



CNOOC Limited
中国海洋石油有限公司



2023 CNOOC LIMITED ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Reporting Entity	CNOOC Limited ("the Company" or "we").
Reporting Period	From 1 January 2023 to 31 December 2023. The report may include information beyond the reporting period in order to keep the information consistent.
Scope of the Report	CNOOC Limited and its subsidiaries. Please refer to the CNOOC Limited 2023 Annual Report disclosed in conjunction with this report for details on the scope of reporting entities.
Contents of the Report	Vision and commitment of the Company's Corporate Social Responsibility ("CSR"), concrete practices and key achievements in terms of ESG. There are no significant adjustments to the disclosure scope of this report compared with the Company's previous ones, and a consistent methodology of disclosure is applied.
Explanation of Information	The information in the report is derived from information including CNOOC Limited's internal statistical statements, company documents and reports, stakeholder surveys and interviews. The Company's emissions and energy consumption indicators are collected and calculated in accordance with national regulations or international standards.
Reporting Languages	Chinese and English. Should there be any discrepancies, please refer to the Chinese version.
Reference Standards	This report is prepared according to the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited (SEHK), Guidance on Self-Regulation of Listed Companies on the Shanghai Stock Exchange No. 1 -- Standardized Operation, the 10 Principles of UN Global Compact and the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI), with reference to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Reporting Guidance for the Oil and Gas Industry by IPIECA. In response to the concerns of key stakeholders including investors, rating agencies, and others, and to more comprehensively reflect the Company's ESG practices and performance, this report provides targeted responses to corporate governance, safety and health, response to climate change, emissions management, ecological protection, human rights protection, community connection, and social contributions, among other issues of concern to stakeholders.
Assurance	An independent limited assurance engagement on key ESG performance indicators of 2023 as disclosure under this report was conducted by Ernst & Young Certified Public Accountants LLP.

The electronic version of this report is available on the Company's website at www.cnooc ltd.com, and hard copies are available upon request.

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BOARD STATEMENT

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

Supervision over ESG matters

The Board is the principal and decision-making body for ESG matters, who has incorporated ESG affairs into the corporate governance structure, gets fully involved in ESG governance and ESG information disclosure, and is fully liable for ESG strategies and reporting. The Board regularly receives special debriefs on health, safety, and environmental protection performance each year, examines and approves corporate governance report and reports on internal control, risk management and compliance management, assesses and determines the Company's ESG-related risks, and ensures that the Company has an appropriate and effective ESG risk management and internal control system. The Board established the Strategy and Sustainability Committee to develop the Company's strategy, medium to long-term planning, major business plans and investment decisions, and sustainable development issues, monitor the Company's commitment and performance on addressing key issues such as climate change and make recommendations to the Board.

ESG management policies and strategies

The Company integrates ESG governance requirements into its daily management system. Through regularly reviewing ESG management internally and analyzing the evaluation of our ESG performance by external ESG rating agencies, we prioritize and manage ESG issues according to their importance, with due consideration of macroscopic policies and the communication with stakeholders and identification of ESG risks. The Company reports to the Board regularly on the above issues, to clarify our ESG management policies and strategies, and to improve our ESG performance.

Review on ESG targets

The Board continuously strengthens its supervision on and participation in ESG governance. The Board acquires special annual debrief on health, safety and environmental protection issues prepared by the management of the Company, sets annual targets on the effectiveness of health and safety system, environmental pollution, safety management, green and low-carbon development strategy, and evaluates the progress of the objectives from the previous year. We engaged Ernst & Young Certified Public Accountants LLP for the independent assurance on the ESG performance indicators selected by the Company to ensure the reliability of ESG performance indicators.

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

The Board of CNOOC Limited

ABOUT US

CNOOC Limited, incorporated in the Hong Kong Special Administrative Region in August 1999, was listed on the Stock Exchange of Hong Kong Limited (code: 00883 (HKD counter) and 80883 (RMB counter)) on 28 February 2001. The Company was included as a constituent stock of the Hang Seng Index in July 2001. The Company was listed on the Shanghai Stock Exchange (code: 600938) on 21 April 2022.

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

At present, the Company's core area of operation includes the Bohai Sea, the Western South China Sea, the Eastern South China Sea and the East China Sea in the seas around China. The Company has assets in Asia, Africa, North America, South America, Oceania and Europe.



HIGHLIGHTS OF CNOOC LIMITED

Our Scale

Net production

678 Million BOE

2022 623.8 Million BOE

Capital expenditure

RMB **129.6** Billion

2022 RMB 102.5 Billion

Our Performance

Annual amount of carbon dioxide reduction

749 Thousand Tons

2022 596.6 Thousand Tons

Annual amount of water conservation

57 Thousand Tons

2022 74.5 Thousand Tons

Our Contribution

Number of jobs created around the world

>21 Thousand

2022 >21 Thousand

Amount of tax paid

RMB **99.2** Billion

2022 RMB 123.4 Billion

Net proved reserves

6.78 Billion BOE

2022 6.24 Billion BOE

Oil and gas sales revenue

RMB **327.9** Billion

2022 RMB 353 Billion

Reserve life

>10 years

2022 10 years

Net profit attributable to equity

RMB **123.8** Billion

2022 RMB 141.7 Billion

Number of energy-saving renovation projects and funds invested

>40 projects RMB **536** Million

2022 >50 projects RMB 360 Million

Annual green electricity purchase

500 Million kWh

2022 186 Million kWh

Annual amount of energy saved

293 Thousand Tons of Standard Coal Equivalent

2022 275.7 Thousand Tons of Standard Coal Equivalent

Total recordable occupational injury incidents rate of employees

0.04

2022 0.02

Public welfare projects covering countries and regions

9

2022 15

Amount invested in foreign donations and public welfare projects

RMB **158.14** Million

2022 RMB 96.02 Million

Public welfare projects

>100

2022 >100

Number of maritime rescues during the year

46

2022 55

CHAIRMAN'S STATEMENT





VISION AND COMMITMENTS

We are committed to developing natural resources in a safe, efficient, and environmentally-friendly manner and supplying the society with clean, reliable and stable energy and meeting the reasonable energy demand of the people, which comprises our commitment to a sustainable development. The economy, environment, and society are the three cornerstones for the Company to develop energy resources and create value. As our business and economic contributions grow steadily, we will press ahead on the road of environmental protection and social progress. Continued efforts will be made to integrate economic, environmental and social factors to drive the sustainable development of the Company.

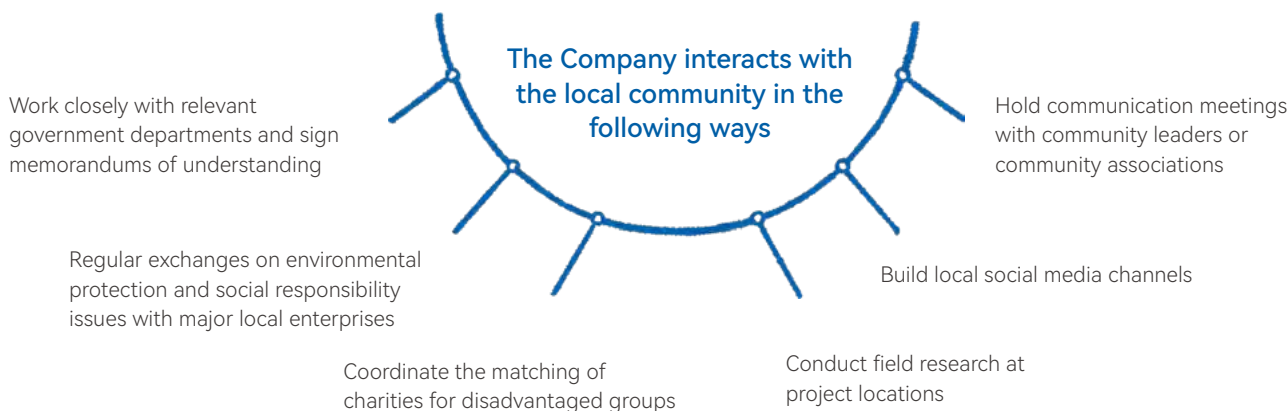
The Company believes that sustainable development should not only rely on the knowledge, beliefs and ideas of the management or individual employees. We must integrate sustainability requirements into our corporate management systems to make it part of our corporate culture.

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



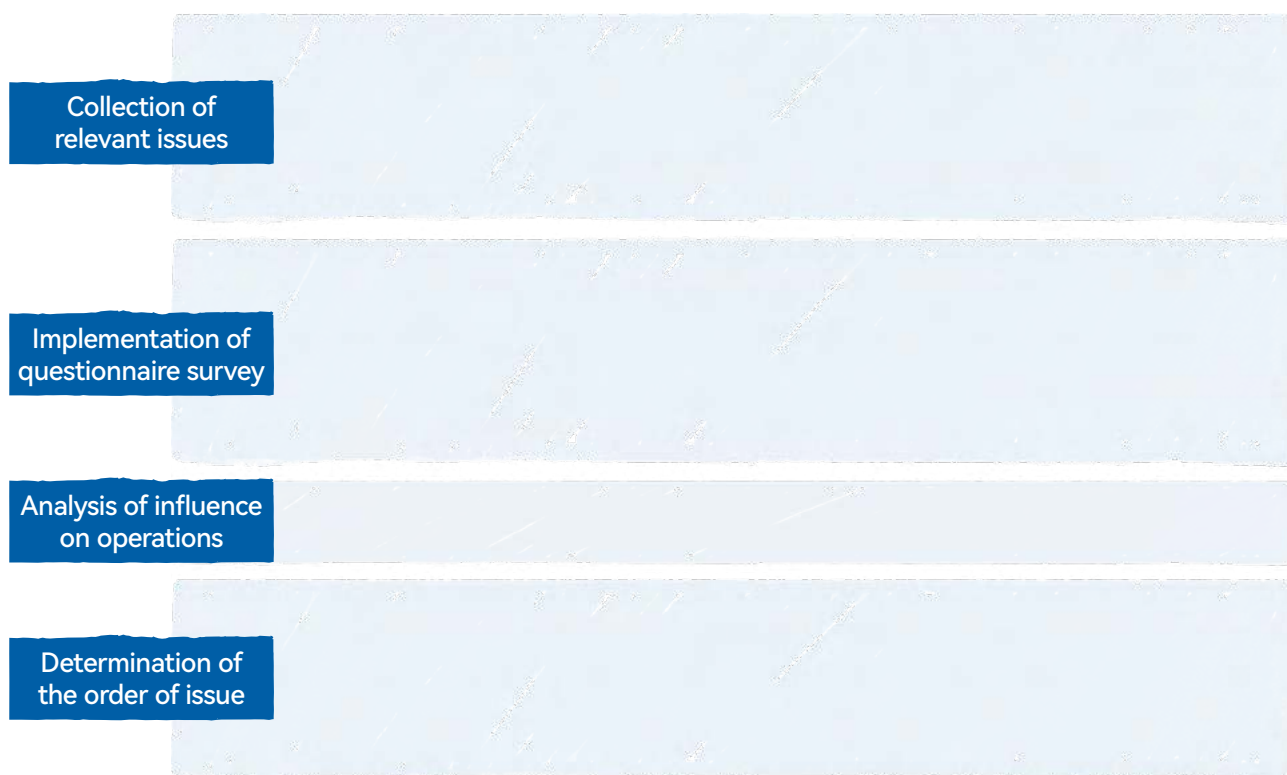
Improve communication with stakeholders

The Company has established an open, transparent and multi-channel stakeholder communication mechanism, which has been continuously improved during the development of the Company. We communicate proactively with stakeholders on a number of social responsibility issues to understand the impact of the Company's operations on the local communities and the needs of disadvantaged groups. Based on the above understanding, the Company develops tailored ESG management systems as well as plans of community investment and livelihood improvement to make contributions to people's well-being.



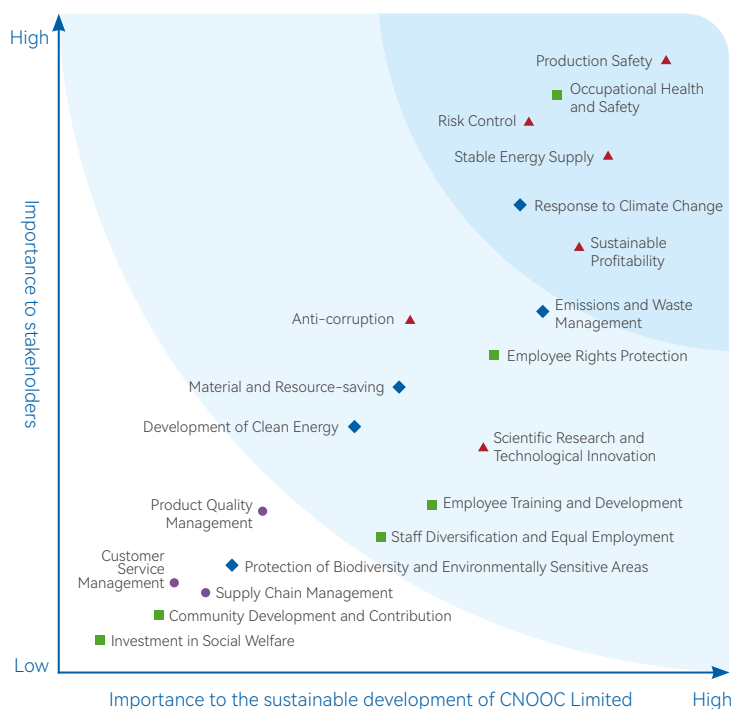
MATERIALITY ANALYSIS

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



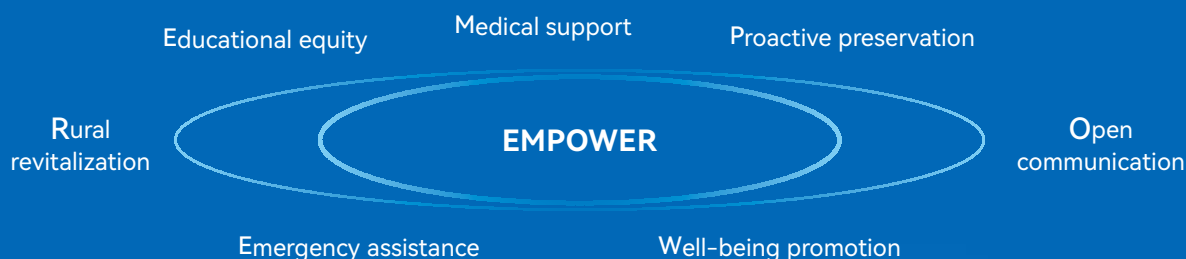
The materiality analysis results of CNOOC Limited's ESG issues in 2023 are as follows:

- ◆ Environmental Issues
- Labor and Community Issues
- ▲ Operation and Development Issues
- Value Chain Issues



COMMUNITY CONTRIBUTION, INJECTING NEW MOMENTUM INTO COMMUNITY DEVELOPMENT

CNOOC Limited, with its global vision and commitment to corporate value contribution, has implemented the “EMPOWER-Empowering communities, limitless acts of kindness” approach for community co-development. This approach is centered on supporting educational equity, improving medical support, protecting the natural ecosystem, fostering open communication, promoting people’s well-being, supporting emergency assistance efforts and contributing to rural revitalization. By adopting this strategy, CNOOC Limited aims to drive community development.



Educational Equity

CNOOC Limited strives to enhance local residents' professional skills and knowledge levels through various initiatives such as sponsoring education, improving school facilities, conducting training programs, and skill development plans, thereby supporting the improvement of learning conditions and educational quality in underdeveloped areas and effectively promoting educational equity.

Educational Support Warms the Path for Rural Students

In Kaili City, Guizhou Province, Shenzhen Branch Lufeng Oilfield has been continuously providing assistance to disadvantaged students at Changpo Primary School since 2006. As of 2023, Shenzhen Branch Lufeng Oilfield has sponsored over **2,000** students and constructed a **960**-square-meter teaching building, effectively improving local teaching conditions and enhancing educational standards.



Charitable Donations and Support for Disadvantaged Families



Comparison of Old and New School Buildings

Scholarship Programs and Vocational Training Empower Local Students to Realize the Value of Life

CNOOC Uganda continues to implement the "CNOOC Uganda Excellence Scholarship Program" and "Uganda International Scholarship Program" to reward outstanding students for their academic achievements, effectively promoting the improvement of local cultural literacy and higher education standards.

Additionally, since 2019, CNOOC Uganda has been continuously providing vocational training opportunities for the local youth. In the 2023 training session, **100** young people successfully completed training programs in promising employment sectors such as driving, tailoring, electrical installation, construction, hairdressing, and welding, effectively enhancing the employability of the local youth.



Graduation Ceremony for Vocational Skills Training in Hoima Community

Medical Support

CNOOC Limited is committed to improving local medical standards and caring for patient health by supporting the community through various means, thereby improving local public health conditions.

Charitable Donations Aid in Medical Infrastructure Construction

In 2023, Hainan Branch donated almost RMB **100,000** to the Red Cross Society of Dongfang City to establish the Red Cross Love Home Emergency Safety House in Dongfang Terminal. This donation is used for the local promotion and training on emergency rescue knowledge, further ensuring the well-being and the availability of emergency assistance of local residents.



Hainan Branch's "Love Home"

Charitable Medical Consultation Services Improve Local Medical Standards

In 2023, CNOOC Uganda established a temporary medical camp in the Buhuka area to conduct medical consultations, serving **655** patients. The temporary medical camp received strong support from Chinese medical teams and local health workers and promoted synergy within the local medical system.



Medical Consultation Activities at Temporary Medical Camp

Proactive Preservation

CNOOC Limited attaches great importance to the balanced development of natural ecology and corporate operations, vigorously carrying out pollution reduction, emissions reduction, and artificial propagation and release to protect natural environments and marine ecosystems, thereby contributing to the construction of a beautiful Earth.

Promoting Artificial Propagation and Release to Support Biodiversity Conservation

In 2023, the CNOOC Marine Environment and Ecological Protection Public Welfare Foundation sponsored multiple marine biodiversity conservation activities, and the branches of CNOOC Limited actively carried out various artificial propagation and release activities. A total of **23,328** Chinese sturgeons, **7** spotted seals, over **800** sea turtles, **1.1** million half-smooth tongue soles and brown spotted turbot, **30** million Japanese shrimps, and **56.25** million hairy shrimps were released, practicing the "ecology first" production and operation concept with practical actions, and promoting biodiversity and ecological environment protection.



South China Sea turtle release activities

Protecting Species Diversity in Woods and Lakes to Preserve Biological Habitats

CNOOC Iraq has optimized the ecological environment of the Moon Lake in the oilfield camp area by cultivating and breeding local fish fry, promoting the formation of fish biological chains in water bodies and effectively improving the ecological structure of the water bodies. At the same time, CNOOC Iraq has planted multi-level woods with date-palm groves and shrubs around the camp area to establish excellent habitat and breeding ecological areas for bird communities.



Ecological Landscape of CNOOC Iraq's Oilfield Camp Area

Open Communication

CNOOC Limited attaches great importance to community connection and collaboration. The Company conducts community impact assessments through community communication and environmental impact assessments before entering new operating areas to guide business operations. In addition, the Company learns about the needs of local communities through written communication, meeting activities, informal contacts, and other means, and provides targeted assistance to solve community difficulties.



In Uganda, the Company holds quarterly village communication meetings following a fixed agenda, visits families of disadvantaged groups, and delivers project information, job opportunities, national situations, appeal procedures, environmental issues, and other content in the local language. For questions and complaints raised by residents, the Company appoints special coordinators to assist in solving problems within the project area.



In North America, the Company has established friendly relations with indigenous peoples around the operating area, following the consultation procedures established by the Alberta Provincial Government's Indigenous Affairs Office to communicate with indigenous peoples. This ensures that stakeholders understand the upcoming projects and business activities. The Company also engages in discussions on concerns for indigenous peoples to help them understand the potential impacts on their rights to effectively address these issues.

Well-being Promotion

CNOOC Limited actively engages in infrastructure construction for the community where it operates. It donates livelihood materials to residents and provides technical and financial support. By making these efforts, local communities' infrastructure is upgraded, effectively improving the employability and quality of life for local residents.

Promoting Rural Industry Development to Enhance Residents' Quality of Life

In 2023, Shenzhen Branch invested RMB **430,000** in the construction of a chili breeding and healthy planting demonstration base project in Xiaqiao Town, Zhanjiang City. The project promoted the breeding of new varieties, developed standardized technologies for advanced healthy chili planting, and assisted local enterprises in establishing a silk processing factory, expanding the silkworm breeding industry chain, promoting local industrial development, increasing collective economic income, and improving residents' living standards.



Chili Breeding and Healthy Planting Demonstration Base

Broadening Employment Path for Underprivileged Youth by Providing Music Education

CNOOC Brazil funded the community orchestra at Fortaleza de São João, which consisted of approximately 50 young musicians from low-income families. The Company opened up another career path for the youth by providing them with opportunities for music education. The Company's good practices in cultivating youth employment capabilities have been highly recognized by the local government, and the general manager of CNOOC Brazil, Huang Yehua, was awarded the highest honor of the Rio de Janeiro State Council—the "Tiradentes" Medal.



Funding the Community Orchestra at Fortaleza de São João

Emergency Assistance

CNOOC Limited takes the initiative to leverage its technological, equipment, and resource advantages, collaborates with various maritime units and government agencies to conduct emergency coordination, actively engages in maritime search and rescue, coordinates emergency response actions for maritime emergencies, fulfills its social responsibilities, and protects people's lives and property.

Emergency Response to Build a Secure Lifeline

During the flood disaster in Zhuozhou, Hebei Province, Tianjin Branch quickly initiated the emergency response mechanism, promptly dispatched helicopters and professional rescue personnel to assist Zhuozhou. Tianjin Branch successfully rescued **49** people in distress, airdropped **7,500** kilograms of relief supplies, and accumulated a flight time of **13.55** hours, ensuring the safety of the people's lives and property in Zhuozhou.



Emergency Dispatch of Helicopters to Assist Zhuozhou

Rural Revitalization

CNOOC Limited adheres to the principle of "implementing policies according to local conditions, providing targeted assistance, consolidating achievements and promoting revitalization" and helps to revitalize the countryside in the five aspects of industrial revitalization, talent revitalization, cultural revitalization, ecological revitalization, and organizational revitalization. In 2023, the Company focused on five main programs, which are respectively developing characteristic and advantageous industries, improving rural infrastructure, strengthening livelihood protection, upgrading education and employment, and transforming the value of ecological resources, to promote the consolidation and expansion of results of poverty alleviation and its effective connection with rural revitalization.

Building villages with Li ethnic characteristics, and promoting the overall rural revitalization through cultural revitalization

Located in Zaling town, Baoting Li and Miao Autonomous County, Hainan Province, Jiangu Village has successfully transformed itself from a poor village into a village of Li ethnic characteristics and culture under our precise assistance.

With the deep traditional Li cultural heritage, the village has many typical ethnic buildings, but they are being neglected by the younger generation as time changes. To retain the unique attractiveness of the village and to rebuild the cultural confidence, CNOOC Limited developed rational planning, constructed "Nostalgia Pavilion" and "Printmaking Art Pavilion", and carried out activities to inherit folk songs and dances based on the deep traditional Li culture to enhance the villagers' sense of identity and belonging while attracting tourists and turning

the small village into an internet-famous travel destination.

In addition, the Company helps villagers to operate local specialty catering, develop printmaking industry, cultivate local characteristic brands, realize the transformation of cultural value into economic value, and enhance the villagers' sense of gain as well as the income of the village collective, exploring a new path to promote the overall revitalization of villages through cultural revitalization.



Topic

2

ENVIRONMENTAL PROTECTION, DRIVING GREEN DEVELOPMENT

CNOOC Limited steadfastly drives the integrated development of oil and gas exploration with new energy, and vigorously promotes the development of new energy and low-carbon and carbon-negative industries. The Company accelerates the building of a new development pattern characterized by the integration of upstream oil and gas sector and new energy industries and the complementary development of multiple energy resources. In addition, the Company facilitates the transformation and upgrade of the energy production and supply structure. These efforts will help realize the Company's green and low-carbon development.



Accelerating Structural Adjustment

CNOOC Limited accelerates the development of the natural gas industry, continuously increases the proportion of natural gas product, steadily develops new energy businesses in an orderly manner, accelerates the development of offshore wind power, promotes onshore wind power and photovoltaic power, and explores and fosters the hydrogen energy sector.

CNOOC Limited Constructs Three "Trillion-Cubic-Meter Gas Regions"

South China Sea

Proven in-place volume nearly
1,000 billion cubic meters

Bohai Sea

Proven in-place volume exceed
500 billion cubic meters

Onshore China

Proven in-place volume exceed
400 billion cubic meters

Plans and Goals



By 2025

Obtain **5-10** GW of offshore wind power resources, and install **1.5** GW.

Obtain **5** GW of onshore wind and photovoltaic power resources, with **0.5-1** GW in operation.

"CNOOC Guanlan" – China's first deep-sea floating wind power project was put into operation

"CNOOC Guanlan" is China's first deep-sea floating wind power project with a water depth of more than 100 meters and an offshore distance of more than 100 kilometers. The project was connected to the Wenchang Oilfields power grid and began to generate power in May 2023. With an installed capacity of **7.25** MW, this project is expected to reach an average annual power generation of **22** million kWh and reduce carbon emissions by **22,000** tons every year. This marked a key step in China's offshore oil and gas development towards the "Green Power Era". Since its grid connection, the project has withstood the harsh environment of the South China Sea and the passing of Typhoon Talim. It has supplied more than **14** million kWh of green electricity by the end of 2023.



“Husbandry and Photovoltaic Complementary Project” – Centralized Photovoltaic Power Project in Hezuo City, South Gansu Province

In September 2023, “Husbandry and Photovoltaic Complementary Project” – a centralized photovoltaic power project with an installed capacity of 40MW in Hezuo City of southern Gansu Province realized full-capacity grid connection. This symbolized that CNOOC Limited's first onshore centralized photovoltaic power project was smoothly finished. The average annual power generation of this project reaches nearly **60** million kWh, saving more than **20,000** tons of standard coal and reducing carbon emissions by more than **50,000** tons per year.



“Husbandry and Photovoltaic Complementary Project” in Hezuo City of Southern Gansu Province

Upholding Energy Conservation and Emission Reduction

CNOOC Limited is steadily improving its material and energy utilization efficiency. It pushes forward power grid integration in offshore oilfields, promotes recovery technology of residual heat, and strengthens cold energy recycling, energy-consuming management and process optimization. It renovates energy-consuming equipment, optimizes their operation modes and accelerates the construction of intelligent oilfields digitalization infrastructure and carbon data management platform. Meanwhile, it strengthens the recycling of oilfield associated gas and fully taps into the energy-saving potentials of the producing oilfields.

Oilfield Associated Gas Recovery and Utilization to Facilitate Energy Conservation and Emission Reduction

The Qinhuangdao 32-6 oilfield launched an oilfield associated gas recovery and utilization project, converting previously flared associated gas into electricity for oilfield production. **11.71** million cubic meters of flare gas were recovered and utilized, reducing **22,000** tons of carbon, and generating **24.9** million kWh of electricity.



Zhanjiang Branch promoted flare gas reduction actions and constructed a natural gas pipeline with a total length of about 70 kilometers between Weizhou Island and Tieshan Port to transport offshore oilfield associated gas to Beihai City. The construction of this pipeline effectively reduced natural gas venting from offshore platforms and recovered more than **70** million cubic meters of flare gas throughout the year, laying a solid foundation for the production capacity improvement of Weizhou Oilfields. It can provide **210** million cubic meters of natural gas to Beihai City in Guangxi Province, saving **160,000** tons of standard coal, and reducing **260,000** tons of carbon emissions annually.

Strengthening Energy Substitution

CNOOC Limited accelerates the integrated development of oil and gas exploration and development and new energy. In July 2023, the Company compiled the *Implementation Plan for Accelerating the Integrated Development of Oil and Gas Exploration and Development and New Energy of CNOOC*, boosting the construction of green power supply facilities, further increasing the proportion of onshore power usage on offshore platforms, promoting the purchase of green electricity. Focusing on the key oil and gas area of "Two Gulfs and One Region"¹, CNOOC Limited set key tasks such as green power substitution in the Bohai Oilfield and the construction of a comprehensive energy system in the Beibu Gulf.

In the Bohai Sea, the Bohai onshore power project was fully completed in 2023. It is the world's largest onshore power base with the highest AC transmission voltage in offshore oilfields, covering 45 oilfields and 180 facilities with a total capacity of 980 MW. It is expected to be capable of reducing carbon emissions by 1 million tons per year. The Company also purchased 500 million kWh of green electricity in the Bohai Bay, reducing carbon emissions by about 440,000 tons. In the future, the Company plans to form an integrated network of onshore and offshore power supply by 2025, entering a new era of direct power supply for oil and gas fields with clean energy.

In Beibu Gulf, the full capacity of Weizhou Power Grid Energy Storage Power Station has been connected to the power grid of Weixinan Oilfields. As China's first offshore oilfield cluster energy storage power station, it can save 9,200 tons of standard coal and reduce 18,400 tons of carbon emissions annually. The energy storage power station will also be integrated with the gas power stations, waste heat power stations and photovoltaic power stations in Weizhou Power Grid to form China's first intelligent power system for offshore oilfield cluster with integrated source-grid-load-storage and multi-energy complementarity. The system not only improves the overall energy efficiency of the power grid and enhances the flexibility of the power grid control system, but also provides a solid foundation for the development of Weizhou Island and the consumption of new energy such as offshore wind power in the future.

Cultivating Carbon-negative Industries

CNOOC Limited accelerates the green and low-carbon transformation of oilfields. Fully utilising its competitive edge, the Company steadily promotes CCS/CCUS² and develops carbon-negative technologies and sector through scientific and technological research and project demonstration.

In January 2023, the Company, together with relevant partners, signed the *Joint Research Agreement on the Development and Operation of Carbon Capture, Utilization and Storage (CCS/CCUS) Project in Daya Bay of China*, which marked the official commencement of the joint research. The Company has established CNOOC's CCUS Source-sink Matching Analysis System, formulated the site selection evaluation standards and risk assessment process for offshore carbon dioxide storage sites, conducted storage site selection and scheme design, and completed the analysis of carbon source of Daya Bay Petrochemical Park.

In June 2023, Enping 15-1 Demonstration Project, China's first offshore carbon dioxide storage project, was officially put into production, filling the gap of domestic technology and equipment of carbon storage. It is estimated that the project will store more than 1.5 million tons of carbon dioxide. In the same month, the successful operation of the CCS demonstration project of Ledong 15-1 gas field has seen the formal industrial application of China's first CCS project integrated with carbon capture, pipeline transportation and storage in offshore gas field. It is expected to reduce carbon emissions by about 30,000 tons annually.

In addition, China's first demonstration project of offshore associated gas decarbonization using membrane with independent intellectual property rights was trialed and launched on Huizhou 32-5 platform. By 2035, it is expected to recycle a total of 63 million cubic meters of associated gas, resulting in a reduction of carbon emissions by 91,200 tons.

¹ Two Gulfs and One Region: Bohai Gulf, Beibu Gulf and eastern Guangdong.

² CCS: Carbon capture and storage; CCUS: Carbon capture, utilization and storage.

Corporate Governance

Corporate Governance

CNOOC Limited strictly abides by the laws and regulatory provisions in the countries of operation as well as by our own corporate governance policies. We operate honestly and legally, and strengthen the construction of the compliance system. We highly value ESG risk management and internal control. We conducted comprehensive ESG risk identification and analysis, and proposed rational and feasible responses, ensuring the effectiveness of the established ESG risk management system. For the construction of the compliance system, audit and supervision, we implemented a whistleblower protection system and have extended policies on compliance review, audit and supervision, and anti-corruption to cover suppliers, third-party agents, and intermediaries, to ensure compliance and effective corporate governance.



Risk analysis

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

Stringent supervision regarding anti-corruption, anti-fraud, anti-money laundering and corporate governance is implemented in the countries and regions where the Company operates. If we, or our directors, executives or employees, fail to comply with the relevant laws and regulations, we may be sued or punished with consequential damage to our reputation and image, restricted from obtaining new resources, and even subject to civil or criminal liabilities.

Measures

Adhering to the *Compliance Management Policies* as the principles, applying the *Code of Ethics* and *Compliance Manual for Entities and Employees*, we continue to improve and issue comprehensive compliance management procedures or rules, compliance guidelines and operation manuals for critical areas. We have established a strict internal prevention and management system, strengthened compliance training and awareness to ensure that all directors, executives and employees properly fulfill their responsibilities.

GOVERNANCE STANDARDS

CNOOC Limited has always upheld high standards of business ethics. The Company's transparency and corporate governance policies have been recognized by shareholders as well as the public. We believe that maintaining high-standard corporate governance is essential to the stable and effective operation, and serves the long-term interests of the Company and shareholders.

The Company has executed corporate governance policies strictly and complied with the relevant codes on corporate governance including the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the "Listing Rules of the SEHK") and the *Rules Governing the Listing of Stock on the Shanghai Stock Exchange* (the "Listing Rules of the SSE") while ensuring that all decisions have been made following the principles of reliability and fairness to protect the interests of all shareholders.

Board Construction

In 2023, the Board held one general meeting of shareholders. The convention and conduction of the meeting are in accordance with the regulatory rules and legal procedures of the listing places, and the voting procedures and results are legal and valid.

As of December 31st, 2023, the Board of the Company consisted of eight members, including one Executive Director, three Non-executive Directors and four Independent Non-executive Directors.

The main responsibilities of the Board



The Company holds Board meetings at least four times a year. ESG-related issues are included in the agenda of the Board meeting. Four committees have been established under the Board, namely the Audit Committee, Nomination Committee, Remuneration Committee, and Strategy and Sustainability Committee. The majority of these four committees' members are Non-executive Directors and Independent Non-executive Directors with a high degree of independence. When potential conflict of interests related to Board matters arises, the Independent Non-executive Directors will take the lead to reflect the opinion of the minority shareholders.

Please refer to the 2023 Annual Report for details on changes in directors.

The Board Structure of CNOOC Limited

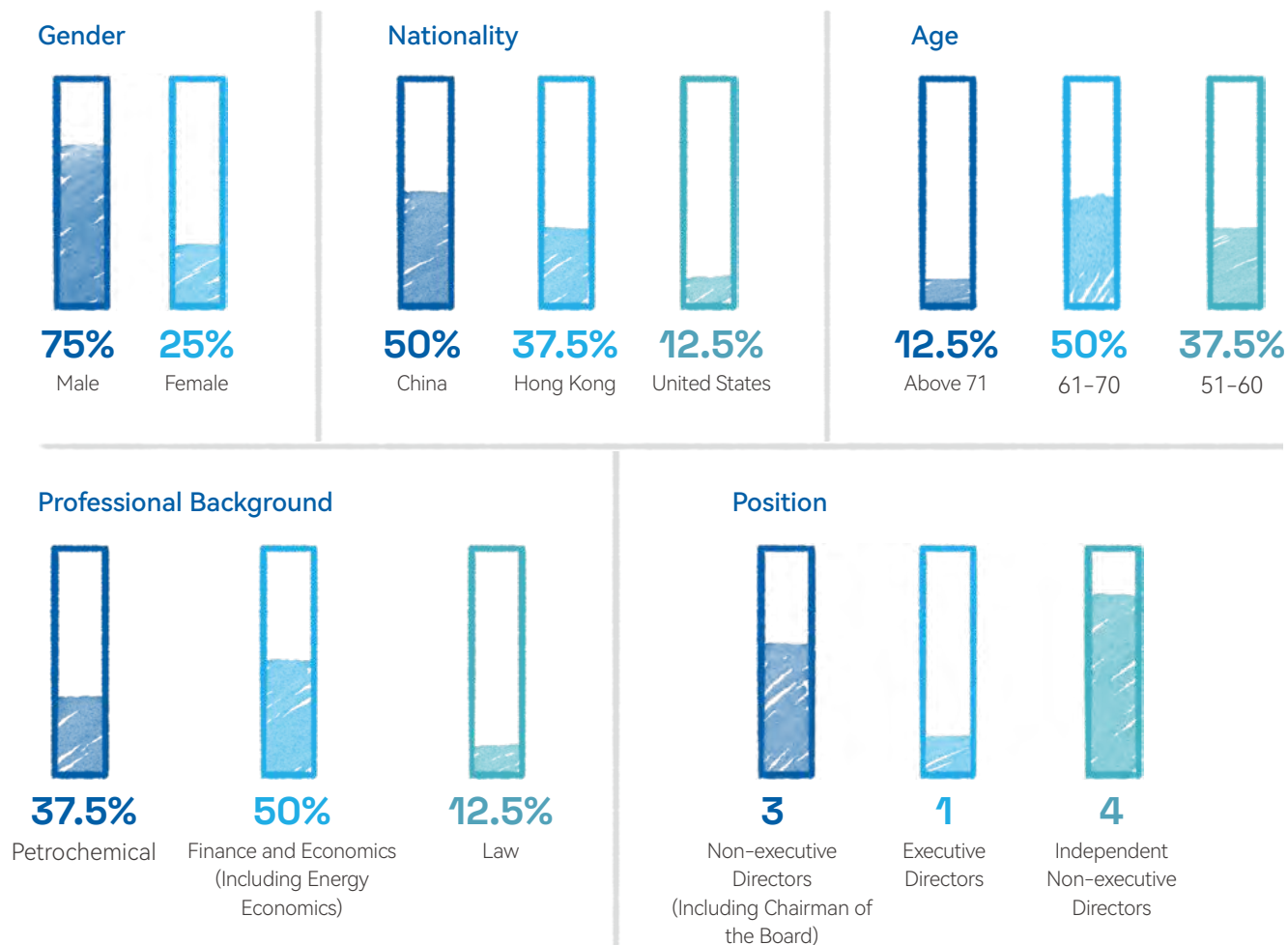


(Form information as of December 31, 2023)

³ Mr. Xu Keqiang has resigned as a Non-executive Director and member of the Strategy and Sustainability Committee in February 2024.

Board Diversity

The Board has adopted a diversity policy, deliberated on the policy, and took into account the objectives set out in the policy during Board composition review. In particular, when selecting Non-executive Director candidates, the Board not only considers the expertise, experience and industry-specific background of the candidates, but also takes into account their gender, cultural background and diversified vision. When selecting Executive Director candidates, the Board considers their expertise and background in the oil and gas industry, leadership and management skills, industrial experience and length of service in the industry.



(Form information as of December 31, 2023)

Board Independence

The Company believes that the active involvement of Non-executive Directors and Independent Non-executive Directors makes the management and decision-making of the Board and the Committees more objective and independent. By the end of the reporting period, the Company has received annual confirmations from all of our Independent Non-executive Directors acknowledging full compliance with the relevant requirements in respect of their independence pursuant to regulatory rules of the listing jurisdiction, and the Board has assessed and opined on the independence of all Independent Non-executive Directors. The Company believes that all Independent Non-executive Directors are independent.

Board Training

The Company provides all the newly-appointed Directors of the Board with comprehensive, formal and tailored instructions on appointment and trainings on their appointment in order to enable them to keep abreast of the developments of the Company's business and operation, laws and regulations and other regulatory requirements, as well as the Company's business and their responsibilities under governance policies, so that the directors are capable of fulfilling their responsibilities. The Company attaches great importance to the professional development of directors and provides annual training for directors on regulatory updates and Directors' responsibilities.

In 2023, the Company has provided the Board with training on the universal registration regime of A-shares, as well as training on international anti-corruption practices. Some directors also participated in the training on corporate governance, professional skills and Directors' responsibilities. In October 2023, the Company invited external professional ESG consulting agencies to communicate with Ms. Li Shuk Yin Edwina, an Independent Non-executive Director, on ESG regulatory trends and the Company's ESG development status. In addition, the Company kept the directors updated on a regular basis regarding the continuing obligations of listed issuers and their directors and the Company's business and operations through monthly statements.

Information Disclosure and Communication

The Company always upholds the "legal, fair, accurate, complete and punctual" principles of information disclosure, continuously improves its information disclosure quality, and ensures the compliant and efficient disclosure of information. For many years, the Company has been widely recognized by the capital market and investors for its compliant and transparent information disclosure and efforts in investor relations. In 2023, the Company was rated A (excellent) in its first participation in Shanghai Stock Exchange annual information disclosure assessment.

CNOOC has a professional investor relations team, builds a multi-level and multi-channel communication system, and keeps close connection with the market. The Company regularly conducts performance presentation meetings, Performance Announcements, Annual Strategic Outlooks and other activities to interpret the Company's development strategy, business development, financial performance and future prospects to the market. Interactions are conducted through live streaming as well as the combination of online/offline activities to foster the mutual understanding between the Company and the capital market. Management of the Company highly values communication with the capital market. The CEO and the CFO lead teams to organize performance road shows and investors Q&A. The Company promptly responds to investors' concerns via meetings, emails, conference calls, and the Shanghai Stock Exchange interactive platform (<http://sns.sseinfo.com/>) to help investors better understand the development philosophy and operational details of the Company.

"Welcome to Listed Company" Investors Communication Activity

In 2023, the Company held the "Welcome to Listed Company" investors communication activity and organized a team to investigate Shenzhen working site. During the activity, the Company presented the offshore oil drilling and production platform through a 360-degree panoramic video with the support of the virtual reality (VR) technology, which was highly commended by the participants. The Company therefore became the first listed company in China to achieve the close combination of VR technology and capital market survey activities.



"Welcome to Listed Company" Investors Communication Activity

Governance Awards & Honors Granted to the Company in 2023

June

Institutional Investor's Asia (ex-Japan) Executive Team
2023 ranking – "Most Honored Companies",
Chemicals, Oil & Gas sector's "Best CEO" "Best CFO"
"Best IR Program" "Best IR Professional" "Best IR Team"
"Best ESG" and "Best Company Board"

August

2023 Asiamoney Asia's Outstanding Companies Poll
Most Outstanding Company in China – Energy Sector
Most Outstanding Company in Hong Kong – Energy Sector

October

The Asset ESG Corporate Award 2023
"Gold Award"
"Best Investor Relations Team"

November

China Securities Journal
"Hong Kong Stock Golden Bull Award"
"ESG Golden Bull Award Top 50 in Carbon
Neutrality"

The 8th Golden Hong Kong Stocks Awards 2023 Best
Energy and Resources Company

Ta Kung Wen Wei Media Group's 2023 China Securities
Golden Bauhinia Awards "Best Listed Company"

December

ESG MANAGEMENT

The Board is the top decision-making body for ESG matters and takes overall responsibility for the Company's ESG strategies and reporting. Its responsibilities include evaluating and identifying ESG risks, ensuring the establishment of effective ESG risk management and internal control systems, and overseeing and managing ESG goals and their progress. The Board is briefed by management on the Company's initiatives for risk control and compliance twice a year, and annually reviews the corporate governance report, the Company's internal control, risk and compliance management work reports.

The Board has established the Strategy and Sustainability Committee, which is responsible for conducting research on the Company's sustainability issues, making recommendations to the Board on relevant policies and strategies and monitoring the Company's commitment and performance on key issues such as climate change. The Committee is briefed specifically by the management on the Company's performance on safety and environmental protection at least once a year, and conducts annual reviews of the Company's ESG report, the results of stakeholder communication and analysis of material issues to ensure the Board's participation in the whole process of ESG governance and ESG disclosure. In 2023, the Company completed the amendment to the articles of the Strategy and Sustainability Committee, and introduced an additional function of monitoring climate change related issues.

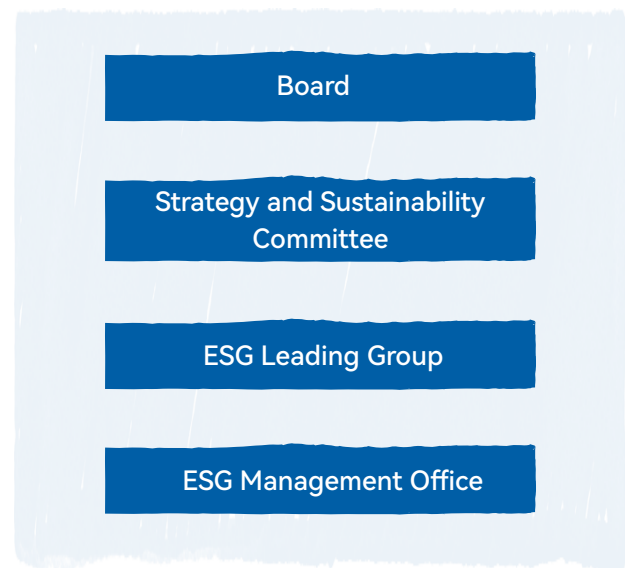
In 2023, the Company established the ESG Leading Group and the ESG Management Office under the Strategy and Sustainability Committee. Headed by the Executive Director/CEO, the ESG Leading Group is responsible for implementing the Board's decisions and deployments, arranging and monitoring major issues in ESG management, and receiving reports on ESG work. Members of the Team include the leaders of Human Resources Department, QHSE Department, Department of Science, Technology and Information, and other departments.

The Leading Group convenes a meeting at least once a year, during which major ESG matters are reviewed, and the work priorities in the future is determined. The ESG Management Office, headed by the Board Secretary, has been established under the ESG Leading Group, which organizes, coordinates and monitors

the implementation of ESG programs and prepares the Annual ESG Work Plan for review by the Leading Group. In 2023, the Company held the ESG Leading Group meeting, clarifying tasks around key issues relating to climate change information disclosure under the TCFD framework. All responsible leading departments have formulated the three-year work plan on key ESG issues respectively and are executing it properly.

The Company has incorporated ESG indicators such as carbon reduction and new energy output into the assessment mechanism of senior managers. Energy conservation and carbon reduction targets have been set for Executive Director/CEO and safety directors. For the Executive Director/CEO and senior managers responsible for development and production, we have set targets of natural gas production.

Organizational Structure of ESG Management



RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE

The Board ensures that the Company establishes and maintains appropriate and effective risk management and internal control systems, strengthens the construction of compliance system on this basis, and reviews the effectiveness of risk control compliance system. The Board receives reports on risk management, internal control systems and compliance management from executives twice a year. All major risks are reported to the Board, and the Board evaluates the risks and their response plans.

The Company's Risk Management, Internal Control and Compliance Management Committee (RMICC Committee) is authorized by the Board to organize and execute the Company's overall risk management and internal control. Its responsibilities include developing risk management and internal control systems, standardizing institutional framework, authorization, responsibilities, processes and methodology for the systems, continuously monitoring the systems, and regularly reporting to the Audit Committee and the Board on the status of risk management, internal control and compliance of the Company.

With respect to risk management, the Company has adopted the ISO 31000:2018/GBT 24353-2022 Risk Management Guidelines and has established an integrated risk management system equipped with functions of design, implementation, monitoring, review and continuous improvement, which took reference from the *Guidelines for Comprehensive Risk Management of State-owned Companies* and the risk management framework developed by COSO Committee⁴. The RMICC Committee establishes the overall targets and strategies for risk management according to the Company's strategy, identifies, analyzes and assesses the Company's overall risks, formulates the response plans to major risks, as well as follows up and periodically reviews the implementation of these plans and the handling of major compliance incidents to ensure that sufficient attention, monitoring and responses will be afforded to all material risks and compliance incidents the Company may confronts.

In regard to internal control, the Company has established internal control system and mechanism for financial, operational and compliance monitoring in line with the *Fundamental Standard for*

Enterprise Internal Control and the accompanying guidelines, as well as the internal control framework formulated by the COSO Committee. The Company continuously reviews and evaluates its internal control to ensure safety, compliance and timely, accurate and complete reporting of information. We clarified and refined the compliance responsibilities of the Board, Management, and executive level, and strengthened the construction and effective operation of the compliance management system on the basis of the existing risk control management framework. To regulate the behavior of the Company and the employees, and enhance the awareness of compliance in the Company, we issued the *Compliance Manual for Entities and Employees* and the *Fundamental Policies for Compliance Management*, which clarify the fundamental behavioral requirements of all employees, senior managers and directors. The operating mechanism of compliance management, compliance consultation, complaints, investigation and violation handling are stated, and the behaviors prohibited by the Company are also specified. All staff are required to sign the Letter of Commitment on Compliance. In 2023, the Company continuously improved the compliance management level by establishing the "Compliance Risk List", the "Process Management and Control List" and the "Position Compliance Responsibility List" in key areas to reinforce the requirement of "managing compliance before managing business".

We have integrated ESG into our routine risk management. At least six aspects of ESG risks including climate change, emissions and wastes, renewable energy sources, human capitals, privacy and data security, and controversial development have been included as the Company's major sources of risk. In addition, the possibility and consequences of each risk are assessed from the aspects of impact on the environment and personnel, corporate reputation, financial impact, etc., and the implementation of response plans for identified risks is regularly reviewed to ensure that risks at all levels of the Company are adequately monitored and addressed. In 2023, with reference to the TCFD framework, the Company conducted a more comprehensive evaluation of climate change risks from the five perspectives of policies, technology, the market, reputation and extreme weather.

⁴ COSO Committee: Committee of Sponsoring Organizations of the Treadway Commission.

AUDIT AND SUPERVISION

CNOOC Limited has established a risk control oriented, internal control supported, and internal audit guaranteed supervision and management system, with internal audit supervised and guided by the Audit Committee of the Board. Pursuant to the *Audit Law of the People's Republic of China*, *China's Internal Auditing Standards* and other laws and regulations, we have formulated and published the *CNOOC Internal Audit Management System*, the *CNOOC Annual Audit Plan Management Measures* and other policies, which apply to our headquarters as well as domestic and overseas branches and subsidiaries, to ensure the integrity and consistency of audit policies. In 2023, in accordance with relevant regulatory requirements and the Company's internal management and control needs, the Company amended the *Quality Control and Management Measures for External Audit Services* in time and developed the *Overseas Remote Audit Guidance and the Overseas Audit Management Rules* to regulate overseas audits.

Following the principle of "Strengthening Internal Control, Preventing Risks and Promoting Compliance", we have enhanced the full-coverage audit supervision of key areas, important processes and major projects. We supervise the implementation of audit strategy, internal control, risk management and other aspects in order to promote the Company's healthy and sustainable development. We also focus on problem rectification by establishing the accountability mechanism for audit rectification, aiming for close-loop management and effective remediation.

Our headquarter is responsible for overseas audit, particularly focusing on overseas asset safety, effectiveness and efficiency. We have strengthened our audit supervision of overseas assets to improve our international operation and management ability.

BUSINESS ETHICS

We uphold the business ethics of integrity, honesty and fair competition. We strictly abide by the laws and regulations on anti-corruption and business ethics in the countries of our operation, such as the *Supervision Law of the People's Republic of China*, the *Anti-money Laundering Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China* and the *Prevention of Bribery Ordinance*. We have established rigorous internal punishment mechanisms and management systems. We have opened a dedicated complaint channel (<https://www.cnoccltd.com/complaint>) and disclosed it on the *Company's website*. The *Compliance Complaints Management Procedure* has specified the assignment of responsibilities, management processes and requirements of compliance complaints. We have also further improved the financial control complaints, violation information

complaints and acceptance mechanism, making the domestic and overseas violation complaints channels more accessible. We conduct violation investigations promptly. In 2023, the personal embezzlement and bribery case against one employee of the Company's affiliated company was concluded.

CNOOC Limited has formulated and disclosed the *Code of Ethics for Directors and Senior Executives* (the "Code of Ethics") on the Company's website to provide guidance and requirements to the directors and senior management, defining requirements on regulatory rules, insider trading, improper market conduct, and reporting requirements, etc. The Company's directors and senior executives are required to be familiar with and abide by it. The *Code of Ethics* is reviewed and amended by the Board annually.

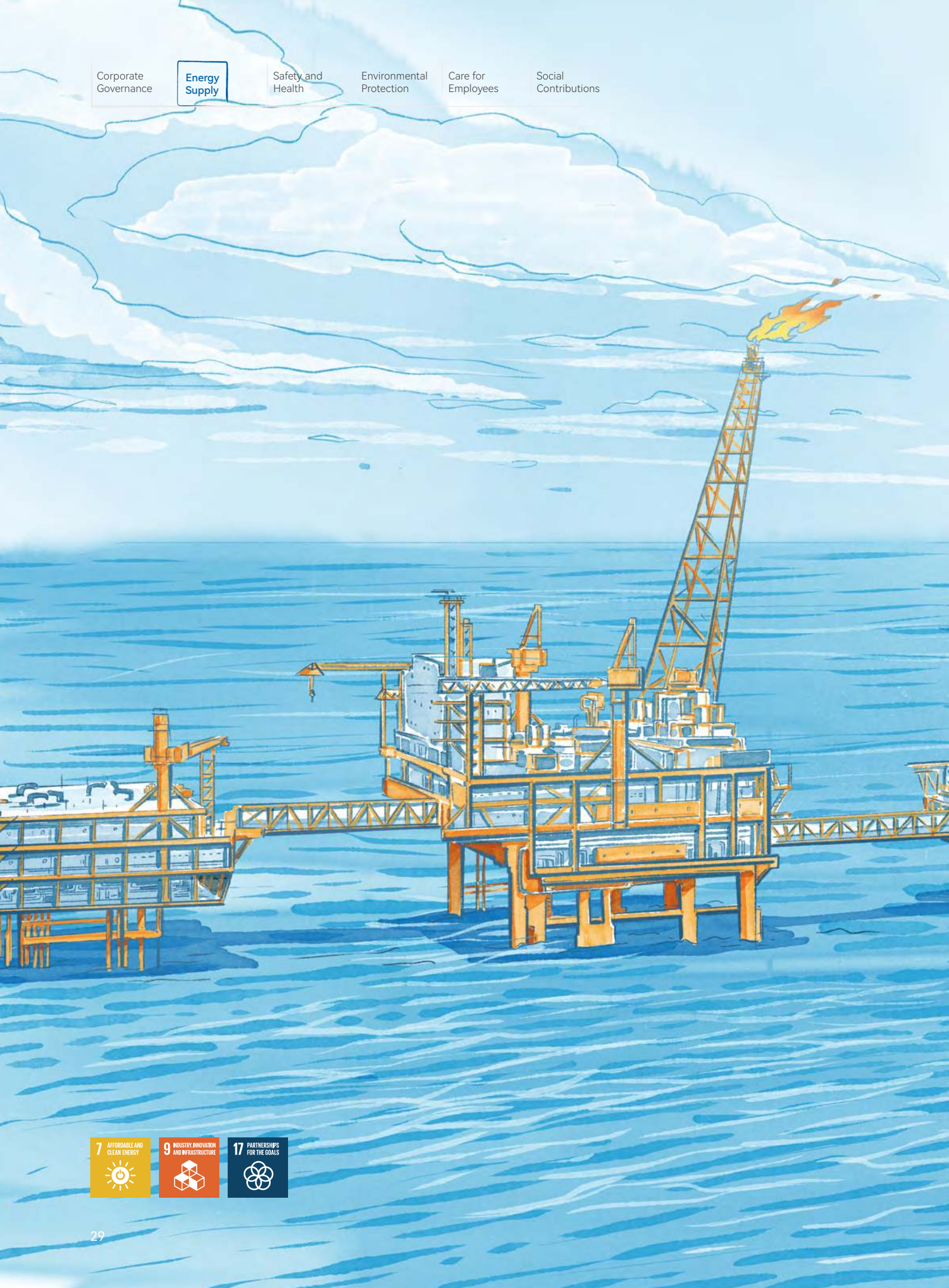
The Company has issued the *CNOOC International Compliance Manual for Entities and Employees*, the *Procedures for Rule Violation Handling*, the *Regulations on Conflicts of Interest* and other policies to define compliance requirements on employee rights, safety, health and environmental protection, anti-corruption, anti-fraud and anti-money laundering, antitrust, anti-extortion, as well as fair trade and competition. We have established an effective mechanism for punishing and preventing fraud, and explicitly outlined the punishments for corruption, embezzlement and bribery, and whistleblower protection measures. Senior executives and departmental general managers of the Company should be responsible for the construction of clean governance in their areas of management. In addition, department leaders are required to sign the letter of responsibility for combating corruption and upholding integrity every year, and we deliver warning education and integrity-focused publicity at key times such as employee orientation, promotion and major holidays.

The Company has developed a three-year training "Ocean Sprout Project" for new employees and required new employees to complete 4 hours of integrity practice courses every year.

In March 2023, the Company convened the anti-corruption conference, deployed work for the whole year, and delivered special education for anti-corruption.

In October 2023, the Company organized for the newly appointed department leaders, division leaders and discipline inspection committee members to receive warning education at the Tianjin Liyuan Prison.

In 2023, we organized 21 compliance training sessions on topics such as antitrust, prevention of insider trading, anti-commercial bribery, anti-corruption, overseas employment and regulatory requirements for listed companies. The training also included one session of "International Anti-corruption Compliance Training" for all Directors, which comprised introduction to major anti-corruption laws in the world, analysis of areas with high risk of corruption, and the latest trends of law enforcement on anti-corruption investigation.



Energy Supply

Energy Supply

We always aim firmly to increase reserves and production of oil and gas, optimize products and services, and promote technological innovation. We endeavor to guarantee stable supply of oil and gas by focusing on creating a stable and sustainable supply chain.



Risk analysis

Market risk

The new round of scientific and technological revolution and industrial transformation has caused a profound impact on the development of the energy industry. We are facing competition for access to oil and gas resources, alternative energy resources, customers, capital financing, technology and equipment, talents and business opportunities. Meanwhile, as the regulation on environmental protection in the field of energy is becoming increasingly strict, the green and low-carbon transformation may intensify the demand for alternative energy resources, thereby resulting in intense competition in the energy supply market and exerting adverse impact on the Company's operation and performance.

Measures

The Company insists on enhancing oil and gas reserves and production and increasing the proportion of natural gas in the production mix. We actively promote the green and low-carbon transformation and improve the exploration success ratio, reducing development costs, and enhancing the asset quality and operation efficiency.

Technology risk

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

Measures

The Company adheres to innovation on science and technologies, management and business models, promoting the transformation from the rate, scale and factor-driven model to an innovation-driven model, and striving to evolve into an innovative energy company.

Cybersecurity and IT infrastructure damage risk

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

Measures

The Company develops cybersecurity management systems and mechanisms, building critical data backup system, maintaining cyber security inspection, detection and risk prevention work to consolidate cyber security responsibilities at all levels and raise awareness of cybersecurity among employees.

High supplier concentration risk

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

Measures

The Company establishes a regular mutual visit mechanism with senior management of suppliers to maintain good cooperative relations with major suppliers. In view of the possible risk of accidental factors, further strengthening global market research, actively developing new supplier resources and expanding supply channels to ensure the sufficiency of supply and promote competition.

PRODUCT AND SERVICE

As a pioneer in China's offshore oil and gas industry, CNOOC Limited focuses on ensuring consistent energy supply while actively pursuing innovation and transformation. We commit to advancing digitalization and intelligent development to continuously improve the reliability of our products and the quality of our services.

Product Supply

In 2023, CNOOC Limited solidly promoted high-quality development, actively advanced the three major initiatives of increasing reserves and production, technological innovation, and green development, and firmly implemented upgrading actions to enhance quality and efficiency. Both reserves and production have achieved historic highs, and profitability remained at a high level.

The Company adheres to value exploration and focuses on the discovery of large and medium-size oil and gas fields. We strengthened exploration efforts in key areas and achieved 9 new discoveries throughout the year. We also successfully evaluated 22 oil and gas bearing structures. In China, we successfully re-evaluate the Bozhong 26-6 field, which has an accumulated proven in-place volume of over 200 million cubic meters. In Kaiping South Oilfield, we obtained the new discovery Kaiping 18-1 and successfully evaluated Kaiping 11-4, with accumulated proven in-place volume exceeding 100 million tons, making it be the first deep-water and deep-play 100-million-ton oilfield. The Qinhuangdao 27-3 discovery revealed petroleum in-place volume exceeding 100 million tons, marking a significant breakthrough in shallow-water oilfields discoveries in the Bohai Sea. Additionally, the Company discovered China's first deep-play coalbed gas field with reserves of 100 billion cubic meters. In overseas regions, the Lancetfish discovery in the Stabroek block in Guyana was an ultra-deep-water and deep-play 100-million-ton level find. The total recoverable resource of the block reached approximately 11 billion barrels of oil equivalent. By the end of 2023, the Company's reserve replacement ratio reached 180%, maintaining a high level. With net production reaching record highs year after year, the reserve life has remained stable at over 10 years for seven consecutive years, laying a solid foundation for the sustainable development in the future.

The Company set its sights on the annual production target and continued to strengthen production and operation management, steadfastly accelerating the pace of production increase, and

efficiently organizing capacity construction. By promoting the fine development on the potential of old oilfields and ensuring the stable and increased production in the operating oil and gas fields, the natural decline rate of offshore oilfields reached best levels in the history. The capacity construction was further accelerated, over 40 construction projects were in progress this year; the construction of key projects proceeded smoothly, with new projects successfully put into operation, providing strong support for future sustainable development. In 2023, the net oil and gas production reached 678 million barrels of oil equivalent, an increase of 8.7% year-on-year, achieving rapid growth for multiple consecutive years. Thanks to scientific production and operation management, the Company continued to consolidate its cost competitive advantage.

In the future, the Company will continue to focus on finding large and medium-size oil and gas fields, steadily consolidating the foundation for increasing reserves and production to promote medium and long-term sustainable development. Meanwhile, we will leverage our strengths to steadily advance the construction of key projects and orderly implement the green and low-carbon transformation strategy, providing an endless source of energy for social and economic development.

The net oil and gas production reached **678** million barrels of oil equivalent

An increase of **8.7%** year-on-year

First Gas Field with Hundred Billion Cubic Meters of Natural Gas in the Bohai Sea - Bozhong 19-6 Condensate Gas Field Phase I Commences Production

In November 2023, Phase I development project of Bozhong 19-6 condensate gas field, the first 100 billion cubic meters gas field in Bohai Sea, was put into operation, marking a new stage in the development of deep complex buried hill oil and gas reservoirs in China, which is of great significance for the Company to increase reserves and production and optimize production mix. Bozhong 19-6 condensate gas field has proven in-place volume of over **200** billion cubic meters of natural gas and over **200** million cubic meters of condensate oil.

Product Quality

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

We comply with the *Product Quality Law of the People's Republic of China* and have developed relevant policies including the *Measures for Quality Management*. By strictly following the domestic and overseas quality management standards and the quality standards as stipulated in the contracts, we ensure that the crude oil, natural gas and their by-products as well as liquefied petroleum gas sold all meet relevant requirements of the national standards.

We invite third-party professional institutions to conduct independent sampling and undertake self-sampling and joint quality tests with customers to inspect the quality of our crude oil and natural gas products. We have formulated the evaluation standards and process for customer access and always specify the mechanism for handling product quality issues in the procurement and sales contracts of crude oil and natural gas. Besides, we further improve our customer service management through follow-up visits to key customers to understand their requirements. In 2023, the quality of our products remained stable and met the national standards; no major disputes over product quality has occurred, and we have not received any customer complaint regarding the quality of our crude oil and natural gas. Should any quality complaints arise, the Company will communicate with the customer in accordance with international and national standards for the quality of crude oil, natural gas and other products, to handle the complaints properly.

Cybersecurity

Abiding by the *Cybersecurity Law of the People's Republic of China* and other laws and regulations, we have established and improved management policies such as the *Rules for Cybersecurity Incident Management*. We have structured a cybersecurity framework which can be summarized as "one center, three lines of defense", carried out the phase II construction of the headquarters security operation center, established a cybersecurity management structure, clarified cybersecurity targets and management principles, and essentially achieved full-scope, dynamic, and real-time monitoring of the Company's information assets. Through measures such as special cybersecurity inspections, grade protection risk evaluation and industrial control system risk assessment, we have identified and solved the existing problems. We organized specialized publicity trainings and drills and improved the information system's risk resistance and privacy protection ability to enhance overall cybersecurity protection.



Technological Innovation

CNOOC Limited has implemented the innovation-driven development strategy and continuously strengthened scientific and technological innovation. We continue to increase research and development investment, constantly improving the level of scientific research. We also vigorously researched key and core technologies and achieved scientific and technological innovation breakthroughs. In addition, we improved precise incentives to fully stimulate the innovation vitality of researchers, improved the management mechanism for scientific research and innovation, and will continue to strengthen the leading and supporting role of scientific and technological innovation.

New Breakthroughs Achieved in Core Technologies:

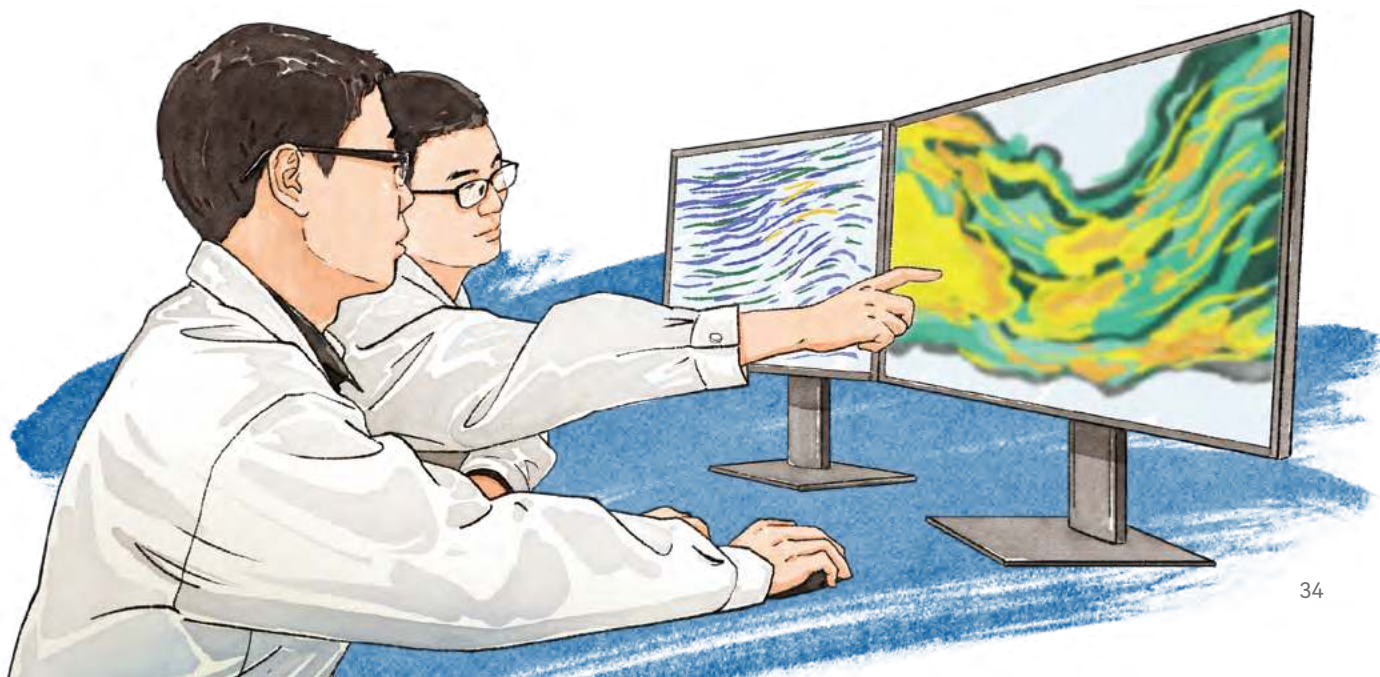
In the Jinzhou 25-1 Oilfield W-1 area in the Bohai Sea, the main structure steel cylinder for the first domestic sub-seabed development model of oil and gas fields was successfully installed. This symbolized the key step forward for the model, which was independently designed by CNOOC Limited. It is significant to the development of the hundred million tons of oil and gas in the Bohai Sea, increasing reserves and production of oil and gas resources, and ensuring energy supply.

As the key technology in the Company's major project of "Two Increases and One Decrease", the flow field optimization and adjustment technology has made notable achievements in controlling natural decline rate and oilfield water-cut.

We implemented the integrated exploration and development plan of Linxing-Shenfu deep coalbed methane, completing the first demonstration project in exploration and development of deep coalbed methane. As a result, we effectively improved the designed annual productivity capacity.

We have achieved a significant breakthrough in the comprehensive study of carbonate fractures and proposed the integration of geology and engineering, to achieve efficient development and fast project construction. We thereby ended the history of 40 years without high production well in the area and providing strong support for the efficient and stable production of 300,000 barrels of oil per day in the Missan oilfield in Iraq.

We took the lead in tackling the problem of identifying the turbidite sandstone reservoirs in the deep play of Guyana, successfully developed the sandstone reservoir identification technology, realized the clear identification of the reservoirs in deep strata, and made two more 100-million-ton level oil and gas discoveries in deep strata.





Making Further Headway in Digital and Intellectual Transformation

China's first intelligent "Offshore Oil and Gas Processing Plant" with integrated coordination of onshore and offshore production and operation was delivered, which realized 24-hour monitoring, early warning, decision-making assistance and control optimization for offshore oil and gas production. This enables digital sharing for the integrated coordination of onshore and offshore intelligent production and operation, promoting the digital transformation and intelligence development of the energy industry.

"Shenhai-1" became the world's first large-scale ultra-deepwater semi-submersible oil production and storage platform with remote production capability. It can maintain continuous, safe and stable production during typhoons.

We accelerated the construction of intelligent offshore oil and gas fields, improved the level of production, operation and management, controlled safety risks and maximized economic benefits. The major results include the following:

- ① The digitalization coverage of core business at the production site of Tianjin Branch's Qinhuangdao 32-6 Smart Oilfield Phase II reached 90%, which contributed to the accumulated increase of oil production by nearly 100 thousand cubic meters;
- ② Enping, Liuhua and other oilfields of Shenzhen Branch activated typhoon mode for production during typhoon and recovered crude oil losses of more than 170,000 tons and natural gas losses of more than 280 million cubic meters;
- ③ The transformation of Weizhou unmanned platform of Zhanjiang Branch and the construction of intelligent inspection of Weizhou terminal realized the unmanned and less manned operation of platforms, achieving the purpose of reducing staff and costs and improving quality, efficiency as well as safety control.

Energization of the Vitality of Researchers

In 2023, we further improved the reward mechanism of science and technology based on value contribution. We incentivized talents who dedicated themselves to the frontline of scientific research work and production technology development for a long time and made major contributions, promoting and creating an atmosphere that favors scientific research and innovation.



New Progress in the Management of Intellectual Property Rights

We act in strict compliance with laws and regulations such as the *Patent Law of the People's Republic of China* and *Law of the People's Republic of China on Promoting the Transformation of Scientific and Technological Achievements* and have revised and improved *CNOOC Limited Intellectual Property Management Measures* to maintain and guarantee the compliant management of intellectual property rights. Focusing on major technological achievements, we conduct patent analysis based on patent information, arrange demonstration application, and organize high-value patent selection in major areas. In addition, we have explored the pre-evaluation and fast pre-review mechanism for patent application and have improved the management, planning and protection of intellectual property rights to realize the full value of patents.

Important Awards

1 person won the 18th Li Siguang Geological Science Award (Field Award).

3 people won the Sun Yueqi Energy Science and Technology Award, including 1 Energy Award and 2 Youth Science and Technology Awards.

In 2023, we won a total of 9 science and technology awards at the provincial and ministerial level and above. The *Innovation and Industrial Application of Key Technologies and Methods for Ultra-deepwater Drilling and Completion* won the Science and Technology Progress Special Award - Grand Prize granted by the People's Government of Hainan Province.



SUPPLY CHAIN MANAGEMENT

We focus on establishing an offshore oil modern supply chain and strive to achieve supply chain integration. We strengthen the forward-looking and proactive administration of our supply chain, steadily extending management to both the supply and demand ends.

In 2023, we amended the *Supply Chain and Supplier Management Measures* in accordance with laws and regulations such as the *Law of the People's Republic of China on Tenders and Bids*. We established the supplier whole-process management system with "origin management", "process management and control" and "results application", expanded the development of high-quality supplier resources, and enhanced classification and graded management to avoid suppliers' ESG risks. In addition, we formulated the *CNOOC Limited Overseas Institutions Supply Chain Classification Management Guidance* and the procurement policy for overseas institutions' for the purpose of classification management of their supply chains.

Full-process Management of Suppliers

The Company continued to manage all processes, covering supplier registration and admission, classification and grading, qualification appraisal, recruitment, performance evaluation and withdrawal. As of the end of December 2023, the Company has 4,463 suppliers in the database, including 4,174 domestic suppliers and 289 overseas suppliers. The Company strengthened the supplier performance assessment management, promoted the application of assessment results in bid evaluation, and established a unified supplier performance assessment evaluation standard, achieving an annual dynamic supplier performance evaluation coverage of 100%. Suppliers who fail the annual performance evaluation were removed from the supplier list.

Supplier Classification and Graded Management

We classify suppliers by product catalogue into different types for management. We divide suppliers under each product category into strategic suppliers, preferred suppliers and general suppliers and implement differentiated construction, hierarchical management and application. We continue to expand the resources of strategic suppliers and preferred suppliers, and promote the establishment of long-term and stable cooperative relations with suppliers.

Suppliers' Green Purchase

The Company formulated the *Guiding Opinions on the Green Development of Purchasing and Supply Chain*, to promote green purchase, green logistics and centralized warehousing, strengthening resource sharing, recycling and reuse. We provide moderate preferential policies to suppliers who use environmentally friendly and energy-saving products and add green and low-carbon related scoring indicators to supplier screening. CNOOC Limited deepens the cooperation on "decarbonization" with strategic suppliers, and intends to build a preliminary green development system of purchasing and supply chain by 2025 and secure positive achievements by 2028.



Supplier Risk Management

CNOOC Limited has made ongoing improvements to the supplier risk control system by bringing six types of risks under unified management, including violations of laws and regulations, abnormal operation, unqualified evaluation, non-compliant relationships, investigation by government, and prohibition of business, standardizing the handling measures, rules and processes. We devote more efforts to identifying supplier environment and social risks, and introduce data from professional third-party institutions to establish the supplier risk assessment model on the digital platform of supplier chain management. The model is used to conduct online risk assessments for the suppliers and can automatically issue alerts, so that suppliers with high credit risks can be rejected promptly. In addition, the Company conducts special audits on the management of suppliers and contractors to promote the steady improvement of supply chain management.



Anti-Corruption Requirements for Suppliers

The Company released the *Notice to Suppliers* and required suppliers to sign the *Memorandum on Integrity*, which emphasized the requirements of anti-corruption, self-discipline and behavior surveillance, guiding suppliers to operate in compliance and integrity. We continue to improve procurement competitiveness and increase efforts in outsourcing, achieving an outsourcing rate of 100% in 2023. The Company would arrange supplier compliance inspection occasionally if needed, and prohibit and restrict business with suppliers who violate the rules.



Supplier Local Procurement Policy

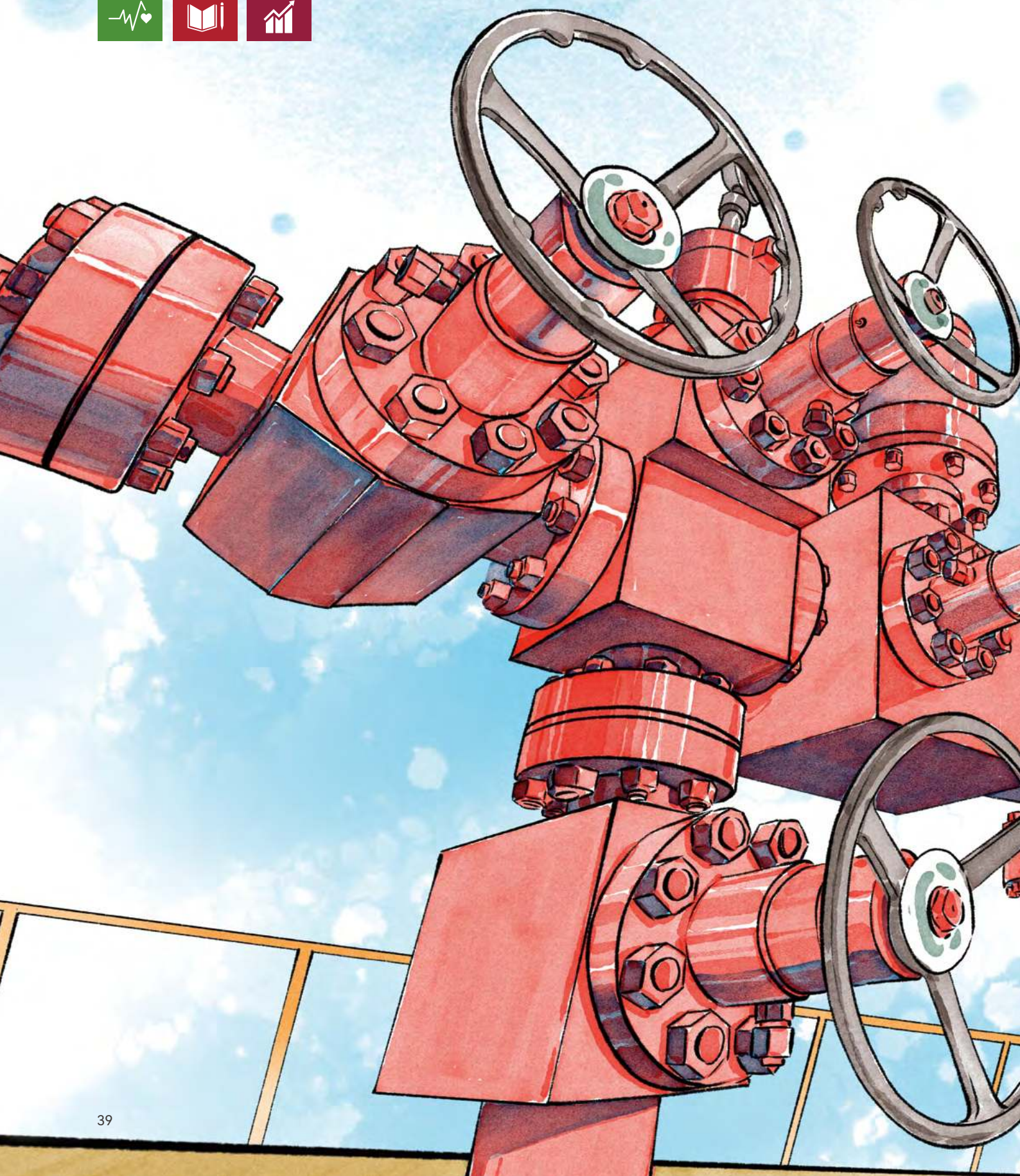
CNOOC Limited is keen on promoting localized procurement. CNOOC Uganda, CNOOC Iraq and other overseas branches have formulated localized procurement policies, set annual quotas for local community contributions and catalogue for goods and services offered by local companies in order to participate in the local market, improve procurement efficiency, and lower procurement costs while contributing to local economic development. In the future, adhering to the localized procurement policy, we will join hands with more excellent local suppliers.



Supplier Human Rights Management

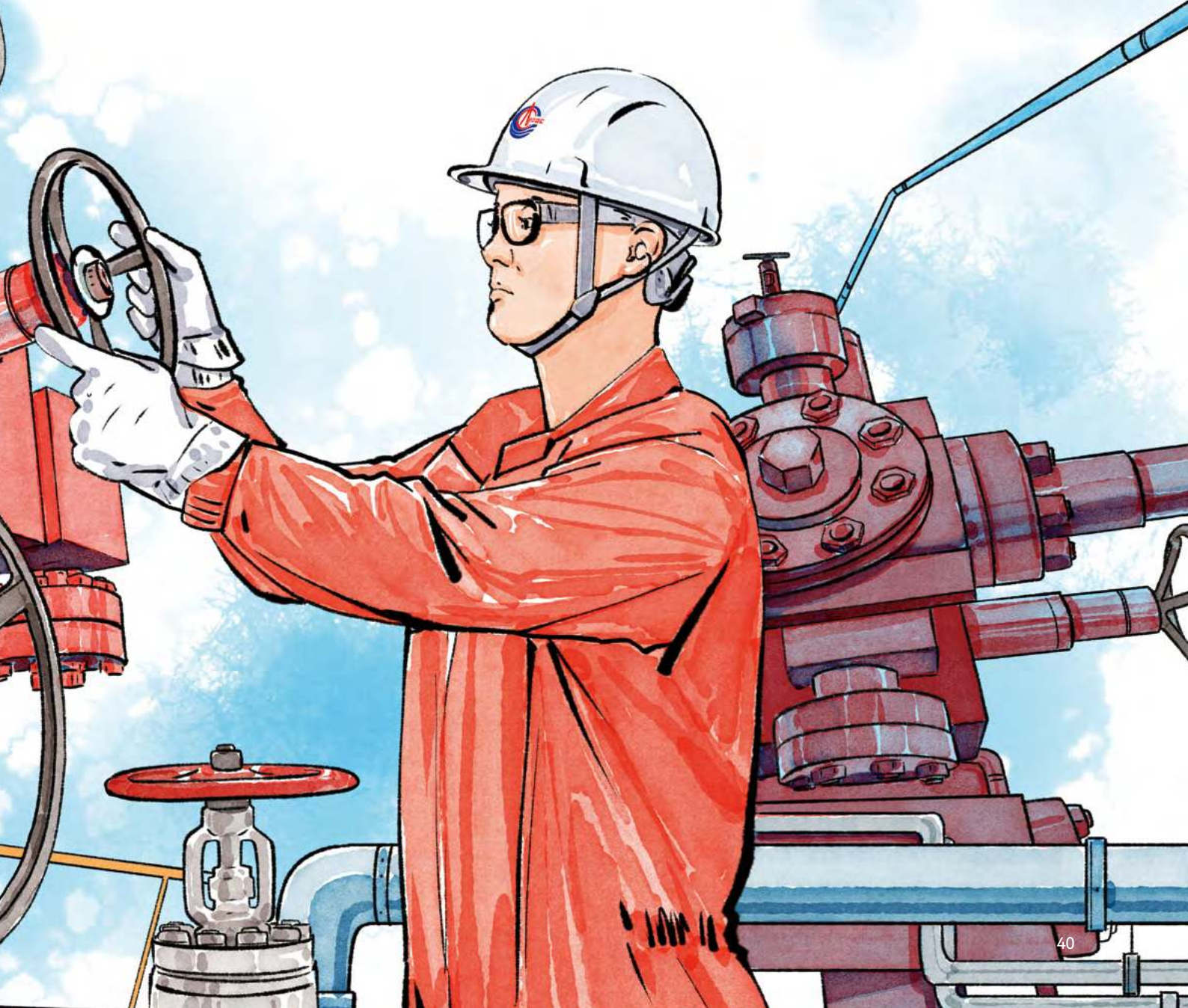
We strictly abide by the host country's laws, regulations and human rights protection requirements to ensure that production and business activities meet ethical standards. We abide by local laws and norms on human rights, anti-violence, and anti-conflict to prevent the abuse of force and human rights violations on residents. The Company has formulated the *CNOOC International Compliance Manual for Entities and Employees* and contractor management system, and strictly implements these regulations.





Safety and Health

Adhering to the core health, safety and environment (HSE) values of "Safety First, Environment Paramount, People-oriented and Equipment Intact", CNOOC Limited has implemented the main responsibility of enterprises for production safety and constructed an HSE management system. We actively carried out trainings and publicity on safety and health to build CNOOC's distinctive safety culture of "People Oriented, Execution and Intervention" and distributed safety responsibilities to relevant positions at all levels, promoting a new pattern of safety management throughout the Company.



Risk analysis

Health, Safety and Security Risks

Due to the fact that we operate some businesses in environmentally sensitive or politically unstable areas, and some of our offshore projects are far from land, the Company's operations expose itself and the communities in which it operates to some risks, including potential major safety accidents and other consequences caused by natural disasters, social unrest, personnel health and safety incidents, and some unforeseen external damage. Major HSE accidents may cause injuries or deaths and business disruptions. These may also significantly affect our reputation, bidding right, and even lead to loss of operating right in some areas. In the meantime, the regulatory regimes for HSE issues in some countries of operation are likely to become more stringent over time, so we may be liable for enormous expenses (e.g., fines, penalties, clean-up fees and third-party claims) for violating HSE-related laws and regulations in the future.

Measures

We adhere to viewing production safety as the first priority and place the prevention and resolution of major security risks as a top priority. We pay close attention to the safety risks in key areas such as oil and gas exploitation, large-scale mobile facilities, natural disasters, and fire protection. We issued a list of "Top Ten Risks" to systematically and accurately identify potential hazards. We continuously strengthen safety trainings for employees as we highly value the safety education publicity and safety culture construction at the grassroots level and in the working sites. We promote the development of the emergency management system, strengthen basic work on resource reserves and response for emergency, encourage standardized research and building of relevant systems on emergency preparedness, improve capability building for oil spill emergency response, and enhance natural disaster preparedness and response, so as to continue improving our capability for emergency response.

PRODUCTION SAFETY

CNOOC Limited strictly abides by the *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Oil and Gas Pipelines*, the *Regulations on the Safety Production of Offshore Oil*, the *Rules for the Administration of Offshore Oil Safety*, the *Safety Rules for Offshore Fixed Platforms* and other relevant laws, regulations and industry standards. On the basis of good domestic and international practices and the safety management system standards issued by relevant international organizations, we have established and improved the Company's characteristic HSE management system. The system is deeply integrated with the Company's basic QHSE internal control policy and set clear principles and parameters for safety management.





CNOOC Limited implements hierarchical management at its headquarters, subsidiaries and business units. In 2023, the Company reviewed and reconstructed its HSE management system into a simpler and more efficient three-level internal control system. All subsidiary companies and business units are also required to continuously optimize QHSE management systems and to undertake superior audits and special audits.

Led by the CEO of the Company, the Safe Production Committee of CNOOC Limited is the highest decision-making authority for QHSE management. The committee establishes the management position of safety director and is responsible for setting annual goals of safety management, investigating and handling major accidents, developing work plans for major hazards and monitoring their implementation, as well as reviewing relevant rewards and evaluation regarding safe production. Our QHSE Department is mainly responsible for the overall supervision and management of quality, occupational health, production safety and environmental protection.



In 2023, the Company maintained stable and safe operation with no occurrence of major safety accident. This year, the Company has accrued safety production expenses in accordance with the requirements of the *Administrative Measures for the Extraction and Utilization of Production Safety Expenses of Enterprises* (Cai Zi [2022] No. 136) for oil and natural gas exploration and production enterprises. The funds were mainly used for the renovation and maintenance of safety protection facilities and equipment, safety inspection and testing, and publicity, education and training on production safety according to the actual needs of the Company. The Company's Occupational Safety and Health Administration (OSHA) record for this year is as follows.

	Scope	Total Hours Worked (million labor hours)	Total Recordable Occupational Injury Incidents	Total Recordable Occupational Injury Incidents Rate	Lost Time Injury	Lost Time Injury Rate	Work-related Fatalities Number	Work-related Fatalities Rate	Lost Days Due to Work Injury
2023	Employees	45	2	0.04	2	0.04	0	0	65
	Employees and direct contractors	201	10	0.05	5	0.02	0	0	229
2022	Employees	42	1	0.02	1	0.02	0	0	11
	Employees and direct contractors	176	19	0.11	9	0.05	2	0.011	923
2021	Employees	38	8	0.21	3	0.08	0	0	108
	Employees and direct contractors	161	29	0.18	18	0.11	5	0.031	2,510

Safety Inspection and Improvement

CNOOC Limited attaches great importance to safety inspection. We conduct full-coverage inspection over all secondary units to promote production safety. We enhanced the early warning system for risks and improved intelligent management and control. Meanwhile, we continue to improve the two-fold prevention mechanism of classified risk control and hazard treatment to prevent major risks and strive to solve problems before their emergence. We also implement specific management and control measures, regularly issue risk notices and seek to improve our analysis and assessment ability. We strictly follow accident and incident reporting policies, and have amended the *Accident and Incident Management Measures* and the *Accident and Incident Management Rules*, emphasizing proactive, immediate and accurate reporting of accident information.

Detailed Measures in 2023

We carried out production safety inspections and audit of production safety systems. By the "five confirmations" of personnel, time, responsibilities, standards and measures, each unit developed and implemented rectification plans for issues identified.

We conducted special rectification on the safety risks of manned platforms, established a guarantee and responsibility system and performed full-coverage safety inspections to rectify any problems and hazards found.

We developed the *Implementation Measures for System Application, Operation and Maintenance, and the Management Rules for Usage of System Real-time Data Transfer Links in Case of Emergency*. We also optimized the module functions of all platforms and started to oversee the operation status of the safety risk monitoring and early warning system on a daily basis. Besides, special networks were built to accelerate the connection to the Emergency Management Department system platforms.



Safety, Emergency Response and Training

CNOOC Limited earnestly implements the responsibility of safe production. We have amended policy documents such as the *Emergency Management Measures*, and the *Management Rules for Developing Site Emergency Response Plans*, improving the Company's emergency work arrangement and on-site emergency response plans and systems. We have optimized the functions of the emergency management information system, so that it can provide quicker feedback on offshore production safety and emergency information, achieve data interconnection, and improve site monitoring and early warning performance.

We highly value production safety training. During the year, we organized various kinds of production safety training and competition activities:

We closely cooperated with the Management Leadership Academy of the Emergency Management Department to open the special training class for improvement of safety enforcement and inspection;

We organized the Good Lecturer Contest with the theme of "Safety Awareness and Emergency Capability for Everyone" to stimulate employees' enthusiasm to "Share Knowledge and Pass on Value";

We held the 12th Vocational Skill Competition with actual scenario assessment to promote the integration of theory and practical operation;

We held the first Oil Spill Emergency Skills Competition and the first Oil Spill Emergency Symposium.

Hosting the First Oil Spill Emergency Skills Competition and Symposium

In March 2023, CNOOC Limited hosted the first Oil Spill Emergency Skills Competition at its Tanggu base, with 11 teams and 100 participants. The competition included various stages such as emergency team drills, simulated accident exercises, and accident analysis, comprehensively testing the skills and physical fitness of emergency response personnel. Additionally, the Company convened an Oil Spill Emergency Symposium, and invited experts and scholars from the Ministry of Ecology and Environment, the Ministry of Transportation, the Ministry of Emergency Management, and related academies to jointly discuss the current state and development plan of maritime oil spill emergencies, better supporting the standardization and development of emergency capabilities for both the Company and the nation.

In 2023, the Company actively conducted real scenario emergency drills

30 emergency drills

2,729 sessions of emergency training

12,573 working site drills

99,391 participations for emergency training

546,918 participations for drills

100% coverage of specialized and part-time emergency rescue teams

National Special Emergency Drill for Maritime Oil Spills

To improve the maritime rescue and oil spill emergency response capabilities in the Bohai Sea, we participated in the 2023 National Special Emergency Drill for Maritime Oil Spills in the Nangang sea area of Tianjin. Being the largest maritime oil spill emergency drill held in the Bohai Sea to date, this drill simulated the initiation of the national emergency response plan for major maritime oil spills. Through the drill, our emergency teams practiced and improved their emergency response abilities.



Special Emergency Drill for Maritime Oil Spills

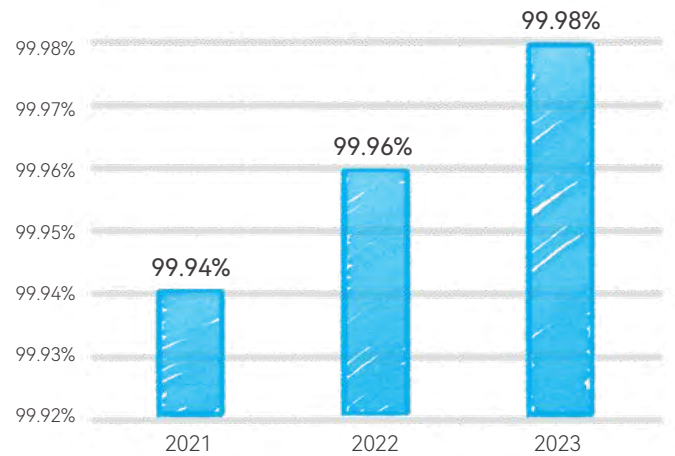
Equipment and Facility Integrity Management

To ensure the safe and compliant operation of equipment and facilities, CNOOC Limited has built the equipment and facilities integrity management system. The Company enhanced the feasibility study and integrity review in the initial design stage of development projects to better identify hazards and assess risks of key facilities.

During the year, we conducted assessment on the main structure of aging platforms for safety purpose. All **61** platforms assessed met the requirements for continued use.

The integrity rate of the Company's equipment and facilities is maintained at a high level and we are able to control the risks in our equipment and facilities.

Figure: Integrity Rate of Equipment and Facilities



Note: Integrity rate of equipment and facilities = $(1 - \frac{\text{the output amount affected by equipment and facility failure}}{\text{planned output amount}}) \times 100\%$

Safety Management for Well Control

CNOOC Limited continuously optimizes its well control management system, specifies assessment indicators and has developed a systematic, standardized, simplified and feasible standards and regulations system. In 2023, we made efforts to improve the well control awareness and skills of all employees at different levels and advanced the step to build well control emergency response ability with real actions.

Firmly establishing well control awareness and promoting well control culture

We organized the signing of well control safety responsibility letters, and arranged comprehensive well control emergency drills, site well control upskilling activities and well control safety lectures to cultivate well control safety culture;

Fully designating responsibilities and specifying lists of rights and responsibilities

We signed the well control safety responsibility letter with relevant units, and developed the well control responsibility list for the drilling and completion project team to manage the whole responsibility chain;

Improving capabilities of grassroots personnel and enhancing frontline performance

We conducted well control empowerment training, special rectification of liquid spill handling, and various kinds of well control skill contests to level up the well control skills of frontline personnel;

Reinforcing patrol monitoring and strengthening site weak spots

We carried out regular well control patrols to identify and address hazards in time. We also developed the well control information management system comprising eight modules, including well control inspections and equipment, and created "platform QR codes" for each platform using digital means to timely identify issues and report them to relevant platforms for rectification, so that hazards could be managed in a closed loop and the effectiveness of rectification could be enhanced;

Speeding up the establishment of emergency response networks and consolidating the development basis

We promoted the construction of the Hainan Deepwater Well Control Emergency Response Base, and the Hainan Offshore Oil and Gas Emergency Rescue Team has been approved by the state.

Overseas Public Safety Management

Facing complicated and volatile circumstances of international public safety, the Company implements various overseas public safety systems and improves systems and mechanisms for overseas safety protection, aiming to fully cover areas such as safety risk assessment, emergency drills, safety training and emergency resources for overseas units and protect the life and safety of overseas employees with our best efforts.

The Company regularly conducts risk assessment for overseas public safety risks, and prepared and issued the *CNOOC Limited Report of Oversea Safety Risk*. We dive deep into various safety risks in different countries, develop detailed safety risk assessment systems, and enhance graded and classified management and control of risks. During the year, we implemented the pre-decision safety review mechanism for new projects to lower the operation risk of overseas projects. We also improved the safety awareness of overseas employees by increasing the frequency of emergency drills and safety training for overseas units. In 2023, there was no major public safety accident in overseas units.



OCCUPATIONAL HEALTH

CNOOC Limited strictly abides by the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and relevant laws and regulations in the countries and regions in which it operates overseas, and has formulated the healthy company building guidance and evaluation rules to provide systemic guarantee for the occupational health of domestic and overseas employees.

We have implemented systematic management for occupational health. Specifically, we have developed comprehensive health protection plans, promoted safety management for offshore catering, strengthened the prevention and control of sudden disease for offshore operators, deepened the use of occupational health management information system, and implemented graded control of occupational hazards. All these have helped us to monitor our employees' health and achieve the periodic test of occupational-disease-inductive factors for all employees. In 2023, the Company initiated the construction of six regional health service centers in Beijing, Tianjin, Shanghai, Shenzhen, Zhanjiang and Haikou, and 90 construction projects passed the "Three Simultaneity" review and acceptance for occupational health. Besides, periodic test of occupational-disease-inductive factors was carried out in 322 workplaces, with a 100% inspection rate and a 100% occupational health check rate.

We care about the health of overseas employees and have issued the *CNOOC Limited International Exit and Entry Health Guidance* covering common overseas health tips to help them obtain effective medical services in time.

The Company attaches great importance to employees' mental health and has established a mental health management mechanism for employees at home and abroad. We regularly organize psychological well-being talks and evaluate employees' mental health, and have set up designated rooms to provide professional psychological counseling and a 7*24 psychological consultation network platform. In 2023, to identify and intervene in the mental health problems of offshore employees, and to fully ensure the physical and mental health of employees, the Company continued providing psychological counseling services on offshore and onshore platforms and inviting professional psychological experts to give on-site mental health lectures and mental health collective activities.

100% occupational health check rate

Established a **7*24** psychological consultation network platform



Environmental Protection

Environmental Protection

The Company consistently upholds the philosophy of protecting the environment by conserving resources and striving for green development and regards environmental protection as the basis of sustainable development. We abide by relevant national and international laws and regulations and strictly follow carbon emission reduction policies. Moreover, we also implement a Green Development Action Plan to continuously strengthen the whole process management of environmental protection and develop clean energy, thereby fulfilling corporate environmental responsibilities in multiple ways.

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

Social
Contributions

Care for
Employees

Environmental
Protection

Safety and
Health

Energy
Supply

Corporate
Governance



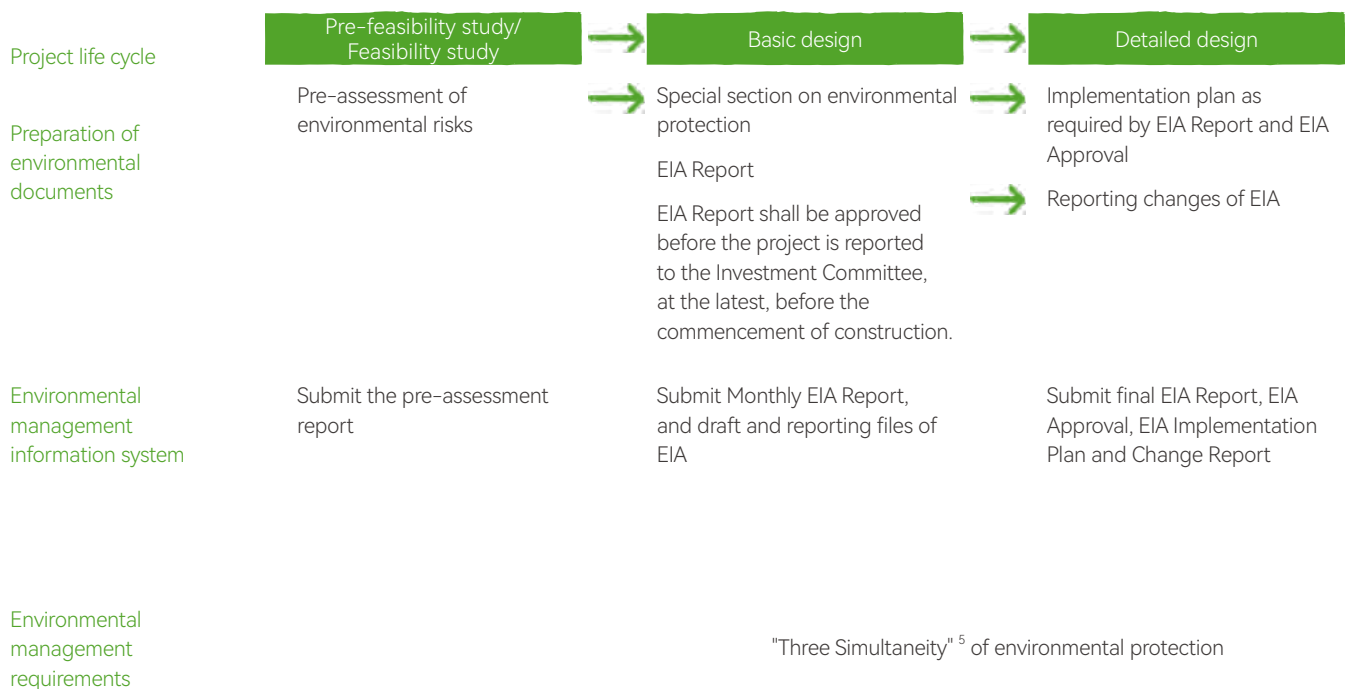
Risk analysis

Environmental and Climate-change-related Risks

In terms of environmental protection, our offshore operating platforms, exploration and production activities, and onshore terminal production activities may generate exhaust gas, wastewater, solid waste, noise, and oil spill, if not properly controlled, may lead to substandard emissions or non-compliant disposal, affecting the marine ecological environment, which may damage our reputation and operations, increase environment restoration and compensation costs, and even expose us to penalties and lawsuits.

In terms of climate change, the acceleration of energy transformation poses challenges for the oil and gas industry. The Company expects that the CO₂ emissions will increase along with the growth of production. The inability to find economic and publicly acceptable solutions to reduce carbon emissions from existing and future projects may lead to a failure to meet the nation's current emission reduction standards, strict renewable energy proportion plan implementation, higher carbon tax, and strict regulatory laws and regulations, which may lead to additional costs and affect our reputation. Under the increasing competition in the energy supply market, this will also increase operating costs for the Company. In addition, the increase in the frequency of extreme weather caused by climate change may impair the Company's marine operations, increasing safety and environmental risks and resulting in higher operating costs.

Environmental Protection Flow Chart



⁵ Three Simultaneity: Environmental protection facilities must be designed, constructed and put into use simultaneously with the main project – *Environmental Protection Law of the People's Republic of China*.

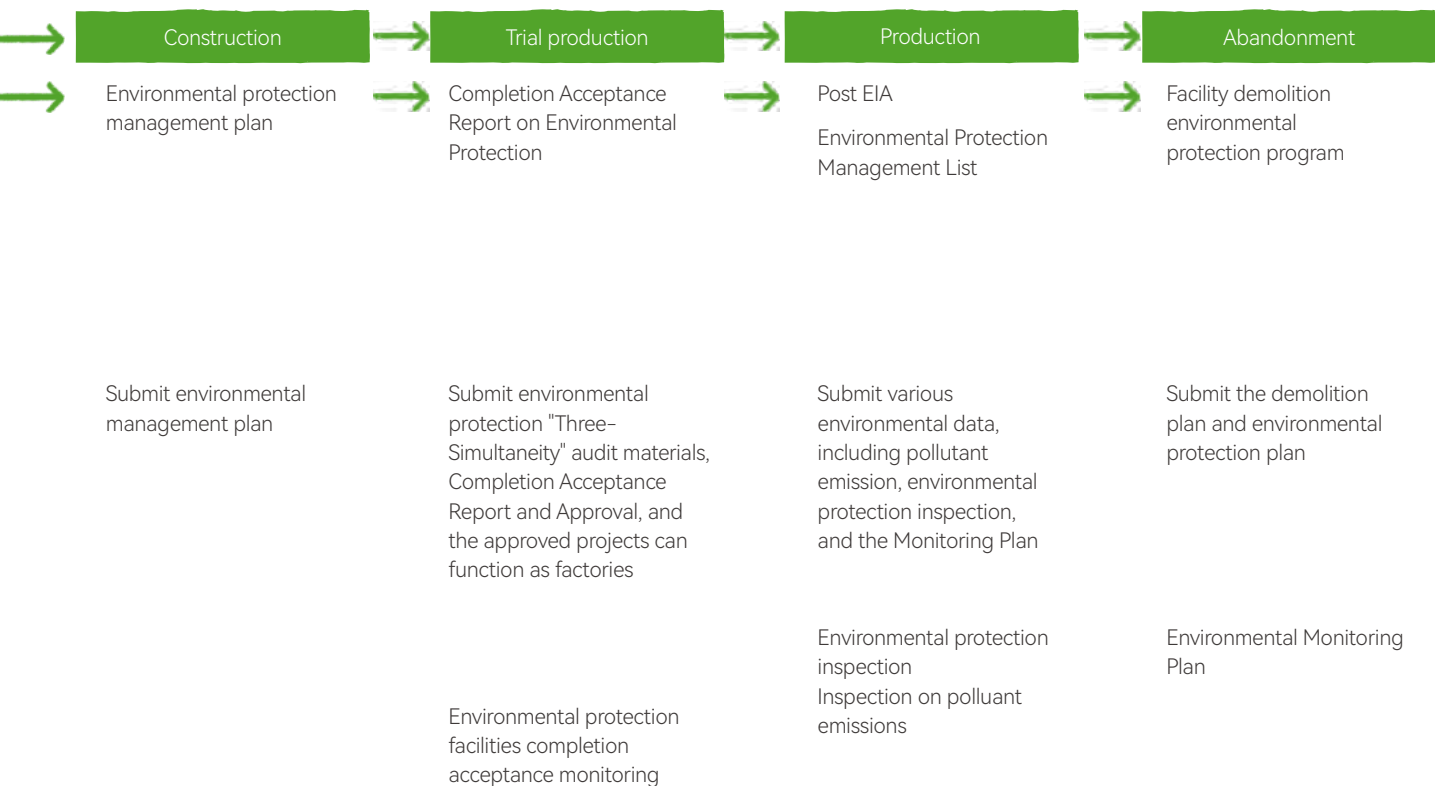
Measures

In terms of environmental protection, the Company strengthens environmental protection and the ecological and environmental management throughout the life cycle of construction projects. We conduct regular environmental risk consultations and assessments, refine measures for the prevention and control of major risk sources, and strictly supervise the implementation process focusing on the control of ecological and environmental risks. Each business unit is required to fulfill its tasks to control risk of oil spills, prepare for emergency, conduct training and drills to effectively prevent all kinds of environmental risks.

In terms of climate change, the Company supports the climate goals set out in the *Paris Agreement*. We identify and analyze the risks and opportunities brought by climate change. We insist on saving energy and reducing carbon emissions to increase reserves and production of oil and gas. We improve our green development capability by establishing top-level design on energy saving and carbon emissions reduction in a scientific way, formulating a roadmap towards green development for the next five years and improving three supporting measures such as upholding the principle of being technology-driven, developing new systems and mechanisms and intensifying organizational support.

We hold fast to "paying equal attention to environmental protection and resource development" and "early intervention", aiming to explore offshore oil and gas while inflicting no damage upon the environment. We make prudent decisions on project site selection and process route during the preliminary research stage of projects to avoid environmentally sensitive locations. We strengthen internal controls during processes such as pre-assessment of environmental impact, implementation plan of Environment Impact Assessment (EIA) report, EIA approval, and EIA Change Report. During construction and operation, we avoid environmentally sensitive periods, reduce pollutant emissions, strengthen oil spill prevention and control, and set up ecological compensation funds to reduce the project's impact on the marine ecological environment and fishery resources.

The Company has established an environmental management system in which the QHSE Department is responsible for overall management, and subsidiaries and branches set up environmental protection positions for execution. In 2023, the Company revised the *Measures for Ecological Environmental Protection* and other ecological environmental management policies, which further clarified the requirements for environmental protection management, pollution prevention and treatment, ecological protection and other aspects during project construction, production and operation.



RESPONSE TO CLIMATE CHANGE

Adhering to the principle that "lucid waters and lush mountains are invaluable assets", we have actively responded to climate change by implementing the strategic goals and requirements of carbon peaking and carbon neutrality in the countries where the assets are located. We have formulated and released the *Energy Conservation and Carbon Reduction Action Plan* and fully implemented our green and low-carbon development strategy through clean energy development, energy-saving and emission reduction projects and efficient energy utilization, being fully committed to becoming a resource-saving green company.

Risk Sources

Policies and laws

- The Chinese government sets a goal to have carbon emissions peak before 2030 and to achieve carbon neutrality before 2060
- Government departments develop various policies and laws to address climate change
- Implementation of follow-up policies leads to uncertainty in cost expenditure

Description of Risks

Technologies

- Tightening controls on emissions sources such as methane and flare gas in the process of developing oil and gas
- Fossil fuels consumption accounts for a relatively high proportion in the energy consumption structure, and the utilization rate of clean energy is low
- Overall energy efficiency of offshore oil and gas production is low, and overall operating efficiency of power generation facilities is low
- Assessing the technical characteristics and adaptability of new techniques and processes while retiring outdated techniques and equipment may lead to higher costs for the Company
- Lack of measures to significantly reduce greenhouse gas emission in industrial processes
- R&D failure for deep-sea, CCS/CCUS and other new energy technologies leads to higher business costs

Measures

- Actively participating in the research and providing feedback on national policies and regulations
- Participating in the preparation of the national standard *Requirements of the Greenhouse Gas Emission Accounting and Reporting for Oil and Gas Enterprises*
- Participating in the preparation of the industrial standard *Guidelines for the Evaluation of Green Factory in Petroleum and Natural Gas Industry*
- Thoroughly implementing the green and low-carbon strategy, drawing up action plans, incorporating into our mid and long-term development plans, and actively carrying out work related to low-carbon development
- Releasing the *Interim Measures for the Management of New Energy Project Investments*, *Interim Measures for the Management of New Energy Production and Operation* and other institution to support the development of the new energy industry

- Tracking and checking flare gas emission points and emissions regularly, and recycling flare gas economically and effectively
- Promoting the application of shore power around the Bohai Sea, and further tap into the potential of value-added services and electricity saving and carbon reduction of shore power
- Promoting the integrated development of offshore oil and gas and new energy, promoting offshore wind power and onshore photovoltaic power supply for oil and gas fields in accordance with local conditions, and increasing the proportion of clean energy
- Restructuring regional power grids and managing reactive power compensation in offshore oil and gas fields
- Renovating key energy-consuming equipment (e.g., electric submersible pump, compressors, large-displacement transfer pumps) for energy efficiency improvement
- Inspecting and retiring inefficient equipment according to China's equipment obsolescence catalog
- Launching pilot demonstration of CCS in China's offshore oil and gas fields, solving key problems in offshore CCUS technology and core equipment, reserving carbon neutral technology

Risk Assessment

CNOOC Limited supports the climate goals set out in the Paris Agreement and fully understands the impact of climate change on the Company. The Company has established a risk control matrix that is continuously updated by departments involved in the risk list, providing tools and quantitative assessment lists. Climate related risk management is also integrated into the Company's risk management system to identify and analyze climate related risks and opportunities, and to formulate appropriate measures in response.

Risk Sources	Market	Reputation	Physical
Description of Risks	- Consumer preference for low-carbon products is increasing - Structural optimization in the energy industry is promoting the strong development of natural gas and renewable electricity - The development of automotive CNG⁶, LNG⁷ and electric vehicles has affected the market capacity of fuel products for traditional fuel transportation, which then influences market demand for crude oil - Construction of the carbon trading market is accelerating, and policies regarding emission are being tightened	- The Company predicted that the increased production capacity would increase greenhouse gas emissions - Energy companies' responsiveness to climate change and the control of greenhouse gas emissions is a key regulatory issue in various countries and is also a focal point for domestic and foreign investors	The increasing instances of extreme weather caused by climate change, such as typhoons and hurricanes, may hinder the Company's marine operations
Measures	- Assessing offshore gas resources and developing deepwater natural gas - Optimizing the layout of offshore natural gas pipeline network - Accelerating the exploration of unconventional gas to accelerate production - Developing the onshore wind and PV power project, and offshore wind power business - Vigorously implementing carbon reduction measures, lowering quota insufficiency, and ensuring compliance	- Continuing to implement the <i>Energy Conservation and Carbon Reduction Action Plan</i> to achieve low-carbon development throughout the whole industrial chain - Actively disclosing the Company's low-carbon development information	Continuously improving the emergency management system and enhancing the emergency response capability



⁶ CNG: Compressed natural gas. ⁷ LNG: Liquefied natural gas.

Energy Conservation

The Company is committed to the principle of "increasing reserves and production of oil and gas in coordination with energy conservation and carbon reduction". We are continuously building a production model that prioritizes energy consumption management and green development, and constantly promoting the construction of a green manufacturing system to enhance operational efficiency.

The Company strictly abides by the *Law of the People's Republic of China on Conserving Energy* and other laws and regulations, and fully revises the Company's management system documents in accordance with the newly released national energy conservation policies and regulations, forming the *Energy Saving and Low Carbon Management Measures, the Rules for Water Conservation Management* and other management regulations, which further consolidate the foundation of the work. With continuous efforts on improving the construction of enterprise standardization system and energy conservation management organization, the Company has developed 9 enterprise standards, including the *Requirements for Equipping and Managing Energy Measuring Instruments for Offshore Oil and Gas Fields*. We have also set up a "Carbon Peaking and Carbon Neutrality Goals" leading group headed by the CEO to guide the Company's top-level design, scheme review and implementation for energy conservation and carbon reduction work from 2021 to 2025. The Company's headquarters set up an energy conservation and carbon reduction office, under which are respective energy conservation and carbon reduction management organizations established by each branch, as well as the dedicated energy conservation and low carbon management personnel appointed by the operating companies. Thereby, a three-level energy conservation management team consisting of the headquarters, branches and operating

companies has been established, forming a high-efficiency combination of energy conservation and carbon reduction as well as exploitation and production.

The Company continues to strengthen energy conservation management, integrating management requirements in areas such as planning and workplan management, indicator data management, project energy conservation assessment and review management, supervision and monitoring, and responsibility assessment into the Company's risk management and control system. We strengthen the annual energy consumption plan management and energy consumption statistical analysis, dynamically track the fluctuation of indicator data, and predicts and expects the completion of indicators to enhance operational efficiency. The Company strengthens the control of energy consumption from the source in the design, carries out the review of energy-saving reports and post-energy-saving evaluation management of fixed asset investment projects, and promotes branches to carry out energy audits and energy efficiency monitoring of key equipment, so as to continuously improve the level of energy efficiency.

In 2023, the Company continued to promote the construction of shore-to-sea power supply projects for offshore oil and gas fields and the recycling of associated gas. We also systematically deployed distributed renewable energy application projects and promoted the application of technologies such as oilfield power networking, residue heat utilization, and renovation of key energy-consuming equipment. The Company invested RMB 536 million into over 40 energy conservation renovation projects this year, and reduced energy consumption by 293 thousand tons of standard coal equivalent and CO₂ emissions by 749 thousand tons.

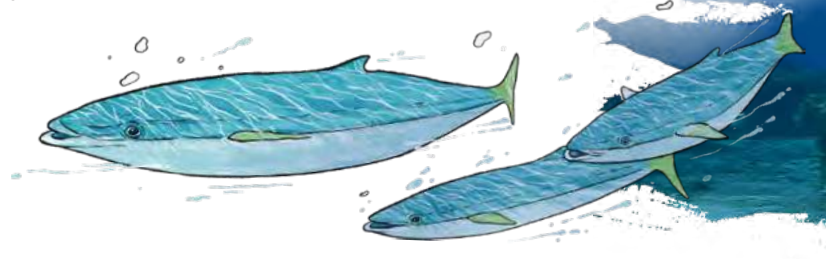
Awards

Shenzhen Branch was newly recognized as a national green factory, and Tianjin Caofeidian Operation Company was newly recognized as an industry-level green factory. As of the end of 2023, the Company had 4 national green factories and 12 industry-level green factories;



Shenzhen Branch was awarded as "Advanced Energy Conservation Group in Guangdong Province" and "Clean Production Enterprise in Zhuhai City";

The green and low-carbon oilfield demonstration project of Zhanjiang Branch was included in the first State-owned Enterprises Deepening Reform Practice Achievements Recommendations.



Main Energy Consumption of the Company

Indicators	Unit	2021	2022	2023
Crude oil	Thousand tons	343.2	259.3	288.1
Natural gas	Billion cubic meters	2.469	2.582	2.617
Diesel	Thousand tons	57.1	51.5	64.2
Electricity	Million kWh	636	1,285	1,701
Comprehensive energy consumption per ton of oil and gas production	Tons of standard coal equivalent/ton	0.0592	0.0571	0.0560

Energy Conservation Goals and Results

Indicators	Unit	2021	2022	2023
Targets	Tons of standard coal equivalent	150,890	149,800	234,300
Actual results	Tons of standard coal equivalent	161,493	275,710	293,316



In 2024, the Company will continue promoting onshore power replacement, flare gas recycling, permanent magnet pump employment, and terminal carbon dioxide comprehensive utilization. It is expected to save **216,000** tons of standard coal.

Water Resource Management

Adhering to laws and regulations such as the *Water Law of the People's Republic of China* and internal policies such as the *Rules for Water Conservation Management*, we have performed comprehensive water resources management by increasing efforts in technological transformation and strengthening the comprehensive treatment of wastewater. In 2023, the Company had no significant problems in sourcing water.

The Company defined the energy-saving tasks and water-saving indicators of its subordinate units, organized and implemented multiple management and technical measures on water conservation such as promoting seawater desalination, reuse of production water and recycling of rainwater and condensate water. We optimize the production process and implement water conservation projects to reduce the amount of new water used per unit of product. We strengthen the publicity of water saving and raise employees' awareness of water resource crisis and water saving concept.

In 2023

Planned annual target of saving
34,000 tons of water

Saved **57,000** tons of water

Exceeded the annual target

Missan Oilfield Oily-water Treatment

For oily-water in Missan Oilfield, CNOOC Iraq has developed solutions for oil-water separation, crude oil recovery and wastewater treatment that use physical and chemical treatment technologies to remove hazardous substances from the oily-water and recycle the separated oil and production water. Since 2020, more than **110** thousand cubic meters of oily wastewater has been treated.



Terminal Plant Water Treatment Area of Missan Oilfield

Water Conservation Targets



In 2024, **56,700** tons of water are expected to be saved through source management in newly implemented projects, seawater desalination with residue heat, condensate water and rainwater collection, and optimized ship operation.

Water Resources Consumption of the Company

Indicators	Unit	2021	2022	2023
Total freshwater usage	Million tons	2.127	1.986	2.106
Freshwater consumption per ton of oil and gas production	Cubic meters/ton	0.0330	0.0284	0.0280
Water saving	Thousand tons	49	74.5	57

Low-carbon Management

With the consideration of the overall planning and requirements of China's carbon peak and carbon neutrality goals, the Company has established low carbon management organizations including Green Power and Carbon Trading Division, Carbon-Negative Office, new energy branch and regional companies, which are responsible for systematically managing green power and carbon trading, developing CCS/CCUS and new energy business, and comprehensively implementing the Company's workplan on carbon peak and carbon neutrality.

The Company strengthened the electricity-carbon linkage and promoted the policy on green power offsetting carbon emission in Tianjin. Tianjin Branch effectively utilized the policy and used 186 million kWh of green power in 2022 to offset 164,000 tons of carbon emission, completing the annual carbon compliance task. In addition, we actively declared CCER methodologies and promoted the inclusion of offshore wind power in the first batch of methodologies announced by the Ministry of Ecology and Environment, which will increase the green income of the Company's new energy industry through market-oriented means. We systematically strengthened the development of carbon assets, fully inspected the carbon asset inventory, and explored the development of an international carbon credit project for the Weibei pipeline.

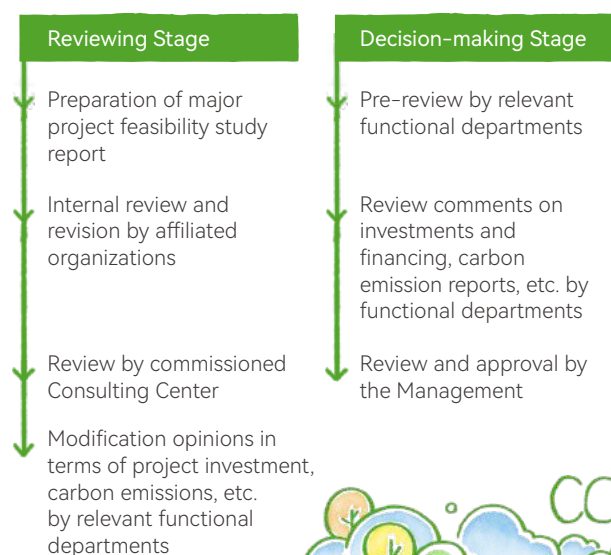
In 2023, the Company coordinated energy conservation and low-carbon work and formulated a complementary low-carbon management system, which included carbon emissions as one of the key indicators for new investment decisions and strengthened the review of carbon emission impact assessment reports for fixed asset investment projects.

The Company continuously improves the energy conservation and low-carbon supervision and monitoring system and upgrades the "Energy Control and Carbon Emission Data Management Information Platform" to the "Carbon Peak and Carbon Neutrality Platform", which covers all domestic branches and offshore platforms and terminals and supports carbon peak and carbon neutrality goals management, action tracking, comprehensive analysis and data control. In addition, the Company has developed CNOOC Limited innovative carbon asset management framework which includes the data monitoring system, compliance system, technical support

system, and electricity-carbon linkage system. As a result, a full-process carbon asset management pattern has been formed, covering "carbon trading data management, carbon quota and carbon credit trading, carbon credit asset development, and carbon financial innovation".

The Company makes continuous efforts to promote the construction of zero-carbon oil and gas fields such as Bozhong 19-6 and Wushi Oilfield and implements measures such as shore-to-sea power supply, flare gas recycling, residue heat recovery and pump efficiency improvement to reduce carbon emissions. In addition, the Company takes active measures to develop the carbon sink business by promoting demonstration projects for carbon dioxide capture, storage and utilization, and strengthening the green power replacement, thus contributing to the achievement of the 2025 emission reduction target.

Including Carbon Emission Factors into New Investment Decision



Accelerating Offshore Flare Gas Treatment

The Company's methane emissions are primarily from flare gas emissions during oil and gas development. Since CNOOC Limited joined the China Oil and Gas Enterprises Methane Emission Control Alliance in 2021 as a founder, the Company has continued to conduct strategic cooperation and technical exchanges with the alliance members to implement the *China Oil and Gas Enterprises Methane Emission Control Alliance Initiative Declaration* and drive the methane emission control in China's oil and gas industry into a new phase.

The Company has developed a comprehensive program to recycle flare gas of 10,000 cubic meters/day – 50,000 cubic meters/day and above, with the aim of completing the treatment by 2024. In 2023, a total of 11 flare gas recycling projects were initiated, to recycle the flare gas above 50 thousand cubic meters/day, and reducing carbon emissions by 410 thousand tons. We also promote the application of plasma flare in certain seas near Shenzhen, Hainan, Tianjin and Shanghai, and have built a near-zero flare oilfield demonstration project in Bozhong 34-2.

We have incorporated green and low-carbon development into our corporate culture. In 2023, we formulated the "Low-Carbon Action Plan for All Work Scenarios", which focuses on low-carbon buildings, comprehensive utilization of energy resources, higher production energy efficiency, consolidation of comprehensive management, and creation of a cultural atmosphere to explore and accelerate low-carbon practices across our offshore platforms and other typical work scenarios. In addition, we carried out activities such as Golden Ideas for Energy Conservation and Low-carbon, National Energy Conservation Week and National Low-Carbon Day. Through the WeChat official account "Green CNOOC", we shared green and low-carbon policies and encouraged employees at grassroots units to submit energy conservation and carbon-reduction suggestions. We also promoted the adoption of energy conservation and carbon reduction technologies and inspired everyone to work, live and travel in a green way.

Greenhouse Gas Emission Reduction Targets



By 2024, we plan to reduce emissions by **523** thousand tons of carbon dioxide equivalent through measures such as flare gas treatment, use of permanent magnet electric submersible pumps and distributed new energy replacement.

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

In 2024, we plan to achieve **760** million kWh of green power replacement, which is expected to reduce carbon emissions by **650** thousand tons.

Key Performance Indicators for Greenhouse Gas Emissions of the Company

Indicators	Unit	2021	2022	2023
Total greenhouse gas emissions	Million tons of CO ₂ equivalent	10.305	10.879	12.263
-Direct greenhouse gas emissions	Million tons of CO ₂ equivalent	9.774	9.779	10.779
-Indirect greenhouse gas emissions	Million tons of CO ₂ equivalent	0.531	1.101	1.484
Greenhouse gas emissions per ton of oil and gas production	Tons of CO ₂ equivalent/ton	0.1597	0.1556	0.1628

EMISSION MANAGEMENT

CNOOC Limited strictly complies with the *Environmental Protection Law of the People's Republic of China* and other relevant laws and regulations, as well as the relevant policies of the countries in which it operates to strengthen environmental protection. In 2023, we amended the *Management Rules for Ecological Protection and Pollution Prevention and Control* and the *Management Rules for Discharge Permit and Environmental Protection Information Technology* to further refine the requirements for pollution control. We have set up special teams for waste gas treatment, wastewater treatment and solid waste management, respectively, to guide each unit to achieve high standards of pollutant treatment and to promote the implementation of relevant retrofitting and upgrading work.

Wastewater

CNOOC Limited implements laws, regulations and policies in China and other countries of operation and puts extensive effort into marine environmental protection and control. For oily wastewater from exploitation of oil and gas fields, oily wastewater from operation vessels, domestic sewage, and drilling fluids, the Company strictly implements the standard requirements including the *Discharge Standard for Water Pollutants from Ships*, the *International Convention for the Prevention of Pollution from Ships, 73/78*, the *Regulations on the Administration of Sealing for Discharge Equipment on Ships in Coastal Waters*, *Effluent Limitations for Pollutants from Offshore Petroleum Exploration and Production* and *Biological Toxicity for Pollutants from Marine Petroleum Exploration and Exploitation*, and treat the wastewater by means of re-injection, reuse, land disposal or discharge after meeting standards.

Waste Gas

In accordance with the laws, regulations and policies of China and the countries in which we operate, we recycle associated gas generated from oilfield exploitation to the extent possible, and dispose of the small amount of associated gas that cannot be utilized by flaring or reinjection. In 2023, in active responses to the government's planning requirements for air quality protection, we conducted special inspections for the prevention and control of air pollution and promoted the emission reduction of VOCs in land terminals to do our part in defending a green homeland.

Solid Waste

We strictly abide by the *Technical Specification for the Collection, Storage and Transportation of Hazardous Waste*, the *Standard for Pollution Control on Hazardous Waste Storage* and other standards and norms in China, as well as the Company's relevant internal requirements such as the *Management Rules for Ecological Protection and Pollution Prevention and Control* for compliant disposal of hazardous wastes. For non-hazardous waste, we transport the domestic waste (excluding food waste) and production waste generated by our platforms back on land and engage qualified organizations for treatment.

We continue to strengthen data traceability throughout the solid and hazardous waste transfer process. In 2023, the solid waste management information system was launched in five branches, incorporating generation, collection, storage, transfer and disposal of solid waste into the platform for management. In addition, we have enhanced data verification and established tracking and review processes for the rectification of solid waste treatment problems identified during inspection, which provides an effective management and supervision mechanism to monitor hazardous waste throughout the process.

New Mud Disposal Mode Opens New Chapter of Green Production

Our subsidiary, CUCBM, collects drilling mud and rock cuttings in collection tanks before falling to the ground, and then transports them with drilling tanker trucks to the treatment plant for centralized filter-pressing. The drilling mud and rock cuttings are then processed into environmentally friendly bricks for use in well sites and square pits, ensuring compliant and safe waste disposal in the work area. A total of 213 thousand tons of mud cuttings were treated and disposed of during the year.

Prevention of Oil Spills

The Company regularly holds ecological environment risk conferences, undertakes risk investigations, hazard elimination, emergency drills and other measures, and monitors facilities and pipeline operating parameters in real time to reduce risk of oil spill. The Company has a professional oil spill response team of 110 members, 9 professional environmental protection ships, 2 oil spill emergency center bases, 6 oil spill response equipment warehouses, and more than 20,000 meters of oil fence, basically realizing the full coverage of marine emergency forces for exploration and development of offshore oil and gas fields. We have also strengthened cooperation with the Ministry of Ecology and Environment (MEE) for emergency system connection and emergency resources sharing, and the Marine Environment Emergency Base of MEE has established a cooperative relationship with 5 of our branches.

Environmental Supervision and Audit

CNOOC Limited continues to strengthen the supervision of ecological and environmental protection. In 2023, Our environmental compliance audit has covered all 8 production subunits, and the environmental management suggestions thereon will enhance the management of environmental protection capability. In 2023, the Company commissioned qualified monitoring units to implement full-coverage supervisory monitoring for a total of 265 offshore facilities of their offshore pollutant discharge. This would draw a clear picture of the pollutant disposal level and discharge compliance level of our offshore oil and gas fields, and promote rectification and improvement.

Improvement of Environmental Protection Capability

In 2023, CNOOC Limited launched eco-environmental protection management training courses, inviting senior experts from the Policy Research Center for Environment and Economy, MEE of the People's Republic of China and the China National Environmental Monitoring Center. The participation rate of full-time environmental management personnel was 100%. The Company also arranged the special training courses to reinforce the ability of internal environmental protection trainers, which were attended by over 100 environmental management personnel or technical personnel, effectively improving the ability of sharing knowledge and experience regarding environmental protection.



Emission and Waste Reduction Targets



The emission concentration of various pollutants complies with the corresponding standards, and the emission does not exceed the total control target;

Waste gas emission from onshore terminals is discharged after being treated up to standard: The emission of air pollutants like SO₂ and NO_x is mainly subject to the *Integrated Emission Standard of Air Pollutants* (GB 16297-1996). However, if any, stricter ecological environment requirements from local authorities shall prevail. To facilitate the emission reduction of VOCs in onshore terminals, we mainly refer to the *Emission Standards of Air Pollutants for Onshore Oil and Gas Exploitation and Production Industry* (GB 39728-2020);

100% of hazardous waste is entrusted to qualified third party for compliant disposal: Hazardous waste management is mainly subject to the *National Hazardous Waste List* (2021) and the *Standard for Pollution Control on Hazardous Waste Storage* (GB 18597-2023) and *Technical Specifications for the Collection, Storage and Transportation of Hazardous Waste* (HJ 2025-2012);

100% of non-hazardous waste is entrusted to licensed third parties for compliant disposal: Non-hazardous waste management is mainly subject to the *Standards for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill* (GB 18599-2020);

No significant or large-scale oil spill incidents at sea.

In 2023, the pollutants were discharged or disposed of in compliance with standards, no major environmental violations occurred, and no significant or large-scale oil spill incidents occurred. The 2023 emission targets were therefore fully achieved. We will continue to benchmark against these targets for pollutant emissions and waste management in the future.

Emission Chart of the Company's Main Pollutants^{8 9}

Indicators	Unit	2021	2022	2023
Oil content in discharged water (Platform + Terminal)	Tons	3,491	3,864	4,155
Chemical Oxygen Demand (COD) (Platform + Terminal)	Tons	131.2	171.4	171.4
Sulfur dioxide (SO ₂) (Terminal)	Tons	21.6	12.9	24.0
Nitrogen oxides (NO _x) (Terminal)	Tons	317.8	179.4	248.5
Non-hazardous waste (Platform + Terminal)	Tons	51,495	73,411	71,384
Hazardous waste (Platform + Terminal)	Tons	40,918	50,979	63,727

⁸ We strictly follow the requirements of China's laws and regulations and always adhere to the principle of minimizing and recycling solid/hazardous waste and realizing the harmless disposal of solid/hazardous waste. The production intensity of solid waste/ hazardous waste is not disclosed for the time being as no relevant description has been found in national industry regulatory requirements and it is not a key performance indicator for the routine management of enterprises.

⁹ The Company's sulfur dioxide and nitrogen oxides emissions are collected and calculated based on the measured data of pollutants' concentration.

ECOLOGICAL PROTECTION

As a developer of offshore oil and gas resources, a protector of marine ecology and a promoter of marine modernization, the Company adheres to the principle of "prioritizing ecological protection" and abides by the red lines of ecological protection. We insist on "paying equal attention to environmental protection and resource development" and attach great importance to the protection of biodiversity around the oilfields, striving for the harmony between production and operations and the nature.

Pursuant to the requirements of the *Circular of the State Council on Printing and Issuing the Program of Aquatic Living Resources Conservation in China* and the *Technical Regulations for Impact Assessment of Construction Projects on Marine Living Resources*, the Company has formulated the *Measures for Ecological Environmental Protection*, the *Management Rules for Ecological Protection and Pollution Prevention and Control* and other natural resource and raw materials management policies. The principle of "prioritizing ecological protection" shall be followed in project construction and operations, the full-life cycle eco-environment protection performance of the project shall be assessed and supervised, and effective ecological restoration programs shall be developed under the guidance and supervision of relevant government departments.

In the preliminary design stage of projects

We strictly observe the red line for ecological protection. For major construction projects where infringement on the red line is inevitable, efforts will be made to minimize the disturbance to the ecological environment. When developing the construction operation plan, the key protection period or sensitive period of environmentally sensitive area should be fully considered to avoid scheduling submarine pipeline/cable laying, ditching and other operations that disturb the ecological environment during these periods.

The emissions and concentration of pollutants are strictly controlled to reduce the scope and extent of the impact on the marine environment. Monitoring plans for pollutants generated from projects are established to ensure that the discharged pollutants meet corresponding standards.

During the project construction and operation

After the completion of the project

We take appropriate measures of ecological restoration, reclaim or compensation for the loss of marine biological resources caused by our projects, such as artificial propagation and release, fishery resources conservation and management and artificial reef construction, to realize restoration and sustainable utilization of fishery resources.

In 2023, the practices, including propagation and release and afforestation, were performed in our main operation areas such as the Bohai Sea, the East China Sea, the South China Sea and related onshore coalbed methane mining fields to restore or repair the disturbed regional ecology and maintain biodiversity.



Restoring the Green Land of Well Site and Station to Reclaim the Local Ecosystem

CUCBM continues progressing in green land restoration at well sites and stations. In 2023, afforestation has been completed at **31** well sites, with a total of more than **11,000** oriental arborvitae planted and **25.29** mu of grass seeds sown. In 2024, CUCBM plans to reforest **8** well sites and plant **15,000** trees at least.



Progress in the green land restoration and expansion

CNOOC Foundation of Marine Environment and Ecological Protection Protect the Marine Ecosystems through Multiple Measures

In 2023, CNOOC Foundation of Marine Environment and Ecological Protection ("CNOOC Foundation") invested about RMB **18** million in environmental management research, ecological research, species monitoring, environmental protection publicity and other areas, which dedicated to ecological and species conservation.

The CNOOC Foundation has contributed to a number of biodiversity conservation activities, including the marine conservation conference, ecological protection day, knowledge exhibitions and other science popularization activities, and has organized fish fry releases and animal rescue and release. It has also funded multiple research projects on ecological protection, made great efforts to promote the research and development on marine biodiversity protection, and contributed to the maintenance and restoration of the marine ecosystem.



CNOOC Foundation's "Spotted Seal Protection Day" Activities



Care For Employees

Care for Employees

Employees are our most precious resource and asset, and their growth is a major driving force for our development. We solidly promote the strategy of "promoting corporate development with high-quality talent," optimize the employee growth and development system, improve the training mechanism, and strengthen talent cultivation to provide more employees with opportunities for growth and help them realize their value. We also put our best effort into maintaining our employees' physical and mental health and build a safe and healthy working environment, so as to protect their rights and interests from multiple dimensions and to share the results from the Company's growth and development with all employees.



Risk analysis

Human Resource Risk

Our business will be adversely affected and our development goals will be faced with challenge if our human resources and the quantity and quality of international talents cannot match or adapt to the requirements of our business development.

Risk Response

We constantly expand our channels for recruitment and talent acquisition, promote the cultivation program of promising young and new employees and talents, and optimize and adjust the organization system and the international talent cultivation program.

HUMAN RIGHTS PROTECTION

CNOOC Limited insists on employment in accordance with laws and regulations, creates an open, transparent, equal, and diversified working environment, safeguards all rights and benefits that our employees are entitled to under the law, attaches importance to the democratic management of employees, continuously improves the internal employment management system and builds a harmonious labor relationship.

Legal Employment

CNOOC Limited acts in strict compliance with local laws and regulations, such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, and international conventions ratified by the Chinese Government, such as the *Convention on the Elimination of Discrimination in Employment and Occupation*. We have established our own *Employment and Labor Contract Management System and Overseas Employee Management System*, respecting all employees' legal rights which include but not limited to the legal rights on remuneration and dismissal, employment and promotion, work hours, vacations, and other benefits.

We strictly comply with the *Prohibiting Child Labor Provision* in China and other legal requirements for the prohibition of employing child labor in the countries or regions of our operation, and deliberately review the original and photocopy of the ID card during recruitment, to prohibit any employment or use of child labor. No case of child labor has occurred within the reporting period. We strictly conform to labor laws, abide by stipulations on salary, hours of overtime, and statutory benefits as required by local authorities, and prohibit forced labor. For this reporting period, no case of forced labor has occurred. All employees of the Company have signed the employment contracts with the Company on an equal and voluntary basis. For any forced labor or child labor identified, we will, in compliance with the requirements of the local labor bureau, immediately terminate such arrangement.



Respect and Protection of Human Rights

CNOOC Limited abides by the international conventions ratified or signed by the Chinese government, such as the *Covenant on Economic, Social and Cultural Rights*, the *International Covenant on Civil and Political Rights*, the *Convention on the Elimination of Discrimination in Employment and Occupation*, and the *National Human Rights Action Plan*; we also abide by the *Universal Declaration of Human Rights*, the ten principles of the United Nations Global Compact, and the *National Human Rights Action Plan (2021-2025)* to end any disregard for and abuse of human rights.

For overseas operations, the Company is determined to adopt the country's human rights legislation requirement and international human rights convention, strictly abide by local laws and regulations, and strengthen the cooperation with local labor organizations. By formulating relevant systems and measures, we supervise overseas employment behavior, fully protect the legal rights and interests of overseas employees, strengthen humanistic care, build harmonious labor relations, and promote the balanced development of economic and social benefits. The Company's overseas local employees and Chinese employees have all signed the *CNOOC Compliance Manual for Entities and Employees*, which covers employee rights, anti-discrimination, anti-violence and other aspects. CNOOC North America has developed the "Speaking Up Standard" to ensure that all issues raised are properly addressed.

The Company provides well-rounded talent protection and human rights training to ensure that employees understand human rights and have the ability to identify potential threats to human rights. We require all employees to participate in human rights-related training. The Company's Internal Control and Human Resources departments assess the potential human rights impacts related to the Company's activities and integrate them with the Company's internal management system to enhance employees' sense of security and effectiveness regarding human rights protection. In 2023, the Company carried out multiple rounds of overseas risk warning education and compliance training for new and expatriate employees to strengthen their compliance awareness.



CNOOC International Compliance Manual for Entities and Employees

Equal Employment

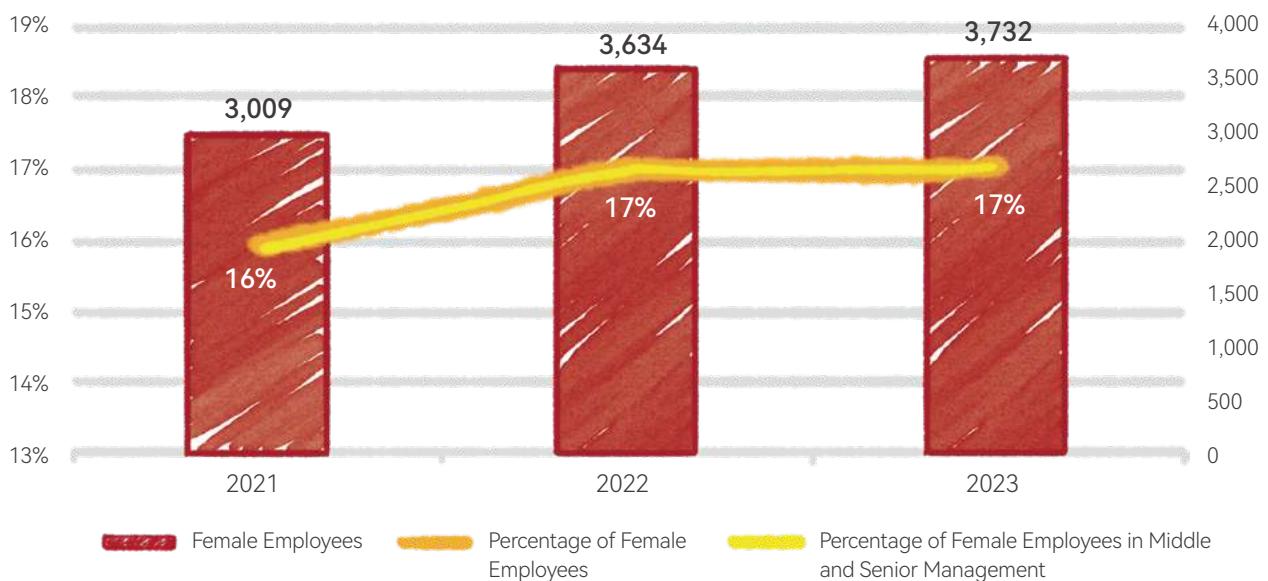
We comply with diversity and non-discrimination principles and prohibit recruitment clauses contrary to the principle of fairness, such as "gender, ethnicity, marital status, religion or hepatitis B infection". We insist on fair and equal treatment in our recruitment, training, promotion, and compensation, regardless of race, nationality, religion, gender, marital status, and other legally protected characteristics. The Company and its employees (including overseas local and Chinese employees) sign the *Compliance Manual for Employees*, which includes the contents on equal and lawful employment, anti-discrimination, anti-violence, etc., to protect the human rights of employees. The Company adheres to gender equality, actively increases the number of female employees, implements *Special Rules on the Labor Protection of Female Employees*, guarantees the legitimate rights of female employees, and develops training programs for female positions.

By the end of 2023, CNOOC Limited had **3,732** female employees, accounting for **17%** of total employees

the female managers accounted for **17%** of middle and senior management

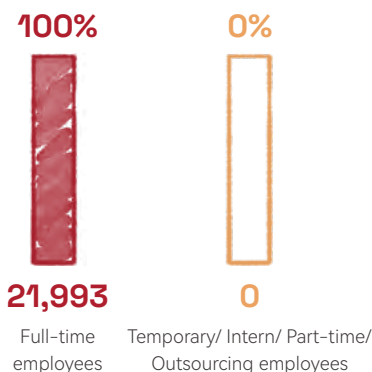
By the end of 2023, CNOOC Limited had **2,275** foreign employees, and the employee local hiring rate for overseas operations was as high as **84%**

Number and proportion of female employees, and proportion of female managers in middle and senior management

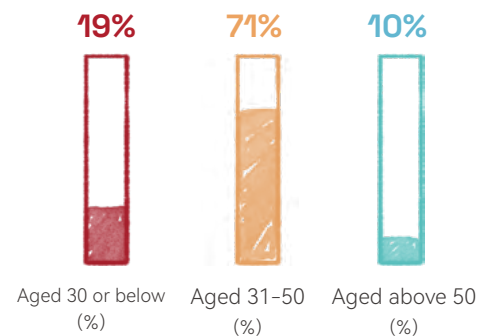


Adhering to the principle of "inclusiveness and reciprocity, mutual benefit and win-win outcome", CNOOC Limited respects the cultural diversity of different countries and the customs of local residents, advocates mutual understanding and communication between employees of different nationalities, from different regions and with different cultural backgrounds, in a bid to establish a dynamic work environment. CNOOC Limited has launched operations in over twenty countries and regions in six continents, including Indonesia, Nigeria, the U.S., Brazil, Australia, and the U.K. The international cooperation projects have brought plentiful job opportunities to local people in the countries of our operation.

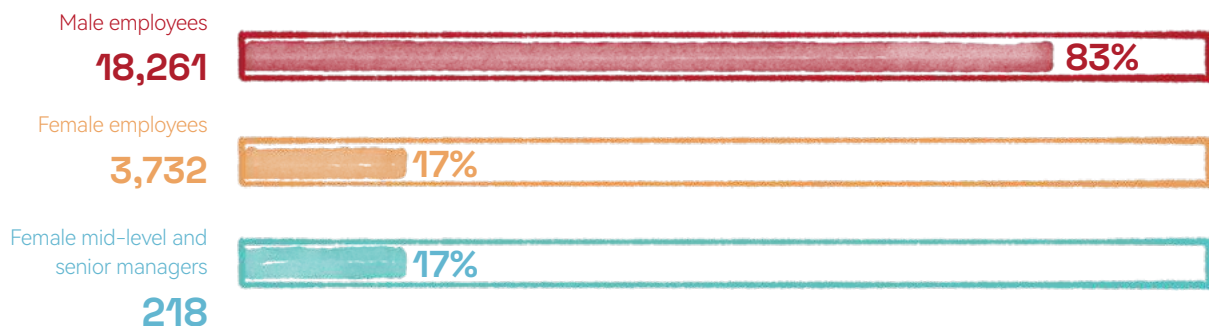
Number of employees by employment type



Age composition of employees



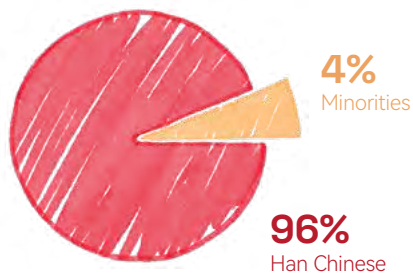
Number of employees by gender



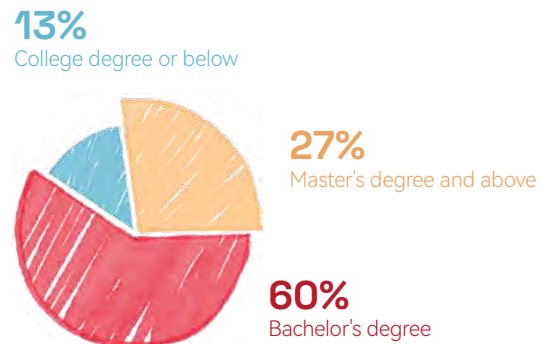
Number of employees by region



The proportion of Chinese employees by ethnic group



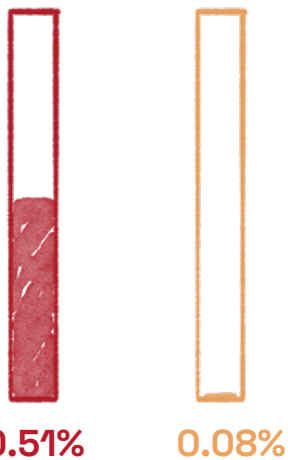
The proportion of employees by education



By the end of 2023, the employee turnover rate was **0.59%** for the entire year



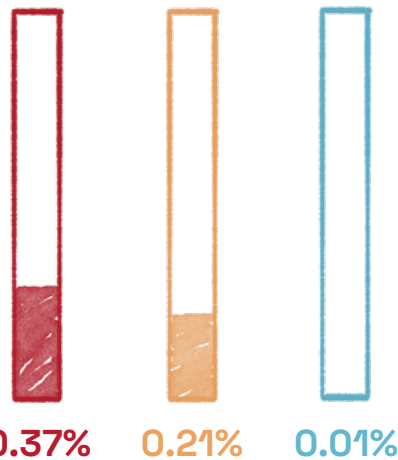
Employee turnover rate by gender



Male employee turnover as a percentage of total staff

Female employee turnover as a percentage of total staff

Employee turnover rate by age

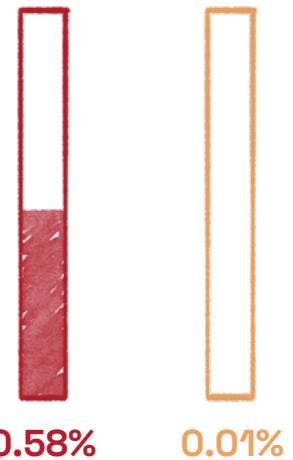


Employee turnover for those aged below 30 as a percentage of total staff

Employee turnover for those aged 31-50 as a percentage of total staff

Employee turnover for those aged above 50 as a percentage of total staff

Employee turnover rate by region



Employee turnover in Mainland China as a percentage of total staff

Employee turnover in overseas, Hong Kong, Macao and Taiwan as a percentage of total staff

Safeguard of Rights and Interests

In compliance with the *Labor Union Law of the People's Republic of China*, we have established labor unions at all levels, which are responsible for supervising the Company's fulfillment of responsibilities and obligations and the implementation of all business activities related to employees' benefits and communicating with the management of the Company on behalf of employees. The Company respects and supports the employees' freedom of association, assembly, and joining a labor union organization conferred by the law while maintaining close communication with the legal department and labor unions.

We continue to improve our compensation system and optimize incentive mechanisms with reference to relevant national policies and based on our strategic positioning and forecasts of future benefits:

Strengthen the performance-oriented approach, systematically optimize the budget management of the total payroll and the mechanism for increasing or decreasing the total payroll, and fully apply the position-based performance payroll system to implement the concept of remuneration based on "position value + competence level + performance contribution."

Improve value-oriented income distribution, value the contribution of scientific research positions, strengthen compensation incentives for frontline offshore operation positions, and promote compensation distribution to favor talents who have made outstanding contribution, as well as those who work at key and arduous positions in the frontline of production.

Reinforce the targeted incentive for key talents, promote the reward mechanism for major scientific and technological innovations, improve the market-based compensation mechanism for sales and trade positions, and increase incentives for high-caliber talents.

Distribute compensation according to the results of daily and special assessments to strengthen immediate and special incentives and enhance key employees' sense of gain.

We have established a comprehensive and effective security system to promptly handle various types of social insurance and multi-level supplementary insurance for employees. The social insurance participation rate of our employees has reached 100%. In addition to the basic types of social insurance, including pension, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance, we added personal accident insurance, commercial supplemental health insurance, and critical illness insurance to our supplementary insurance portfolio. We also set up enterprise annuity and housing subsidies and constantly improve digitalized and convenient health services to reinforce our efforts in safeguarding our employees. The Company provides welfare physical examination for employees. In 2023, a total of 64 items were added to employee physical examination, and targeted physical examination programs were offered to our employees, to provide them with sufficient reference for monitoring physical health.

CNOOC Limited comprehensively protects the legal rights and interests of local employees in our overseas operations, strictly abides by local employment regulations in each jurisdiction, and provides employees with vacation, social insurance, and other benefits in compliance with local labor laws and regulations. We establish the corresponding salary adjustment and incentive mechanisms under local conditions to encourage local employees to grow together with the Company.



EMPLOYEE DEVELOPMENT

Following the strategy of "Promoting Corporate Development with High-Quality Talent" and the concept that talents are the primary resources, CNOOC Limited implements a talent policy that can stimulate vitality and highlight value to a greater extent. We improved training system, optimized employee growth and development system, and cleared the path for talent growth to enable employees to become the backbone of our high-quality development.

Talent Strategy

We implement the Talent Development Plan to promote high-quality development with high-quality talent and aim to create an excellent employer brand. To increase our attraction to talents, we release our hiring information via multiple channels such as campus recruitment, cooperation with schools, and social recruitment.

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

The Company proactively collaborates with universities and colleges to train talents and has been continuously enhancing strategic cooperation with China University of Petroleum (Beijing), China University of Petroleum (Eastern China), China University of Geosciences (Wuhan), and other universities.

The enhanced expert training and cultivation provide intellectual support to the Company's high-quality development. In 2023, the Company selected 164 young scientific and technological talents, hired 122 technical experts at the two levels of the Company, 61 skill experts, and the size of the expert team increased to 390 people. Throughout the year, we carried out the verification of junior, intermediate, senior workers and technicians, senior technicians, premium technicians and chief technical vocational skill levels, and the total number of evaluations exceeded 3,000.

We conducted occupational qualification reviews and implemented on-demand certification. 37 supervisors or above have been certified in exploration, downhole operation, drilling, and completion roles.

As of the end of 2023, the Company had **5,182** highly skilled personnel, accounting for **62%** of the total number of skilled personnel in major types of workers (or professional teams)

Career Development

Employees are our most precious resource and asset. We set up four career sequences of Management (including sales) (M), Business (B), Technology (T), and Workers (W) to standardize pathways for employees' promotion and career development and facilitate their transition among sequences.

The Company distinguishes the business characteristics, levels, and career development channels of each position, improves the differentiated assessment and incentive mechanism, and establishes a comprehensive point-based evaluation system for promoting to achieve the fast promotion of the excellent, the slow rise of the average, and the removal of the inferior. The management sequence is designed strictly in accordance with the principle of ability for determining the positions. Managers at the mid-level or above are appointed in accordance with regulations, and the "Two Systems, One Contract" management is implemented. The business sequence is selected and promoted step by step according to positions. The technical sequence has increased incentives, implementing the evaluation and employment system management for two-level experts and the contracted employment period system for middle-to-high-level technical positions. Skill sequence positions are encouraged to be graded and promoted through vocational skill level verification.

The Company optimizes the transition channel between sequences, clarifies the qualification criteria for each sequence, sets up a guiding and stimulating sequence transition policy according to the Company's development strategy and critical tasks, and encourages outstanding talents in other sequences to work in primary or key business sequences of the Company. Those who meet the selection criteria of the cadre in each sequence may participate in the selection and competition by procedures to work in management positions.

Employee Training

We have established a multi-level employee training system and continuously empower employees as needed. In 2023, we continued to implement our talent development and essential training plans, focusing on crucial specialties and critical roles. The Company stepped up its efforts on the “Haixue” online learning platform, added 7,736 new courses and organized 308 online courses of special topics. Such approach promoted the coordination and integration of online and offline training, improved employees’ professional competence and created a good learning atmosphere. A three-year training program, i.e., “Ocean Sprout Project” has also been developed for new employees.

Training Performance Table of the Company in 2023

Number of participation in training for the whole year was **55,493**

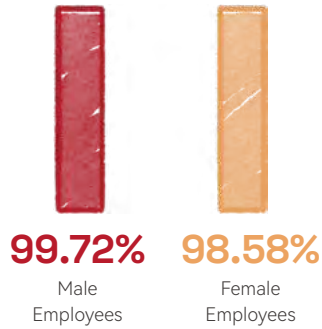
Offline training hours per person reached **162**

Online training hours per person were **139**

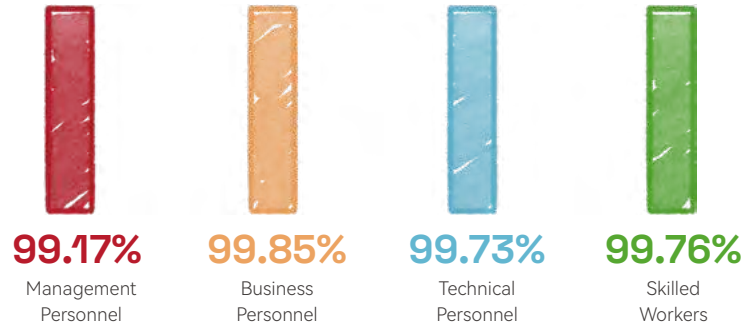
Year	Total training sessions	Total person-time	Total training hours	Total training hours per person
2023	2,340	55,493	5,700,234	301
2022	1,895	34,700	5,420,872	289
2021	2,069	35,698	3,850,251	205



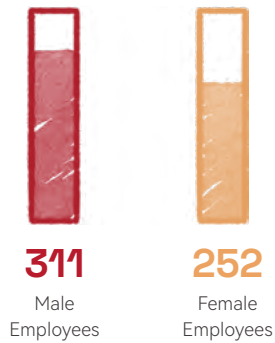
Percentage of Trainees by Gender (%)



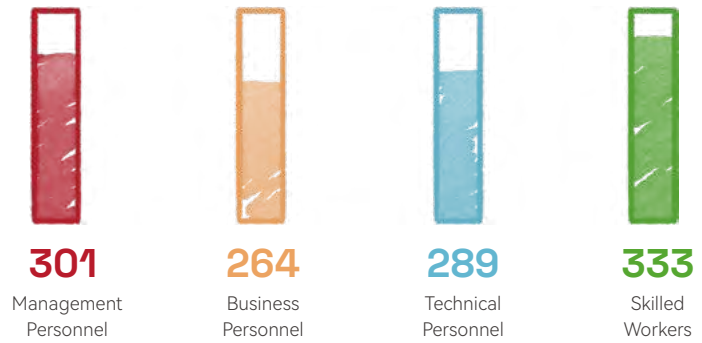
Percentage of Trainees by Role (%)



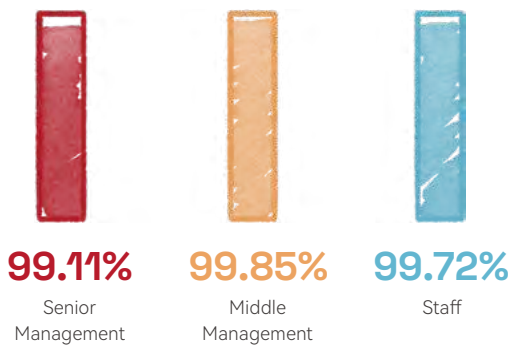
Average Training Hours by Gender



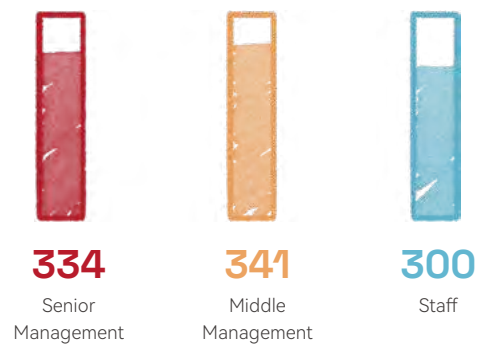
Average Training Hours by Role



Percentage of Trainees by Hierarchical Level (%)



Average Training Hours by Hierarchical Level



Cultivation of International Talents

CNOOC Limited continues to reinforce the cultivation of international talents. With a focus on the priorities and difficulties in overseas business development, we have established a systematic training system and a global talent reserve mechanism featuring hierarchical linkage. In 2023, we selected and sent business backbones to participate in the international talent training course, a centralized and closed training courses in two phases, each for a period of five months. The training covered six modules on language, cross-cultural communication, strategic thinking, professional ability, and leadership ability. Participants completed the training by participating in various activities, such as lectures, sharing and exchange, case study workshops, topic debates, and project presentations.

CARE FOR EMPLOYEES

CNOOC Limited strictly implemented relevant regulations on holidays in China and countries of operation to protect employees' rights for statutory public holidays. Apart from statutory public holidays, we provide paid annual and family visit leave, extend maternity leave and encourage staff to take vacations and rest. For migrant staff, we offer temporary housing and other living assistance. We also provide transitional apartments for single employees to help them find a better balance between life and work.

In terms of care for employees, the Company has implemented the following initiatives:

Promote the labor union's "Warm Project" to build friendly labor relations, and expand "e-union" coverage so that employees can enjoy its services more efficiently;



Respond to China's "Healthy China" initiative, carry out psychological counseling, crisis intervention, etc., and set up a 24-hour psychological counseling hotline to make wellness information publicity and psychological counseling more accessible;



Provide assistance to employees in dire need, understand and document their status, and pay regular revisits;

Safeguard the rights and interests of female employees by undertaking activities such as "Women's Contribution", celebrating International "Women's Day," visiting female employees, to stimulate their sense of professional pride and happiness of female employees;



Establish and improve the incentive and care mechanism for overseas employees and the communication and assistance mechanism for their families, and further implement relevant measures starting with caring for the families of overseas employees;

Strengthen the construction of a "home for employees" and "staff's nest" in remote and underdeveloped areas as well as small, scattered, and distant frontline units, and promote the construction of facilities such as staff canteens, libraries, lounges, and entertainment rooms, and ensure that staff have access to warm help and mutual medical assistance;

Together with the People's Daily Online we arranged the "Health express" activities, with the purpose of providing employees with expert consultation, wellness inquiry, physical examination, healthy life experience and other care services.



In terms of medical support for employees, the Company further improved supplementary medical insurance, developed outreach programs for medical protection, and established cloud clinics to provide an express channel for medical treatment. This allowed frontline employees to receive video medical consultations and consultations with esteemed doctors on rare diseases through the Internet, raising the standard of medical services and health counseling for frontline workers. The Company further promoted the digital online claim settlement and direct payment for drug purchases under supplementary medical insurance to facilitate employees seeking medical treatment and purchasing drugs.

In 2023, many outstanding employee representatives emerged in the Company. They dared to shoulder the responsibility and actively took the initiative. These representatives embodied the spirit of the Company to share the fruits of sustainable development with employees and society, as well as the resolution of CNOOC Limited to realize the corporate value and take on social responsibilities.





Social Contributions

Social Contributions

We accentuate corporate value contribution, pay attention to societal needs and heated issues, and use our strength to fulfill social responsibilities conscientiously. Guided by the commitment to "Serving the Society, Creating Harmony and Benefiting the People," we have actively engaged in public welfare and charity, launched projects for supporting people's lives, and provided necessary financial and resource assistance to various groups of the society for social stability and sustainable development.



ECONOMIC CONTRIBUTIONS

We focus on high-quality development and investment efficiency, strengthening competitive cost advantages, creating economic benefits, and fulfilling our responsibilities and missions.

In 2023, we recorded oil and gas sales revenue of RMB **327.9** billion, with a net profit attributable to equity shareholders of RMB **123.8** billion. We paid RMB **99.2** billion in tax, including income tax, value-added tax, royalties, and resource tax. We created more than **21** thousand jobs worldwide, vigorously supporting local economic and social development.

ENHANCEMENT OF MARITIME EMERGENCY RESPONSE CAPABILITIES

In 2023, CNOOC Limited conducted training and drills on oil spills, firefighting, well control emergency, emergency rescue and engineering emergency maintenance, and made remarkable progress in building a marine rescue body and improving equipment capacity.

The Dongying Oil Spill Emergency Equipment Warehouse and Dongying Maritime Emergency Rescue Center were officially inaugurated and put into operation, forming a 6-hour oil spill emergency response circle in Bohai oilfield, and further improving the emergency response speed in Bohai Bay;

Achieved full coverage of ships at FIFI-II firefighting level in the sea areas, and 1,613 people have obtained oil and gas firefighting certification;

Promoted the infrastructure construction of Hainan Well Control Base, which was qualified as National Offshore Oil and Gas Emergency Rescue Hainan Team;

In 2022, Hainan Branch has been commended by the National Maritime Search and Rescue Center, the Maritime Search and Rescue Center of Hainan Province, and the Maritime Search and Rescue Subcenter of Haikou City.



MARITIME RESCUE

In accordance with the requirements of the *National Inter-ministerial Joint Conference System of Maritime Search and Rescue* and the *National Inter-ministerial Joint Conference System of National Major Maritime Oil Spill Emergency Disposal*, we have formulated the *Work Plan for Improving Maritime Emergency Response Capacity in 2023* and the *Management Plan for the Construction of Production Safety Emergency Rescue Team* to provide guidance for the construction of the Company's dedicated emergency rescue team, which contributes to actively fulfilling our social responsibilities and leveraging our resources for undertaking emergency rescue.

In 2023, the Company participated in maritime rescue for **46** times

Vessels were mobilized **51** times

Rescuing **24** ships

Helicopters were mobilized **30** times

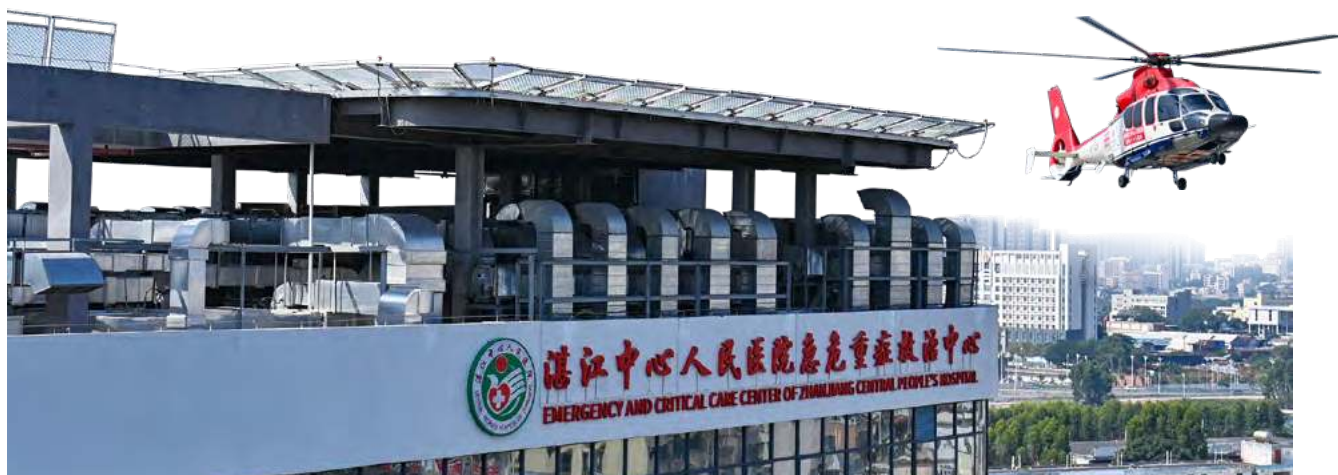
Rescuing **206** people in distress

Activities gained appreciation and recognition from the government **33** times

	Tianjin Branch	Hainan Branch	Zhanjiang Branch	Shenzhen Branch	Shanghai Branch	CNOOC International Trading Co., Ltd.
Rescue missions	14	9	12	6	4	1
Ships mobilized	16	13	13	8	–	1
Helicopters mobilized	22	1	3	0	4	0
People rescued	54	81	55	5	4	7
Ships rescued	2	7	11	3	–	1

Airborne "120" Emergency Rescue Drill

Zhanjiang Branch and Zhanjiang Central People's Hospital successfully carried out the airborne "120" emergency rescue drill, implementing the Company-local "Strategic Cooperation Framework Agreement for the Emergency Medical Assistance in Western Guangdong Province", and further promoting the core capacity building of the hospital's emergency medical rescue base, and protecting the life and health of the people in western Guangdong and even the Beibu Gulf.



Airborne "120" Emergency Rescue Drill by Zhanjiang Branch

PUBLIC WELFARE

CNOOC Limited and its affiliated companies continue to leverage the strengths in terms of rural revitalization, charitable donations, employee volunteers, and community development, achieving new outcomes in securing social welfare and industry development, and making new contribution to education improvement and employment stabilization.

The Company has formulated the *Measures for the Administration of Charity and Public Welfare Undertaking of CNOOC Limited*. The Company has established the Charity and Public Welfare Committee to prepare the annual work plan for charity and public welfare, as well as donation budget approval. Subsidiaries and branches organize and implement specific charity and public welfare activities based on the annual work plan.

Employee Volunteering

With the goal of creating a harmonious coexistence of man and nature and contributing to the society, we have organized a variety of volunteering activities regarding environmental protection, disaster relief and community support. We further enhanced the brand influence of "Blue Force" voluntary service by young volunteers.

Implementing the Concept of Environmental Protection and Protecting the Local Ecosystem

Organized by Zhanjiang Branch, over **300** "Blue Force" volunteers participated in **12** volunteer projects this year, such as beach cleaning, contributing over **2,000** hours of service. The "Blue Force" Youth Volunteer Service Team from the Western South China Sea won the title of "Best Volunteer Service Organization (Team)" of Zhanjiang City in 2022.



"Ocean Protection, Sea-Land Coordination, Harmonious Coexistence" Themed Activities

Overseas Social Responsibility

Based on the *CNOOC International Limited Standard for Community Investment* released by CNOOC Corporate Community Investment Committee (CCIC), a community strategic investment budget plan shall be developed every year focusing on community prosperity and safety, education development, support for indigenous communities, and green and low-carbon development. In 2023, CNOOC International contributed USD 6.926 million for overseas community investment, covering more than 50 public welfare projects across 8 countries. This was done to improve the local livelihood in each operation area, support the development of indigenous communities, and contribute China's efforts to global sustainable development.

We invested RMB **158.14** million in external donations and public welfare projects

RMB **157.74** million of invested capital

RMB **0.4** million of purchased goods

In 2023, CNOOC International contributed USD **6.926** million for overseas community investment

Covering more than **50** public welfare projects, across **8** countries

Public Welfare and Charity Activities

Support for Education and Ambition

Together with other Chinese enterprises in Uganda, CNOOC Uganda participated in donations and visits to local charity schools for disabled orphans, and donated USD **500** thousand for infrastructure upgrades, the largest donation by Chinese enterprises to education in Uganda so far.



Donation and Visit to the Disabled Orphans in Charity School

Care for the Local People's Wellbeing

In order to neutralize the threat of mines left over from the war in the local community, CNOOC Iraq has joined hands with other parties to establish a thorough demining procedure standard and taken multiple actions, including community demining, campus demining and demining lectures. The Iraqi government endorses CNOOC Iraq for its remarkable demining achievements, and the residents' safety awareness has been improved. In September 2023, CNOOC Iraq received a letter of commendation from the Directorate of Mine Action (DMA) of the Iraqi Ministry of Environment, and the letter spoke highly of the contribution of CNOOC Iraq to demining.



Letter of Commendation from the Directorate of Mine Action of the Iraqi Ministry of Environment, Campus Demining Activity

Medical Treatment and Health Services

CNOOC Iraq carries out health education, disease prevention and other diagnostic and medical services for local residents, including free clinic treatment for the community, and health education and training, so as to help the local villagers improve awareness of disease prevention and obtain medical and health knowledge, effectively reducing health risks.



Medical check-up for local residents at the clinic

Joint Efforts in Environmental Protection

CNOOC UK has launched environmental education projects for the younger generation in local communities around the river to help them learn about river management and nature conservation, thus motivating them to pursue careers in nature and science and contribute to environmental protection.



Environmental Education Projects Supported by CNOOC UK for Communities around the Dee River

Improve Community Connection Mechanism

The Company has been actively listening to the voices of local residents and has established various communication and complaint mechanisms to ensure effective cross-cultural communication, build trusting relationships with local communities, actively undertake social responsibilities, and strive to achieve sustainable business development.



Based on the culture and lifestyle of local residents, each regional subsidiary sets up special posts or working groups within the Company to be responsible for communication with local residents, such as appointing local employees as community coordinators to be responsible for communication work and setting up charity committees and oil and gas consulting committees, which are specifically responsible for dealing with community relations or social issues arising from project activities, establishing community connection and cooperation mechanisms according to local conditions.



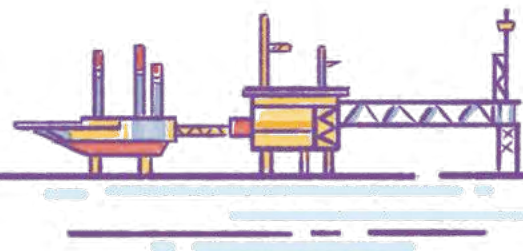
The Company held regular meetings following a fixed agenda with government officials, representatives of communities and indigenous people, local enterprises, regional resettlement committees or local councils, conducted company field visits, held public open days, and set up electronic mailboxes to facilitate communication with local communities.

CNOOC Limited held public Open Day activities to strengthen community connection

The Company held a public open day in Guyana to conduct in-depth exchanges and communication with students from the University of Guyana, so that they could better understand the Company's development and social contribution in Guyana.



The Company held a public open day in Uganda and invited representatives of different social groups to visit the project site to experience the Company's work results and social contributions in person.



Conduct Community Impact Assessments

The Company fully respects the human rights of local residents and protects the local indigenous culture, traditional way of life and the local natural environment. We follow the principle of Free, Prior and Informed Consent (FPIC)¹⁰, cooperate with local governments, NGOs, community representatives, etc., and establish diversified communication channels. We fully understand the opinions and suggestions of local residents on the Company's production and construction activities through conversations, complaint resolution procedures, and community impact management measures, as well as assessment of the projects' impact on the community in a timely manner and identification of community-related potential risks and opportunities.

In accordance with the requirements of relevant laws and regulations in the countries and regions of operation, the Company conducts thorough community impact assessment of the whole life cycle of the project and continues to improve pre-project planning, project construction and operation monitoring, and post-completion restoration and compensation, so as to reduce the impact on the local community.

During the process of project development and cooperation, the Company always ensures that the information about the project is highly transparent, the will and choice of local residents are fully respected and that the investment plan is adequately introduced to residents, ensuring that residents can make sufficiently informed decisions, and their rights and interests are well protected. The actions taken include the following:



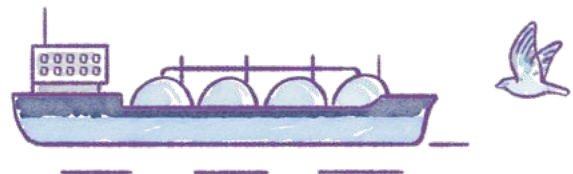
CNOOC Limited applied FPIC principles to conduct community impact assessment

After implementing a project in Guyana, the team will visit the local community within six months to collect in-person feedback or complaints. When conducting community investment activities related to American Indians, CNOOC Guyana engages with villagers through dialogue and face-to-face meetings, proactively visits villages and holds meetings with village councils, village chiefs, heads of government agencies and ministers to ensure that the views of all stakeholders are fully taken into account.

The Company respects the right of local residents to know, actively fulfills its obligation to inform, regularly holds media seminars, through which the information about production and construction projects is disclosed. We actively listen to the voices of local residents and make arrangements in advance to reduce the impact on community development.

The Company established an information disclosure mechanisms for environmental and community impact and disclosed relevant information in accordance with laws and regulations. We set up bulletin boards at project operation sites to display environment-related information, including the main processes, types and amounts of major pollutants produced at each project operation site, and the complaint hotline number. At the same time, the Company hands out project information brochures in local languages to local residents, including information about the project, job opportunities, environment and land acquisition, grievance procedures, etc.

The Company set up a comprehensive resolution process for resolving complaints filed by local community members. Through project implementation revisit, in-person meetings, E-mail, and regular meetings with local community representatives, residents can give feedback or submit complaints. Complaints will be handled by the responsible personnel of the Company with feedback and solutions provided promptly.



In Indonesia, with the vision of "becoming a good neighbor to the local community", the Company adopts a bottom-up community development planning mechanism, where the local community can propose a cooperative development plan with the Company according to their needs.

In Uganda, the Company strictly follows local regulations and international standards, conducts environmental and social impact assessment in advance for the project located in the environmentally sensitive area of Lake Albert, and practices environmental monitoring, invasive species management and critical species monitoring during the project development to ensure project compliance and to minimize environmental impact and protect biodiversity. Oversight and third-party monitoring and auditing of all operations were also in place.

¹⁰ FPIC: Free, Prior, and Informed Consent is a specific right granted to Indigenous Peoples recognised in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), which aligns with their universal right to self-determination. FPIC allows Indigenous Peoples to provide or withhold/ withdraw consent, at any point, regarding projects impacting their territories. FPIC allows Indigenous Peoples to engage in negotiations to shape the design, implementation, monitoring, and evaluation of projects.

APPENDIX

Key Performance Data

Category	Indicator	2021	2022	2023
Energy consumption and climate change indicators	Crude oil consumption (thousand tons)	343.2	259.3	288.1
	Natural gas consumption (billion cubic meters)	2.469	2.582	2.617
	Diesel consumption (thousand tons)	57.1	51.5	64.2
	Electricity consumption (million kWh)	636	1,285	1,701
	Energy saving (tons of standard coal equivalent)	161,493	275,710	293,316
	Comprehensive energy consumption per ton of oil and gas production ¹ (tons of standard coal equivalent/ton)	0.0592	0.0571	0.0560
	Direct total greenhouse gas emissions ² (million tons of CO ₂ equivalent)	9.774	9.779	10.779
	Indirect total greenhouse gas emissions ³ (million tons of CO ₂ equivalent)	0.531	1.101	1.484
	Total greenhouse gas emissions (million tons of CO ₂ equivalent)	10.305	10.879	12.263
	Greenhouse gas emissions per ton of production ⁴ (tons of CO ₂ equivalent/ton)	0.1597	0.1556	0.1628
Environmental indicators	Non-hazardous waste (tons)	51,495	73,411	71,384
	Hazardous waste (tons)	40,918	50,979	63,727
	Freshwater consumption (million tons)	2.127	1.986	2.106
	Freshwater consumption per ton of production (cubic meters/ton)	0.0330	0.0284	0.0280
	Water saving (thousand tons)	49	74.5	57
Social indicators	Number of employees	19,086	21,452	21,993
	Number of female employees	3,009	3,634	3,732
	Total training hours (hours)	3,850,251	5,420,872	5,700,234
	Occupational health examination rate (%)	100	100	100

¹ Comprehensive energy consumption is the sum of various energy consumption, which is calculated in accordance with the *General Principles for Calculation of the Comprehensive Energy Consumption (GB/T2589-2020)*.

² Direct total greenhouse gas emissions represent the CO₂ equivalent emissions of various energy consumption (i.e., fossil fuel combustion, flare combustion, process venting and escape in various business links), which are calculated in accordance with the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Oil and Gas Manufacturing Enterprises (Trial) (2014 version)* issued by the National Development and Reform Commission. Greenhouse gases mentioned above include methane and carbon dioxide, and the emission factors used in the calculation of carbon dioxide are the default values provided in the above guidelines. The global warming potential (GWP) value of methane compared to carbon dioxide is 21.

³ Indirect total greenhouse gas emissions represent the CO₂ equivalent emissions of indirect energy consumption (mainly purchased electricity consumption, and purchased heat consumption), which are calculated in accordance with the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Oil and Gas Manufacturing Enterprises (Trial) (2014 version)* issued by the National Development and Reform Commission. The electricity emission factors used in the calculation of CO₂ are derived from the *Average CO₂ Emission Factors of Regional Power Grid in China in 2011 and 2012* released by the National Climate Center, and the thermal emission factors used are derived from the default values provided in the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Oil and Gas Manufacturing Enterprises (Trial) (2014 version)*.

⁴ Greenhouse gas emissions per unit of oil and gas production (tons of carbon dioxide equivalent/ton) = total greenhouse gas emissions/oil and gas equivalent (in tons). The oil and gas equivalent is the sum of petroleum liquid and natural gas production, where the coefficient of converting natural gas to oil equivalent is equal to 1,255 cubic meter/ton of oil and gas equivalent.

Independent Assurance Report



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Independent Limited Assurance Report

Ernst & Young Hua Ming (2024) No.70000500_A09
CNOOC Limited

Board of Directors of CNOOC Limited:

Scope

We have been engaged to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, on the specified information ("Key Information") in Reporting Guide Index of 2023 CNOOC Limited ("CNOOC") Environmental, Social and Governance Report ("ESG Report").

Criteria applied by CNOOC

In preparing the Key Information of ESG Report, CNOOC applied the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited (HKEx), the Self-Regulatory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 1 - Standardized Operation, the 10 Principles of UN Global Compact and the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI) ("Criteria").

Management's responsibilities

CNOOC's management is responsible for selecting the Criteria, and for presenting the Key Information of ESG Report in accordance with the criteria above, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, so that such key information is free from material misstatement due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Key Information of the ESG Report based on the evidence we have obtained. We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)'), and the terms of reference for this engagement as agreed with CNOOC on 13 November 2023. The standard requires that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Key Information in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance. Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Key Information and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- 1) Interview the relevant departments involved in providing the Key Information
- 2) Implement analysis procedures
- 3) Carry out sampling inspection on the Key Information
- 4) Recalculate

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to the Key Information of ESG Report, in order for it to be in accordance with (or based on) the Criteria.



Reporting Guide Index

ESG Reporting Guide Index

Aspects	General Disclosures and KPIs	Locations in the Report	External Verification
Mandatory Information Disclosure	Board Statement	P01	—
	Materiality	P08	—
	Quantification	About the report	—
	Balance	About the report	—
	Consistency	About the report	—
	Scope of Reporting	About the report	—
A1 Emissions	General Disclosure relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P58-P62	Yes
	A1.1 The types of emissions and respective emissions data.	P62	Yes
	A1.2 Direct (Scope 1) and indirect energy (Scope 2) greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P59	Yes
	A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P62	Total hazardous waste verified
	A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P62	Total non-hazardous waste verified
	A1.5 Description of emission target(s) set and steps taken to achieve them.	P60-P62	Yes
A2 Use of Resource	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P60-P62	Yes
	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	P55, P57	Yes
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P56	Yes
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P58	Yes
	A2.3 Description of energy use efficiency initiatives and target(s) and steps taken to achieve them.	P55-P56	Yes
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P57	Yes
A3 The Environment and Natural Resources	A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	The Company's nature of business indicates that there are no packaging materials involved	—
	General Disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	P51-P64	Yes
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P51-P54, P63-P64	Yes
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P53-P54	—
	A 4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P53-P54	—
B1 Employment	General Disclosure relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P67-P71, P75-P76	Yes
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P69	Yes
	B1.2 Employee turnover rate by gender, age group and geographical region.	P70	Yes

Aspects	General Disclosures and KPIs	Locations in the Report	External Verification
B2 Health and Safety	General Disclosure relating to providing a safe working environment and protecting employees from occupational hazards. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P41-P48	Yes
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P43	Yes
	B2.2 Lost days due to work injury.	P43	Yes
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P43-P48	Yes
B3 Development and Training	General Disclosure Policies on improving knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid for the employer.	P72-P73	Yes
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P74	Yes
	B3.2 The average training hours completed per employee by gender and employee category.	P74	Yes
B4 Labor Standards	General Disclosure relating to preventing child and forced labor: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P67	Yes
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	P67	Yes
	B4.2 Description of steps taken to eliminate such practices when discovered.	P67	Yes
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	P31, P37-P38	Yes
	B5.1 Number of suppliers by geographical region.	P37	Yes
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P37-P38	Yes
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P31, P37-P38	—
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P37	—
B6 Product Responsibility	General Disclosure relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P33 The Company's nature of business indicates that there is no advertising and labelling matters relating to products and service.	Yes
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P33 The Company's nature of business indicates that there is no recall for safety and health reasons.	—
	B6.2 Number of products and service-related complaints received and how they are dealt with.	P33	Yes
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P35	Yes
	B6.4 Description of quality assurance process and recall procedures.	P33	Yes
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P33	Yes
B7 Anti-corruption	General Disclosure relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P28	Yes
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P28	Yes
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P28	Yes
	B7.3 Description of anti-corruption training provided to directors and staff.	P24, P28	Yes
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P9-P14, P79-P84	Yes
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P9-P14, P79-P84	Yes
	B8.2 Resources contributed (e.g. money or time) to the focus areas.	P9-P14, P79-P84	Yes

TCFD Recommended Disclosures Index

TCFD recommended disclosures	Locations in the Report / Reasons for omission
Governance Disclose the organization's governance around climate-related issues and opportunities	
a) Describe the Board's oversight of climate-related risks and opportunities	P01
b) Describe management's role in assessing and managing climate-related risks and opportunities	P26-P27
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	P51-P54
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	P51-P54
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios	---
Risk Management Disclose how the organization identifies, assesses and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	P27, P51-P54
b) Describe the organization's processes for managing climate-related risks	P51-P54
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	P27
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	
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b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks	P54, P59
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	P51-P54, P56

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Index to the Ten Principles of the United Nations Global Compact

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	The Company should pledge not to collude with human rights abusers	P38, P67-P69
Labor Rights	The Company should support freedom of association and effective recognition of collective bargaining rights	P71
	The Company should eliminate all forms of forced and compulsory labor	P67
	The Company should eliminate the use of child labor	P67
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Environmental Protection	The Company should support a preventive approach to environmental challenges	P51-P52, P63-P64
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