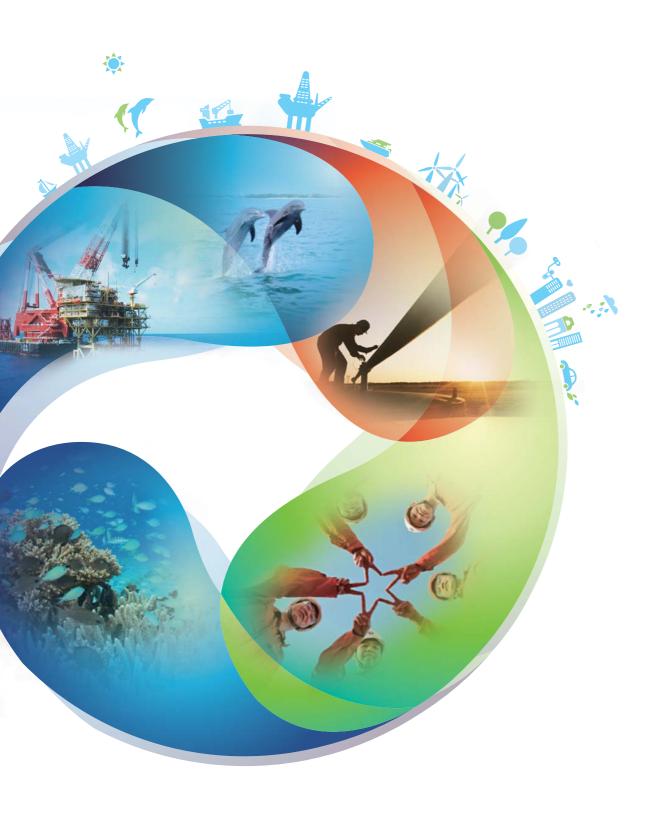


# 2012-2013 Social Responsibility Report





Name of organization: CNOOC Limited (the "Company", "CNOOC Limited")

Reporting period: 2012-2013. The report may include information after the reporting period to keep the information consistent.

Scope of the Report: CNOOC Limited and its subsidiaries

Content of the Report: Vision and commitments of the Company's Corporate Social Responsibility ("CSR"), the common

practices and other key achievements in the course of performing CSR.

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

Reference: This report primarily refers to the 10 Principles of UN Global Compact and in part refers to the Sustainability

Reporting Guidelines published by the Global Reporting Initiative (GRI).  $\label{eq:GRI} % \begin{subarray}{ll} \end{subarray} \begin{su$ 

An electronic version of this report is available via the Company's website at http://www.cnoocltd.com and a hard copy is available upon request.

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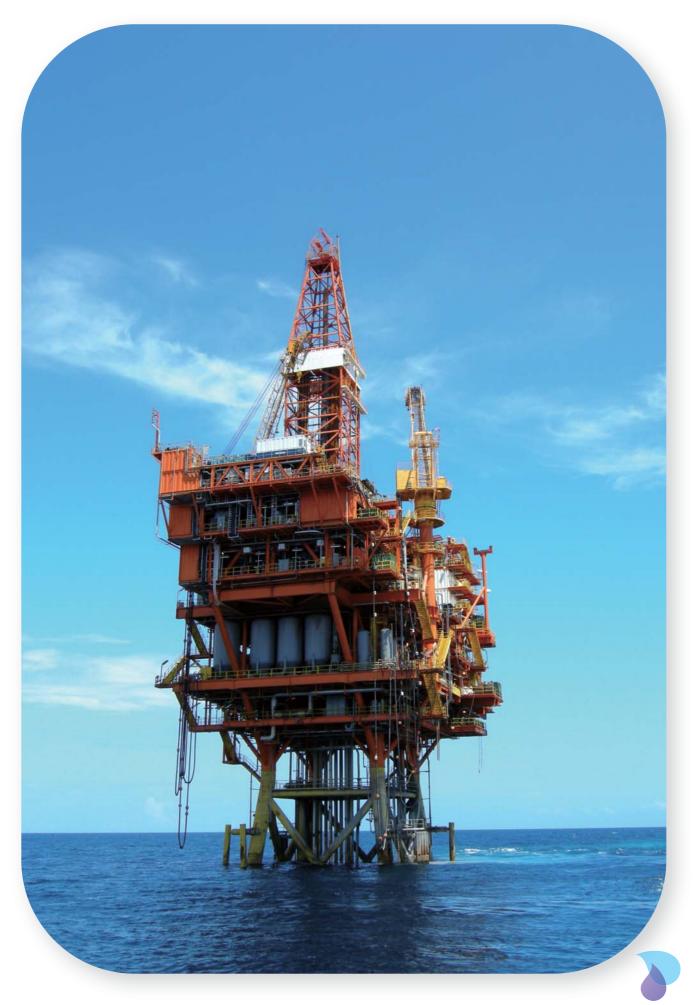
About Us

CNOOC Limited (the "Company", or "we"), incorporated in the Hong Kong Special Administration Region in August 1999, was listed on the New York Stock Exchange (code: CEO) and the Stock Exchange of Hong Kong Limited (code: 00883) on 27 and 28 February 2001. The Company was admitted as a constituent stock of the Hang Seng Index in July 2001. The Company's American Depositary Receipts ("ADRs") were listed on the Toronto Stock Exchange (code: CNU) on September 18, 2013.

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

At present, the Company's core operation areas are Bohai, Western South China Sea, Eastern South China Sea and East China Sea in offshore China. The company's oil and gas assets spread over in Asia, Africa, North America, South America, Oceania and Europe. As at 31 December 2013, the Company owned net proved reserves of approximately 4.43 billion borrals of oil acquirelent (ROE) and

of approximately 4.43 billion barrels-of-oil-equivalent (BOE), and its average daily net production was 1,127,967 BOE. The Company has 17,553 employees and total assets of approximately RMB621.47 billion.





In 2012 and 2013, followed its "New Leap Forward" roadmap, CNOOC Limited made significant progress in the exploration, development, and production of oil and gas, as well as its international development.

In the reporting period, the Company made continuous innovations in its technology and management, which resulted in a steady increase in production and reserves. By the end of 2013, it had a net proved reserve of 4.43 billion BOE, and its full-year net production stood at 411.7 million BOE.

CNOOC Limited has always given top priority to health, safety and environmental protection (HSE). HSE management is not only an economic responsibility, but also a social responsibility. In 2012-2013, the Company continued to optimize its HSE practices and formulated the Overseas HSE Management Program tailored to the specific characteristics of the countries and regions where it operates. In the period, the Company's Occupational Safety and Health Administration (OSHA) statistics remained at above average level compared with other international oil companies.

To protect our living habitat, the Company has made great efforts to develop as a resource-efficient and environmental-friendly enterprise. It has also paid close attention to the frontier development of upstream industries within the global oil and gas sector and worked toward a more diversified energy supply model.

CNOOC Limited has also consistently contributed to society and endeavored to return to the society. Its people have not only left their footprints in maritime salvage and in international cultural exchanges, but also participated actively in community-building and environment-protection activities. The Company pays great attention to its employee's self-development and gives high priority to the protection of the rights and

interests of its staff. At the same time, we value candid communication with stakeholders in our bid to foster common development.

We firmly believe that good corporate governance is paramount to realize long-term sustainable growth. Therefore, we have consistently adhered to, and implemented, high standards of corporate governance in our operations. Our efforts have not gone unnoticed and, in fact, have been endorsed by the market. In 2012, CNOOC Limited was awarded the "Best Managed Asian Company in the Oil/Gas Sector" for the third consecutive year by Euromoney, and awarded "Asia's Best Company" and "Asia's Best Natural Resources Company" by FinanceAsia. In 2013, the Company was also honored the "Corporate Governance Recognition Award - Asia's Icon on Corporate Governance" and "Best CSR" by Corporate Governance Asia.

I want to reiterate that we are committed to the harmonious progress of individuals, enterprises, communities and of the nature all along. In our efforts to create wealth for society, we will never lose sight of finding means of sustainable development, and fulfill our responsibilities to protecting the natural environment, to the community, and to our staff and stakeholders. In the future, we will continue to take our social responsibilities seriously and we will adhere to our commitment to the community of creating greater value for society as we forge ahead.

> WANG Yilin Chairman April 2014





#### Vision CNOOC Limited strives to be

A driving force for the supply of sustainable energy A leading force for a clean and green energy development model A motivating force for joint progress of stakeholders and society









#### Commitments

CNOOC Limited is committed to

- ♦ Pursuing sustainable growth, enhancing energy supply capability and dedicating to the resolution of energy issues;
- ♦ Operating in compliance with laws and regulations and adhering to a high standard of business ethics and corporate governance;
- ♦ Developing resources in a safe and environmental-friendly way, and responding actively to climate change;
- ♦ Proactively participating in community building activities and contributing to public welfare; and
- ♦ Respecting the rights and interests of stakeholders and pursuing win-win situations.

# Stakeholders

We believe that the growth of the Company is inseparable from the trust and support of our stakeholders. During its development process, the Company valued communications with its stakeholders thru a fair and transparent environment so we can fully understand their expectations and requests while seeking to achieve a mutually beneficial outcome.

#### The stakeholders primarily are the followings

Shareholders and creditors, employees and employee organizations, governments and regulatory authorities, business partners and service providers, the public and communities, charities and non-government organizations (NGOs) and clients

Stakeholders	Main Communication Methods	Main Focuses	Major Actions and Measures	Key Indicators
Shareholders and creditors	Scheduled information disclosure     Regular communications     Annual General Meeting (AGM) and Extraordinary General Meeting (EGM)	Protect interests of shareholders and creditors	Ensure quality and effectiveness of information disclosure     Maintain regular dialogue     Improve communication	Return on equity     Return on capital employed     Payout ratio
Employees and employee organizations	Meetings with employee representatives     Regular communications     Internal information exchange     Complaints	Rights and interests Career development Cocupational health and safety	Support employees to join labor unions or other employee organizations     Employee training and technical training     Provide occupational health check-ups     Improve communication	Number of employees and employee distribution     Employee training frequency     Employee turnover rate     OSHA statistics
Governments	Follow up on and ensure compliance with laws and regulations     Report on specific matters     Routine inspections     Participation in the discussion and handling of industry-related issues	Operate in compliance with laws and regulations Properly utilize and develop natural resources Economic contribution	Ensure compliance with all applicable laws and regulations     Fulfill tax payment obligations     Share industry expertise for further development     Improve communication	Number of violations reported     Tax payment     Safety and environmental performance
Regulatory authorities	• Follow up and implement laws and regulations • Respond to enquiries	Operation in compliance     Protection of shareholders' rights and interests     Corporate governance	Ensure quality and effectiveness of information disclosure     Enhance corporate governance	Disclose information timely are accurately
Business partners and service providers	Business negotiations     Project cooperation     Business communications	Stable cooperative relationships     Knowledge and information resource sharing     Mutual benefits	Promote win-win philosophy     Encourage experience, resources and technology sharing     Improve communication	Partners' feedback     Contracts' execution capability
Public	Information disclosure     Public relations     Response to the public enquiries	Stable energy supply     Environmental protection     Good corporate image	Improve oil and gas supply capability     Participate in public welfare activities     Publish CSR reports     Improve communication	Public opinion     Corporate image     Contribution to public welfare
Communities	Community visits and survey     Support for community building activities     Participation in public welfare projects	Environmental protection for the community     Building harmonious community	Ensure high standards on public welfare     Support community construction     Engage in public welfare activities     Enhance communication	Community evaluations     Input in public welfare projects
Charities and NGOs	Participation in designated projects     Response to enquiries     Regular communications	Social responsibility undertakings	Contribute corporate experiences     Participate in relevant activities     Enhance communication	Response rate on enquiries     Participation status
Clients	Business negotiations     Client services     Client visits and survey     Regular communications	Service, price and quality     Complaint handling	Promote win-win philosophy     Enhance communication	Satisfactory reports

## **Energy Supply**

Along with the economic growth and betterment of society, energy demand has increased dramatically. As a responsible energy company, CNOOC Limited has always served the energy needs of society and contributed to economic development of society and the improvement of people's living standards in an environmental-friendly and responsible way.

#### Oil and Gas Exploration and Development

One of the Company's established development strategies is to focus on reserve and production growth.

The Company maintained steady growth of its reserve and production volume during the period. In 2012 and 2013, the net production of oil and gas of the Company reached 342.4 million and 411.7 million BOE, respectively. As at the end of 2013, the Company's net proved reserves reached approximately 4.43 billion BOE.

In early 2013, the Company successfully completed the Nexen deal. The transaction brought us immediate addition on production and reserve of 60.8 million and 868 million BOE, respectively. Nexen's contribution of 2013 accounted for 14.8% of our total production and 19.6% of total reserves. To date, the integration of the two entities has progressed smoothly and the overall progress met the Company's targets.

In recent years, CNOOC Limited continued to increase its investments

in exploration and achieved satisfactory results. It has discovered new oil and gas fields every year and its newly added reserves continue to stand at a comparatively high level. In 2012-2013, the Company saw encouraging progress in offshore exploration, deepwater exploration, and overseas exploration, and continued to achieve high success rate in exploration in mature areas. As for exploration in new areas, CNOOC Limited made important breakthroughs and maintained good momentum in the growth of reserves, which will support future output growth.

With the steady growth in production and reserves in recent years and with projects on track, CNOOC Limited is on the brink of another peak in project construction and operations. In 2012-2013, the Company put 11 new projects into operation.



#### Effective Development of Resources

By strengthening the research and application of exploration and development technologies, CNOOC Limited has realized effective and economical development of resources and will continue to provide a stable supply of energy. In 2012-2013, it successfully researched and applied heavy oil thermal exploration technology and low permeability oilfield development technology. It also worked to achieve technological breakthroughs in key areas such as new technologies for offshore oil exploration in new areas, efficient offshore oilfields development and a high recovery ratio, deepwater oilfield development and overseas exploration and development, as well as the exploration and development of low-grade oilfields. These offer formidable technological support for the Company's sustainable growth.

Among these new technologies, the "Overall Infill Development Key Technology in the Suizhong 36-1 Oilfield Cluster Well Network" and the "Creation and Application of Floating-over Technology for Ultra-large Platform of Offshore Oilfield" received the second national prize for scientific and technological progress in 2012 and 2013 respectively.

In addition, CNOOC Limited's "State Key Laboratory of Offshore Oil Exploitation" and the "National Engineering Laboratory for Offshore Oil Exploration" passed national inspection and received approval. Its "National Energy Deepwater Oil and Gas Engineering Technology Research and Development Center" also received approval. These research bases will lay a solid foundation for the sustainable growth of the Company.







# Governance Standards

The Company has always upheld high standards in business ethics and its operational transparency and good corporate governance have been recognized by its shareholders and the public. We believe that maintaining the highest corporate governance standards is essential to the steady and efficient operation of the Company and serving the long-term interests of the Company and its shareholders.

In 2012-2013, the Company executed its corporate governance policies in strict compliance with the Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company's adherence to these codes ensures that all decisions are made on the principles of trust and fairness and in a transparent manner to protect the interests of all shareholders.

The duties of the Board are to provide guidance, orientation and supervision over lawful and effective execution of the operations of the Company and to protect shareholders' interests, while safeguarding the healthy and steady development of the Company.

Three committees have been set up under the Board of Directors,

namely the Audit Committee, Nomination Committee and Remuneration Committee. Members of all committees are non-executive directors and independent non-executive directors with high degree of independence.

As of 31 December 2013, the Board of Directors of the Company consisted of ten directors, including two executive directors, four non-executive directors and four independent non-executive directors. The resumes of all directors are shown in the annual reports of the Company and available at the Company's website of www.cnoocltd.com.

The effective management of the Board of Directors and the Committees further enhanced the governance standards of the Company. CNOOC Limited continued to receive recognition and awards from the market as a result of its excellent corporate governance standards. Moreover, the Company was shortlisted in several corporate governance contests organized by *Financial Times, Euromoney*, and *Corporate Governance Asia*.

#### Organization Chart of the Board of Directors



Some changes were made to CNOOC Limited's Board of Directors in 2014, with Mr. Lv Bo, Mr. Zhang Jianwei, and Mr. Wang Jiaxiang acting as its non-executive directors from January 1, and Mr. Zhou Shouwei and Mr. Wu Zhenfang, no longer serving as non-executive directors. From March 1, Mr. Kevin G. Lynch will serve as an independent non-executive director while Mr. Wang Tao no longer holds this position.



#### Honors Earned in 2012-2013



<ul> <li>January</li> </ul>	Awarded the "Best Managed Asian Company in the Oil/Gas Sector" for the third consecutive yo	
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June

• 2012 • July Top 62 in the Financial Times Global 500

> July Top 101 in Fortune 500

Awarded "Asia's Best Company 2012" and "Asia's Best Natural Resources Company 2012" by Finance Asia

 December Awarded "Triple A Platinum Award" for 2012 by The Asset

March

 March Awarded "2012 Best Performance Company in Mainland China---Global Chinese Companies 1000" by Yazhou

 March Awarded "2013 Best CSR" and "2013 Best Investor Relations Company" by Corporate Governance Asia

• June

• 2013

 October Ranked 12th in "Platts Top 250 Global Energy Company Ranking", 1st in "Platts Top 250 Global Energy Company 9th in "Platts Top 250 Global Energy Company Rankings - Fastest Growing Companies in Asia "; Mr. Li Fanrong, CEO

• November Awarded "Best Listed Company" by *Ta Kung Pao* in the Gold Bauhinia Awards

• December Awarded "Deal of the Year" by Platts for the Nexen acquisition



In 2003, the Board of Directors of the Company approved a set of code of ethics ("Code of Ethics"). The Code of Ethics provides guidelines and requirements in the area of law and code of conduct in respect to: supervisory rules, insider trading, market malpractice, conflict of interests, company opportunities, protection and proper use of the Company's assets as well as reporting requirements for the directors and senior management of the Company.

In order to enhance its standard of corporate governance, the Board of Directors of the Company discussed and updated the Code of Ethics in 2005. Ever since 2009, the Company has reviewed the Code of Ethics every year, and continues to revise it according to the latest governance requirements. All the senior management members and directors are required to familiarize themselves with and follow the Code of Ethics to ensure that the Company's operations are honest and legal. Any violation of the Code of Ethics will be penalized and serious breaches will result in dismissal.

# Internal Control and Risk Management

Since the establishment of the Company, we have focused on maintaining and following strict internal control and risk management practices. The Company is well aware of the fact that the establishment of and maintaining an internal control and risk management system which coincides with the strategic goals of the Company and which suits the reality of the Company is the duty and mission of the management team.

To further enhance the professionalism of the Company's management in making scientific decisions when coping with significant risks, the Company splits the duties of the original investment and risk management committee between the investment decision committee and the risk management committee. The investment decision committee's duties include introducing oil and gas experts to the team in order to enhance decision making in all major investment projects through a voting system. Directly managed by the Chief Executive Officer of the Company, the risk management committee is responsible for the organization and implementation of the Company's overall risk management. Pursuant to the Company's corporate strategy, the risk management committee is responsible for setting goals in overall risk management. It performs evaluations and assessments on the risks entailed in major decisions, major events and important aspects of business progress before approving solutions to reducing such risks. The committee also submits corporate risk management reports to the Board on a regular basis.

The "Sarbanes-Oxley Act" promulgated in the U.S. in 2002 and the "Code on Corporate Governance Practices" issued by the Hong Kong Stock Exchange in 2004 impose stricter regulatory requirements on corporate governance and internal control. Such regulations not only represent regulatory requirements imposed by the market, but also motivate the Company to improve its management system and create value for its shareholders.

In terms of internal control, the Company introduced an internal control framework developed by the COSO Committee ("Committee

of Sponsoring Organizations of the Treadway Commission") of the United States, covering an internal control system and mechanism over finance and accounting, business operations and corporate governance. Such internal control systems have been continuously reviewed and evaluated to ensure timely, accurate and complete information disclosure. The Company's management team accords the highest importance to building a complete and effective internal control system. After the rollout of the new internal control framework of COSO 2013, a special effort was made to compare the Company's internal supervision system and the new framework to identify and define the goals that will ensure its effective functioning.

When it comes to risk management, in 2007, the Company has chosen to use corporate risk management framework drafted by the US COSO Committee as guidance. CNOOC Limited has been keeping track of new risk management requirements in countries where it operates and their best practices in this regard. In recent years, the Company has also taken the *Basic Norms for Corporate Internal Controls* and its supplementary rules, formulated by the national supervisory agencies, as important references to ensure that enough attention is paid to the monitoring of risks and to effective countermeasures.

In February 2013, the company completed its acquisition of a Canadian company, Nexen. To ensure that the transaction would progress smoothly, it developed short, medium and long-term plans for integrating risk management and internal control while the internal control on financial reporting is set a priority. These plans were included in the scope of self-assessment and auditors' independent assessment to meet the information disclosure requirements in 2013.

As a company listed in Hong Kong, the US, and Canada, CNOOC Limited will abide by all supervisory rules, and continue to improve its internal control and risk management system to ensure a prospective future of the Company.



In order to strengthen monitoring of corporate risks and internal control system, the Company has set up an internal audit-based monitoring system, by combining the internal audit management system, financial information safeguarding system and anti-corruption supervision system as a complete set of supervisory management system.



Based on the requirements of corporate governance, following the relatively independent principles of internal audit, an audit monitoring management system has been set up. It has been determined that the Compliance Officer of the Company will lead the audit monitoring work. Based on the periodic independent audit appraisals of all subsidiaries, prepared by internal audit personnel, the Compliance Officer of the Company is responsible for reporting directly to the Audit Committee and the Management of the Company. This forms a vertically integrated reporting system for "Audit departments of the branches, subsidiaries --- Audit and Supervision Department --- Compliance Officer --- Audit Committee".

With the development of overseas business, the Company's internal control and risk management of overseas assets are increasingly prominent. The company will trace and audit the operational performance of its overseas assets, with comprehensive consideration of risk valuation results, management focuses as well as significant cases in production and operation management, to be able to carry out audit work to its overseas assets.



## Financial control complaints: reporting channel and handling

CNOOC Limited and its subsidiaries have set up full-time and part-time organizations and positions in charge of handling various complaints and grievances. Anyone can make reports, allegations and grievances about violations and breaches of rules to the management, compliance monitoring personnel, legal advisers, internal audit department or other relevant departments of the subsidiaries by letter, in person, telephone, email, etc. We have posted the related channels in the official website of the Company.

With the continuous expansion of its overseas business, the functional integration of its internal audit departments, organizational restructure of CNOOC International Limited, as well as completion of the acquisition of Nexen, CNOOC Limited updated its complaints system for financial control and appointed several complaint officers in 2013.

The above financial control complaints and other grievances and complaints will be handled and filed in accordance with the Complaint and Grievance Administrative Measures of CNOOC Limited, as well as the Procedures of CNOOC Limited for Financial Control Complaints, and will be reported to the Audit Committee of the Company periodically in order to ensure that all individual reports are given proper attention and major weaknesses of the system can be reported to the Audit Committee directly.



CNOOC Limited stresses the importance of maintaining high ethical standards among all employees. In order to strengthen internal management of the Company, enhance the self-discipline of employees, and guarantee that operational activities of the Company are carried out without violating business ethics, CNOOC Limited released and implemented Code of Commercial Behavior and Conduct of Employees of CNOOC Limited, as well as the Procedures for Handling Violation of Rules of CNOOC Limited Employees and Guidelines for Overseas Operation with Compliance of CNOOC

Limited to place an effective system in place to punish and prevent fraudulent practices.

The Code of Commercial Behavior and Conduct of Employees provides clear guidelines or standards by which employees should abide at work. The Code aims to prevent misconduct by fostering behaviors that are in strict compliance with all applicable laws and regulations, and honest and ethical business practices so as to avoid conflicts of interest.

The above procedures for handling violation of rules and guidelines include detailed provisions for behaviors that violate the relevant laws and regulations of the state and the articles of association of the Company. These include violations of the rules of production and operation management, as well as violations involving financial discipline, corruption and bribery.





CNOOC Limited regards safety and environmental protection as the basic guarantee of sustainable development of the Company. The Company insists on incorporating safety and environmental protection in the process of production, operation and management, and adopts strict measures to guarantee operational safety.

#### **HSE Philosophy**

- Sound HSE performance is one of the foundations for the company's growth and development
- Ensuring economic return, HSE management is also our commitment to social responsibility
- Put people first and regard employees as our most valuable resource and asset
- · With set objectives, implementation is important
- Conduct systematic management and continuous improvement with the motto "We can always do it better"
- Promote the "5 DON'Ts until DOs" safety rules, focus on details, manage risks to an acceptable level
- Manage contractors and share information and experience to achieve Win-Win cooperation
- Endeavor to use clean and harmless materials and energy, and protect environment and natural resources
- Comply with laws, regulations and industrial standards, and strive for HSE excellence
- HSE performance mirrors the comprehensive quality of the company



During the period, CNOOC Limited has continuously improved its QHSE system by reviewing and updating a series of control measures in place and implementation details that cover hazards identification and risk management; quality management; occupational health management; emergency management; accidents and potential risk management; HSE management of construction projects, merger and acquisition projects and contractors; as well as overseas HSE management, which provide a strong driving force towards more systematic, disciplined and standardized environmental health and safety practices.





CNOOC Limited places high value on and has been aggressively promoting the operational safety standards. In 2012, we issued the Implementation on Work Safety Standardization Notice to mobilize all associated branches to standardize safety procedures in the production process. Through the implementation of standardized information systems on operational safety, CNOOC Limited coordinated various works to achieve standardization in operational safety. By the end of 2013, 29 enterprises had completed their self-evaluations, submitted relevant documents and were ready for the next stage of review. We also helped our partners including ConocoPhillips, CACT submit the relevant documents for review.

Furthermore, CNOOC Limited also demands that its overseas units and projects conduct ongoing evaluations on possible risks involved based on their locations, cultures, operation models, legal environments, political environments, natural environments, as well as project cycle and nature of operations. At the same time, overseas operations are also urged to raise their risk awareness and pay particular attention to and to evaluate the safety conditions of the countries and regions where they operate. To this end, an Overseas HSE Management Program has been drafted to improve the structure of the HSE system in the Company's overseas operations.

#### **Management Performance**

Thanks to systematic management, the Company achieved good results in operational safety through continuous improvement over the years. In 2012-2013, no accidents involving major deaths and casualties were recorded. The occupational safety statistics of the Company under OSHA continued to maintain above average level among all international oil companies.

#### OSHA Statistics

		Total Work Hours (Millions of man-hours)	Recordable Incidents	Rate on Recordable Incidents	Cases of Lost Work Days	Rate on Lost Work Days	Days of Work Delays and Job Changes	Rate on Lost Work Days and Restricted Days	Casualties
12	Employees	24	13	0.11	4	0.03	13	0.11	0
2012	Employees and direct contractors	74	40	0.11	22	0.06	901	2.42	0
13	Employees	35	20	0.11	6	0.34	250	1.43	0
201	Employees and direct contractors	120	111	0.18	38	0.06	1,517	2.53	4

#### Safety Inspection

In 2012-2013, the Company further strengthened the identification, management and control of QHSE, and carried out screening and tracking of potential risks and rectification to enhance the ability to manage and control HSE risks.

To further strengthen the screening of safety risks, the Company set up a "management and control system for examining major sources of danger and potential risks", and formed a dynamic risk information base. These helped with timely information on risk assessments, potential risk screening, and rectifications made by subordinate companies. The application of this system has facilitated with potential risk checks in subordinate companies and

raised their risk awareness levels. By the end of 2013, a total of 904 potential risk cases were reported within the system, of which 884 cases were addressed, yielding a rectification rate of 97.8%.

In 2013, the CNOOC Limited issued nearly 10 operational safety guidelines and updated its crisis management system in accordance with its overseas operations development. CNOOC Limited, along with its audit plan for subsidiaries, organized and participated in operational safety checks, special HSE inspections, and investigations into accidents seven times in a move to promote better safety guarantees at its overseas projects.





In October 2013, the Company conducted a special environmental assessment of CNOOC Uganda Ltd, with a particular focus on the operations, environmental conditions and measurements of the Kingfisher Oilfield which CNOOC Uganda Ltd acted as the Operator. It also organized an inspection of the mud waste and drilling disposal in the Paara Appraisal Area operated by TOTAL, and consolidated an HSE inspection report for the Uganda trip.

## **Equipment and Facility Integration Management**

To further strengthen the reliability, operability and maintenance of its equipment and facilities and to better avoid HSE risks, CNOOC Limited started to promote equipment and facility integration management since 2011. This refers to the optimal management of the Company's equipment and facilities throughout their life cycles, including initial study, project construction, maintenance, as well as old equipment disposal. The overall approach aims to build a special management and operational task force, a set of equipment and facility integration management system, evaluation and information management platform promoting high end integration management technologies.

In 2012-2013, CNOOC Limited completed the establishment of an organization for integration management system, the deployment of

dedicated staff, and formally announced the establishment of the equipment and facility integrity management system in July 2013. At the same time, it also started to build its information platform, introduced integration skills, and gradually merged these with the business flow of its functional departments to ensure the effective enforcement of the integration management system.

Through monitoring, audits and early interventions, we effectively extended integration management to the initial research and project construction phase and carried out examination and evaluation at the producing oil and gas so as to screen potential risks associated with equipment and facilities, hence lowering the chance of the occurrence of accidents and reducing their impacts on production.

#### Management of Contractors

In addition to adopting HSE standards, the Company required contractors to the same HSE standards. In 2012-2013, the Company's safety management on contractors continued to focus on helicopters and diving safety. In 2012, it published *Management Procedures for Safety Qualification of Diving Operations* and provided certification for contractors who met Association of Diving Contractors International, Inc (ADCI) standards and the diving safety requirements of CNOOC, which further standardized the Company's requirements on diving safety. During the reporting period, CNOOC Limited also commissioned the

independent professional auditors to conduct safety audits on 10 helicopter bases of three helicopter contractors and over 20 helicopters, and provided proposals for improvements.

To enhance the quality, efficiency and pertinence of safety training courses, actively respond to the needs of the increasingly young operation teams resulting from the rapid development of the industry, and raise contractors' awareness on risk prevention, CNOOC Limited has set up "live" training classrooms and, through targeted practical training programs, effectively strengthened the safety mindset of its employees and contractors.

#### **Enhancing Emergency Response Capability**

CNOOC Limited further enhanced its emergency response capability in 2012-2013 through various measures such as perfecting emergency programs, enhancing its emergency command capability, promoting the construction of an emergency management information system, and strengthening its emergency rescue team.

To improve its emergency program, the Company pushed its various units to review and assess existing programs based on the *Guidelines on Writing On-site Emergency Handling Plans* and encouraged various units to update, revise and improve on-site emergency handling plans in order to further enhance the emergency handling capability at the scene of incidents.

In view of its insufficient abilities in marine emergency communications, CNOOC Limited pushed for the integration and optimization of seven systems including satellite communications, video monitoring, and wireless mobile video in order to resolve the problems of data collection and transmission at sea, especially under complex marine conditions, which also played an important role in enhancing responses to emergency situations. To date, the Tianjin Branch of the Company has completed the establishment of the emergency command communication system of Haiyangshiyou 252 and FPSO 253.

In terms of the establishment of the emergency management information system, CNOOC Limited has pushed for a more in-depth application of the 3D emergency management information system to enhance its level of applicability. During the reporting period, the Company has completed the establishment of a video surveillance system for more than 30 central platforms in Bohai and set up a global emergency resources management platform to coordinate and take full control of the Company's reserves of emergency supplies, as well as to strengthen regional collaboration to safeguard emergency supplies.

Meanwhile, it has also been active in implementing the connections of its emergency mechanism with China National Petroleum Corporation (CNPC) and Sinopec. In 2013, an emergency resources management platform involving these three oil companies was built, which divided their operational areas into 15 blocks, including 11 onshore and 4 offshore. The three oil companies also centralized the registration of emergency rescue teams, emergency supplies and equipment for the 15 Blocks, as well as implementing a linked management model at each block.

In terms of oil spill emergency response capability, the Company has been

actively promoting the establishment of oil spill emergency response bases. During the period, construction of the Gaolan Base in Zhuhai and the oil spill emergency supplies and emergency response plans was approved. So far, CNOOC Limited has built eight oil spill emergency response bases — Tanggu, Suizhong, Longkou, Zhuhai, Shenzhen, Weizhou and Gaolan — extending the coverage of its oil spill emergency management to all of its marine operations. Furthermore, it has also formulated an oil spill emergency response program based on *National Guidelines on the Planning and Establishment of Emergency Contingency Plan for Major Oil Spills*, together with the Company's current capability for oil spill emergency response, current condition of offshore oil spill risks, and the distribution and development of offshore oil platforms.

To strengthen the typhoon response management, CNOOC Limited is putting in place an emergency response system. Of the 26 tropical cyclones that affected the areas of the Company's operations in 2012, the Company deployed helicopters 671 times, vessels 465 times and sent 30,925 emergency response operators to respond to 12 tropical cyclones which had a direct impact on the Company's operations. Among 31 tropical cyclones in 2013, the Company has deployed helicopters 964 times, vessels 669 times and sent 44,693 emergency response operators to respond to 15 tropical cyclones which had a direct impact on the Company's operations. With adequate preparation and proper handling, there were no casualties due to typhoons. Moreover, the Company also held several special workshops at which emergency procedures to protect against typhoons, geological disasters and storm surge were discussed in depth.





#### CNOOC Limited's first successful land-air-sea joint forces emergency drill for offshore oil spill







The exercise simulated the following scenario: while operating at sea, an engineering vessel crashes into a stand pipe of Platform A of an oilfield, causing a rupture in the pipe and a spill of about 8 tons of crude oil into the sea, which spreads quickly due to winds and drifts away. The Company immediately launched its emergency plans. Various types of environmental protection vessels, anchor handling towing supply vessels, and recycling vessels make their way to the spill and cover the affected area with large-sized oil booms, oil skimmer cloths, oil absorption drag bars, and oil absorbing felt. Haiyangshiyou 256uses an embedded marine pendant oil recovery machine for patrol oil retrieval. At the end of mechanical retrieval, helicopters carrying an oil dispersant spraying device begin spraying airborne oil dispersant. The South China Sea Branch of SOA

dispatches maritime police vessels to track surveillance of the spill and to carry out investigations.

More than 250 people from eight organizations, 16 vessels, two helicopters and various types of special equipment for oil spill retrieval and cleanup took part in the exercise. More than 100 volunteers, led and trained by the clean-up professionals, also participated in manual clean-up operations along the shoreline.



#### Transportation Safety

CNOOC Limited attaches great importance to the safety of employees beyond their regular work hours.

The Company has further enhanced traffic safety awareness among employees and improved their driving skills by organizing defensive driving courses. CNOOC Limited has also issued driving safety alerts to employees during holidays and weekends and actively supported private car club activities. On "National Traffic Safety Day", it took the opportunity to hold a safe driving educational activity for private drivers.

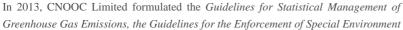
In 2012, there were four traffic accidents involving CNOOC Limited employees resulting in one casualty and one injury. In 2013, no accidents were reported.

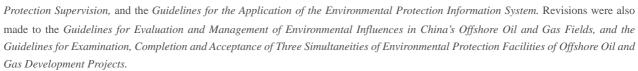




#### **Environmental Protection Management**

Environmental protection management remains an important component of CNOOC Limited's HSE management. In 2012-2013, it further improved its environmental management system and implemented whole-process environment management. In 2012, the Company revised the Environment Assessment Management Methods and promulgated the Pre-evaluation System on Environment Risks, to focus on environment risks from the time of project site selection to coordinate settlement of claims from all parties involved and to evaluate investment costs incurred on account of environmental protection requirements while making the investment decisions.





At the same time, it also detailed the Program on Approval for the Implementation of the Environmental Assessment Plan, the Report on Changes in Environmental Assessment of Projects and the Standards for Environmental Protection Facilities to strengthen the management and control of environmental protection of Three Simultaneities. Before a project is put into operation, strict requirements for environmental assessments must be defined to ensure that environmental protection facilities and measures conform to requirements of Three Simultaneities and effectively eradicate environmental risks in the operation of the project.



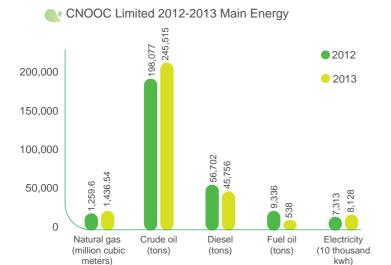
#### **Energy Conservation**

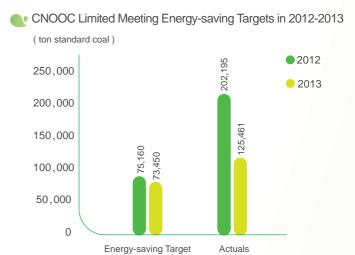
As an energy producing and supplying company, CNOOC Limited values energy conservation in the process of its production and commercial activities.

In 2012-2013, the Company pushed for the compilation of various documents with the aim of promoting energy conservation management, forming a complete energy conservation management system that was included into its corporate risk management and control system. CNOOC Limited also compiled five regulations including the Regulation on Energy Conservation Monitoring in Offshore Oil and Gas Fields . At the same time, more than 100 employees were singled out to form a team of volunteers to supervise the energy conservation.

During the reporting period, the Company took an important step forward in strengthening energy conservation from the beginning of a project and implemented strict energy conservation assessments and examined all new, reformed, and expanded projects to ensure they meet advanced levels. Measures were also taken to strengthen management, optimize operations, and implement technological reforms, all of which helped the Company save 328,000 tons of standard coal during this period. At the same time, it invested RMB 310 million in the reconstruction of more than 70 energy-saving projects, laying a solid foundation for the long-term and sustained advancement of its energy-saving work.







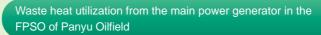


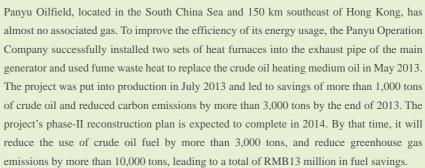
#### Associated natural gas recycling in oil and gas field of Bohai

Natural gas is a clean energy resource, and the recycling and reuse of oilfield-associated gas can not only save precious energy, but can also reduce carbon emissions. The Tianjin Branch of CNOOC Limited, by making full use of the concentrated distribution of oilfields in the shallow water of Bohai, has implemented the recycling and reuse of oilfieldassociated gas in recent years, realizing integrated gas supplies in the southwest of Bohai and in Penglai's Caofeidian natural gas transmission to other regions, resulting in a considerable decrease in the volume of flaring gas. In 2013, the utilization ratio of oilfield-associated natural gas amounted to 80.45%, and the volume of recycled and reused oilfield associated natural gas reached 1.68 billion cubic meters in 2012-2013, equivalent to the one-year gas usage volume of 10 million families.











#### Case

#### Super gravity desulphurization project at Liuhua Oilfield



Based on three years of research, CNOOC Limited's Shenzhen Branch invented a new technology for natural gas desulphurization at offshore oilfields. The technology can swiftly convert natural gas with a high content of hydrogen sulfide gas into fuel gas suitable for boiler combustion, which not only save boiler fuel oil but convert hydrogen sulfide gas into industrial-grade sulphur, thus turning waste into a useful resource. The technology was successfully applied to Liuhua oilfield in November 2013. The application of the technology can save 5,200 tons of crude oil every year, reducing carbon dioxide and sulphur dioxide emissions by more than 17,000 and 600 tons, respectively, and produce more than 300 tons of industrial-grade sulphur.



Case

# Launch a promotional campaign in regard of energy conservation with the aim of raising awareness among all employees

To raise awareness on energy-saving and participation on energy-saving activities among its employees, an extensive energy-saving promotion program was launched across the Company. It included a series of activities such as signing energy-saving commitments, competing on good proposals, and providing technological exchanges and training courses. The Company is committed to making all of its employees aware of energy conservation, low-carbon production and low-carbon consumption, shaping a greener life among our employees.









To further strengthen the monitoring and management of environmental protection measures, fulfill its responsibilities for basic units, and master knowledge of its pollutants discharge, CNOOC Limited has formulated a pollutant discharge management system that covers all subordinate entities. On one hand, all of its production entities are required to report directly to the Company all of their discharge outlets and on original data of all types of pollutants. On the other hand, the Company has also defined discharge quotas for every production entity and discharge outlet.

To ensure effective pollutant discharge management, CNOOC Limited has put in place an environmental protection management information system, and realized an all-inclusive environmental protection management model by adopting a "direct reporting, direct management" model for the pollutants discharge data of production entities. So far, it has included the discharge outlets of 49 production entities into its environmental protection management system, which not only offers access to information about the discharge conditions of every discharge outlet but also issues text message warnings in the event of excessive emissions.

#### 2012 - 2013 Emission Statistics

	SO2	NO <sub>x</sub>	COD	Ammonia nitrogen	Petroleum hydrocarbon
2012	31	6	438	0	1,785
2013	22	172	313	13	1,801

Note: unit (ton)

### Response to Climate Change

Climate change is one of the global environmental issues that society is now facing. While increasing efforts for offshore oil and gas exploration and development to ensure energy supplies, CNOOC Limited has also actively participated in global efforts to deal with climate change.

#### **Greenhouse Gas Emissions**

The control of greenhouse gas emissions is one of the key measures taken by CNOOC Limited to deal with climate change.

To enhance the environmental protection management and to expedite its information management system on environmental protection, it implemented Phase-II of the energy-saving and emissions reduction information management system in 2012. The Company actively carried out statistic work on greenhouse gas emissions and published the Guidelines on Statistical Management of Greenhouse Gas Emission ahead of the government's schedule in 2013.

Since 2006, CNOOC Limited started to participate in the Carbon Disclosure Project (CDP)'s online questionnaire. Through its participation on CDP, the Company has satisfied investors and stakeholders for relevant information disclosure. At the same time, such information provided reference data for greenhouse gas emissions and carbon resources management.

#### Increase Supply of Clean Energy

The development and expansion of the natural gas business is one of our three established development strategies. Since its establishment, CNOOC Limited has been working to increase its natural gas supply and reserves. In 2012-2013, the Company also attached great importance to developing its unconventional oil and gas business while trying to boost its conventional gas business. It has expanded its shale gas and coal-bed methane business in China, while in overseas regions, it has strengthened communications with its cooperative partners to boost its project management capability, which led to a steady increase in production. By the end of 2013, its net proved natural gas reserve reached 6,843 billion cubic feet. It now provides natural gas to the society at 1,247 million cubic feet per day.

In 2012, the Company had for the first time drilled a self-operated deepwater well in the South China Sea's deep-water area, and made the first deepwater natural gas discovery on self-operated well.







CNOOC Limited treasures its employees as valuable resources, with the employees' self development is always considered as one of the key elements in our business development history. We pay great attention to our employees' interests and personal advancement.

As of the end of 2013, we had 17,553 employees (including Nexen's, hereinafter inclusive), among which 11,385 were based in Beijing, Tianjin, Shanghai, Zhanjiang and other cities while 6,168 were distributed at more than 20 countries and regions overseas.

# Employment Policies

CNOOC Limited respects the basic human rights that all employees are entitled to in accordance with the laws. The Company also respects employees' personal values, personalities and privacy under different culture background.

In China, CNOOC Limited acts in strict compliance with the Labor Law of the People's Republic of China and Law of the People's Republic of China on Employment Contracts, and safeguards all employees' rights and interests. In overseas, the Company strictly abides by the relevant laws and regulations, conscientiously implements related international conventions sanctioned by the Chinese government and respects the rights and interests of all employees.

We insist on giving fair and equal treatment in our recruitment, training, promotion and compensation systems regardless of race, nationality, religion, gender, age, marital status and other legal privileges of an employee.

All employees enter into legitimate employment contracts with the

Company on an equal and voluntary basis. The Company opposes any forms of inhumane treatment and any form of forced labor to its employees. All employees are only required to work for a reasonable number of hours as supported by the law. The Company insists on providing reasonable compensation to its employees, and strictly abides by the relevant stipulations on salary, overtime hours and statutory benefits at the respective locations of operation.

CNOOC Limited adheres to the principle of equal footing between men and women. The Company actively increases the number of its woman employees and promotes the cultivation within the woman management team. In addition, the Company enriches the leisure activities of woman employees with various activities, and encourages them to participate in those activities. As of the end of 2013, there were 2,485 woman employees within the Company, of which 130 are mid to senior level managers. Since its establishment, the Company has never employed child labor for any operations in any area.







CNOOC Limited endeavors to create an open, transparent and equal environment, adheres to people-oriented principles and values and protects the legitimate rights of its employees.

The Company has been striving to offer employees competitive salaries within the industry and to set up an escalation mechanism and a long-term incentive mechanism for its core employees. At the same time, the salary distribution mechanism matched with the market mechanism has been gradually established across the Company. The Company's salary distribution has further emphasized on the field employees, and practical measures have been taken to further improve the performance mechanism. Under such

a performance assessment, employee pay is closely linked to their performance and contributions. In the meanwhile, a pay mechanism that links employee incomes and the growth of the Company's economic profits has also been adopted, so as to let them benefit more from CNOOC Limited's development and to help them resolve issues closely related to their vital interests.

The Company has also built a comprehensive and effective social security system and brought employees under the coverage of various social insurance as well as a variety of supplementary insurance in a timely manner. Aside from 5 basic social insurances including pensions, healthcare, employment injuries, unemployment and maternity, CNOOC Limited also provides employees with personal accident insurance, commercial supplementary medical insurance and minor children supplementary medical insurance. It also provides employees with company annuity and housing subsidies.

We have also taken a series of measures to help employees strike a better work-life balance. For example, we offer employees paid annual vacation or home leave and encourage them to take therapeutic leave, and grant a one-time settlement subsidy or comprehensive allowance to help migrant employees settle down. The Company respects and supports the freedom of its employees to socialize, gather, and join Labor Unions as according to the law. Guided by the Trade Union Law of the People's Republic of China, Labor Unions at all levels resumed their responsibility and obligation to protect employees' legitimate rights and to monitor the Company's fulfillment of its responsibilities, Labor Unions also oversee all operational activities related to employee benefits, and communicate with the Company on behalf of its members.





#### Career Development

CNOOC Limited has always upheld a "people -oriented" principle and is keen to provide opportunities and channels for employee advancement. Based on different professional groups and job characteristics, the Company has built up three types of talent cultivation systems - management (M rank), skill (T rank) and operation (W rank) - which provide career development paths suitable for each employee. During the reporting period, it also offered professional qualification license and training courses for employees in the areas of exploration supervision, underground operations, and well completion supervision, in which 115 people were certified for the rank of chief inspector and above, thus boosting the capability and quality of the Company's key frontline employees.

With regard to the requirement of the career path for the "T" rank, namely the "career development path, qualification and competency standards, training system, and evaluation and promotion methods", the Company further optimized the management of "T" rank, and studied the number, age and rank of the technical personnel across research institutions, to make their representation more suitable to the Company's long-term development plans.





#### Stabilizing Nexen's Work Force

CNOOC Limited's Human Resource Department formulated a program aimed at retaining Nexen's employees after the acquisition of the Canadian oil producer, designing tailored clauses for its senior management and implementing annual pay adjustment programs for its employees and senior management. These have helped retain Nexen's management and employees. The Human Resource Department also sent a delegation to Canada for 10 days to work with Nexen's Department of Human Resources to understand Nexen's system and management methods, and merged two performance evaluation systems into one.



#### **Employee Training**



CNOOC Limited has organized both targeted and wide-ranging training courses to further align employee training with its development strategies. At the same time, training courses and inputs continued to be emphasized on key groups, key specialties, and frontier technologies, strengthening their pertinence and efficacy. For example, the Company held a 13-week training class for middle-aged and young managers which involved 9 topics such as "mission and strategic planning", "team management and the art of leadership", and adopted multiple teaching methods such as knowledge imparting, on-the-spot teaching, and case study. This exposed them to the studying of practical management projects, boosted their ability to research, analyze and solve practical

problems. The technical experts and core employees are able to apply what they have learned to overcome technical difficulties that have challenged CNOOC Limited's development.

The Company has further promoted the identification of professional skills and increased the proportion for top talents. In 2012-2013, more than 650 employees from 9 work categories registered themselves for technician or senior technician qualifications. In 2013, a total of 101 employees were granted with technician and senior technician certificates. The proportion of technicians and senior technicians has increased from 2.49 percent of 2012 to 4.72 percent.

#### Unconventional technology training in the US

Case

In 2013, CNOOC Limited sent 11 employees to Houston to participate in an unconventional technology training program. Combining a better understanding of the advanced geological theory on reservoir stratum and deposit with an on-site visit of the engineering operations, these technical personnel finished their whole-process study from research to drilling, well completion and engineering and applied their knowledge to SM-02 well after returning, which led to a considerable increase in daily production of tight natural gas.





#### Training in the technology of heavy oil exploration and development in Canada

In July 2013, CNOOC Limited organized a team made up of 26 people to participate in a training program on heavy oil exploration and development technology in Calgary. After studying Canada's oil sand thermal-collection technology, the Company pushed for technological innovations in its oilfield which offer valuable insights into heavy oil reserves exploitation in Bohai.



#### Case

#### Deepwater well control certificate training

In 2013, the Company sent more than 20 employees in three batches to the US for a training course of IWCF certification and deep-water well control. As much as 89.7 percent of the Company's deep-water well control personnel were qualified, which was higher than the international average.



#### 2012-2013 Training Status

	2012	2013
Number of training sessions	14,242	16,777
Number of participants	187,130	194,880
Total training hours	1,013,305	1,189,869
Average number of hours per staff	109	97



#### Cultivation of International Talents

CNOOC Limited has made continuous improvements to its global human resources management and support systems, improved its global talent acquisition, cultivation, utilization and management system, and formulated a system to manage global employees, local employees, and a domestic support team. It has taken a bigger step toward the cultivation and introduction of global talents and accelerated the merger of talent teams with Nexen.

In 2012-2013, CNOOC Limited completed a total of 17 training projects overseas that cultivated global talents 250 person/times. These projects covered a series of key areas such as unconventional oil and gas exploration, heavy oil development, deepwater drilling and well completion, the exploration and development of low-permeability oil and gas fields, universal laws on the international oil sector as well as foreign related petroleum tax.

### Cultivation of Overseas Local Employees 🎾

With the Company's continuous development and the expansion of its overseas business, the number of overseas employees of CNOOC Limited has been on the rise. To help overseas employees boost their competitiveness and to provide more opportunities for career development, the Company has consistently offered them exchange programs and other kinds of education and training support based on distinctive local conditions. This will broaden local employees' international horizons as well as job competence to build a solid foundation for the Company's globalization strategy.



### **Employee** Health



CNOOC Limited takes seriously its employees' occupational health to ensure that they are free from the hazards and damage of occupational diseases.

The Company has fully implemented CNOOC Limited Occupational Health Management System and organized online training courses among all subsidiaries that face the risk of occupational diseases. To push the application of the system, CNOOC Limited has further optimized its application and evaluation standards by rating each subsidiary's application as "excellent, good and fair" every month and publish the results on its website. By October 2013, the system application of all subsidiaries had been graded as "excellent".

In 2012-2013, all subsidiaries of CNOOC Limited conducted a thorough inspection of hazardous occupational disease factors in the operation sites and conducted health monitoring of employees who happened to be in contact with these factors. According to the statistics report, 5,411, or 99.98 percent, of 5,412 employees had received occupational exams. All 88 operation sites vulnerable to

occupational hazards were examined, yielding 100 percent coverage rate.

CNOOC Limited also put in place a weight-loss and chronic disease risk factor management and intervention plan, organizing the participation of employees in targeted health management and educational activities to help them develop good habits. On the basis of this, the Company also formulated a health-promotion program, setting up a management platform to promote all-inclusive health among employees.

Besides focusing on its employees' physical health, CNOOC Limited also pays particular attention to their psychological health. From 2009, it has been carrying out a series of activities involving "psychological crisis intervention training", "pressure model building" and "pressure management and psychological health services" to help employees maintain their physical and psychological health. By the end of 2013, the trial run of "pressure model building" and "psychological health services" achieved periodical good results.





CNOOC Limited has oil and gas assets in more than 20 countries and regions across the world's six continents. The Company is committed to benefiting society during its development. Guided by its corporate governance to properly pursue business opportunities and reasonably develop resources, the Company focused on the win-win philosophy with its stakeholders by supporting the community development, in order to actively make contribution to the places where we operate.



As a responsible energy company, CNOOC Limited has actively contributed to local economic and social development.

In 2012 and 2013, the Company's oil and gas sales revenue achieved RMB194.77 billion and RMB226.45 billion respectively, and net profit reached RMB63.69 billion and RMB56.46 billion, respectively.

In 2012 and 2013, the tax payment of the Company amounted to RMB72.99 billion and RMB78.61 billion respectively, among which the domestic and overseas tax payments for 2012 were RMB66.72 billion and RMB6.28 billion and for 2013 were RMB63.71 billion and RMB14.9 billion respectively, strongly supporting the development of local economy and society.



Since listed, CNOOC Limited has been actively participating in marine rescue activities.

In 2012-2013, it took part in a total of 70 marine emergency rescue missions, involving 106 sea navigations and 11 helicopter flights, rescuing 119 people.

CNOOC Limited's Tianjin Branch was recognized by the Ministry of Transport with the title of "2012 Advanced Social Rescue Unit" and was honored as a "2013 Advanced Maritime Rescue Unit" by the city of Tianjin. Binhai 262 vessel was celebrated by the city of Tangshan as an "Advanced Maritime Rescue Collective" in 2013, and Captain Ma Jun was conferred with the title of "Advanced Maritime Rescue Individual".





In April 2012, Yueluyu 250 vessel was in danger near Huizhou Oilfield, CNOOC Limited's Shenzhen branch. The branch swiftly sent its stand-by vessel Huahu to the scene and successfully rescued 3 people.

In March 2013, employees on duty aboard Anquanzhou 77 vessel of Tianjin branch spotted that 1.2 nautical miles away there was a ship overturned, then immediately navigated to the scene and rescued all 14 crew members under extremely severe maritime conditions.

In April 2013, Shunfeng 018 vessel was in danger near the Qinhuangdao 32-6 Oilfield of Tianjin branch. Binhai 262 vessel came to the rescue and successfully helped all 7 on board out of danger.

In June 2013, affected by Typhoon Beibijia, a fishing boat was in danger and out of control near buoy No 31 of Zhanjiang port. Tugboat Deming of Zhanjiang branch successfully dragged the fishing boat to a safe area and rescued all 4 fishermen on board.



As a responsible corporate citizen, CNOOC Limited has always insisted on contributing to society through various ways such as providing educational aid and poverty alleviation efforts.

#### **Disaster Relief Donation**

In June 2012, CNOOC Uganda Ltd donated to two hospitals that were always short of medicines in Ntoroko Province a total of 85 million Ugandan shillings (approximately USD35,000) worth of medicines to alleviate the province's cholera epidemic.

In November 2012, CNOOC Myanmar Limited donated USD2,000 and six boxes of clothes to the local Red Cross after the north of Myanmar was hit by a 6.8-magnitude earthquake.

In January 2013, CNOOC Uganda Ltd donated blankets, fishing nets, rice and flour to dozens of hardest-hit households to help them get back to their normal lives as soon as possible, when the country's Buhuka community suffered a fierce rainstorm.

On April 20, 2013, Ya'an, Sichuan Province, was hit by a fierce earthquake. CNOOC Limited's Shenzhen branch and its research academy personnel donated RMB580,000 to support reconstruction in the affected area.

In June 2013, the southern region of Alberta, Canada suffered a catastrophic flood. Nexen donated CAD250,000 to the Canadian Red Cross. Through ReachOut program, Nexen matched employee donations to a registered charity, dollar-for-dollar, up to CAD20,000 annually per individual. It also encouraged employees to volunteer to extend support to local community service agencies.





#### **Education Aid**

During the period, employees of Weizhou terminal of Zhanjiang branch voluntarily set up the "Eagle of Beibu Gulf" education fund to provide poverty relief and educational aid, and have made a number of donations of school supplies and subsidies to the students from low-income family in Weizhou Xijiao Primary School. At the same time, our volunteer employees paid irregular visits to households under minimal insurance coverage, the elderly living alone, and the disabled.

In June 2012, Shanghai branch held a "Harmonious Mining Area" educational program, donating RMB50,000 worth of desks, chairs, schoolbags, stationery, and sporting gear to Taiping Primary School in the city of Wuhu, Anhui Province.

In 2012, CNOOC Canada Inc. set up a three-year scholarship at the Schulich School of Engineering, University of Calgary, and also offered scholarships for the university's Faculty of Social Work. To encourage more social workers and volunteers to help the homeless, the Company also gave support to the "Day of Autumn Assistances" activity sponsored by the Calgary Homeless Foundation, benefiting 600 to 1,000 people.











To help raise educational standards among residents surrounding its production and operations sites, CNOOC Southeast Asia Limited has formulated a long-term education plan to provide schools in impoverished regions scholarship and books, as well as stationery and teaching facilities, to provide deserving students subsidies for college counseling services and to offer scholarships to local colleges. In 2012, the Company funded the renovation of two primary schools and Kelapa Lsland Kindergarten.

In March 2013, Shanghai branch sent an appeal to all young employees to "help children in the impoverished mountainous regions of Yunnan Province" and to offer compassion with the simplest actions. In May, the branch used all RMB100,000 it collected to purchase quilts and other daily necessities for children in the impoverished Xiaohe village in the city of Zhaotong, Yunnan Province.

In 2013, employees of Lufeng oilfield of Shenzhen branch continued their educational aid to donate a school building, library, and audio-visual classroom for the Changpowan Primary School in the city of Kaili, Guizhou Province, as well as a schoolhouse and a canteen for Diwu Primary School. Employees have also been organized to visit students in mountainous regions every year. Furthermore, one-to-one assistance was also organized for students in mountainous regions, benefitting more than 100 students since 2006.

In 2013, the Missan Oilfield Contract Area of CNOOC Iraq Limited completed the Al-Barakat Primary School reconstruction project, including renovation of the classrooms; re-painting of school walls; construction of a concrete campus ground, a basketball field and a football field; and the provision of water-supply facilities and an improved power-supply project.

#### Cultural Exchanges

As part of a cooperation project with the Chinese University of Hong Kong, CNOOC Limited sponsored HKD3 million in 2012 and 2013 to establish scholarship awards to assist mainland students with excellent grades to get the opportunity of studying in Hong Kong.

In March 2012, the Company sponsored RMB1.55 million to the Ugandan Embassy in China to film a travel documentary on Uganda, thereby promoting non-governmental cultural exchange between China and Uganda.

In 2012 and 2013, CNOOC Uganda Ltd and the Bunyoro Kingdom, Uganda co-organized the "CNOOC Bunyoro Amasaza Cup" football match.

In October 2012, CNOOC NWS Private Limited sponsored AUD50,000 for the celebration of the 40th anniversary of the establishment of diplomatic ties between China and Australia.







In November 2012, CNOOC Limited sponsored the eighth Canada-China Energy and Environment Forum with a donation of CAD50,000.

In 2012, the Company sponsored the annual "Chinese Bridge—Chinese Proficiency Competition for Foreign College Students" held by the Confucius Institute at the University of Western Australia for the third consecutive year, showing its long-cherished support and contribution to Sino-Australian cultural exchange.

In September 2013, Nexen Energy ULC donated CAD1.5 million to the Calgary Public Library, the largest donation the library has received to date.

In October 2013, the Company agreed to make a donation of CAD1 million, spread over two years, to the exhibition of Forbidden City of China held by the Vancouver Art Gallery in Canada.

In the same year, it also sponsored RMB60,000 to the Canada China Business Council (CCBC) for its National Day celebrations, the 2013 annual CCBC meeting, and Christmas party.

#### Community Building

Pantura Wharf of Kelapa Island, Indonesia, was dilapidated owing to the lack of renovation for years. After two phases of renovation and maintenance by CNOOC Limited, the new wharf was put into use in 2012. Local residents call the wharf the "CNOOC Wharf".





In 2012, CNOOC Southeast Asia Limited, in cooperation with the Unila Medical Academy, offered free physical examinations and medical diagnoses to more than 600 residents from Muara village and the Maringgai region.





CNOOC Southeast Asia Limited established power-supply facilities on Sabira Island, which is not covered by Indonesia's power network, to ease power shortages of the local residents. The project was completed in March 2013, and has one conventional generator and six sets of solar power-generating equipment supplying power to six public places on the island.

To improve the living conditions of 44 families in Iraq's Al-Sada Albkhat village, CNOOC Iraq Limited decided to include the village's power and water supply facilities in its key CSR projects. The village's power supply project is now completed while its water supply project is listed in 2014 CSR project plan.

In response to concerns among stakeholders over the possible wider spread of HIV and other epidemics across communities due to the new influx of floating population, CNOOC Uganda Ltd, with the support of the local government,



engaged local NGOs to hold publicity activities on the testing, prevention and treatment of HIV in villages surrounding districts where it operates.

In Nigeria, CNOOC Limited and its cooperation partners of OML130 project make an annual donation of USD 1 million for local education and training. The Company has also helped with the construction of the Neuro Psych Federal Center Clinic, which supplies medical emergency response equipment to the region.

#### Public Welfare Activities

In July 2012, Tianjin branch sponsored the "Safety and environmental protection, youth acts first" beach cleaning volunteering activities and organized more than 100 young employees to clean up the beaches of Xingcheng and Qinhuangdao. This activity was praised by local governments and residents.

In 2013, both Shenzhen and Shanghai branches organized their employees to donate blood.





#### Caring for Employees



In July 2012, CNOOC Iraq Limited rescued an Iraqi employee bitten by a poison snake and helped him make a full recovery.

In September 2012, CNOOC Myanmar Limited, as one of its sponsors, host a Mid-Autumn Festival & National Day gala of the Chinese Enterprises Chamber in Myanmar. The employees actively took part in the cultural and sports activities, which foster a sense of community among Chinese people working overseas.

In June 2013, Nexen held an annual "Spruce Meadows Family Day" activity. The activities for employees and their relatives and friends included face-painting, pony riding and inflatable castle trampoline activities, with the participation of more than 1,500 people.









In the morning of July 19, 2012, an Iraqi employee was bitten by a snake. The employee was transported to the BUT clinic for treatment. On July 22, the employee was in critical condition and was transferred to the ICU. In view of the limited medical facilities at local hospitals, CNOOC Iraq Limited decided to immediately activate its SOS emergency mechanism.

However, the fact that the employee was an Iraqi citizen and not an SOS member created an obstacle. To save his life, the Company overcame several difficulties, applied for an emergency visa, and coordinated with the SOS Beijing station for treatment. On July 23, the man was out of danger. The Iraqi employee was deeply moved by what the Company had done for him.

#### **Ecology Protection**

In June 2012, Tianjin branch took part in the "Bohai biological resources proliferation and fishery stocking activity" jointly held with the Ministry of Agriculture and three provinces and one city encircling the sea, discharging a total of 12 million prawns, portunidae, jellyfish, and fish. The activity played a positive role in promoting environmental protection and awareness of biodiversity in Bohai.

In 2013, CNOOC Southeast Asia Limited continued its "mangrove planting activity" to fulfill its social responsibilities and extended the planting area from Kelapa Island to Panggang Island, with each planting 80,000 seedlings. According to estimates, a total of 540,000 mangroves have been planted since 2008.



As an energy company with a strong sense of responsibility, CNOOC Limited fully understands that adhering to the strategy of sustainable development are not only requirements for the Company's development by itself, but also a mission endued by the times.

Looking ahead, we recognize that our goals continue to be meeting energy demand in a rational manner; exploring resources in a safer, more efficient and environmentally-friendly way; and providing society with clean, reliable and stable energy supply. With these goal in mind, we have identified our direction as exploring resources in a more reasonable and effective way, strengthening technical innovation and laying a solid operation foundation for health, safety and environmental protection.

In addition, we will be even more committed to corporate governance, operational safety, environmental protection, caring for employee and public welfare. We will adhere to a high standard of business ethics and corporate governance and will further integrate our business operations with social responsibilities; we will actively take actions in response to climate change, strengthen environmental protection, energy conservation, and emissions reduction; we will adhere to our "people oriented" approach and prioritize our employees' health and career development; we will continue to contribute to community construction by actively taking part in public welfare activities, all to fulfill our social responsibilities in a comprehensive manner.

With the target of being a driving force in the supply of sustainable energy, a leading force in creating a clean and green energy development model and a motivating force in the joint progress of stakeholders and society, we are mindful of our commitment, and comprehensively fulfill our social responsibilities so as to achieve the joint development of the Company, society and the environment.

# Appendices



## The 10 Principles of UN Global Impact and the Company's Practices

Being a member of the UN Global Compact, the Company will fully comply with the 10 principles advocated by the Global Compact and fulfill our responsibility in the areas of human rights, labor rights, environmental protection and anti-corruption.

In the future, we will disclose our practices and performance results in fulfilling the 10 Principles of UN Global Compact in our CSR report on a regular basis.

The 10 Principles	Our Practices	
Human rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Employees – Employment policies Public Welfare	
Principle 2: Make sure that they are not complicit in human rights abuses.	Employees – Employment policies Public Welfare	
Labor		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Employees – Employment policies Public Welfare	
Principle 4: The elimination of all forms of forced and compulsory labor;	Employees – Employment policies Public Welfare	
Principle 5: The effective abolition of child labor; and	Employees – Employment policies	
Principle 6: The elimination of discrimination in respect of employment and occupation.	Employees and corporation – Employment policies Public Welfare	
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Vision and commitments – Commitments Safety and Environmental protection – HSE philosophy, environmental protection, operational safety, response to climate change	
Principle 8: Undertake initiatives to promote greater environmental responsibility; and	Vision and commitments – Commitments Safety and Environmental protection – HSE philosophy, environmental protection, operational safety, response to climate change	
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Vision and commitments – Commitments Safety and Environmental protection – HSE philosophy, environmental protection, operational safety, response to climate change	
Anti-corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Vision and commitments – Commitments Corporate governance – Anti-corruption	



# Key Operating Statistics

	2012	2013
Total asset (millions of RMB)	456,070	621,473
Net asset (millions of RMB)	309,780	341,620
Total revenue (millions of RMB)	247,627	285,857
Net profit (millions of RMB)	63,691	56,461
Tax payment (millions of RMB)	72,992	78,613
Earning per share (RMB)	1.43	1.26
Net production of the year (millions of BOE)	342.4	411.7
Net proven reserves (billons of BOE)	3.49	4.43
Dividend (HK dollar)	0.47	0.57
Dividend payout ratio	26.7%	35.6%
Dividend yield	3.1%	4.9%



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