

OUR QUALITY ENERGY
FOR YOUR BLUE SEA & SKY



2013 SUSTAINABILITY REPORT



中国海洋石油总公司
CHINA NATIONAL OFFSHORE OIL CORP.

REPORT INTRODUCTION

This annual Sustainability Report of China National Offshore Oil Corporation, which is the ninth since 2005, is an accurate reflection of our fulfillment of economic, environmental and social responsibilities in 2013. Below is some pertinent information about the report:

Reporting Entity: China National Offshore Oil Corporation

Alternative Reference: China National Offshore Oil Corporation is herein also referred to as CNOOC, the Company, the corporation, “we”, “our” or “us”.

Reporting Period: 1 January to 31 December 2013. In order to ensure the continuity and comparability of the information disclosed, the applicable period for certain information may be extended forward or backward accordingly.

Reporting Cycle: This report is an annual report.

Reporting Principles: To meet the needs of stakeholders and the general public, by disclosing key information on the Company in a true, objective, timely and comprehensive manner.

Data: All 2013 data disclosed herein are annual statistics. In case of discrepancies with the data in the annual report, the latter shall prevail. Unless otherwise specified, all amounts are expressed in Renminbi (RMB).

Information Sources: The Company’s official documents, statistical reports and our subsidiaries’ fulfillment of responsibilities. All information has been reviewed by our management, supervision department and the various subsidiaries.

Report Improvement: In order to improve the report in reflecting the Company’s fulfillment and practice with more objectivity, comprehensiveness and emphasis, the 2013 Report, with the theme of “Our Quality Energy For Your Blue Sea & Sky”, shows the Company’s sustainable development with four major issues of “energy supply, environmental protection, employees’ development and community services”, highlighting six social responsibilities special topics of “My CNOOC Dream”, “Listening to”, “Skilful Utilization of Strength”, “Dream Realizing in Blue Sea and Sky”, “Acquire Nexen: Earnestly Fulfill Each Commitment” and “CSR Management of CNOOC in Uganda”, extending the 2012 “Topic: CSR Engagement Overseas” into CSR Report Overseas. Through the field investigation for responsibility fulfillment of subsidiary units, the screening and reviewing of authenticity of the cases were conducted; during the preparation period, various opinions and suggestions were listened, response was actively given to the stakeholders for their deep concern.

Basis of Preparation: This report was prepared in accordance with the Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities, issued by the State-owned Assets Supervision and Administration Commission of the State Council of the People’s Republic of China (SASAC); Sustainability Reporting Guidelines (Version 3.1) of the Global Reporting Initiative (GRI); the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting (2010 edition), jointly produced by the International Petroleum Industry Environmental Conservation Association (IPIECA) and the American Petroleum Institute (API); the Corporate Social Responsibility Reporting Guidelines in China (CASS-CSR2.0) by the Corporate Social Responsibility Research Centre of the Chinese Academy of Sciences, and the ISO 26000 Guidance on Social Responsibility (2010 edition) by the International Standards Organization (ISO).

Language: This report is published in both Chinese and English. In case of discrepancies, the Chinese version shall prevail.

Accessibility: This report is available in print and electronic formats. The digital version can be downloaded from the Company’s website at www.cnooc.com.cn. To obtain a print version of the report, please email report@cnooc.com.cn.



THE LOGO OF CNOOC

The corporate logo of China National Offshore Oil Corporation (CNOOC) encompasses the basic design elements comprising the letters that make up the company’s initials CNOOC, enclosed by the blue curves and ripples that represent China’s seawaters. The design in red, formed by the capital letters CNOOC, depicts an offshore drilling rig silhouetted against the rising sun, symbolising prosperity in China’s offshore oil industry.



ABOUT THE COVER

The platform operator of Bohai Oilfield was observing the oil sample.

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CHAIRMAN'S LETTER

Chairman of China National Offshore Oil Corporation (CNOOC) **Wang Yilin**

Dear all,

First of all, let me, on behalf of the Board of Directors and all the employees of CNOOC, express our heartfelt gratitude to all who have cared for and supported us all these years.

As one of the most important energy corporations in China, CNOOC has long been committed to contributing high-quality energy and building a good environment for economic, social and environmental sustainable development.

The company blended the concept of sustainable development into company's strategies and daily operations from organizational structure, policy making and standard operation procedure perspectives. To strengthen endogenous dynamics of sustainable development, the company devoted greater effort in reform and innovation. Efforts were made to optimize and reorganize new-energy business, promote human resources reform, and integrate science and technology research and development institutions. Communication and coordination with stakeholders were enhanced; progress in company sustainable development was made public to the outside world in a timely manner. Given to the above measures, the company's sustainable development was promoted in an all-round way.

In the year of 2013, the company's international competitiveness and sustainability were further enhanced.

Domestic oil and gas exploration hit record high. Natural gas exploration made a breakthrough and oil and gas production overseas increased significantly. Engineering and technical breakthrough helped the successful installation of deep-water project "Liwan 3-1" central platform with 30,000 tons floating supporting blocks, the biggest in Asia, and winning of "the Second Prize for National Science and Technology Progress Award". The company's international operation capacity was further enhanced by advancing the CNOOC limited to be listed in the Toronto Stock Exchange.

In promoting ecological civilization development, CNOOC continued to drive energy source restructure and paid more attention on developing and utilizing clean energies like LNG (Liquefied Natural Gas) and natural gas. Import volume of LNG achieved a record high again. The first floating LNG pilot project in China, the Tianjin floating LNG Terminal began gas supply successfully. Attention was paid to environment protection and whole lifecycle environmental protection management was implemented. Ecological recovery and environmental improvement in the operation area were enhanced. CNOOC took the CNOOC Marine Environmental and Ecological Protection Public Welfare Foundation as the platform to proactively carry out research and protection projects on

ecological diversity. CNOOC also actively participated in social and charitable causes and made contribution to charity, voluntary services and community cooperation, and invested RMB 86.88 million Yuan in the whole year. In the process of implementing international operation overseas, CNOOC paid respects to local cultures, actively promoted local economic development, achieved safe and environmental-friendly operation, and became a responsible global "corporate citizen".

The Company's pursuit for excellence and sustainable development is endless. In the year of 2014, CNOOC is going to proactively advance reform and innovation, continuously strengthen cooperation with the outside world, coordinate international and domestic business development, improve the core competitiveness and sustainability. Unremitting efforts are made by the CNOOC to become a highly responsible, well respected, world-class international energy corporation.

Chairman Wang Yilin
28 March 2014

1046.7

RMB 1,046.7 billion Yuan of total year-end assets

93

Ranking the 93rd out of Fortune Global 500 companies

2

Operating income exceeding RMB 500 billion Yuan in each of the past two years

129

RMB 129 billion Yuan of profit and tax paid

38%

38% of overseas assets in summarized assets at the end of the year

32

Ranking the 32nd out of PIW Top 50 Oil Companies

4

Oil and gas production in China Sea exceeding 50 Mtoe for the 4th straight year

108

108 thousand employees

3

The world's 3rd largest LNG buyers

86.88

RMB 86.88 million Yuan of investment in public welfare and charity

10

Ranking the 10th out of the Top 500 Enterprises of China



PRESIDENT'S LETTER

President of China National Offshore Oil Corporation (CNOOC) **Yang Hua**

Dear all,

In the year of 2013, CNOOC made great efforts to contribute high-quality energy resources, strengthen safety and environmental protection, and care for our staff, actively give back to the social public, fully perform economic, environmental and social responsibilities. Significant increase in the company's sustainability was achieved.

The domestic oil and gas exploration of the company marked the best historical achievement. Oil and gas production in China sea has been up to 50 million tons oil equivalent in four consecutive years. Net overseas oil and gas production has been doubled than that of in the 2012. Import volume for LNG (Liquefied Natural Gas) in 2013 was 13.01 million tons and the total import for LNG made a breakthrough of 50 million tons. LNG filling industry gave acceleration to rapid development of business and became a new growing point for business.

The Company has been committed itself to safety and environmental protection principle of "Safety First, Environmental Protection; People Orientation, Equipment Availability". We strengthen hidden dangers removal and management; proactively promote emergency management; ensure a good momentum of safety production. CNOOC gives great impetus to production and utilization of clean energy and actively implements a whole process of low carbon green

management of production-circulation-consumption. Given to the above, emission of major pollutions maintains an overall decrease; target of 299,000 tons of standard coal energy saving in the whole year was realized; comprehensive energy consumption per RMB 10,000 turnover was 0.2916 tons of standard coal, which fell 5.1% year-on-year. We proactively participate in the research projects of Larga Seal Preservation and Development & Protection of the Yellow River Delta Tidal Wetland, and jointly advance marine ecological resources protection with all sectors of society.

Adjustment is made to per diem and meal allowance standards for offshore employees; salary for production employees and those with low income and low post has been improved. The occupational health management was strengthened to achieve a 100% coverage rate of occupational health examination and surveillance archives. The company has committed itself to care for employees' physical and mental health, to station mental-health counselor on each offshore platform and make efforts to achieve common development between the company and its employees.

CNOOC continuously devotes itself to charity and helps targeted poverty struck regions of Hainan, Gansu and Tibet to shake off poverty. We actively assist people from Ya'an in Sichuan Province

who were affected by recent earthquake; continuously support special public welfare projects of the Hope Project, Mother Water Cellar Project and Lifeline Express; carry out voluntary service and community cooperation, and earnestly give back to the public.

Taking the successful acquisition of the Canadian energy company Nexen in 2013 as a great opportunity, CNOOC has given an effective push to overseas business development. We proactively fulfill overseas social responsibility; strengthen overseas compliance management; gradually improve overseas HSE management system; actively connect with local communities. Efforts are made to raise localization level and win respects and trust from all parties of international society and the local.

Moving forward in 2014, CNOOC will continue to meet its responsibilities and obligations. We will make efforts to build CNOOC into a low-carbon, responsible and respected world-class international energy corporation, and make new contributions to sustainable development of economy, society and environment.

A handwritten signature in black ink, consisting of stylized Chinese characters '杨 华'.

President Yang Hua
28 March 2014

<p>66.84</p> <p>66.84 million tons of crude oil production, including 41% of overseas production</p>		<p>1</p> <p>Installed gas power capacity ranking the 1st in China</p>		<p>588.2</p> <p>RMB 588.2 billion Yuan of operating income</p>
	<p>44%</p> <p>19.6 billion m³ of natural gas production, including 44% of overseas production</p>		<p>29.61</p> <p>29.61 million tons of crude oil refining capacity</p>	
<p>0.2916</p> <p>0.2916 tons of standard coal of energy consumption per RMB 10,000 turnover</p>		<p>202</p> <p>Having signed 202 cooperative contracts with 79 international oil companies</p>		<p>50</p> <p>Total LNG imports exceeding 50 million tons</p>
	<p>25%</p> <p>Female employees make up 25% of the total employees</p>		<p>39.68</p> <p>39.68 million tones of crude oil trading volume</p>	
		<p>3</p> <p>Total profit exceeding RMB 100 billion Yuan for the 3rd consecutive year</p>		



MY CNOOC DREAM

OUR QUALITY ENERGY
FOR YOUR BLUE SEA & SKY

As a pacesetter in marine resource development, CNOOC assumes the responsibility for building the nation into a strong maritime power. With the "second leap" of offshore oil industry as the breakthrough, we shall improve the development capability for marine resources, develop the marine economy and protect the marine eco-environment, realizing the maritime power dream incessantly pursued by the generations of CNOOC workers.

Chairman Wang Yilin





It's universal common vision to allow for environmental-friendly development for the marine economy. Building a maritime power is not only to safeguard the national interests, but also for a better performance of international responsibilities and keep world peace. We must develop ourselves through enhancing the state power by marine economy, harmony between man and sea and win-win cooperation. We must take the way of peaceful marine development, with a basic vision of harmonious sea.

*Academician of Chinese Academy of Engineering
Zeng Hengyi*



On the holidays, I am still working and performing my duty, it's not that I am not missing home, like many other CNOOC workers, I'm leaving my home behind to bring warm to more families with my work. You are happy, I'm happy!

*Gas Pipeline Maintainer
Gao Chunliang*



As a young worker of CNOOC Asphalt, I love my work deeply. I look forward that one day we can discover more oil & gas treasure at the sea bottom and produce more quality products, enabling the people to lead a better life.

*CNOOC Asphalt
Hao Xiangyu*



As a technician, I feel well satisfied that I'm able to settle the problems identified in oilfield development and apply the new technology verified by myself in the oilfields. Regardless of the great difficulty of the projects, I'm still confident of overcoming the challenges. This is my CNOOC dream.

*CNOOC Research Institute
Cao Yanfeng*



I wish that one day as the CNOOC workers, I can stand on the high drilling platforms, appreciating the free flying of seagulls, hearing the merry songs of the sea.

*Winner of "My CNOOC Dream" Painting & Calligraphy Competition
Wang Xinzhu (12 years old)*



OUR ETHOS

As one of the specific implementers of national energy strategy and maritime strategy, CNOOC undertakes the responsibility for ensuring national energy security, exploring the ocean and protecting maritime rights and interests.

At CNOOC, we believe that corporate social responsibility is at

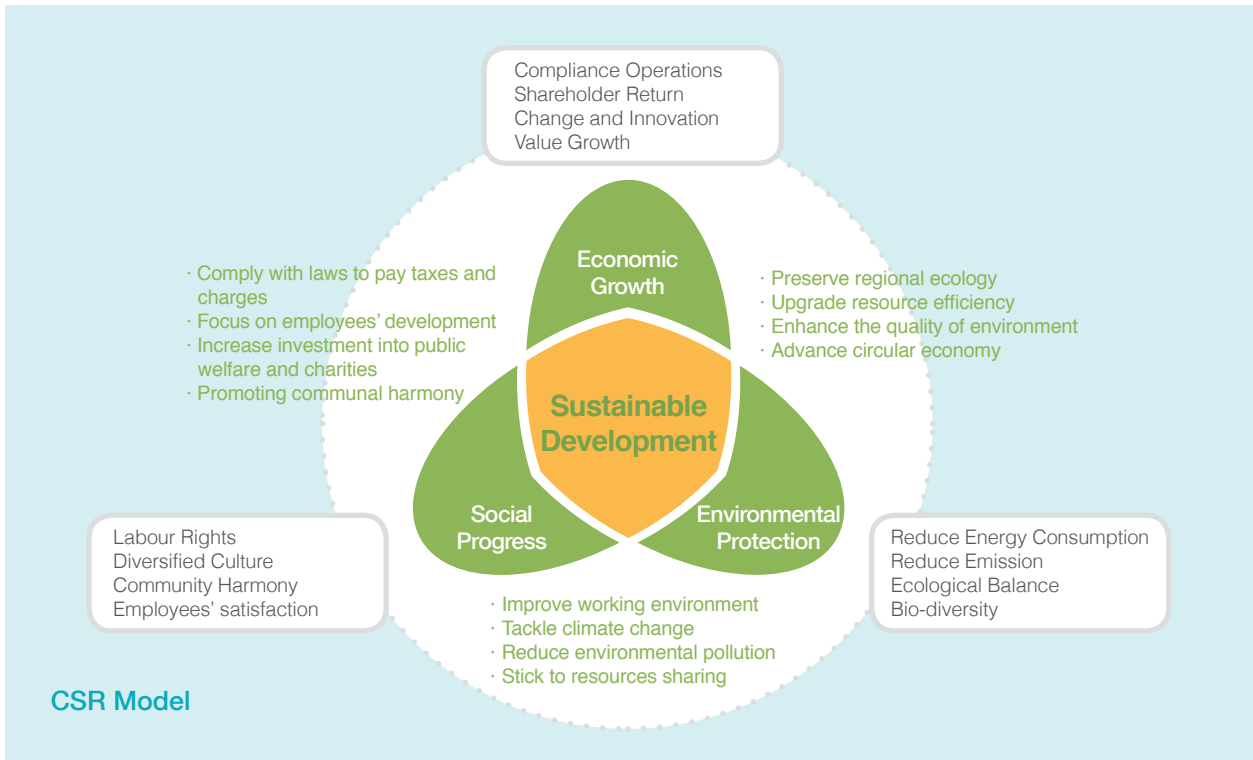
the heart of sustainable development making its management an imperative. As a responsible energy company, we strive to provide energy for everyone in a safer, more environmentally friendly and more efficient manner through excellent operations.

<p>Our Vision</p> <p>Energy for All</p>	<p>Corporate Philosophy</p> <p>People-orientation, responsibilities, win-win benefits, credibility, innovation</p>	<p>Corporate Spirit</p> <p>Be dedicated, effective and innovative</p>
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Our sustainability ethos permeates the corporate strategies and daily operations of the Company through the organizational structure, policies and procedures. Such seamless integration of social responsibility management and operational management

brings about sustainable development with a balance struck among economic growth, environmental protection and social progress.



OUR ACTIONS AND PERFORMANCE

We develop CSR strategy and its roadmap according to the requirements by SASAC for improving management. CSR management organizations of three levels coordinate operation, lead the implementation of strategy and facilitate responsibility integration.

CNOOC Roadmap of CSR	
Responsibility Strategy	Develop the Company's CSR strategy and its roadmap. Set short-term, mid-term and long-term goals of CSR management that are specific, measurable and timeliness.
Responsibility Governance	Establish a three-level management system consisting of leading group for the improvement of CNOOC's CSR management, corresponding office and relevant departments of subsidiaries.
Responsibility Integration	<ul style="list-style-type: none"> · Convene system-wide annual meeting for the improvement of CSR management; · Conduct the trainings of CSR management such as GRI 4.0 and CASS-CSR 2.0 on the basis of different levels and categories.
Responsibility Communication	<ul style="list-style-type: none"> · The Company's sustainability report was prepared and published for the first time in 2005 and has been prepared and published for the 9th consecutive year; · Set a special column of CSR on the Company's website; · Actively communicate with our stakeholders through questionnaire survey, round-table conference and parties.
Responsibility Performance	<ul style="list-style-type: none"> · Since the evaluation indicator system of scientific development was established in 2008, lateral and vertical comparison and analysis was conducted from 3 dimensions and with 25 indicators so as to evaluate the Company's sustainable development; · Obtain the data of employee satisfaction index through online, offline, systematic and stratified sampling questionnaire surveys; · Establish, track, monitor and consistently improve the system of key performance indicators of sustainability report; · Carry out merit appraisal activities of CSR.
Responsibility Survey	<ul style="list-style-type: none"> · Conduct monographic study on CSR management; · Cooperate with specialized research institutes of enterprise CSR; · Participate in the development of two national mandatory standards including Product Energy Limitations for Petroleum Refining Units.

Comprehensive Risk Management

The Company continues to implement the system of comprehensive risk management. During the preparation of 2013 Report of Comprehensive Risk Management, identification and assessment of risks were finished and corresponding measures were developed, where 4 risks were assessed as important, including QHSE risk, investment risk, compliance risk and risk of operating globally, for which 18 risk management strategies and solutions were developed. For improving the system of comprehensive risk management, we have published the CNOOC's Management Measures for Decision-making Process Related to Key Issues and the Headquarters Authority Manual, and developed the Management Measures for Recording and Reporting of Overseas Projects. We push ahead with the development and implementation of system-wide internal audit system, and create the system of trade and refining businesses. We have carried out 401 system-wide audit projects, checked a total of 1,295 business processes, 1,844 general control points and 3,955 key control points. We have organized self-inspection of major commodities businesses, consistently improve the performance assessment mechanism of internal control risk management and increase the importance of the implementation of internal control system in annual operating performance assessment.

Establishment of the Anti-Corruption Integrity Policy

The company continues to consolidate the system mechanism of Anti-Corruption Integrity Policy and revise the year-end assessment index system of Anti-Corruption Integrity Policy; optimize and improve the job responsibility documents of Anti-Corruption Integrity Policy; sign the letters of Anti-Corruption Commitment with the responsible persons of subsidiaries; provide integrity education to new employees and new leaders by reporting typical cases in various forms; give the risk prompt about compliance and integrity timely to cadres and employees who are in the risk-prone areas; complete the prevention and caution education and persist in advancing construction of a culture of self-discipline.

Glimpses of Actions

In 2013 Action Plan, with the theme of "Our Quality Energy, is for Your Blue Sea & Sky", in promoting the Company's sustainable development with four major issues of "energy supply, environmental protection, employees' development and community services", we have held various activities such as "Beautiful China-CNOOC Green Action", big forum of "Building China into a Maritime Power", "CNOOC Dream" essay competition, "My CNOOC Dream" children painting competition activity, environment & safety video competition and LNG scientific publicity week, and we have also held "Towards Ocean" forum with universities and colleges such as Ocean University of China.



Social responsibility experts of Chinese Academy of Social Sciences were attending the Press Conference of 2012 CNOOC Sustainability Report.



Various media were participating in the Press Conference of 2012 CNOOC Sustainability Report.



Customers were browsing CNOOC Sustainability Report in a CNOOC service station.



CNOOC CSR management promoting meeting



CNOOC CSR staff were receiving GRI training.



CNOOC LNG scientific publicity activity participants were touching LNG.



CNOOC industrial museum was greeting pupil visiting groups.



The students of the Ocean University of China were visiting the CNOOC.

KEY PERFORMANCE INDICATORS

	Item	2011	2012	2013	National Data in 2013	National Data Source
Energy Supply	Crude Oil Production (10,000 tons)	4,661	5,186	6,684	20,813	CPCIF
	LNG Imports (10,000 tons)	1,081	1,079	1,301		
	Refined Oil Production (10,000 tons)	679	779	811	29,616	CPCIF
	Fuel Oil Production (10,000 tons)	757	750	730		
	Natural Gas-Fired Power Capacity (100 million kWh)	165	153	152		
	Ethylene Production (10,000 tons)	98	102	103	1,623	NDRC
	Methanol Production (10,000 tons)	157	159	157		
	Fertilizer Production (10,000 tons)	321	346	370	7,154	NBS
	Sodium Carbonate Production (10,000 tons)	249	230	210	2,429	NDRC
	Crude Oil Trading Volume (10,000 tons)	2,158	3,079	3,968		
	R&D Investments (100 million RMB)	17	26	28.2		
	Science and Technology Employees (persons)	7,546	7,436	7,848		
	Granted Patents (awards)	507	570	765		
Environmental Protection	Energy Conservation and Emission Reduction Investments (100 million RMB)	4.0	3.5	2.8		
	Energy Consumption per RMB 10,000 Turnover (ton of standard coal equivalent)	0.323	0.307	0.292		
	Energy Savings (10,000 tons of standard coal equivalent)	48.9	53.8	29.9		
	Sulfur Dioxide Gas Emission (tons)	13,059	12,968	16,060		
	Chemical Oxygen Demand (tons)	1,702	1,698	1,936		
	Nitric Oxide Emission (tons)	N/A	18,337	19,147		
	Ammonia Nitrogen Emission (tons)	N/A	443	491		
Employees' Development	Staff Strength (persons)	98,750	102,562	108,646		
	Rate of Conclusion of Employment Contracts	100%	100%	100%		
	Rate of Social Insurance Coverage	100%	100%	100%		
	Percentage of Employees participated in labor union	100%	100%	100%		
	Percentage of Female Employees	24.8%	25.0%	25.0%		
	Frequency of Occupational Disease	1	0	2		
	Rate of Physical Examination for Occupational Health	96.2%	99.2%	99.9%		
	Average Training Duration per Employee (hour)	68	82	95		
	Employee Turnover Rate	3%	3%	3%		
Community Services	Charitable Donation (10,000 RMB)	23,583	8,078	8,688		
	Taxation of Profit (100 million RMB)	1,243	1,348	1,290		
CSR Report Overseas	Number of Foreign Employees	1,466	3,387	8,982		
	Localization Rate of Overseas Employees	66%	71%	82%		
	Overseas Charitable Donation (10,000 RMB)	N/A	481	565		

STAKEHOLDERS

Our stakeholders include the government, employees, shareholders, customers, industry partners, suppliers, contractors, financial institutions, media, communities, the general public, and non-governmental organizations (NGOs). Communication with stakeholders is of paramount importance to us. By engaging with them in an open and transparent manner, we listen to their voices and take them into account when formulating and implementing our strategies, policies and plans. With their trust and support, we are able to achieve long-

term and sustainable development. We hope to strengthen our communication and collaboration with all stakeholders even further, to promote a balanced development of the economy, environment and society. The concerns of our stakeholders are our greatest priority. We communicate our understanding of social responsibilities through appropriate means such as paying visits and giving talks to them, and also put our goodwill into effective actions.



Hu Chunhua, Secretary of Guangdong Provincial Party Committee, was visiting Huizhou Refinery.



2013 CNOOC Foreign Cooperation Seminar

CASE Seeing CNOOC through CNOOC Industrial Museum

In 2013, CNOOC industrial museum became “CNOOC popular science base”, which holds various theme activities such as “Open House”, “Mother’s Day”, “Parent-child Day on June 1” and “Children of Sun Village Walk into CNOOC” for nearly one hundred times, receiving nearly 20 thousands guests at home and abroad such as Brunei Sultan, Prime Minister of Uganda and representatives of enterprises and public institutions and associations & organizations, gaining a lot of good reputations and appreciations.



Stakeholder	Focus of Attention	Priority Actions
Government	<ol style="list-style-type: none"> 1. Active implementation of national policies 2. Safeguarding the security of the nation's energy supply 3. Ensuring steady supply of energy to the market 4. Fulfilment of social responsibilities 	<ol style="list-style-type: none"> 1. Maintain and add value to state-owned assets 2. Align with the national energy strategy, optimise the nation's energy structure and ensure energy supply 3. Cooperate with the State in formulating relevant laws and regulations 4. Pay close attention to developments in energy conservation and emission reduction, and actively cope with climate changes 5. Communicate effectively with the government of host countries
Employees	<ol style="list-style-type: none"> 1. Protection of employees' rights and interests 2. Employees' career development 3. Employees' health and safety 4. Exemplification of employees' merits 	<ol style="list-style-type: none"> 1. Improve the Company's remuneration system 2. Streamline the career path of employees 3. Conduct employee skills training 4. Provide benefits protection 5. Safeguard overseas employees' safety and legitimate interests
Shareholders	<ol style="list-style-type: none"> 1. Corporate governance 2. Shareholders' dividend 3. Information disclosure 4. Investor relations 5. Stock price performance 	<ol style="list-style-type: none"> 1. Disclose information in time 2. Pay periodic visits 3. Publish annual reports
Customers	<ol style="list-style-type: none"> 1. Provision of safe, environment-friendly and high-quality products and services 2. Performance of contractual obligations 3. Enhancement of consumer satisfaction 	<ol style="list-style-type: none"> 1. Conduct product quality supervision and examination activities 2. Enhance the brand value and awareness 3. Solicit opinions and suggestions from customers regularly 4. Disclose more information 5. Formulate quality standards and system
Industry Partners	<ol style="list-style-type: none"> 1. Working together to comply with national laws, regulations and business ethics 2. Fair competition and harmonious development 	<ol style="list-style-type: none"> 1. Participate regularly in exchange activities held by the industry associations 2. Assist in implementing the relevant policies and measures of the State
Suppliers and Contractors	<ol style="list-style-type: none"> 1. Compliance with business ethics, laws and regulations 2. Establishment of long-term partnership 3. Achievement of mutual benefits and win-win relationship 	<ol style="list-style-type: none"> 1. Call for tenders 2. Strictly regulate HSE management 3. Support the development of SMEs and promote local procurement 4. Standardised operations
Financial Institutions	<ol style="list-style-type: none"> 1. Operating status 2. Operational risks 3. Corporate governance 	<ol style="list-style-type: none"> 1. Pay loans and interests in time 2. Pay periodic visits 3. Disclose information
Media	<ol style="list-style-type: none"> 1. Status of fulfilment of corporate social responsibilities 2. Corporate performance 3. Milestone events, activities and measures 	<ol style="list-style-type: none"> 1. Publish reports 2. Disclose social responsibility-related information regularly 3. Disclose information on major events that are of public concern in a timely fashion
Communities and General Public	<ol style="list-style-type: none"> 1. Promotion of social and economic development in communities 2. Support of public welfare events 3. Maintenance of the community environment 4. Establishment of effective communication channels 	<ol style="list-style-type: none"> 1. Joint collaboration and construction 2. Protect local ecological environment 3. Promote local employment 4. Guarantee safe production 5. Maintain public relations
NGOs	<ol style="list-style-type: none"> 1. Support of community organisations 2. Fulfilment of the Articles of Association of organisations 3. Enhancement of information disclosure 4. Support of environmental welfare causes 	<ol style="list-style-type: none"> 1. Exchange ideas about issues of concern to external parties 2. Actively participate in and support environmental protection initiatives 3. Organise and participate in relevant conferences

倾听

○ LISTENING TO...

LISTEN TO VOICES FROM EACH
PARTY CAREFULLY

ACTIVELY SEEK SUSTAINABLE
DEVELOPMENT





CNOOC realized its commitment to advance Canadian economic growth made on the acquisition of the Nexen Company, and its rapid realization wins affirmation.

British Columbia (BC Province) Premier Christy Clark



CNOOC adopts the concept of cooperation and mutual benefits in development of LNG industry, which creates opportunities for private corporations like us to enter into LNG industry, and during the process of cooperation, I really feel the social reputation and awareness of CNOOC, which is a huge intangible asset.

NPC member of Tongling City of Anhui Province, Chairman of Lingtong Company Xie Tongbao



In the past 13 years, CNOOC faced the challenges together with us, proposing solutions for us, making Chu Kong Steel Pipe develop into an international enterprise listing in Hong Kong from a small private enterprise. Thanks for the cultivation and assistance provided by CNOOC to the suppliers, giving firm support to development of national industry. We hope that we can continue to grow and develop together with CNOOC.

Chairman of Chu Kong Pipe Group Co., Ltd. Chen Chang



As the main overseas business cooperative bank of CNOOC, Citibank witnesses the process how CNOOC develops into a comprehensive international oil company who operates its business in dozens of countries over the world. The professionalization, internationalization and high efficiency of CNOOC make a deep impression on us. It is a great honor for us to cooperate with CNOOC and make contribution to Chinese enterprises to go overseas.

Deputy President of Citibank China Co., Ltd. Zhang Zhihao



When I walked into Putian gas-fired power plant, I saw four HRSGs (heat recovery steam generator) lining up neatly without any discharge of smoke dust, which is different from former power plant areas where multiple chimneys stand.

Journalist of Xinhuanet Li You



As Canadian residents and neighbors of Nexen Long Lake Oil Sand project, we didn't understand the matter about CNOOC's acquisition of Nexen at the beginning. What makes us unexpected is that the acquisition of Nexen creates better employment opportunities for us and makes the environment better. I will support you and if there is any opportunity to joint in your company, I am always ready to serve.

Resident of Alberta Province of Canada Mike



In CNOOC Sustainability Report, the content is rich and the data is comprehensive, but the text is large in quantity with much summary, so the report should strengthen the readability from the angle of stakeholders, adding feedback of stakeholders in the report to make the third party understand what the concern point of company is through the report.

GRI Chinese Cooperative Partner and Director of Syn Tao Wang Xin



I have seen more attention being paid to CNOOC and heard more voices appreciating CNOOC, which makes me proud. I hope that the content of CNOOC industrial museum will be richer and the business of CNOOC will be more prosperous in the future, and I, will tell the glorious story of CNOOC with more passion.

Employee Fu Xuege



Gorgon Project is now the biggest project in the area of LNG, and the COOEC have completed the construction works of this project ahead of schedule with high-level quality. On behalf of the owners such as Shell and Exxon-Mobil, Chevron extends sincere gratitude to COOEC team and hopes that the COOEC make persistent efforts to achieve success in subsequent projects.

Chevron Gorgon General Manager of Downstream Project Jeff Brubaker



ENERGY SUPPLY

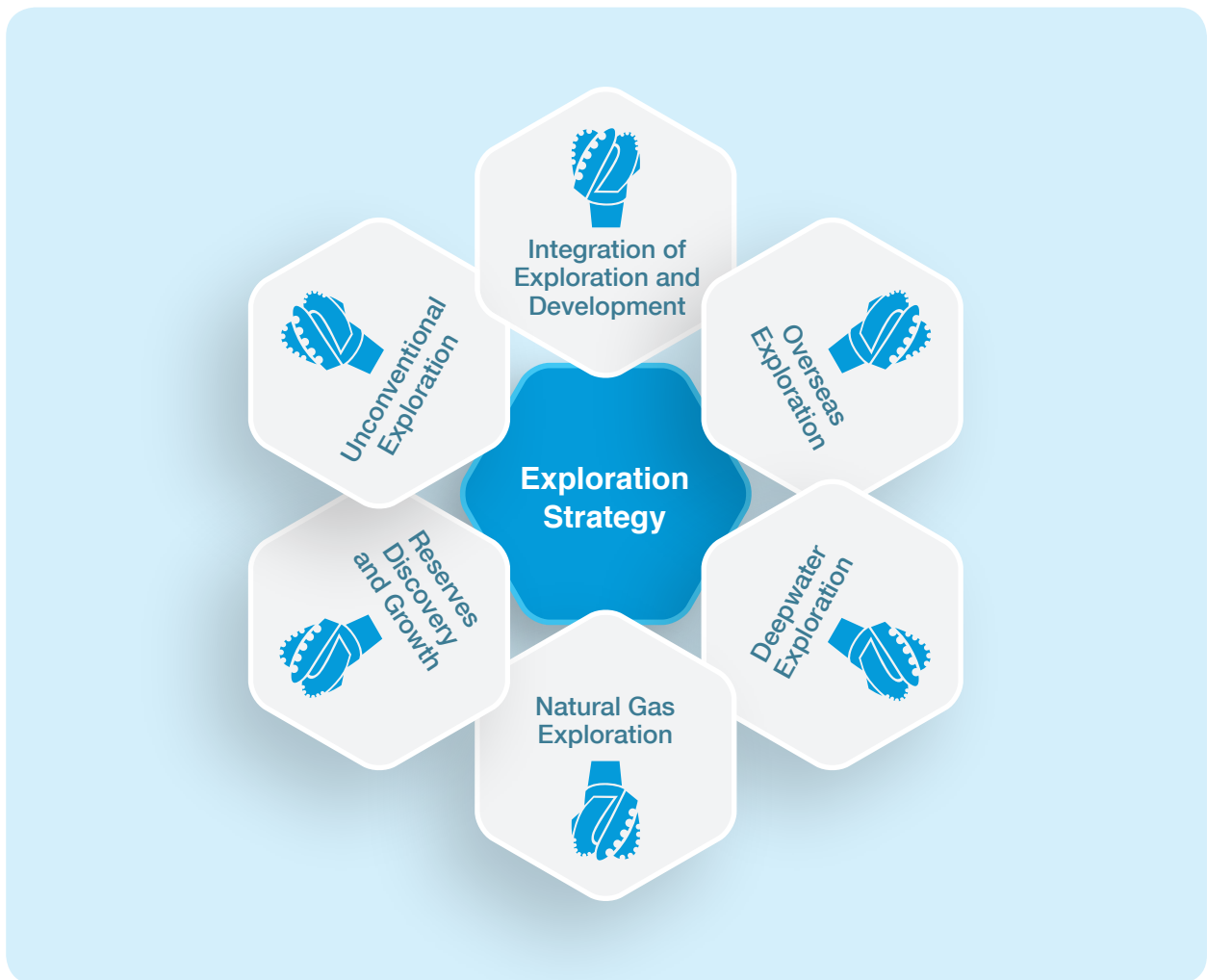


CONTRIBUTING CONVENTIONAL ENERGIES

With the development of global economy and improvement of people's living standard, the increasing demand for energy will continue, and the global energy consumption will be estimated to increase by about 40% in the coming 20 years. To tackle climate change, protect the eco-environment and guarantee a safe energy supply, the energy structure adjustment will be inevitable.

To guarantee energy supply and realize the sustainability of environment, against the backdrop of energy transformation in China, CNOOC will attach greater importance to the development and utilization of clean energy such as LNG and unconventional natural gas while intensifying the oil & gas exploitation and development, endeavoring to satisfy the multiple, green and environment-friendly energy demand.

In 2013, sticking to the concept of "led by regional planning, guided by investment portfolio, and focusing on the exploitation and development of new medium and large oilfields", through intensifying technical and managerial innovations and implementing the six exploitation strategies, we made historical breakthrough for the self-managed exploitation and discovered a number of medium and large oilfields of economic value.



Guided by the principle of developing both of the old and new oilfields, we strive for enhancing and stabilizing the output of the old oilfields by emphasizing fine management, scaling up efforts to deploy adjustment wells, adopt other conventional measures and implement workover jobs; taking the economic, environmental and social factors into thorough consideration, we accelerate the development of new oilfields and continuously drive the scale development of unconventional natural gas such as coalbed methane. In 2013, we reached an annual output of 66.84 million tons of crude oil and 19.6 billion cubic meters of natural gas, including an output of 39.38 million tons and 10.7 billion cubic meters respectively in coastal waters of China.

CASE Revivification of Oil Oilfields under Re-development



Bohai Oilfield, encompassing five exploratory areas with rich oil & gas resources, is an old oilfield with a development history of almost 50 years. Through constant innovation on exploration ideas and adhering to cluster and rolling development, the field maintains an exploration commercial success rate of 35%~40%. Enjoying a stable output for 4 consecutive years since a level of 30 million tons yield was reached in 2010, and an accumulative crude oil output of 220 million tons, the field has become the largest oilfield and an important energy base in China's coastal waters.

CASE Dedicating to Bohai Oilfield Development with Passion

"From college graduation till now, I have been working in Bohai Oilfield, witnessing her development and growing together with her, for here is my second home", said Zhao Chunming, CNOOC Technical Specialist as well as a State-owned Enterprise Model. Over the past 20 years, Zhao has constantly put forward multiple innovative development models, completed 32 oilfield reserve declarations with accumulative proved reserves of over 500 million tons, presented 16 new oilfield development plans, with a new capacity of 9 million tons, presented 21 oilfield comprehensive adjustment plans, which increased the recovery efficiency by 5% and the recoverable reserves by 89 million tons, making significant contribution to stabilize the output of Bohai Oilfield at the level of 30 million tons.



CASE Maintaining 10 Mtoe Record and Achieving 18-year Stable Production

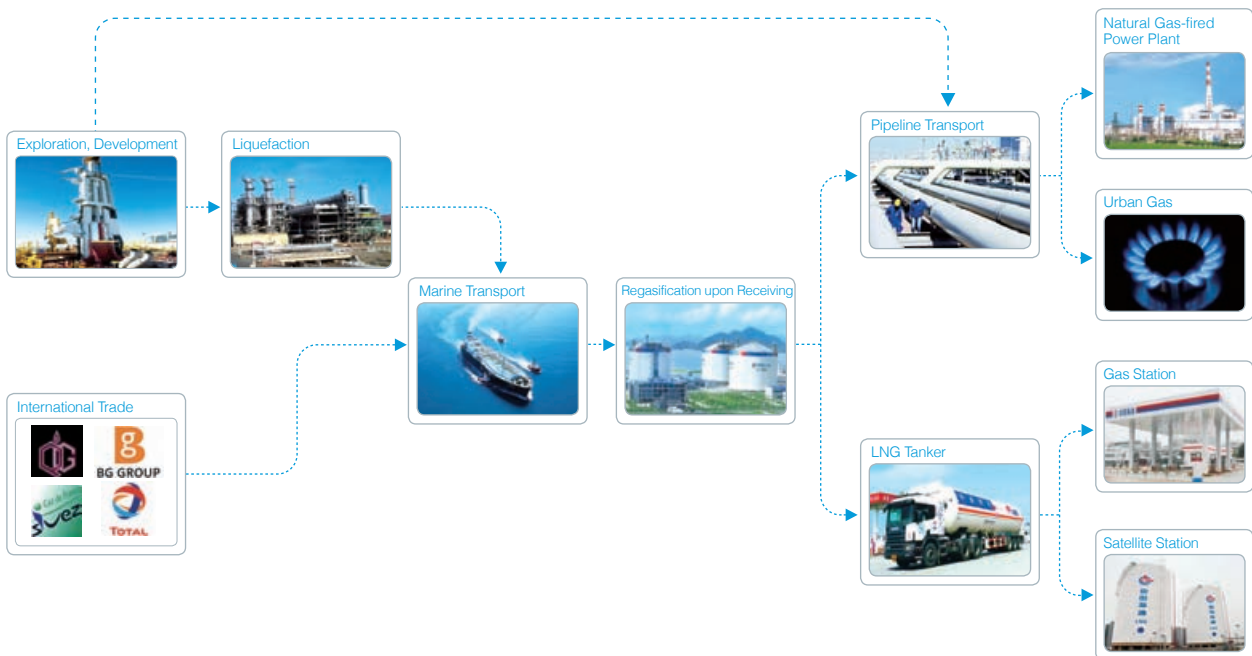


For years the oilfields at eastern South China Sea have been enjoying a highest accumulative output of domestic offshore oil & gas. The annual output has exceeded 10 Mtoe for the past 18 years. The region is characterized by severe climate and experiences 12 or 13 typhoon attacks on average annually. Overcoming such natural conditions and adversity, the fields strengthen frontline management and fine management, and maintain a production attendance over 80% perennially, making outstanding contribution to guarantee the national energy supply.

DEVELOPING CLEAN ENERGY

As the coal-dominated energy consumption structure in China leads to a series of eco-environment problems, Substituting coal with natural gas is an unavoidable option for China energy transformation. The proportion of natural gas in China's primary energy mix will increase to over 10% by 2020. The natural gas industry will take on a fast development, and the utilization of clean energy will become an important guarantee for building a beautiful China and promoting the sustainable social development.

CNOOC actively enters the unconventional natural gas field while vigorously developing the offshore natural gas and continuously taking the lead in the China LNG market. In 2013, our domestic natural gas output reached 11.1 billion cubic meters, including 10.67 billion cubic meters of offshore gas and 0.43 billion cubic meters of coalbed methane; our total LNG import amounted to 13.01 million tons, and the accumulative LNG import over the past 8 years is as high as 50 million tons; the project of coal gas has been approved, and the fundamental research on environmental protection and circular economy has been finished.

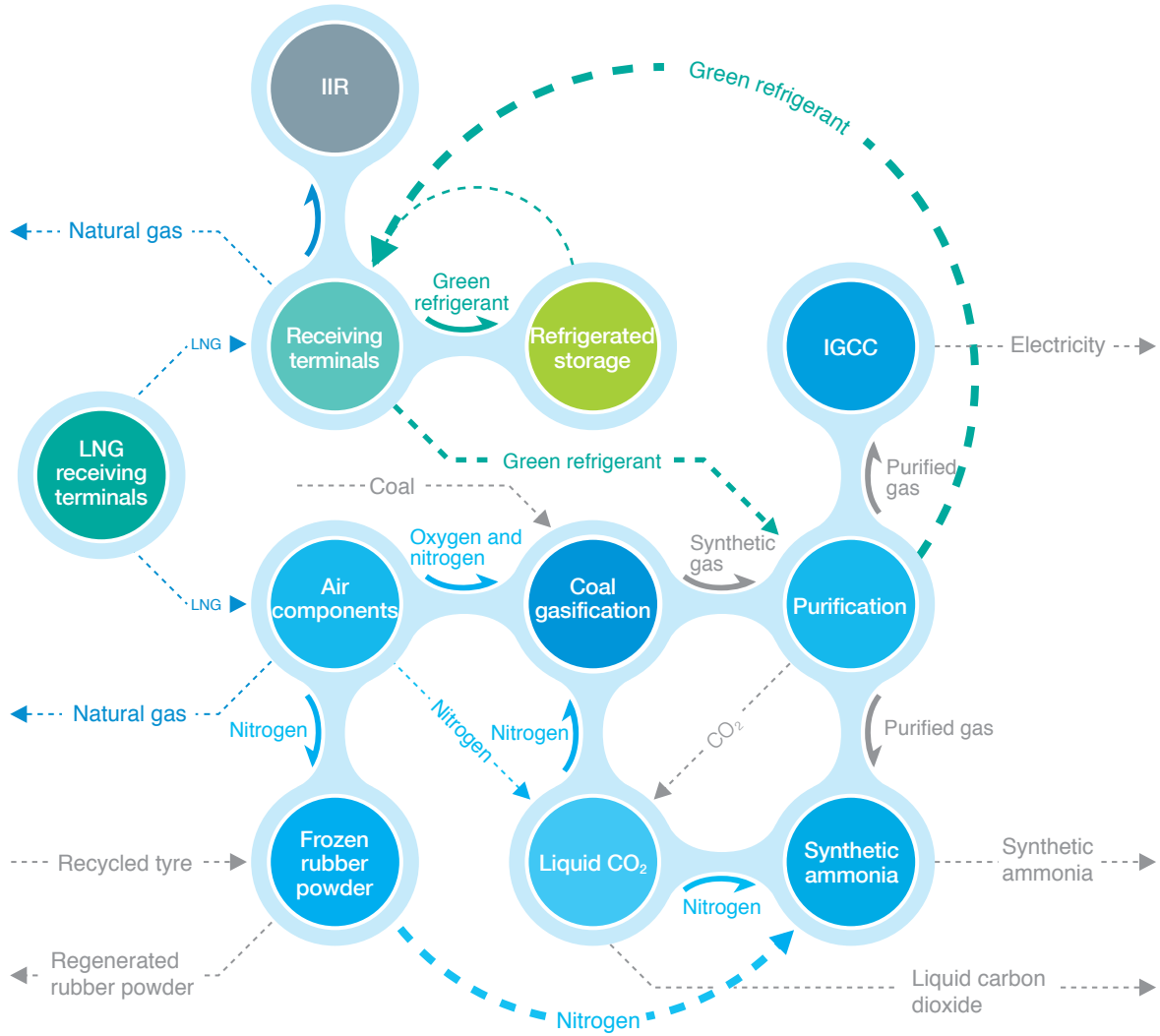


CNOOC Natural Gas Industry Chain

1301 (10,000 tons)

LNG import volume

2013	1301
2012	1079
2011	1081
2010	934
2009	580



Note: ① IIR: Isobutylene-isoprene Rubber ② IGCC: Integrated Gasification Combined Cycle

Frame Diagram for Comprehensive Use and Circular Economy of LNG Cold Energy

152

(100 million kWh)

Natural Gas-Fired Power Generating Capacity

2013	<div style="width: 100%;"></div>	152
2012	<div style="width: 98%;"></div>	153
2011	<div style="width: 95%;"></div>	165
2010	<div style="width: 92%;"></div>	146
2009	<div style="width: 55%;"></div>	86

CASE CNOOC Won the LNG “Oscar”



On November 19, 2013, Luo Weizhong, President of CNOOC won the “Outstanding Contribution Award 2013” which was regarded as the “Oscar” of LNG circle, in the 14th World LNG Summit.

The awards committee highly commended the outstanding achievement on LNG whole industry chain that CNOOC Gas &Power Group had made in 2013: “In the upstream and midstream, CNOOC Gas &Power Group and BG Group has signed a package of agreements for the purchase of certain interests in the QCLNG project and 20-year 5 million tons/year LNG resources, leading the developmental trend of the global LNG industry and making CNOOC become the world’s 3rd largest LNG buyer. In the downstream, CNOOC will operate 6 LNG receiving terminals and is going to commission China’s first floating LNG receiving terminal. CNOOC has China’s biggest gas-fired total installed capacity and is the pioneering and leading company in LNG filling business.”

CASE Tianjin Floating LNG Project Helps Relieve Air Pollution in Jing-Jin-Ji Area



As one of the first key energy security projects for air pollution control in Beijing that has been approved by the National Energy Administration, CNOOC Tianjin floating LNG project officially started the gas supply on December 10, 2013, benefiting the air pollution control in Beijing, Tianjin and Hebei. It only took 3 and a half years (2010~2013) from the research commencement to gas supply realization, making the fastest gas supply among domestic LNG projects.

This project can supply 2.2 million tons (3 billion cubic meters) of LNG annually, 0.4 billion cubic meters more than the annual gas demand of Tianjin City in 2012. We plan to build the largest clean energy supply center across the Bohai sea region, with an annual gas supply reaching 10~12 million tons, making greater contribution to satisfying the gas demand of urban residents, industry and commerce and natural gas distributed energy resource as well as presenting the blue sea and sky.

CASE Power Battery, Green Engine

Promoting and using new energy vehicles is one of the 10 measures for air pollution control in Beijing. As the “heart” for such vehicles, the power battery becomes a new green engine for launching the building of “a beautiful China”.

CNOOC actively promotes the demonstrating operation with the power battery, and has acquired an order for 445 electric bus battery packs from Tianjin and Qingdao. In the Third International Distributed Energy and Energy Storage Technology and Equipment Expo & Summit (2013), “Lishen” brand series products (household energy storage system, industrial energy storage module and ultracapacitor etc.) received closed attention and wide recognition for its good performance and high quality.



IMPROVING SERVICE NETWORK

Expanding the energy supply network, establishing quality product brand and improving marketing and service levels, are important measures for enterprises to enhance their market competitiveness and realize sustainable development, as well as important contents for enterprises to strictly perform the social responsibility.

Expanding Energy Supply Network

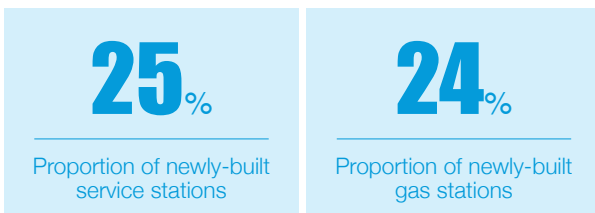
To increase the energy supply, besides operating the existing supply network in coastal areas, we expand the network nodes to Anhui, Hebei and Fujian etc., and intensify the development and construction of such facilities as service station, gas station, oil storage warehouse, LNG receiving terminals and natural gas pipeline network etc. In 2013 we newly built 445 service stations, 144 gas stations, 1.16 million cubic meters of oil storage tanks and 3,416km gas pipeline; as the largest LNG supplier in China, CNOOC has built 5 LNG receiving terminals in the coastal regions which have the highest demands, forming a receiving capacity of 24.8 million tons/year.



◀ Oil filling



◀ Gas filling



CASE Zhejiang LNG Liquid Distribution for Perfecting Pipeline Network



It's difficult to build a natural gas pipeline network in Zhejiang where a hilly area is dominated. To rectify the inability of the pipeline network, Zhejiang LNG Receiving terminal uses liquid tankers to distribute LNG to satisfy the natural gas demand of the industry, residents, vehicle fueling that are uncovered by the pipelines.

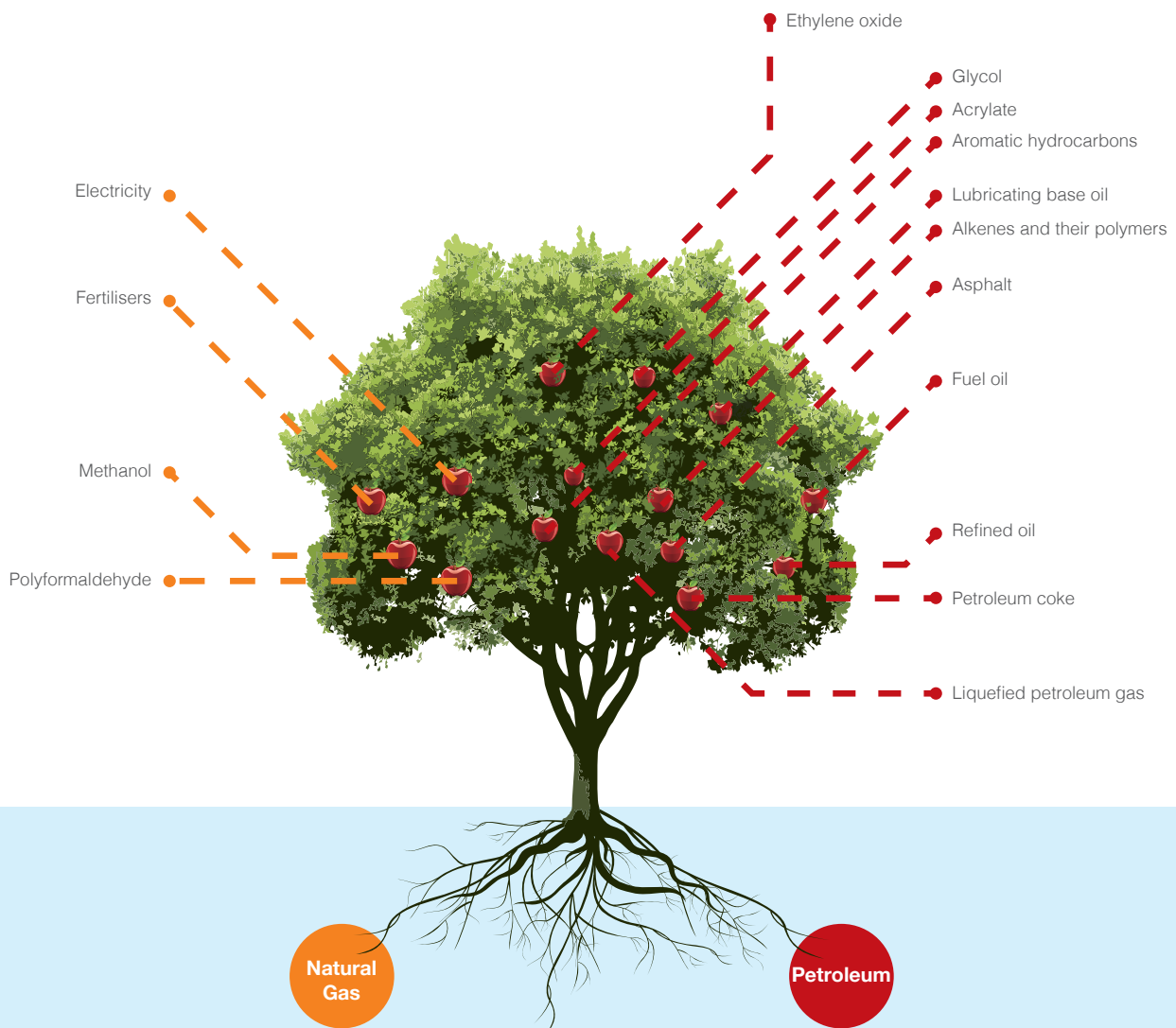
At 17:54 pm, November 5, 2013, after 1.5 hours of loading, a liquid tanker loaded with 19.08 tons of LNG slowly left the Zhejiang LNG Receiving Terminal. This was the 10,000th LNG tanker since the first outgoing tank truck from this terminal on October 28, 2012, making totally 195, 000 tons of outgoing LNG.



Dongguan Lisha Oil Storage Tank

Establishing Quality Product Brands

It's our commitment to deliver exceptional product quality, ensure customer satisfaction and establish quality product brands. Our diesel is popular throughout the country, reaching the standard of Euro V, our high-quality petrol satisfies the Hu (Shanghai) V Standard, and our jet fuel of super-quality occupies a stable supply to the airports in Guangzhou, Shenzhen, Sanya, Changsha, Wuhan and Shantou and the like; especially these quality product brands as "CNOOC 36-1 asphalt", Lishen Battery, Haijiang environment-friendly rubber oil and Fudao, Tianye and Sakefu fertilisers, have won wide social reputation for the company.



Oil and Gas Products of CNOOC

CASE Presales of High-standard Petrol

On September 18, 2013, the first 5,000 tons of #92 Hu V petrol produced by Huizhou Refinery was successfully delivered, and from October 15, its #92 and 95 petrol complying with Hu V Standard started to sell in Shanghai, 45 days right before it was required to fully implement the Hu V Petrol Standard in the city.



Improving the Marketing & Service Levels

While expanding the supply network, we strive to improve the marketing & service levels via terminal design standardization, window service normalization and Winning Stars & Creating Excellence activities.



Before refueling, the worker advises the customer that readings on the fuel dispenser has been refreshed to zero.

CASE Haijiang Brand Enjoys Reputation at Home & Abroad



Haijiang rubber oil is high aromatic and high cycloalkane environment-friendly rubber oil researched and produced by CNOOC, complying with the environment requirements of EU and USA. Performance of the oil-extended styrene butadiene rubber processed from it has met advanced international standards, filling the gap at domestic market. With an annual output of Haijiang environment-friendly rubber oil of 100,000 tons, we have established stable cooperative relationship with dozens of renowned tire, synthetic rubber manufacturers. On December 10, 2013, the rubber oil was loaded to ship to Japan, seeing the first export of Haijiang brand.

CASE Winning Stars & Creating Excellence to Improve Service Quality

To optimize the management of service station and improve the service quality, all service stations under CNOOC management carry out the activity of “Winning Stars & Creating Excellence”. All stations further enrich the content of such activity combining their specific reality. In Tianjin, a “Five-good Service Station” (good work done, good site management, good management of HSE, good cost control and good working team development) competition & appraisal is held; in Huizhou, a competition system for promotion and demotion of managers is implemented; and in Tangshan, the customers are asked to offer evaluation on the worker’s service. Through this activity, all the staff “keep up with the stars”, take up new spirit, render services of improved quality, immensely lift the customer satisfaction.



ENHANCING ENERGY SECURITY

Technological Innovation

Innovation is a driving force for the enterprise sustainable development, and a powerful mechanism for securing the energy supply and rendering quality products and services. CNOOC offers technical support and security for its sustainable development through focusing on the oil & gas industry, training S&T elites, implementing the S&T driving strategy, increasing R&D input, intensifying S&T innovation and accelerating the commercialization of research findings. We realize the leap at critical fields and the building of state-level R&D institutes have made historical breakthrough: the State Key Laboratory for Efficient Development of Offshore Oil and the State Engineering Laboratory for Offshore Oil Exploration have passed the national inspection, the State R&D Center for Deepwater Oil&Gas Engineering Technology was conferred with the board to establish, and the establishment of the State-level Engineering Technology Research Center for Lithium-ion Power Battery was approved by the country. Till 2013, the Company has formulated 201 national standards and 244 industrial standards.

Technology Name	Applicable Field	Implementing Effect
DWR-3 multiple hot liquid thermal recovery equipment, process and technology	Offshore extra-heavy oil well such as LD5-2N	Realize the application and development of extra-heavy oil
Key technology of floating LNG receiving unit	Tianjin floating- LNG receiving unit (FSRU)	Shorten the construction period by 2 years, and lessen the land required by 20 hectare
Design, manufacturing and installing technology for the 30,000-ton large jacket	“Liwan 3-1” deepwater natural gas engineering project (over 1,400m deep)	Break the world record on float-over installation method
Testing technology and system for underwater Christmas tree unit	Oilfields such as Lufeng 22-1	Realize a direct economic benefit about RMB 100 million Yuan, filling the domestic gap
Complete manufacturing technology for underwater production umbilical cable	Multiple projects such as Qingdao floating power generation with tide energy	Independent design and use of umbilical cable, and realize its industrialization
Gravel filling sand control tool	LD10-1A oil well	Settle the problems of long procurement time, high cost and short supply of imported sand-control tools
Extract circulation technology	Industrialization of environment-friendly rubber oil	The yield, CA value and PCA of environment-friendly rubber oil is as high as 80~84%, 13.8% and 2.5% respectively, forming the Haijiang brand and sales far outside China

CASE Expansion of Innovative Platforms and Scientific Talents

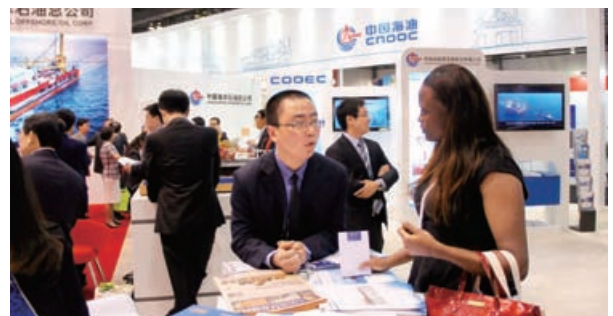

In 2013, Xia Qinglong, the chief geologist of CNOOC Tianjin Company, received the highest honor “Li Siguang Geology Science Award” in the geological industry in China. Directing at the special geographical environment and complicated petroleum geology conditions in Bohai Sea, he created the theory of oil & gas differential accumulation in Bohai active fault zone, carried out the integrated innovations for the offshore large-scale three-dimensional earthquake exploration technology, and put forward the idea of synchronous exploration of shallow layer, mid-depth layer and buried hill. Under his guidance, 9 fields at a hundred-million-ton level were successfully discovered, 2.5 billion tons of tertiary geological reserves were newly increased, and more than 1 billion tons of proved reserves were already ascertained, accounting for 40% of the total proved reserves in Bohai Oilfield, all which made a significant contribution to the stable yield of 30 million tons in Bohai Oilfield.



Feng Yongren, the chief mechanical engineer of COSL Oilfield Technology Research Institute, became one of the first 12 “Leading Talents in Technological Innovations” throughout the country. With great fondness of machine design for 27 years, he took charge of tackling the critical mechanical technology problems in Enhanced Logging Imaging System (ELIS), in which we have the independent intellectual property rights. He also completed the research and development of Enhanced Formation Dynamic Tester (EFDT) and obtained more than a hundred of patent grants. He indeed played an important role in making the offshore oil logging technology keep ahead in China. Knowing that he has been elected as the “Leading Talents in Technological Innovations”, **Feng Yongren expressed that his growth from a common technician to one of the first offshore oil technical experts and professional senior engineers exactly benefits from implementation of the Company’s “Technology-driven Strategy” and establishment of scientific innovation platforms.**

CASE Implementation of Technical Innovations to Win Recognition

We carry out technological exchanges in a proactive manner and thus exhibit fruits of company development. The 44th Offshore Technology Conference (OTC) arranged, for the first time, two special performances for CNOOC in respect of “Liuhua FPS Life Extension”, “South China Sea Liwan Deepwater Project”, indicating that CNOOC’s technological innovations and their values of oil and gas development have been highly recognized by the industry.



CASE Demonstration of Utilizing Marine Energies to Accomplish Maritime Power

“Demonstration Project of 500kW Independent Ocean Power Generation” is the first national research task undertaken by CNOOC that combines the research and demonstration project, aiming to realize the complementary development of tidal energy, wind power and solar energy. This Project, after its completion, will become one of the largest independent ocean power supply systems for island in China and will enable about 300 households in Zhaitang Island, Jiaonan, Qingdao to use green, environmental-friendly and stable electricity.



Offshore tidal power generation unit



Onshore tidal power generation unit



Seashore wind turbine generator



CNOOC Gas & Power Group Masters Eight Core Technologies in LNG Field

884

The company was awarded with the accepted patent

765

The company was awarded with the authorised patent

292

The company was awarded with the authorised patent of invention

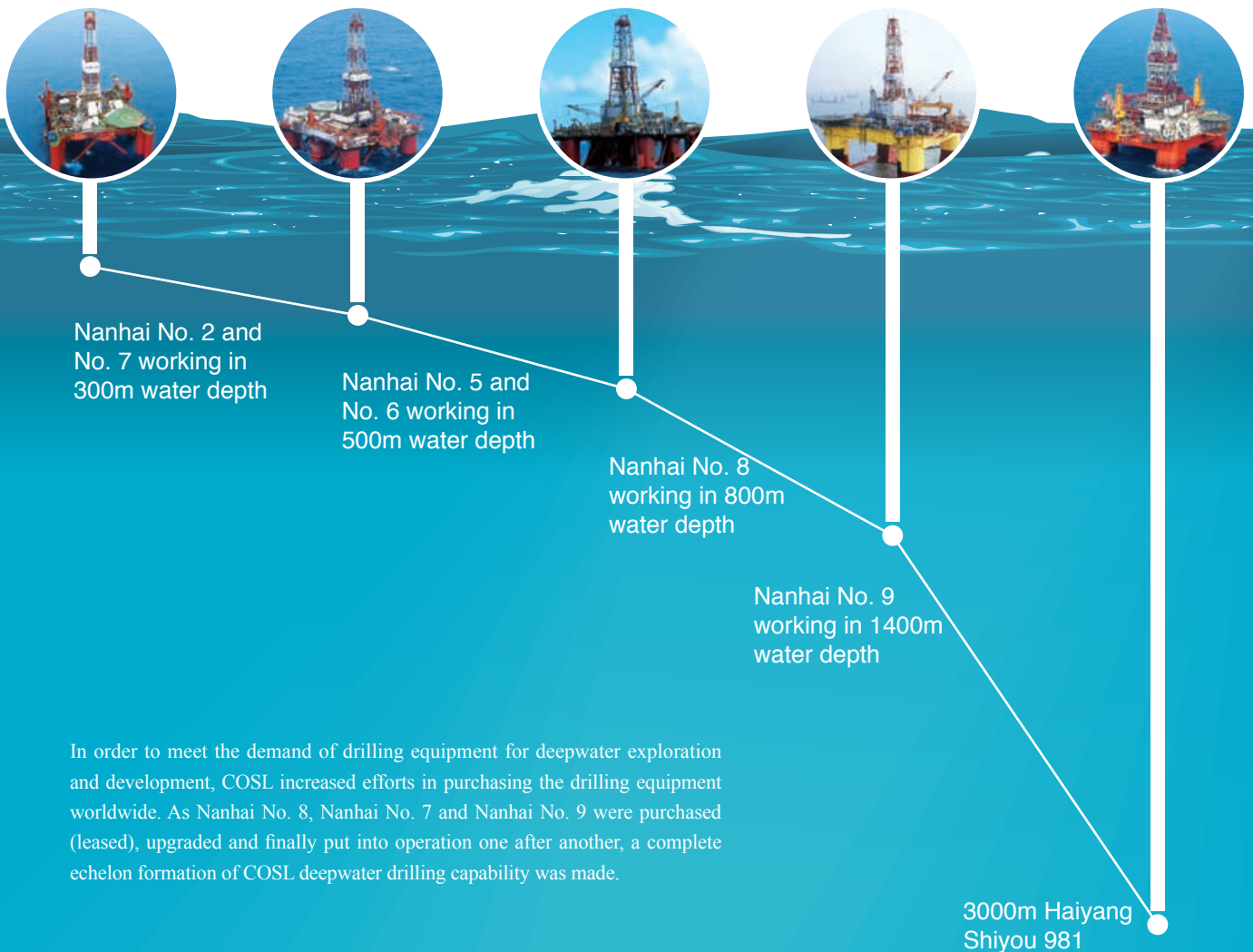
Engineering Technical Service

Unceasing improvement of engineering technical service ability is an important guarantee for realizing the continuous and stable energy supply. The oilfield technical service, offshore oil engineering and integrated service teams of CNOOC respond actively to the high-input, high-tech and high-risk challenges in offshore oil & gas development. These teams will rely on the domestic and foreign markets and strive to provide a high-efficient and first-rate whole course service of offshore oil exploration and development.



Spare no efforts to record remarkable achievements

CASE Complete Echelon Formation of COSL Deepwater Drilling Capability



In order to meet the demand of drilling equipment for deepwater exploration and development, COSL increased efforts in purchasing the drilling equipment worldwide. As Nanhai No. 8, Nanhai No. 7 and Nanhai No. 9 were purchased (leased), upgraded and finally put into operation one after another, a complete echelon formation of COSL deepwater drilling capability was made.

CASE Integration of Injection-production in the Same Well to Improve Oilfield Recovery Rate

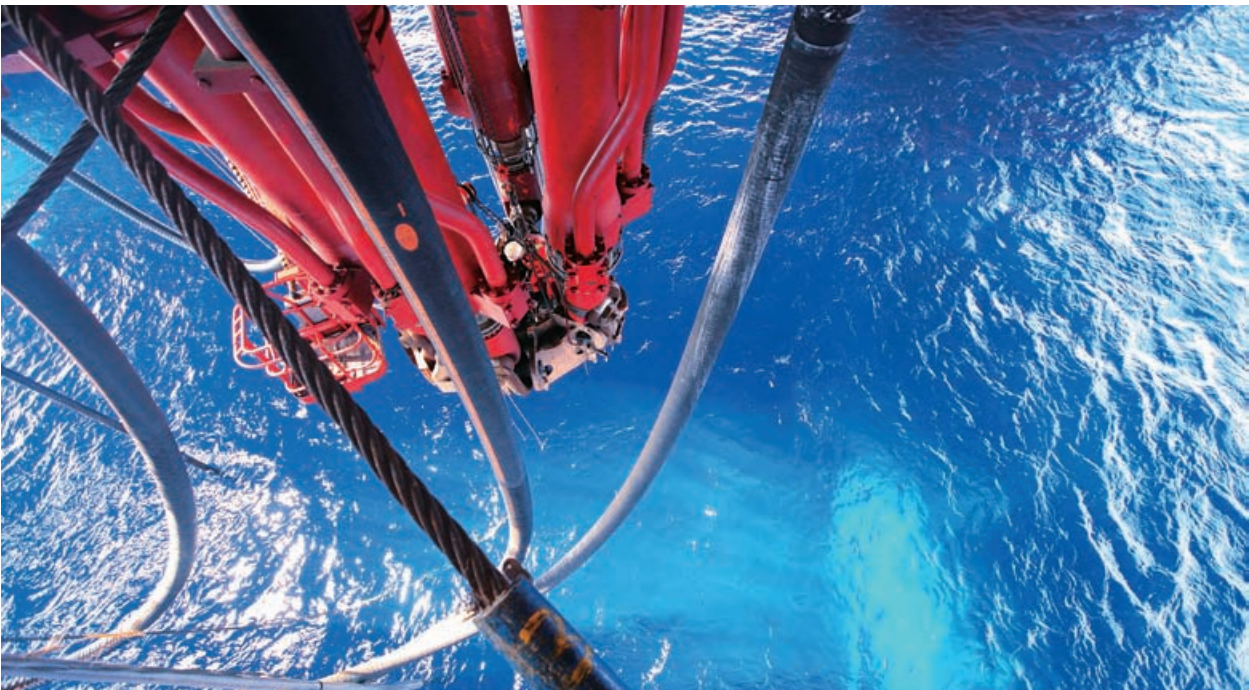


In order to improve the offshore oilfield recovery efficiency and overcome the problems such as insufficient water injection source and reinjection of associated gas, the Company has developed the process technology of integration of injection-production in the same well, 13 sorts of supporting downhole tools and many other associated technologies that have been successfully applied in 15 wells. The success rates both in operation and process thus reached 100% and the recovery of oil accumulated to 159,200 tons. From Lvda 10-1 A3 Well only, 68,700 tons of crude oil was yielded and 78,900 tons of exhaust emission was reduced. This technology which has been granted 3 national patents, greatly improves oil well availability and total benefit of oilfield development.

CASE Independent R&D of EMRT Logger with More Clearly Reservoir Perspective

The EMRT nuclear magnetic resonance logger that is researched and developed independently by COSL can provide effective information for formation evaluation at the exploration stage and provide quantitative data about the recovery efficiency of remaining oil in a oil layer and assessment of stimulation at the development stage. The logger presents a noticeable effect when it is applied in such storage stratum as having complicated and

special lithology, low porosity and permeability, low resistivity and saturation, as well as having natural gas and heavy oil. In 2013, the successful application of this technology in Wenchang Oilfield and Iraq Missan Oilfield resulted in excellent-quality data, marking that the company has already possessed the most advanced logging technology around the world.



CASE Adjustment Project Wins National Prime-quality Project Gold Award

On December 27, Adjustment Project of Suizhong 36-1 Oilfield Phase I / Lvda 5-2 Oilfield Development received the 2012-2013 National Prime-quality Project Gold Award.

The National Prime-quality Project Gold Award is the highest honorable prize in the field of construction quality. There were nearly 3,000 large excellent projects nationwide contending for 11 gold awards in that year. By virtue of its exclusive technological innovations, perfect project management and sound economic and social benefits, Adjustment Project of Suizhong 36-1 Oilfield Phase I / Lvda 5-2 Oilfield Development came to the fore among

competitors and won the Gold Award. This 24-month Project undertaken by COSL is a demonstration project for the “Highly Efficient Development of Offshore Heavy Oil” in the national scientific special key research task of “Large Oil & Gas Field and Coalbed Methane”. When it was put into production in 2010, an increased production of 1.33 million tons of crude oil was achieved that very year, amounting to an output value of 19.2 billion yuan by the end of June, 2013. CNOOC (China) Co., Ltd. served as the project contract-awarding party, COOEC Co., Ltd. as the main contractor, and CNOOC Research Institute as the survey and design party.



CASE Breakthrough in Extended Reach Deep Well Technology

On December 16, CNOOC made a significant breakthrough in self-clean perforation technology of extended reach deep well that the penetration capability of perforating bullets was increased over 30% than that of same kind of bullets existing at home, indexes like bore diameter and seepage area of trajectory were obviously improved, and the overall performance caught up with the leading level at home and advanced level abroad.



SPECIAL TOPIC: Skilful Utilization of Strength

Barge Refitting for Float-over Installation of Deepwater Platform

"Liwan 3-1" Deepwater Project confronted a very difficulty for installation by its huge scale. It was formed by a jacket with a weight of 32,000 tons, 8 legs and 16 skirt piles, a central platform with a weight of 32,000 tons, and a welded pipeline with a diameter of 30 inches and a length of 260 km. The total quantity of steel used for the Project reached approximately 100 thousand tons. As this huge platform was required to stand firmly in the South China Sea under bad ocean conditions for at least 50 years, it would be a great challenge to the offshore oil engineering capability.

The central platform was 110 meters in length and 77 meters in width, larger than a football field. Its top was 95 meters in height, equivalent to a 30-floor building. Its weight is 32,000 tons, equivalent to a weight of 5 Eiffel Towers. If traditional offshore lifting installation modes were adopted, it was not only a need to divide the platform into a number of components for one-to-one lifting and jointing though by means of the largest floating crane in the world, but also a must to observe the climate changes and catch the favorable ocean conditions at all times. Given this, the project would suffer from a long construction period and high risks and cost.

How to install in place this "Offshore Big Mac" completely in one time? Among the challenges that were to be resolved by CNOOC engineering technicians based on the "Float-over Installation Method", the most critical challenge was lack of a barge meeting the requirements. Because the gap between two legs of "Liwan 3-1" jacket was only 46.5m, a barge would not be able to enter into the jacket to complete the float-over installation if its width is larger than that, and also would not be able to carry more than 30 thousand tons of platform components if its width is smaller. Considering this, they refitted the barge "Hai Yang Shi You 229" with 215m in length and 50m in width that reduced the front part to 42m wide while expanded the rear part to 65m wide. As a result, depending on the enormous power generated by tide, the barge could smoothly insert into the jacket gap to carry out float-over work and its carrying capability could be ensured, too. The successful implementation of "Liwan 3-1" Project renewed the latest record on the float-over installation in the world, marking that our offshore oil engineering technology has made a significant breakthrough.



(1) Installing jacket



(2) Platform sea trial



(3) Dragging in the jacket gap when tide is in



(4) Butt jointing between platform and jacket when tide is out



(5) Triumphant return after installation

Visit the video link for installation of Liwan 3-1: [HTTP://WWW.CNOOC.COM.CN](http://www.cnooc.com.cn)

Safe Operation

Safety management is the root for sustainable development of an offshore oil enterprise. We strive to improve the safe production guarantee system, actively create a safe culture atmosphere coring at “Five Thoughts and Five Don’ts”, and focus on checking and rectifying hidden dangers, emergency management, operation management of equipment and facilities, as well as safe transportation, so as to build an intrinsically safe enterprise.

Safety risks often hide in every detail of production and operation. We do our best to ascertain and control the details and regulate every work action, so that the safety awareness can be deeply rooted among the workers.

CASE Standardization through Standard Work Action Library

We actively put the “Five To-dos and No-nos” safety culture into practice, establish a standard work action library and train every worker, by which damages and accidents arising from irregular work can be effectively reduced and on-site safety management level can be effectively improved.

1. When lifting and installing, use the safety ropes to adjust the angle of lifted objects and do not directly push the objects by hand.



Figure 1-1



Figure 1-2

2. When lifting and transporting, persons standing on the lifted objects are not allowed to prevent them from falls and injuries.



Figure 2-1



Figure 2-2

3. When lifting, such actions like slanting, pulling and dragging are not permitted.



Figure 3-1



Figure 3-2

Checking and Rectifying Potential Safety Hazards

CNOOC pays great attention to the safety management and adhere to eliminate, investigate and prevent potential risks in advance. We track to supervise each risk point 24 hours a day through the management of equipment integrity and with the “eliminating and investigating system of major hazard sources and hidden danger”. In 2013, totally 40,554 items of hidden danger have been reported among which 40,243 have been rectified, with the finishing rate of rectification reaching 99.2%.



The staff of Zhongjie Petrochemical was examining the meter.



99.2%

Finishing Rate of Rectification

Emergency Management

As safety emergency response is critical to the life and property safety of the public and individuals, it's a test to our emergency handling capability. We put forth effort to build up emergency response network, co-establish emergency linkage mechanism with government departments, industrial partners, neighboring fire-fighting resources, ensure the timely and accurate disclosure of information and fast and effective disposal by devolution of emergency management, improve the direction and disposal capability of emergency management with emergency disposal manual and information means. Thus the emergency management of CNOOC could become regular and systematic.

We should learn a lesson from the industrial frequent incidents and find out our own hidden danger accordingly and make

rectification in a timely manner. We seriously draw the lesson from the "Penglai 19-3" oil spilling incident and draw up a complete set of plan for oil spilling prevention and emergency response plan for offshore operation contingencies, and set up a well-trained emergency response team which will be 24 hours a day on standby.

In 2013, we carried forward the establishment of emergency command communication system for offshore mobile vessels at the East China Sea, the east and the west of the South China Sea, so as to solve the problem of information asymmetry in emergency, reinforce the corresponding on-site technical instruction and support and improve CNOOC's comprehensive capability on emergency management, direction and coordination.

CASE Carrying Out Air-sea-land Emergency Drill against Offshore Oil Spilling



On October 31, 2013, the emergency joint drill against oil spilling in the east waters of the South China Sea was carried out in Shenzhen. This drill, as CNOOC's first successful offshore oil spilling emergency disposal through air-sea-land cooperation, included offshore recovery, air oil-elimination and shore clearance operations, etc.

In the drill, an incident was simulated that an offshore engineering vessel had "crashed" into a standpipe of platform A during operation which caused pipeline fracturing, about 8 tons of crude oil "spilling" into the sea and promptly

diffusing and drifting with stormy waves. We promptly adopted the emergency plan, including: gathering various types of environmental protection vessels, anchor-handling-towing supply vessels and recovery vessels to the incident area; placing large oil fences, oil skimmers, oil absorbent booms felt; arranging "Hai Yang Shi You 256" to tour and "recover" oil spill with built-in oil spill recovery machine side-mounted in its vessels; after mechanical recovery, sending helicopter to spray "oil dispersant" from the air with oil dispersant sprinkling device. South China Sea Branch of State Oceanic

Administration dispatched coastguard official ship to track and monitor the oil spilling incident and carry out law enforcement investigation.

In recent years, CNOOC constantly details prevention measures for oil spilling risk, enhances the emergency response capability against oil spilling, preliminary builds up domestic offshore oil spilling emergency prevention and control system. Oil spill emergency response service network of the seven emergency bases covers all the offshore operation areas and five environmental protection vessels tour to inspect or watch over in the sea areas, forming "2-6 hours response circle" which enables us to monitor offshore oil spilling in real time and carry out emergency disposal in a timely manner.



CASE Thanks to Emergency Disposal on Vehicle Self-ignition, the Facilities in Service Station Keep Safe

At 18:40, May 20, 2013, Wu Wei, a worker of Shanghai Guande Service Station was making his final rounds before shift exchange, and he suddenly found the engine of a vehicle about 10m away from the service station was self-igniting, then he promptly reported it to Liu Yanfang, the shift foreman. After confirmation, they immediately adopted the emergency plan: sounded the emergency alarm, shut down the switch in the station, and evacuated the vehicles in the station and pull up a cordon. The well-trained workers controlled the fire very soon with fire extinguishers in order to avoid vehicle deflagration. At 18:55, when the 110 patrol wagon and fire fighting truck arrived, the open fire had been put out and vehicles around and facilities in the station were in safe. The police, firefighter and the owner of the vehicle spoke highly of the quick response of the station.



Safety emergency drill



Safety warning message



99 (cases)

Recordable production injury accidents

2013	99
2012	117
2011	125

2 (persons)

Death toll of employees

2013	2
2012	0
2011	3

5 (persons)

Death toll for direct contractors

2013	5
2012	2
2011	4

Safe Transportation

CNOOC pays great attention to minimizing the influence that the operation has on ecological environment and resident safety, thus our factories and operation fields are located far away from the downtown and crowd. In order to deliver our products to customers, the long distance transportation is necessary. As a responsible enterprise, CNOOC fully assumes the entity responsibility of safe operation, focuses on the management of risk source of transportation and life-circle management of pipeline facilities, enhances on-site maintenance and application of new management technology so as to transform the transportation safety management from preventive maintenance to predictive maintenance, and then strives to build essential safety.



Whole-process monitoring on vehicle transportation



Pipeline maintenance

CASE

Applying Comprehensive Measures to Escort the Transportation of Special and Limited Articles

CNOOC has a heavy-cargo transportation team ranked among the top three over the country, which is specialized in transporting extra big, long, high, heavy, wide and irregular facilities. We formulate strict safety control scheme at the design phase, hold pre-transportation safety meeting before departure, carry out thorough road reconnaissance and troubleshooting and accurately arrange risk tips during transportation. Through vigorous safety operation licensing and whole-course tracking by professionals, we effectively ensure the safe transportation and delivery of heavy cargo.



CASE

Long Gas Pipeline and Its Guardian

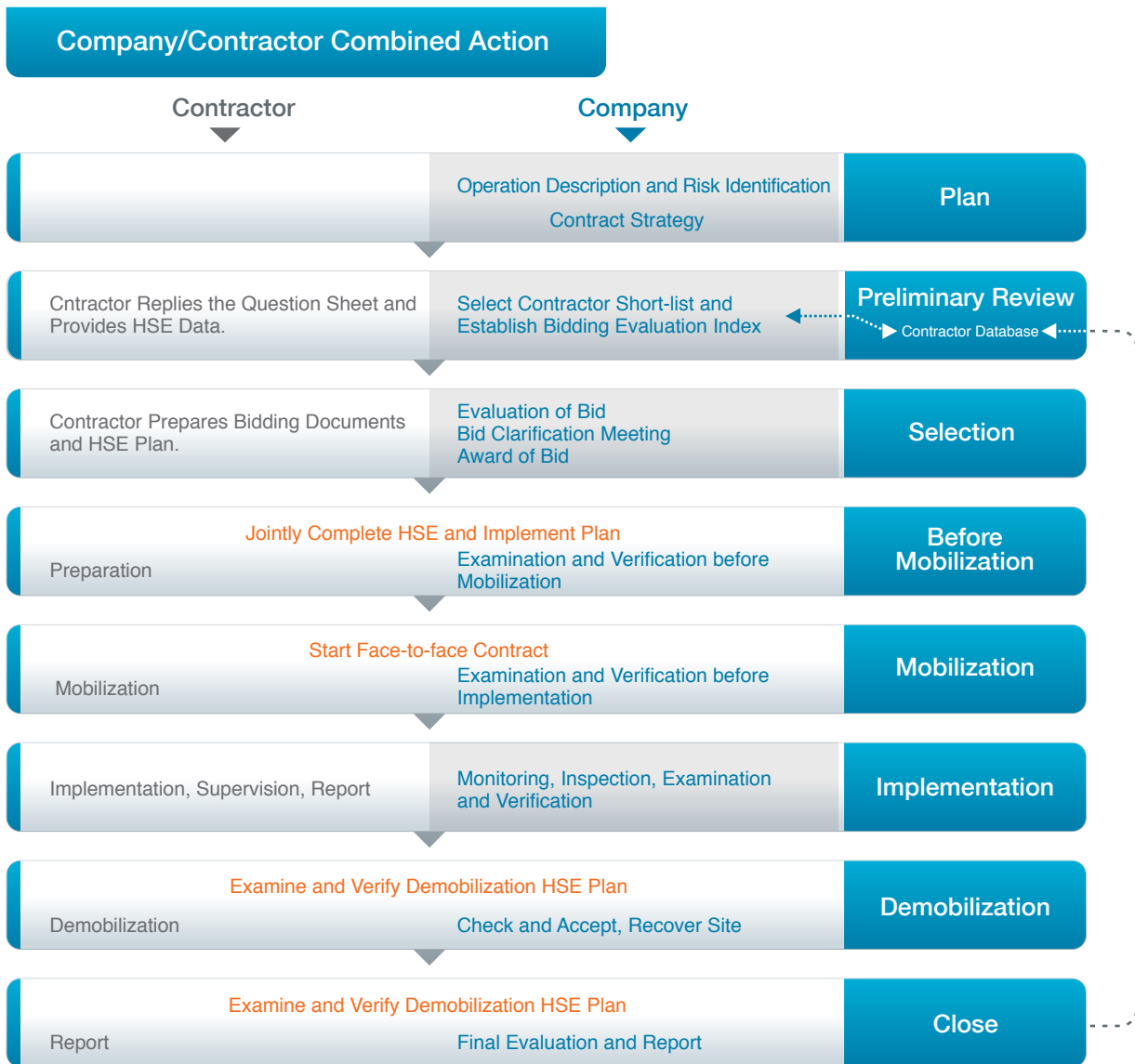
Guangdong natural gas line of CNOOC is just like a huge “Necklace”, connecting Guangzhou, Qingyuan, Foshan, Zhaoqing, Huizhou and Dongguan etc. and the more than 50 patrolmen of Guangdong pipeline network working actively along this “Pearl Necklace” are just the “Guardian”. They tramp over hill and dale, tide over pond and pool, drive snake and mosquito, clear out barrier and risk and resist to the burning sun and raging storm just to take care of the nearly 500km long gas pipeline day and night.



Management of Suppliers and Contractors

CNOOC takes a deliberate attitude and strict standard to select the cooperative partners, paying attention on their product quality, service level, commercial morality and enterprise reputation, and even more on their concept and performance of social responsibilities. The management on suppliers and contractors mainly falls on the beforehand responsibility definition and power division, as well as the meticulous supervision on process. Through the binding force of contracts, directional training of businesses, process supervision and other ways, the management level of cooperative partners can be improved.

In 2013, we released the Guideline for Civilized and Safe Behaviors of CNOOC Contractors. The Guideline intends to list the civilized and safe behaviors as necessary content for safety training of contractors, with standardized documents and manuals, contract annexes and training materials. We make use of “Contractors Safety Management System” to standardize and manage their behaviors at different stages such as selection, training, supervision and assessment, so as to protect the personnel safety and work quality during production.



Logic Flow Chart for Contractor Management



ENVIRONMENTAL PROTECTION



COMBATING CLIMATE CHANGE

How to combat climate change is the subject that humans have to face jointly. In 2013, we continued to implement the CNOOC Action Plan for Combating Climate Change and have fully fulfilled our commitment to reshape the industry structure, develop low carbon energy sources, underline international collaboration, meet the requirements of laws and regulations, optimize the allocation of resources, implement energy conservation and emission reduction measures, regulate measurement and statistical standards, advocate carbon trading, and to step up efforts on awareness training to improve understanding. In doing so, we attached importance to tracking and studying relevant technologies and policies with the aim of actively exploring the sustainable development way for the future energy source.

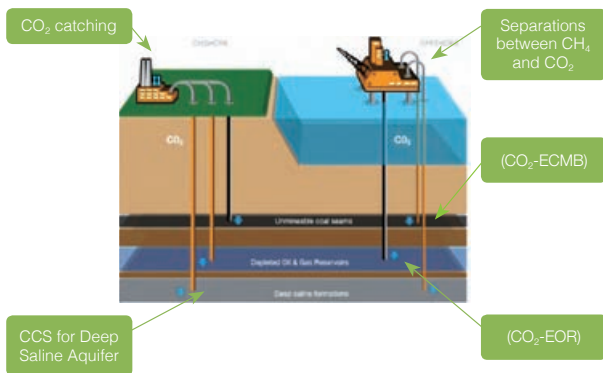
Developing Clean Energy

Through research, we have found that 1/3 of carbon dioxide emissions of the energy system comes from generating. Therefore, it is a key step to reduce the greenhouse gas emissions of the power generation industry. And the greenhouse gas emissions will be reduced to half by replacing coal with natural gas to generate power. In 2013, CNOOC's natural gas power plants have generated 15.2 billion kWh of clean electricity, which has significantly lowered the carbon dioxide emissions in the process of power generation.



CNOOC Gas & Power Group's gas power plant in Putian, Fujian

Research in Low Carbon Technologies



CCUS Diagram

There lie abundantly renewable marine resources in China's coastal areas. The prospective research which focuses on developing our country's renewable marine resources will be of great importance to build China into a maritime power and to protect the ecological environment. Ocean Energy development can not only provide an effective way to tackle the energy problems for the oceanic islands, but also greatly reduce the environmental pressures.

CNOOC has concentrated on the fundamental research of the ocean developments and applications all along. In 2013, we placed emphasis on a series of projects on the marine energy exploitation and utilization so as to realize the development target that enables tidal current energy, offshore wind power and solar energy or any other renewable energy sources to be complementary mutually, which is bound to push forward the Company's sustainable development effectively.

CCUS is a newly-rising technology with a large scale of reduction potential for carbon dioxides emissions. Since the energy mix of China is coal-dominated and the carbon emissions have been at high levels for a long time, CCUS is an essential technological way to reduce the greenhouse gas in the medium to longer term. Developing CCUS will be an important opportunity to improve our country's competitiveness of low carbon technologies.

CNOOC has finished the tracking and investigation on CCUS. On account of our country's geological conditions, we proposed a low-cost and strong-adaptability technology in carbons capturing and isolating as well as geological storage and form a research routine for the whole process of CCUS technology, which lays foundation to apply CCUS technology in a large scale.

Project Name	Project Progress
The Demonstration Project of 500kW Independent Ocean Power Generation	On the Progress
The First Floating-Carrier Type of Horizontal Axis Tidal Power Generation Set of 100kW in China	Generation Successful
The First Seating-Seabed Type of Horizontal Axis Tidal Power Generation Set of 50kW Level in China	Generation Successful
The First Demonstration Plant of Tidal Power in Megawatt-scale Level in China “The Demonstration Project of Tidal Power in Zhoushan”	Project Approval

Development of Carbon Trading

Impacted by the global economic environment, the international carbon trading represented as CDM enters a downturn period, whereas China is constructing the carbon trading market in full swing. 2013 became the first year of the carbon trading era of China.

As one of Chinese companies to actively participate in the international carbon trading, CNOOC has successfully developed 9 CDM projects, 4 of which have obtained certification with a total emission reduction equivalent to 3,880,000 tons of carbon dioxides. Such a developed CDM methodology for conducting air separation by utilizing LNG cold energy has become the first CDM methodology among the international cold energy to be successfully registered in the UN.

CNOOC is consistently concerned about the carbon trading market construction of China and committed to the research and development of carbon assets such as CCER project development, CCER methodology and etc. Our business in China reaches as far as 7 carbon emission trading pilot provinces and cities for the first batch, and we must paid-up the carbon quotas issued by the nation every year.

CASE Equity Participating in China Beijing Environment Exchange

As one of the contributors, CNOOC is China Beijing Environment Exchange's second largest shareholder. On the day of November 28, 2013, the first transaction of business on the trading of carbon emission right in Beijing was warmly started in China Beijing Environment Exchange. It was successfully realized a smooth start in the first-day exchange with 40,800 tons of total trading volume and RMB 2,041,000 Yuan on the volume of transaction, in which successfully made 2 pieces of assignment through agreements with 40,000 tons of trading volume and RMB 50 Yuan/ton on the average price and reached 3 pieces of public trades on-line transaction with 800 tons of trading volume and RMB 51.25 Yuan/ton on the average price.

After 5-year explorations and innovations, China Beijing Environment Exchange forms 4 main lines on business as carbon trading, emissions trading, energy efficiency credits exchange and service in low carbon transformation. It will continue to

maximize the advantage of market stage and strive to become the central market of carbon trading of China and the pricing center of international carbon trading.



ENERGY CONSERVATION AND EMISSION REDUCTION

Energy saving is the most straightforward way to reduce emissions at present stage, whereas emission reduction is the most effective way to protect the ecological environment. CNOOC has realized the low carbon management in the whole process of productions, circulations and consumptions and exert itself to become a “resource conserving and environment-friendly” corporation.

In the process of making the choices of supplier and contractor, we have been attaching great importance to review their action performance in terms of the energy conservation and emission reduction, and actively guiding them to the green and low-carbon development road.

In 2013, we implemented 131 projects on energy saving and emission reduction, with RMB 277 million Yuan investment in the whole year. The energy consumption per RMB 10,000 turnover is 0.2916 tons of standard coal, a drop of 5.1% compared to the previous year, and we managed to save energy equivalent to 299,000 tons of standard coal in which 30 affiliated units all reached the annual energy saving target.

The management ways involve environment protections of construction projects, merger projects and producing process with the implementing rules about the evaluation of project construction, check and completion acceptance of Environmental Protection Facilities, qualification management for environment protection personnel at working site and the regulations on the statistics and management of greenhouse gas emissions etc. In addition, we involved in 2 state mandatory criteria such as the Product Energy Limitations for Petroleum Refining Units, and compiled 5 standards of energy saving corporations such as the Inspection and Evaluation Methods of Energy Saving for Offshore Oil Ships, revised Encouragement & Punishment on Energy Saving Assessment and listed all of the 70 energy saving requirements into the assessment of the affiliated unites.

With an emphasis on the environment protection management on full life cycle of the construction projects, CNOOC set specific managing systems and control measures for each links involving from project’s pre-phase, construction phase, to operation phase till to abandonment. Based on our information system platform for the environmental management, we implement an all-around management on “Three Wastes” emission terminals of the affiliated units at different levels, and take the filling, counting, supervising and alarming of the pollutant emission data into the information management. In this way, we realize a flattening and delicacy management for the environment protection.



<h1>2.094</h1> <p>(tons)</p> <p>New water consumption per RMB 10,000 turnover</p>	<h1>6.436</h1> <p>(million tons)</p> <p>Water resource saving volume</p>
<h1>1936</h1> <p>(tons)</p> <p>Chemical oxygen demand</p>	<h1>16060</h1> <p>(tons)</p> <p>Sulfur dioxide emission</p>

0.2916 (tons of standard coal)

Comprehensive energy consumption per RMB 10,000 turnover

2013	0.2916
2012	0.3074
2011	0.3226
2010	0.3105
2009	0.3559



CASE Delicacy Energy Conservation Management in Western South China Sea Oilfields

In 2013, Western South China Sea Oilfields carried out the delicacy management, promulgated Energy-saving and higher Efficiency Management System and Energy Management System, formulated detailed work plan and work standards. Through carrying out efficiency benchmarking among the same industry domestically and overseas, the management system has been sustainably improved and intelligent management of energy utilization has been realized in oilfields such as Wenchang and Ledong etc. by making use of “energy management and control system”. Energy-saving targets are divided into three levels; energy-saving office, operation companies and teams or groups shall sign “Liability Statement of Energy-saving Target” in different levels respectively. Distinctive energy saving publicity, implementation and training activities have been carried out, creating a good energy-saving environment.



CASE Recycle of Associated Gas, Benefiting 8 Million Families

Natural gas is a kind of clean energy, so recycle the associated natural gas to be released or burned can not only save the precious energy, but also reduce carbon emissions. Bohai Oilfield made full use of the conditions that the distribution of oilfields are relatively concentrated in Bohai Sea and the seawater is relatively shallow, etc., energetically carried out recovery and utilization of the associated natural gas, implemented projects including Bohai Southwest Network Gas Supply Project, Penglai and Caofeidian Natural Gas Transmission Project, the gas flaring has been dramatically reduced. In 2013, the utilization rate of the associated natural gas reached 80.45%, and the amount of recycled associated natural gas was 780 million cubic meters equivalent to annual consumption amount of 8 million families.



CASE Obvious Effect of Energy Conservation and Emission Reduction through Waste Heat Recovery Project

In November 2012, Turbine Waste Heat Recovery Project in Jinzhou 9-3 Oilfield in which we invested about RMB 20 million Yuan put into the operation. The newly invested recovery devices of turbine waste heat and the original heating furnace of heating medium oil are mutually backup or supplementary, which can also reduce or even replace natural gas consumption of the heating medium furnace. With approval by a third party, the project made natural gas consumption per unit product reduce by 15.07%. In 2013, we managed to save energy equivalent to 7,435 tons of standard coal, and reduce CO₂ emission equivalent to 12,630 tons.

There is little associated gas in Panyu Oilfield Field. In order to improve the energy utilization efficiency and save energy, in May 2013, we installed 2 sets of heat furnaces on the exhaust pipe of FPSO main motor, which successfully replaced crude oil by the waste heat in flue gas to heat the medium oil. Up to the end of 2013, we managed to save crude oil over 1,000 tons, and reduce CO₂ emissions 3,366 tons.



Recovery devices of turbine waste heat in Jinzhou 9-3 Oilfield



Flue gas utilization devices of FPSO in Panyu Oilfield

1815 (tons)

Offshore petroleum hydrocarbon emission in 2011-2013

2013	1815
2012	1785
2011	1701

CASE Optimization of Water Network, Dramatic Reduction of Water Consumption

Zhongjie Petrochemical has overall planned the optimal arrangement of water network. Once entering the network, water will be applied with repeated use, clean-up shunt, dispersion regeneration, and wastewater reuse. For two years, through the implementation of a series of water saving projects such as condensation water recycle by oil and iron removal, low temperature water recycle, gas separation plant heat medium water, reclaimed water recycle, and condensation water recovery and desalination, etc. the water consumption per ton of oil in Zhongjie Petrochemical reduced from 2.23 to 0.88, dropping by 60% and annually saving water equivalent to 3.3 million tons.



CASE Multi-level Utilization of LNG Cold Energy for Reclaimed Rubber



Fujian LNG cold energy low-temperature rubber crushing project

The trial production of Fujian LNG Cold Energy Low-temperature Rubber Crushing Project has been successful. Cryogenic fine rubber powder device is the national first equipment that makes indirect use of LNG cold energy to process waste and old tyre through multi-level use of liquefied nitrogen cold energy, combined with the process of mechanical crushing in the ambient temperature and cryogenic fine crushing with low-temperature liquefied nitrogen. Compared with the process of common rubber powder production around the country, it possesses the advantages of low energy consumption, high product performance, and high utilization, etc. It annually managed to save electricity equivalent to 3 million kWh, indirectly reduce CO₂ emission equivalent to 18,000 tons, effectively decreasing the black pollution of rubber, increasing the reclamation and recycle rate of rubber, and meeting the targets of “energy conservation, emission reduction, and low carbon environmental protection”.

CASE Integrated Wastewater Treatment Project

CNOOC has many construction projects in Huizhou area; the total amount of pollutant emission is relatively large, and the environmental risk is high, attracting a lot of attention from the society. Therefore, we implemented Integrated Wastewater Treatment Project in Huizhou, promoting centralized recovery, centralized treatment, centralized up-to-standard emission, and overall use of wastewater together with different departments and units.

We even applied the patent technology and equipment imported from TSKE in the trail unit of wastewater treatment devices in Huizhou Petrochemical 5th Factory. Wastewater and discharge of storage tank gas generated in acrylate device is disposed through method of high temperature burning, and the index of pollutant emission is completely in conformity with the requirements of national and local standards.



ECOLOGICAL DIVERSITY PROTECTION

CNOOC has always attached importance to protecting the ecological diversity of our operating sites and their surroundings. Protecting the environment is our unwavering commitment during all phases of a project life cycle. To this end, we begin environmental impact assessment (EIA) early. We always make it a point to pre-assess environmental risks during the pre-feasibility and feasibility study stages so that we can identify in advance the environmentally sensitive targets in the vicinity of the project, as well as avoid environmental risks and make the necessary arrangements in good time.

CASE Egrets Flying Free in Diefu Mountain

Diefu Mountain is located in the west of Dapeng Peninsula Geopark, surrounded by green trees. Annually, three to four hundred beautiful egrets will fly here for seeking food, nesting, and breeding the next generation.

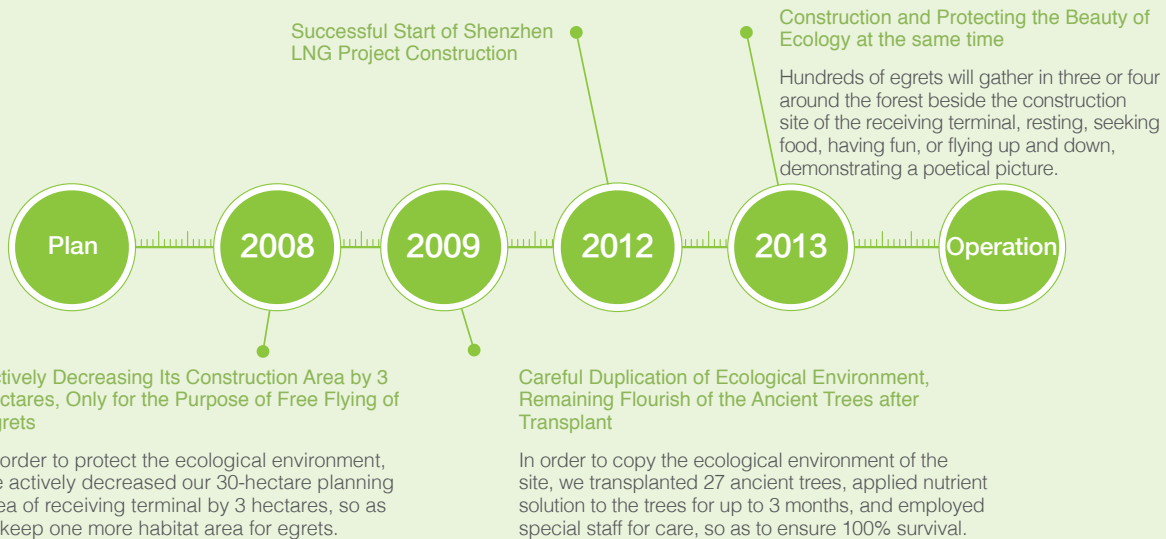
Shenzhen LNG Receiving Terminal is just situated in the embrace of Diefu Mountain, ringed on three sides by mountains, and facing to the sea on the other side, which enjoys the reputation of “a good geomantic omen”. We hold the principle of “Modern industrial civilization must be in harmony with natural environment” since the planning of the project.

Local villagers were worried that the ecological environment here

would be destroyed at the beginning of Shenzhen LNG Terminal site selection. However, at present, they have completely set their mind at rest, witnessing the intensive care for environment by us. Tie Jin, one of the villagers, said, “Egrets are auspicious elves coming to nowhere except auspicious places. Shenzhen LNG engineering construction doesn’t destroy the local ecology, and Diefu Mountain is the same as before, still serving as the heaven of egrets.”

Wu Tuhua, an employee of CNOOC who has stayed in the site for 5 years, also said, “We are now in harmony with egrets, and engineering construction develops perfectly with natural environment, realizing our ‘ecological civilization dream’.”

Shenzhen LNG Receiving Terminal belongs to super large clean energy project. Invested about RMB 8 billion Yuan, and commenced on August 31, 2012, it will construct 4 super large storage tanks and 1 jetty for LNG carriers, and plans to be put into operation in 2015. It is of great importance for the nation to promote low-carbon city pilot in Shenzhen.



Through the platform of CNOOC Marine Environmental and Ecological Protection Public Welfare Foundation, we have actively committed ourselves to the ecological diversity research and protection project, promoting resource restoration and environment improvement in the area where the project is located, making our effort to create better ecological conditions for building a beautiful China.

Ecological Protection Projects

- 1 Enhancement and Release Activities
- 2 Larga Seal Preservation and Research Project
- 3 Yellow River Delta Mudflat Wetland Resources Development and Protection Research Project
- 4 Grateful Dongjiang River Environmental Protection Project - Dongjiang River Source Area, Regional Water Conservation Forest and Ecological Forest Project
- 5 Beautiful Fishing Village Construction Project



Enhancement and release activities for biological resources

CASE Thanks to Enhancement and Release Activities, Tens of Thousands of Fishes and Shrimps Returning to the Sea

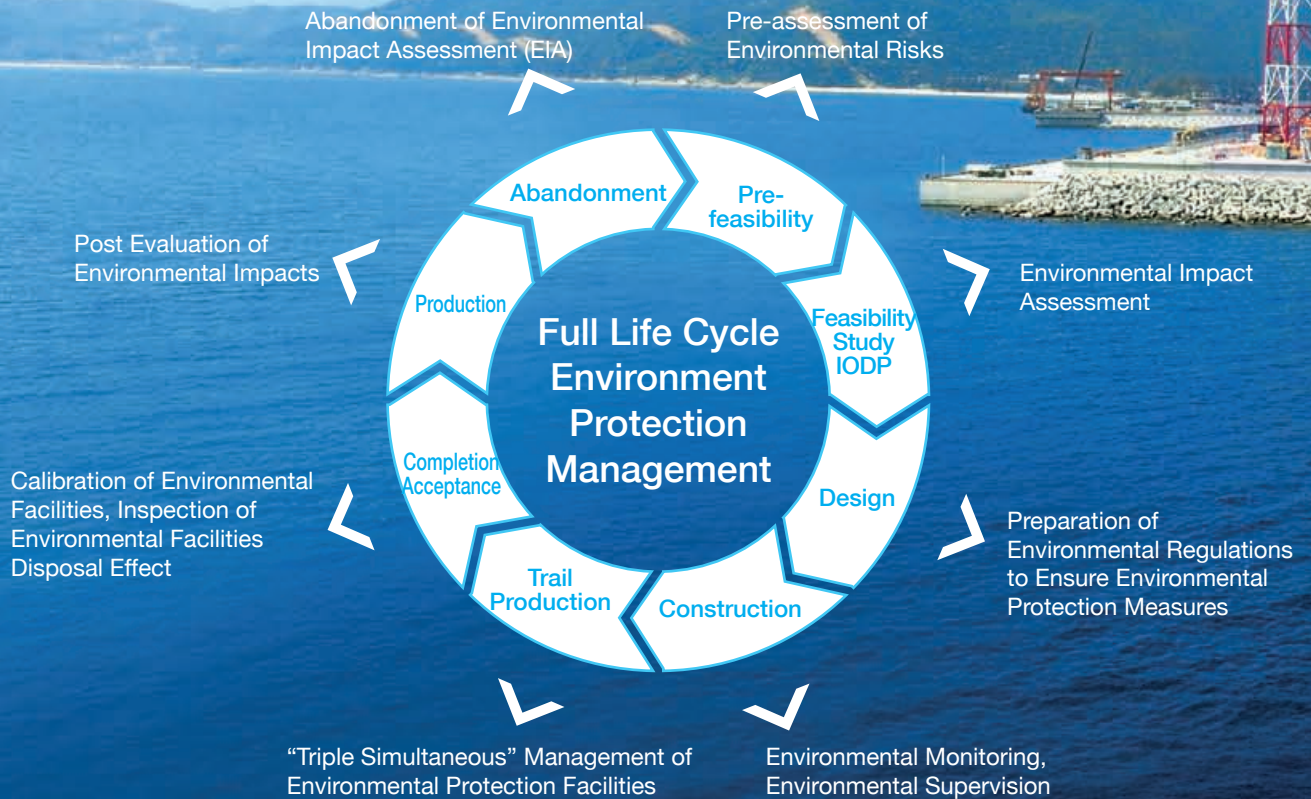


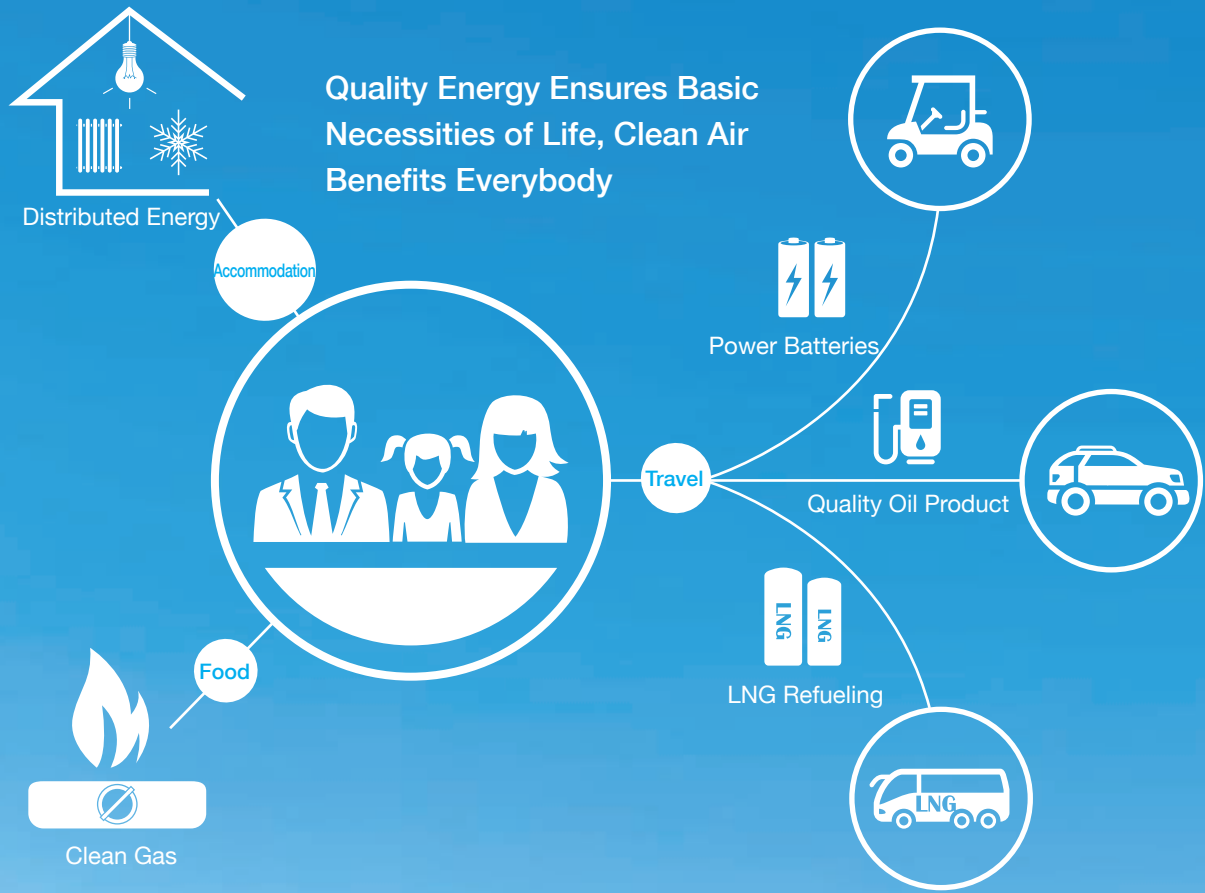
On June 26, 2013, CNOOC and Administration of Ocean and Fisheries of Guangdong Province, and Huizhou Municipal Government carried out enhancement and release activities for biological resources at Huizhou Jetty of CNOOC, together with Agriculture, Fisheries and Conservation Department of Hong Kong, Official Provisional Municipal Council of Macau. The theme of the activity is “Creating Beautiful Harbor, and Constructing Ecological Civilization”. Getting together with compatriots of Hong Kong and Macau, we released through skateboard seedlings of fishes, shrimps and sea turtles into the sea, which were equivalent to 1.6 million fish seedlings, 6 million shrimp seedlings, and 188 sea turtles adapted to sea environment of China South Sea.

筑梦

碧海蓝天

DREAM REALIZING
IN BLUE SEA AND SKY









**EMPLOYEES'
DEVELOPMENT**

Employees are the most valuable resource and asset of the Company. With the concept of "People Orientation", CNOOC seriously fulfills its responsibility to the employees, respects their legal rights and interests, improves work environment for them, concerns itself with their physical and psychological health and expands their career development space to achieve the common development of the Company and the employees, so that the employees from all over the world can write a harmonious chapter of CNOOC in different languages.

CAREER DEVELOPMENT

Guarantee of Rights and Interests

CNOOC strictly abides by international and national laws and regulations, respects for human rights and proactively advocates our partners, suppliers and contractors to make common efforts to observe relevant regulations.

We strictly implement the laws and regulations and policies on labor and employment of the country where the businesses are located and treat the employees equally. In the principle of fairness, impartiality and transparency and on the basis of qualities required for job, we recruit and use employees without any discriminatory provisions or behaviors to strive to establish a harmonious and stable labor relation.

We recruited 4,225 graduates throughout the year and totally 9,000 graduates over the last 3 years. By the end of 2013, the total number of the employees was 108,646, in which female employees accounted for 25%, with 100% of signing rate of labor contracts, 100% of coverage rate of social insurances and 3% of staff turnover rate.



CASE Small Nursery Room Holding Strong Human Kindness



We have provided a private room of 9 m² in the office building for lactating women to ensure their babies can drink fresh breast milk every day. "Many of my friends expressed their envy when they saw the pictures of the nursery room I uploaded to the WeChart group, which makes me feel CNOOC's care for female employees." said Wu Zhengwan, an employee who gave birth to a child recently.



Proportion of female managers at department level or above in 2013



Staff turnover rate in 2013

Living Guarantee

We have instituted a mechanism to increase the employees' remuneration, when the Company builds upon its achievements in development, and directed the increases mainly to those work in the forefront of production, with low income or at the basic level. The Company also provides the employees with physical examination services, paid leaves, support for difficulties, aid for major diseases and other welfare so as to resolve their problems.

In 2013, the standard subsidies for the front line employees working at different sea areas increased significantly, bringing benefits to 37,000 employees. We increased the incomes of 3,817 low income employees such as oil and gas suppliers. The Company invested RMB 12 million Yuan for the support and condolence for 4,000 employees in need.

12
(RMB million Yuan)
Investment in support for difficulties



On the Spring Festival in 2013, CNOOC's Chairman Wang Yilin went to the homes of the employees in need to express his regards.



The condolence money totaled over RMB 1 million Yuan was sent to the employees' families who suffered from Ya'an earthquake in Sichuan.

CASE Dedicated Phone Line Becomes the Bridge Connecting the Sea with the Land

In order to help the new employees on the Platform Nanhai No.2 adapt themselves to the work environment as soon as possible, we provide the new employees with a dedicated phone line in the radio room from 6:00 pm to 6:30 pm every day so that they can talk with their families and friends on land.



CASE Special Bikes for the Convenience of Employees

In 2013, CNOOC Gas & Power Group, Fujian LNG Co., Ltd. purchased a number of bicycles and distributed them to the groups and teams to reduce the labor intensity and improve the work efficiency.



Occupational Health

CNOOC always gives priority to the life safety and physical and psychological health of the employees. We strengthen occupational health management and psychological health maintenance, actively improve the operation environment, focus on the identification, analysis and control of occupational disease hazard factors in workplaces, conduct and popularize occupational health promotion activities, so as to ensure the physical and psychological health of the employees.

Our management is strictly carried out in compliance with the requirements regarding the occupational health for all construction projects, accompanying with proper implementation of the appraisal on occupational disease hazard factors as required. Throughout the year, there are 49 projects already undergone the pre-appraisal on occupational disease hazard and 23 projects undergone the appraisal on control effects of occupational disease hazard.

By referring to the existing international and domestic standards, we have

established the grading principles for common occupational disease hazard factors and the hazard grading list, which develops into a grading principle for chemical factors and noise as well as a grading list for 47 kinds of major chemical occupational hazard factors. By virtue of the existing Occupational Health Management System, we have realized the grading of priority on control of hazard factors.

We constantly endeavor to improve the management on occupational health in workplaces and specially deal with the out-of-standard cases discovered there. Throughout the year, regular tests of occupational disease hazard factors have been completed at 99.48% of 963 workplaces, and noticeable dust out-of-standard problems during delivery of raw materials and products in one of CNOOC’s petrochemical plants have been specially solved, with the result meeting the national standards.

Occupational health monitoring covers all employees who are exposed to

occupational disease hazards, in which occupational health examination rate is 99.95%. 1 new case of occupational disease was found in the year, belonging to the occupational noise-induced hearing loss by long-term exposure to the marine engine room. We have helped the patient in job transfer to an onshore post in accordance with the Law on Prevention and Control of Occupational Disease, and carried out the general investigation and relevant rectification on the noise from this marine engine room.



CASE Carry Out Featured Activities, Concern about the Health of Staff



Work-break exercises for employees working at sea

The Company actively carries out various featured activities with the intention to improve the health of employees. On basis of the analysis on physical examination results of the employees at high risk of chronic disease, the Company launched pilot projects of “Health, Walking with You” and “Knowing Your Health”. For the serious impact on health of risk factors such as overweight and obesity, the Company made organized health intervention under the guidance of experts, including following personal exercise prescriptions and nutritional diet prescriptions and to conduct monitoring and result assessment over energy consumption in sports, which has made significant improvement in health indicators and satisfied the employees. According to the overall health status of the staff, the Company carries out health promotion activities such as “CNOOC, Walking Healthy”.

Psychological Care

Giving careful consideration to the work features at sea, we build a mental pressure model for the offshore employees, and provide stress management and psychological health service to ensure their psychological health. Every platform is equipped with a psychological counselor to provide psychological consulting for employees and mitigate their negative emotions, which produces a remarkable effect.

In 2013, we continued the questionnaire survey towards the fresh graduates' psychology and provided 3,479 personal psychological examination reports. We also conducted the sampling survey on the offshore employees' psychology. After analyzing 7,407 effective questionnaires, we had a general understanding of their psychological activities during work, typhoon evasion and vacations.

The young employees who were employed in recent 3 years have experienced the questionnaire survey. Based on the 5,239 feedback questionnaires, the Analysis Report on Sustainable Development and Influence Factors for CNOOC Young Employees in 1-3 Years has been completed, providing a reliable basis for improving their healthy growth.

CASE Nanhai No. 5 - Special Love to Special You

We engaged a professional psychological counselor for Nanhai Drilling Platform V, who gave detailed explanation and made analysis for employees working at sea on the pressure change curve, methods for relieving pressure and some symptoms due to excessive pressure. In the interactive link, the counselor taught some games for psychological adjustment to guide the employees to reduce stress.



The front line employees working at sea



Psychological counseling for the front line employees

CASE Families Visit the Staff on Platform

For a long time of separation, the platform staff and their relatives are deeply concerned with and miss each other, for which Bohai Oilfield has carried out the activity of "opening day for families" for the third consecutive year, attracting nearly one hundred people from more than 40 families every year. The activities such as visiting the production platform at sea, holding a family party and giving a lecture on petroleum science help the families of the employees understand and support their business and contribute to the stability and harmony of families.



The employees' wives on the platform



Opening Day for families

CASE Romantic Proposal Across the Ocean

It is said that it's not easy for the employees at sea to find their Mr./Ms. Right, but in fact, they have their own romance. On the Tanabata Festival in 2013, an employee of Bohai Oilfield proposed to his girlfriend far away from him by painting with light, who

was deeply moved and carefully kept the special photos and showed them to everyone. On that day, many employees at sea also expressed their affection by various ways to their lovers who support their work.



CASE Chinese and Foreign Staff Merrily Celebrate the Chinese Spring Festival

On New Year's Eve, the off-duty employees of the platform "Hai Yang Shi You 981" got together to celebrate auspicious Chinese New Year at sea. They warmly invited foreign staff to enjoy spring festival gala, make dumplings and put on performance. The foreign staff appeared to be familiar with every step of kneading dough, rolling wrapper and final stuffing.



Development Access

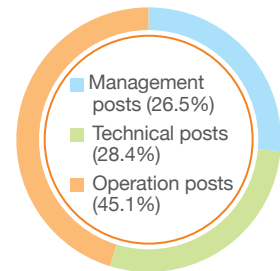
Focusing on the common development of the Company and the employees, CNOOC integrates the enterprise development strategy with the employee career development plan. We pay attention to provide the employees with access to growth and development. According to the characteristics of different specialized groups, we have designed three career development accesses including management, technology and work, and established a training system of four in one with respect to selection, training, assessment, and promotion and qualification authentication to improve personal professional ability and work performance step by step in a planned manner.

In 2013, we held 44,290 training courses, covering 982,948 persons, for a total of 9,955,093 hours, 95 hours per person. 10 overseas training programs provided 227 international talents. 114 personnel for exploration, downhole operation and drilling & completion have obtained vocational qualifications of supervisor or above level while over 700 project personnel obtained relevant vocational qualifications.

95 (hours)

Training hours per person

2013	95
2012	82
2011	68
2010	52
2009	48



Post structure diagram

CASE On-site Teaching

The Company actively makes innovations in training methods and increases the proportion of on-site teaching by following the general thought of “to make the fruits and cases of management innovation practices as the curriculum, the sites as the classrooms and the practitioners at all levels as the teachers”. Based on the systematic summary of management innovations of the Company since 2006, we selected a number of management innovations that are worth popularizing, distinctive, remarkable and targeted, independently developed 17 courses for internal on-site teaching and organized the students to participate in on-site teaching in Tianjin, Yanjiao, Shenzhen, Huizhou, etc., providing them with opportunities to learn in other places so as to expand their horizons, develop their thoughts and improve their ability to solve problems.



The visits to oilfield service companies, in particular COSL Science & Technology Park, completely change my thinking of the research & development ability of oilfield service companies being still in its infancy and eliminate my misunderstanding.

—Wei Hong’an

The on-site teaching combines teaching with field observation. It impresses me and realizes my years-long dream of learning in the upstream unit.

—Ding Hongyu

The on-site teaching is definitely helpful to the students from different fields. We should develop it, tighten standards on teachers and teaching materials and keep on improving.

—Wang Jianfeng

CASE Seminar of “From Technology to Management”

In order to help the managerial personnel who are transferred from technical posts adapt themselves to the role change as soon as possible and improve their management skills, the Company held the training course of “from technology to management”, with “role change—ability improvement—experience sharing” as the main thread, in which a total of 42 persons participated.



The winner of National Labor Medal said that,

Over the past 32 years, I have grown into a project leader from a repair tongman and I have experienced numerous overhauls and rush repairs and overcome countless difficulties. I know all equipment very well, particularly various pumps to be repaired frequently, only from the appearances of which



I can determine the types of faults. I am also good at examining and repairing the compressor unit. I am more than happy to share maintenance experience with my disciples. Most of them have taken important positions such as team leader and technical supervisor and each can work independently as a key technician. As the general project leader held heavy responsibility, I will make every endeavor to lead the team to complete the tasks with high quality, breaking the record of “minimum repair days” time and again.

CASE The Most Beautiful Front Line Worker—CNOOC Frogmen

In 2013, the most beautiful front line workers of CNOOC should be professional divers. Since seawater corrosion and oceaning operation may damage the subsea pipelines, 51 professional CNOOC divers conduct inspection and maintenance of the subsea pipelines on a regular basis in order to ensure they are in good condition. The divers are called as “CNOOC frogmen”. They have drawn media attention in the report activity “Look for the Most

Beautiful Front Line Worker” and their story has been published on China Daily and China State-owned Assets Report. It is known that CNOOC has laid 252 oil and gas pipelines over the past 31 years, with a length totaled 5,018.76 km, equivalent to the straight-line distance from Beijing to Moscow, which constitutes the oil and gas main artery of marine territory of China, and all these achievements should be owed to the “CNOOC frogmen”.



Go on an expedition



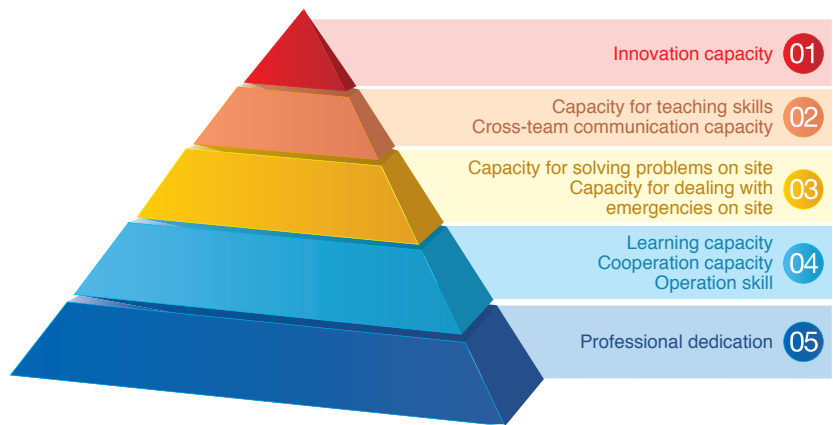
Dive into the sea



Subsea operation

CASE Growth and Cultivation of Skilled Talents

CNOOC has established a development system for skilled talents. With skill appraisal, commending, skill competition and expert engaging as the platform, we promote the workers accounting for 45.1% of the staff to grow into skilled talents in an orderly manner and maximize their creativity for value. There are 5 national skilled talents who enjoy the special allowances from the State Council, 15 national technical experts, 37 technical experts in the SASAC system, 57 CNOOC technical experts, 24 skilled experts of subsidiaries, 169 senior technicians, 786 technicians and 7,761 senior workers in the Company, and senior skilled operating talents has increased to 39.2% of all the workers.

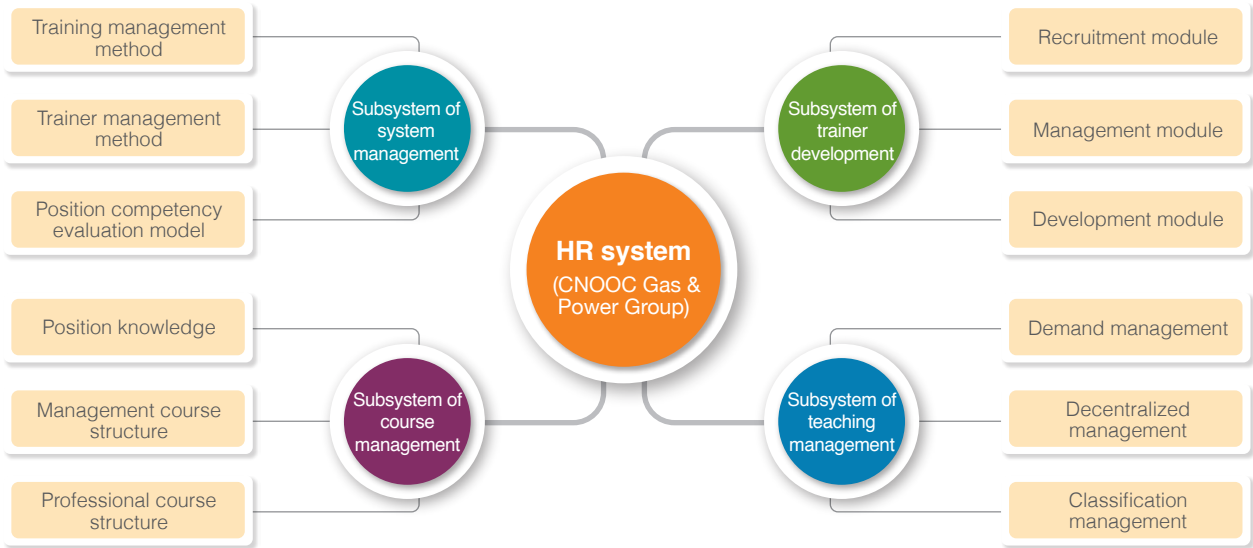


Capacity Factor Model for Skilled Talent



Pictures: Showing exclusives and charms on skill competition stage

CASE Speeding up the Development of Clean Energy, Systematizing the Human Resources Development



Employee Evaluation

Thanks to the scientific human resource development system owned by its affiliated Gas & Power Group, the LNG industry of CNOOC has maintained a leading position in China. Our trainees will go to Fujian Putian LNG training base for theoretical study and on-site rotation training. Seeing that groups of my students have grown into the backbone of the Company, even become industry experts, as an internal trainer, I have a strong sense of accomplishment.

——Internal trainer Zhao Wei



After I joined the Company, I accepted the one-year system training of CNOOC Gas & Power Group with three phases of induction training, basic level rotation training and position practice guided by mentors. The words and deeds of internal trainers and on-site masters make me deeply feel the attention and care from the Company, and the internship program (training agreement signed with mentors) made for each new employee played an important role in encouraging us to develop in a better and faster way. In the period of internship, I participated in various team activities and outward trainings, which made me joint the family of CNOOC Gas & Power Group rapidly with a strong proud of being a person of CNOOC.

——New employee of CNOOC Gas & Power Group
Zou Wuchen



EMPLOYEE PARTICIPATION

We have made our effort in constantly improving the employee democratic management system, effectively protecting the employees' rights to know, supervise, participate and express, strengthening the rights protection of labor union organization with a 100 percentage of employees participated in labor union. Through forms of community-level investigation, publicity of factory affairs, proposal of workers' congress and other measures, the democratic management channel has been gradually widened. In 2013, we got 3,760 advices and developed 1,132 rectification measures.

The Company has created various conditions for implementing rich, colorful and healthy employee recreational activities, in order to strengthen the employee's team spirit and sense of belonging to enterprise.

CASE Protecting Democratic Rights, Keeping the Opinion Channel Open

All subsidiaries of CNOOC have established a labor union organization and the system of workers' congress to protect the employees' right to participate in major enterprise decision-making and ensure the opinion channel open so that the employees' opinions and advices can be rapidly sent to the Company.

CASE Rich and Colorful Recreational Activities with Impressive Team Building

In 2013, the labor union of CNOOC played a role of 9 recreation associations, and continued to do a good job in holding employee activities. Moreover, the public area was equipped with sports equipments for physical exercise of employees. The CNOOC Tianjin Company held autumn fun games for employees with more than 600 employees and their family members participated in 12 fun games.



7.66 (points)

Employee satisfaction (10 points in total)

2013	7.66
2012	7.89
2011	7.72
2010	7.62
2009	7.60

100%

Percentage of employees participated in labor union

CASE Systematizing the Rationalization Proposal to Bring Economic Returns



Dress the sling to bring economic returns

CNOOC Energy Technology & Services Limited has systematized and normalized the rationalization proposal, keeping the opinion collecting channel open, in order that employees can submit the proposal to each level. In 2013, more than 20 thousand rationalization proposals were received. For example, the proposal form Qu Qihua, the dockman of CNOOC Logistics Company, is to reinforce the sling that is frequently used for hoist. In a half year after adopting this proposal, the Company saved nearly RMB 30 thousand Yuan.

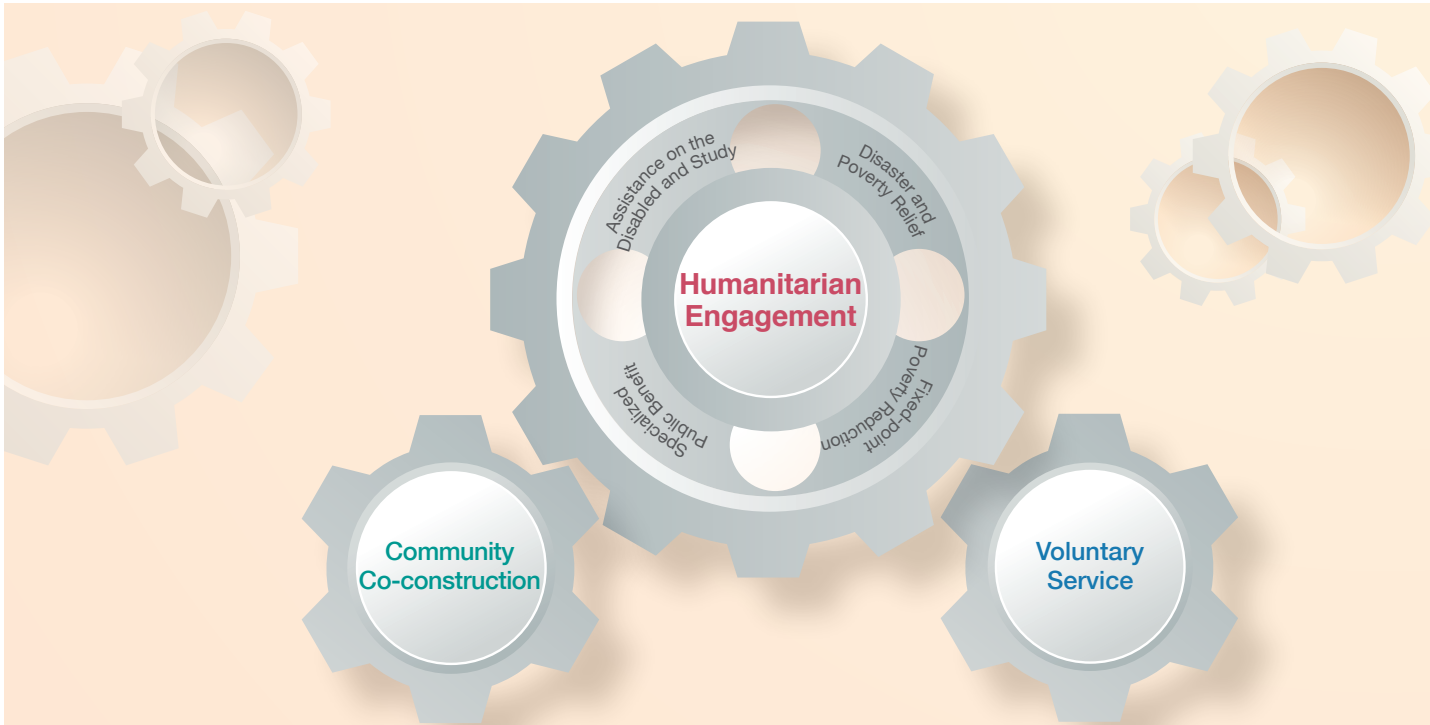
CASE Expressing Opinions on Online Forum and Microblog

CNOOC information network specially provided "CNOOC Online Forum", encouraging employees to express their opinions, and all effective opinions will be replied. The Company launches "Blue Youth" microblog to encourage youths to offer advice and make suggestions. more than 1,000 advices in microblog was collected.



COMMUNITY SERVICES

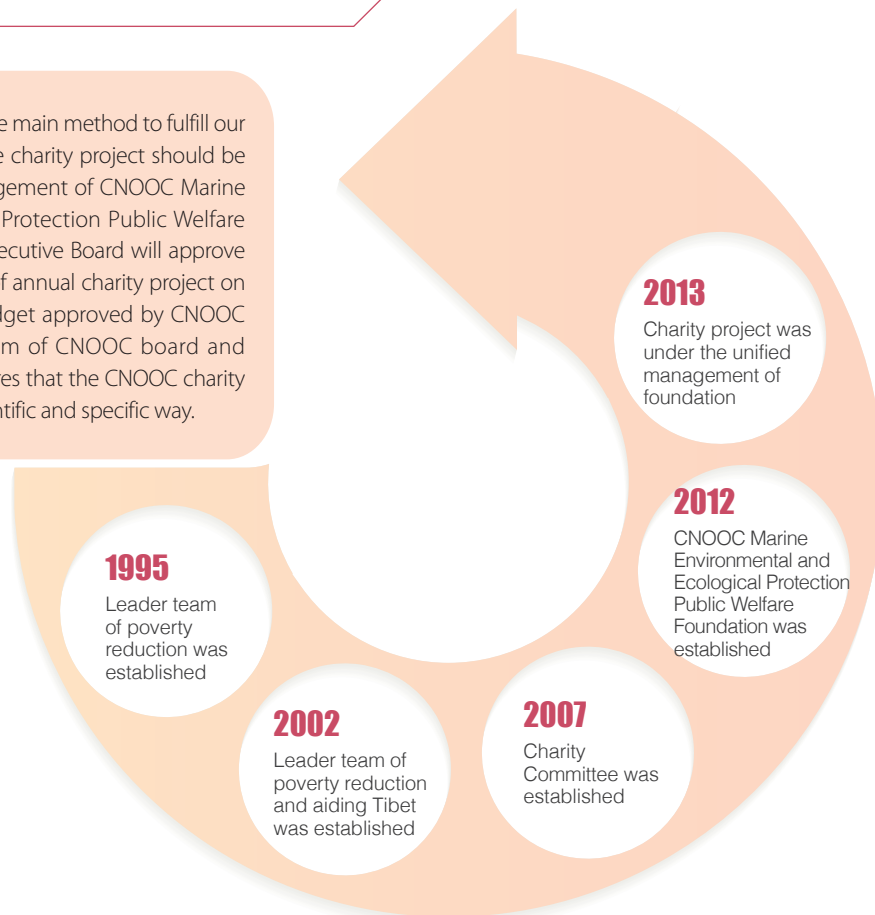




30 years of sustainable and healthy development of CNOOC is closely related to the support and help of each stakeholder. We believe the fundamental of enterprise social responsibility is to facilitate the economy and employment by enterprise development for giving back to the society with development achievement. In 2013, we continued to devote to humanitarian engagements, volunteer service and making joint efforts to build the community with a yearly total investment of RMB 86.88 million Yuan.

HUMANITARIAN ENGAGEMENT

Humanitarian engagement is the main method to fulfill our social responsibility. In 2013, the charity project should be totally included into the management of CNOOC Marine Environmental and Ecological Protection Public Welfare Foundation. The Foundation Executive Board will approve by voting the specific content of annual charity project on the basis of annual charity budget approved by CNOOC board. The dual control system of CNOOC board and council of the Foundation ensures that the CNOOC charity can be managed in a more scientific and specific way.



1995

Leader team of poverty reduction was established

2002

Leader team of poverty reduction and aiding Tibet was established

2007

Charity Committee was established

2013

Charity project was under the unified management of foundation

2012

CNOOC Marine Environmental and Ecological Protection Public Welfare Foundation was established

Fixed-point Poverty Reduction

We always adhere to the poverty reduction principle of "overcome difficulties, support foundation, and establish long-effect mechanism", supporting fixed-point poverty reduction cities and counties of Hainan, Gansu, Inner Mongolia and Tibet to get rid of poverty. Our fixed-point poverty reduction Lingshui County of Hainan Province had gotten rid of poverty formally in 2012.

CASE

Supporting Talents, Bringing Happiness to Students

Wuzhishan Middle School is the only combined junior and senior high school in Wuzhishan City of Hainan Province, in which the teaching buildings have been unable to meet the teaching requirements of nearly 2,500 teachers and students. From 2013 on, we will contribute RMB 6 million Yuan within 3 years to build a teaching building of 5-storey frame structure with a building area of nearly 3,400 m².

The facilities of Nanmao Middle School of Baoting County of Hainan Province was old and shabby, which have a seriously impact on teaching quality and student safety. In 2013, we contributed RMB 4 million Yuan to build a comprehensive teaching building of 4-storey frame structure with a building area of nearly 6,000 m² on the original location within 2 years. The scope scale can be enlarged after construction completion with the newly added reading room, music and art room, computer room and equipment room enriching students' cultural life.



Effect picture of the new comprehensive building of Nanmao Middle School



Children of Hebei province CNOOC Hope Primary School use their new desks

CASE

Poverty Reduction to Benefit Tibetan



CNOOC-founded health centre in Kajiaman

Health Centre

In township health center of Hezuo City in Gannan Tibetan Autonomous of Gansu Province, the clinic cannot satisfy the demand and the treatment environment remains worrying. For meeting the medical treatment and health care requirement of farmers and herdsmen and helping them to alleviate the difficulty of getting medical service, we made our effort to help the Hezuo City in establishing and improving a service system of medical treatment and health care.

Health centers of Kajiaman and Zuogaiduoma founded by CNOOC have been put into use since 2012 which received highly praise from Gansu provincial health department, having an effect of role model. In 2013, we contributed RMB 5 million Yuan in rebuilding of the health centers of Kajiadao and Zuogaimanma Township with a total building area of 1,792.5 m². The rebuilding of these two health centers will facilitate the health and rapid development of primary health care undertaking of Hezuo City.

Providing Herders with New Tent Houses

Poverty reduction fund of CNOOC will cooperate with supporting fund and masses' self-raised funds of Xiahe County, carrying out the partner assistance project to provide herders with new tent houses, purchasing 750 sets of Tibetan tents and ancillary facilities, helping 750 herdsmen families to live a happy and peaceful life.

People-benefit Project for the Old and Children

In 2013, CNOOC constructed the people-benefit project for the old and children in Zhayou and Jicang Township of Xiahe County. A geracomium of 500 m² and a kindergarten of 1,200 m² are planned to put into use in 2014.

CASE Aiding Tibet with Enthusiasm of CNOOC

Up to 2013, it has been 11 years since CNOOC implemented the work of aiding Tibet. In the past 11 years, four groups of employees sent to aid Tibet had implemented the turnkey project with their strong will, tuning the Nyima County from a county with weak infrastructure and stagnant economic development into the current dazzling North Tibet Pearl. The level of infrastructure, education, health care and living standards has been significantly improved. On the 31st of July, CNOOC sent the fifth group of employees to aid Tibet, jointing hands with highland and writing a new chapter in another 3 years.

2013 Key projects of aiding Tibet:

- ◆ Construction project of fire fighting access and retaining wall of home of herdsman in Nyima County
- ◆ Construction project of well-off demonstration village and ancillary works of Gaqing village, Sinya town in Nyima County
- ◆ Housing project for farmers and herdsmen in Nyima County
- ◆ Purchase project of safety supervision system in Nyima County
- ◆ The main works of construction project of the new village, Nyima town in Nyima County



The fifth group of cadres sent to aid Tibet was distributing the donated clothing to local poor students.



Using the agricultural machinery provided by CNOOC, the herdsmen in Qiangtang were smiling.



Wu Guangqi, vice president of CNOOC, was leading a team to inspect the nursery school built by CNOOC in Gaqing village, Sinya Town, Nyima County.

Disaster Relief and Giving Financial Help

On April 20, 2013, a 7.0 magnitude earthquake occurred in Lushan County of Ya'an, Sichuan. CNOOC and its subordinate units acted rapidly to donate RMB 10.5 million Yuan to earthquake stricken area, at the same time, to propose all employees to show their love, raising donations of more than RMB 5.9 million Yuan for earthquake relief work and to support people in disaster areas to rebuild their home. At the same time, we enhance our support to traditional project of disaster relief and giving financial help.

CASE Helping People in Old Revolutionary Base Areas to Move into New Houses

Xingguo County of Jiangxi Province is an old revolutionary base area and also the national level key poverty reduction county. The local poor families are mainly families of martyr's widow, households enjoying the five guarantees, rural low income households and families that have members with

disability. CNOOC contributed RMB 2 million Yuan to help 200 poor families in Xingguo County to carry out adobe house reconstruction in order that they can move into comfortable new houses from the rough adobe houses and live a happy and peaceful life.

CASE Deep Feelings in Mother Parcel

A part of employees' donations of RMB 5.9 million Yuan was used to assist disaster stricken employee families, the remained donations of RMB 5.09 million Yuan have been donated directionally to China Women's Development Foundation through CNOOC Public Welfare Foundation for the purpose of making Mother Parcel which will be distributed to mothers in 12 disaster stricken cities and counties including Ya'an, Chengdu, Meishan, Mianyang and Suining city. This action not only relieves the extremely urgency of mothers in disaster stricken areas, but also improves their health protection ability so that to help them to regain life confidence and get through difficult barriers.



Mother Parcels filled up with love were sent to disaster stricken areas.



Sichuan Charity Federation is awarding memorial medal decoration and medal of earthquake relief to CNOOC.

CASE Donating Computers to Yage School for Deaf Children

Yage is a public welfare school which committed to providing rehabilitation training for deaf children for many years in Kaifeng City of Henan Province.

On July 12, we sent a batch of computers to 70 deaf children here for giving them convenience of study and life. A British female reporter who did volunteer work here interviewed the children who received the donations with simple sign language, and the children can make simple voice by means of cochlear implants, expressing their inner happiness.



CASE Loving Care for Anemic Infants

In 2013, CNOOC continued to contribute a donation of RMB 1 million Yuan for providing Loving Care Nutrition Package to 10 thousand infants in several areas such as Chayouqian Banner, Sonid Right Banner, Bairin Right Banner of Inner Mongolia, and Jingyuan County of Ningxia and Changwu County of Shaanxi, for improving the anemic condition of infants. The physical quality of infants in these three areas has been significantly improved after taking the Loving Care Nutrition Package.



Household survey



Follow-up service

Caring for Student

University Educational Assistance Fund

Ten years ago, CNOOC removed its enterprise image advertising board and contributed the saved RMB 10 million Yuan to China Soong Ching Ling Foundation, establishing the CNOOC University Educational Assistance Fund for helping poor students. This project combined the financial assistance with the training of health psychology, perfect personality and comprehensive quality of university students. Up to 2015, we will invest an aggregate amount of RMB 38.15 million Yuan and provide financial assistance to 12,496 students.



Letter of thanks of university students who received the support from CNOOC



The project of the CNOOC University Educational Assistance Fund won 2013 Third China Corporate Social Responsibility Outstanding Case Award.

Supporting Primary Education

In 2013, CNOOC continued to provide assistance to poor students in Nanguan Primary School of Yanchuan County, Yan'an City, supporting 32 students each year with RMB 1,000 Yuan released to each student. The assistance of CNOOC not only provides guarantee for poor students of Nanguan Primary School so that they can keep their mind on studying.



Releasing assist funds to poor students of Nanguan Primary School

CASE Setting up Long-term Incentive Funds



Flag raising ceremony participated by primary students in CNOOC-financed project hope primary schools

Incentive Funds of COSL-financed Project Hope Primary Schools were set up in October 2012, and will be evaluated once a year. The incentive funds will be donated voluntarily by all the employees of COSL, amounted for over RMB 550,000 Yuan. It will be served as the special incentive funds for the outstanding teachers who are contributing themselves at remote education line, and the outstanding students who constantly strive to become stronger, and are excellent in both quality and study.

On the eve of Teachers' Day in 2013, COSL continuously delivered the first batch of incentive funds of Project Hope Primary Schools to 418 outstanding teachers and students in 12 COSL-financed Project Hope primary schools in the provinces of Yunnan and Hainan, further motivating the awarded teachers and students.

Special Public Welfare

Mother Water Cellar Project

In 2013, CNOOC continued to support “Mother Water Cellar Project”, and released special funds to ten villages fixedly in the four counties of Yichuan, Yanchuan, Yanchang and Ganquan of Yan’an City. In doing so, we helped build 400 rainwater harvesting pits and four water harvesting facilities (including 1 water saving irrigation and drainage facility), to serve 1,138 families and 4,347 people in the area. For over 10 years, CNOOC continued to contribute in this project, effectively releasing the labor force at the benefited area, improving the sanitary conditions, health conditions and income status for the local people, and actively stimulating the change of living environment and village image in rural areas.



Yan’an “Mother Water Cellar Project” visited by CNOOC Public Welfare Foundation



“Mother Water Cellar Project” warmly welcomed by benefited public

Lifeline Express

“Lifeline Express” is an ophthalmic medical vehicle donated by Hong Kong people to the motherland in 1997 when Hong Kong returned, aimed at supporting vision recovery surgeries for cataract patients in early-revolutionary, minority nationality, border and poor areas. CNOOC took part in this project since 2003, and accumulatively donated over RMB 13.32 million Yuan. In 2013, our donation was mainly used to support the vision recovery surgeries of 250 poor cataract patients in Shaoguan area of Guangdong Province. China Lifeline Express Foundation issued “Brightness Priceless” Award to CNOOC, so as to express their gratitude for our continuous support for this project.



“Brightness Emissaries” on Lifeline Express



Brightness delivering “Lifeline Express”

VOLUNTARY SERVICE

In 2013, through labor unions, administration, youth and women's organizations, CNOOC actively engaged in various voluntary service activities, making use of different forms to provide charitable service for needy employees of the company and social vulnerable groups.

CASE "1+1" Legal Aid, Upholding a Piece of Legal Blue Sky

CNOOC continued to contribute into China Legal Aid Foundation, and supported "1+1" legal volunteer program of China Legal Aid. In 2013, 207 volunteers (of which 121 lawyer volunteers) were recruited and sent in the project, providing centralized help of special legal aids for hundreds of counties where legal aid is needed. Nearly 20 thousand legal aid cases have been handled,

2,000 pieces of social contradict and disputes have been solved. Over 2,000 legal lectures have been held. Legal consultations for over 500 thousand person times have been received. Legal service for over one million needy people has been provided free of charge. The program upholds a piece of fair legal blue sky in undeveloped areas.

CASE Delivery Warmth with Sincerity, Charitable Giving for Ten Years

There lives a group of children in Sun Children Village of Beijing, whose parents are serving a sentence, bringing them into an unattended and unsecured state. Children Village is a private organization, all cost of which is needed to be contributed by the society. For 10 years, CNOOC has annually organized employees to pay a visit and provide aids in Children Village, rendering living support for children there in different forms. In 2013, CNOOC donated "SACF" compound fertilizer to Sun Children Village, provided technical support and service, and solved their winter coal problem as well.



CNOOC expert was helping fertilize the strawberry fields of the Sun Children Villiage

CASE Charitable Giving to Sichuan, Benevolence Gathering in Ya'an

COSL Zhanjiang Branch organized youth volunteering blood donation activities of “Charitable Giving to Sichuan, Benevolence Gathering in Ya’an”, which was actively joined by young employees, with about 6,800 milliliters of blood donated by 33 employees. The charitable activity of youth volunteering blood donation has been held for 5 years, with about 260 people participating in, and blood donation reaching about 50,000

milliliters.

At 8:00 pm, April 21, 2013, employees working at Ledong 22-1 Platform of CNOOC South China Sea West Oilfields gathered on deck, praying for Ya’an Earthquake Areas. Surrounding the red Chinese Characters of “Aixin” (Mercy Love), they prayed with their both hands closed at chest, shouted, “Hold on, Ya’an!”



CASE Caring for Children with Autism

On November 1, 2013, CNOOC Public Welfare Foundation held a public welfare activity of “Caring for Children with Autism” together with China Social Welfare Foundation. During this activity, paintings of children with autism were exhibited, and staff explained every author, every painting, and every moving story hidden behind in details. Employees who visited the exhibit were moved, and contributed their charity into the donation box one after another. They expressed that the activity was acting as a bridge to get us close to children with autism; for those both lonely and sensitive children, if we showed our kind smile and acceptable attitude, we could deliver our love to them, so as to make them feel less lonely.



COMMUNITY BUILDING

As part of our proactive community engagement efforts to address the living needs of residents, we carried out a series of heart-warming projects that would help create harmonious ambiances and beautiful landscapes in the communities. We commit ourselves to serve the community, instill harmony and bring benefits to people. To this end, we try to understand and respect the local culture and take the initiative to assimilate into the communities.

Management of mining communities is a systematic process. By establishing a set of feasible operating frameworks integrating various resources, we strive to foster a properly managed, safe, stable, healthy, happy, civilized, peaceful, vibrant and beautiful community, to improve harmony from a higher level.



CASE Cultural Living after Retirement



Mr. Chairman Wang was visiting retired employees.



“Cultural Living after Retirement” is actively advocated in Bohai mining area, with cultural activities as carriers. Associations of croquet, chess, painting, photograph, etc. have been successively set up, so as to enrich the spirit life of retired people in mining area. In doing so, attraction and cohesive force of culture can be strengthened, creating harmonious and active cultural environment in the mining area. In 2013, Retirement Service Center of Bohai Mining Area was named as the demonstration base of cultural activities for retired people in Tianjin City.



CSR REPORT OVERSEAS



CNOOC OVER THE SEAS

Overseas business of CNOOC was established in 1994, covering more than 20 countries and regions at present. CNOOC ranks No.32 among PIW Top 50 Oil Companies. The company's overseas assets account for 38% of the summarized assets; areas for exploration operation are 110,000 square kilometers; there are up to 1,984 Mboe of proved reserves. The company is the world's third and the country's first LNG buyer, and provides dozens of international clients with oilfield technologies and engineering services. CNOOC vigorously promotes harmonious development of local economy and environment. In the year of 2013, CNOOC first ranked on the Fortune (Chinese version) and was awarded the title of "China's Most Admired Company" for 2013, and became the only selected company in the petrochemical industry.

3968

Crude oil import and export trade volume (ten thousand tons)

2013	3968
2012	3079
2011	2158
2010	1877
2009	1010

32

Ranked No.32 among PIW Top 50 Oil Companies

3

The world's third biggest LNG importer

1	2
3	4

1. The successful acquisition of the Canadian energy company Nexen
2. Signed an agreement with the Brunei National Oil Company on establishment of a joint venture company in the field of oilfield services
3. Successful completion of 164 Pre-assemble Racks of the world's biggest LNG project (Gorgon Project)
4. Signed LNG sales agreement and Queensland Curtis LNG assets transfer agreement with BG Group

- **CNOOC Ltd. creates a new era for international operation**

CNOOC successfully acquired the Canadian energy company Nexen 3,771 kilometers of 2D seismic acquisition and 353 square kilometers of 3D seismic acquisition were completed in the whole year. The company achieved 35 exploration wells and obtained 8 new exploration findings. We produced 27.46 million tons of crude oil and 8.9 billion cubic meters of natural gas.

- **New progress in overseas business of COOEC**

164 Pre-assembled Pipe Racks of the world's biggest LNG project (Gorgon Project) have been successfully completed. The company also has been successfully carrying out the first ocean engineering KCROP Project in the Middle East and received the first

European project of Shell Nyhamna Project.

- **New breakthroughs in overseas market of COSL**

COSL signed an agreement with the Brunei National Oil Company on establishment of a joint venture company of oilfield services. It firstly came into the drilling market of Thailand Gulf and proactively engaged in the oilfield services market in the Gulf of Mexico.

- **New stride leap in LNG business of CNOOC Gas & Power Group**

Import volume for LNG in the whole year was 13,010,000 tons. CNOOC and BG Group have signed a package of agreements for the purchase of certain interests in the QCLNG project in Australia for USD 1.93 billion and 5 mtpa LNG for 20 years.



SPECIAL TOPIC: Acquire Nexen: Earnestly Fulfill Each Commitment

On February 26, 2013, CNOOC Limited successfully acquired the Canadian energy company Nexen, which has been the largest overseas acquisition for Chinese enterprises ever before.

Upon the Acquisition, CNOOC Limited Made the Following Solemn Commitments:

- 1 To confirm Calgary as the headquarters for CNOOC in North and Central America and manage the newly increased assets of approximately USD 8 billion;
- 2 To retain whole employees, management level and brands of the Nexen Company;
- 3 CNOOC will input a large amount of money into the long-term development of oil & gas resources in Canada;
- 4 CNOOC Limited lists in the Toronto Stock Exchange;
- 5 CNOOC Limited will retain and build upon Nexen's highly regarded community and charitable programs, especially those related to original residents and local communities;
- 6 CNOOC Limited will continue its supports to the oil sand research of University of Alberta and participate in COSIA;
- 7 CNOOC Limited will present the annual execution report about Its commitments to the Ministry of Industry, Canada.



Acquisition contract signing ceremony of the Nexen Company

CNOOC Limited recognizes that Nexen's core values have been critical to its success. These values continue to support and guide our actions as we move forward.

—Li Fanrong, CEO of CNOOC Limited

CNOOC Limited realized its commitment to advance Canadian economic growth made on the acquisition of the Nexen Company, and its rapid realization wins affirmation.

—Christy Clark, Premier of British Columbia, Canada

Sound Governance Creates Values—CNOOC Limited Lists on the Toronto Stock Exchange

On September 18, 2013, CNOOC declared that Toronto Stock Exchange has approved CNOOC’s American Depositary Receipts (ADRs) to be listed on the Toronto Stock Exchange before the listing on September 18, with transaction code of CNU.

CNOOC’s Chairman Mr. Wang Yilin expressed that: “Trading on the TSX isn’t just about broadening our shareholder base. It also provides investors with more choices in terms of exchange venues and currencies. We strive to demonstrate how CNOOC

Limited works to create great value to our shareholders and stakeholders.”

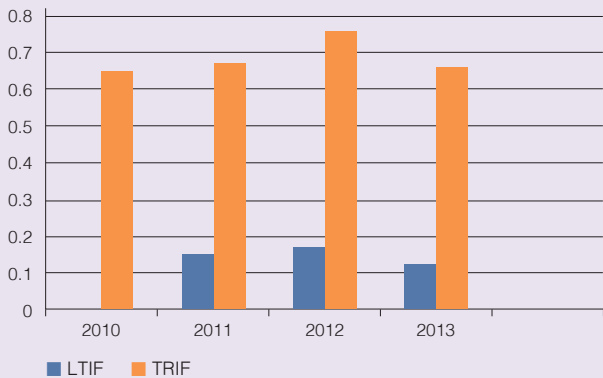
The company’s CEO Mr. Li Fanrong expressed that: “Canada became an important investment destination for CNOOC Limited following our acquisition of Nexen. Listing on the TSX represents our continuous commitment to maintaining transparency and good corporate governance in the countries where we operate.”



Cooperation in Safety Assurance

CNOOC Limited will integrate HSE management concepts with those of in the Nexen Company to establish accident management mechanism, jointly strengthening operation safety, reducing damage incidents and preventing oil spill accidents, and take the above actions as the top priority of safety management in the whole year. CNOOC Limited implemented HSE tracking management, conducted an HSE audit at Nexen’s Long Lake oil sands facility near Fort McMurray, Alberta, and proposed improvement program specific to accidents management and operation safety management. We carried out a joint safety emergency exercise.

In 2013, two indexes of LTIF (Long Time Incident Frequency) and TRIF (Total Recordable Incident Frequency) of the Nexen Company have been obviously improved than those in the last year.



Stable Management on Nexen's Employees



Cordial exchange between Nexen's Chairman Li Fanrong and the employees



Panel discussion between Nexen's Chairman Li Fanrong and the top management team

Human resources department of CNOOC Limited set out implementation plan for employee retention of the Nexen Company, laid out contract terms for top management and implemented an annual salary adjustment scheme for the top management team and employees of the Nexen Company. Thus, both management team and employees were consolidated. In order to strengthen management integration, the human resources department staff headed for Canada to have a ten-day work exchange with staff from human resources department of the Nexen Company, which deepened their understanding to the Nexen's institutional system and management. CNOOC Limited carried out a combined performance management and established framework of unified assessment.

Joint Responses to Environmental Challenges

CNOOC Limited and Nexen continue to address the climate change challenge through research and development projects targeting energy efficiency and greenhouse gas (GHG) emission intensity. Work is being done both in-house and in collaboration with Canada's Oil Sands Innovation Alliance (COSIA), a group of 13 oil sands companies working together to resolve environmental challenges.

Nexen Petroleum UK is a partner in a new project led by Marine Scotland Science (MSS) that supports the Scottish Government's vision of having marine and coastal environments that are clean, healthy, safe, productive and biologically diverse. Using high frequency radar technologies in 2013, MSS's Brahan Project is making it possible, for the first time, to receive continuous information about the speed and direction of ocean currents up to 200 km offshore. The results are expected to advance scientific research while also aiding search and rescue operations, pollution control, the offshore oil and gas sector, the renewable energy sector as well as the fishing and shipping industries.



OVERSEAS COMPLIANCE MANAGEMENT

CNOOC cultivated overseas compliance management culture, established overseas compliance management framework, compiled overseas compliance management regulations, implemented compliance management policies and strengthened overseas compliance management supervision. Thus, an overseas compliance management & control closed loop management system of culture, policies, supervision and evaluation was established to ensure health resumption for enterprise employees abroad, fulfill responsibilities to interested parties and reduce overseas operation risks for enterprises in an all-round way.

The company complies with the local laws and regulations, takes the initiative to pay taxes according to law, continuously enhance employees' moral education, pays equal attention to both righteousness and interests, and involves moral sense and ethics thoroughly into the whole process of the enterprise operation management. The company insists fair competition, resists commercial bribery and never tries to seek commercial interests by illegal means.

CASE

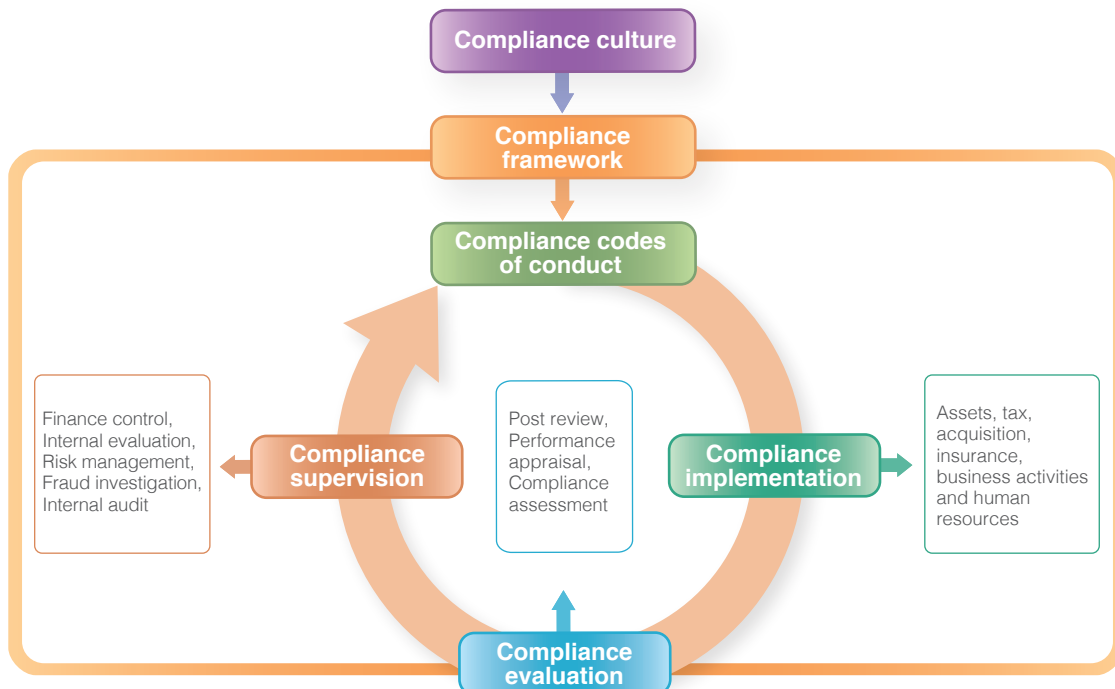
Participation in Compiling the United Nations Anti-corruption Rules

A new Anti-Corruption Risk Assessment Guide was officially launched by the United Nations Global Compact (UNGC) in September 2013. Karen Schonfelder, Nexen's Integrity and Compliance Manager, was asked by the UNGC to chair the Anti-Corruption Risk Assessment Task Force which drew together the information needed to create the guide.



Cover of the anti-corruption assessment guidelines

"I'm excited about testing many of the learnings from this project into a framework we can adopt at Nexen," says Schonfelder. "It's rewarding to see something theoretical transitioned into practice."



TECHNOLOGY INNOVATION AND COOPERATION

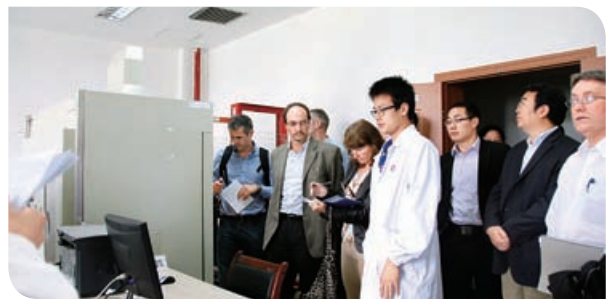
CNOOC continuously enhanced international cooperation and provided advanced technologies and quality services through technology innovation and technology integration innovation. Thus, the company met the energy resources requirements of the located countries and regions, and created significant economic and social efficiency for host country of the resources.

CASE Application of Stimulation Technologies Revived Iraq's Oil Wells

Through adopting stimulation technologies, COSL made a dead well revived to a high-yielding well with a daily production of 3,625 barrels of crude oil, which was highly praised by the Owner of Missan Oilfield in Iraq. Then we adopted stimulation technologies applying to 12 dead wells, as a result, all of these wells achieved revival. The admiring stimulation technology strength made CNOOC to possess shares of stimulation operation in the Missan Oilfield firmly.



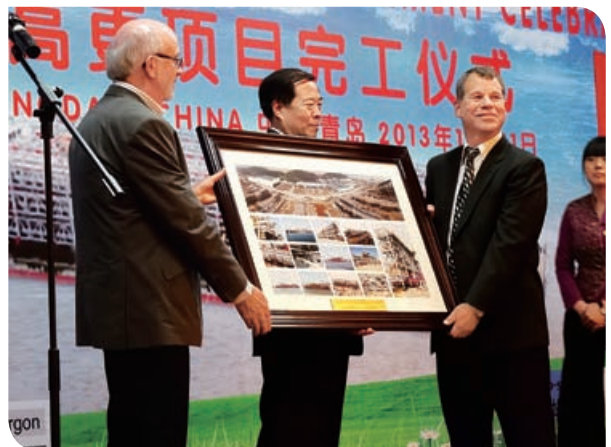
CASE CNOOC's Core Technology of EOR Moved Forward International



Statoil entrusted CNOOC to carry out polymer flooding research in the Peregrino oilfield. Since 2011, we have completed the concept study of ground injection allocation process of polymer flooding and the design project of polymer flooding pilot polymer injecting in sequence, which won highly recognition from Statoil. ITT is going on at present and it is hopeful to win as main contractor of that project. Since then, CNOOC's Core Technology of EOR has moved forward international.

CASE Completion of Pre-assembled Pipe Racks of the World's Biggest LNG Project in Qingdao

Gorgon project was the world's biggest LNG project. In this connection, CNOOC Engineering took charge of constructing as much as 164 modules with 40,000 tons total weight, which needed to be transported in 20 times of sailings. In the face of some new operation projects and challenges such as multiple batches, cross slide and high resource input, we have constantly innovated the management method, optimized the operation procedures to reduce the project duration greatly. The General Manager responsible for Chevron Gorgon Downstream Project set a high value on us and he said: "Gorgon project's success cannot achieve without the positive cooperation of such a high-level company-COOEC. Therefore, Chevron and its partners greatly appreciated COOEC's management team, construction team and their family's strong support on work. We hope COOEC can make persistent efforts and continue to make a hit in the follow-up international projects."



HSE MANAGEMENT OVERSEAS

The Oversea HSE management of CNOOC is based on the principle of consciously abiding by local laws & regulations and adhering to execute the international standards & norms; persists in the policy of safety and prevention first; people oriented, life cherished, credit uppermost, quality guaranteed, nature esteemed, environment-loving. Combining with the local laws & regulations and the industrial norms, we establish an oversea HSE management system step by step; based on setting the localized and professional HSE management institution as well as professional handling crew, we positively develop the oversea HSE management.

Setting up the HSE Oversea Offices in the Headquarters

In July, 2013, CNOOC set up independent office to perform the function of oversea HSE management, and its mainly responsibilities are as follows:

- 1 Convey and execute the requirements proposed on the enterprise's safety production abroad by relevant governmental departments;
- 2 Assist the International Company of CNOOC Ltd. to implement the constructions of HSE management system;
- 3 Cohere with the company's relevant departments to do well in HSE examining and reviewing work for the oversea projects;
- 4 Deeply involve in and master the HSE developments in the international oil and gas industry; popularize the favorable practices and participate in relevant activities;
- 5 Help the QHSE Departments and the international program units of the secondary companies to carry out the relevant support work on safety, environment protection, security assurance and emergency.

Intertwine an Emergency "Data Network" on Land and Sea

The CNOOC's global emergency resource management system was operated for a trial on line in December, 2013, since then an emergency "Data Network" was completely completed. It means that CNOOC's global emergency rescues coordination and direction and emergency handling capability will be improved dramatically.

The system includes information of institutions, professionals, teams, equipments & materials and contingency plans; whereas the introduction of GIS enables the management personnel at different levels make a precise positioning to know each unit's emergency conditions quickly. This system not only satisfies the requirements on the emergency resource classification and coding norms by the State Administration of Work Safety (SAWS), but also incorporates information of large devices and materials with CNOOC's characteristics which realizes the management functions of general investigation for emergency resource, online filling, real-time inquiry and motion tracking performed by headquarters and affiliated institutions.

CASE Harmonious Coexistence between Humans and Sea

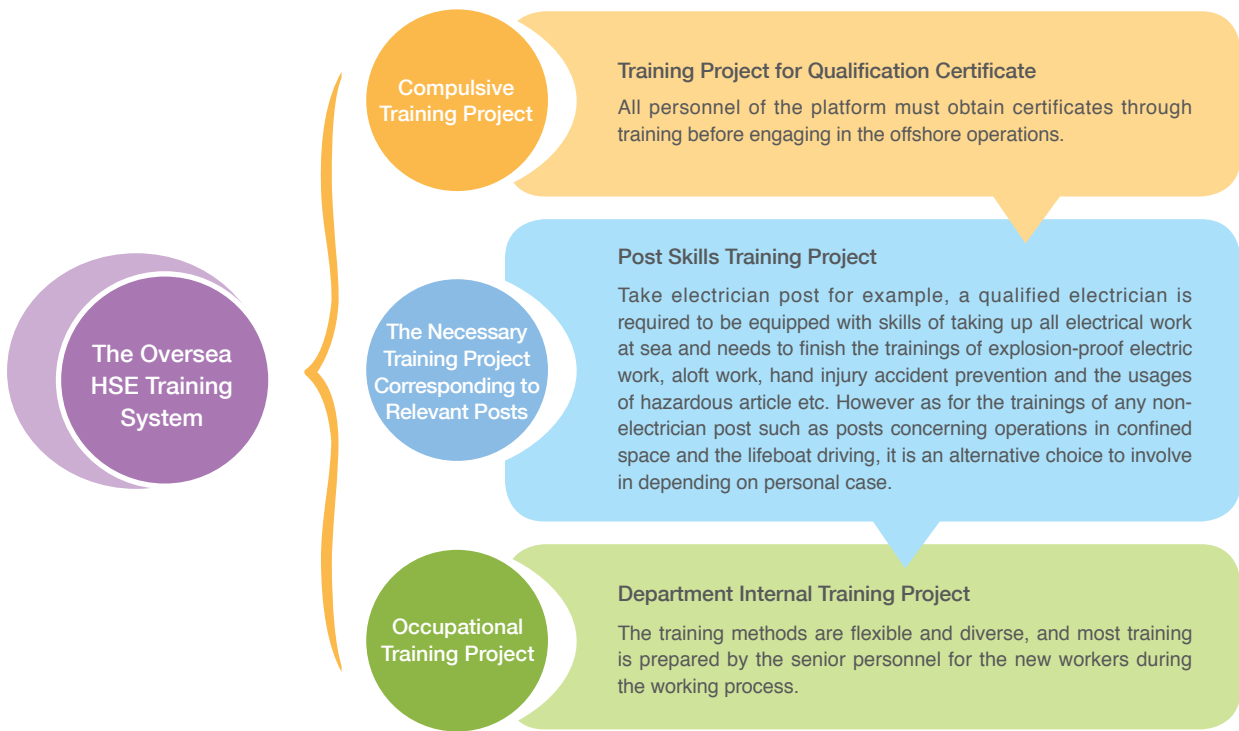


The Whales have been Playing Happily around the Platform.

The Platform Nan Hai No.6 has constantly trained the staff on the Australian protection acts of marine species. Provided that any rare marine animals (sea turtle, whales and dolphins) were found, relevant reports would be made instantly. In light of this, it makes a timely evaluation on damages that might happen to the marine animals when operating drilling, on the basis of which it may decide whether to stop the drilling work to give way for marine animals.

At the same time, the platform has implemented strict pollution discharge requirements. Oily and polluted water will be carried back to land for treatment in case that greasy dirt are discharged into the sea unexpectedly. The platform accepts regular inspections from NOPSEMA, the oceanic supervisory organizations on behalf of the Australian government. For 7 years, it hasn't received any prosecutions due to environment protection problems, benefited from which a good and safety environmental surrounding is created and frequently attracts a lot of whales to be here.

COSL Establishes the Oversea HSE Training Management System.



CASE Ageil—An Outstanding Headman with Excellence Performance on Safety and Management

Ageil is a good team leader in the drilling well crew from Iraq’s Missan oilfield drilling group. The Chinese staff and personnel were very impressed by Ageil’s hard-working image when he first joined in the drilling crew. Thus they appointed him as a team headman to manage the foreign staff. However the company slowly found that Ageil might do well in his own work but could not stimulate other worker’s initiatives and lacked safety awareness.

On account of the problems emerged in Ageil’s work, the company arranged him to participate in trainings on safety knowledge and the improvement of management capability and helped him further realize how to guarantee the safety of himself and others in the high-risk industry. Based on the conditions of the well, he assigned work to the foreign staff and offered correspondent safety instructions. For over one-year training and practice, Ageil has become a qualified leader of the drilling well crew, getting rid of the foolhardy image at the beginning. He has played an important role of supervision and guidance on site.



CASE Planting Mangrove Forest to Protect the Coastal Environment



The mangrove forest in the beach is not only a coastal plantation to realize wind prevention and sand fixation, waves resistance and embankment protection, but also a good place for birds and marine life to inhabit and multiply. And these acts help in maintaining the balance of ecosystem.

In 2008, CNOOC Southeast Asian Company incorporated the mangrove plantation into the company's CSR permanent project, cooperated with IFPRA and NGOs, and successfully planted 150,000 mangroves in the Kelapa Island.



In 2013, the company expanded the mangrove plantation area from Kelapa Island to Panggang island with 75,000 saplings planted in two islands respectively. And, statistically, the total planting number reached 540,000.

CNOOC Southeast Asian Company will continue to carry out activities of planting mangroves in the future with a sincere hope to build an urban greenbelt for the operational community in Indonesia.

CASE High-quality Constructions of the LNG Project in Australia

The Australian Curtis LNG Project is the first large-scale LCBM project under construction around the world. As a joint management party of the project, CNOOC Gas & Power Group combined with the original system from the operation party to establish a suitable quality management system for this project, which covered four levels including the quality manuals, management procedure documents, on-site work document, records and tables, and involved in aspects of designing, purchasing, construction, installation and trial. As for quality risk, it adopted the closed loop management mode of "plan-implement-review-continuous improvement" and the quantitative evaluation methods with risk matrix heat map is adopted to identify the key devices, the key points for quality control, and insure the effective control of quality risk by reviewing the QC record's compliance. The quality management system with closed interconnections and stable structures makes each quality index of the engineering construction project reaches the international excellence level.





Bosun Xie Zhongwei directs the foreign staff Hanura to check hoisting slings.



Pemex grants the Safe Production Award to the CNOOC's operation team.

Customer Evaluation

The outstanding performance of COSL in Andaman Bay Geophysical Prospecting Project breaks the long-term monopoly of western enterprises in the oilfield service market in Gulf of Thailand and brings honor to Asians. I hope COSL can make painstakingly efforts to organize the pre-drilling work of Hai Yang Shi You 719, so as to ensure a smooth launch and operation of the upcoming well drilling project as scheduled.

——the Executive Vice President of PTTEP Company Mr. Pairoj



HSE staff training



Letters of Commendation from customers



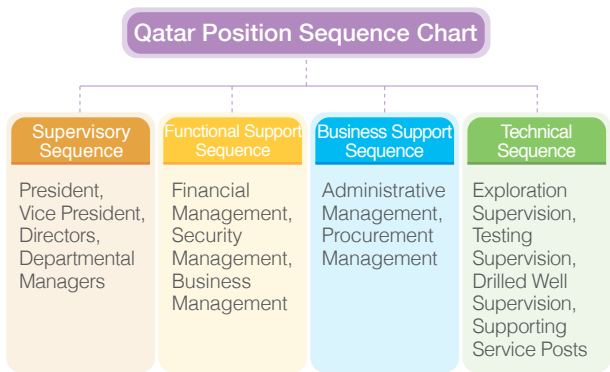
Birds settle down in well site.

DEVELOPMENT OF THE STAFF OVERSEAS

We observe the state and local laws and regulations where we locate, proactively implement the staff localization system, and respect the religious beliefs and customs of local staff; we pay attention to the health and safety of overseas staff and attach importance on their business training and occupational development; we create an inclusive, equal, trusting and cooperative working atmosphere to form the one team comprising staff from different countries and ethnic groups with different skin colors and bring them to pursue the same goal. The company now has 10,626 overseas workers, among which 251 persons are international employees while 8,731 are overseas local employees.



CASE Occupational Development Channels for Oversea Staff



CNOOC Middle East Company makes the occupational development plans for every local staff and designs four occupational promotion channels. New employees will be arranged to take upper level posts according to plan and the period for their promotion will also be arranged in a reasonable manner so that they can have sufficient time to study the skills required by the next post. Several occupational development approaches including the work shifting system will be adopted to provide opportunities for training and promotion, which can effectively improve the staff's comprehensive ability.

CASE Novian's Promotion Road

There was a legend figure in COOEC's Indonesian Company. Its name is Novian who was only an office boy from the beginning and finally became teller through hard work. When he first came to the company, he could only do some trifles like document filling for the reason of dropping out from the college. But he still worked hard and was happy to render help to others. Thus he gained the approvals from the company.

Under the encouragement and support from the company, Novian finally achieved the bachelor degree, emerged as the best candidate among most of the competitors and became the company's teller in the end. It was the 7-year occupational process in CNOOC that accomplished his life's "transformation", which made him very delighted.





The Chinese teachers accepted the Iraq staff as his disciples with pleasure.



In Indonesia, the master workers from China taught the new staff the operational skills.

CASE Holding Holiday Celebration Together, Mutually Promoting Fusion

To strengthen the cultural exchanges of the staff from China and Iraq, the Company will collectively make a celebration when it comes to both countries' traditional festivals. Every staff of the company will get together to make dumplings and watch the Spring Festival Gala in the new year, while during the festival of Lesser Bairam, Idal-Adjha, they make a sheep barbecue, singing and dancing to share the Muslim culture. Such a warm festival atmosphere can across the language barrier and enhanced a deeper understanding towards both cultures.



CASE Culture Promoting Staff Integration



CNOOC actively explores integration between its own culture and the local culture, advocates that Chinese and foreign staff treat each other in the sight of tolerance and appreciation and learn each other's splendid culture and traditions, encourages the staff with different religious faith and cultural background to help mutually so as to become a good assistant and good companion of work and life. As is shown in the figure, the foreign staff is teaching Chinese workers to tie a headscarf.

Words from Staff

I'm proud to be a member of COSL and I'm deeply impressed with the concern and love from the company, and it offers me a lot of chance to learn the knowledge on oil and gas. It is like a big family here that everyone of the company cares and respects mutually, which I haven't seen ever before in my work in other places.

——A staff from Burma Khin Nyein Thu

LOCAL COMMUNITY SERVICES

CNOOC strived to bring more employment opportunities and economic benefits for business located countries and regions, and has had a far-reaching and positive influence on the life of the local people. We have consistently regarded ourselves as an important member of the local community, actively blend into the place and try to bring fortunes and welfares to more local people and transfer positive energies for the development of the local community.

The Indonesian Company cooperated with the medical college-UNILA with an aim to provide free health examination and medical diagnose for more than 600 people in the MUARA village and MARINGGAI district and offer medical service for the locally poor people.



Community Building in Indonesia



The company actively made a commitment to repair the ANTURA wharfs, the jetty of which have been ruined due to disrepair for a long time but still has busy business with various applications. After two-stage maintenance and repair, a new wharf has come into service, and the local people usually called it as "CNOOC Wharf" kindly.



On the Sabira Island nearby the operational district, the company installed a regularly generator and 6 solar generator devices to offer electricity power for the 6 public areas of the island with an aim of easing the problem on electric power utilization.



General Consul Xu Erwen's visit to the headquarters of the CNOOC American Company (the third from right).

The Warm Messages from the General Consul Xu Erwen from Chinese Embassy in Houston, US

"Under such a new context, China and the United States have a greatly cooperative potential in the energy area, and I hope CNOOC can consistently seize the opportunity to make a greater contribution for reaching a win-win situation."

CASE The Nexen Company Moves Forward Jointly with Its Located Community

The Nexen Company has the tradition of actively subsidizing community. And CNOOC Limited continues such fine tradition after acquisition of the Nexen Company.



- Provided CAD 1 million in support to help the Vancouver Art Gallery (VAG) mount a landmark exhibition, Forbidden City: Inside the Courts of China's Emperors.
- Committed CAD 1.5 million to the Calgary Public Library to support a technology-rich "learning commons" in the city's new Central Library. The donation also supports a new Automated Materials Handling System for the existing Central Library, which sustained significant damage during the devastating southern Alberta floods of June 2013.
- Donated over CAD 370,000 to the Alberta flood relief effort, which includes CDN \$39,000 in donations to match employee and contractor donations. Employees also volunteered 1,900 hours to clean up affected homes and assist community organizations.
- Announced continued donation CAD 500,000 of MacDonald Island Park, a multi-use recreational facility in Fort McMurray, Alberta, Canada.
- Contributed CAD 100,000, with joint venture partner INPEX Gas British Columbia Ltd., to the Fort Nelson Community Literacy Society to enhance literacy levels of individuals and families living near Fort Nelson, British Columbia, Canada.
- Donated £90,000 in the UK to the Royal National Lifeboat Institution to re-establish a lifeboat station in Stonehaven, Scotland.

- Provided USD 25,000 to the Spring Branch Independent School District, through Nexen's division in the Gulf of Mexico, to enhance programming and resources in the areas of science, technology, engineering and math.

CASE Proactive Charity Activities of CNOOC Gas & Power Group in Australia

Exoma donation blows out grass fires



Kinnon & Co.



CNOOC Gas & Power Group in Australia donated 150,000 Australian Dollars to state government for rebuilding disaster area. And such act gained praise from the Queensland Government.

Together with BG Group, we provide 70,000 Australian Dollars to sponsor activities of Brisbane cultural festival; cooperating with EXOMA Company, we donated 4 sets of fire-fighting equipment to Longreach town where the project is located.

CASE Donation for Education by Iraq Company

The schoolhouse of Al-Barakat primary school located at the contract zone of CNOOC Iraq Oilfield is quite shabby lacking basic conditions of study and sanitation. The company rebuilt the Al-Barakat primary school. We rebuilt the schoolyard walls and classrooms and newly constructed water-supply facilities, concrete floor of yard, basketball court, simple football field, toilet and septic tank; we also completed the power-supply project, purchased desks and chairs for students, finished the work of schoolyard greening. And the teachers and students have started the new semester in new schoolyard joyfully.



SPECIAL TOPIC: CSR Management of CNOOC in Uganda



Sponsor community soccer game



Participate in local community activities

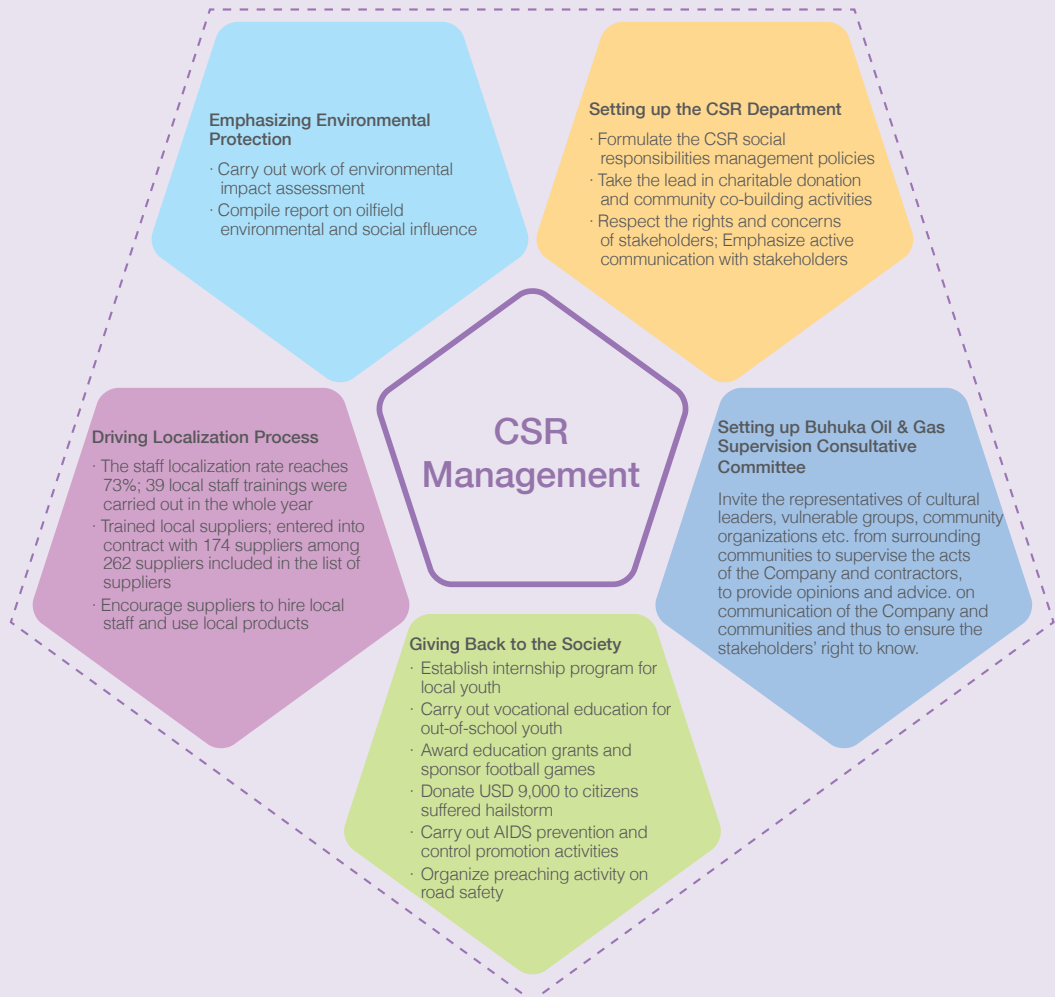


Hold ceremony for donation to disaster area

Sticking to the ethos of Win-win Benefits, CNOOC earnestly fulfills corporate social responsibilities, actively communicates and cooperates with the interested parties, brings benefits to local communities by energy cooperation, and devotes itself to being a responsible international “corporate citizen”.

In September 2013, the development scheme of Uganda Kingfisher Oilfield (FDP/PRR) with the CNOOC as operator was formally approved by the Uganda Government. And thus the Kingfisher has been the first oilfield in Uganda to get valid production license while the CNOOC has been the first operator corporation to get approval of oil and gas field exploitation, production and operation in Uganda.

Ugandan Company of CNOOC attaches great importance to social responsibilities management and thus specially sets up the social responsibilities management organization. To realize the goal of win-win benefits in the business located country, it actively communicates with stakeholders, pays attention to protect the environment around the operation area, takes great enthusiasm in humanitarian engagements, and drives the economic and cultural development of community.





Preaching activity on AIDS prevention and control



Award "the Outstanding Staff Award" to local staff



Promote the localization of employees

Study of Ugandan Staff in China



The CNOOC Ugandan Company spared no efforts to have training on the aspects such as professional knowledge of petroleum industry, HSE management, skills and so on.

In 2013, 39 trainings were carried out and 715 person-times were trained in total. Besides, the Company assigned about 20 local staff to China to have training on technology, management and SAP program, to study advanced professional technology and management methods so as to have an overall understanding of CNOOC.

Providing Opportunities and Conditions for Out-of-school Youth to Become Talents

When interacting with local stakeholders, the Ugandan Company of CNOOC knows about the fact that the overall unemployment rate of this area is high, and there are lots of out-of-school youths which are mostly have no professional skill and it is hard for them to get job offers. The Company expects that, by humanitarian engagements program, the local youth may master the skills and get benefits from the developing petroleum and chemical industries.

In 2013, the Uganda Company invested 131 million Ugandan shilling (equal to about RMB 300,000 Yuan) to entrust local training institutions to have vocational skills training programs which are specially set for local out-of-school youths. The training program of the first phase last for one year. 70 youths are selected from 189 applicants and provided with training on basic skills of carpenter, electrician and stoneworker.

This training program was warmly welcomed by local communities and many media of Uganda reported this news.



Words from Staff

Being elected as Outstanding Staff of 2013 Year by local staff not only means the recognition to my personal performance but also indicates that the Company's way of fulfilling social responsibilities is increasingly accepted and approved by local staff.

——CSR Manager of CNOOC Ugandan Company Chai Wei

LOOKING AHEAD TO 2014

In 2014, global economy will continue the state of sluggish recovery; the US dollar's exchange rate to other currency is going stronger; the related risk of geopolitics still exists but the tension eases indeed. The World Energy Map is going through great changes: as for petroleum and natural gas, the situation that "the production center moving westward while the major consumption market shifting eastward" has become an indisputable fact; the supply in international oil market is in relatively relaxed state and thus international oil price may be faced with downward pressure.

Economy of China shall make progress while maintaining stability and keep the continuity and stability of macroeconomic policy. The reform of petroleum and natural gas management system and state-owned enterprises will be comprehensively deepened and various reform measures will be successively published. Substituting coal with natural gas is an unavoidable option for construction of a beautiful China and Chinese energy transformation, and China is being in the golden age of development of natural gas. The domestic crude oil yield is stable and on the rise and the situation that the product oil is in excess of demand continues; the yield of natural gas increases constantly with the rapid development of unconventional natural gas; the situation of overcapacity in chemical product market is difficult to change and the downturn state continues.

Although the strategy of "Building China into a Maritime Power" provides new opportunity for the great development of offshore oil industry, the company will face the following severe challenges: the rise of price of production factor is rigid; the restraint of resources and environment strengthens; it is difficult for corporation to realize cost decreasing and benefit increasing etc. With the reform and innovation in leadership, the safety and environmental protection as precondition, the cost decreasing and benefit increasing as focus, CNOOC will deepen the development of system and mechanism and strengthen company's vitality and competence to ensure the sustainable development of the company.

The Company will focus on optimizing allocation of global resources, enhancing the effort of exploration and development, making great efforts to enhance reserve and productivity. Accelerate the exploration of current blocks and evaluation of oil and gas reservoir; increase the workload of progressive exploration on core blocks; extend exploration of new blocks and field industriously; implement fine management of development and production; consolidate the stable production of old oilfields; soundly fulfill off-line maintenance; speed up the development of oil and gas fields; and thus ensure the oil and gas fields to go into operation as scheduled.



Safety and environmental protection is the basis of corporation development, is the most important project. The Company will reinforce the foundation for safety and environmental protection to firmly avoid major serious accidents. The Company will carry out special governance on oil and gas pipeline to entirely troubleshoot the potential safety hazards, and complete contingency plan; intensify the risk control and process management on the operation of contractors, and further improve the mechanism of examination and appraisal for contractor; reinforce the troubleshooting and governance of hidden hazards, and specially manage the rectification on key links, critical parts, important equipments and major hazard sources; enhance the integrity management of infrastructure and equipments and the building of emergency response capacity, and implement the prevention and contingency plans against severe weather such as typhoons; specifically control the energy consumption and emissions to fully complete the rigid indicators for energy conservation and emission reduction.

The Company shall continue to strengthen the construction of comprehensive guarantee capacity of production and management, carry out the construction of internal control system, earnestly deal with the compliance management of production and management, and to further reinforce the internal auditing supervision; promote fine management of production and operation by information technique to further increase management efficiency; intensify the caring to employees and provide the front-line staff with more psychological guidance and assistances to create sound conditions for the growth and success of young employees and thus guarantee the harmony and stability of the team.

We will adhere to social responsibilities of "Safety and Efficiency, Low Carbon and Green, People Orientation, Openness and Transparency, Dedication of Love, and Innovations". We regard the policy of developing the nation into a maritime power as the opportunity, structural optimization as instrumentality, reform and innovation as driving force, vigorously focus on quality and efficiency of development, technology advancement, low carbon and green mode, and people orientation, to continuously enhance the company's international competitiveness and sustainability. We strive to make China offshore oil industry's Second Leap Development achieve a more remarkable and wonderful "CNOOC Dream" in the process of achieving "Providing Quality Energy, Building Blue Sea & Sky".



THIRD-PARTY ASSESSMENT

Rating report on China National Offshore Oil Corporation Sustainability Report 2013



Upon the request of China National Offshore Oil Corporation, CSR Research Center of Economics Division of Chinese Academy of Social Sciences (hereinafter "Center") invited experts from Chinese Expert Committee on CSR Report Rating to form a rating team. The rating team rated *China National Offshore Oil Corporation Sustainability Report 2013* (hereinafter "report") as follows:

1. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 3.0) and Rating Standard on Corporate Social Responsibility Reporting for Chinese Enterprises (2014).

2. Rating process:

- (1) Interview the social responsibility department of China National Offshore Oil Corporation.
- (2) View the data involves China National Offshore Oil Corporation headquarters, official website and subordinate unites on site.
- (3) Evaluate the process of social responsibility report management of China National Offshore Oil Corporation.
- (4) Evaluate the information disclosed by *China National Offshore Oil Corporation Sustainability Report 2013*.

3. Rating results:

Process Management (★★★★★)

The writing process of the Report is standard; the corporation sets a specialized department to promote the writing work, recognizes the key performance issues on CSR, consults stakeholders' advices, trains the writing team and makes a plan for the report release. The report has excellent process management.

Materiality (★★★★★)

The Report discloses key performance issues of Oil & Gas Exploration Industry such as "energy supplying", "occupational health management", "production safety management and emergency response", "product transportation security", "the development of new type energy", "ecological protection and restoration of production operation area" etc. The report has super excellent materiality.

Completeness (★★★★★)

The Report discloses key information on "Sustainable Development Management", "Resource Supplying", "Environment Protecting", "Employee Responsibility", "Contribute to Society", "Overseas Social Responsibility" etc. With 76% of core indicators disclosed on Oil & Gas Exploration Industry, the report has excellent completeness.

Balance (★★★★★)

This report discloses negative information on "records of occupational diseases", "producing accidents", "casualties of directed contractor", "employees of casualties", "accident frequency" etc. The report has excellent balance.

Comparability (★★★★★)

This Report discloses data on 41 key performance indicators of three consecutive years. The report has super excellent comparability.

Readability (★★★★☆)

This report has a clear structure and logic, suitable length and fluency language. It adopts ways of expression such as datasheets and flow charts etc. with statement of cases, special topics and well explaining of technical terms, all of which make this report leading readable.

Creativity (★★★★★)

This report has lots of stakeholders' responses to corporate social responsibility, sets special subject on foreign report of corporation responsibility, which diversely discloses the corporate's social responsible practice. It has excellent creativity.

Overall rating (★★★★☆)

Through evaluation and deliberations, the rating team agreed to rate *China National Offshore Oil Corporation Sustainability Report 2013* as leading by giving four-star and a half rating to it.

4. Suggested improvements

- (1) Further improve the report writing process and the participation of stakeholders.
- (2) Disclose more core social responsible indicators on the industry to improve the completeness of the report.

Rating team

Team leader:

Zhong Hongwu, Director of CSR Research Center, Economics Division, Chinese Academy of Social Sciences

Team member:

Yin Gefei, Vice President of *China WTO Tribune*

Wei Xiuli, Associate Professor of Economic management institute from North China University of Technology



中国企业社会责任报告
评级专家委员会
Chinese Expert Committee on CSR Report Rating

Peng Huagang

Chairman of the Chinese Expert Committee On
CSR Report Rating
Vice president of executive council of the Center

Zhong Hongwu

Team leader of the rating
team
Director of the Center

GLOSSARY OF TERMS

Drilling Platform

Offshore drilling platforms are marine structures used mainly for drilling exploratory wells. Such platforms, generally divided into mobile and fixed platforms, are essential for offshore oil and gas exploration and development operations and house drilling, power, communications, navigation and other equipment, as well as lifesaving and accommodation facilities.

Extraction Ratio

Extraction ratio refers to the percentage of geological oil reserves accounted for by the amount of oil that can be extracted from oil reservoirs. This is a key criterion in evaluating the level of development of an oil field.

Thickened Oil

Thickened oil is highly viscous crude oil that contains a relatively high level of asphaltenes and resins. This usually refers to those with ground densities greater than 0.943 and underground viscosities greater than 50 centipoises. Heavy oil is another name for such oil due to its high density.

Oil Reservoir

This is the smallest unit for the storage of oil. Oil reservoir layer or oil layer in short refers to the porous strata for the storage of oil. Not every part of an oil layer will contain oil. Oil reservoir refers to those independent oil-containing areas within an oil layer.

Exploratory Well

Exploratory wells refer to wells drilled within an oil or gas field for acquiring the necessary geological data to determine the existence, delineate the boundaries, and perform industrial evaluations of oil or gas reservoirs. Those drilled during the exploration phase can be further divided into prospecting, preliminary exploration and detailed exploration wells.

Development Well

Development wells are well fields in development and construction.

Adjustment Well

Adjustment wells refer to scattered or clustered wells drilled, in addition to existing well clusters, for improving the development of oil fields.

Well Logging

Well logging usually refers to geophysical well loggings, in which different forms of well loggers made based on electrical, magnetic, acoustic, thermal, nuclear and other physical principles, enter wells through the use of well logging cables, to allow the ground electrical measuring instruments to record continuously along the well bore the various parameters that change with changes in depth. Underground rock formations, including oil, gas, water, and coal layers and metal deposits, can then be identified through curves representing these parameters.

Fracking

Fracking, also known as hydraulic fracturing, refers to a technique used to create fractures in the oil layer using hydraulic pressure. The process involves the use of a fracking device, to inject a large volume of viscous fluid under high pressure into the oil layer and then fill the resulting fractures with proppants such as quartz sand to increase the permeability of the oil layer and in turn, increase the amount of water injected or oil produced.

Oil Spill Response

Oil spill response is the formulation of plans and adoption of measures to control and prevent oil spills and reduce pollution damage, based on the environment and resources in the potential spill sources and waters within the designated sea areas. This sees common use in offshore oil exploration and development activities.

LNG

Liquefied natural gas or LNG in short refers to the liquid that forms when natural gas extracted from gas fields cools to a low temperature under high pressure after undergoing the fluid and acid removal, drying and distillation processes. LNG is predominantly methane and is colourless, odourless, non-toxic and non-corrosive.

CDM

The Clean Development Mechanism (CDM) is a mechanism that allows both developed and developing countries that ratified the Kyoto Protocol at the Third Conference of the Parties of the United Nations Framework Convention on Climate Change, to fulfil part of their emission-reduction commitments overseas through emissions trading at project level.

Recordable Production Safety Events

According to the OSHA standards of the United States, recordable production safety events include medical treatment, work restrictions, lost time and deaths.

Occupational Disease

This refers to diseases that develop as a result of exposure to occupational hazards at work.

QHSE

The abbreviation QHSE stands for Quality, Health, Safety and Environmental. Established based on the principles of compatibility of similarities and complementarity of differences, and on the basis of the ISO 9001 and ISO 14001 standards, GB/T 28000 family of standards and SY/T 6276 Petroleum and Natural Gas Industries - Health, Safety and Environmental Management System, the QHSE management framework usually refers to the framework that directs and controls the quality, health, safety and environmental aspects of an organisation.

COD

Chemical oxygen demand or COD in short refers to the amount of oxidant consumed when treating water samples using a certain amount of strong oxidants under certain conditions. The usual use of COD is to determine the extent of contamination of water bodies by reducing substances.

DCC

Deep catalytic cracking or DCC in short refers to a new technique that extracts and produces gaseous olefins from heavy oil as the raw material, through a form-selective catalytic reaction. The Hainan Fine Chemical Project uses the deep catalytic cracking process in one of its core facilities and is, therefore, widely known as the DCC Project.

Coalbed Methane

Coalbed methane, which is a coal-associated mineral resource and considered an unconventional form of natural gas, refers to a kind of hydrocarbon gas (predominantly methane) found trapped within coal beds, mainly adsorbed to the surface of coal matrix particles, and partly dispersed in the porosity of coal or dissolved in the coalbed water.

Shale Gas

Shale gas specifically refers to an unconventional form of natural gas found trapped within shale formations.

Tight Gas

Tight gas is an unconventional form of natural gas found in sandstone formations with permeability less than 0.1 millidarcy.

Deepwater Semi-Submersible Drilling Platform

Deepwater semi-submersible drilling platform refers to a semi-submersible drilling platform that can operate in deep waters. Semi-submersible drilling platform, also known as column-stabilised drilling platform, is a kind of mobile drilling platform with small waterplane area and a large part of the floating structure submerged under water.

LNG Cold Energy

LNG must be gasified into room-temperature gases through a heat exchanger in the corresponding LNG receiving terminal before use as a fuel or chemical raw material. LNG cold energy refers to the large amount of energy in the range of approximately 830 to 860 kJ/kg (including the latent heat of vaporization of liquefied natural gas and the sensible heat resulting from the re-heating of gaseous natural gas from the storage temperature to the ambient temperature) released from the gasification process.

CCUS

CCUS (Carbon Capture, Utilization and Storage), namely the carbon capture, utilization and storage. CCUS technique is the new developmental trend of CCS (Carbon Capture and Storage), to-wit, purifying the carbon dioxide discharged during production and then putting into the new production process for recycling utilization instead of simple storage.

CNOOC

China National Offshore Oil Corporation Limited (HKEx: 00883, NYSE: CEO, Toronto: CNU, www.cnooc.com.cn).

COSL

China Oilfield Services Limited (SSE: 601808, HKEx: 02883, www.cosl.com.cn).

CNOOC Engineering

CNOOC Offshore Oil Engineering Co., Ltd. (SSE: 600583, www.cnoocengineering.com).

China BlueChemical

China BlueChemical Ltd. (HKEx: 03983, www.chinabluechem.com.cn).

CNOOC Gas and Power Group

CNOOC Gas and Power Group Limited (www.cnoocgas.com).

CNOOC EnerTech

CNOOC Energy Technology & Services Limited.

Shandong Haihua

Shandong Haihua Group Co., Ltd. (www.haihua.com.cn).

Lishen Battery

Tianjin Lishen Battery Joint-Stock Co., Ltd. (www.lishen.com.cn).

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FEEDBACK FORM

In order to improve the social responsibility engagement of CNOOC on an on-going basis, we would like to hear your thoughts, which will form an important basis for us to do better. We hope that you could spare some time to give us your valuable feedback on the report and our work.

Your Information:

Name:

Company:

Tel:

E-mail:

Your Feedback:

1. What is your overall opinion of the report?

Very good Quite good Average Quite poor Very poor

2. What do you think of the information disclosed in the report?

Very abundant Quite abundant Fair Quite little Very little

3. What do you think of the quality of the information disclosed in the report?

Very high Quite high Average Quite low Very low

4. What do you think of the report structure?

Very reasonable Quite reasonable Fair Quite poor Very poor

5. What do you think of the design of the report layout?

Very reasonable Quite reasonable Fair Quite poor Very poor

6. If you have any opinion or suggestion on the social responsibility engagement of CNOOC or the production and dissemination of our sustainability report, please feel free to let us know:

Contact Us:

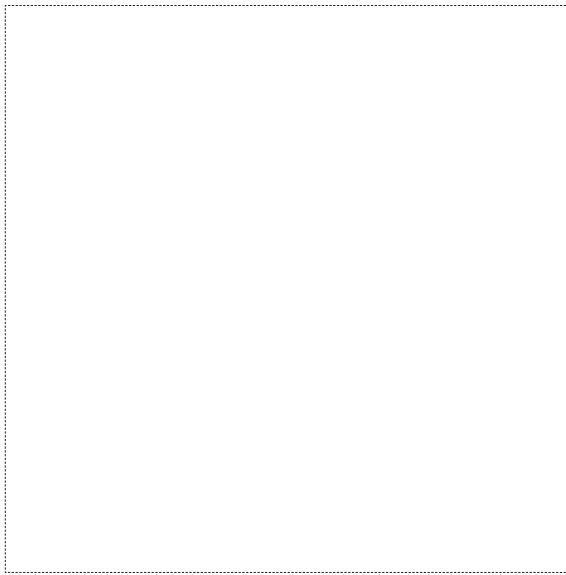
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