

**CNOOC**

Prepared by CNOOC Sustainability Report Compiling Group  
Add: 25 Chaoyangmenbei Dajie, Dongcheng District, Beijing, China  
P.C.: 100010  
Company Website: [www.cnooc.com.cn](http://www.cnooc.com.cn)



CHINA NATIONAL OFFSHORE OIL CORP.  
**2008 Sustainability Report**



## Overview

This is the 4<sup>th</sup> sustainability report issued by China National Offshore Oil Corporation (CNOOC) to the public. As a member of the Global Compact, CNOOC compiled this report in compliance with the 10 principles specified by the Global Compact and under the guidance of Sustainability Reporting Guidelines (Version 2006) issued by Global Reporting Initiative (GRI).

CNOOC Sustainability Report covers CNOOC and all its affiliates at home and abroad. This report includes three categories—"enterprise and environment, enterprise and society and enterprise and employees". This report is our relevant work from Jan. 1 to Dec. 31, 2008, and the span of some event might exceed this limit a bit. CNOOC will be liable for any information and data disclosed herein.

For any further information, please visit [www.cnooc.com.cn](http://www.cnooc.com.cn).

For any opinion or suggestion, please contact us via the means below:

Address: CNOOC Sustainability Report Compiling team, 25 Chaoyangmenbei Dajie, Dongcheng District, Beijing, China

P.C.: 100010

Tel: 86-10-84521698

Fax: 86-10-64015057

E-mail: [QHSE@cnooc.com.cn](mailto:QHSE@cnooc.com.cn)

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### Enterprise and environment

Environmental Management  
 Pollution Control and Management  
 Greenhouse Gas Emission Control  
 Energy Conservation  
 Development and Utilization of Renewable Energy  
 Oil Spill Emergency Plan

### Enterprise and Society

Special topic: Work hard, reduce cost, boost profit, and aid Sichuan  
 Special topic: Take action to share the joy for Beijing 2008 Olympic Games  
 Support the Poor and the Less Privileged  
 Donate to Aid Poor Students  
 Community construction  
 Disaster Relief  
 Biological Protection  
 Volunteering Action

### Enterprise and Employees

Safety and Health  
 Harmonious Relations  
 Employees Development



## Address of President



President, CNOOC  
Fu Chengyu

2008 is an unusual year for China and the world as well. That year, CNOOC seized the opportunity of learning and practicing the Scientific concept of development, made an effort to overcome adverse effects of natural disasters and global financial crisis, stood together with the people in hard times, went ahead firmly in production, operation and others, and kept the corporate performance on a high level.

The perfect risk management system of CNOOC played a positive role in overcoming the global financial crisis. The decision-making group of CNOOC considered the situation, anticipated the crisis in advance and took initiative in dealing with the crisis, and succeeded in protecting the corporate assets against loss. CNOOC seized the opportunity in face of the crisis by virtue of strict conformance to systematic regulations of risk, investment, decision-making, etc. In the financial crisis, we succeeded in securing the interests of the State, shareholders and employees by means of strict control.

More and more global natural disasters occur, which alerts the human beings to perform global environmental protection responsibilities. In 2008, CNOOC, which operates both at home and abroad, went on enhancing the implementation of energy conservation and emission reduction indexes and advocated "Zero-emission" in production, and the affiliates took initiative in equipment modification, etc. we popularized offshore exploitation Green Platform to further reduce the impact of operations on marine environment. We are very glad to see that seabirds and other marine organisms have become the companions of our employees. After implementing the first offshore wind power project of China, CNOOC will increase the investment in green energy resources. We believe that green energy resource development is a global trend, Only keep pace with this trend, can we win a brighter future. When operating abroad, CNOOC sticks to the principle of paying attention to development and protection concurrently and keeps a good operator's image.

In 2008, natural disasters occurred frequently in China. In face of the snow disaster of Southern China at the beginning of the year and Wenchuan Earthquake on May 12, the Chinese people stood together closely. As a large state-owned enterprise, CNOOC was in duty bound to take part in disaster relief. While inputting capital and articles for disaster relief, CNOOC promised to work hard, reduce cost and boost profit in order to support the reconstruction of the disaster area after earthquake by RMB 100 million per year in the forthcoming 5

years. The employees of CNOOC delighted in that the first batch of Sichuan reconstruction projects under the aid of CNOOC commenced smoothly in Apr. 2009.

The Chinese people showed the power of solidarity to the world after the disasters occurred, and presented the enthusiasm of participation in Beijing 2008 Olympic Games. CNOOC took part in the publicity and service of the Games. We carried Mascots of Beijing 2008 Olympic Games Fuwas to Africa, Indonesia and other operation areas, and our employees joined in the volunteering services. In a word, we took action to share the joy for Beijing 2008 Olympic Games.

Employees are always the most valuable asset of CNOOC. The Company went on enhancing the training of employees and offering a safer and healthier employment environment and wider welfare guarantee for employees. 2008 is the "Model Year" of CNOOC. Through the appraisal of experts and technicians, the Company further enhanced the importance of technical personnel in corporate development. Advanced performance was praised in the form of appraising model workers and excellent shifts to motivate employees to move ahead continuously in their careers.

2008 is unforgettable for us. In 2008, CNOOC experienced too many tests, and performed satisfactorily upon the efforts of the employees. In the new year, CNOOC will be faced with more challenges, but challenges and opportunities coexist. Under the guidance of sustainability concept, CNOOC will stick to related principles and make an effort to realize the coordinated development of environmental protection, social responsibilities, employees welfare and economic benefits. Through this, our management can be promoted, cohesion and the sense of social responsibility can be enhanced, and our commitment to the society can be fulfilled.

Thank you for your attention and support to the sustainable development of CNOOC.



## Corporate Profile



China National Offshore Oil Corp. (hereinafter referred to as “CNOOC” or “The Company”), founded in 1982, is one of the state-owned oil companies and the largest offshore oil and gas producer in China. CNOOC is headquartered in Beijing and has 57,000 employees. CNOOC is responsible for exploiting offshore oil and natural gas resources through cooperating with overseas partners offshore China. CNOOC is engaged in oil and gas exploitation, natural gas and power generation, refining, petrochemicals and fertilizer, technical services, logistic services and new energy as well as financial services, and operates in more than 10 countries and regions.



## Corporate Profile



In 2008, CNOOC seized the opportunity of learning and practicing the scientific outlook on development, and improved its overall performance to a new level. It achieved sales of RMB 194.80 billion and total profit of RMB 67.80 billion, up by 31.5 and 19.4 respectively than the previous year; year-end total assets and net assets reached RMB 409.50 billion and RMB 205.90 billion respectively, up by 21.2 and 10.1%; and oil and gas production reached 42.93 million tons of oil equivalents. CNOOC ranked 409<sup>th</sup> among Global 500; ranked 34<sup>th</sup> among world top 250 energy companies by Platts; gained Standard & Poor's rating of A+ and Moody's rating of A1, equivalent to Sovereign rating.

CNOOC continuously enhances its corporate governance, improves its systematic and institutional construction in operational decision-making, audit & supervision, anti-corruption to guarantee the smooth and sound development of its domestic and overseas businesses. With the expansion of overseas businesses, the Company is doing research on political, economic and legal requirements of host countries and regions in order to further strengthen the supervision and management over overseas investment projects and guarantee the stability of overseas development.

The company enhances environmental awareness in each sector of business, promotes energy conservation and emission reduction by assigning quotas, and guarantee environmental protection effect by means of equipment modification. Through joining related international organizations, the company raises environmental protection standards continuously and makes an effort to perform better in environmental protection during operations.

The company makes an effort to pursue the coordinated performance of political responsibilities, economic responsibilities and social responsibilities, and is devoted to public welfare projects involved in supporting the poor, aiding Tibet, helping poor students, disaster relief, etc. In 2008, the Company lent a hand to people in the disaster areas of snow disaster of Southern China and Wenchuan Earthquake in time, donated RMB 32 million to the disaster area of the snow disaster of Southern China and RMB 23 million to the disaster area of Wenchuan Earthquake, and promised to work hard, practise frugality and keep improving in order to support the reconstruction of the disaster area after earthquake by RMB 100 million per year in the forthcoming 5 years, and the annual total public welfare input reached RMB 280 million.

The company adheres to the concept of "putting people first", and regards the safety, health and welfare of employees. Through enhancing the implementation of a high level safety, health and environmental protection system with related international standards, the Company keeps good health, safety and environmental protection records.

In future, CNOOC will continue to follow the scientific outlook on development, stick to harmonious development, talent drive, advance of science and technology and low cost strategy and diversified development approach, promote the rapid and efficient development by all-round innovation and move ahead firmly to become a "World first-class energy company".

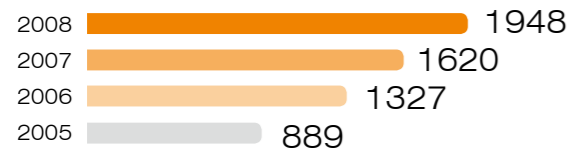
## Business Structure





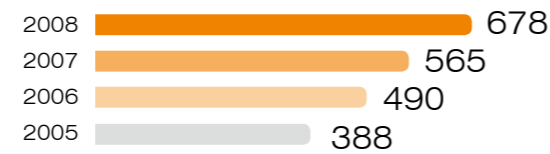
## Overall Performance

Sales (Unit: RMB 100 million)



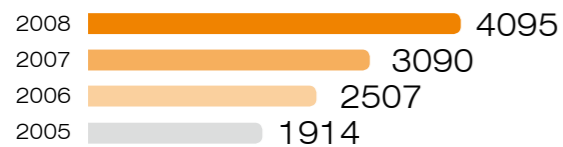
2005-2008 Compound Growth Rate: 29.9%

Total Profit (Unit: RMB 100 million)



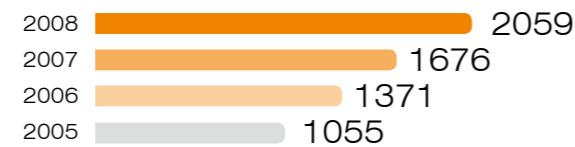
2005-2008 Compound Growth Rate: 20.4%

Total Assets (Unit: RMB 100 million)



2005-2008 Compound Growth Rate: 28.9%

Net Assets (Unit: RMB 100 million)



2005-2008 Compound Growth Rate: 25.0%

## Main financial indicators

	2005年	2006年	2007年	2008年
Growth rate of sales	25.4%	48.9%	22.1%	31.5%
Growth rate of profit	60.1%	26.3%	15.2%	19.4%
Growth rate of net profit	62.3%	25.5%	15.1%	18.6%
Growth rate of total assets	24.9%	31.0%	23.3%	21.2%
Return on net assets	20.3%	19.8%	18.1%	17.0%
Return on total assets	23.1%	22.4%	20.8%	18.5%
Profit rate of core businesses	47.5%	40.3%	36.8%	37.0%
Asset-Liability Ratio	31.3%	27.9%	26.2%	30.0%
Rate of Capital Accumulation	27.0%	30.0%	22.3%	13.7%

Note: The data above are calculated according to audited financial statements.

## Honors in 2008

- ◆ CNOOC ascended by 60 places and ranked at the 409<sup>th</sup> among Global 500 by American magazine Fortune.
- ◆ CNOOC ascended among Global Top 50 Oil Enterprises in List of 2008 World Oil Enterprises by Petroleum Intelligence Weekly, and ranked the 48<sup>th</sup>.
- ◆ CNOOC was listed in Rank of Chinese Multinational Enterprises appraised by the business schools of Chinese, Indian, Russian and Brazilian universities.
- ◆ CNOOC ranked the 34<sup>th</sup> in the List of World Top 250 Energy Companies by Platts in 2008.
- ◆ CNOOC was listed in the List of 2007 Central State-owned Enterprises (SOE) with Grade A in Performance released by State-owned Assets Supervision and Administration Commission of the State Council (SASAC). CNOOC has won Grade A in performance for four consecutive years.
- ◆ CNOOC was appraised as "Most Globally Competitive Chinese Company" by Roland Berger Strategy Consultants and Global Entrepreneur. Such appraisal is intended for examining the survival and competitiveness of Chinese companies in the globalization and mainly evaluates the overall performance, international competitiveness, cross-cultural management ability and others of Chinese companies.
- ◆ On the Summarization and Commendation Meeting of Earthquake Relief Work of Central State-owned Enterprises held by SASAC, China Offshore Oil Bohai Corporation Workers Hospital Medical Team won the honor of "Advanced Unit among Central State-owned Enterprises for Earthquake Relief Work in 2008"
- ◆ CNOOC was honored as "Advanced Unit in Targeted Poverty Reduction" by the State Council Leading Group Office of Poverty Alleviation and Development for the Company's contribution for poverty alleviation in the past years.
- ◆ CNOOC was honored as "The Most Charitable Domestic Enterprise of China Charity Award" by Ministry of Civil Affairs.
- ◆ CNOOC was honored as "Excellent Organization among Central State-owned Enterprises in Driver Volunteer Work for Beijing 2008 Olympic Games" by Working Committee of Central State-owned Enterprises.
- ◆ CNOOC was honored with "People's Social Responsibility Award" upon the appraisal initiated by People's Daily Online again, and the Committee of Experts gave a reason that CNOOC, one of China's largest national oil companies, has taken initiative in assuming corporate social responsibilities for many years, and persisted in making an effort in energy conservation, pollution control, waste discharge control, clean energy development and utilization, etc. The Company is devoted to public welfare undertaking, powerfully carried out poverty alleviation, students aiding and disaster relief, advocated the corporate culture of putting people first. When developing abroad, CNOOC also extended the performance of corporate citizen's duties and responsibilities to oversea operation areas.
- ◆ CNOOC was honored with "International Corporate Citizen Demonstration Award" appraised by 40 institutions inclusive of China International Almsdeed Institute and China Association of Poverty Alleviation & Development.
- ◆ CNOOC was honored as "2008 Star Model Enterprise among Chinese Green Companies" appraised by Chinese Enterprises, Guanghua School of Management and Daonong Enterprise Institute.



## Corporate Management



CNOOC is a state-owned oil company and state-authorized investment institution. SASAC (State-owned Assets Supervision and Administration Commission of the State Council) has the right to supervise the company in the name of contributor. According to Guidance for the Articles and Guidance for Rules of Procedure, CNOOC implements president responsibility system and sticks to democratic centralism to guarantee scientific decision-making and standard operation. In 2008, CNOOC basically completed the construction of modern enterprise system. All its special committees and functional departments of the Headquarters are responsible for supervising, implementing and auditing its policies and strategic plans related to economy, society, environment, etc. In 2008, CNOOC stuck to the policy of handling problems by looking into both its root cause and symptoms, conducting comprehensive control, paying attention to both punishment and prevention and regarding prevention, seized the opportunity of experimental point activity for learning and practising the scientific outlook on development, oriented by risk, emphasized internal control, made an effort to construct a punishment and prevention system in compliance with the spirit of fighting corruption and advocating incorruptibility, international oil industry risk control conventions and the company's actuality and prospect to guarantee sound and sustainable development.



## Integration of Supervision Functions

## Party Conduct Construction and Fighting Corruption and Advocating Incorrptibility

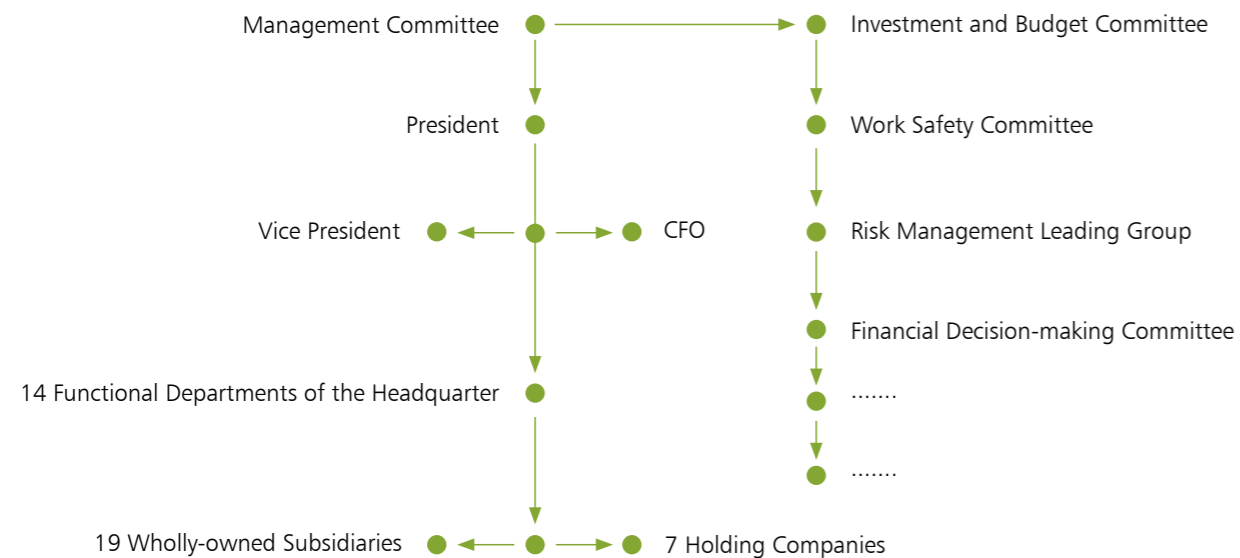
In 2008, CNOOC basically completed the construction of modern enterprise system and entered into a new stage of constructing a world first-class energy company, as was symbolized by the foundation of CNOOC Energy Technology & Services Limited and put forward higher requirements on the integration of fighting corruption and advocating incorruptibility and risk control ability. The company took the situation into account, issued the optimization plan of audit supervision division and empowered the division with five functions including disciplinary inspection, supervision, audit, board of supervisors and risk management to give full play to internal board of supervisors in the corporate management structure during the construction of modern enterprise system, and coordinated the five managerial functions organically to construct a "quintuple" supervision pattern and improve the general risk management ability of the whole group.

In 2008, CNOOC seized the opportunity of experimental point activity for learning and practising the scientific outlook on development and revised Procedures of CNOOC for Implementing Party Style Construction and Anti-corruption Work Responsibility System. These procedures stick to integrating education, system and supervision and divide the construction tasks and execution responsibilities involved with a distinctive punishment and prevention system emphasizing operation and

management and on the basis of internal control system to leading groups and members at all levels. Additionally Four Connections and One Veto, i.e. connecting responsibility system assessment with performance assessment, connecting assessment

results with annual total labor cost and total salary of relevant unit, annual total salary of direct leaders and appointment of leaders and selection of candidate cadres, and implementing one-vote veto for appraisal and year-end award of advanced direct responsible persons, is implemented for examining the responsibility system. This system is quickly responded on the grassroots units, letters of responsibility for anti-corruption were signed level by level, and incorruptibility agreements were signed with contractors and suppliers. Meanwhile, Plan of CNOOC for Implementing Work Plan for Constructing a Perfect Corruption Punishment and Prevention System from 2008 to 2012 was issued to further clarify the tasks and responsibilities related to the construction of a punishment and prevention system in the forthcoming 5 years.

### Corporate governance structure







CNOOC carried out incorruptibility activities for leaders, mainly publicized the Seven Disallowances for incorruptibility of leaders of state-owned enterprises put forward by the Second Plenary Session of Central Commission for Discipline Inspections of the CPC to cadres, organized special topic remedial instructions

in the form of videophone meeting, affiliates and holding companies actively implemented operation and management personnel responsibility system for ideological education, adopted typical cases for warning education; implemented the Seven Disallowances self-inspection registration and assessment on the basis of wide publicity, and further enhanced the awareness of incorruptibility of leaders at all levels through assessing 239 leading group members and 3,300 middle and senior leaders. The company deepened the publicity and implementation of Rules of China National Offshore Oil Corp. for Handling Breaches of Discipline (hereinafter referred to as Rules for Handling Breaches of Discipline), took the education of Rules for Handling Breaches of Discipline and the promise of incorruptibility as an essential part of new comer orientation education and training and incorporated them into new comer orientation education and training plan; further extended and expanded case handling result, sorted out and issued three typical cases inside and outside the system, and instructed the grassroots units to carry out warning education. Complaint letter and visit data sorting and clue combing were conducted in the whole company to promote the handling of cases. In 2008, CNOOC accepted total 99 complaint letter and visit reports, thereof, 8 reports were preliminarily judged and 1 report was transferred, and one person was dismissed upon criminal liability.

In 2008, CNOOC efficacy supervision personnel established total 69 supervision matters, put forward 100 suggestions on supervision, set up 460 systems, made 2 decisions on supervision, reduced economic loss by RMB 31.50 million and saved RMB 16.23 million. Through self-inspection, supervision, survey and rectification, the activity of self-inspection for "Three Important Matters and One Large Item" (Important decision-making, important cadre appointment and dismissal and important project arrangement and use of large amount of fund) collective decision making system propelled the standardization and implementation of collective decision making system. On the basis of "Three Important Matters and One Large Item" three-level collective decision making system, CNOOC Scientific Development Evaluation Indicator System was formulated, and the operational and managerial system centering on "Three Important Matters and One Large Item" system was combed by means of "abolish, modification and establishment", the coordination, communication and supervision mechanism for implementing "Three Important Matters and One Large Item" system was further defined on the execution level of every department, and the construction and execution of "Three Important Matters and One Large Item" system were incorporated into the company's normal operation mechanism.

## Internal Audit

In 2008, CNOOC stuck to the philosophy that a first-class company needs first-class internal audit, continued to implement the guideline of "risk orientation, emphasis highlighted and key projects prioritized", enhanced the supervision over key units and key procedures and expanded audit scope to reinforce its role of serving corporate governance. Thereof, the rectification of 33 problems in 6 categories discovered through economic responsibility audit of China National Chemical Construction Corp. and China National Chemical Supply & Sales (Group) Corp. upon the entrust of SASAC achieved obvious results through the active efforts of all parties concerned. The merger and acquisition audits of Shandong Haihua and Shandong Zhonghai Chemical effectively revealed the importance of risk prevention in merger and acquisition. In addition, CNOOC conducted process follow-up audit over large-scale key projects, explored contractor audit through vertical extension of general contract and revealed managerial risks along with the rapid expansion of CNOOC to middle and down stream, providing risk pre-warning for the company's expansion to new fields; explored the internal audit for diversified equity structure, conducted equity audit for CNOOC Gas & Power Group and China Offshore Oil & Gas Development & Utilization Company and their affiliates and accumulated experiences in transforming administrative audit to equity audit.

## Risk Management

According to the three-year plan of all-round risk management project, the company established a triple internal control system, integrating system, flow chart and control point, took Offshore Oil Engineering Co., Ltd. and CNOOC Oil & Petrochemicals Co., Ltd. as experimental units of risk management and implemented risk management in China Oilfield Services Limited and China Blue Chemical Ltd. in all all-round way. It also conducted financial internal control system construction and risk management information system development, developed project risk management information system in combination with the risk management demands and characteristics of major construction projects and applied such system to two project groups Jinzhou 25-1 South and Lüda 27-2. Risk management was integrated into the four major control processes of project management, and four interim fruits were obtained.

I. Risk management was standardized and professionalized preliminarily. Total risk management work realized the transform from spontaneous, scattered and amateur mode to active, systematical and professional mode. A special total risk management leading group office was set up in the company's audit supervision department, Risk Management Information System was developed and applied, and risk management responsibilities were distributed to every manager so that everyone shall bear specific risk management responsibility.

II. Replicable internal control and risk combing approaches including risk combing module and risk pool, single risk trace table and risk thermodynamic chart were explored, and such approaches plus continuous improvement of information system can effectively extend total risk management to the whole system of CNOOC.

III. System and flow management systematization. Systems are available for all matters, and everyone is restricted by procedure.



IV. Distinctive risk management culture was cultivated. Risk and return balance, prudence principle, pre-matter, mid-matter and post-matter risk prevention and control and other risk management concepts were enhanced; 116 junior, intermediate and senior certified enterprise risk managers and more than 100 risk management backbone talents with practical experiences were cultivated.

In Apr. 2008, SASAC and domestic and foreign risk management experts had a good opinion of interim results of the company's total risk management work on CNOOC Total Risk Management Results Review Conference.

The risk decision-making and risk management ability of every business module of CNOOC tend to be mature, brand value rises steadily and risk resistance is enhanced greatly.

I. Four listed companies take lead inside CNOOC in respect of risk prevention and internal control.

II. CNOOC and Shell Petrochemicals Complex, Huizhou Refinery and other projects had high starting points and complied with high standards, and established perfect corporate management structure and risk control system.

III. Partnership, affiliation, holding and equity participation enterprises of CNOOC Gas & Power Group and China Offshore Oil & Gas Development & Utilization Company continuously standardized their operation and management and perfected their corporate management structures.

IV. The financial sector had safe businesses and operated steadily. The finance company has developed rapidly, achieved total settlement amount of RMB 1,747 billion and kept 3 "zero records" (involved with non-performing loan, non-performing assets and settlement error) in the past 5 years as of its opening.

V. CNOOC enhanced the integration of enterprise systems and corporate cultures of China National Chemical Construction Corp., China National Chemical Supply & Sales (Group) Corp., Shandong Haihua and other enterprises that were newly incorporated into the company, and succeeded in inputting CNOOC operation and management system to such enterprises.

## Resisting Financial Crisis

Current global financial crisis triggered by American subprime crisis is the severest global financial crisis as of the economic depression in 1930s. Although the operating environment deteriorated extremely, CNOOC still achieved the best performance for the two basic reasons as follows: I. effective means were taken for resisting financial crisis, as a result, financial risk and operation risk caused by low oil price were controlled to the lowest level; II. The long-time risk management concept and risk management system guaranteed the sound development of the company in a sharply changing operating environment.

At the beginning of the financial crisis, the company decidedly took effective prevention measures, i.e. I. converted all overseas deposits to safe currencies and all foreign currencies to Renminbi; II. transferred all deposits to safe banks and redeposited all deposits in foreign capital banks to oversea branches of Chinese commercial banks, preventing both potential loss caused by the shutdown of foreign banks and exchange loss caused by exchange rate change;

## Internal Board of Supervisors

In 2008, CNOOC changed the competent authority of internal board of supervisors from assets management department to audit supervision department. In order to enhance the work of board of supervisors, the audit supervision department organized multiple surveys to learn about the structural establishment, supervisors and work of boards of supervisors of all affiliates of the Company and investigate related departments of SASAC and central state-owned enterprises, then put forward the thought of improving and enhancing the work of board of supervisors, and formulated Interim Regulations of China National Offshore Oil Corp. for Dispatch Of Supervisors and other systems mainly intended for changing the situation that part-time supervisors are main part of board of supervisors and it's difficult for a board of supervisors to perform its responsibilities, constructing boards of supervisors taking full-time supervisors as main part and performing pragmatic supervision.



## Enterprise and Environment



Environmental protection is obviously important for oil and petrochemical industry, and all parties pay attention to environmental protection of this industry at any moment. As an energy company with upstream, midstream and downstream chains, CNOOC promised that environmental protection is an important responsibility of the Company and any business activity should be conducted in an environmentally friendly way. It's the specific requirement of every kind of CNOOC business activity to minimize environmental damage. In order to reduce pollutant discharge, CNOOC not only strictly controls terminal pollutants but also regards harmless treatment during material selection and production, "and it's the environmental protection concept of CNOOC to "use clean harmless materials and energy and protect the environment and resources".



## Environmental Management

## Pollution Control and Management

Through years of exploration and development, all production units of CNOOC have established a complete health, safety and environmental protection management system, thereof, environmental protection is an important component of systematical management. Systematic environmental management enforces related standards strictly in planning, implementation, inspection, audit, etc. Through years of continuous improvement, environmental management system has become an important tool for CNOOC to standardize environmental management.

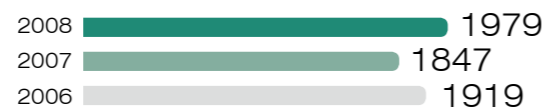
Environmental impact assessment is an important environmental protection system Chinese Government adopts to oversee project construction. In 2008, Chinese Government reinforced environmental management. CNOOC conducted environmental impact assessment in strict accordance with related national requirements, took timely measures according to governmental feedback, considered multiple factors and countermeasures in environmental impact report, and adequately analyzed these factors during project evaluation to minimize environmental impact during construction and operation. Besides environmental impact assessment, CNOOC also conducted social impact assessment for key projects and considered the impacts of construction projects on local communities and people and took relief measures. In 2008, Huizhou Oil Refining Project, the largest refining project of CNOOC completed its social impact assessment report, which assesses positive and negative impacts that this project may bring to local community and residents and specifies the measures for alleviating negative impacts.

At present, it's an emphasis for the environmental protection work of Chinese government to control pollutant discharge. According to the industry characteristics of CNOOC, pollution control is the core of the environmental protection work of CNOOC.

In 2008, CNOOC combed challenges and problems of environmental protection in an overall way when arranging annual environmental protection work. For pollution control, CNOOC mainly completed environmental protection rules and regulations, enhanced pollution control by environmental protection supervision, and popularized substantial clean production.

With the extension of CNOOC industrial chain to the downstream, more and more petrochemical enterprises have been incorporated into CNOOC in recent years. In order to promote the environmental protection work of newly incorporated enterprises, CNOOC completed related systems first. In 2008, CNOOC organized 6 groups to conduct special environmental protection inspection for all affiliated petrochemical producers and oil and gas terminals, and found problems where improvement is needed. For example, some units didn't take initiative in reporting environmental protection information and the quality of reported pollutant monitoring data should be improved. In respect of this, CNOOC issued Abnormal Environmental Event Report System in 2008, and this system requires all affiliates to report environmental problems in time to solve such problems in initial stage as possible through early report and treatment. For any environmental problem that can't be solved in a short time, CNOOC urges relevant affiliates to conduct pollution control through specially appointing control effect follow-up persons and board supervision. Through taking such effective managerial measures, CNOOC obtained good results of pollution control in 2008.

### Offshore oil hydrocarbon discharge amount (Unit: ton, statistical range: China and Indonesia)



## Greenhouse Gas Emission Control

Nowadays, global climatic change is an important problem for the international community. It's important for CNOOC to consider how to minimize greenhouse gas emission during production. The impact of climatic change is transnational, and all circles of the international community shall make joint efforts to solve the problem of global climatic change, thereof, enterprises play a great role.

CNOOC went on enhancing international exchanges and cooperation in dealing with climatic change. In 2008, CNOOC joined the Global Compact, took part in Global Compact "Regard Climate: Business Leader Forum" and promised to take initiative in alleviating climatic change on this forum. Such promise is involved in international cooperation, efficacy increase, new energy conservation technology, ability construction, new energy development, etc.

When reducing greenhouse gas emission gradually, CNOOC thought that it's the premise of successful implementation of greenhouse gas emission reduction to let employees at all levels learn about climatic change. Hence the Company enhanced the cultivation of employee's ability to deal with climatic

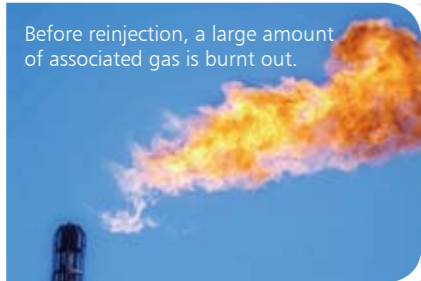
change. For example, CNOOC collected and translated a lot of documents related to climatic change and distributed them to all employees to let them learn about climatic change, such documents included Guide for Greenhouse Gas Emission of Oil Industry, General Description of International Carbon Market, etc. In addition, CNOOC, as member of 3C (combat climate change), took initiative in disseminating the "a roadmap to combating Climatic Change" formulated by 3C Organization that is an initiator of combating global climatic change composed of scores of large-sized multinational companies. The road map and related suggestions put forward by 3C are professional and representative, and CNOOC acquired many good approaches for combating climatic change during the exchanges inside 3C Organization.

### Oil and gas field greenhouse gas emission (Unit: 10,000 tons, counted as carbon dioxide)



### Recycling of carbon dioxide

On Dec. 31, 2008, a truck loaded with food level liquefied carbon dioxide tank container left CNOOC Environmentally Friendly Gas Co., Ltd., and then the container was shipped at Haikou Port and transported to Hong Kong, as was the second innovation of this company after selling carbon dioxide ice to Hong Kong last year and the first time that liquid carbon dioxide had been transported by tank container and shipping in China. The Company has one set of production plant with annual production capacity of 30,000 tons of food-level carbon dioxide, and such plant can make food-level carbon dioxide and carbon dioxide ice from exhaust gas generated during fertilizer production, and utilize 24 million standard cubic meters of carbon dioxide per year herefrom. Food-level liquid carbon dioxide is widely used in carbonated beverage and beer industry. There are only a few food-level stable liquid carbon dioxide producers in China. If liquid carbon dioxide is conventionally transported by tank car, the freight will rise sharply, as is severely unfavorable for recycle. In respect of this problem, CNOOC Environmentally Friendly Gas Co., Ltd. succeeded in originating the shipping of liquid carbon dioxide by tank container through more than a half year of efforts.



Before reinjection, a large amount of associated gas is burnt out.



After reinjection, the amount of discharged gas is reduced sharply.

### Reinjection of associated gas generated by Bozhong 34 Oilfield Cluster

A part of associated gas generated by Bozhong 34 Oilfield Cluster is used as fuel gas, while the rest is burnt out by torch. With the development of Bozhong 34 Oilfield Cluster, it's estimated that a large amount of residual natural gas will be burnt out by flare system, and substantial greenhouse gas will be emitted.

In order to save energy and reduce greenhouse gas emission, Bozhong 34 Oilfield Cluster started reinjection of associated gas to stratum in 2008. On May 31, 2008, associated gas was reinjected to the stratum successfully.

As of that day, 160,000 cubic meters of natural gas is reinjected per day, and such reinjection is equivalent to conservation of standard coal by about 213 tons per day.

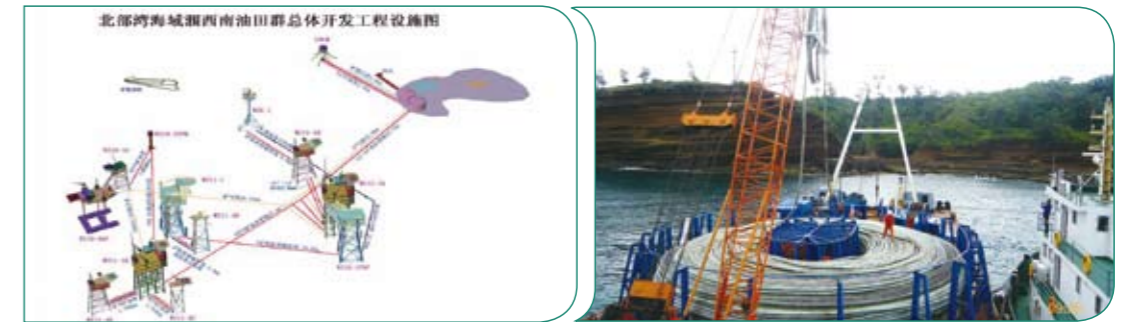
## Energy Conservation

With the development of global economy, energy shortage is more and more evident. As a developing country under rapid growth, China is even more faced with the problem that energy shortage restricts economic development. Hence Chinese Government lays great emphasis on energy conservation and puts forward a series of requirements. In order to guarantee energy conservation and emission reduction, CNOOC specially set up energy conservation management institution and appointed full-time personnel in 2007 to guarantee long-term and effective work.

In order to carry out energy conservation and emission reduction effectively and make the work standardized, systematic and scientific, CNOOC set out with improving the relevant system, and have formulated 16 rules and regulations covering statistics, monitoring, assessment and others since 2006.

In 2008, CNOOC further perfected energy conservation and emission reduction rules and regulations, formulated Interim Procedures for Management of Special Fund for Energy Conservation and Emission Reduction, assessed the completion of energy conservation and emission reduction objective of affiliates in 2007, appraised advanced units, advanced individuals and excellent projects of energy conservation and emission reduction in 2007, held special conference of energy conservation and emission reduction, formulated 4 enterprise standards and conducted supervision and monitoring over 15 affiliates.

In 2008, CNOOC consumed 5.805 million ton standard coal of energy resources, including 472,000 tons of raw coal, 1.06 billion kilowatt hours of electricity, 208,000 tons of crude oil, 4,945 tons of gasoline, 280,000 tons of diesel oil, 120,000 tons of fuel oil and 4.82 billion cubic meters of natural gas.



### High efficiency and low consumption — weixinan oilfield cluster power grid project

Weixinan Oilfield Cluster Power Grid Project is the first offshore oilfield power grid project of CNOOC, also the first large scale and long distance offshore oil platform power grid of China. This project changed the former Independent Power Supply of oil and gas field platform to Grid Power Supply and constructed a power system composed of multiple units, high voltage transmission network and low voltage distribution network. The significance of this project is embodied in

- 1) Reduce the operating cost of oilfield/terminal power station;
- 2) Reduce the initial investment of new oil and gas fields;
- 3) Raise the production efficiency of existing oilfields and future ones;
- 4) Raise resource utilization efficiency with obvious environmental and economic benefits, and promote the rolling development of margin oilfields in Weixinan Sea Area.

Thereof, the Phase I Project was incorporated into grid and put into production successfully on Dec. 18, 2008. Total investment of this project is RMB 180 million, and the annual energy conservation capacity is 15,000 ton standard coal and above. The success of this project symbolizes that China has made significant breakthrough in offshore oil and gas field power grid system construction, and this project will play an important role in safety production, energy conservation and emission reduction, cost cutting and efficiency increase. Meanwhile, the implementation of this project brings a new thought of power supply configuration of offshore oil platforms in China, with high value of demonstration and popularization.



## Development and Utilization of Renewable Energy

With the rapid development of world economy, energy consumption has soared, and energy shortage has become a bottleneck impeding economic and social progress. At present, the global economic crisis reduced energy demand. But such drop is temporary, and energy shortage will be more evident with the recovery of world economy in the forthcoming years. The current energy structure relying on fossil energy will be unable to support the sustainable development of world economy, and it's an inevitable tendency to tap renewable energy resources.

As an energy company, while developing offshore petroleum resources, CNOOC has taken the development of new energy resources as a strategy. In 2005, CNOOC founded its new energy company.

In 2008, CNOOC compiled its 5-year plan (from 2009 to 2013) and formulated medium and long-term development plan on key areas of new energy development. The two plans made clear the objective, emphasis and strategy for the new energy development of CNOOC.

2008 was a critical year for the new energy development of CNOOC. According to plan, the Company achieved industrial breakthroughs in wind energy, biomass energy, coal-based clean energy and other fields. In 2008, CNOOC commenced 6 new energy projects, and those projects would form a total wind power installed capacity of 100,000 kilowatts and the annual production capacity of 330,000 tons of biodiesel after put into operation.

With the completion of wind power, biomass energy and other projects, the energy production structure of CNOOC will be optimized and CNOOC will be able to provide more green energy resources for the society.

## Oil Spill Emergency Plan

As an oil company, CNOOC highly regards the prevention of oil spill. CNOOC has invested a huge amount of money in constructing a professional oil spill recovery team, and such team is equipped with world-level equipment and all its members have accepted international standard training. Except professional oil spill recovery team, CNOOC took effective measures for oil spill prevention. In 2008, CNOOC enhanced the management of oil pipeline integrity in order to prevent the leakage of major pollutants.

CNOOC adequately recognized that, spill can be substantially prevented only if oil pipeline, hazardous article storage tank and other facilities are kept in good state. In 2008, CNOOC specially

held a conference on oil pipeline and storage tank integrity, and conducted overall combing in respect of establishing and perfecting managerial system, enhancing pipeline repair capability construction, pipeline detection and maintenance team construction and pipeline management organization construction, adopting advanced pipeline detection technology, etc. In addition, CNOOC launched Pipeline Safety Management Policy that is the guideline of pipeline safety and pipeline pollutant spill prevention.



### Protect marine environment and enhance oil spill recovery capability

In 2008, CNOOC built up new oil spill recovery vessel "Offshore Oil 251". This vessel, the first multifunctional oil spill recovery vessel of China, is equipped with special equipment (oil skimmer, oil fence), monitoring radar, oil dispersant sprinkler, fire apparatus, etc. It belongs to Class A floating oil recovery vessel and can operate in the areas influenced by oil spill source fire and explosion. The vessel is equipped with monitoring, communication and navigation equipment, and can be used as oil spill emergency command center to coordinate and command marine joint recovery actions. This vessel is innovation and breakthrough of China in marine oil spill prevention, moreover, it raises oil spill emergency reaction capability and provides powerful guarantee for resisting large area marine oil spill.



## Enterprise and Society



Enterprise is a social citizen and an important part of social collectivity, exists and develops in wide social relations, provides economic value for the society, meanwhile, takes performing social responsibilities as its vocation.

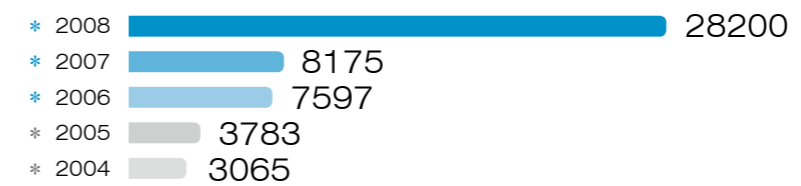
—— excerpted from the address of CNOOC President Fu Chengyu In High Level Discussion on Social Responsibilities



2008 was an unusual year for China. The snow disaster of Southern China and Wenchuan Earthquake further united Chinese people. The success of Beijing 2008 Olympic Games not only demonstrated China's organization ability and the ardor and friendliness of the Chinese people. CNOOC came out boldly in face of disasters and great events, and loyally implemented the political, economic and social responsibilities of a state-owned enterprise.

In 2008, CNOOC and its affiliates donated RMB 280 million for disaster relief, poverty alleviation and Tibet aiding and other public welfare undertakings, and such annual charitable contribution was unprecedented. Since 2004, along with business growth, CNOOC has strengthened the work on public welfare undertaking with an accumulative input of RMB 508 million.

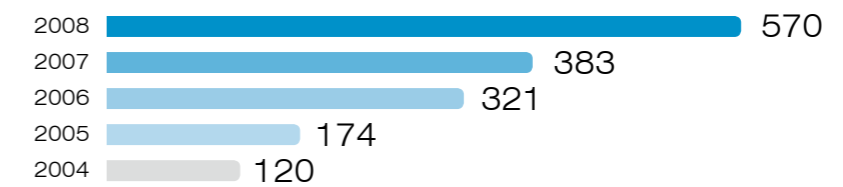
Public welfare input of CNOOC from 2004 to 2008 (RMB 10,000)



Total RMB 508.20 million

- \* Statistics of donations of CNOOC and all affiliates
- \* Statistics of donation of CNOOC

Taxes of CNOOC from 2004 to 2008 (RMB 100 million)



Total RMB 156.80 billion





## Work hard, reduce cost, boost profit, and aid Sichuan

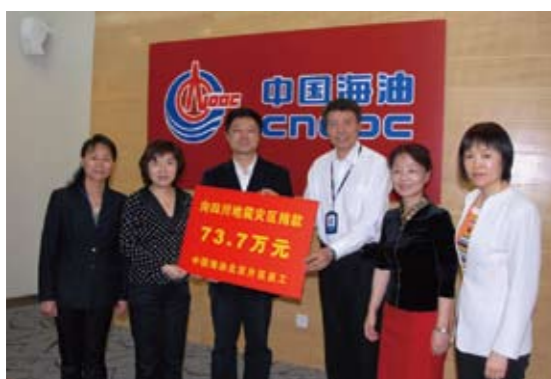
Wenchuan Earthquake on May 12 shocked all Chinese people. State-owned enterprises performed their responsibilities in face of the disaster. CNOOC responded in time, and mobilized the employees to donate money and articles to the disaster-stricken area, and dispatched 14 helicopters to take part in rescue work. Besides, all affiliates of CNOOC made contribution in various ways such as blood donation and volunteer service. Party members handed over as special membership dues of over RMB 18.97 million. Some CNOOC employees even donated more than once. Employee donation reached RMB 9 million. During the earthquake relief, CNOOC and its employees donated over RMB 150 million.



### Schedule of CNOOC's aid to the disaster area of Wenchuan Earthquake

May 12, 2008	President Fu Chengyu returned to Beijing from a business trip as an emergency response to arrange the disaster relief work of Wenchuan Earthquake.
May 13, 2008	CNOOC Party Committee decided to donate RMB 10 million to the Ministry of Civil Affairs of the People's Republic of China in the name of CNOOC
May 15, 2008	CNOOC dispatched 14 chartered helicopters out of the total 27 to take part in emergency rescue and disaster relief of the earthquake region.
May 19, 2008	CNOOC Party Committee held a special meeting and decided to donate RMB 100 million annually for 5 consecutive years on the premise of not affecting its normal production and operation to help Sichuan Province with recovery and reconstruction.
May 19, 2008	CNOOC decided to provide another RMB 10 million to Sichuan Province as an emergent aid to help the people with resettlement.

May 19, 2008	CNOOC donated RMB 3 million to Dongfang Electric Corporation to help it with production recovery.
May 20, 2008	President Fu Chengyu wrote to Secretary of CPC Sichuan Provincial Committee Liu Qibao personally to console people in the disaster area and notify the decision of CNOOC Party Committee on donation.
May 21, 2008	CNOOC responded to the call of Organization Department of the Central Committee of CPC and mobilized Party members to turn in special party membership fee, and employees donated actively to aid the disaster relief of Wenchuan Earthquake. Thereof, the highest individual special party membership fee was RMB 50,000.
May 22, 2008	CNOOC convened Party Committee Video Conference to actively implement the spirit of executive meeting of the State Council and the spirit of Party Committee Conference of CNOOC held on May 19, arrange cost cut, safety production and other works, respond to the call of the Central Committee of the CPC by actual action of aiding the reconstruction of disaster area of the earthquake.
May 26, 2008	The Party Committee of CNOOC forwarded Notice for further Giving Play to the Role of Fortress of Party Organizations at All Levels and the Role of Pioneer and Model of Party Members in Disaster Relief of Wenchuan Earthquake of Organization Department of the Central Committee of CPC, called Party organizations and cadres at all levels of all affiliates to implement the spirit of this notice in order to give play to the political advantage of state-owned enterprise and support disaster relief and disaster area reconstruction by powerful organization force.
June 5, 2008	President Fu Chengyu of CNOOC convened a special conference to study the matters related to the aid to the future construction of disaster area of Wenchuan Earthquake in Sichuan Province, and the foundation of a Sichuan Aiding Project Team was decided on this conference.
June 25, 2008	Upon the entrust of the corporate Party Committee, CNOOC Party Committee Member, Discipline Inspection Group Leader and Charitable Committee Director Wu Guangqi led a delegation to Chengdu City of Sichuan Province, visited Vice Provincial Governor of Sichuan Province and Post-earthquake Recovery and Reconstruction Aid Group Leader Wang Ning, conveyed the feeling of the employees of CNOOC to people in the disaster area, and negotiated the matters such as CNOOC's contribution of total RMB 500 million in 5 years.
Aug. 8, 2008	CNOOC recruited Sichuan Aiding Project Group Members inside the company, and total more than 100 employees applied for this job in 4 days
Sep. 18, 2008	CNOOC Sichuan Aiding Project Group went to Sichuan and started to work in Deyang City.
Apr. 27, 2009	The construction of the first batch of buildings constructed under the aid of CNOOC, including Guangyuan No.1 People's Hospital Surgical Department Hospitalization Building, Deyang People's Hospital Internal Medicine Department Comprehensive Building and Luojiang People's Hospital Clinic Building, was commenced formally. It's estimated that these buildings will be put into use at the end of 2010.
Apr. 28, 2009	CNOOC formally signed post-earthquake construction aiding agreement with Sichuan Provincial People's Government in Chengdu City.



### RMB 100 million per year to the disaster-stricken area

At the critical time of disaster relief of Wenchuan Earthquake, the Party Committee of CNOOC started to study the reconstruction work of the disaster-stricken area.

On May 19, the Party Committee of CNOOC decided to further finance by means of working hard, practising frugality, increasing benefits and others and donate RMB 100 million to the disaster area per year in the forthcoming 5 years on the premise of not affecting its normal production and operation for helping the disaster area with reconstruction, especially the construction of schools, hospitals and other facilities.

On June 5, CNOOC launched CNOOC Guidelines for Controlling and Reducing Travel Expense and Other Administrative Expenses. CNOOC required that all affiliates strictly control administrative expenditure and cut its budget for the whole company by 10%. CNOOC specified detailed regulations on travel expense, reception fee and conference fee, and required that all company executives choose an economy class seat for business flights and other employees choose CNOOC hostels and canteens on business trips, advocated videophone conference and forbade internal banquets.



In Sep. 2008, CNOOC donated RMB 100 million to Sichuan Youth Development Foundation, Sichuan Children and Teenagers' Fund and Sichuan Educational Foundation for aiding student families that suffered from death or injury in the earthquake .

### Story of helicopters

In response to the state's disaster relief action, CNOOC coordinated affiliates to quickly adjust the transfer and distribution of marine materials and equipment and shift plans, and then emergently allocated 14 marine operation helicopters for disaster relief of the earthquake. This decision inevitably brought a difficulty for the offshore production of the company. An exploration team in Bohai Bay was far away from the land, and the operators might spend one and a half hours changing shift by air, and they had to spend 18 hours by ship to land. Those operators said that, "Compared with our countrymen in Sichuan, we aren't faced with a great difficulty. Now all of us are very strong."

On July 8, the last batch of helicopters dispatched by CNOOC for rescue in the disaster area returned. According to preliminary estimate, the rent paid by CNOOC for disaster relief was up to RMB 27.50 million...

### A Diary in the Disaster Area of Wenchuan Earthquake

After Wenchuan Earthquake occurred, doctors of China Offshore Oil Bohai Corporation Workers Hospital actively applied for taking part in medical aid of the disaster area. The Party Committee of the hospital set up a medical team composed of doctors of internal medicine department, dermatology department and pediatrics department, and the medical team went to the disaster area by air on May 31 on the front of disaster relief of the earthquake. The medical team members aided the injured every day, meanwhile, stuck to writing diary that recorded the work, life and events in the disaster area.



*June 5 We are also volunteers.*

*At a.m. 8:00, the medical team started to make a round of visits in the countryside. We arrived at Malu Township Health Center soon after a.m. 9:00, and hared that many people were waiting at immunization point. We decided to help the immunization personnel, and immunized total 56 children.*

*After completing the planned immunization, we went to the local school. The local pupils returned to school today. The boss of a private enterprise of Zhejiang Province donated new books and stationery to the school, and we helped the school distribute such books and stationery. When we rested on the noon, 5.0 magnitude post earthquake occurred with strong quake. After the post earthquake, my wife Xiaoman called me anxiously, and I said "I'm ok, and take it easy."*

*Although post earthquakes occurred continuously, we're contented with our joining the volunteer activity. We should offer services for the masses in the disaster area as much as possible.*



### Rescue Team took part in emergency pollutant discharge of Zipingpu Reservoir

Zipingpu Reservoir of Dujiangyan, Sichuan was polluted by petroleum matters discharged from traffic vehicles. If not treated properly and soon, drinking water for Chengdu residents will be affected. After receiving an emergency notice of the local Environmental Protection Bureau, CNOOC Asphalt (Sichuan) Co., Ltd. dispatched professional oil recovery equipment and personnel for emergency oil recovery.

CNOOC professional work team determined the oil recovery method of wrapping multiple oil absorption felts around ropes and throwing oil absorption felts, and well controlled the floating oil pollution in the reservoir area. Sichuan Environmental Protection Bureau, on behalf of Sichuan Provincial Government, sang high praise for the quick response, good commanding, skilled operation and diligent work style of CNOOC during emergency oil recovery.



### Small gloves showed true feelings

After Wenchun Earthquake occurred, tents, gloves and mouth masks were in urgent demand, even online forum initiated a mobilization order of "Seek for Rubber Gloves". The "Heli" brand plastic gloves and rubber boots produced by Zibo Saifu Rubber and Plastic Co., Ltd. under CNOOC are renowned and exported to Europe and Japan. Thereof rubber gloves, which were more effective than common knitted gloves and canvas gloves in protecting the hands of soldiers, raised the rescue efficiency. On May 14, the Company took initiative in contacting the Disaster Relief Army dispatched by Jinan Military Area and put forward the donation of 20,000 pairs of urgently produced gloves to the army.

On the morning of May 15, Zibo Saifu Rubber and Plastic Co., Ltd. sent 6,000 pairs of gloves urgently prepared at night to the army and distributed them to soldiers, then workers worked in the daytime and managerial personnel worked overtime and finished the packing of 14,000 pairs of gloves till 2:00 a.m. of May 16, and those gloves were sent to the encampment of the army in the rain at 11:00 a.m.. In addition, Zibo Saifu Rubber and Plastic Co., Ltd. promised that, if necessary, it would continue to offer rubber gloves free of charge to the army without hesitation in subsequent disaster relief and reconstruction.

### Donations of to Sichuan Province

Donation source	Donation project	Donation amount	Donation articles
CNOOC	China Charity Federation	RMB 10 million	Cotton clothes, cotton quilts, prefab houses and rescue helicopters
	Dongfang Electric Corporation	RMB 3 million	
	Sichuan Provincial Department of Finance	RMB 10 million	
	Sichuan Youth Development Foundation	RMB 100 million	
Affiliates of CNOOC	Local donation points	RMB 7.401 million	
Employees		RMB 9.034 million	
Special party membership fee		RMB 18.976 million	
Special league membership fee		RMB 16,600	
Sichuan Construction Aiding Project		RMB 8 million	
Subtotal		RMB 166,427,600 million	
Total		RMB 174.18 million	



## Share the joy of Beijing 2008 Olympic Games

Beijing 2008 Olympic Games belongs to all Chinese people. CNOOC supported it in a unique way, and passed the blessings of the Games to our oversea operation areas to share the joy of "One World, One Dream".

### Share Beijing 2008 Olympic Games with love

2008 was the Olympic Year of China. CNOOC made a "Voyage of Love" to its overseas operation areas in three countries including Kenya, Equatorial Guinea and Indonesia. The company sent Olympic Games mascots "Fuwas" and cultural and sports articles to local primary schools, and helped local educational authorities and schools to raise education and teaching level through donating teaching facilities and improving teaching environment. CNOOC further offered to sponsor all the attire for the national Olympic delegation of Equatorial Guinea. Their delegation members wore Chinese style clothes and showed up wonderfully on the opening ceremony of the Games. In this event, CNOOC donated RMB 2.114 million of equipments and articles.



CNOOC is a large oil company of our country. The Voyage of Love it launched is an act of benevolence and kindness to African People, well timed against the opening of the Beijing Olympic Games. It exemplified CNOOC's commitment to social responsibility, shows Chinese people's lasting friendship to Africa and also echoes the Olympic spirit of Peace, Cooperation and Friendship. This activity is of great significance and value.

—— Mr. Zhang Ming, Chinese Ambassador to Kenya

## Take action to support Beijing 2008 Olympic Games

On the eve of Beijing 2008 Olympic Games, severe Entermorpha appeared in the sea area where Qingdao Olympic Sailing Center is. In order to guarantee the session of events, CNOOC took part in Entermorpha Control upon the entrustment of Shandong Provincial Government and Qingdao Municipal Government. The leaders of the company highly regarded this action, and ordered CNOOC Tianjin Branch and CNOOC Energy Technology & Services-Oil Production Services Co. Environmental Protection Service Co., Ltd. to transfer ships and related equipment and dispatch oil spill experts to the field in time.



According to overall arrangement, CNOOC mainly assumed the laying of marine venue guard net. The Entermorpha Control Team of the Company overcame the difficulties such as heavy fog and ocean current, took turns on duty, raced against the clock, operated on the sea for 5 days and 4 nights continuously and finished the laying task in advance. The operation length of the Company was 15,928 meters, accounting for 62.34% of total operation length. Therein, the Company made contribution for the punctual session of Olympic Sailing Competition.

### Letter of Thanks

China National Offshore Oil Corp.,

At the critical time of Entermorpha Control, China National Offshore Oil Corp. considered the overall situation, concerned about Qingdao, lent a hand in time and urgently dispatched two large-sized construction operation ships to support Entermorpha clearing. Especially, General Manager Zhu Shengfeng played a leading role in flow net laying, organized the working personnel of the Company to overcome the difficulties in weather, hydrology, waterway and others, race against the clock and work in both daytime and night, finish water drum and moorstone casting in time and made significant contribution for Entermorpha interception. Your obstinate work style of not fearing any difficulty and being brave to assume heavy task and spirit of selfless contribution deeply moved all members of the command center and boosted our confidence and courage for fighting Entermorpha disaster. Herein we thank you cordially and give our highest respect to you.

Shandong Provincial Emergency Command Center of Entermorpha Control in Qingdao Olympic Sailing Center Sea Area  
Qingdao Municipal Emergency Command Center of Entermorpha Control in Qingdao Olympic Sailing Center Sea Area

July 13, 2008



## Served Beijing 2008 Olympic Games with smile

Through qualification auditing and other assessments of Beijing Olympic Organizing Committee, 6 employees of CNOOC among thousands of applicants were honorably selected as volunteering drivers of Beijing 2008 Olympic Games.

Because driving service is required in reception, competition, conference, interview, event and other, volunteering drivers should be excellent in driving, faithful in political quality, have a good spiritual outlook and certain foreign language ability, and master general knowledge about the Olympics. The

six volunteering drivers spent their weekends for 2 years on strict training and assessment, and finally met the official requirements for the position.

During the Beijing 2008 Olympic Games, they were incorporated into traffic service team and offered 24-hour service for officials and VIPs of International Olympic Committee and national /regional delegations, and every volunteering driver worked for 8 to 10 hours per day. They showed the quality of CNOOC employees to guests from all countries with their diligence and deliberation.

## Support the Poor and the Less Privileged

### Helped people in Nima County

In 2008, CNOOC invested RMB 19.41 million in constructing 7 projects including Cultural Center of Nima County, and implemented candidate cadre and technical talent training and awarding plan. Under the elaborate organization of Tibet Aiding cadres and the project team, by the end of October, the Cultural Center Project, Radio and TV Center Project, Shenyang Township Primary School Teaching Building Project, Naqu Hotel Reconstruction and Extension Project and County Middle School Toilets Project had been completed and accepted on schedule, and residence for 250 herdsman households had been built up. All those projects won the affirmation and good opinion from Nima County for their good engineering quality.

On Oct. 5-28, the company organized 25 Section Chief Grade cadres of Nima County to take an inland training. Through study, communication, exchanges, visits and other activities, the local cadres updated knowledge and broadened field of vision, greatly enhancing the construction of cadre teams, improving the quality of cadre teams and further deepening

the connotation of the company's intellectual aid to Tibet. In June, Nima Medical and Educational Training Fund was formally started up for cultivating and training medical personnel and teachers, supporting the masses and students in hard times, and awarding excellent medical personnel, teachers and students. This fund has a special account and is jointly managed by Tibet Aiding Project Team and Nima County.



On Sep. 10, the 15th anniversary of the foundation of Nima County, the construction of Nima Hydropower Station commenced, and this project would solve the daily power demand of 1,038 rural households including 4,775 persons in Nima County and its periphery.

## Support the poor in Hainan Province

In 2008, CNOOC made satisfactory results in the poverty alleviation of the two counties and one city of Hainan Province. Baoting County built up the student dormitory of Baoting Middle School by poverty alleviation fund, and implemented Charitable Light Travel Eyesight Recovery Project for 60 poor peasants who suffered from cataract and other eye diseases. Lingshui County built up Xincun Health Center Clinic Building by poverty alleviation fund. Wuzhishan City would use the aid fund offered by the Company for improving the construction quality of middle schools. The poverty alleviation cadres dispatched by CNOOC actively responded to the call of the State Council Leading group Office of Poverty Alleviation and Development, lived up to the mission, boldly assumed heavy tasks, and obtained a lot of achievements in industrial poverty alleviation, whole village advancement, education, labor transfer training, etc.



In Jan. 2008, the student dormitory of Baoting County Middle School Vocational Technical School constructed under the aid of CNOOC was completed.

## Other projects

"Love of Earth and Mother Water Cellars" is a typical case of CNOOC's active participation in public welfare undertaking. In 2000, All China Women's Federation, Beijing Municipal People's Government, China Central Television and other units initiated the public welfare activity "Love of Earth and Mother Water Cellars" for donating to western regions that were severely short of water, and the employees of CNOOC responded and participated actively. By the end of 2008, CNOOC had donated total RMB 5.80 million to this project. Especially CNOOC had donated to Yan'an City of Shaanxi Province for constructing total 1,894 rain water cellars and 8 centralized water supply projects in nearly 4 years as of 2006, benefiting total 2,935 households including 11,407 persons. In 2007, CNOOC obtained Love of Earth and Mother Water Cellars Special Contribution Award conferred by China Women's Development Foundation. In 2008, CNOOC obtained China Women's Public Welfare Undertaking Charitable Pioneer Award conferred by China Women's Development Foundation.

CNOOC increased the input in Health Express Project. In 2008, the Company contributed RMB 5.20 million to support Travel of Health Express in Hainan activity, sponsored the eyesight recovery operations for 1,631 poor cataract patients in Hainan Province, and was named for Health Express/ CNOOC Ophthalmological Micrurgy Training Center in Hainan Province to raise the local ophthalmological cure level. By the end of 2008, the Company had donated total more than RMB 7.30 million to Health Express public welfare project. CNOOC also sponsored the construction of China Primary Health Care Foundation and China Women's and Children's Museum.



## Support to Education

CNOOC Education Support Fund for Poverty-Stricken College Students implemented in cooperation with China Soong Ching Ling Foundation has operated successfully for 6 years. This project offered RMB 3,000 for every poverty-stricken college student per year, and the fund is distributed to 36 universities. The accumulative number of beneficiaries of Phase I, II of this project will be up to 9,400.

CNOOC continued to donate to 4 Hope Primary Schools it sponsored in Hebei Province, and mobilized affiliates to take part in similar undertakings.



2 On Sep. 6, 2008, the construction of the first Hope primary school with the aid of CNOOC was commenced in Chengmai County of Hainan Province.

- ◆ CNOOC Ltd. Tianjin Branch sponsored Longgang Dongyao Primary School and Xiaoli Huang Primary School in Huludao City;
- ◆ CNOOC Ltd. Shenzhen Branch contributed to construct Shenya Township Primary School of Nima County, and donated stationery and teaching facilities to Nima County Middle School and Xianwan Primary School;
- ◆ CNOOC Ltd. Zhanjiang Branch donated to construct supporting facilities of Qiantang Lingshang Primary School of Potou District;
- ◆ Offshore Oil Engineering Co., Ltd. sponsored Offshore Oil Hope Primary School and dropouts in Guizhou Province;
- ◆ China Oilfield Services Ltd. donated RMB 8 million to aid the Hope Project of Hainan Province, which was intended for constructing Hope Primary Schools in Hainan Province and helping Hainan Province with the reconstruction of dangerous buildings of primary and middle schools;
- ◆ China Blue Chemical Ltd. sponsored the construction of teaching buildings and canteens of primary and middle schools in Wuzhishan City and Dongfang City;
- ◆ CNOOC Energy Technology & Services Limited went to the countryside of Nanxiong, Shaoguan to carry out the Volunteering Activity of "Loving Parents" Lend a Hand to Children in Hard Times;
- ◆ CNOOC League Working Committee went to CNOOC Hope Primary Schools in Mancheng and Longhua of Hebei Province in two batches to carry out the volunteering teaching activity intended for improving the emergency self-help and escape knowledge and skills;
- ◆ CNOOC Sales Branch donated to Longfeng Study Aid Fund of Beijing No. 171 High School;
- ◆ Zhonghai Trust Co., Ltd. donated well maintained used computers to poverty-stricken college students of East China Normal University.

## Community Construction

CNOOC took initiative in popularizing the concept of "Jointly Construct a Harmonious Community" in domestic and foreign business areas. The Company not only drove the local economic growth and promoted employment by business development but also made contribution for community development in environment, society, etc.

CNOOC has relatively centralized production and living bases in Bohai (Tianjin), West of South Sea (Zhanjiang), East of South Sea (Shenzhen), East Sea (Shanghai), etc. The Company constructed oilfield mining areas and exerted part of regional management function to provide production, living and logistics guarantee for the production and development of local offshore oil fields and relevant employees and took responsibility for communicating and coordinating with party, league and working organizations of every unit and the local government through relevant regional company, playing an active role in constructing harmonious enterprises and harmonious society.

CNOOC is one of the first central state-owned enterprises of Hainan Province, and have made large scale investment in fertilizer, gas and power, downstream oil and gas deep processing, comprehensive service, etc. Thereof, total RMB 24 billion was invested in Ya 13-1 Gas Field, Dongfang 1-1 Gas Field, Ledong Gas Field, Dongfang Chemical City, Yangpu Power Plant and other large projects. These projects created good economic benefits, meanwhile, made positive contribution for the development of the economy of Hainan Province. CNOOC also actively popularized soil testing and fertilizer recommendation and direct fertilizer supply, served for the construction of socialist new countryside and continuously increased the input in poverty alleviation, study aid and environmental protection.

CNOOC went on supporting the cultural public welfare activities of the local communities. In Sep. 2008, Hong Kong Philharmonic Orchestra 2008/2009 Music Season was opened successfully under the sponsorship of CNOOC. When operating on Ramree Island, CNOOC Myanmar Co., Ltd. respected the local religious belief and customs, actively made compensation for land requisition and offered training and employment opportunities for local people.



In Jan. 2009, CNOOC donated to Yenangtaung, Ohndaw and Jhaphanchaung primary schools of the business place Ramree Island.



## Disaster Relief

At the beginning of the year, the snow disaster of Southern China caused tremendous impact on the production and life of the people in Hunan and 7 other provinces. Under the circumstance of seriously damaged infrastructure and blocked communication, CNOOC got contact with the provincial governments of the disaster areas through a variety of ways and donated RMB 32 million to the 8 provinces within two days and played an active role in helping the disaster victims through the hardships.

After the earthquake took place in Wenchuan, the company mobilized the whole employees to actively participate in the relief campaign. As for the details, please refer to the feature on “work hard, cut cost, boost profit and aid Sichuan”. In 2008, CNOOC also donated USD 100,000 to the typhoon stricken area of Myanmar for post-disaster reconstruction.

### Emergency aids for external by CNOOC in 2008

Time	Location	Event briefs
January 6	N21°04' E111°27'	No. B-7120 helicopter participated in rescuing a sick seaman of “Wenchangyu 33068 Ship”.
January 6	N20°42.7' E110°40.1'	No. B-7119 helicopter participated in searching and rescuing 7 missingseamen.
January 9	Sea area of Jingtang Port	Ship BH264 was entrusted to provide aid to the leaky cabins of Tongling No.118 cargo ship, and Lujiang No. 0556 Ship, and successfully rescued 6 people
January 9	Southeast of Dagu Anchorage	Ship BH285 was entrusted to provide aid to the wind stricken Rihai No. 201 ship, Suhuai No. 829 ship and Jiyun No. 3 ship, and successfully rescued 5 people.
January 9	In the vicinity of Boxi Oilfield QK18-2	Ship BH212 was entrusted to provide aid to drag the motorless “No.6 Iron-clad Ship” to Tianjin Port.
January 17	Xiayang Wailuo Channel	No. B-7120 helicopter participated in searching and rescuing 2 missing seamen.
January 20	In the vicinity of BZ25-1 Oilfield	Hualong Vessel and Dehan Vessel helped the “Shangyuan” cargo ship that was in distress at sea, and successfully rescued 2 people
February 4	N19°31' E108°54'	No. B-7120 helicopter participated in searching and rescuing 3 missing seamen.
February 17	West of Wushi Port	No. B-7120 helicopter searched and rescued 2 missing seamen of sunken “Leizhou No. 31005 Ship”.
March 6	Macun sea area of Haikou city	No. B-7119 helicopter searched and rescued a sunken yacht.
March 10	Anchorage of Tianjin Port	No. B-7005 helicopter participated in searching and rescuing the seamen of the sunken sand carrier.
April 8	The industrial park near the bathing beach	No. B-7008 helicopter successfully rescued 16 seamen from the stranded working ship after two flights.

April 10	Qiongzhou Strait	No. B-7119 helicopter participated in searching and rescuing the wrecked fishing ship.
April 11	Southern Qizhouliedao Island	No. B-7120 helicopter participated in searching and rescuing the wrecked fishing ship.
May	Sichuan earthquake stricken area	14 helicopters were dispatched to participate in the rescue of Wenchuan Earthquake.
May 5	30 sea miles from the east of Naozhou Island	No. B-7103 helicopter rescued the sick fisherman.
May 20	Leizhou sea area	No. B-7120 helicopter participated in searching and rescuing the sunken Xintailong Ship.
May 20	N20°43' E110°39'	Ship NH210 participated in rescuing the stranded coal carrier.
May 29	In the vicinity of Dagu Anchorage	Due to the wild wind in the Anchorage, many vessels were in distress. Huayang Ship, BH267 Ship, Offshore Oil No. 653 Ship participated in the rescue and assisted in rescuing 5 seamen.
May 30	Wharf of Xingang Port of Hulu Island	No. 404 Ship rescued the sunken ship.
July 1	The site of Qingdao Olympic Regatta	“Binhai 286” and “Offshore Oil 655” towing/anchor handling/supply vessels with oil trawl participated in enteromorpha clearing in Qingdao.
July 17	Kangda liquid gas station of Longkou City and the liquid gas station of the electric power bureau	When the fire explosion incident happened in the Kangda liquid gas station and the liquid gas station of the electric power bureau which were in the cross of Mouhuang Road and Zhengfu Fu'er Road, the company designated people to participate in providing aid to the site with explosimeter.
August 6	Beibu Bay	No. B-7120 helicopter rescued one injured fisherman of “Guiheyu No. 80063 Ship”.
8 August 6	Pearl River terminal	18 fishermen were attacked by Kammuri Typhoon during operation and retreated to the vicinity of Pearl River terminal, after getting this news, CNOOC initiatively arranged the stricken people to the Pearl River terminal in a proper way.
August 7	Jianghong sea area	No. B-7101 helicopter rescued two drowning fishermen of “Yuesuixi No. 83219 Ship”
August 15	In the south of Dongying Port	Huayue Standby Ship of BZ25-1 Oilfield rescued the barge with the anchor drifting away due to the wild wind.
August 12	Beibu Bay	No. B-7119 and 7120 helicopters participated in the rescue of the drowning seamen of “Shunqiang No.1 Sand Carrier”.
August 13	Beibu Bay	No. B-7120 helicopter searched and rescued the missing seamen of the sunken “Shunqiang No.1 Sand Carrier”.
September 4	N21°12' E108°37'	Ship NH203 was entrusted to search and rescue the sunken ship in the given sea area.



September 6	South China Sea	Ship NH209 rescued two seamen of "Qiongliao No. 04158 Ship".
September 21	Northern Qizhouliedao Island	No. B-7119 helicopter rescued the sick fishermen of "Guibeiyu No. 18097 Ship".
September 24	Pearl River terminal	Rescued 34 people who were attacked by Hagupit Typhoon.
September 25	Shangchuan Island sea area	No. B-7101 helicopter rescued the cargo ship JEUS of Korea sinking in typhoon.
October 3-6	3# and 4# floating zones of Dagu Anchorage	Zhan No. 408 Ship, Dongyuantuo No.2 Ship and Desong Vessel and Binhai No. 262 Ship participated in the rescue of "Zhongda No.1" barge with the anchor drifting away, and successfully rescued 3 people.
October 5	N20°02' E110°46'	No. B-7120 helicopter searched and rescued the missing seamen of "Qiongwengchang No. 70022 Ship".
October 15	South China Sea	Ship NH208 searched and rescued the ships of Vietnam.
October 17	N19°57' E112°19'	No. B-7101 helicopter participated in searching and rescuing the drowning soldiers of China South Sea Fleet.
October 19	Southern Dagu Anchorage	"Sun River", "Henghe River" and No. 292 Ships rescued the Jintong No. 897 Barge sunken due to collision.
October 19	N19°57' E112°19'	No. B-7120 helicopter searched and rescued the drowning soldiers of China South Sea Fleet.
November 1	Outside Yingkou Bayuquan Port	Ship BH293 participated in rescuing the sunken "Xinmingfa No.17 Vessel".
November 8	Xieyang Island of Beibu Bay	No. B-7120 helicopter searched and rescued 2 drowning fishermen of "Yueleizhou No. 02301" Fishing Ship.
November 17	N20°17' E108°3'	Ship NH206 searched and rescued "Qiongliao No. 12037" Ship.
December 1	South China Sea'	Ship NH218 participated in the searching and rescuing activities in Wenchang Oilfield sea area.
December 10	In the vicinity of Dongying Port	Decheng Vessel aided the wrecked "Juxin" Vessel and successfully rescued 8 people.
December 11	About 15 sea miles from the northern Suizhong Oilfield	Binhai No. 242, 243 and 266 ships participated in searching and rescuing the missing "Liaohuyu No. 35157" fishing ship.
December 15	Qiongzhou Strait	No. B-7119 helicopter searched and rescued the sunken "Guiheyu No. 80258" Ship.
December 16	Port of Bohai Shipbuilding Heavy Industry Co., Ltd. of Hulu Island	Zhan 404 Ship participated in rescuing the runaway "Ganglong No.1" Dredger.
December 18	South China Sea	Ship NH210 searched and rescued the sunken seamen.

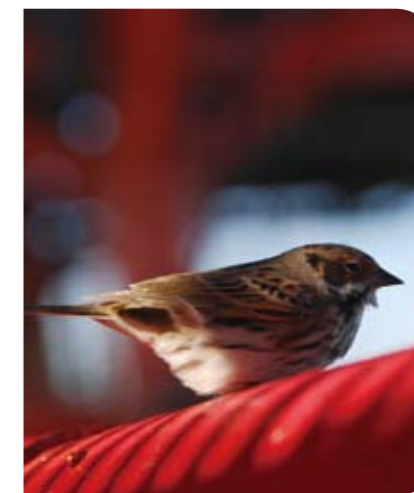
## Biological Protection

CNOOC attaches great importance to biological diversity protection in its operation sites. Besides investing special funds, the Company invited biological experts to participate in working out biological protection measures.



Due to global warming and excessive exploitation, the habitat of coral has been destroyed or even disappeared partially. In the location of CNOOC and Shell Petrochemical Complex and Huizhou Refinery Project, the hermatypic coral of Daya Bay are extremely sensitive to marine environment change and listed in the world's endangered species of wild fauna and flora. Therefore, in the project construction, the Company invited experts from South China Sea Institute of Oceanology Chinese Academy of Science to guide the relocation of 29 kinds of coral, 5000 corals in total, near the project within 15000 square meters. In 2008, CNOOC made a follow-up research on the growth of the relocated coral in the new sea area, and the overall survival rate turned out to be 95.2%. Professor Huang Hui, a renowned coral expert of China, said, "This is a successful ecosystem migration for coral relocation and provides a new mode for relation coordination between offshore engineering and marine ecological protection."

In addition to carrying out various public welfare projects, CNOOC also mobilized employees to participate in volunteer action of its projects. Through volunteering action, employees can have a better idea about the company-funded project and increase their sense of public welfare and put the enthusiasm of public welfare into actions. CNOOC regards the employees with grateful heart and sense of responsibility as the foundation of company development.



### Construction of green Suizhong 36-1 oilfield

In 2008, "zero-emission" was widely advocated in all CNOOC operating areas, and became a new standard for creating environment-friendly offshore "green oilfield". Suizhong 36-1 oilfield, located in Liaodong Bay, is a large oil production area of CNOOC in Bohai Bay as well as a good experimental area for CNOOC to balance production guarantee and "blue sea" protection.

The emission of more than 100,000 tons of carbon dioxide was reduced by virtue of the energy production of the supply platform of the first domestic offshore wind power plant and the application of the first offshore associated gas recirculation project. Suizhong 36-1 oilfield gradually becomes a real "green oilfield" under these effective attempts. In the bottom of the platform, you can see groups of halfbeak fish swimming. And there is lazy shellfish attaching the jacket, and gulls and other seabirds circling around the platform and stopping over it from time to time. If lucky enough, you can see cute seals playing around the platform.





## Volunteering Action

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### Special tutors of Hope Primary Schools

In June, more than 80 CNOOC volunteers went to CNOOC Mancheng Hope Primary School, Longhua Tangtougou and Dongshanzi Hope Primary Schools of Hebei Province to assist teaching. The teaching courses were principally based on the common knowledge of self rescue in emergency and knowledge about Olympics. According to the features of the school, the young volunteers organized emergency evacuation drill among teachers and students, and paid home visits to the poor students with excellent academic achievements. Besides, the volunteers made Olympics knowledge courseware for the children, and bought them Olympics books, teaching and sports goods with the value of nearly RMB 8,000.



#### Volunteer's words

To my surprise, I was assigned to the same class that I taught last year. The familiar faces of the children made me feel much warm. They are much taller and smarter. Monitor Huang Yifei is the youngest but grows very fast, and now he is adjusted to the last row from the first row. And the class teacher Bai Xiuwen is also awarded with the title of outstanding teacher and counselor. All of them have achieved great progress.

——CNOOC volunteer: Bao Fei



### Sweet smell from Sun Village

Beijing Sun Village Special Children Aid Center was founded in 2000 by Ms. Zhang Shuqin, a lady with love. The center provides free education to children of those serving sentences. Since the establishment of this center, CNOOC has constantly provided aid to it. And every year, its employees would voluntarily participate in the activities of the Children's Village.

In November 2008, CNOOC organized a cooking competition with Children's Village. During the competition, volunteers joined children in temporary families and led them to prepare meal together. Then the judges made an evaluation on the food of each family from its color, flavor and smell. This activity not only trained the children's ability in living independently but also gave them family warmth.

"All the time, CNOOC has helped and supported us materially and spiritually. Whenever we suffer most and urgently need help, CNOOC could always extend the hand of love to pull us through."

——Zhang Shuqin, founder of Sun Village



## Enterprise and Employees



Employees are the most important assets and the stakeholders of the enterprise. CNOOC deems the recognition of employees as the principal element for the sustainable development of the enterprise. Therefore, CNOOC attaches great importance to the efforts in building stable and harmonious relations between employees and the enterprise. From the aspects of safety production, occupational health, salary & welfare, career development of employees and so on, CNOOC fully reflects the importance and value of employees, and creates a harmonious relationship with employees. At the time of making contributions to the enterprise, employees also realizes their own values and the common wishes of creating an outstanding enterprise.



## Safety and Health

CNOOC has definitely put forward that “employees is the most precious resources and wealth of the company” in its HSE philosophy and it’s a serious commitment to take responsibility for the safety and occupational health of the employees. In 2008, CNOOC stressed the following contents in its safety production and occupational health management: continuously strengthening systematic safety production management, paying high attention to the construction of emergency response capacity, reinforcing equipment integrity management and improving the essential safety of equipment, emphasizing contractor safety management, highlighting the check and rectification of potential safety hazard and enhancing the construction of the software and hardware that can guarantee the occupational health of the employees, etc.

No fatal accident of employees safety production happened in CNOOC during 2008. But unfortunately, 3 contractor accidents occurred with 3 deaths.

### Continuously improve the safety and health system with international standards

CNOOC sticks to systematic safety production management mode all the time. After many years of continuous improvement, CNOOC has already formed mature safety production management system for the offshore oil and gas field, and carried out the production processes in a planned and ordered manner according to the relevant requirements. Through the efforts of the past few years, some midstream and downstream enterprises have gradually perfected the compilation of safety production management system, and gained evident progress in safety production management skill. Objectively, some enterprises that newly joined in CNOOC during recent years still need to improve their safety production management. In view of the current

situation, in 2008, CNOOC made a general survey on the safety production state of the newly joined petrochemical enterprises, and brought forward specific request for the enterprises that haven’t built systematic safety production management mode and asked them to work out plans and establish safety production management system, and accepted the system establishment as one of the elements for enterprise performance appraisal.

### Strengthen the construction of emergency response capacity

Presently, CNOOC has established three-level emergency response plan system, namely CNOOC crisis management plan, affiliated unit emergency response plan and operation site emergency response plan. In order to be adapted to the new situation, CNOOC made a large revision on the “crisis management plan” in 2008.

In 2008, the improvement of the construction of emergency response capacity was one of the most important concerns of CNOOC. Within one year, CNOOC has completed the construction of CNOOC emergency command center with a large investment and put it into operation. This emergency



command center has applied the present advanced communication and guidance method, and its establishment has greatly improved the emergency response capacity of CNOOC. During the same period, CNOOC affiliated units have also gained significant progress in the construction of their own emergency command centers. In 2008, the emergency command center of each level played a powerful role in effectively organizing the employees of the offshore oil field to evade typhoon attack and make an emergency evacuation. In 2008, there were 11 typhoons threatening offshore platforms

of CNOOC, and during the typhoon evacuation, it employed helicopters for 411 times and vessels for 121 times in total, and 12,339 people retreated onshore. In these actions, no accident happened, and the emergency command centers played a key role.

In view of the offshore accident emergency features and in order to further improve the offshore emergency command capacity, CNOOC took an all-round development in the construction of “Management Information System for Personnel Going Offshore”

and “Vessel Dynamic Monitoring Information System” within the scope of offshore oil and gas field. The application of these systems enables the safety production management members to get familiar with the real-time status of the personnel and vessels of the operation site of the offshore oil field, which provides solid guarantee for giving an effective response to the offshore emergency.

Emergency drill is an important method to improve emergency response capacity. In 2008, the units of CNOOC regularly carried out emergency drill with the purpose of improving the capacity of the employees of each level in handling emergency.

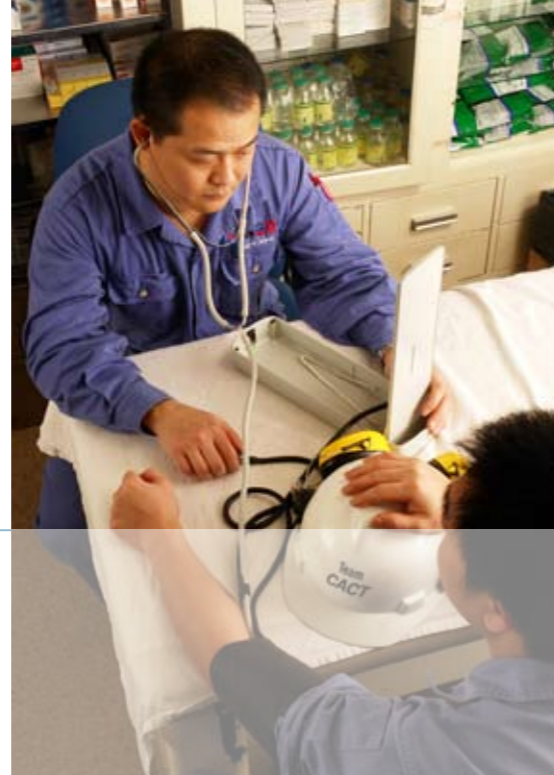
### Highlight facility integrity management

How to prevent major safety production accident is a main problem that CNOOC takes into consideration during safety production management. In 2008, based on the specific analysis of the features of petroleum and petrochemical industries and the accident types that took place during the past years, CNOOC clearly pointed out that the facility and equipment integrity was an important factor to prevent major accident and it should also pay high attention to the accidents caused by facility and equipment insecurity at the same time of highlighting the insecure action of people. As for a variety of facilities and equipments, CNOOC firstly started from the integrity management of oil pipeline and the storage tank of dangerous articles, and made detailed and complete management measures.

### Pay attention to the safeoperating by contractors

With the constant extension of industrial chain, a large number of contractors have provided service for CNOOC. If the contractor undergoes serious safety production accident, not only the contractor will hurt himself, but also CNOOC will suffer from reputation damage, therefore, the company has attached great importance to the safety production management of contractors and actively explored an effective management way.

In 2008, with a view to strengthening the safety production management of the contractors,



preventing and restricting the occurrence of major fatal accident of contractors, CNOOC management stressed that if any fatal accident took place in contractors, the responsible general manager must report the relevant matter to CNOOC management.

In order to share the good deeds of the units during the management practice of contractors, CNOOC held a contractor management symposium in 2008. In the symposium, CNOOC put forward clear request on contractor safety production management: HSE fee shall be clarified in the contract, and the owner shall check the HSE fee application of the contractors so as to ensure the earmarking of special fund. Contractor annual evaluation system shall be built, and the owner shall give reward to the contractors who achieved significant HSE performance in the project. It shall encourage contractors to establish and improve HSE management system. As for the project with major risks, the owner shall have the right to deny it concerning the HSE. It shall carry out propaganda and education on the "five wants and five don'ts" safety code of the operation site.

### Reduce accident through checking potential risks

Potential risk is an important reason for the occurrence of accident. In 2008, in order to discover and get rid of major potential safety risks, CNOOC specially released the Notice on Further Carrying out the Checking and Governance of Safety Production Potential Risks, and drew up an important plan for the checking and governance of potential risks, and promoted the upstream, midstream and downstream enterprises to discover and rectify potential risks through special safety inspection.

During the process of checking and rectifying potential risks, the enterprises involving in the production, transportation and storage of dangerous articles are the key inspection point units. In 2008, CNOOC carried out potential risk check and rectification in an all-round way among its affiliated units that are engaged in petroleum refining, petrochemical, power generation with natural gas and transportation, sales and storage of dangerous articles. And it put forward rectification opinions on the problems discovered in the process of potential risk check and rectification, and tracked the rectification result on time. Besides, it took the measures to urge the enterprises with prominent problems to carry out rectification through dispatching working group to make resident inspection and putting them on the supervision list.

### Refine occupational health system and improve the health of the employees

In 2008, concerning with the aspect of occupational health of the employees, CNOOC didn't find any occupational disease case, nor group diarrhea, poisoning or other events.

With the increase of industry categories in CNOOC, the sites where occupational disease hazard may take place also increase. Accordingly, CNOOC strengthened

the refinement of occupational health system in 2008 for the first time. It formulated Management Regulation on Offshore Medical Equipment and Personnel Allocation (Trial), which specified the requirements on medical devices of different offshore facilities, and the qualifications and responsibilities of offshore medical personnel. Besides, it also worked out Guidance for Occupational Disease Hazard Evaluation, Inspection and Acceptance Procedures in the Construction Project, which definitely put forward the occupational disease hazard evaluation, inspection and acceptance procedures in the construction project in the fields of CNOOC and standardized the occupational health management of construction projects.

In 2008, in order to promote the work related with occupational health of the affiliated unit, CNOOC held an occupational health management symposium, in which affiliated units exchanged their occupational health management experiences and discussed about the development direction of occupational health management under the new situation.

### Take a variety of measures to reduce traffic accident

While concerning about the occupational health of the employees, CNOOC extends the care to their routine physical and mental health. In 2008 spring, when a few offshore oil and gas facilities got measles cases, CNOOC promptly released a notice, demanding each unit to take measures to control measles epidemic. In 2008, CNOOC invited professional agencies to introduce psychological crisis intervention and mental pressure alleviation and other knowledge, which included how to carry out mental intervention on those having experienced major accidents, how to ease work pressure of the employees and how to detect their mental disorders in time, etc. The above-mentioned deeds concerning with the health of the employees have received great recognition.

China is a country where traffic accident happens frequently. CNOOC thinks that the caring for employees is not only reflected in the operation sites, but also should extend to other fields that are closely related with their interests, in particular, traffic safety field.

CNOOC holds a traffic safety management meeting at the beginning of every year. At the meeting, it summarizes the traffic safety situation of the previous year, analyzes the traffic accidents and absorbs experience and lessons, then makes a plan for the key points of the traffic management of this year. After years' effort, it has become the common knowledge of the leaders and employees of the company to highlight traffic safety and improve traffic safety sense.

In 2008, two employees died from traffic accidents.



## Harmonious Relations

### Perfect salary & welfare system and share development fruits

Strictly adhering to the requirements of national laws and regulations as well as the stipulations of relevant policies, the enterprises at all levels of CNOOC has established perfect salary and welfare system to protect the fundamental interest of the employees combing with the reality of industry and enterprise.

The company has earnestly implemented the salary requirements of national and local governments, and strengthened the supervision on the implementation of its affiliated enterprises so as to ensure that the salary of the employees of each level is higher than the minimum wage standard stipulated by the government.

With a view to sharing the company's development fruits with all employees members, the enterprises at all levels of CNOOC have established the system of normal salary increase, consequently, the wages of most employees can rise steadily with the increase of the economic efficiency of the enterprise.

In the second half of 2008, financial crisis engulfed the entire world, and the price of crude oil lowered down, so it inevitably left certain impact on the production operation of CNOOC. However, CNOOC brought the operation risks caused by financial risks and low oil price to the minimum level through strengthening management, practicing strict economy, improving efficiency and timely taking measures to solve financial risks effectively, so the salaries of the employees were basically not affected and kept a stable growth. In 2008, their salary increased by about 8% over the previous year.

CNOOC has set up a multi-level and comprehensive insurance system with overall coverage for its employees in order to protect their legal interests and dissolve risks for them as much as possible.

Moreover, in order to ease concerns of employees and establish harmonious labor relations, CNOOC has legally set up a variety of society basic insurances, including, endowment, medial care, injury and birth giving, unemployment insurances, public accumulation fund for housing construction and so on. The rate of enlisting insurance and the payment rate as stipulated have reached 100%. The rate of enlisting housing fund and the payment rate as stipulated were up to 100% so as to ensure the legal interests of the employees. In 2008, the enterprises at all levels of CNOOC paid about 1,099,130,000 RMB of society basic insurance, an increase of 8% comparing with the corresponding period of the previous year.

In view of the high risk operation of petrochemical industry, CNOOC has set up enterprise complementary medical insurance, endowment insurance and personal accident insurance for the employees of the system so as to improve the guarantee level when they are on job or retired. In accordance with the economic efficiency of the enterprise, CNOOC has set up three enterprise complementary insurances to provide multi-level guarantee for its employees, namely, personal accident insurance that is matching with industrial injury insurance, business supplement medical insurance that is matching with basic medical insurance, and enterprise supplementary old-age pension (enterprise annuity fund) that is matching with basic endowment insurance.

Upholding the business philosophy of "putting people first", CNOOC has actively undertaken social responsibilities. At the time of setting a good example for providing assistance to the outside, CNOOC has established a perfect long-term poverty relief system to aid the poor of its own workers, and allocated special fund to solve the living, medical care

and children schooling problems of the needy group of the on-job workers, retired employees and their family members of CNOOC, and provided special assistance to the survivors in the industrial injury. Besides, it has set up enterprise supplementary old-age pension and serious disease fund for the retired old comrades and the heavily-ill employees with special fund to solve their practical difficulties and promote the establishment of harmonious CNOOC.

### Recruit local people and provide job opportunity

Complying with the principle of harmonious development between the enterprise and society, CNOOC implements it in practice. It attaches great importance to creating harmonious atmosphere of mutual promotion and benefit between the enterprise and community in its key operation areas, and widely recruits local people with a view to actively making contribution to the development of local communities and the improvement of people's living standard.

In the process of implementing international development strategy, the company puts emphasis on employing and training local people as middle-level and senior managers and gradually achieves high-position localization. Consequently, China Oilfield Services Limited has made plans to arrange foreign employees to visit parent company to accept its culture, system, business development and technical training and deepen their understanding on CNOOC culture and Chinese culture and improve their management capacity and skill. With the improvement of foreign employees' capabilities, CNOOC has increased the rate of local senior management members year by year.

In 2008, plenty of enterprises cancelled employment plans or cut down employees due to the impact of financial crisis. However, as a state-owned enterprise, CNOOC actively fulfilled its social responsibility and

didn't cut employees' salary or dismiss employees. Moreover, it continued to carry out the campus recruitment plan which was worked out at the beginning of the year, and totally recruited 2,910 fresh graduates. By the end of December, CNOOC and its affiliated enterprises had recruited 57,882 employees in total, including 57,001 employees in mainland China and 881 in 14 overseas countries. In addition, the cooperatives and joint-ventures of its affiliated enterprises had accommodated 11,278 employees members.





## Employees information

Index/year	2006	2007	2008
Total employees	48217	55433	57882
Employees in China	47363	54463	57001
Employees overseas	59	73	84
Foreign employees	795	897	797
Proportion of foreign employees	1.6%	1.6%	1.4%
Female foreign employees	121	127	114
Proportion of female foreign employees	15.2%	14.2%	14.2%
Overall labor productivity (Yuan)	1542342	1417548	2028339

CNOOC commits itself to creating sound working environment, and advocates the philosophy of “putting people first and caring employees” with the purpose of motivating the work enthusiasm of employees, and keeping talents by promising good salary, good relationship and good career and improving the satisfaction and loyalty of employees, which has gained great effects. In 2008, total 1151 employees were dismissed from CNOOC, but most of them were dismissed due to contract expiration. The employees turnover rate of the whole system was 2%.

## Age and education background of the dismissed employees

Age	<=25	26-35	36-45	46-55	>55			
	352	508	222	57	12			
Education background	Doctor's degree	Master's degree	Bachelor's degree	Junior college	Technical secondary school	Technical school/vocation school	Senior middle school	Under junior middle school
	7	48	393	176	86	66	157	218

## Equal opportunity for female and male, equal pay for equal work

CNOOC has set up position salary system in the enterprise, and realized equal job opportunity and equal pay for equal work by means of paying for position and making allocation according to work without any discrimination in gender, age, disease, race and religion. Meanwhile, the company doesn't blindly pursue absolute equality superficially, instead, it rationally allocates positions according to the industrial features, and the psychological and physiological differences of men and women in order to bring their respective advantages into full play and achieve better and active performance. In addition, the company adheres to providing special welfare system for the female employees during their pregnancy and lactation according to the relevant national stipulations so as to protect their interests.

## Care employees' health and implement paid vacation

In order to ensure a healthy mind and body for the employee and pursuant to the relevant national stipulations, CNOOC has set up and implemented paid vacation, maternity leave, paternity leave and convalescent leave systems that are much competitive in the same industry or even among domestic enterprises. Besides, CNOOC has set up mandatory vacation system to encourage employees to take a leave and perfected the methods of reimbursing medical expense, travel expense for relative visiting and other welfare policies.

The regular convalescent leave reflects the care for employees and improves their physique, eases the pressure brought by hard work, creates a harmonious and relax atmosphere and makes the employees feel warm to work with CNOOC and enhances the cohesion of the enterprise.



## CNOOC Holidays

No.	Holiday	Type	Number of days	Remark
1	Paid leave	Having worked for less than 5 consecutive years	5/year	
		Having worked for 5 to 10 consecutive years	10/year	
		Having worked for 10 to 15 consecutive years	15/year	
		Having worked for more than 15 years	20/year	
2	Leave for visiting spouse		30/year	
3	Leave for visiting parents	Unmarried	20/year	
		Married	20/4 years	
4	Marriage leave	Newly-wed	3	
		Late married	10	
5	Maternity leave	Normal condition	90	Multiple birth, 15 days for each more baby
		Late childbirth	120	
6	Paternity leave		15	
7	Funeral leave		3	

## Establish harmonious employment relations and guarantee the rights and interests of employees

With the constant deepening of CNOOC sustainable development and construction of harmonious enterprise, in the aspect of human rights, CNOOC implements the strategy of "talents revitalizing enterprise", puts people first and cares employees and constantly pursues the absorption of various talents and exploitation of their full advantages to realize overall development. The company is devoted to the harmony and unification of the maximum of group value and individual value so as to realize win-win for enterprise and employees. Besides, the company respects the employees's right to know, the participation right, the choice right and the supervision right, and lays stress on esteeming and understanding employees, depending on employees to make development and sharing the development fruits with them in order to establish and perfect the modern enterprise systems, and pays attention to the social responsibilities in and out the enterprise, and improves the happiness and satisfaction of the employees and the interest related parties.

In accordance with the principle of equality and voluntariness, CNOOC signs labor contracts with employees in a legal way, and makes strict stipulations on the work time, strength, holiday and salary and other welfare so as to safeguard the labor right and interest. The company advocates and stresses the harmony among the employees and between the enterprise and employees, respects their differences in gender, age, disease, race and religion and other aspects, and makes sure no discrimination in systems and actions through strict system implementation, supervision and inspection.

CNOOC encourages employees to reflect the discrimination and trouble that they encounter in the work or make a complaint with the highest

management of the company. The employees can reflect their own opinion, suggestion and compliant through trade union, agency for letters and calls, administrative department and other channels and methods. Besides, they can also put forward proposal in the workers' congress. The company will properly handle the letters, visits and calls, or if necessary, it will hold special coordination meeting and group discussion to solve the problems reflected by employees. In accordance with the principle of voluntariness, the employees sign labor contract with enterprise. And the trade union signs collective contract with the enterprise on behalf of the employees and makes strict stipulations on work time, strength, holiday and salary and other welfare so as to safeguard labor right and interest.

CNOOC regards the function of trade union as one of the important parts for realizing harmonious labor-enterprise relationship and promoting the career development of employees. Based on the implementation of management localization in the trade unions of its affiliated enterprises, the trade union working committee of parent company is established to strengthen the guidance on the affiliated trade unions of the group. The committee is under the charge of the leaders of the parent company, and absorbs the presidents of the trade unions of its affiliated enterprises as the committee members, and carries out work under the form of joint meeting. Its structure of "departments of trade union" is set in CNOOC political and ideological department, and accepts the dual leadership of the trade union working committee and the political and ideological department of the parent company.

The main responsibilities of CNOOC trade union working committee are focusing on the stability of company's reform and development and production operation to carry out work, earnestly implementing Trade Union Law, practicing a variety of measures concerning with employees's rights and interests,



guiding the work of the trade union of its affiliated units, and the research on the key work of trade union as well as the democratic participation, democratic management and democratic supervision, leading the trade unions of the affiliated units to safeguard the employees' rights and interests, improving the professional skills of the employees, organizing offshore oil workers to carry out labor skill competition, economic technology innovation, rationalization proposals and to make contributions and other special activities, and taking charge of communicating with the higher trade union department.

In the incorporation group aspect, CNOOC is exploring to set up workers' congress system to advocate open business affair and democratic management. Each year, CNOOC implements domestic management through the presence of the employees representatives in the working meeting of the parent company. And the annual two working meetings, working report and financial data of the parent company are open to the whole employees through the company website and newspaper.

CNOOC is devoted to the harmony and unification of the maximum of enterprise value and individual value, and exploits the potential advantages of each employee to the full, makes efforts to fairly evaluate and rationally reward their professionalism, work performance and innovations. Moreover, it has set up a complete set of performance management system combing with performance plan, performance evaluation and performance improvement to help every employee to improve job performance and work competence. The result of performance evaluation is an objective basis for determining promotion, job rotation, salary, welfare, punishment and rewards, training and career development plan for the employees.

The company allows the employees to choose work by themselves. When the employees apply for resignation, the company will not restrict their selection for new job under any reason or by any means, nor will it limit the employees' personal freedom and force them to work by any form, such as, detaining their certificates, money, asking for paying debt, monitoring, threatening and so on. In 2008, there was no complaint, petition, letter and call against CNOOC about forced and compulsory labor.

In the process of investment project research, examination and approval and implementation, CNOOC gives attention to and gets access to the performance and achievements of the cooperator in human right field through a variety of forms. Before and after entering into a purchase contract, the company would also apply all kinds of channels to get familiar with the performance of the supplier in human right aspect. When any violation against relevant laws and rules or stipulations is found, the company wouldn't cooperate with it nor list it as qualified supplier.

CNOOC has been upholding strategy of "talents revitalize enterprise", and paid attention to the career development of the employees with the training of high-level talents as the key point and the creation of a group of first-class employees as the target., Besides, it stressed the construction of "three teams", that is, operation management, professional technology and skill operation.

### Carry out human resource due diligence in the investment project so as to gain human right protection for employees

In the process of investment project research, examination and approval and implementation, CNOOC attaches great importance to the verification of human right content, and lists the human right examination of the investment project (human resource due intelligence) as an important evaluation content to reduce investment risk and avoid reputation damage on CNOOC and influence the stability of investment. Through human right examination, it can clarify the employees' labor rights, employment relations, salary, work time, labor insurance and welfare as well as the relevant stipulations or arrangement, and take full consideration of human right guarantee that the employees should gain in economic entity.

### Prohibit using child labor or minors and put an end to forced and compulsory labor

According to the explicit requests of Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of International Labor Organization and the relevant guidance of Organization for Economic Cooperation and Development, CNOOC has definitely stipulated to prohibit engaging child labor or minor workers in the dangerous work, and evaluated the high risks brought by using child labor, and made definitions on child labor and minor workers pursuant to ILO Convention No. 138, and worked out measures to get rid of child labor.

At the time of abiding by international laws, the company also complies with the relevant stipulations of China's Labor Law, and possesses complete procedures in employment, recruitment and other important links and put an end to hiring child labor and minor workers from the system. Moreover, it imposes restrictions on outsourcing companies and labor service companies, once they are found to illegally employ child labor and minor workers, the company will carry out punishment according to the stipulation of the contract and report it to the local labor administrative department. In 2008, CNOOC and its affiliated enterprises carried out employment strictly according to management stipulations and didn't use child labor and minor workers.





## Employees Development

CNOOC has been upholding strategy of “talents revitalize enterprise”, and paid attention to the career development of the employees with the training of high-level talents as the key point and the creation of a group of first-class employees as the target., Besides, it stressed the construction of “three teams”, that is, operation management, professional technology and skill operation.

### Take advantage of the situation to steadily promote the construction of high-level operation and management team

CNOOC pays high attention to the construction of high-level operation and management talents team, and takes the training of excellent talents with professionalized, modernized and internationalized management skill as one of the important strategic tasks to build its employee team. The company will continue to specify the standards of constructing an excellent enterprise through making a clearer direction for the leaders of its affiliated units to make effort, and strengthen the cohesion and competitiveness of the enterprise and strive for more significant achievements in enterprise construction. In fighting against Wenchuan Earthquake, the enterprises and the whole staff actively responded to the call of the parent company of “living in a plain and hardworking way and practicing strict economy” and supported the reconstruction of the disaster area with practical action. 18,000 party members paid a special membership fee of RMB 18,976,000 with the average of more than RMB 1,000 per person, ranking top among central enterprises and reflecting the strong leadership and cohesion of the party organization and management at all levels.



With a view to actively coping with the current complicated and tough domestic and international economic situation and creating a large number of modern integrated management talents with strategic vision and strategic planning capacity and able to be adapted to the requirements of international development situation, CNOOC timely organized training courses for improving the quality and ability of the executives in 2008. President Fu Chengyu gave a lecture in which he required the leaders at all levels to widen vision, seize opportunity and adopt active measures to deal with the financial crisis. Meanwhile, other leaders of the parent company and the famous experts and scholars were invited to give lessons, which played a leading role in resolving operation risks and ensuring the sustainable development of the parent company.

In order to be adapted to the development requirement for CNOOC internationalization process, China Oilfield Services Limited took full advantages of overseas project and strove to increase the efforts in international talent training. In 2008, it trained 1390 international talents over the fields of operation management, technology and skill operation, meanwhile it constantly increased the strength in training local talents for international projects.

In 2008, CNOOC actively carried out training for high-level operation management reserve talents according to the overall requirements of the fast and highly efficient development of offshore oil occupation, optimized course design and selectively employed lecturers under the support of cadre academy, and developed three courses of “basic course, offshore oil feature course and well-informed lecture” and a course system with offshore oil features that cater to the needs of young and middle-aged cadres so that the cadres have updated thoughts, widened horizon, expanded thinking, shared the precious management and reform experience of the parent company and learnt how to make judgment from the dialectical, historical and development views, as well as shaped enterprise management and leading quality and capabilities. CNOOC constantly increased the strength in selecting outstanding young cadres and put stress on bringing up cadres in practice. And it carried out relevant training from different approaches according to the different characteristics, specialties and development directions of the cadres, and dispatched reserve cadres to the grass-roots units or the units with difficult work so that they can improve capacity in handling complicated problems and emergent events in practical work, accumulate experience and increase abilities, and through practices, the reserve cadres grew up healthily.

### Motivation system and great achievements in the construction of high-level professional technician group

In 2008, CNOOC continuously focused on the construction of the three teams and strengthened effort in talent development so that the construction of talent team achieved various pleasant results and the comprehensive quality of the employees improved steadily.

CNOOC continued to earnestly implement two-level expert selection of the parent company and the affiliated units in the five key fields of exploration, development, drilling, engineering and refining. It organized two-level expert training courses, exploited and set up expert training system, made a sound expert group planning (five industries), exploited and set up the expert training system of “expert of affiliated unit- expert of parent company- national scientific & technological talent- academician” in order to build science and technology top talent. Besides, it worked out an individualized talent training program for young and middle-aged experts who had great achievements, strong assiduous spirit and huge development potential, and focused on training them into academicians. The perfect motivation system can ensure that there is a large vocational development space for scientific and technical employees, especially the young, so they can devote themselves to research and technological innovation.



In 2008, Li Xuxuan and other 31 scientific and technical talents with high professional skills, great achievements, excellent performance and significant contributions were elected and appointed as the first group of the parent company's experts. Besides, Liu Song and other 5 technology experts and senior welding technician Wang Wengui were approved by the State to enjoy 2008 special allowance of the government.

Meanwhile, the company increased the effort in training professional technicians and quickened the speed of knowledge update. And the average annual training time of each professional technician of the whole system reached 97.62 hours, a more substantial growth comparing with the previous year.

### Draw a new blueprint for the construction of skilled talent group under meticulous organization and high attention

In 2008, CNOOC carried out technician and senior technician evaluation as scheduled. Zhou Guixin and other 127 senior technicians were rewarded the qualification of technician or senior technician. Comparing with 2007, the number of evaluation applicants increased by 69%, and the actual evaluation period was shortened to 2 months from 5 months, which solved the problem reflected by the grass root that the long evaluation period affected offshore operation.

CNOOC high-skilled talents achieved excellent results in the high skill competition. In 2008 vocational skill competition of the central enterprises, the 28-year-old Liu Ping from China BlueChemical Ltd. won the golden prize in the chemical control skill competition

with the highest total scores, and Xu Maoshen and Li Dawei were awarded with silver prize, and Ren Huafeng got the copper prize. In the Tianjin "Daqiao Cup" welding competition, 3 players from Offshore Oil Engineering Co., Ltd. entered into the top 15 and swept up the top 3 in the theory examination. In addition, Zhou Guixin from China Oilfield Services Limited and Liu Ping from China BlueChemical Ltd. were given the honorary title of "National Technician Master", and Offshore Oil Engineering Co., Ltd. won the "Award for Outstanding Contribution to National Technician Talents Training".

CNOOC takes professional training for technicians as an effective channel to improve the quality of worker group. It organized study exchange for senior technicians in Shengli Oilfield. Through the introduction of the growing course of the technician masters, skill instruction and zero-distance technical and ideological exchange with the experts of various core types of work such as drilling, the parent company increased the responsibility sense of its technician talents and stimulated their enthusiasm for further study and skill improvement.

The company holds a vocational skill competition every two years, and its affiliated units carry out position training, technical competition, mutual learning and skill competition within their own unit according to practical conditions. Vocational skill competition can constantly help workers to improve skill and promote the healthy development of personnel group and erect a display platform for innovative talents.



In 2008, two CNOOC workers were given the title of "National May 1st Labor Medal", and one unit won "National May 1st Labor Award", nine workers were awarded with "Labor Model of Central Enterprises", four units won "Advanced Unit of Central Enterprise", one worker was regarded with "National Advanced Individual Knowledge-based Worker", one unit won "National May 4 Red Flag Youth Corps Committee" and two workers were honored with the title of "National Young Job Experts"

In 2008, the company gave commendation to "labor model and advanced group of Offshore oil industry", and vigorously propagated the lofty thought and selfless dedication of the labor models and advanced groups by means of innovation selection, commendation and propaganda so as to inspire the hardworking and enterprising spirit of the employees and promote the constant improvement of the ideological quality and vocational skill

of the personnel group and enhance the core competitiveness of the enterprise under the influence of the exemplary models.

In 2008, CNOOC trained 320,000 people in total, and the training expense was accumulated to 119,000,000 RMB, an increase of 26.94%, and per capita annual training fee reached 1,914 RMB, increasing by 12.13%, and per capita off-the-job training time was 70.3 hours. The intensive and extensive training promoted the improvement of the quality of the whole staff and the development of the company and realized win-win for employee development and enterprise growth.



### The training mode of talent—the growing course of an employee

Huang Xiaolong, an undergraduate of Petroleum Geology of Daqing Petroleum Institute, was President of the Student Union when he was a student. After graduation, he entered Supervision and Management Engineering Company in July 2003, and the company made a vocational development plan for him according to the features of his personality, ability, interests and the development requirement of the company, and preliminarily fixed his career direction as an all-round supervisor of “integration of drilling and completion”. Later, with the expansion of overseas business, the company adjusted the training direction of Huang Xiaolong into international supervisor who was “applicable to different sea areas, different geological conditions and different cultures”. And the company worked out specific training plan and work arrangement during every training phase and advocated “learning with practice and learning in practice” and “making up what is imperfect” and adopted the training methods of “tutorial system”, “team learning” and “work and study under high pressure”, etc.

The tutor of Huang Xiaolong was An Wenzhong, Manager of the Drilling and Completion Project of CNOOC Tianjin Branch. Under the arrangement and guidance of the tutor, Huang Xiaolong fully gave play to his geological knowledge, successfully put the drilling and completion knowledge into practice, and improved his management and communication ability and gained wonderful work experience of on-site drilling and completion. After training for more than one year, Huang Xiaolong became a deputy drilling and completion supervisor.

With the solid foundation laid in Bohai Sea, Huang Xiaolong proceeded to Myanmar Drilling Project Team from 2006 and began to take the transition to international supervisor. During the working period in Myanmar, he participated in drilling operation of six wells in total, including on-site operation, technology scheme formulation, bidding and tendering

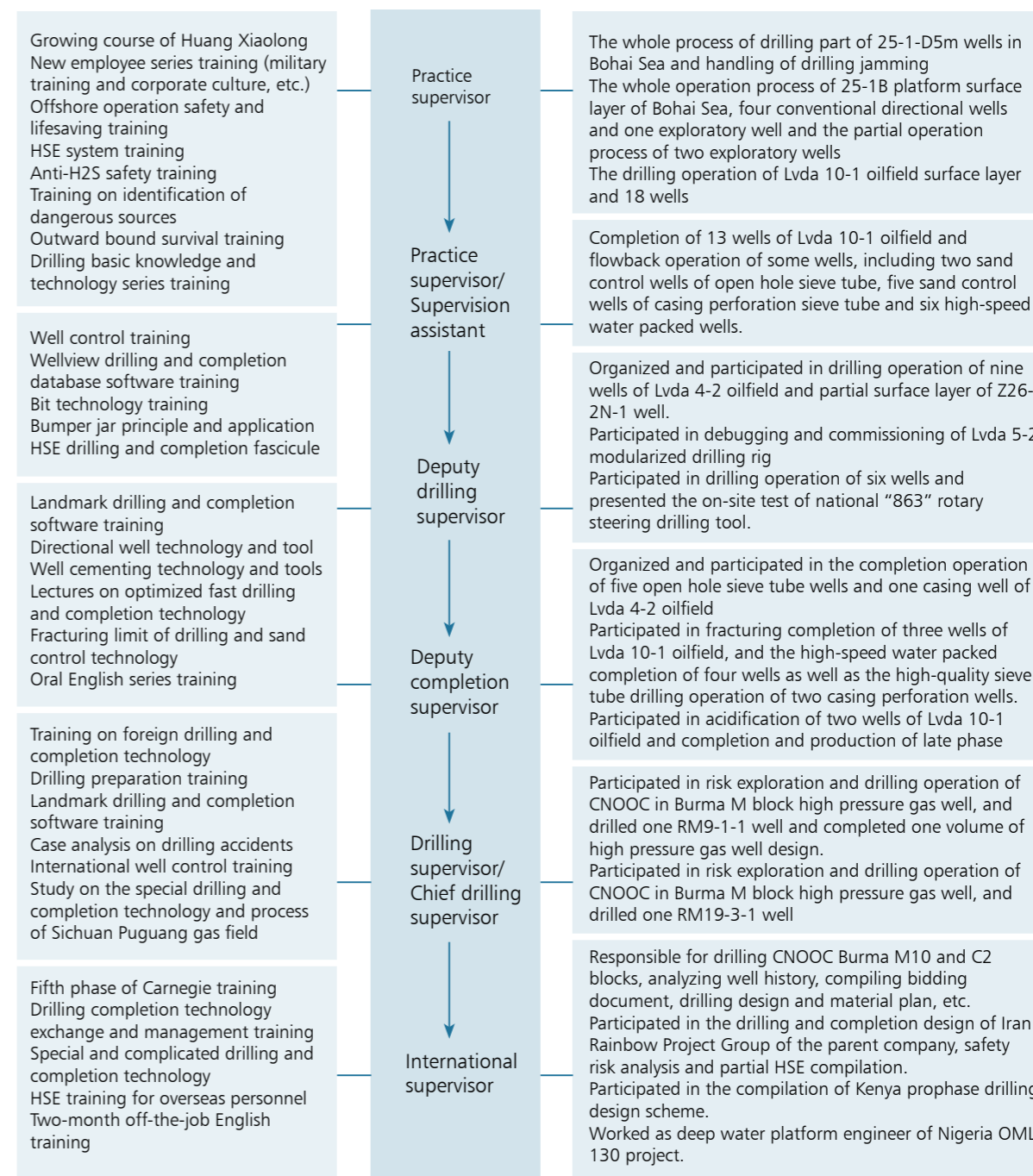
document compilation, drilling design and summary report preparation, etc. He achieved remarkable results in which the C2 block drilling operation broke the record of the rapidest drilling cycle of CNPC and SINOPEC in Myanmar with equal well depth and equal difficulties. He was highly recognized by the owner for his work, and received three compliment letters respectively from the drilling departments of CNOOC Ltd. Zhanjiang Branch and Myanmar Company.

Since 2009, Huang Xiaolong has worked in Nigeria TOTAL deep water drilling and completion project team as an operation platform engineer, and provided technical service, and also accumulated deep water drilling knowledge and experience for CNOOC. By virtue of his all-round technology management ability, overseas work experience and good command of foreign language, he was quickly integrated into the project team and soon received the recognition and praise from TOTAL.

In practice, Huang Xiaolong also constantly made summaries and improvement. He independently completed or participated in the compilation of more than 10 technical papers which were published in Drilling & Production Technology, Drilling and Completion Fluid, Offshore Drilling Engineering and other journals. Besides, he has won the title of the company’s outstanding party member for many times, and in 2008, he was rewarded with the excellent party member of Bohai Sea district and the outstanding employee of Supervision and Management Engineering Company.

The growing course of Huang Xiaolong also lays a foundation for Supervision and Management Engineering Company to train versatile talents. Afterwards, the company successively put forward the aims of “rapidly cultivating supervisor” and training “deep water drilling supervisor” and “drilling supervisor for wells with high difficulty” in a professional manner and put them into practice, its efforts and exploitation on supervisor training have provided talent support and guarantee for the rapid development of CNOOC.

### Growing Course of Huang Xiaolong





## Outlook



It's a long-term strategic goal of CNOOC to become an international first-class energy company throughout the ages. CNOOC is dedicated to developing natural resources in an effective, safe and environment-friendly way, and providing clean, reliable and stable energy to the society and constantly making contributions to local economy, community and environment.

In 2008, CNOOC was accepted by the United Union as a member of "Global Compact", which enables us to comply with the values and common principles of Global Compact in a more active manner and consciously accept social supervision. In 2009, CNOOC will actively respond to the challenges of global financial crisis and continue to realize common growth with its stakeholders.



### Promote economy with the energy development

In 2009, CNOOC will speed up the development of oil and gas business. It plans to produce oil and gas of 48,050,000 tons of oil equivalent in the whole year, and put 14 new oilfields into operation, and increase recoverable reserves of 228,000,000 barrels of oil equivalent. Besides, it will quicken the construction of refining and chemical business, boost sales network construction, adjust product structure, optimize resource allocation and complete other production plans to lay a foundation for the completion of the expected target of the 11<sup>th</sup> Five-year Plan.

It promotes the construction of clean energy and new energy. In 2009, the company will expedite the construction of wind power generation project and bio-diesel project based on the successful construction experience of the first offshore wind power plant, and realize the leap from the blueprint of clean energy and new energy business to reality.

### Promote harmonious relations between enterprise and nature

As an energy company with strong sense of responsibility, CNOOC respects nature and protects environment. In 2009, the company will complete the establishment of the energy saving and emission reduction indicator system and put it into practice and set up a special organization to take charge of sustainable development and dealing with climate change. It plans to save 94,200 tons of standard coal in total, and strives to control the emission of sulfur dioxide within 9,176 tons and the emission of chemical oxygen demand within 1,451 tons, and ensure output increase instead of pollution increase during the development of oil-gas fields in Bohai Bay and Beibu Bay.

The company will continue to improve safety production and management. It shall promote equipment and facility integrity management, and deepen the special rectification on the safety of mine, dangerous articles and other key area, increase the safety checking and regulation of acquired enterprises, continue to optimize the application of emergency command center and enhance the regional commanding and coordinating capacities in order to respond to the emergency. Moreover, as for the new project, it required absolute safety.

### Promote harmonious relations between enterprise and society

As a global corporate citizen, the company will continue to actively participate in domestic and overseas public welfare undertakings and the infrastructure construction of local communities through a variety of means such as providing disaster relief, helping the poor, and aiding student so as to achieve mutual promotion and common prosperity with the community.

In 2009, CNOOC will make further efforts over the following four aspects to enhance the sense of social responsibility and performance ability. Firstly, it will provide support services to the reconstruction project and make sure that the capital for Aid-Tibet Project and the reconstruction project in Sichuan earthquake stricken areas shall be put in the right place timely. Secondly, it will make a negotiation ahead of the time and implement the second phase of reconstruction project of the earthquake stricken area. Thirdly, it will continue to aid students, help the poor and undertake other projects. Fourthly, it will guide and lead the charity activities of its affiliated units gradually towards standardization and institutionalization with the summarized charity experience of the past years.

### Promote harmonious relations between enterprise and employees

CNOOC will always put people first to create harmonious labor relationship. In 2009, aiming at setting up a scientific, standardized, systematic and competitive employment and allocation system, the company will start up a new round of employment and salary system reform and further standardize, perfect and optimize the existing system.

Meanwhile, it will continue to strengthen the construction of "three teams". The company will enhance leadership construction, make full use of cadre academy and other existing training resources to strengthen cadre training and improve the comprehensive quality of cadres, and promote the construction of technical and professional talent teams in an all-round way under the impetus of the expert appraisal and engagement system and the technician evaluation system of the parent company.



## Annex: Comparison with Global Compact Principles

Global Compact Principles	Corresponding content of this report	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	PAGE2	Address of President
Principle 2: Making sure that they are not complicit with human right abusers;	PAGE50	Safety and Health
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	PAGE54	Harmonious Relations
Principle 4: The elimination of all forms of forced and compulsory labor.	PAGE62	Employees Development
Principle 5: The effective abolition of child labor.		
Principle 6: The elimination of discrimination in respect of employment and occupation.		
	PAGE2	Address of President
	PAGE20	Environmental Management Pollution Control and Management
Principle 7: Businesses should support a precautionary approach to environmental challenges.	PAGE21	Greenhouse Gas Emission Control
Principle 8: Taking initiatives to promote greater environmental responsibility.	PAGE22	Energy Conservation
Principle 9: Encouraging the development and popularizing environmentally friendly technology.	PAGE24	Development and Utilization of Renewable Energy
	PAGE25	Oil Spill Emergency Plan
	PAGE13	Integration of Supervision Functions Fighting Corruption and Advocating Incorruptibility
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.	PAGE15	Internal Audit Risk Management
	PAGE17	Resisting Financial Crisis Internal Board of Supervisors