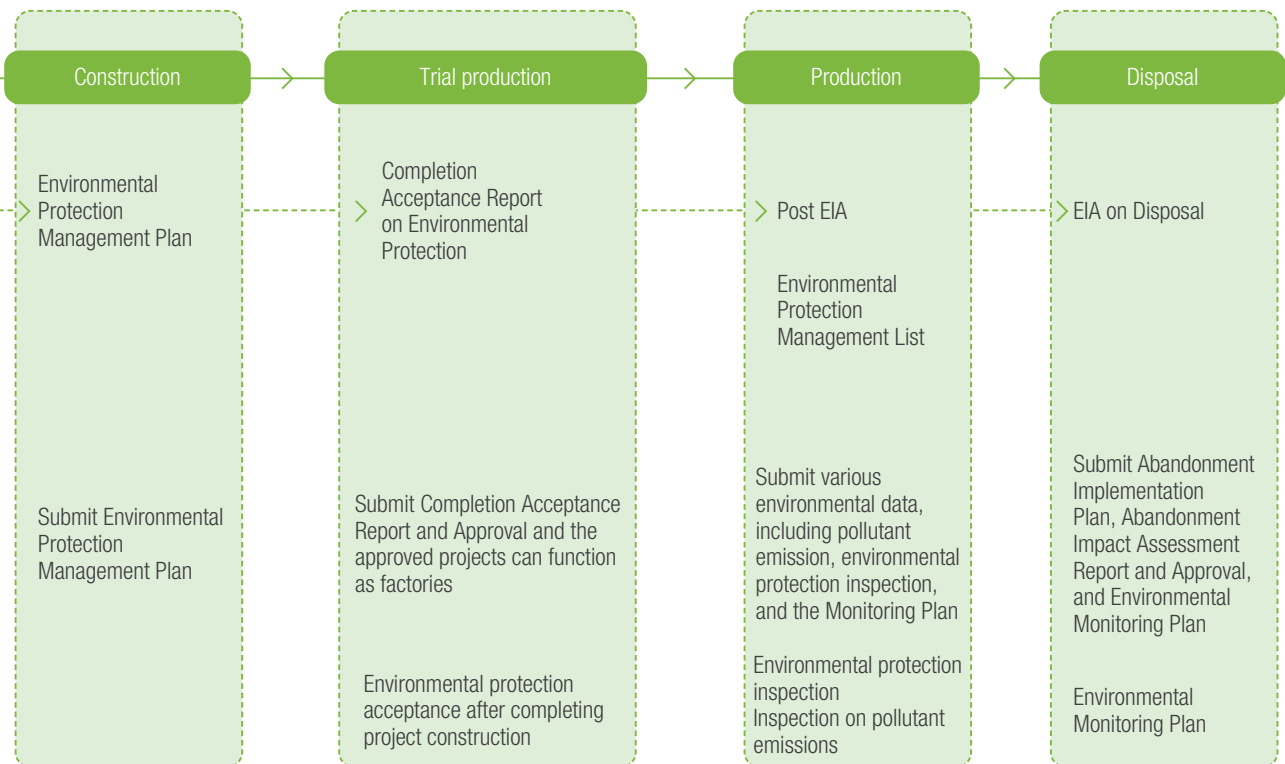
The effective eco-environmental management in the whole life cycle of construction projects and strict supervision of pollution prevention enable us to prevent all kinds of environmental risks effectively.

Measures

CNOOC Limited supports the climate goals set in the Paris Agreement and fully understands the impact of climate change on the Company. We are working to meet this challenge by identifying and analysing the risks and opportunities brought about by climate change and responding with appropriate measures. At the same time, the company implements a green and low-carbon development strategy and formulates the goal of “carbon peaking and carbon neutrality” to enhance the company’s carbon asset management capabilities.

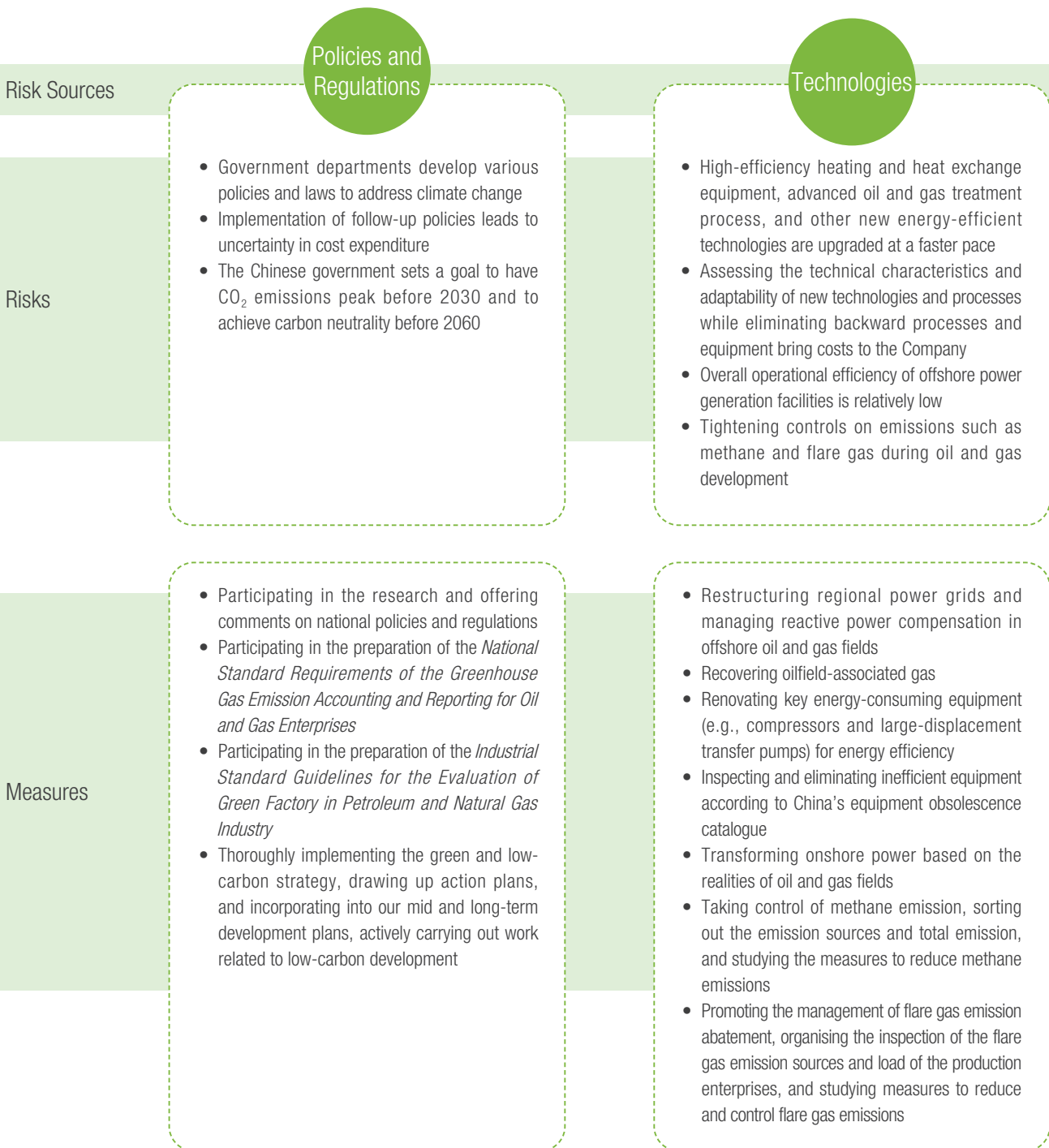
We hold fast to “pay equal attention to environmental protection and resource development”. In the pre-research stage of the project, we optimised the sites and processes, thus reasonably avoiding environmental sensitive areas thereafter. Also, we set up internal controls including pre-assessment of environmental impact, implementation plan of EIA (Environment Impact Assessment) Report, EIA Approval, and EIA Change Report; in the course of construction and operation, we took active measures to avoid environmental sensitive periods, reduce pollutant emissions, strengthen the prevention and control of oil spills, and set up ecological compensation funds to minimise the damage to the marine ecological environment and fishery resources, in an attempt to explore offshore oil and gas while not damaging environment.

In 2021, based on the newly released policies, regulations and standards on environmental protection, CNOOC Limited made a comprehensive revision to its ecological environment management system, focusing on the internal control mechanisms that include environment management of offshore oil and gas field construction projects, ecological protection, pollution prevention, environmental incident reporting, and capacity-building of environmental personnel. CNOOC Limited has urged its subordinate units to implement the requirements of national policies, regulations and standards on ecological environment protection by means of inspection. To be specific, we carried out special inspection on environmental protection for three domestic branches.



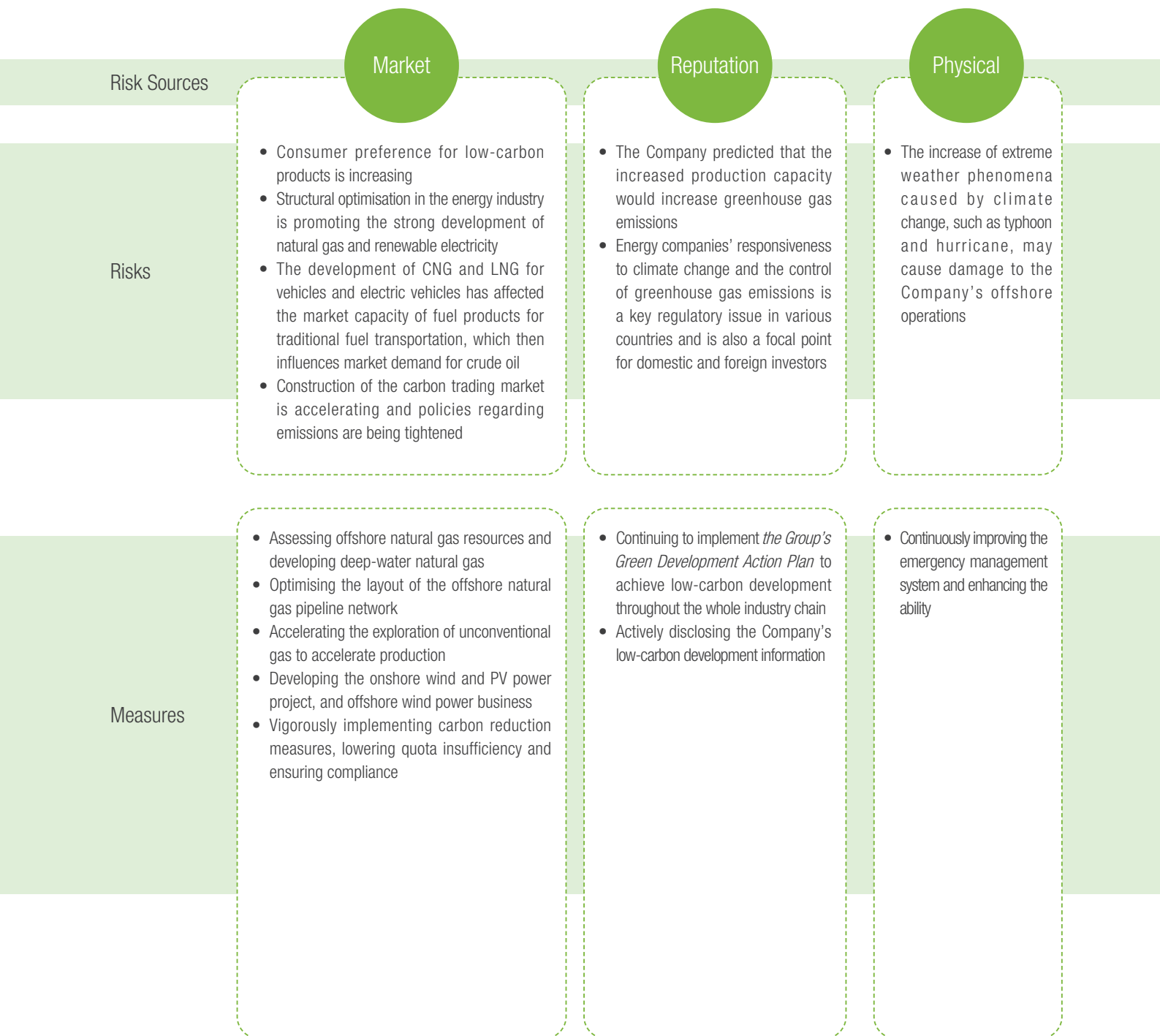
Response to Climate Change

As a responsible company, CNOOC Limited stays true to the principle that “lucid waters and lush mountains are invaluable assets”. We have responded to climate change challenges by implementing the goal to have CO₂ emissions peak before 2030 and achieve carbon neutrality before 2060. We have started the composition of the action plan for that goal and fully implemented our green and low-carbon development strategy through clean energy development, energy-saving and emission reduction projects and efficient energy utilisation, being fully committed to becoming a resource-saving green company.



Risk Assessment

CNOOC Limited supports the climate goals set in the *Paris Agreement* and fully understands the impact of climate change on the Company. We are working to meet this challenge by identifying and analysing the risks and opportunities brought about by climate change and responding with appropriate measures.



Energy Conservation

The Company is committed to the principle of “clean production, the use of harmless raw materials, resource recycling, and low-carbon energy”. We support these principles by continuously promoting the construction of green manufacturing system.

Strictly abiding by the *Law of the People’s Republic of China on Conserving Energy*, we have formulated internal policies such as management measures on conserving energy and the *Rules for the Supervision and Management of Energy Conservation*, and clarified energy conservation standards in the *Online Monitoring of Energy Consumption of Offshore Oil and Gas Fields* and the *Technical Requirements for Green LNS Platform Supply Vessels*. We have a sound energy-saving system and mechanism, with requirements in areas such as the organisation system, planning and plan management, project energy-saving assessments and reviews, special fund management, audit monitoring,

supervision and management, and training. These have also been integrated into our risk management and control system.

We continue to strengthen the energy conservation management and vigorously carry out energy conservation projects, steadily increase the level of resource and energy use, strengthen the supply-side structural reform in energy production, increase the supply of clean energy, and build green oil, gas fields and a green factory. In 2021, we performed energy conservation and carbon reduction assessments on new projects, as well as energy-saving monitoring and post evaluation, energy consumption audit, and energy conservation supervision, and tackled problems in energy efficiency. We also promoted the application of technologies such as power networking, oilfield-associated gas recycling, waste heat utilisation and renovation of key energy-consuming equipment.



This year, we promoted more than **40** energy-saving transformation projects



investing RMB **280** million



This created an average annual income of RMB **110** million



and reduced energy consumption by **161,493** tce



and greenhouse gas emissions by **409,000** t CO₂e

Awards

3 units are recognised as the Advanced Energy-saving Unit in Petroleum and Chemical Industry During “the 13th Five-Year Plan” Period;

1 member is recognised as the Excellent Energy-saving Service Unit in Petroleum and Chemical Industry During “the 13th Five-Year Plan” Period;

17 employees are recognised as the Energy-saving Standout in Petroleum and Chemical Industry During “the 13th Five-Year Plan” Period;

3 factories are recognised as the “Green Factory” in Petroleum and Chemical Industry.

Main Energy Consumption of the Company

Indicator	Unit	2019	2020	2021
Crude oil	Thousand tons	371.0	387.0	343.2
Natural Gas	Million cubic meters	2,051	2,228	2,469
Diesel	Thousand tons	55.4	58.0	57.1
Electricity	Million kWh	254	283	636
Comprehensive energy consumption per ton of oil and gas production	Tons of standard coal equivalent/ton	0.0553	0.0550	0.0592

Energy Conservation Results

Indicator	Unit	2019	2020	2021
Targets	Tons of standard coal equivalent	116,150	141,550	150,890
Actual results	Tons of standard coal equivalent	125,340	148,788	161,493

Application of Waste Heat Recovery Technology from Generator Exhaust

In 2019, we completed the construction of a waste heat recovery power generation system, capable of dealing with 10 MW waste heat, in Weizhou Terminal Treatment Plant. As of December 2021, it has generated over 80 million kWh of electricity, saving about 26 million cubic meters of natural gas, equivalent to about 33,000 tons of standard coal and reducing about 81,000 tons of carbon dioxide emission.

Water Resource Management

Adhering to the *Water Law of the People's Republic of China*, we have formulated policies and regulations such as the *Rules for Water Conservation Management*. Meanwhile, we have performed comprehensive water resources management by strengthening technological transformation and comprehensive treatment and reuse of wastewater, and carrying out tests on water balance and research on water-saving potential of enterprises.

In 2021, the Company prioritised water conservation at all levels by setting specific tasks and indicators for all subsidiaries, implementing multiple management and technical measures on water conservation, optimising production process to reduce the amount of new water used per unit of product, promoting water conservation study projects such as tests on water.

Seawater Desalination

Our offshore oil and gas production facilities are equipped with seawater desalination devices which can meet the staff's daily demand for fresh water, enhance the freshwater self-sustainability of offshore platforms in extreme weather and reduce reliance on land freshwater supply. At present, the seawater desalination devices in the eastern South China Sea can produce 1,000 tons of fresh water daily.

Energy Saving Target

In 2022, it is expected to save **149,800** tons of standard coal through the implementation of offshore oil and gas production platform power networking, pump frequency conversion transformation, flare gas recycling, and shore power replacement.

balance and research on water-saving potential of enterprises, and strengthening the publicity of water saving and raising employees' awareness of water resource crisis and water saving concept.



Water Conservation Targets

By 2022, **25,000** tons of water is expected to be saved through source management and control of new projects, seawater desalination with waste heat, condensate water and rainwater collection, and optimised ship operation.

Water Resources Consumption of the Company

Indicator	Unit	2019	2020	2021
Total freshwater consumption	Thousand tons	2,137	2,120	2,127
Freshwater consumption per ton of oil and gas production	Cubic metres/ton	0.0367	0.0333	0.0330
Water saved	Thousand tons	182	89	49



Low Carbon Management

Resolutely moving towards the goal of “carbon peaking and carbon neutrality” and adhering to the *Measures for the Administration of Carbon Emissions Trading (for Trial Implementation)*, we are working on and improving our low-carbon management systems, including the *Low Carbon Management Measures, Rules for Carbon Emission Statistics and Reporting, Rules for Carbon Assessment*, etc. We have calculated the division of work for carbon management and corresponding data collection methods, and laid out rules for carbon reduction work. This includes CCER projects, carbon evaluation of investment projects and carbon assets assessment.

We have enhanced our energy-saving and low-carbon supervision and monitoring. According to the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Enterprises* issued by China, we have set up an information platform to facilitate our carbon emission data management, understand affiliated production enterprises’ emissions in a comprehensive and real-time manner and develop methods for online carbon emissions monitoring and facility emission factor

measurement. We have organised statistics analysis of methane emission. Energy conservation and carbon emission reduction are regularly supervised and monitored, and special inspections are performed to increase our internal control system.

We have embedded green and low-carbon development in our corporate culture. In 2021, we carried out promotion activities such as nationwide energy conservation weeks and low carbon days, and urged all employees to go green in their work, daily life and travelling, and strengthened the concept of green development. We opened a WeChat official account, “Green CNOOC”, to further promote our energy conservation and low-carbon emission technologies and raise the awareness of our employees. “Haixue” online learning platform enables us to organise special trainings for the system-wide personnel engaging in energy conservation and carbon emission reduction to promote the Company’s low-carbon development.

In 2021, by promoting technological transformation, we reduced 409 thousand tons of carbon emissions, effectively restraining the rapid growth in total carbon emissions.

Key Greenhouse Gas Emissions Data

Indicator	Unit	2019	2020	2021
Total greenhouse gas emissions	Thousand tons of carbon dioxide equivalent	8,783	9,345	10,305
- Direct greenhouse gas emissions	Thousand tons of carbon dioxide equivalent	8,597	9,123	9,774
- Indirect greenhouse gas emissions	Thousand tons of carbon dioxide equivalent	186	222	531
Greenhouse gas emissions per ton of oil and gas production	Tons of carbon dioxide equivalent/ton	0.1493	0.1470	0.1597

Greenhouse Gas Emission Reduction Targets

By 2025, we plan to achieve a cumulative emission reduction of more than **1.5** million tons of carbon dioxide equivalent.

Participating in Carbon Quota Trading

To meet the requirements of launching the pilot carbon market, our Tianjin branch implemented carbon emission monitoring and collected relevant statistics in 2021. After estimating its annual carbon emission and quotas, it actively participated in the carbon quota auction in Tianjin and purchased the carbon quota at reasonable prices, paying all bills and completing the compliance requirements of 2020.

In March 2021, the UK government and the oil and gas industry reached the North Sea Transition Deal (NSTD). NSTD aims to provide support to businesses and supply chains in their transition to a low-carbon future through the oil and gas industry, and sets a series of goals including reducing greenhouse gas emissions by 10% by 2025, 25% by 2027 and 50% by 2030. In response to the NSTD, CNOOC UK prepares to set up a management system to build supply chains of net zero emissions and create a more sustainable workplace and enterprise culture. In addition, CNOOC UK implements a greener life cycle management of assets, focuses on green energy development and diversifies investment portfolios in natural gas, renewable energy and carbon sink.

Response to UK North Sea Transition Deal

CO₂ Capture and Storage Project of Enping 15-1

In July 2021, the Enping 15-1 Project was fully commenced. It is the first offshore CO₂ capture and storage geological reservoir, with research and demonstration application of key technologies for drilling & completion and engineering integration. A total of 1.46 million tons of carbon dioxide could be stored. Proprietary knowledge system, equipment and experience deriving from this project are expected to fill in gaps in the domestic technology and application.



Emissions Management

CNOOC Limited reduces waste at source by strictly controlling pollutant emissions, and conducting pollutant and waste management and monitoring throughout the operation processes.

We abide by the *Environmental Protection Law of the People's Republic of China* and other laws, regulations and policies, along with relevant laws and regulations of the countries in which we operate. To strengthen control of pollutant discharge, we formulated our *Management Rules for Ecological Protection and Pollution Prevention and Control*. To strengthen the supervision and inspection of the production process and urge enterprises to thoroughly rectify environmental problems, we formulated the *Detailed Implementation Regulations on Environmental Protection Supervision*. To clarify procedures and requirements for environmental incident reporting, we formulated the *Rules for Enterprise Environmental Risk Management and Environmental Incident Reporting*.

In 2021, we issued the *Implementation Plan for Comprehensively Strengthening Solid Waste Management*, which clarifies the requirements for the management and control of compliance

in major processes concerning the solid waste, including generation, transportation, storage and disposal, so as to promote the systematic and standard management of the solid waste throughout the whole process. The Company realised intelligent, digital and real-time closed-loop management of offshore solid waste through promoting the construction of a whole-process informatisation platform and creating a data chain covering the whole life cycle of solid waste. Spot checks of hazardous waste management were performed to 3 branches and 5 entrusted waste disposal units.

By multiple means like environment monitoring, special supervision and research, CNOOC Limited continuously strengthens environmental protection management during the operation period to ensure that environmental protection management complies with laws and regulations, and the discharge of pollutants is up to the standard. All branches regularly submit domestic sewage sample for testing to ensure stable and satisfactory discharge of domestic sewage. CNOOC Limited organised supervision and monitoring of 5 onshore terminals and 5 offshore platforms to promote the compliance of on-site pollution control and pollutant discharge.

Emission and Waste Reduction Targets

- **Waste gas emission from onshore terminals is organised up to standard:** The emission of air pollutants like SO₂ and NO_x is mainly subject to the *Integrated Emission Standard of Air Pollutants* (GB 16297-1996), and stricter requirements for environmental protection from local authorities, if any, shall prevail;
- **100% of hazardous waste is entrusted to a qualified third party for compliant disposal:** Hazardous waste management is mainly subject to the *National Hazardous Waste List* (2021) and the *Standard for Pollution Control on Hazardous Waste Storage* (GB 18597-2001);
- **100% of non-hazardous waste is entrusted to a licensed third party for compliant disposal.**

Emission of the Company's Main Pollutants¹⁻²

Indicator	Unit	2019	2020	2021
Oil content in discharged water (Platform + Terminal)	Tons	3,919	3,424	3,491
Chemical Oxygen Demand (COD) (Platform + Terminal)	Tons	110.4	117.1	131.2
Sulfur dioxide (SO ₂) (Terminal)	Tons	12.0	28.5	21.6
Nitrogen oxides (NO _x) (Terminal)	Tons	330.7	417.8	317.8
Non-hazardous waste (Platform + Terminal)	Tons	16,104	30,703	51,495
Hazardous waste (Platform + Terminal)	Tons	45,772	28,011	40,918

¹ We strictly follow the requirements of China's laws and regulations and always adhere to the principle of minimising and recycling solid/hazardous waste, and realising the harmless disposal of solid/hazardous waste. The solid waste/hazardous waste or the production intensity of solid waste/hazardous waste is not disclosed for the time being as no relevant description has been found in domestic industry regulatory requirements and it is not a key performance indicator for the daily management of enterprises.

² The Company's sulfur dioxide and nitrogen oxide emissions are collected and calculated based on the measured data of pollutants' concentration.

Environmental-friendly Offshore Oilfield

In 2021, CNOOC Limited's "novel batch drilling and completion" pilot project in Kenli16-1 oilfield established a novel environmental-friendly development pattern for offshore oilfields and set up a solid foundation for the high-quality environmental-friendly development of offshore oilfields.

The following innovative solutions are being adopted by the project

- Effective wellhead installation is achieved through technology;
- With the introduction of novel cutting long-range airtight delivery system, the delivery distance exceeds 200m and full-cycle circulation system can be accomplished while drilling without mud loss;
- Through careful design, 2,414 cubic metres of drilling fluid production were saved and more than 4,000 tons of cutting emission were reduced;
- Through the EPS³ barge equipped with huge flocculation-pressurised filtration equipment, the cuttings and mud can be delivered, disposed and delivered back, and 7,040 tons of cuttings can be treated.



³ EPS, refers to Environmental Protection Services



Ecological Protection

CNOOC Limited insists on “Environment Paramount” by strictly controlling the red line of ecological protection with environmentally friendly development. We also conduct marine ecological protection work to create harmony and achieve mutual benefits between individuals and the oceans.

CNOOC Limited attaches great importance to marine ecological environmental protection and implements laws such as the *Marine Environmental Protection Law of the People’s Republic of China* and *Measures to Manage Accountability for Environmental Damages*. The Company has created the *Green Oil Field Plan* and established a long-term mechanism for marine ecological protection.

We study how adjustments to red lines apply to onshore and offshore oil and gas development, so as to provide technical

support. At the stages of project construction, operation and decommissioning, ecological restoration projects are carried out to remove ecological impacts. We are active in marine biodiversity protection, marine fishery resource restoration and other projects. Investment is made in marine environmental protection, artificial propagation and release, fishery restoration and other activities with increasing scale and coverage year by year. The Company incorporates compensation for loss of marine biological resources and ecological service functions into environmental protection investments in construction projects. Additionally, for new projects, we continue to undertake studies on important marine environmental issues such as marine biological resource conservation and management and artificial fish reefs.

Artificial propagation and release activities are carried out on oilfields in the east of the South China Sea

In 2021, CNOOC Shenzhen Branch organised a total of 7 artificial propagation and release activities and released a total of **256** million penaeus penicillatus, **6.28** million blackhead seabreams and **6.16** million pompanos into the waters around the Qixingwan Port (Seven Star Bay), a provincial nature reserve of fishery resources in Daya Bay. The compensation amount exceeded RMB **6** million and more than **210** volunteers from various units participated in these activities.



CNOOC Limited works on ecological protection around the world

In North America, we conducted research and monitoring programmes for caribou and marine mammals to understand the impact of production processes on wildlife so that appropriate protection measures could be implemented;

In Africa, we conducted research on populations, ranges and habitats of coral reefs, chimpanzees, crowned cranes, snails and partridges to understand factors affecting biodiversity, monitored invasive species, and develop appropriate mitigation measures;

In Southeast Asia, we carried out the mangrove restoration programme, donating and planting mangroves;



In Europe, we took advantage of artificial intelligence to identify protected species among marine organism attached to structures.





Care For Employees

Care for Employees

Employees are our most precious resource and asset. We solidly promote the strategy of “promoting corporate development with high-quality talent”, enhance the employee growth and development system, improve the training mechanism and strengthen the talent team building to provide more employees with opportunities in self-growth and help them enhance self-esteem. We also care for employees’ physical and mental health, and protect their rights and interests from multiple dimensions while building a safe and healthy working environment, sharing the benefits from the Company’s growth and development with all employees.



Risk Analysis

Human Resource Risk

Our business and development goals will suffer from challenges if our human resources, and the quantity and quality of international talents, cannot meet our operational needs.

Measures

We expand our recruitment and talent acquisition channels, promote the cultivation of promising young and new employees and talents with international skills, and optimise the organisation system.

Employment Policies

CNOOC Limited insists on employment in accordance with laws and regulations, treats all staff equally within an inclusive corporate culture, safeguards all rights and benefits that staff should enjoy under the law, and builds a harmonious labour relationship.





Legal Employment

CNOOC Limited respects the basic rights to which all employees are entitled, strictly abides by applicable domestic and international laws and regulations, and has constantly improved its internal employment management system. We act in strict compliance with local laws and regulations such as the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China*, and international conventions ratified by the Chinese Government, such as the *Discrimination (Employment and Occupation) Convention*. We have established our own *Employment and Labour Contract Management System* and *Overseas Employee Management System*, respecting the legitimate rights of all employees.

All employees enter into employment contracts with the Company on an equal and voluntary basis. We strictly conform to labour laws, abide by stipulations on salary, overtime, and statutory benefits as required by local authorities, and prohibit the use of forced labour. We strictly abide by the *Provisions on the Prohibition of Using Child Labour* in China and legal requirements for the prohibition of employing child labour in the countries or regions in which we operate, and prohibit any employment or use of child labour. No cases of child labour and forced labour have been found.

We comply with diversity and non-discrimination principles and prohibit any discriminating recruitment clauses on gender, nationality, marital status, religion or hepatitis B status. We insist on fair and equal treatment in our recruitment, training, promotion and compensation regardless of race, nationality, religion, gender, age, marital status and other

legally protected characteristics. We offer equal opportunities in recruitment, training, promotion and career development, build our corporate culture with respect, openness and inclusiveness, and cherish our staff's diverse talents.

The Company adheres to gender equality, encourages hiring female employees, implements *Special Rules on the Labour Protection of Female Employees*, guarantees the legitimate rights of female employees, and develops training programmes for female management. By the end of 2021, the Company had 3,009 female employees, accounting for 16% of the staff, and the female mid-level and senior managers accounted for 16% of the management.

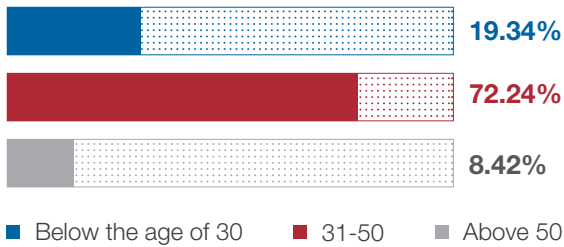
As an international energy company, CNOOC Limited has launched operations in over twenty countries or regions in six continents, including Indonesia, Nigeria, America, Brazil, Australia and Britain, and the international cooperation projects have brought plentiful job opportunities to local people. Adhering to the principle of "inclusiveness and reciprocity, mutual benefit and win-win outcome", CNOOC Limited fully respects the cultural diversity of various countries and the customs of local residents, advocates mutual understanding between the staff of different nationalities, from different regions and with different cultural backgrounds and strives to promote the integration of and exchange between domestic and foreign staff, in a bid to establish a dynamic working environment. By the end of 2021, CNOOC Limited had 2,129 foreign staff and the localization rate of overseas employees is as high as 86%.

Number of staff by employment type

Contractors **19,086**

Temporary/Intern/Part-time/Outsourcing employees **0**

Proportion of staff by age



Proportion of staff by gender



Male employees **16,077**

Proportion of male employees **84%**



Female employees **3,009**

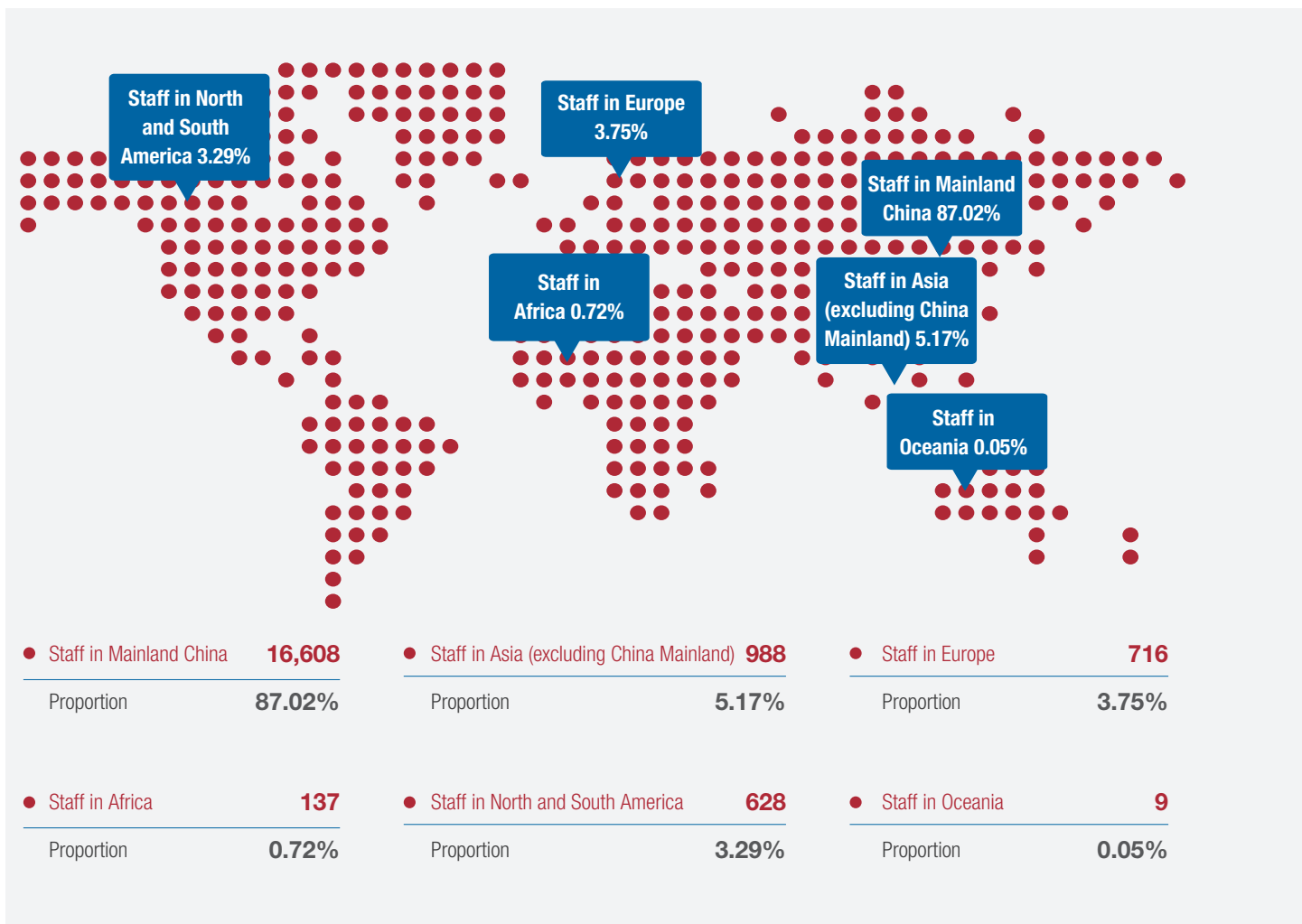
Proportion of female employees **16%**



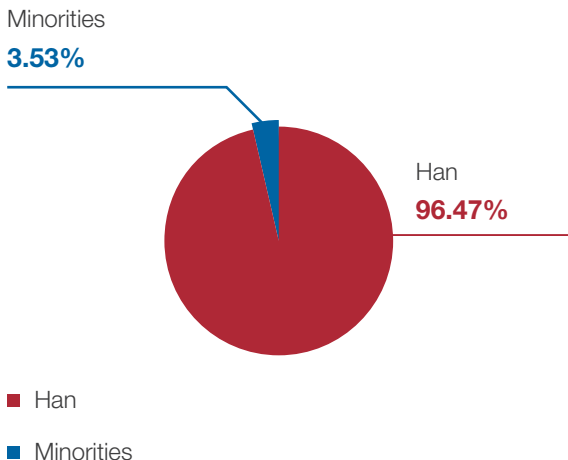
Female mid-level and senior managers **156**

Proportion of female managers in the management **16%**

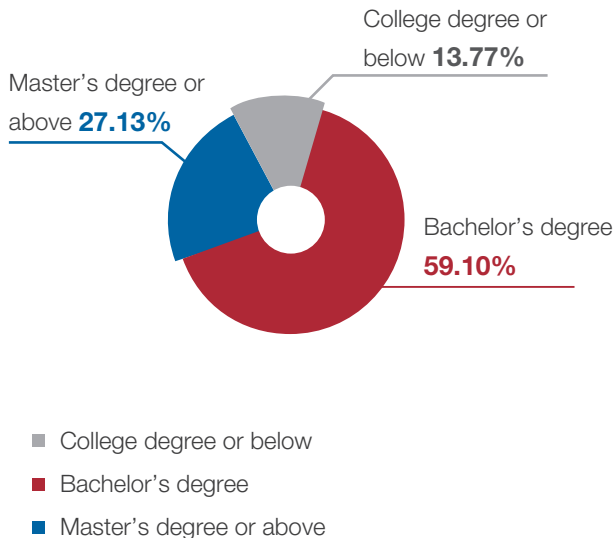
Proportion of staff by region



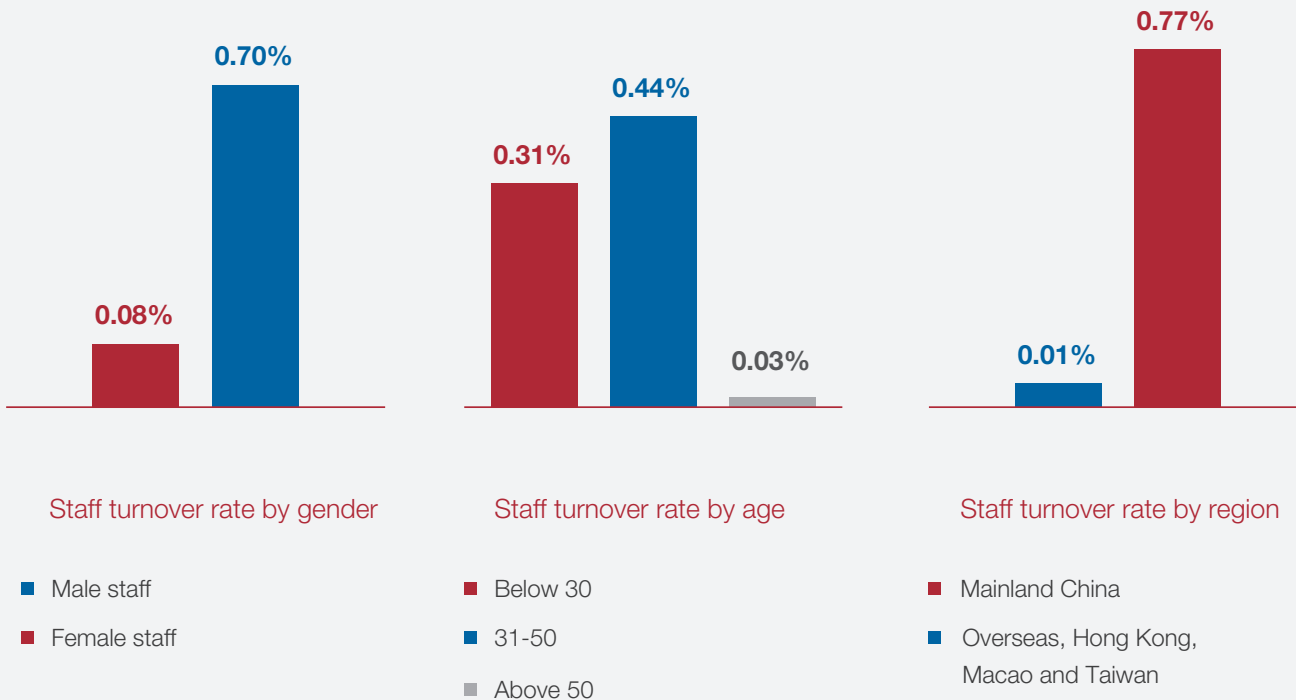
Proportion of staff by ethnic group



Proportion of staff by education



By the end of 2021, the staff turnover rate was **0.78%**.



Employee Rights and Interests

We endeavour to create an open, transparent, equal and diverse environment that values and protects the legitimate rights and interests of employees.

CNOOC Limited respects and supports the employees' freedoms of association, assembly and joining a labour union organisation conferred by the law. Guided by the *Labour Union Law of the People's Republic of China*, we have established labour unions at all levels to safeguard employees; legitimate rights and interests, which are responsible for supervising the Company's fulfilment of responsibilities and obligations and all business activities that are related to employees' benefits and communicating with the management of the Company on behalf of employees. We also maintain close communication with the legal department and labour unions to jointly guarantee employees' legitimate rights and interests.

We continue to improve our compensation management system and optimise compensation and benefit mechanism in accordance with the relevant national policies and our strategic positioning and benefit forecasts. Firstly, we improve the mechanism for increasing or decreasing the total payroll of business units, set up special rewards based on assessment results, and systematically optimise the budget management of total payroll based on performance goals. Secondly, we value the contribution of scientific research positions, strengthen compensation incentives for front-line offshore operation positions, implement a value-oriented compensation distribution system for employees, and promote compensation distribution to favour talents with outstanding contributions and front-line key positions. Thirdly, we improve the market-based compensation mechanism for sales and trade, increase incentives for high-level talents, and actively implement differentiated and precise incentives for key personnel. Fourthly, we promote equity and dividend incentives for science and technology enterprises in a proactive manner and adopt a variety of medium- or long-term incentives in a flexible manner. Compensation is distributed according to the results of daily and special assessments to strengthen immediate and special incentives, and enhance key employees' sense of achievement.

We have established a comprehensive and effective security system to handle various types of social insurance and multi-level supplementary insurance for employees in a timely manner. The social insurance participation rate of our employees reaches 100%. In addition to the basic types of social insurance including pension, medical insurance, work-



related injury insurance, unemployment insurance and maternity insurance, we also provide our employees with supplementary insurance such as personal accident insurance, commercial supplementary health insurance and critical illness insurance. Our insurance plan is further optimised, and the implementation is followed up. We actively publicise it to employees to provide them with better digital health services. Our employees can enjoy comprehensive security as we also set up enterprise annuity and housing subsidy.

CNOOC Limited protects the legitimate rights and interests of local employees in our international firms, strictly abides by local employment regulations in each jurisdiction, and provides employees with vacation, social insurance, and other benefits in compliance with local labour laws and regulations. We establish salary adjustment and incentive mechanisms in accordance with local conditions to encourage local employees to grow together with the Company.



Employee Development

We believe in mutual development with employees. Our improved training system, optimised employee growth and development system, and unobstructed path for talents' growth enable employees to become the backbone of our high-quality development.

Talent Strategy

Adhering to the strategy of "promoting corporate development with high-quality talent" and the concept that talents are the primary resources, CNOOC Limited implements a talent policy that can stimulate business vitality and highlight value to a greater extent.

To create an excellent employer brand and enhance our attraction to talents, we seek out promising talents via multiple channels such as campus recruitment, cooperation with schools and social recruitment. To achieve the goal that talents of high level of excellence drive the high-quality development, we earnestly implement the *Implementation Plan of CNOOC for Deepening the Reform of Three Major Systems*, and the *Talent Development Plan of CNOOC During the "14th Five-Year Plan" Period*.

Focusing on strategic and industrial planning, we strengthen the cultivation of strategic and high-level talents. Since 2020, we have selected trainees to be mentored every three years. They are tutored and enjoy the priority in scientific research support to participate in major scientific and technological projects and core technology studies. The years 2025, 2035 and 2050 will be crucial for us in realising this strategy of promoting corporate development with high-quality talent. Our aim is to increase the proportion of mid- and high-level talents such as academic, strategic, and technical experts.

The Company was selected as **2021 Forbes China • Most Sustainable Employer of the Year**

Deepening the Reform of Three Major Systems

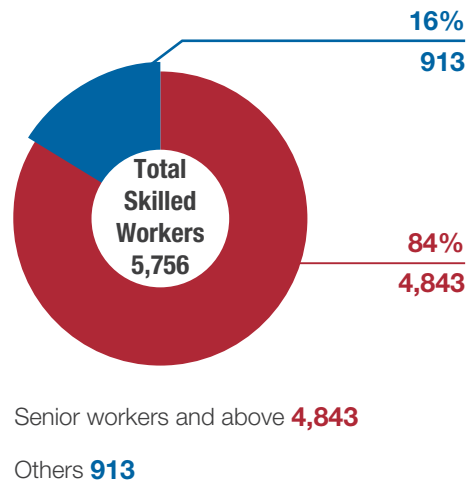
In July 2021, the Company implemented the Group's *Implementation Plan of CNOOC for Deepening the Reform of Three Major Systems* and 28 supporting guidance documents. The Company pursues the mechanism of tenure system, employment period system and contracting management in all respects and promotes mechanisms where mid-level leaders failing to achieve the "excellent" level in the comprehensive performance review for two consecutive terms shall be transformed to other positions and all staff shall sign labour contracts and post-employment agreements. The Company weighs the spirit of 100% contract fulfilment.

- In terms of talent management, we break with tradition that leaders' terms of appointment were independent from their performance and that one could enjoy the expert title for a lifetime once he was qualified during the evaluation period. One could be hired or promoted as a middle-level cadre through competition;
- In terms of labour and employment, with contract management as the core and post- appointment management as the basis, we are committed to facilitating employees' career development through vertical promotion and horizontal transformation opportunities;
- In terms of compensation distribution, equalitarianism is abolished. Subsidies for scientific research are increased, the project leader accountability system and a highly flexible quasi-market salary system are implemented.

The Company joins hands with universities and colleges for training talents. CNOOC Limited provides support for the growth of young talents in universities, and deepens the cooperation with universities regarding talent cultivation through joint initiatives with the China University of Petroleum-Beijing, China University of Petroleum and other universities. Meanwhile, we also make efforts to cultivate young scientific and technologically innovative talents, developing 90 young talents for scientific and technological achievement in 2021, and strengthening their creative thinking and practical abilities in oil and gas exploration, development, drilling and completion.

The enhanced expert training and cultivation serves as the intellectual support to the Company's high-quality development. In 2021, 10 talents were ranked as the third group of technical experts of the Company and 55 as the fifth group of subordinate units. We actively implemented the evaluation of vocational skills, encouraged the participation of first-line staff, and completed the evaluation on 2,326 employees for five professional skill levels across ten professional jobs, including primary workers, junior workers, senior workers, technicians, and senior technicians.

By the end of 2021, the Company had 4,843 senior workers accounting for 84% of total skilled workers in main jobs. We conducted occupational qualification reviews and certified 45 supervisors or above for their roles in exploration, downhole operation, drilling and completion.



Xie Yuhong, the chief scientist of CNOOC Limited, awarded the title of "Academician of Chinese Academy of Engineering"

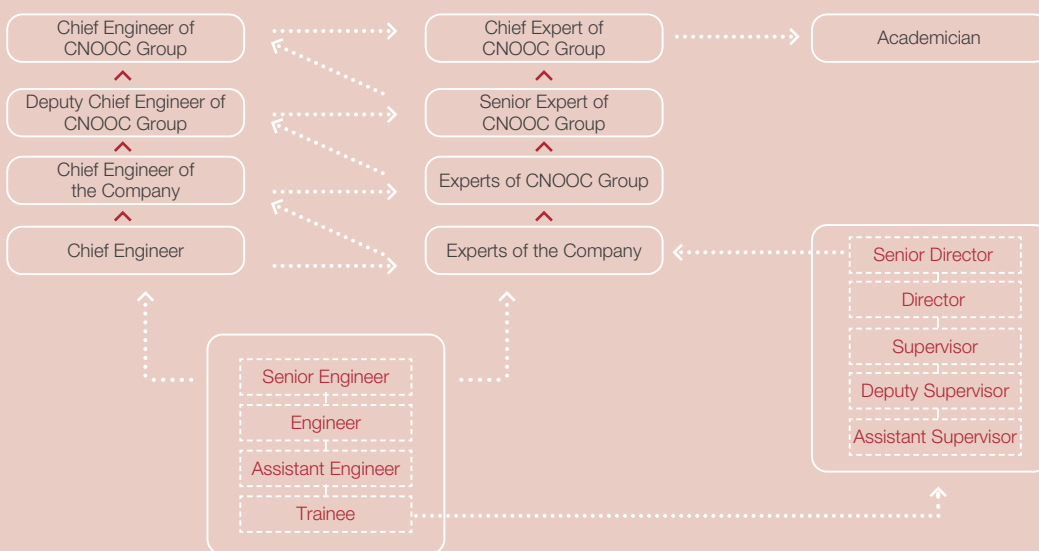
"Academician of Chinese Academy of Engineering", the highest academic title in engineering science and technology in China, is a lifetime honour. Academician Xie Yuhong has devoted himself to offshore oil exploration and development research, and project management practice for nearly 40 years. He led the team to establish the engineering management system of the "clustering value exploration" of offshore oil and gas, innovated geology theories of oil and gas exploration in areas of high temperature, high pressure and deep layers, and developed key technologies for efficient exploration. Thanks to his leading contributions, four major projects of oil and gas exploration at offshore marginal fault blocks, under high temperature and high pressure, and deep waters and deep layers in China have been completed. Academician Xie Yuhong has made outstanding contributions to increasing China's oil and gas reserve and production, ensuring energy security and enhancing the international competitiveness of CNOOC Limited in oil and gas exploration. Xie Yuhong became the fourth scientist awarded the title of "Academician of Chinese Academy of Engineering" in CNOOC Limited.



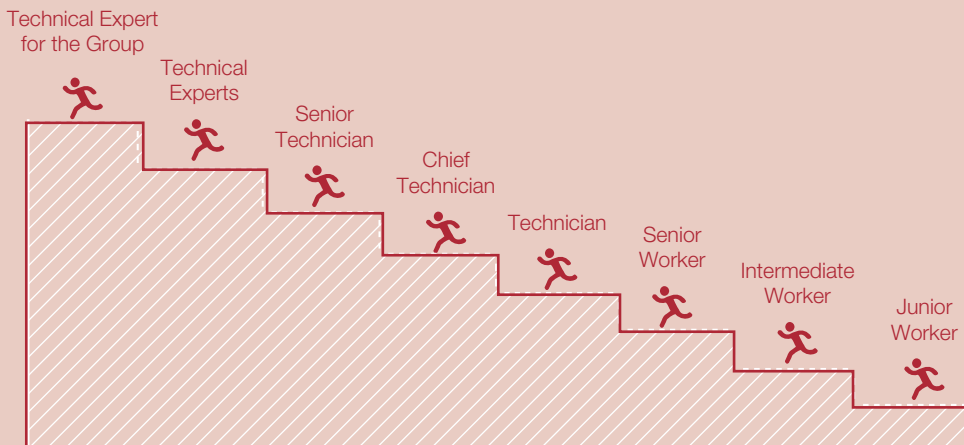
Career Development

Employees are our most precious resource and asset. In order to practice the three-year reform action of state-owned enterprises, we reconstruct our post system, and set up the four sequences of Management (including sales) (M), Business (B), Technology (T) and Skilled Workers (W), so as to create standard channels for employees' promotion and career development, and facilitate their transition among sequences.

CNOOC Limited's Career Path of Hierarchy Levels for Technicians



CNOOC Limited's Career Path of Hierarchy Levels for Skilled Workers



Employee Training

CNOOC Limited has established a multi-level training system for employees, and continuously empowers employees as needed. In 2021, we continued to implement our talent development plan and key training plan, focusing on key specialities and critical roles. Responding to the impact of COVID-19, we made great efforts to advance the content creation of “Haixue” platform and promote the application of this platform to achieve flexible online trainings. In addition, we organised and carried out special learning activities, professional skills training and safety training (e.g., Skill School, Safety School and First Class for New Employees) on “Haixue” platform to promote the coordination and integration of online and offline training, improve employees’ professional competence and create a good learning environment. In 2021, employees each undertook an average 205 hours of online and offline training.



The annual training was
35,698 person-time

with **69** offline training
hours per person

and **136** online training
hours per person



4
finance courses

17
training courses on well-
related technical expertise

7
QHSE courses

Average training per person for management personnel: **220** hours

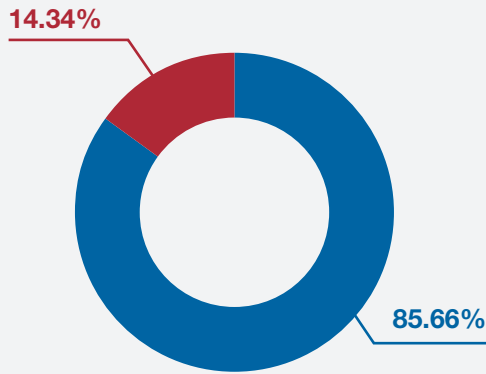
Average training per person for business personnel: **189** hours

Average training per person for technical personnel: **241** hours

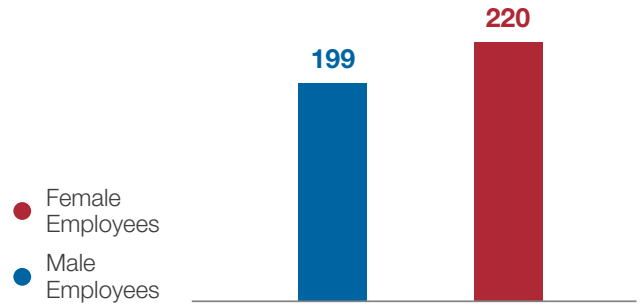
Average training per person for skilled workers: **202** hours

Year	Total training sessions	Total person-time	Total training hours	Total training hours per person
2021	2,069	35,698	3,850,251	205
2020	2,416	19,940	2,980,200	186
2019	12,670	188,197	1,492,566	96

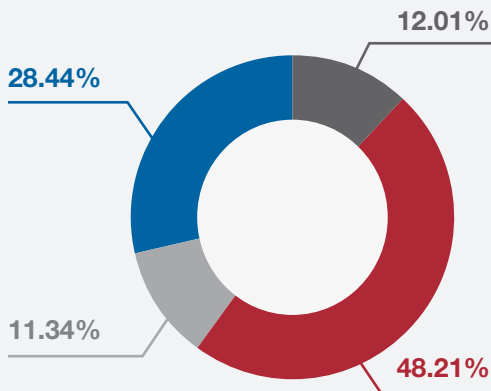
Percentage of Trainees by Gender (%)



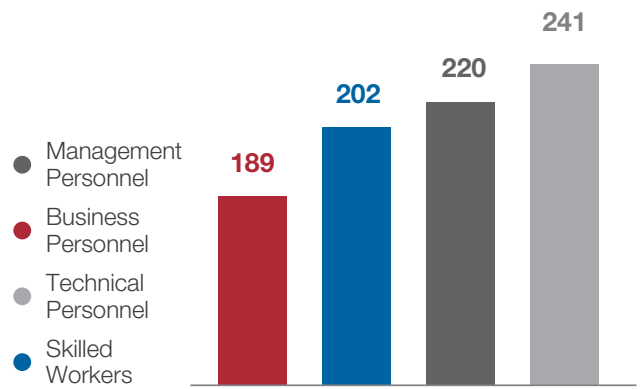
Average Training Hours by Gender



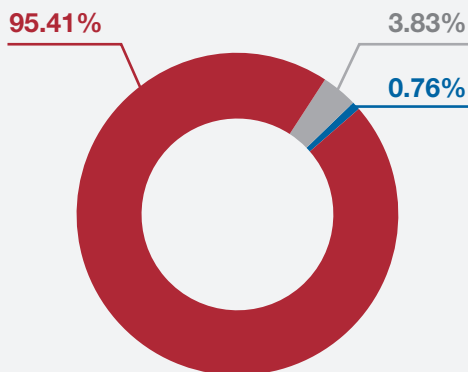
Percentage of Trainees by Role (%)



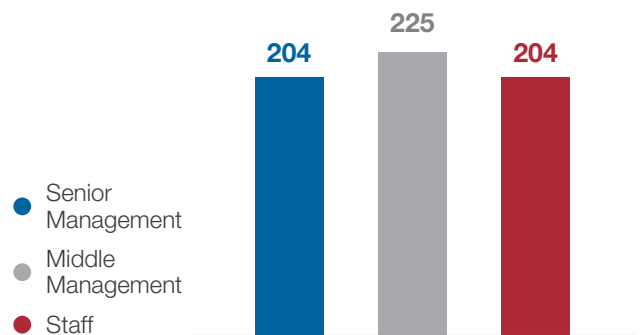
Average Training Hours by Role



Percentage of Trainees by Hierarchical Level (%)



Average Training Hours by Hierarchical Level



Training International Experts

We reinforce the cultivation of international talents. With focus on the priorities and difficulties in overseas business development, we have established a systematic training system and an international talent reserve mechanism featured with hierarchical linkage.

In 2021, CNOOC International selected and sent business backbone to participate in the international talent training course, a centralized and closed training for 5 months. This is the first key training session organized and implemented by the Company during the “14th Five-year Plan”, and is also an important initiative for the international development strategy, the strategy

of promoting corporate development with high-quality talent and the talent team building project. The training includes six modules, including language ability, cross-cultural communication ability, strategic thinking, professional ability, leadership ability and so on. In the process of training, trainees successfully completed the training tasks, effectively strengthened language skills, filled knowledge gaps, and improved the ability to perform duties by participating in activities, such as lectures, sharing and exchange, workshop of practice cases, test and examination, scenario simulation, English speech, theme debate, project presentation, on-site teaching and team building activities.





Employee Care

We strictly implement relevant national regulations on employee holidays to fully protect employees' rights for statutory public holidays. Besides statutory public holidays, we provide paid annual leave and family visit leave, and encourage staff to take vacations and rest. To migrant staff, we offer turnover housing and other living security, and offer transitional housing for single employees to help them find a better balance between life and work.

Relief to our overseas employees

In January 2021, an employee of our subsidiary in Nigeria returned to Guangzhou, found to be infected with plasmodium falciparum during the centralised quarantine. To ensure that the employee could be treated in a timely and effective manner, Beijing Headquarters of CNOOC International contacted with local hospitals, relevant government departments, Guangdong Provincial Centre for Disease Control and Prevention and other organisations to treat with artemisinin, a specific medicine for malaria, offering an effective therapy to the employee.

In this respect, the Company has implemented the following initiatives

- Endorse the trade union's "Warm Project" to build friendly labour relations and expand "E-union" coverage so that employees can enjoy its services more efficiently;
- Respond to China's "Healthy China" initiative, formulating CNOOC's Opinions on the Implementation of Healthy China Action to raise employees' awareness of the benefits of health and psychological counselling;
- Build a "home for employees", promote the integration of "association, station and home", and ensure that staff have access to warm help and mutual medical assistance;
- Strengthen the construction of a "home for employees" and "staff's nest" in remote and hard areas as well as small, scattered and distant frontline units, and promote the construction of facilities such as staff canteens, libraries, restrooms and entertainment rooms;
- Safeguard the rights and interests of female employees by undertaking "women's contribution", celebrating International "Women's Day", visiting female employees to improve the sense of professional pride and happiness of female employees;
- Endeavour to assist poor staff members, understand and document the situation of poor staff members and pay regular revisits to them.

In terms of medical security for employees, the Company continued to include the COVID-19 in the accident insurance coverage of the Company and provided the full medical security through the supplementary medical insurance. The Company further promoted the digital online claim settlement and direct payment of drug purchase under the supplementary medical insurance to facilitate employees to seek medical treatment and purchase drugs.

A group of children, mostly boys, are captured in a joyful dance in an outdoor setting. They are wearing blue t-shirts and patterned shorts. Some are wearing orange shirts. Their arms are raised, and they appear to be in the middle of a performance or celebration. The background shows a clear blue sky and some greenery.

Social Contributions

Social Contributions

As a corporate citizen, we are committed to “serving the society, creating harmony and benefiting the people”. Over the years, we have earnestly fulfilled our social responsibility, and provided financial and resource assistance to those in need with our own resources and active participation in charity activities. We give full play to the dedication spirit of “taking initiative and having the courage to take responsibility”, deepen the concept of resource sharing, share the fruits of economic development with the society, and use our expertise to promote social harmony and sustainable development.



Economic Contributions

In 2021, we focused on high-quality development, investment efficiency, strengthening our competitive cost advantages, creating economic benefits, and fulfilling our responsibilities and missions. In 2021, we recorded oil and gas sales revenue of RMB 222.13 billion, with a net profit of RMB 70.31 billion.

In 2021, we paid RMB 48.3 billion in tax, including income tax, value-added tax, royalties, and resource tax, and created more than 19,000 jobs around the world, which strongly supports the local economic and social development.



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with a net profit of

RMB **70.31** billion



We paid RMB **48.3** billion in tax, including income tax, value-added tax, royalties, and resource tax,

and created more than **19,000** jobs around the world

Maritime Rescue

We steadily promote emergency management, improve marine emergency response capabilities, and participate in maritime rescue. We fully leverage our resources and large-scale equipment and facilities for emergency rescue, and coordinate emergency responses with maritime departments and government agencies.

We actively undertake marine search and rescue and major marine oil spill emergency disposal in accordance with the *Inter-ministerial Joint Conference System for National Maritime Search and Rescue* and the *Inter-ministerial Joint Conference System for National Major Maritime Oil Spill Emergency Disposal*. Each subsidiary of the Company has built an emergency response mechanism for maritime search and rescue to coordinate with the emergency response actions for maritime emergencies so as to minimise casualties and property losses.

In 2021, the Company offered 49 maritime rescues, rescuing 7 ships in distress and 130 people in distress. Ships and helicopters were mobilised for 39 and 13 times respectively. A total of 10 appreciations and commendations were granted by government authorities.

The Company offered **49** maritime rescues

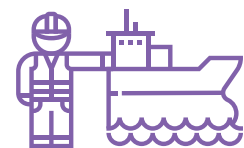
rescuing **7** ships in distress

130 people in distress

Ships and helicopters were mobilised for **39**

13 times respectively

A total of **10** appreciations and commendations were granted by government authorities





	Tianjin Branch	Zhanjiang/Hainan Branch	Shenzhen Branch	Shanghai Branch
Rescue missions	26	7	3	13
Ships mobilised	17	10	2	10
Helicopters mobilised	8	0	1	4
People rescued	13	89	3	25
Ships rescued	2	5	0	0

“Air 120” Rescue Mechanism

In November 2021, a platform employee was initially diagnosed as a paroxysmal supraventricular tachycardia by the doctor stationing there. After consultation with medical experts based onshore, Tianjin Branch resolutely launched the “Air 120” and transferred the employee safely to a local hospital by helicopter, saving the employee from danger.





Public Welfare

Over the years, CNOOC Limited and its affiliated companies have been fulfilling the commitment of serving the society, creating harmony and benefiting the people by leveraging the advantages in education, medical care, health care, marine rescue, marine environmental protection and, community development. In 2021, the Company donated RMB95.81 million.

In 2021, the Company donated

RMB **95.81** million





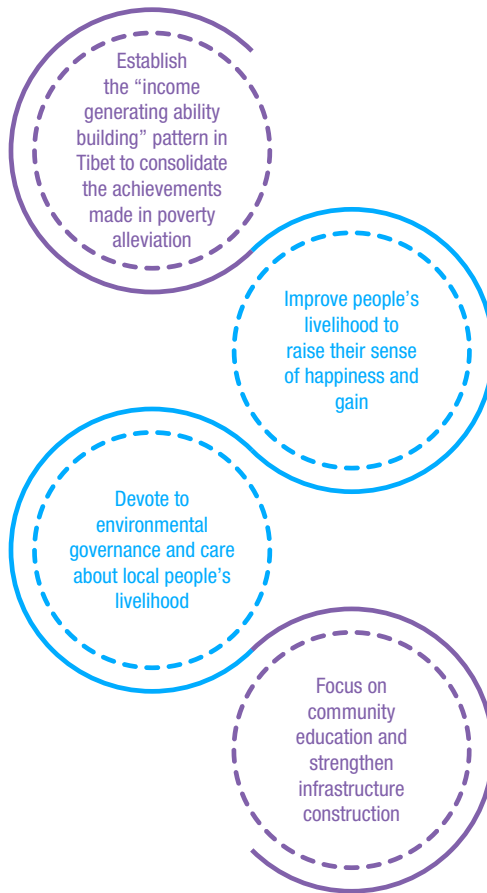
Rural Revitalisation

2021 is the first year for comprehensive rural revitalisation. The Company has spared efforts to promote the industry employment, education and medical care as well as infrastructure construction to enhance the quality and efficiency of industrial development, improve rural living environment, raise farmers' income, improve public services at the basic level and propel common prosperity, making its own contribution to the rural revitalisation.

In terms of the public cultural tourism projects in Nima County, we have completed the construction of infrastructure projects and ancillary facilities and promoted Nima County's traditional festival, Xiangxiong Culture Tourism Horse Racing Art Festival to promote the integration of local ethnic culture and tourism. We have also made donations to support scientific research projects for investigation and development of artemia cysts resources in Salt Lake within Nima County to provide technical support for the development of artemia cyst products.



We donated to Baoting County for its living environment governance and rural civilization construction, and purchased about 45,000 books for the county's primary and middle school students. In addition, we donated to build the Baoting Micro-Agriculture Service Platform to promote public brands such as Baoting Rambutan and Baoting Jackfruit, with focus on 10 agriculture-related enterprises.



We have invested in projects associated with shanty town reconstruction in Nima County, benefiting more than 120 households. We have worked on a programme to cultivate health care and medical workers at the basic level for five consecutive years. We have employed 16 health care and medical workers providing more than 3,600 medical services over the year, dispatched 6 medical professionals to study technology in nucleic acid tests and infectious disease prevention, and conducted volunteer medical consultations in villages, offering medical treatment and medicines for more than 5,000 herders.



We contributed to the relocation and construction of the Third Primary School of Wuzhishan City, old building renovations, characteristic planting and breeding industries, tourism services as well as skill and management training, and set up the "Phoenix Education Fund" to fund disadvantaged female students.



Charitable Donations

We earnestly fulfil our social responsibilities, make full use of our resources, and provide financial and resource assistance to those in need from all walks of life. Our Charity and Public Welfare Committee prepares an annual plan and approves budgets. Subsidiaries and branches organise and implement specific activities based on the annual work plan for charity and public welfare, mainly covering education, science, culture, health care and sports, environmental protection, energy conservation and emission reduction and other social public welfare undertakings. In July 2021, heavy rain hit Zhengzhou City and other districts in Henan Province. We therefore provided substantial support for the disaster relief and reconstruction in Henan Province, contributing **RMB 20 million** to Henan provincial government.



Employee Volunteers

We encourage employees to participate in volunteer activities, to raise awareness of environmental protection and social welfare. In 2021, our “Blue Force” youth volunteer activity improved the social satisfaction of employees’ voluntary actions from all spectrum promoting the systematic construction of volunteer team to attract more employees to engage in public welfare undertakings, diversifying the services to expand the coverage of volunteer actions, and improving the scientific level of project management and the standard of activity organisation to improve the quality of volunteer services.

Our “Blue Force for the Sea” campaign focused on the education of youth, helping youngsters to develop the perspective of respecting, protecting and reasonably exploiting the marine environment.

We held the “World Ocean Day” themed on *Protecting Marine Biodiversity and Living in Harmony with Nature*. Volunteers actively participated in the question-and-answer session on marine knowledge and beach cleaning activities to fulfil their commitment to marine environmental protection from awareness and by practice.



Our volunteers undertook diverse ecological and environmental actions such as waste sorting and education and publicity of environmental protection. We harnessed employees’ awe of nature to embed environmental protection into their healthy and sustainable lives.



Our volunteer team visited poverty-alleviation areas and communities nearby to assist the poor and the elderly, offered warmth in material terms, talked with the elderly, and took wedding anniversary photos for them to provide spiritual companionship and support, and provided home-based volunteer consultations to retired workers.

Our employee volunteers proactively participated in community building activities including voluntary cleaning, people-friendly hairdressing, health and legal consultation, epidemic prevention and control and charitable donation to make the belief and value of “Blue Force” more widespread.

Our “Blue Force for Education” and “Blue Force in School” initiatives provided care for left-behind children, children of migrant workers and children with special needs. We provided volunteer services such as voluntary cooking, material donation, circuit repair, offered science and technology lectures and organised fire escape drills.



Overseas Social Responsibility

The Company has established a long-term mechanism in the establishment of overseas community investment system. CNOOC International, a subsidiary of the Company, established the CNOOC International Charity and Public Welfare Committee (CCIC). In strict compliance with the *Community Investment Standards of CNOOC International Limited*, CNOOC International made efforts to ensure the sound operation and development of social and public welfare and charitable clauses to fulfil its commitment as a corporate citizen to “serving the society, creating harmony and benefiting the people”.

Provide support for natives around the operation areas with focus on initiatives for improving their quality of life and well-being, such as organising community Christmas dinner and family activities, to help them gain a sense of community.

In Uganda, Guyana and other countries, we have launched public welfare projects such as “CNOOC Performance Scholarship” and “CNOOC Scholarship” to support their talent cultivation and promote local education.



Native support

Education development

Community building

Support for global epidemic prevention

Cultural exchange

Invest in local livelihood projects to improve local living, education and medical conditions and infrastructure in other aspects, and proactively organise cultural exchange exhibitions and open day activities to show the achievements made in joint construction.

Continuously strengthen cooperation with overseas countries, especially those involved in the “Belt and Road Initiative”, and take on the responsibility for epidemic prevention. Since 2020, we have made 15 donations to 9 countries for epidemic prevention.

Understand residents’ needs and support them in medical and health care, continuing education, child care equipment, food and distribution to effectively solve their practical difficulties.

Appendix

Key Performance Data

Indicator	2019	2020	2021
Total assets (million RMB)	757,731	721,275	786,569
Net assets (million RMB)	448,226	433,930	481,976
Total revenue (million RMB)	233,199	155,372	246,111
Net profit (million RMB)	61,045	24,956	70,307
Tax payment ¹ (billion RMB)	50.5	38.1	48.3
Earnings per share (RMB)	1.37	0.56	1.57
Net production of the year ² (million BOE)	506.5	528.2	572.9
Net proven reserves (billion BOE)	5.18	5.37	5.73
Dividend per share (HKD)	0.78	0.45	0.55 ³
Crude oil consumption (thousand tons)	371.0	387.0	343.2
Natural gas consumption (billion cubic meters)	2,051	2,228	2,469
Diesel consumption (thousand tons)	55.4	58.0	57.1
Electricity consumption (million kWh)	254	283	636
Energy saving (tons of standard coal equivalent)	125,340	148,788	161,493
Comprehensive energy consumption per ton of oil and gas production ⁴ (tons of standard coal equivalent/ton)	0.0553	0.0550	0.0592
Direct total GHGs ⁵ (million tons of CO ₂ equivalent)	8.597	9.123	9.774
Indirect total GHGs ⁶ (million tons of CO ₂ equivalent)	0.186	0.222	0.531
Total GHGs (million tons of CO ₂ equivalent)	8.783	9.345	10.305
GHGs per ton of production (tons of CO ₂ equivalent/ton)	0.1493	0.1470	0.1597
Non-hazardous waste (tons)	16,104	30,703	51,495
Hazardous waste (tons)	45,772	28,011	40,918
Freshwater consumption (million tons)	2.137	2.120	2.127
Freshwater consumption per ton of production (cubic meters/ton)	0.0367	0.0333	0.0330
Water saving (thousand tons)	182	89	49
Number of employees	18,703	18,353	19,086
Number of female employees	2,960	2,597	3,009
Total training hours (hours)	1,492,566	2,980,200	3,850,251
Occupational health examination rate (%)	100	100	100

¹ Tax payment refers to paid-in tax in the year, including income tax, value-added tax, royalties, resource tax, etc.

² Unless otherwise stated, all amounts of reserve and production in this report include our interests in equity investments.

³ This is the cumulative dividend declared in 2021, including the 2020 year-end dividend (HK \$0.25/share) and the 2021 interim dividend (HK \$0.30/share). In order to avoid the impact on the progress of RMB Share Issue of the Company, the Board decides not to recommend the declaration of the 2021 year-end dividend and will announce a special dividend plan as soon as possible after the completion of the RMB Share Issue.

⁴ Comprehensive energy consumption is the sum of various energy consumption, which is calculated in accordance with the *General Principles for Calculation of the Comprehensive Energy Consumption* (GB/T2589-2008).

⁵ Direct total GHGs represent the CO₂ equivalent emissions of various energy consumption (i.e., external heat consumption, coal consumption, diesel consumption, petrol consumption and refrigerant consumption (e.g., R22)), which are calculated in accordance with the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Oil and Gas Manufacturing Enterprises (Trial)* (2014 version) issued by the National Development and Reform Commission. Emission factors used in the calculation of CO₂ are derived from the default values provided in the above guidelines.

⁶ Indirect total GHGs represent the CO₂ equivalent emissions of indirect energy consumption (mainly purchased electricity), which are calculated in accordance with the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Oil and Gas Manufacturing Enterprises (Trial)* (2014 version) issued by the National Development and Reform Commission. The electricity emission factors used in the calculation of CO₂ are derived from the *Average CO₂ Emission Factors of Regional Power Grid in China in 2011 and 2012* released by the National Climate Center, and the thermal emission factors used are derived from the default values provided in the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Oil and Gas Manufacturing Enterprises (Trial)* (2014 version).

Independent Assurance Report




Independent Assurance Report

To the Board of Directors of CNOOC Limited (the "Board of Directors"):

We have been engaged by the Board of CNOOC Limited to perform a limited assurance engagement on its 2021 *Environmental, Social and Governance ("ESG") Report* for the period from 1 January 2021 to 31 December 2021.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing the 2021 ESG Report in accordance with *Environmental, Social and Governance Reporting Guide* ("ESG Reporting Guide") issued by Hong Kong Stock Exchange, and its presentation (including reporting guidelines, limitations, reporting data and relevant identification procedures).

The Board of Directors is also responsible for determining CNOOC Limited's objectives in respect of ESG performance and reporting, including identifying stakeholders and relevant material issues, establishing and maintaining appropriate performance management system and internal control system for obtaining performance information in the report, and maintaining sufficient records.

Our Responsibilities

In accordance with the agreed terms with CNOOC Limited, we are responsible for performing a limited level of assurance engagement on selected data and performance claims ("the Subject Matter Information") in the 2021 ESG Report. Our work is only for the Board of Directors, and for no other purposes. We do not assume responsibility or accept liability to any other person or third party for our work or the contents of this report.

Our Independence and Quality Control

We conducted our engagement in accordance with the independence and other ethical requirements in the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We maintain a comprehensive system of quality control applying *International Standard on Quality Control 1*.

Basis of Our Work

We conducted our work in accordance with *International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Federation of Accountants. We planned and performed our engagement to obtain all the information and evidences which we considered necessary to form conclusions.

Procedures, Scopes and Limitations of Our Work

Our work performed includes interviewing personnel responsible for the *ESG Report*, analyzing information, and other steps to collect evidences. Specifically, our procedures include:

- Interviewing management and staff responsible for the Subject Matter Information, to understand the process for determining the key stakeholders and material issues, and applicable controls.
- Assessing the inclusion of the Subject Matter Information in the *ESG Report* against requirements of the *ESG Reporting Guide*, and comparing the sampled original documents from Headquarter with the statements in the *ESG Report*.
- Establishing acknowledgement of Subject Matters regarding the 2021 *ESG Report* with CNOOC Limited to perform this limited assurance engagement.
- Analyzing sampled data and performance claims, reviewing its consistency with our work results, and Assessing the effectiveness of the control on the *ESG Report* preparation procedure.

The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement and therefore a lower level of assurance is provided. Our work performed is not for the purpose of expressing an opinion on the effectiveness of CNOOC Limited's internal control.

We performed our limited assurance engagement at headquarter of CNOOC Limited. We did not carry out such engagement at any other branches and subsidiaries of CNOOC Limited, nor interview with external stakeholders. Moreover, historical data and financial information are not within the scope of our work.

Our Conclusions

Based on our work performed, nothing has come to our attention that would lead us to believe that there is any material misstatement related to the Subject Matter Information in CNOOC Limited's 2021 *ESG Report*.

This is translation of the Chinese language version of the Independent Assurance Report. If there is any conflict between the Chinese and English version, the Chinese version will prevail.

Deloitte Touche Tomatsu Certified Public Accountants LLP



March, 30 2022

Reporting Guide Index

ESG Reporting Guide Index

Aspects	General Disclosures and KPIs	Locations in the Report	External Verification
Mandatory Information Disclosure	Board Statement	P01-P02	—
	Materiality	P06	—
	Quantification	Report Information	—
	Consistency	Report Information	—
	Scope of Reporting	Report Information	—
A1 Emissions	General Disclosure relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P53-P56	Yes
	A1.1 The types of emissions and respective emissions data.	P55	Yes
	A1.2 Direct (Scope 1) and indirect energy (Scope 2) greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P53	Yes
	A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P55	Total hazardous waste verified
	A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P55	Total non-hazardous waste verified
	A1.5 Description of emission target(s) set and steps taken to achieve them.	P54-P55	Yes
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P55	Yes
A2 Use of Resource	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	P51-P52	Yes
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P51	Yes
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P52	Yes
	A2.3 Description of energy use efficiency initiatives and target(s) and steps taken to achieve them.	P52	—
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P52	Yes
	A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	The Company's nature of business indicates that there are no packaging materials involved	—
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	P47-P48, P51-P58	Yes
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P51-P58	Yes
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P47-P50	—
	A 4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P47-P50	—
B1 Employment	General Disclosure relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P61-P62, P65, P72	Yes
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P63-P64	Yes
	B1.2 Employee turnover rate by gender, age group and geographical region.	P63-P64	Yes

Aspects	General Disclosures and KPIs	Locations in the Report	External Verification
B2 Health and safety	General Disclosure relating to providing a safe working environment and protecting employees from occupational hazards.	P35-P44	Yes
	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer		
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P37	Yes
	B2.2 Lost days due to work injury.	P37	—
B3 Development and Training	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P35-P44	Yes
	General Disclosure Policies on improving knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	P66-P71	Yes
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P69-P70	Yes
B4 Labour Standards	B3.2 The average training hours completed per employee by gender and employee category.	P69-P70	Yes
	General Disclosure relating to preventing child and forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P62	Yes
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	P62	Yes
B5 Supply Chain Management	B4.2 Description of steps taken to eliminate such practices when discovered.	The Company has a low risk of child labour employment and forced labour. Therefore, there is no need to develop remedial measures in response to violations.	Yes
	General Disclosure Policies on managing environmental and social risks of the supply chain.	P25, P31-P32	Yes
	B5.1 Number of suppliers by geographical region.	P31	Yes
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P31-P32	Yes
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P25, P31-P32	—
B6 Product Responsibility	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P32	—
	General Disclosure relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P27, P30	Yes
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company's nature of business indicates that there is no recall for safety and health reasons.	—
	B6.2 Number of products and service related complaints received and how they are dealt with.	P27	Yes
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P30	Yes
	B6.4 Description of quality assurance process and recall procedures.	P27	Yes
B7 Anti-corruption	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P27	Yes
	General Disclosure relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P22	—
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P22	—
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P21-P22	—
B8 Community Investment	B7.3 Description of anti-corruption training provided to directors and staff.	P18	—
	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P75-P80	Yes
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P75-P80	Yes
	B8.2 Resources contributed (e.g. money or time) to the focus areas.	P75-P80	Yes

TCFD Recommended Disclosures Index

TCFD recommended disclosures	Locations in the Report / Reasons for omission
<p>Governance Disclose the organisation's governance around climate-related issues and opportunities</p>	
a) Describe the Board's oversight of climate-related risks and opportunities	P01
b) Describe management's role in assessing and managing climate-related risks and opportunities	P20
<p>Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning</p>	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	P49-P50
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	P49-P50
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios	—
<p>Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks</p>	
a) Describe the organisation's processes for identifying and assessing climate-related risks	P21, P47-P50
b) Describe the organisation's processes for managing climate-related risks	P21, P47-P50
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	P21
<p>Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities</p>	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	P51, P54
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks	P53
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	P51, P54

International Petroleum Industry Environmental Conservation Association (IPIECA) Sustainability Reporting Guidance Index

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GOV-2	P17-P22	SHS-2	P35-P44
GOV-3	P21-P22	SHS-3	P37
GOV-4	—	SHS-4	—
GOV-5	—	SHS-5	P27
Climate change and energy		SHS-6	P40-P41
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ENV-3	P57-P58	SOC-9	P77-P80
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ENV-5	P55-P56	SOC-11	—
ENV-6	P36, P39, P48	SOC-12	—
ENV-7	—	SOC-13	P75-P80
ENV-8	P47-P48	SOC-14	—
		SOC-15	P75



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