

Report Information

Name of organization	CNOOC Limited (the "Company" or "We")
Reporting period	2015. The report may include information after the reporting period to keep the information consistent.
Scope of the Report	CNOOC Limited and its subsidiaries.
Content of the Report	Vision and commitment of the Company's Corporate Social Responsibility ("CSR"), common practices, and other key achievements in the course of performing CSR.
Reporting Language	English and Chinese (should there be any discrepancies, please refer to the Chinese version.)
Reference	<p>This report refers to the 10 Principles of UN Global Compact, the Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI), and the Environmental, Social, and Governance Reporting Guide published by The Stock Exchange of Hong Kong Limited.</p> <p>An electronic version of this report is available on the Company's website at http://www.cnoocltd.com and a hard copy is available upon request.</p> <p>Investor Relations Department of CNOOC Limited Address: 25 Chaoyangmenbei Dajie, Dongcheng District, Beijing 100010 People's Republic of China Email: mr@cnooc.com.cn Website: www.cnoocltd.com</p>



CONTENTS

2	About Us	10	Corporate Governance
4	Chairman's Statement	12	Governance Standards
6	Vision and Commitments	14	Code of Ethics
7	Stakeholders	15	Risk Management and Internal Control
8	Energy Supply	16	Audit and Supervision
		17	Anti-corruption Practice
		18	Safety and Environmental Protection
		20	HSE Commitment
		21	Management System
		24	Operational Safety
		30	Environmental Protection
		36	Response to Climate Change
		42	Care for Employees
		44	Employment Policies
		45	Employee Rights and Interests
		46	Employee Development
		50	Employee Health
		54	Social Contributions
		56	Economic Contribution
		57	Marine Rescue
		58	Public Welfare
		63	Employee Volunteers
		64	Outlook
		65	Appendices



About Us

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

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

The Company’s core operation areas are

Bohai, Western South China Sea, Eastern South China Sea and East China Sea in offshore China. Overseas, the Company has oil and gas assets in Asia, Africa, North America, South America, Oceania and Europe.

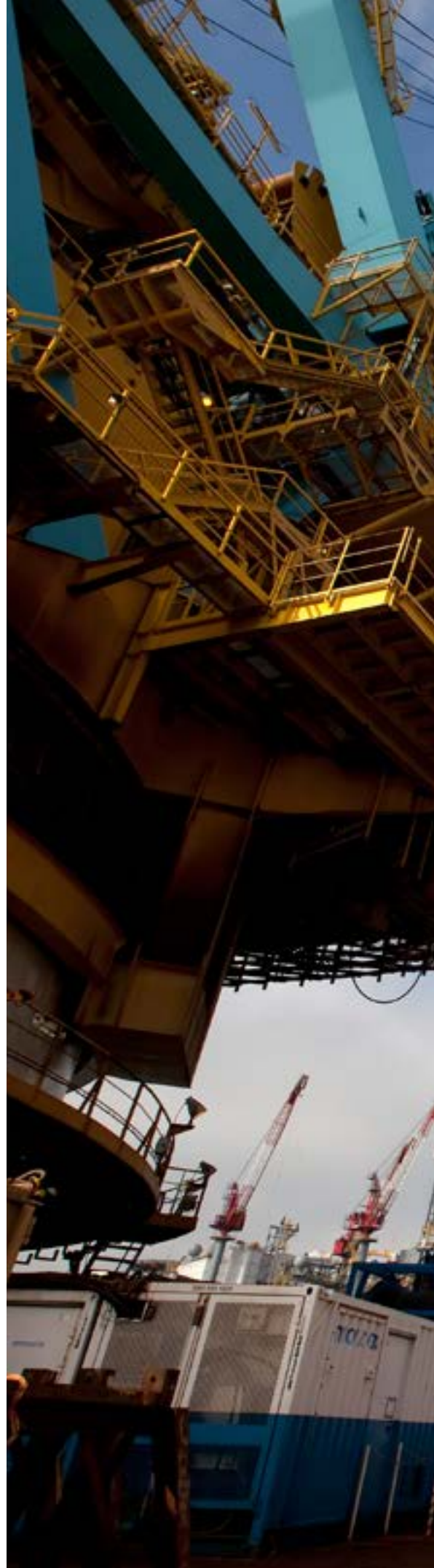
As at 31 December 2015, the Company owned net proved reserves of approximately 4.32 billion BOE, and its average daily net production was 1,358,022 BOE. The Company had total assets of approximately RMB664.4 billion.

1,358,022

The Company’s average daily net production was 1,358,022 BOE

664.4^{Billion}

664.4 Billion
The Company had total assets of approximately RMB664.4 billion





Chairman's Statement



CNOOC Limited will continue to pursue the vision of green, low-carbon and clean development, and will be a resource-saving and environmentally friendly company. We hope we can shoulder a greater social mission, become the promoter of an energy production and consumption revolution, and provide clean energy to the building of an ecologically conscious society -- thereby promoting social progress.



The year of 2015 witnessed a slow economic recovery around the world, against which the weak energy demand kept the international crude oil at a low price. Confronted with these unprecedentedly severe challenges, CNOOC Limited fought its way against heavy odds. With our safer, more environment-friendly and more efficient concept and more outstanding operational management, we are committed to “supplying inexhaustible energy and creating a better life” for human being by striking a balance between the economic growth, environmental protection and social progress.

During the period, CNOOC Limited considered it its duty to deliver clean sustainable energy. Through a focus on improving its corporate governance, on enhancing energy contribution efficiencies, and on adhering firmly to safety and environmental standards, it ensured the sustainable development and supply of energy. The Company made steady progress in all business and fully met the annual oil and gas production targets, and all projects have commenced production smoothly.

We uphold high corporate governance standards and improve the transparency of our operations. We consider excellence in corporate governance as the cornerstone

of sustainable development. The management practices built on such high standards and rigorous requirements have received the endorsement of both shareholders and society. In 2015, the Company was awarded the “2015 Best Investor Relations Company” by *Corporate Governance Asia Magazine*.

We conscientiously fulfilled our responsibility for operational safety, strengthened the nurturing of a safety culture, and reiterated the development concept of safety first and “zero fatalities”. In 2015, we continued our efforts to identify and eliminate potential risks, and launched special programs to remove major potential risks in key hidden areas. We optimized our emergency response capabilities. Meanwhile, we rigorously enforced the integrity of equipment and facilities as well as the management of contractors. We assessed the risks of our overseas projects across the board, and worked hard at preventing all types of accidents. As a result, our Occupational Safety and Health Administration (OSHA) statistics remained at above average levels compared with other international oil companies.

In 2015, we prioritized environmental protection undertakings, as evidenced by our efforts in accelerating energy savings and emission reductions and continuously improving the level of our green and low-carbon development. We proactively responded to climate change by vigorously improving energy-saving technologies, innovating in energy-saving management, and maintaining a carbon inventory. Human resources development is a vital aspect of any company’s sustainable growth. We spared no effort in nurturing

a harmonious and healthy work culture and in providing opportunities for career growth that allowed employees to give full play to their talents and improve their sense of belonging and satisfaction. It is our hope that employees will grow together with the Company, and deliver even greater value to society.

We took concrete steps to give back to society, which included carrying out marine rescue, participating in community building at home and abroad, and launching campaigns to help poor students and communities with our employee volunteers in the places where we operate. In 2015, our sound CSR performance resulted in the Company receiving the “2015 Best CSR” award by *Corporate Governance Asia*, and the “2015 Corporate Awards – Platinum” by *The Asset*.

We remain committed to maintaining a healthier and more sustainable growth. We will help the green economy even more by pushing harder for the growth of clean energy. We will give the Company a sustainable growth driver by comprehensively improving a long-term and effective system for compliance in operations and for anti-corruption. We will go all out in protecting and building a harmonious ecosystem by pursuing a low-carbon and environment-friendly development concept. We will create an open win-win situation by paying more attention to the needs of stakeholders. CNOOC Limited will continue to pursue the vision of green, low-carbon and clean development, and will be a resource-saving and environmentally friendly company. We hope we can shoulder a greater social mission, become the promoter of an energy production and consumption revolution, and provide clean energy to the building of an ecologically conscious society — thereby promoting social progress.

Yang Hua
Chairman

Vision and Commitments

Sustainable Development Strategy

It is our commitment to sustainable development that we will exploit existing natural resources in a safe, efficient, and environment-friendly manner and provide society with clean, reliable, and stable energy that will meet people's reasonable energy demands. The economy, environment, and society are the three cornerstones of our bid to develop energy resources and contribute value. As our business operations achieved continuous growth and our economic contributions grow steadily, we will press ahead on the road of environmental protection and societal progress. We will combine the economic, environmental, and social aspects to make them mutually supportive. We believe that sustainable development is based not just on the beliefs and thinking of corporate managements and employees; instead, the sustainability requirement needs to be embedded into the corporate management systems and made part of corporate culture at all levels.

The Board of Directors (the "Board") of CNOOC

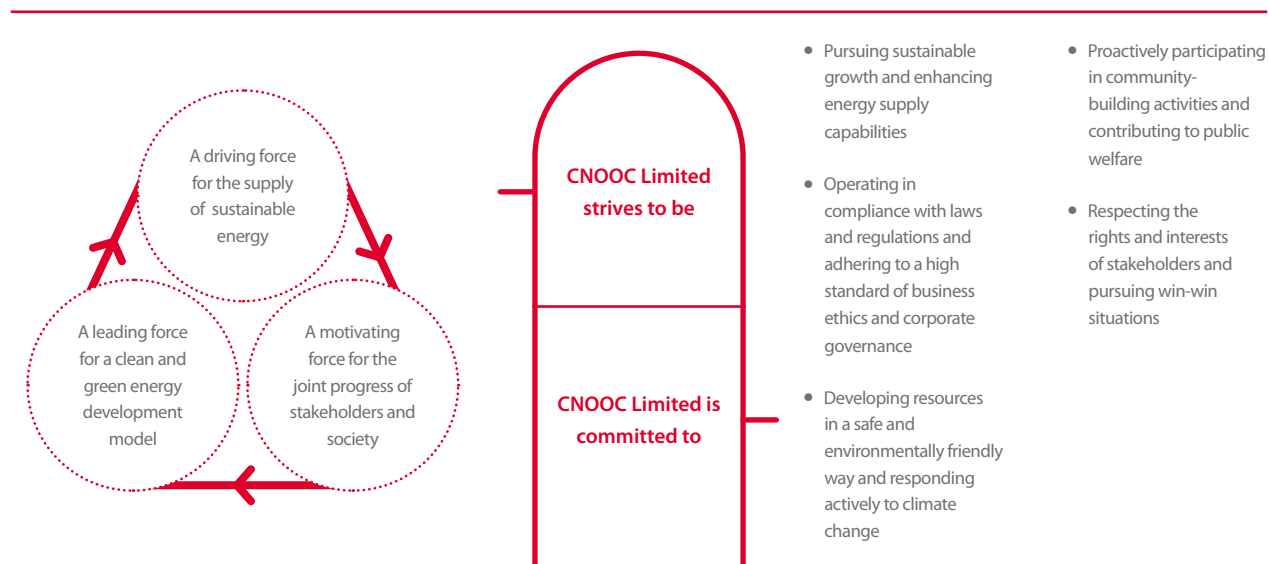
Limited actively supports the Company's commitment to CSR and review reports on CSR progress regularly. This includes strategy and risks, performance, internal operations, occupational health and safety, environment, and human rights issues related to sustainable development and CSR, as well as the methods and results of compliance in operations and sales. Our management is responsible for formulating and executing strategies involved in the management systems related to environmental protection, energy-saving projects, emission reduction, ecological protection, greenhouse gas reduction, and clean energy supplies.

We have incorporated sustainability into our organizational and institutional system, and our management process. We continue to assess our performance in terms of sustainability and make improvements and adjustments to ensure our operation and management are more environment-friendly, efficient and safe, and strike the desired balance among the economy, the environment, and society.

CSR Vision

As an energy company, it is our vital responsibility to deliver sustainable energy to society. In future, we will promote clean, healthy, and green energy development models with our partners

along the industry chain. We will work together with stakeholders and make CSR an engine that drives the Company and society forward together.



Stakeholders

To fully communicate with stakeholders to understand their expectations and demands is the foundation of our social responsibility and sustainable development. We have been always communicating with stakeholders on multiple social responsibility issues through an open, transparent and multi-channel mechanism.

The stakeholders are primarily the following: shareholders and creditors, employees and employee organizations, governments and regulatory authorities, business partners and service providers, the public and communities, charities and non-government organizations (NGOs) and clients.

Stakeholder Communications

Stakeholders	Main Communication Methods	Main Focuses	Major Actions and Measures	Key Indicators
Shareholders and creditors	<ul style="list-style-type: none"> Scheduled information disclosure Regular communications Annual general meeting and extraordinary general meeting 	<ul style="list-style-type: none"> Protect interests of shareholders and creditors Corporate governance and risk management 	<ul style="list-style-type: none"> Ensure quality and effectiveness of information disclosure Maintain regular dialogue 	<ul style="list-style-type: none"> Return on equity Return on capital employed Payout ratio
Employees and employee organizations	<ul style="list-style-type: none"> Meetings with employee representatives Regular communications Internal information exchange Complaints 	<ul style="list-style-type: none"> Rights and interests Career development Occupational health and safety 	<ul style="list-style-type: none"> Support employees to join labor unions or other employee organizations Employee training and technical training Provide occupational health check-ups 	<ul style="list-style-type: none"> Number of employees and employee distribution Employee training rate Employee turnover rate OSHA statistics
Governments and regulatory authorities	<ul style="list-style-type: none"> Follow up and ensure compliance with laws and regulations Report on specific matters Routine inspections Participation in the discussion Discussion on industry issues 	<ul style="list-style-type: none"> Operate in compliance with laws and regulations Properly utilize and develop natural resources Economic contribution Corporate governance 	<ul style="list-style-type: none"> Compliance with all applicable laws and regulations Fulfill tax payment obligations Share industry expertise for further development Ensure quality of disclosed information Better corporate governance 	<ul style="list-style-type: none"> Number of violations reported Tax payment Safety and environmental performance Precise and timely information disclosure
Business partners and service providers	<ul style="list-style-type: none"> Business negotiations Project cooperation Business communications 	<ul style="list-style-type: none"> Stable cooperative relationships Knowledge and information resource sharing Mutual benefits Sustainable energy development model 	<ul style="list-style-type: none"> Integrate internal and external resources Encourage experience, resources and technology sharing Discussion on industry development 	<ul style="list-style-type: none"> Partners' feedback Contracts' execution capability
Public and communities	<ul style="list-style-type: none"> Information disclosure Public relations Response to the public enquiries Support for community building activities Participation in public welfare projects 	<ul style="list-style-type: none"> Stable energy supply Environment protection Good corporate image Community protection Building harmonious communities 	<ul style="list-style-type: none"> Improve oil and gas supply capability Participate in public welfare activities Publish CSR reports Ensure high standards on public welfare Support community construction 	<ul style="list-style-type: none"> Public opinion Corporate image Contribution to public welfare Community evaluations Input in public welfare projects
Charities and NGOs	<ul style="list-style-type: none"> Participation in designated projects Response to enquiries Regular communications 	<ul style="list-style-type: none"> Social responsibility undertakings 	<ul style="list-style-type: none"> Contribute corporate experiences Participate in relevant activities 	<ul style="list-style-type: none"> Response rate on enquiries Participation status
Clients	<ul style="list-style-type: none"> Business negotiations Client services Client visits and survey Regular communications 	<ul style="list-style-type: none"> Service, price and quality Complaint handling 	<ul style="list-style-type: none"> Promote win-win philosophy Enhance product quality Client satisfaction survey and feedback 	<ul style="list-style-type: none"> Satisfaction survey

Energy Supply

CNOOC Limited is committed to driving the sustainable supply of energy. We are working to make breakthroughs in energy exploration, development, production, and technology through technological and managerial

innovation to ensure steady energy supplies, meet society's energy demands and contribute to the sustainable development of the Company and society.

Oil and Gas Exploration, Development and Production

4.32^{Billion}

As at the end of 2015, the Company's net proven reserves reached approximately 4.32 billion BOE.

495.7^{Million}

The net production of oil and gas was 495.7 million BOE, meeting the production target set at the beginning of the year 2015.

Ensuring stable energy supplies is our largest responsibility. Therefore, we remain committed to technological, managerial, and equipment innovation to overcome exploration obstacles and to constantly improving the level of oil and gas exploration, development, and production. In 2015, we maintained an intensive exploration program while lowering our exploration capital expenditures. With remarkable achievements in our oil and gas exploration, we have built a solid foundation for the Company's sustainable development. We once again achieved excellent results from our independent exploration offshore China, with new discoveries including mid-to-large sized discoveries such as Liuhua 20-2 and the successful appraisal of a number of mid-to-large sized oil and gas structures such as Caofeidian 6-4. We also continued to maintain a relatively high exploration success rate and opened

up new frontier areas for future exploration. Breakthroughs were also made in overseas exploration. We obtained new discoveries in Algeria and Nigeria, and successfully appraised three oil and gas structures including Libra in Brazil. In 2015, the Company's development and production faced tremendous pressure due to the continuous slump in international oil prices. Therefore, while ensuring production safety, the Company focused on enhancing efficiency and lowering costs in its development and production operations, and was able to achieve its annual development and production targets during the year. The seven projects planned for 2015 have commenced production smoothly with many of them coming on stream ahead of schedule, demonstrating once again the Company's outstanding competence in project management.



Technological Advancement

In 2015, the Company continued to implement further reforms in the scientific and technological systems. The Company established an unconventional oil and gas research institute, continued to streamline the positions of different research institutes and to identify their respective responsibilities, coordinated research resources and promoted research and production works in an orderly and effective manner. It created more favorable conditions for building research platforms in an orderly way and completed a series of projects such as the horizontal well test capacity for a multilateral moderate sand-production research platform, providing a solid foundation for the Company's proprietary innovation.

The Company remained committed to enhancing efficiency and reducing costs in oil and gas development through "new technologies, new processes, and new methods". The Company strengthened the management of technological projects and focused its efforts on areas such as

exploration and development technology for deep water oil and gas fields, offshore heavy oil fields and fields with low porosity and permeability, development of high-temperature and high-pressure gas fields in South China Sea, etc making remarkable progress in boosting reserves and production, reducing costs, and improving efficiency. The Company achieved and commercialized a number of research results in 2015, generating great economic benefits.

In addition, the Company undertook a number of national and parent company's science and technology projects such as the "Development of Large-scale Oil and Gas Fields and Coalbed Methane" and achieved know-how and new theories for geological explorations regarding the differences in oil and gas accumulation in active fault zones in Bohai as well as high-temperature and high-pressure natural gas accumulation. New exploration techniques were acquired, involving "low porosity, low permeability and low pressure" oil and gas

reservoirs and deep oil and gas exploration as well as key developments of oil and gas fields concerning improvements and comprehensive adjustments of maritime cluster well pattern and offshore heavy oil chemical flooding.

In 2015, a second prize was awarded to the Company for "Key Technological Application in Enhancing Oil Recovery of Offshore Heavy Polymer Flooding" from the National Technological Invention Award in 2015. The Company earned 311 patents in 2015.



Nexen Petroleum UK Honored with Improving Economic Recovery Award

On 5 November 2015, Nexen Petroleum UK became the first recipient of the Improving Economic Recovery Award at the 2015 British Oil and Gas Awards Party. The award is given out by the Oil and Gas Authority (OGA), a British oil and gas regulatory agency. Amid low oil prices and a sluggish oil industry, Nexen Petroleum UK faced the challenge proactively, seeking cooperation with other industries. It focused on daily operation targets and worked to be the best operator in Britain, improving efficiency by 5 percentage points. Nexen Petroleum UK endeavored to lower costs and minimize job cuts. Nexen Petroleum UK had been awarded the first prize of increasing economic recovery based on its lower costs actions. In 2015, Nexen's purchase team partnered with other operational departments in Nexen Canada and adopted a host of cost-cutting measures, saving US\$36 million in purchase costs.

CORPORATE GOVERNANCE

Corporate Governance



- 12 Governance Standards
- 14 Code of Ethics
- 15 Risk Management and Internal Control
- 16 Audit and Supervision
- 17 Anti-corruption Practice

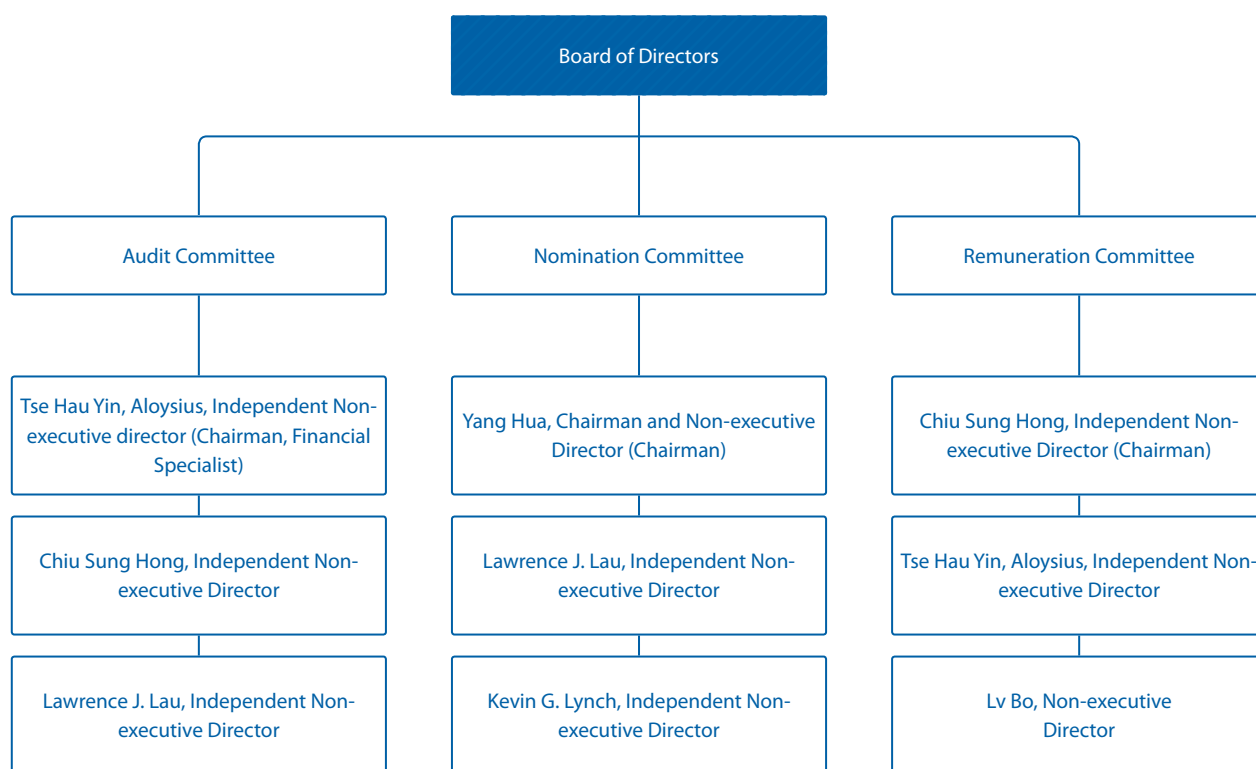
Governance Standards

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

In 2015, the Company executed its corporate governance policies in strict compliance with the Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company's adherence to these codes ensures that all decisions are made on the principles of trust and fairness and in a transparent manner to protect the interests of all shareholders.

The duties of the Board are to provide guidance, orientation and supervision over lawful and effective execution of the operations of the Company and to protect shareholders' interests, while safeguarding the healthy and steady development of the Company. Three committees have been set up under the Board, namely the Audit Committee, Nomination Committee and Remuneration Committee. Members of all committees are non-executive directors and independent non-executive directors with high degree of independence.

As at December 31 2015, the Board of the Company consisted of eight directors, including two executive directors, two non-executive directors and four independent non-executive directors. The resumes of all directors are shown in the annual reports of the Company and available at the Company's website at www.cnoodtd.com.



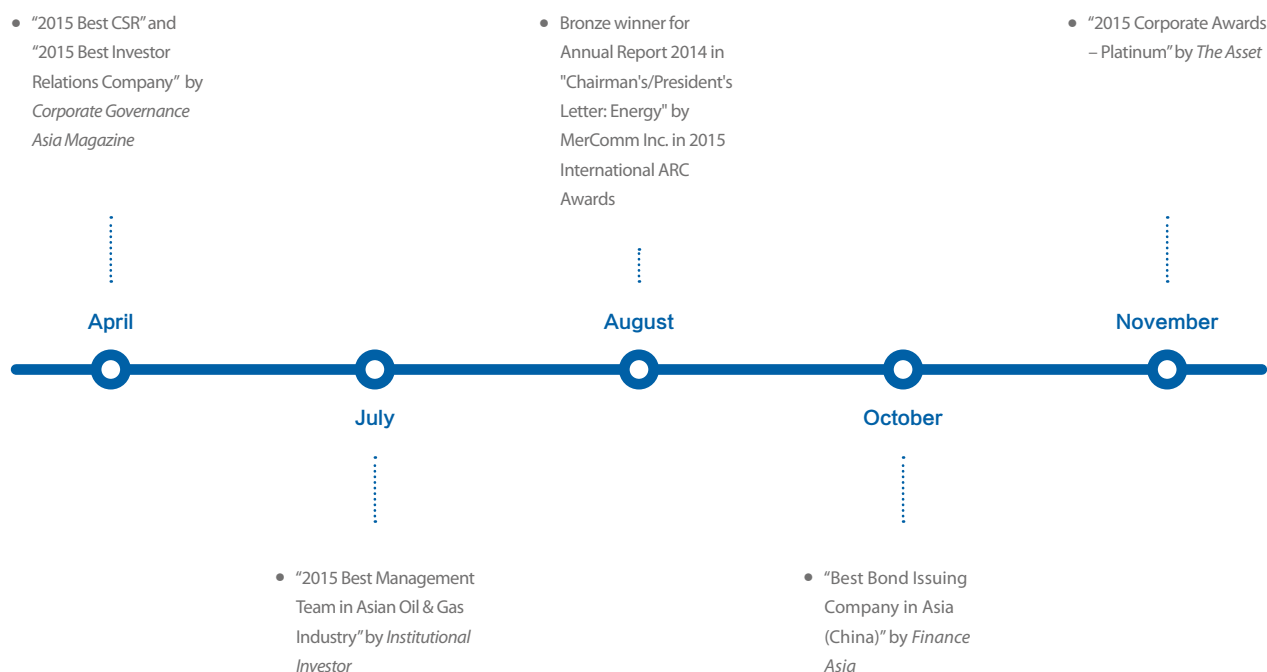
The effective management of the Board and the Committees further enhanced the governance standards of the Company. CNOOC Limited continued to receive recognition and awards from the market as a result of its excellent corporate governance standards. Moreover, the Company was shortlisted in several corporate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

There were changes to the Board of CNOOC Limited in 2015. With effect from 19 May 2015, Mr. Wang Yilin resigned as Chairman of the Board, Chairman of the Nomination Committee and Non-executive Director of the Company. Mr. Yang Hua served as Chairman of the Board and Chairman of the Nomination Committee of the Company and has no longer served as Vice-chairman of the Board. With effect from 23 September 2015, Mr. Wang Jiaxiang retired as a Non-executive Director of the Company.

As at December 31, 2015, the Board had eight members, including four independent non-executive directors. If the potential conflicts of interests arise in the Board of Directors, the independent non-executive directors take the lead to give voice to the minority shareholders. We attach great importance to communication with minority shareholders. With their support and trust, we have achieved long-term and successful sustainable development. We have established open and transparent communication channels with our minority shareholders, and will continue to strengthen our communication and cooperation with them.

The dedicated section of the Investor Relations page on our website allows us to inform our shareholders, in an open and transparent manner, about important Company events and invite them to participate in Company activities. We also invite minority shareholders to take part in annual panel discussions so that they can get a better understanding of the Company activities.

Awards and Honors in 2015





Code of Ethics

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

In order to enhance its standard of corporate governance, the Board of the Company discussed and updated the Code of Ethics

in 2005. Ever since 2009, the Company has reviewed the Code of Ethics every year, and continues to revise it according to the latest governance requirements. The current version of Code of Ethics has been disclosed on the Company's website. All the senior management members and directors are required to familiarize themselves with and follow the Code of Ethics to ensure that the Company's operations are honest and legal. Any violation of the Code of Ethics will be penalized and serious breaches will result in dismissal.

Risk Management and Internal Control

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

The Company established the Risk Management Committee, directly managed by the Company's Chief Executive Officer.

The Risk Management Committee is responsible for the organization and implementation of the Company's risk management and internal control, supervision of the Company's risk management and internal control system, as well as the periodic submission of the risk management report to the Board.

With respect to risk management, the Company officially adopted the Enterprise Risk Management framework developed by the COSO (Committee of Sponsoring Organizations of the Treadway Commission) of the United States and took the ISO 31000:2009 "Risk Management – Principles and Guidelines" as an important reference for formulating a set of risk-management systems that cover design, execution, monitoring, and review and that are subject to continual improvement. The Risk Management Committee is responsible for setting the overall objectives and strategies for risk management based on

the Company's strategies, and identifying, analyzing, and assessing the overall risk for the Company, especially key risks in major decisions, important events, and key business processes, as well as reviewing and approving the response plans to major risks. In addition, it is responsible for tracking and periodically reviewing the execution of response plans to identified risks to ensure that all key risks of the Company are sufficiently attended to, monitored, and addressed.

In terms of internal control, the Company introduced an internal control framework developed by COSO Committee of the United States, to establish an internal control system and mechanism for finance and accounting, business operations, and compliance. Such internal control systems have been continuously reviewed and evaluated to ensure timely, accurate, and complete information disclosure. In 2015, the Company continued to focus on risks and further strengthen the building of a risk-control structure. It carried out inspections and assessments of fraud practices and improved systems for decision making to ensure the Company's internal control system remain effective.

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



Audit and Supervision

In order to ensure the effectiveness and appropriateness of our business operation, internal control and risk management, the Company has set up an internal audit-based monitoring system, by combining the internal audit management system, financial information safeguarding system and anti-corruption supervision system into a comprehensive supervisory management system.

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

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

Vertically-integrated Reporting System



Audit Departments of Branches and Subsidiaries



Audit Department



Compliance Officer

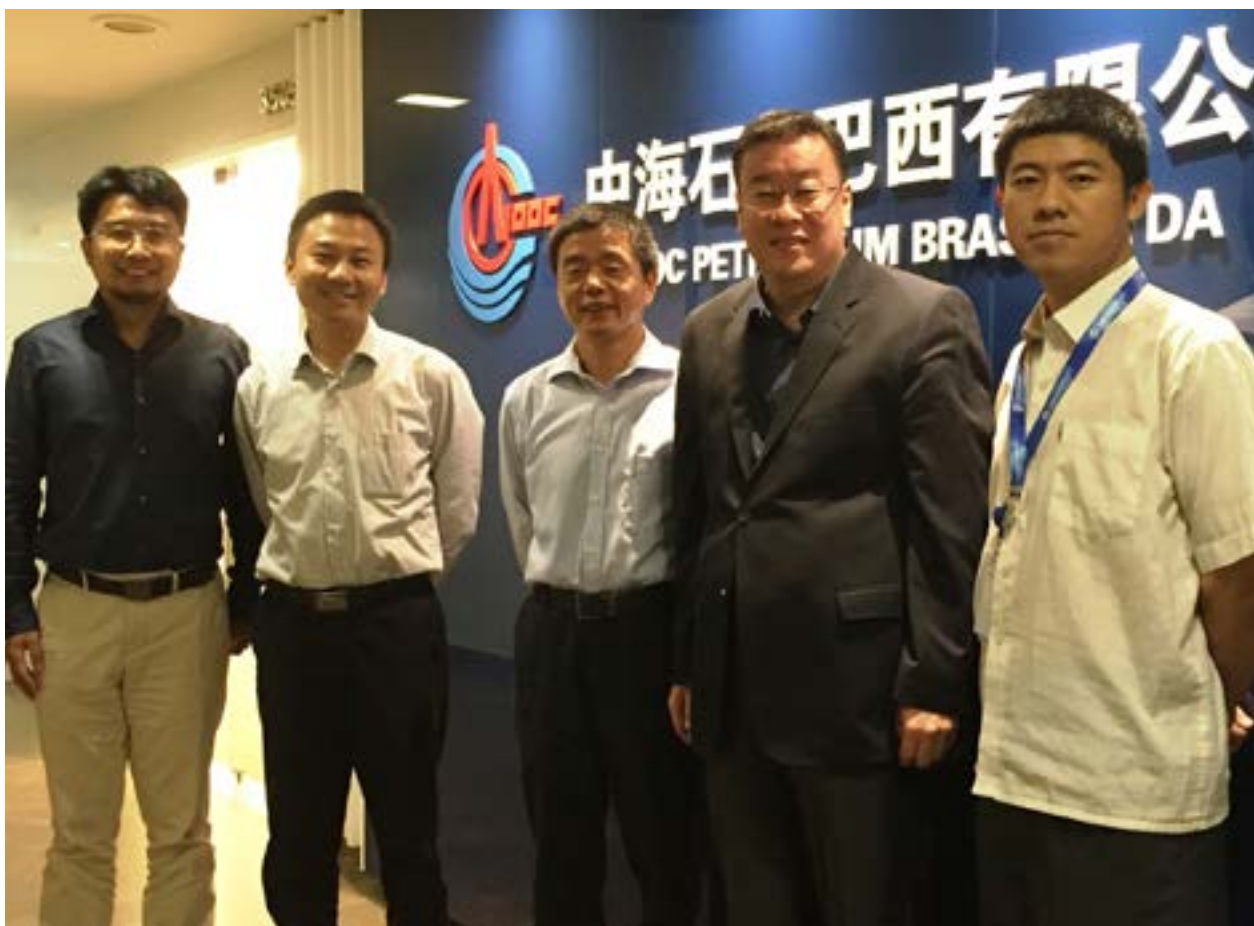


Audit Committee

Financial Control Complaints: Reporting Channel and Handling

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

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



Anti-corruption Practice

We stress the importance of anti-corruption. We have built strict internal prevention and management system. For all corruption and malpractice cases, we would have dealt all of them.

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

fraudulent practices.

The Code of Commercial Behavior and Conduct of Employees provides clear guidelines or standards which employees should abide by at work. The Code aims to prevent misconduct by fostering behaviors that are in strict compliance with all applicable laws and regulations, and honest and ethical business practices so as to avoid conflicts of interest. The above procedures for handling violation of rules and guidelines include detailed provisions for behaviors that violate the relevant laws and regulations of the state and the articles of association of the Company. These include violations of the rules of production and operation management, as well as violations involving financial discipline, corruption and bribery.

SAFETY AND ENVIRONMENTAL

PROTECTION

Safety and Environmental Protection

CNOOC Limited sees safety and environmental protection as integral to the sustainable growth of the Company. It remains committed to the guiding principles of “Safety First, Environment Utmost, People Oriented and Equipment Intact” and incorporates health, safety, and environmental protection principles in its production, operations, and management. As a responsible large energy company, CNOOC Limited continues to improve its management approach to safety and environmental protection, enhance its operational safety levels, and pursue innovation in energy saving and environmental-protection technologies. It remains responsive to climate change and engages with all sectors of society to improve its operational capacities for the Company’s sustainable growth.



20	HSE Commitments
21	Management System
24	Operational Safety
30	Environmental Protection
36	Response to Climate Change



HSE Commitment

- Sound HSE performance is the foundation for the Company's growth and development.
- Good HSE management provides not only an economic benefit but is also a social responsibility.
- People oriented and regard employees as our most valuable resource and asset.
- With set objectives, implementation is important.
- Conduct systematic management and continuous improvement with the motto "We can always do it better."

Health, Safety, and Environment protection (HSE) Commitment

- Promote the "5 DON'Ts until DOs" safety rules, focus on details, and manage risks within acceptable levels.
- Manage contractors and share information and experiences to achieve Win-Win.
- Endeavor to use clean and harmless materials and energy, and protect the environment and natural resources.
- Comply with laws, regulations and industrial standards, and strive for HSE excellence.
- HSE performance mirrors the comprehensive quality of the Company.

Management System

In 2015, the Company further defined its responsibilities for ensuring safety production and improved its HSE management system to ensure safety over the full production life cycle. At the same time, the Company intensified its efforts to identify and eliminate potential risks, especially preventing operational accidents in high-risk and key areas, and further strengthened safety in production. It improved the implementation of safety standards and deepened safety awareness across all levels of the organization. For the period of this report, the Company kept a close watch on changes to the *Production Safety Law*, *Environmental Protection Law*, and supporting regulations, and proactively carried out hidden-danger inspections in accordance with the requirements in the new laws and regulations. The Company invited third-party organizations to assess compliance and operability in safety and environment-protection management and to identify the

weak links in its management systems. The Company continued to strengthen its standardized management of overseas projects and put in place HSE management plans for all its key overseas projects. It further defined management levels and responsibilities by improving and optimizing the HSE management process and management elements at all stages in overseas projects and incorporated overseas security into the HSE management system. The Company established systematic HSE management standards for overseas projects. It completed the design of HSE management programs for CNOOC Iraq Limited, CNOOC Indonesia Limited, and CNOOC Uganda Limited. It continued to strengthen HSE management integration with Nexen. It put in place the Company's management requirements by conducting audits in key areas, organizing joint drills, strengthening employee exchanges, and improving accident management.



Shenzhen Branch Awarded Grand Prize of "Shenzhen's Best in Work-Related Injury Prevention"

Based on years of experience, the Shenzhen Branch has established a set of effective HSE management strategies. It has put in place detailed and standard safety rules for employees to follow in operations. Their notion, followed by all employees, is safety first. The Branch also organized a series of activities, including observing safety behaviors of internal staff, sharing examples of the safety culture, as well as the "I Am a Safety Officer" campaign to ensure safety awareness is embedded in people's minds and the safety notion is effectively implemented.

In December 2015 the Shenzhen Branch was awarded "Grand Prize of Shenzhen's Best in Work-Related Injury Prevention and Safety Production 2014" by Shenzhen Social Security Bureau.

Nexen Above-Ground Risk Tool

Amid a series of risks posed by political instability in the international community, crime and terrorism, and policy changes, in 2015, Nexen created the Above-Ground Risk Tool based on Interactive Network in order to improve the Company risk management capabilities and ensure its business develops smoothly. On the platform of this tool, Nexen was able to analyze and summarize its global exploration and business growth situations since 2003 through data on government relations, health, safety, and environment. In addition, users can obtain relevant data reports in a timely manner to learn risk elements in the countries where Nexen operates. Currently, this tool has been applied in multiple business units in Nexen.



"Safety Production" Activity to Foster Safety Awareness among Employees

To promote a culture of safety, the Company launched a micro-video contest called "Filming Safety and Environmental Protection Practices that You Like" and an essay competition called "Safety and Environmental Protection Practices Around You." Employees participated actively in these activities, spreading safety awareness and displaying the Company's safety management image.

The essay competition attracted 77 articles on safety management, which were published in *China Offshore Oil Paper*; 40 of these were selected as excellent essays, including *Big Data Era – Hidden Danger Nowhere to Hide*. The micro-video contest attracted 145 videos that vividly depicted safety practices through drama, animation, and music videos, shared experiences in safety work, displayed safety work scenarios and enhanced the education results. The micro-video *Safety in My Eye* produced by Panyu Operation Company under Eastern South China Sea Administration Bureau was honored with the first prize of The 5th National Safety Films Exhibition Activities.



Management Performance

In 2015, the Company's OSHA (Occupational Safety and Health

Administration) record was in good track. Its HSE performance continued to improve.

OSHA Statistics

Scope		Total Work Hours (Millions of man-hours)
2015	Employees	44
	Employees and Direct Contractors	124
2014	Employees	39
	Employees and Direct Contractors	140
2013	Employees	35
	Employees and Direct Contractors	120



Promoting the Implementation of CNOOC Safety Standard Behaviors

In keeping with the *CNOOC Safety Standard Behaviors*, the Company has established 18 safety standard behaviors for the management, employees, and the organization to follow.



Executives shall play a leading role in learning, knowing, and abiding by the law. It is stipulated that they should make known their health, safety, and environmental protection concept, and listen to safety and environmental protection reports at least twice a year.

Besides the "5 DON'Ts until DOs" and "with safety belt fastened when riding a car" safety rules, we have added "timely intervention in unsafe behaviors" to our safety requirements for employees.

Organizational safety standards cover six categories, namely, "precautionary measures for large gatherings," "safety education for on-site activities," "safety tips for meetings," "rules and regulations for business travel safety," "on-duty arrangement for holiday safety," and "guidelines for private car safety."

Recordable Incidents	Rate of Recordable Incidents	Cases of Lost Work Days	Rate of Lost Work Days	Casualties
20	0.09	3	0.01	0
68	0.11	15	0.02	0
14	0.07	7	0.04	0
89	0.13	26	0.04	1
20	0.11	6	0.34	0
111	0.18	38	0.06	4

Note: According to OSHA statistical methods, all indicators are calculated on the basis of 200,000 man-hours.

Operational Safety

Safety Inspection

In 2015, the Company further optimized its system audits and specialized inspections. The problems have been classified by risk categories and the audit results shared company-wide. The effective sharing of experience has promoted the construction and improvement of the HSE system for all units. Meanwhile, the Company has incorporated various identified potential risks into the CNOOC Limited Hidden Danger Screening and Managing System and followed up on the rectification process. We have completed four company-wide oil spill risk screening activities to identify and rectify potential risks in a timely manner, which effectively prevented and controlled oil-spill risks.

With screening systems for major sources of hazards and potential risks, the Company has made sure the hidden danger reporting channel covers sources of risks in all business units. We are fully aware of the status of the screening and rectification progress in all

our units and have put in place measures to pin responsibility for the rectification, as well as measures, funds, time schedules, and plans for all reported potential risks.

After the especially serious explosion in Binhai New District of Tianjin on 12 August 2015, the Company initiated measures to check operational safety across all systems and launched special rectification campaigns to ensure the safety of hazardous chemical substance, and of inflammable and explosive materials. It strengthened efforts to screen and manage potential risks in key branches and subsidiaries. It actively promoted the application of information technology in safety control and encouraged business units to take the initiative to use information-based means to build and improve their hidden danger management systems, thus improving the management capacities of branches and subsidiaries.





Encouraging Employees to Identify Potential Risks

The Bohai Oilfields have high yields, which put great pressure on operational safety. To strengthen the management of potential risks, the Tianjin Branch has been giving out the Hidden Danger Screening Contribution Awards for four consecutive years, to encourage employees to take part in identifying major potential risks. It has compiled a handbook *Collection HSE Potential risks in Production Facilities* to help employees identify potential risks and reward them for doing so, therefore to increase the initiative of identifying the risks.



Nexen Long Lake Emulsion Leakage Accident

On 15 July 2015, an emulsion leak from a pipeline was discovered within Nexen's Long Lake operations, located in the south of Fort McMurray, Alberta, Canada. The estimated size of the leak was 5,000 cubic meters over an area of approximately 21,900 m² mostly within a compacted pipeline corridor. There were no injuries due to this incident. The affected wells were suspended and Nexen's emergency response plan was activated. The Company places great emphasis on production safety and has taken measures to minimize the spill's impact to the environment and wildlife. Through organizing press conferences and media visits to the leakage site, Nexen sought to communicate actively with the public, media, local residents, and other stakeholders in a timely manner. In addition, information on the cleaning up and its progression was updated regularly on Nexen's website. Since the incident, the Company has been working together with relevant regulatory agencies in its conduct of clean-up and remediation work at the spill site. Nexen is cooperating with the investigation of the regulatory agencies. The majority of the released bitumen in the spill area has been safely removed. Further continued remediation and clean-up work is underway and will be carried out in compliance with applicable regulatory requirements.

Equipment and Facility Integrity Management

In 2015, the Company put in place an equipment and facility integration management system, while seeking to tighten the control on several critical equipment and facilities and conducting a “health check-up” for 95 critical facilities, including submarine pipelines, single-point mooring systems, platform structures, storage tanks, and wellbores. The Company eliminated potential hazard for two storage tanks and four submarine pipelines, and performed risk assessment for 34 subsea pipelines, 11 platforms, and 40 wells. We continued to

extend our integrity management process to the design and construction stages. For example, we conducted an integrity review of the design plans of 9 new projects and gave more than 300 suggestions of the production period to control risks right from the very beginning of the process.

Through the effective implementation of the integrity management system, the Company saw a record low impact rate of equipment and facilities failure on output, which means an improved safety level for equipment and facilities.

In 2015,

95

the Company conducted a “health check-up” for 95 critical facilities

9

conducted an integrity review of the design plans of 9 new projects

300

gave more than 300 suggestions of the production period

Impact Rate of Equipment and Facilities Failure on Output

%



CNOOC Southeast Asia Limited Developing an Integrity Management System for Submarine Pipelines

CNOOC Southeast Asia Limited controls 724 km of submarine pipelines, with 83% having been in use for over 20 years and 61% for over 30 years. As the leakage of submarine pipelines and vertical pipes might pose threats to the environment, the Company's technicians and third-party agency developed a management system for submarine integrity. The system was designed to assess and rate the potential leakage risk of submarine pipelines based on relevant data, which facilitated operational staff to prepare repair and maintenance plans for the pipelines and provide technical reference for the safe use of submarine pipelines, thus improving the management capacities for safety operations.

Replacement of Internally Corroded Pipelines for Bozhong 25-1 Oilfield

Tianjin Branch conducted a system risk assessment for the Bohai subsea pipelines in 2014, which indicated that the pipeline from the WHPB platform of the Bozhong 25-1 oilfield to single-point mooring system of Haiyangshiyu113 was at high risk. In the first half of 2015, Tianjin Branch organized a smart internal inspection of this pipeline. Through data comparison, it was found that internal corrosion had worsened. To ensure stable oilfield operations and eliminate potential safety and environmental risks caused by pipe leakage, from September to October, 2015, the Tianjin Branch replaced the corroded pipeline, a total of 2.5 km. The replacement project lasted 51 days.



Management of Contractors

The Company continued to strengthen management of project contractors, including HSE qualification reviews for contractors, HSE plan review, HSE management for site operations, and HSE performance summary. Aimed at high-risk contractors, the Company launched special management reviews of 11 diving contractors and technical reviews of three helicopter contractors' 35 helicopters at 12 bases to ensure they conform to the Company's HSE management requirements. For its overseas operations, the Company abides strictly by the environmental protection rules and criteria set by the host countries, and strengthens training and guidance for local contractors. In 2015, CNOOC Uganda Limited further improved its HSE management for contractors. It sought to enhance comprehensively its HSE performance throughout the whole process, from preliminary review of contractor qualifications to contract implementation, and from assisting contractors to better manage HSE to strict on-site supervision and inspection. As a result, CNOOC Uganda Limited continued its sound record in health, safety, and environmental protection.

Management of Contractor's Environmental and Social Performance

CNOOC Uganda Limited organized a professional team composed of world-renowned consultants and local contractors to assess the environmental and social influence of its operations. They were responsible for preparing high-quality reports on the environmental and social influence of all its site operations and monitoring and auditing the environmental and social influence, as per law. During the period, no environmental accident occurred at the operation sites.

In 2015, CNOOC Uganda Limited completed the environmental and social influence report for KF oilfield, which had been approved by the Uganda government. In operations, this branch closely monitored contractor performance in terms of sewage discharge, refuse disposal, waste management, noise levels, harmful gas emission, and light pollution, which comprehensively improved contractors' HSE management quality.

Safety Training for Contractor's Operating Personnel

To effectively improve the safety awareness of contractor's operating personnel and reduce risks of safety operation, CNOOC Southeast Asia Limited continued to strengthen safety training for contractor's operating personnel, organized discussions and communications on the safety risks and countermeasures in daily operations, and emphasized the importance of strictly observing and implementing the Company's HSE management system to contractors. In 2015, with the joint efforts of all employees and contractors, CNOOC Southeast Asia Limited's recordable incidents rate for 11.05 million man-hours was only 0.09, a record lowest since 2002 when it began operations in that region and fully meeting the safety performance index.



Enhancing Emergency Response Capabilities

In 2015, the Company kept its key focus on the building of maritime emergency mobile command communications system and remained committed to multiple-point joint deployment and unified management across headquarters, branches, and comprehensive emergency management platforms, to ensure smooth communications for maritime emergency treatment and to promote emergency response capabilities for all branches. Currently, the maritime emergency management system is online. CNOOC Limited's mobile emergency rescue vessels can be deployed to Bohai, East China Sea, Eastern South China Sea, and Western South China Sea. At the end of 2014, China National Petroleum Corporation (CNPC), Sinopec, and CNOOC Limited signed a *Strategic Alliance Agreement on Oil Spill Emergency Response* in Tianjin, and formed an Emergency Rescue Linkage and Coordination Group under the terms of the agreement. In 2015, the Company further improved the emergency linkage mechanism and established a management platform



In 2015,

1,105

the Company deployed
helicopters in 1,105 sorties

33

deployed vessels on
33 voyages

23,078

mobilized and demobilized
23,078 workers

for emergency linkage resources across the three oil companies. This platform divides the operations areas of the three parties into 15 regions, including 11 onshore regions and four offshore ones. The emergency rescue teams and deployable materials and equipment for emergency rescue are registered and coordinated in a unified manner and are used based on regions.

In terms of emergency response capabilities, building on the original six oil-spill emergency response bases, the Company added the Huizhou comprehensive base and Hengqin base. It also started building the Dongying and Daishan bases, and extended the Weizhou Island base. In the same period, the Company actively promoted the construction of environmental response vessels, taking the emergency response capacities based on emergency bases and special environment enforcement vessels in China's territorial waters to a new level. In addition, the Company continued to equip oil and gas fields with emergency equipment and facilities to tack

oil spills and hold oil spill emergency drills periodically.

With regard to typhoon response management, the Company deployed helicopters in 1,105 sorties, deployed vessels on 33 voyages, and mobilized and demobilized 23,078 workers during the period of this report. There were no casualties caused by typhoons.

In the period of this report, CNOOC International revamped their emergency management plans, among which CNOOC Iraq Limited and CNOOC Exploration & Production Nigeria Limited revamped and improved their emergency evacuation and hostage crisis response plans, and CNOOC Uganda Limited detailed plans for compiling oil spill countermeasures. In the same period, the Company maintained the global emergency resources management system and the overseas personnel dynamic management system, enabling effective management of headquarters and overseas subsidiaries with regard to staff, emergency resources, plans, drills, and training.



First Oil Spill Emergency Drill at East China Sea Oilfields

On 30 November 2015, the Shanghai Branch held its first-ever joint oil-spill emergency drill, with more than 100 participants. It was the largest drill in the East China Sea oilfields to date. In the drill, four vessels dispatched by the command center carried out a series of activities, including oil belt recovery, tracking, prediction, and analysis. At the same time, the helicopters conducted real-time monitoring and reporting on the drifting oil belts in the air. With close cooperation in the air, on land, and at sea, the spilled oil was cleaned within one hour. The effective resource management, precise prediction and analysis, and emergency measures won the praise of experts. The drill fully reflected the Company's achievements in building capacities for addressing an oil spill emergency and met all the targets for emergency plans and resources.

Joint Oil Spill Emergency Drill in Eastern South China Sea

On 29 October 2015, the Shenzhen Branch held a joint oil-spill emergency drill at Daya Bay in Huizhou, simulating a situation in which a broken plug of a submarine pipeline of a platform caused 20 tons of oil to spill and float on the sea. The oilfield immediately shut the valves at both ends of the pipeline. Marine rescue personnel triggered their emergency response system, which included controlling and recovering the spilled oil, helicopter spraying of dispersant, and drone monitoring. The drill effectively enhanced personnel's capacity for tackling an oil-spill emergency.



Environmental Protection

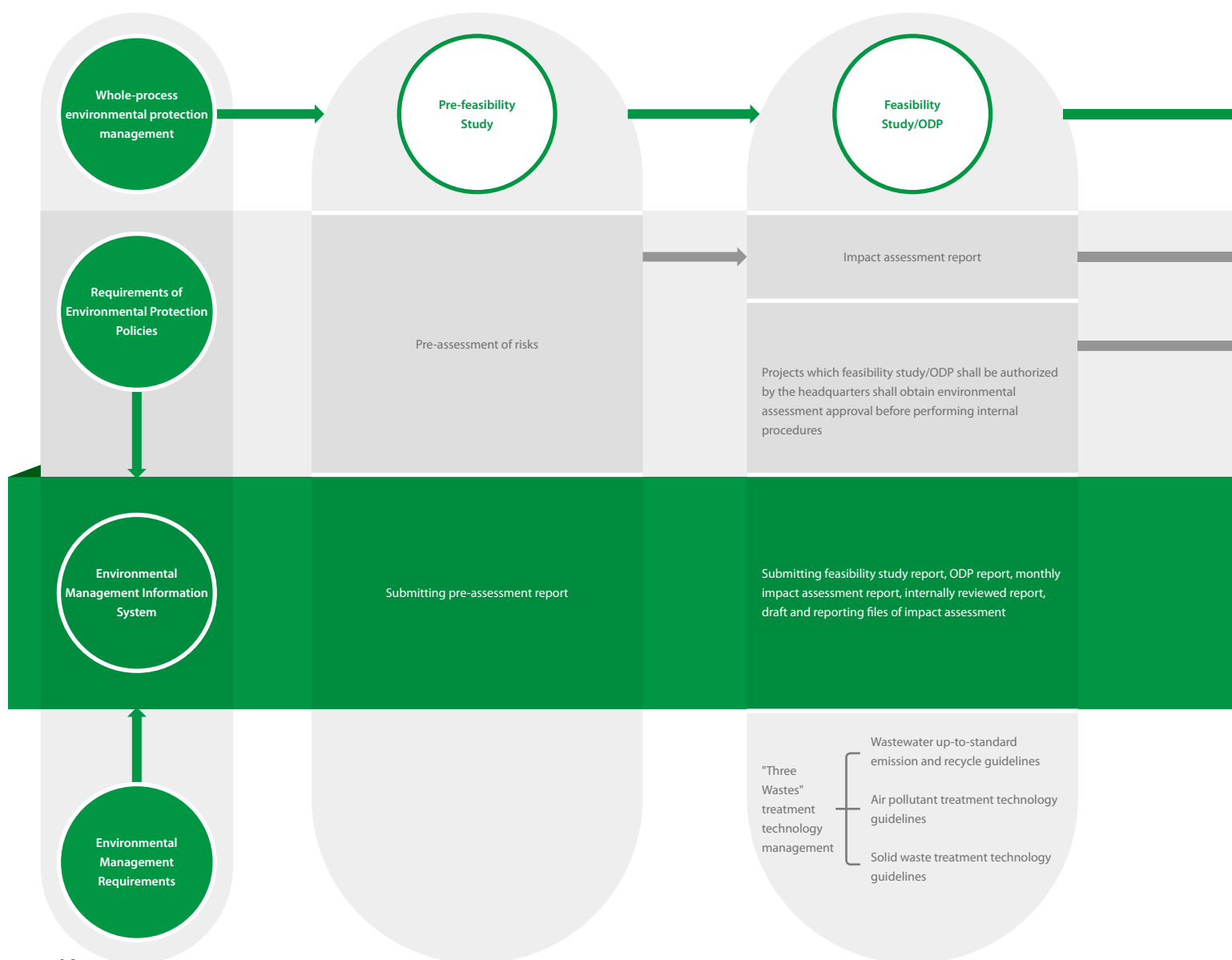
Environment Management

In 2015, the Company further strengthened its whole-process environmental protection management system and continued to improve its systems and innovate in management approaches. Drawing on information-based means, it strengthened the monitoring of critical environmental protection nodes and standardized behaviors that complied with environmental requirements. "Statutory and operational compliance" was

incorporated into the Company's daily management. It actively promoted environmental awareness of all employees to ensure they were more capable of identifying risks, thus improving the Company's environment compliance levels.

In accordance with the principle that "in-process control is better than post control, pre-control is better than in-process control, and whole-process control is better than pre-control," CNOOC Limited

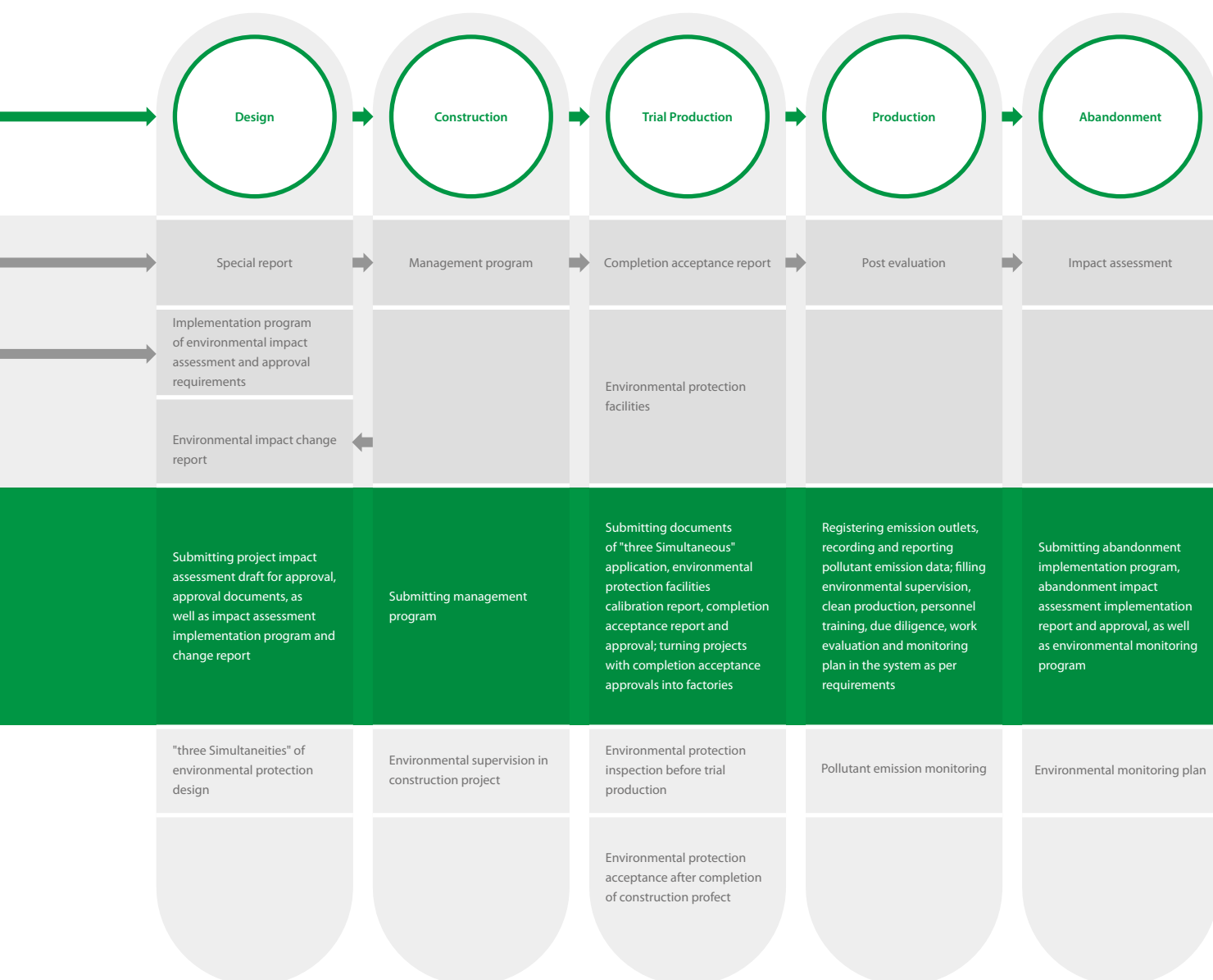
CNOOC Limited's Whole-process Environmental Protection Management Flow Chart



accords due importance to environmental impact assessment (EIA). Based on its environmental protection information management system, the Company has strengthened pollutant discharge compliance and total amount control, and realized whole life-cycle management of environmental protection for construction projects. In 2015, the Company revamped *Rules of EIA for Inbound Offshore Oil and Gas Fields* and formulated the *Guidelines for Writing EIA Change Reports*, to standardize

EIA management for construction projects. In support of the implementation of the new *Environmental Protection Law* and its supporting administrative regulations, in 2015, the Company extended the content and scope of environmental management, and outlined the *Measures for the Administration of Environmental Protection Projects*. Our new as well as renewed projects – including sewage treatment, and smoke-gas and solid waste treatment

facilities – were made operational after a process of open bidding, construction underwritten by the bid winner, and payment after acceptance. In this way, we ensured fair competition for professional operating units, statutory emission compliance, and reduced operating costs for the Company.



Water Resources Management

CNOOC Limited is committed to giving equal importance to exploitation and conservation with a priority on economizing. It is focused on improving the utilization efficiency of water resources, and is pushing for comprehensively strengthening water resources management through stronger monitoring, technological innovation and transformation, and comprehensive sewage treatment.

In 2015, the Company defined its water-saving tasks and indices for all its business units to implement the water conservation

policies at all levels. Employee awareness of water crisis and of the need for water conservation was improved through water-saving campaigns. It adopted a series of measures for water conservation management and technologies and optimized production processes, which resulted in reducing new water consumption per unit product. In addition, the Company saved precious water resources through reuse of reclaimed water and desalination of seawater, saving 120,000 tons of water in 2015.



Qikou 17-2 Platform Using Production Water to Save Fresh Water

Every day, the amount of fresh water used for making water cleaning agents at Qikou 17-2 platform used to be as high as 6 cubic meters. In 2015, the platform improved its technology and introduced a new set of production water-purification installations, which made it possible to replace fresh water for making water cleaning agents with treated and standard-production water after cooling. This move has helped the platform save 2,190 cubic meters of fresh water every year, has implemented the use of recycled production water, and has effectively lowered the platform's freshwater demand and vessels' transportation fuel.

Ecological Protection

A sound ecological environment ensures the Company can obtain stable oil and gas resources and achieve sustainable development. CNOOC Limited has always been deeply committed to ecological protection and to building itself into an “energy saving, environmental friendly, green energy and low carbon” business. We have actively promoted employee awareness of ecological protection and launched campaigns to advance this. We have also intensified our efforts to restore the ecological environment, and conserve resources, as well as safeguard biodiversity and minimize the adverse impact of our operations on the environment.

In 2015, the Company rolled out a broad range of ecological initiatives, including an environmental protection-themed publicity day with employee engagement, tree planting, and fish release. This helped protect the ecology of the area and fulfill the Company’s social responsibility.

In support of the themed publicity campaigns on World Environment Day, the Shenzhen Branch carried out mangrove forest-planting activities along the coastal areas of Kaozhou Bay in Huidong County, Guangdong Province, and made a record of all the mangrove forests planted. It also sent designated persons to inspect the forests and monitor the ecosystem

of the mangrove forests on a continuing basis. CNOOC Southeast Asia Limited HCML organized its employees to take part in a series of environmental-protection initiatives in response to the call of “Seven Billion Dreams. One Planet. Consume with Care” made by the United Nations Environment Programme (UNEP). These activities improved employees’ awareness of protecting resources. In addition, CNOOC Uganda Limited launched tree-planting campaigns to promote public awareness of environmental protection.



Chinese and Indonesian Employees Digging “Ecological Holes”

To increase employees’ awareness of care for the ecosystem, conservation of resources, and the pursuit of a green lifestyle, CNOOC Southeast Asia Limited HCML organized 120 Chinese and Indonesian employees to dig some 120 “ecological holes” at the suburb of Djakarta, Indonesia. Ecological holes are a soil micro-environment protection program that was initiated and has been promoted by Indonesian professor Kamir R Brata for many years. The holes are about 10cm in diameter and 1m in depth, and are dug at an appropriate place around the house. They are filled with organic waste from the house allowing each hole to form an underground micro-ecological environment.





Fish Release at the Pearl River Mouth

In 2015, the Shenzhen Branch launched fish release activities at Dapeng Bay Beach in Shenzhen, north beach of Dong'ao Island in Zhuhai, and the beach around Gaolan Port Economic Development Zone in Zhuhai. A total of 5.25 million pieces of fish fry, 89.45 million shrimp larvae, and 27.23 million shellfish were released into the Pearl River Mouth. The released fish, shrimp larvae and shellfish will swim to the open waters when they grow to a certain stage. This has enriched the aquatic bio-resources along the coastal areas of Guangdong and effectively restocked and restored fishery resources in the South China Sea, thus contributing to stability in the fishing areas.



5.25 Million

5.25 million pieces of fish fry were released into the Pearl River Mouth

89.45 Million

89.45 million shrimp larvae were released into the Pearl River Mouth

27.23 Million

27.23 million shellfish were released into the Pearl River Mouth



Fish Release at Dongying Beach in Shandong Province

On 26 May 2015, CNOOC Limited, partnering with Dongying City Oceanic and Fishery Administration of Shandong province, launched a joint fish release activity at Dongying Beach in Shandong. A total of 165 million Chinese shrimp larvae, longer than 10mm, were released into the sea and in June, 483 integrated square fish reefs made of reinforced concrete were lowered into the water, each 27 cubic meters and weighing eight tons. This was the largest-ever fish release activity launched by Bohai Oilfields, and was aimed at increasing fishermen incomes and contributing to the restoration of fishery resources. In addition, CNOOC Limited will invest in inspection and management efforts, including tracking and researching the released fish, studying the effect of artificial fish reefs in the water, and investigating the impact on restoring fishery resources. The purpose is to ensure the project is implemented smoothly and create ecological benefits for the oceans.



Mangrove Forest Planting at Coastal Kaozhou Bay

Mangrove forests are marine trees growing in the inter-tidal zone on tropical and subtropical coasts. They are praised as “coast guards,” as they play an important role in fending off wind and tides, protecting coasts, reducing pollutants, regulating climate, and recreating land. Beginning 5 June, World Environment Day, the Shenzhen Branch carried out mangrove forest planting activities in the coastal areas of Kaozhou Bay in Huidong County, Guangzhou Province, for two consecutive months. An estimated 520,000 mangrove trees, including *bruguiera gymnorhiza*, *rhizophora stylosa*, and *kandelia candel*, were planted in an area of 20.67 hectares. This was the first time that CNOOC Limited took the lead in such a large-scale mangrove forest planting initiative. The Shenzhen Branch compiled records of all planted mangrove forests and sent designated persons to inspect them and monitor their ecosystem on a continuing basis.

520,000

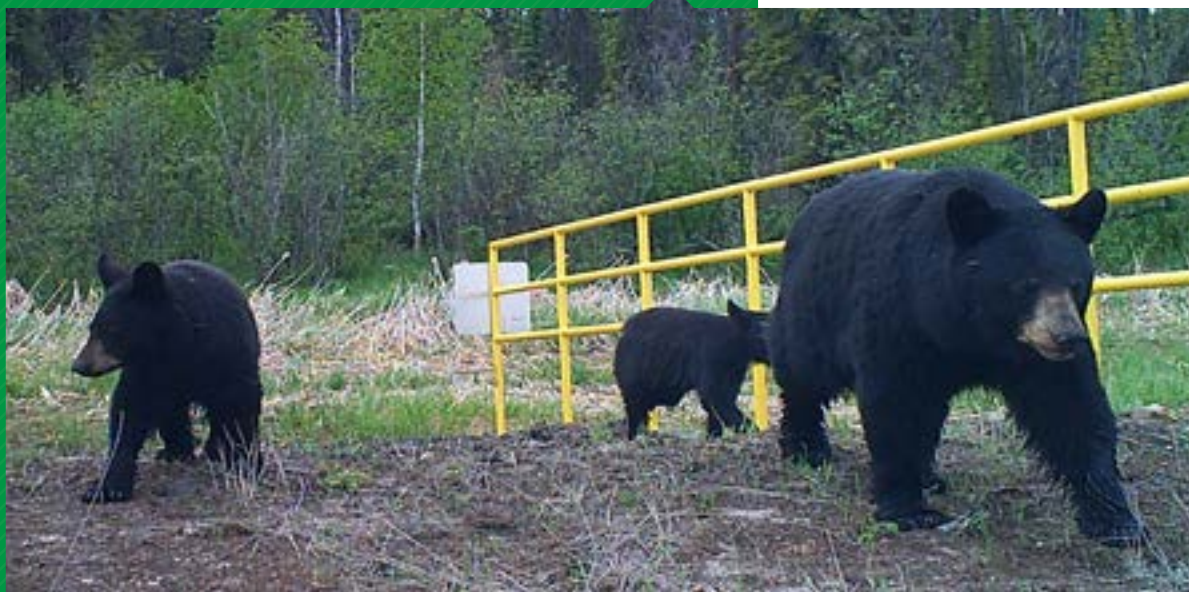
An estimated 520,000
mangrove trees were planted

20.67

20.67 hectares planted area

Helping Wildlife Avert Oil Sand Distribution Points

Nexen continued to seek measures to minimize the impact of its operations on the environment. The pipes transferring high-pressure steams pose limit the movement of wildlife supported by that environment. For example, deer and moose cannot cross the pipes. To minimize the impact on wild animals and facilitate their movement between habitats, Nexen built four passageways for them at those places where the pipelines ran below the ground. Deer, sandhill cranes, coyotes, lynxes, bears, and wolves can now move easily through these passageways.



Award for Nexen Algar Habitat Restoration Program

For the past five years, Nexen has joined hands with Alberta, Canada, the local forestry sector, and other companies in the same industry, to participate in the reindeer habitat restoration program, which aims to re-plant trees and shrubs in the quake-hit areas in Algar. The program covers an area of 570 square kilometers. Its efforts were recognized with the Alberta Jade Foundation Awards.

Response to Climate Change

Climate change has become an issue the world cannot ignore today. To address this issue, CNOOC Limited is following closely national policies on carbon trade

and energy conservation and emission reduction, and actively exploring effective approaches to cut greenhouse gas emissions.

Energy Conservation



In 2015, the Company improved its management of energy saving and technological transformation,

130,000

saved 130,000 tons standard coal

0.2301

0.2301 ton standard coal energy consumption per RMB10,000 output value

We remain committed to energy conservation at all stages of our business operations. We regard the management of energy saving as an important way to transform our growth model and optimize the industry and product mix. For us, this is also a vital means to promote our core competitiveness and better discharge our social responsibility. The Company continued to strengthen the management of energy conservation. We are set to achieve our energy targets through special funds and technological advancement. In 2015, the Company further defined the energy management

responsibilities in ways that tap the energy-saving potential of headquarters and all branches. We also built an assessment indicator system for energy conservation in a bid to improve the level of energy management.

In September 2015, the Company published *the Notice on the Work of Further Promoting the Application of Energy-Saving Technologies*; it made clear that energy-saving reviews should include the application of energy-saving technologies used on eight projects, such as waste heat recovery of turbo units, reclamation of flare gas at offshore and onshore terminals, power networking of offshore oil and gas fields, etc. Their absence could result in the reviews being rejected. By using these technologies, energy use can be reduced at the very source. In light of the more stringent energy-saving assessments and reviews, the Company is focused on energy savings at the upstream links of oil and gas production.

The Company has already put in place a series of regulations, such as the *Regulations for the Administration of Public Area Lighting Control*, calling on all employees to sign a liability form for energy conservation and emission reduction, to ensure that every person adheres to these regulations. In addition, the Company has rolled out green and energy-saving initiatives, to encourage employees to live green. This has improved their awareness of energy saving and environmental protection.

In 2015, the Company improved its management of energy saving and technological transformation, resulting in energy consumption of 0.2301 ton standard coal per RMB10,000 output value and savings of 130,000 tons standard coal.



Power Networking Project Jinzhou 9-3 Oilfield Phase I and II

To improve the efficiency of energy utilization and to decrease energy consumption, the Tianjin Branch completed the power networking of oil field with redundant heat from the main power station of Jinzhou 9-3 oilfield Phase II. A power supply network composed of two power stations and six turbo generator units provides power to all the oilfields across both Phase I and Phase II. The networking improved the utilization ratio of generator units and broke the power load bottleneck of old regions. This project commenced production in 2015, saving 11,970 tons standard coal in the year and generating an economic benefit of RMB4.95 million.

Bozhong 26-3 Oilfield Flare Gas Recovery Project

The Bozhong 26-3 oilfield flare gas recovery project is an extension of the existing Bozhong 26-3 oilfield. A set of new natural gas boosting facilities was added, which compressed the flare gas and transported it to the Southeast of Bohai natural gas pipeline network, so as to reclaim the gas storage capacity of oil reservoirs and decrease the flare gas to the maximum extent. On average, the project recovers 75.6 million cubic meters of natural gas per year, reduces CO₂ emission 155,563 tons, and generates economic benefits of RMB41.58 million per year.

Nanshan Terminal Gas-Power Replacement Saves Energy

Nanshan Terminal is located in Sanya City, Hainan Province. In the initial stages of construction, when conditions for stable power supply in that area could not be created, the Terminal used its own gas turbine generators to supply power to ensure smooth operations. However, this self-generated electricity had many problems, such as low efficiency, high energy consumption, and high maintenance costs. In August, 2011, Yacheng Operation Company of Zhanjiang Branch signed the *Framework Agreement on Nanshan Base Gas-Power Replacement Project* with a gas supply company and the Administration of Power Supply in Sanya, and China Southern Power Grid began supplying power to the Nanshan Terminal, replacing the self-generated electricity. As at March 2015, the Nanshan Terminal Gas-Power Replacement Project has been in place for 17 months, resulting in savings of more than 7 million cubic meters in natural gas and more than RMB3 million in repair and maintenance of equipment such as generators. The savings in natural gas was directed to meet the needs of roughly 22,000 residents in Sanya, creating significant economic and social benefits.

75.6 Million

On average, the project recovers 75.6 million cubic meters of natural gas per year

155,563 tons

reduces CO₂ emission 155,563 tons

41.58 Million

generates economic benefits of RMB41.58 million per year

Main Energy Consumption

Index	Unit	2013	2014	2015
Crude Oil	10,000 tons	24.55	24.31	30.67
Natural Gas	100 million cubic meters	14.37	15.52	17.32
Diesel	10,000 tons	4.58	3.41	2.70
Electricity	100 million KWH	0.81	1.12	1.46

Meeting Energy Saving Targets

Index	Unit	2013	2014	2015
Energy Saving Targets	Ton Standard Coal	73,450	80,806	78,998
Energy Saving Actuals	Ton Standard Coal	125,461	124,320	130,196



Emissions Reduction

In 2015, the Company continued to formulate and revise rules and regulations with regard to environmental protection, including formulating *Guidelines for Filling Offshore Pollutants Record Form*, which aims to standardize practices related to offshore pollutants. It upgraded and transformed emissions reduction programs and pollutant-treatment facilities in accordance with the principle of “standard compliance comes first,” to ensure compliance with regard to the discharge of the whole range of pollutants. To strengthen environmental protection management, the Company continued to launch special environment supervision

activities. In 2015, environment supervision was carried out on site at four terminals. In the same period, based on the CNOOC Information System for Environment Protection Management, the Company comprehensively managed the discharge of waste water, exhaust gas, and solid waste at all subordinate units. We incorporated the filling of pollutant data, as well as its incorporation into information-based management systems, thus ensuring meticulous and foolproof environmental protection management.



Bohai Oilfields Reclaiming Associated Gas; RMB100 Million Savings in Five Years

In recent years, the Tianjin Branch has been committed to turning Bohai Oilfields into ecologically friendly operations with a focus on reclamation of low-pressured associated gas. The screw natural gas compressors were adopted to meet the actual needs of Bohai oilfields. According to the production plan for the offshore platforms, 10,000 - 15,000 cubic meters of associated gas would be reclaimed each day. A conservative estimation sees a saving of 60 million cubic meters of natural gas within 5 years, generating direct economic benefits of more than RMB100 million.

Dongfang Terminal Integrated Solutions to Waste Water

To improve the quality of treated production water and reduce its occupied space, the Zhanjiang Branch applied the Chemical Oxygen Demand (COD) bio-degradation treatment system to the Dongfang Terminal. With superior sewage treatment functions that traditional processes lack, this system is able to remove more than 96% COD and more than 99% oil from the production water. All discharged wastewater can reach Level 1 in *Integrated Wastewater Discharge GB8978-1996*.

Upgrade of Sanitary Sewage Treatment System at "Nan Hai Tiao Zhan" Platform

At the beginning of 2015, the Shenzhen Branch officially launched the Upgrade of Sanitary Sewage Treatment System project at the "Nan Hai Tiao Zhan" Platform. The project adopted the second generation of electrolytic catalyzed oxidation technology for the first time in the South China Sea, which marked the beginning in China of treating sanitary wastewater at offshore platforms with this technology. With this new technology, organic matter is decomposed more thoroughly and with higher efficiency and the COD in discharged water is significantly reduced. Many sample tests showed the COD value was even lower than that of clean seawater.





Increase Supply of Clean Energy

As the issue of climate change gains more weight in the international community, the influence of the *Paris Agreement* will gradually expand. The pursuit of green and environment practices is here to stay. For years, the Company has been committed to the natural gas industry. In 2015, the Company paid particular importance to developing its unconventional oil and gas business while continuing to boost its conventional gas business. During the period of this report, the Company made breakthroughs

in east-west extension and new strata extension for the exploration of central valley waterway in Western South China Sea and discovered a new natural gas field, Lingshui 18-2. It successfully assessed the structure of the Lingshui 25-1 gas field. By the end of 2015, the Company's net proven natural gas reserves reached 7,569 billion cubic feet. It now supplies 1,364 million cubic feet of natural gas per day to society.

Carbon Management

In 2015, the Company actively carried out carbon investigation activities. It defined the scope and methods for greenhouse accounting and identified the carbon sources in production processes. After comparing and analyzing the accounting standards for carbon emission across different countries, regions, and companies, it examined the Company's original data to provide methods and reference for working out the total amount of carbon emission. In 2015, we have completed the carbon investigations for the Tianjin and Zhanjiang Branches.

The Company actively promoted the carbon trade programs in the companies that had been included in the pilot carbon trade regions. The Tianjin Branch honored its carbon quota agreement with Tianjin city, providing a valuable reference for nationwide carbon trading campaigns. At the same time, CNOOC Limited continued its research on technologies for monitoring greenhouse gas emission online and its development of the China Certified Emission Reduction (CCER) programs, which expanded the scope of the Company's carbon asset management business.



Nexen Program for Improving Oil Recovery by CO₂ Injection

Nexen Petroleum UK sponsored and participated in the program to improve oil recovery by CO₂ injection initiated by the Scottish Carbon Capture and Storage Center. The program focused on injection technologies and related carbon capture technologies, aimed at making the technologies of improving oil recovery by CO₂ injection more affordable. Nexen has submitted its research achievements to the UK government and European Parliament with a view to helping the British oil and gas industry, through this research, to deliver on its carbon emission reduction commitments for 2030.



Nexen Supports International Carbon X-Prize

Nexen supported the NRG/COSIA Carbon X-Prize, jointly launched by the Canadian Oil Sands Innovation Alliance (COSIA) and NRG Energy, Inc., exploring new approaches to capturing carbon from flue gases and turning it into useful materials or chemicals. In the next four years, as part of the competition, one breakthrough technology will be selected as the winner from the ideas put forward by innovators across the globe. The winning technology will be one that is able to transform CO₂ into materials with the highest net value and with the least impact on the environment.

CARE FOR EMPLOYEES

Care for Employees

At CNOOC Limited, we regard employees as the most valuable resources in the Company's growth and treat them as our reliable partners. As such, we are committed to safeguarding employee rights and interests, optimizing their career path, and improving education and training systems, to create a sound environment for their growth. We pay much importance to employee' health, physically and mentally, to ensure all employees share the fruits of corporate growth in a healthy and joyful environment.

As at the end of 2015, we had a total of 20,585 employees, among which 15,619 were based in Beijing, Tianjin, Shenzhen, Shanghai, Zhanjiang and other cities in China, while 4,966 were located in several countries and regions overseas.

FOR EMPLOYEES

44	Employment Policies
45	Employee Rights and Interests
46	Employee Development
50	Employee Health

Employment Policies

As at the end of 2015,

2,395

there were 2,395 female employees within the Company

113

113 female employees were in middle and senior level managers.

CNOOC Limited respects the basic human rights that all employees are entitled to in accordance with the laws in each jurisdiction. The Company also respects employee's values, personalities, and privacy under different cultural backgrounds. In China, CNOOC Limited acts in strict compliance with the *Labor Law of the People's Republic of China* and *Law of the People's Republic of China on Employment Contracts*, and safeguards all employee rights and interests. Overseas, the Company abides strictly by relevant laws and regulations, conscientiously adheres to international conventions sanctioned by the Chinese government and respects the legitimate rights and interests of all employees. The Company boasts a diversified talent pool with no discrimination in terms of, among others, gender, nationality, marital status, religion, or being hepatitis B virus carriers. We insist on giving fair and equal treatment in our recruitment, training, promotion, and compensation systems regardless of race, nationality, religion, gender, age, marital status and other legal privileges of an employee. All employees must enter into employment

contracts with the Company on an equal and voluntary basis. The Company strictly conforms to labor laws and opposes any forms of inhumane treatment, and strictly abides by the relevant stipulations on salary, overtime, and statutory benefits in the locations where it operates. The Company prohibits child labor as well as forced or compulsory labor. CNOOC Limited adheres to the principle of gender equality. The Company actively encourages the hiring of female employees and has developed training and education for female in management positions. In addition, the Company takes especially good care of its female employees by organizing various activities geared towards them and encourages their active participation. As at the end of 2015, there were 2,395 female employees within the Company, of which 113 were in middle and senior level managers.



Employee Rights and Interests

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

The Company strives to offer employees competitive compensation packages within the industry by gradually implementing the compensation and allocation system that is consistent with the market. The Company's allocation system, which has fully considered the field employees, is closely associated with employees' performance and contributions. A pay mechanism that links employee incomes to growth of the Company's profits has also been adopted, to ensure employees benefit from the Company's development. The Company has also built a comprehensive and effective social security system that brings employees under various social insurance programs as well as a variety of supplementary insurance programs. Aside from the five basic social insurance programs — pension, healthcare, employment injury, unemployment, and maternity — CNOOC Limited also provides employees with personal accident insurance, commercial supplementary medical insurance, and non-adult children supplementary medical insurance. It also provides employees with

company annuity and housing subsidies. The Company has taken a series of measures to help employees find an appropriate work-life balance. For example, it offers employees paid annual vacation or home leave, encourages employees to take therapeutic leave and grant a one-time settlement subsidy or comprehensive allowance to help migrant employees with their relocation. It has dedicated special "mommy's caring rooms" for female planning a pregnancy, those already pregnant, or nursing mothers to help them get through this special phase of their lives in a safe, healthy, and happy manner.

The Company respects and supports the freedom of its employees to socialize, gather, and join Labor Unions in accordance with the law. Guided by the *Trade Union Law of the People's Republic of China*, the Company has established Labor Unions, which have the responsibility and obligation to protect employees' legitimate rights and interests as well as to monitor the Company's fulfillment of its responsibilities. Labor Unions also oversee all operational activities related to employee benefits and communicate with the Company on behalf of its members. In overseas operations, the Company fulfills its responsibilities to overseas employees, ensuring they have a safe and comfortable work environment and appropriate benefits.



Mommy's Caring Room for Mothers and Mothers-to-be

On 10 October, the Zhanjiang branch established and put into use the "mommy's caring room" to help female employees planning a pregnancy, those already pregnant, and nursing mothers cope with their workplace difficulties. The room is about 10 square meters and is equipped with a sofa, refrigerator, microwave, nursing bottle sterilizer, lockers, and newspaper stands. The room is also stocked with books, newspapers and periodicals on how to parenting.



Employee Development

In 2015,

35

35 people acquired professor-level senior professional technician qualifications

205

205 people obtained senior professional technician qualifications

600

600 people obtained intermediate professional technician qualifications

Career Growth

CNOOC Limited has always upheld a “people-oriented” principle and strives to provide opportunities and career paths for employees’ advancement. Based on different professional groups and job characteristics, the Company has identified three streams for talent cultivation systems — management (M rank), technology, (T rank) and work (W rank) — which provide career development paths suitable for each employee. The Company has improved its professional title management system and talent assessment practices. In 2015, 35 people acquired professor-level senior professional technician qualifications, 205 people obtained senior professional technician qualifications, and more than 600 people obtained intermediate professional technician qualifications. During the reporting period, the Company organized and offered internal professional qualification and training courses for

employees in the areas of exploration supervision, underground operations, and well-completion supervision. In 2015, 2 people were certified as senior chief inspectors and 100 as chief inspectors, thus boosting the capabilities and quality of the Company’s key frontline employees. With regard to the requirement of the career path for the T rank employees, the Company further optimized management policies and established a system for their promotion, leading to a more standardized and regulated career advancement. In 2015, nearly 700 technical employees of the Company were promoted through T rank.



Zhanjiang Branch's Talent Cultivation



To promote the career of its technicians, the Zhanjiang branch established a number of talent- cultivation mechanisms, pushing the ratio of senior workers to 71.4%. The branch introduced rotation training and expertise development to enrich the experience of new employees in operational areas. It adopted a wide range of measures — including long- and short-term exchange, rotation program, and cross-specialty observation — to respond to the growing demand for highly-skilled personnel. In addition, it independently developed the proprietary HOST system, a dual-talent cultivation plan. Under it, highly-skilled talents undergo professional work-related training before their assessment and continue after their assessment with developing their career path and receiving specialist training.

Employee Training

In 2015,

3,028

a total of 3,028 employees
received certifications

3,540

The Company has 3,540
employees with titles of
senior worker or higher

473

The Company has 3,540
473 technicians and senior
technicians

Guided by the *Annual Plan for Key Training Programs*, the Company's training courses continued to focus on key specialties and critical roles. In 2015, 61 core training programs and projects involving 794 attendees and 5,690 days were completed. The Company continued to encourage certification of professional skills and further increased the proportion of experienced

professionals. In 2015, a total of 3,028 employees received certifications. The Company currently has 3,540 employees with titles of senior worker or higher and 473 technicians and senior technicians, accounting for 54.53% and 7.29% of the total technical workforce respectively.

	Total Training Sessions	Number of training Participated	Total Training Hours	Total Training Hours per Person
2015	18,423	225,521	1,151,930	97
2014	20,602	272,873	1,502,339	110
2013	16,777	194,880	1,189,869	97



Gathering Technical Talents to Spark Innovation

The Company's "Youth Technical Talents Cultivation Project," is aimed at selecting a group of young core talents with strong technical and innovation skills, excellent all-round capabilities and great growth potential, and advances them into middle- and high-level managers for key technical posts. In October, the first workshop for youth technicians was held, which brought together experts and scholars in their respective fields to share their personal experience in innovation and inspire creative ideas.

"Eagle Plan" Helps "Eagles" to Fly

On 27 November, the three-week "Eagle Talent Workshop" held by the Shenzhen branch, which attracted 109 participants ended. The workshop aimed at identifying and cultivating talent for managerial and administrative positions personnel, through targeted training courses. It focused not just on professional skills but even more on managerial capabilities.

The "Eagle Plan" covered three kinds of training, based on employee specialties. These were: chief offshore installation managers and onshore office managers; offshore facility supervisors and major operators; and onshore office supervisor and elite employees.





Cultivating International Talent

In 2015,

35

35 people joined the personnel rotation and development programs

75

organized 75 training sessions

The Company has always placed a strong focus on international talent, to promote the integration of the Company's domestic and overseas business by strengthening the development of international talent in various ways. In 2015, 35 people joined the personnel rotation and development programs, which were part of the short-term and long-term exchange initiatives between the Company and its subsidiary Nexen. The programs covered a wide range of areas, including exploration, development, reservoir development, oil sand, shale gas, project engineering management, cost control, purchase, planning and HSE. The programs effectively promoted professional exchange within the company.

In addition, pushing forward the localization of overseas employees is part of the Company's strategy for cultivating international talents. CNOOC South East Asia has promoted high-performing local employees with strong capacities to critical posts. As of November, of the 667 employees at CNOOC Indonesia, 628 were locals. CNOOC Uganda has engaged actively in the skills development of local employees to further their career growth. It organized 75 training sessions, covering special techniques, quality management, and soft skills, among others. As of December, CNOOC Uganda had 71 local employees, accounting for 77% of the total.



Corporate Culture Training for International Employees

To enhance international employees recognition of CNOOC Limited's culture, the Company rolled out a CNOOC Limited cultural orientation program for overseas managers. 19 senior managers from 16 overseas operations, such as Nexen, CNOOC Iraq and CNOOC Indonesia, participated in the 15 day training. During that period, they got to know CNOOC Limited's history, organizational structure, business scope, and corporate culture and made some field trips. This program has enhanced mutual understanding and strengthened business exchanges, and thus promoted business integration.



Nexen on the "Alberta Top 70 Employers Lists"

Nexen was named one of the "2015 Alberta Top 70 Employers" by virtue of its outstanding performance in talent-exchange programs, employee welfare plans, work-life balance, and employee fitness programs. This award mainly recognizes employers who have created a sound workplace by providing benefits, career development opportunities, or economic subsidies to employees.



Nexen: Focusing on Talent Development, Performing Employer's Responsibility

Facilitating the career growth of technical personnel was one of the top priorities for Nexen in 2015. Through various types of talent cultivation programs, Nexen provided various kinds of opportunities to employees and helped them explore their potential and take their careers to the next level.

Nexen established a rotation system for fresh graduates and sent them to work on critical projects in different regions, so that they could accumulate experience and acquire skills. For high-performing employees, Nexen provided them with opportunities to work in Australia and Houston to enrich their careers. Through its unique career development program, "Professional Engineering, Geology and Geophysics (EGG) Exchange Program," Nexen created diverse opportunities for career growth and team exchange across different professional areas for technical personnel.

In addition, Nexen prioritized career planning for individual employees. Managers identified employee demand for career growth through face-to-face communications and made use of specialized management tools to draw up career plans together. The purpose was to unleash employees' career advantages and potential so as to ensure they have a sustainable career path.

Employee Health

In keeping with its core “people-oriented” value, CNOOC Limited remained committed to employees’ occupational health. In 2015, it continued to improve the occupational health management system and standardize relevant occupational health management practices.

To further identify and control the occupational hazard factors at operating venues and improve the workplace environment, it actively carried out assessments of occupational hazards in an effort to eliminate or mitigate them at source. During the year, to prevent occupational hazards, the Company conducted pre-evaluation on 26 items, and the evaluation of control effectiveness on 22 items.

The company implements the Occupational Health Management System for the informational management of occupational

health data. To guarantee the integrity and accuracy of data, the company establishes assessment criteria, regularly carries out the assessment and spot checks, and displays the results publicly. Meanwhile, the design of the system is optimized and modified so that the system can fully play its fundamental role in occupational health data management and statistics of annual occupational health assessment indicators. The company facilitates health promotion across the board in the workplace. In the last three years, the coverage of regular checks on occupational hazards has reached 100%, and the entire staff is now covered by occupational health monitoring. In 2015, the company saw an occupational health examination rate of 99.57%, with four new occupational disease cases having been properly handled according to the relevant national requirements.

In 2015,

26

The Company conducted occupational hazard pre-evaluation on 26 items

22

The Company conducted evaluation of occupational hazard control effectiveness on 22 items

Coverage Rate for Occupational Health Examination

%





Promoting the priority management of occupational hazards in the workplace

In 2015, the company managed to apply the Occupational Health Management System to the priority control over occupational hazards in the workplace. Due to the potentially serious harm that could come to the employees, the company has prioritized unavoidable but controllable hazards found in the workplace allowing for targeted measures to be taken to improve and refine the management of occupational health.

"Health Promotion Program" for Offshore Employees

To improve the physical health of its offshore employees, the Tianjin branch launched a two-month "health promotion program," under which employees at offshore platforms were categorized according to health indicators such as weight, blood pressure, blood glucose, and blood lipids; those with problems were put through an intervention program that included diet, exercise and health education. The branch also sought to encourage employees to take the initiative to improve their health through health salons and competitions.

Currently, 90% of participants have acquired an understanding of scientific sports knowledge and have developed the good habit of regular exercise. Of those with abnormal blood pressure readings, 78.9% have brought them down to normal levels. Of the hyperglycemia participants, 46.7% have reached normal levels, and 48.7% lost weight, 1.2 kg on average, which is a significant achievement.



We take both our employees' physical health as well as mental health seriously. In 2015, we extended our stress management and psychological health pilot programs to more offshore operating personnel. A total

of 103 platforms in Tianjin, Zhanjiang, and Shenzhen branches have been providing stress management services to help them keep a positive outlook on life.



Contingency Plan for Psychological Crisis Intervention

After the explosion in Binhai New District of Tianjin on 12 August 2015, the Company immediately carried out the contingency plan for psychological crisis intervention to help 11 employees recover from the psychological trauma of the accident. Psychologists induced the victims to truthfully and fully express their emotions through discussions in small groups and relaxation techniques. They also used hypnosis to help the employees completely relax physically and mentally, and relieve feelings of pressure, helplessness, anxiety and fear brought about by the explosion. Part of their therapy includes simulating the explosion so employees would not be as startled and would learn to take it in their stride. Through psychological crisis intervention, the employees' feelings of worry and fear dissipated and their frame of mind returned to normal.

Close-up

Employee Homes – Warm Harbor for Employees

Since August 2014, we began to promote the establishment of “small offshore employee homes” in the waters where we operate. Different types of small homes were set up to create a sweet harbor for offshore employees.



Soul Harbor for Employees

The “small employee home” for Wenchang 13-1/2 oilfield is located in the Wenchang waters, which lie 120 km to the east of Wenchang City, Hainan Island. In a room on the fourth deck of the FPSO, outfitted with soft light and lyrical music, employees regularly get together to talk about their life, work, and feelings, and even organize social events. Sometimes they are able to enjoy some homemade dishes prepared by their superintendents, which helps them feel less homesick.

Sports for Employees

The “small employee home” at Qinhuangdao 32-6 oilfield is equipped with a badminton court, ping-pong tables and treadmills, responding to the call of “work conscientiously and earnestly, and live healthily and happily”. After work, employees head here to exercise, for a game, or just to socialize.

Employees’ Artistic Space

New media equipment, such as a computer, a plotter and SLRs, prepared in the “dream studio” of the “small employee home” for Wenchang 13-1/2 oilfield, helps to enrich employees’ cultural life. The living quarters of the FPSO are decorated with colorful photos taken by the employees. They also have their photos and articles, made for the “small home,” on the walls of FPSO’s dining room.

Social Contributions



56	Economic Contribution
57	Marine Rescue
58	Public Welfare
63	Employee Volunteers

Economic Contribution

CNOOC Limited sees proactive contributions to economic and social development in the places where it operates as an important responsibility.

In 2015, the Company's oil and gas sales revenue was RMB146.597 billion with a net profit of RMB 20.246 billion.

In 2015, the Company's tax payments amounted to RMB32.233 billion, among which tax payments in China and overseas were RMB21.475 billion and RMB10.758 billion respectively. These tax payments strongly support the development of the local economy and society.



In 2015,

32.233 Billion

The Company's tax payments amounted to RMB32.233 billion

21.475 Billion

Tax payments in China were RMB21.475 billion

10.758 Billion

Tax payments in overseas were RMB10.758 billion

Marine Rescue

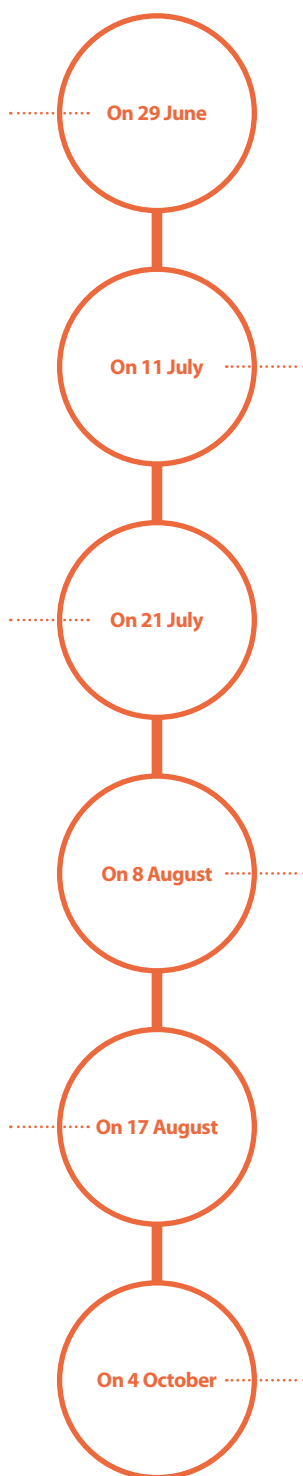
Accidents are not uncommon at sea. While CNOOC Limited has offshore operations, the Company is committed to contributing to humanitarian effort, taking social

responsibility, and playing a role in marine rescue. In 2015, the Company took part in 44 maritime emergency rescues, involving 60 sea navigations and flights.

A sand carrier ran into danger near Jingtang Harbor. Seawater entered the hull and the carrier began to sink. Upon receiving this information, the tug "huayue" on guard in the Qinhuangdao 32-6 oilfield headed to the accident site. All 6 people on the carrier were rescued after more than 3 hours of strenuous efforts.

On 21 July, all boats traveling between Beihai and Weizhou Island in Guangxi Autonomous Region suspended services owing to adverse weather; several thousand tourists were stranded on the island, and the lives of 3 boys were in peril. On being notified, the ship "Offshore Oil 564" braved severe gale forces (above 8) and turbulent waves, was berthed at the terminal of Weizhou, and successfully transferred the three sick boys. The next day, it returned to the island with basic supplies for those still on the island.

On 17 August, "Haibao," an open marine fishing boat from Hong Kong, had water enter its hull. Upon receipt of a distress call, Shenzhen branch dispatched the ship "Offshore Oil 607" to the accident site; eight persons on board were safely transferred to Hong Kong and the boat was tugged to a safe place.



On July 11, the Dispatching Office of the Shanghai Branch Emergency Center received an emergency call from the Zhoushan Maritime Search & Rescue Center, which said the vessel "Linlong Fudiao" near Zhoushan Jintang Channel had moved as its anchor had broken loose. According to the weather forecast, Typhoon Chan-hom, a super typhoon, was to make landfall in Zhoushan, and time was running short. The Shanghai branch responded immediately, and the ship "Shengli 281" battled stormy waves to arrive at the incident site. After several attempts, "Shengli 281" finally approached the vessel in distress and rescued 19 sailors in danger by taking advantage of the heaving billows.

On 8 August, when the ship "Shengli 292" of Shanghai branch laid anchor at the anchorage of Yeya Shan in Zhoushan, it was notified by the Zhoushan Wharf Management Department and Zhoushan Maritime Safety Administration that "Jiangquan 6," one 3-tonnage bulk carrier, had struck a rock and run aground near Dahuanglong Island. The ship "Shengli 292" promptly hurried to the site for embarkation, and upon arrival guarded the carrier, it dispatched 2 people for close monitoring each day, reporting the findings to the owner of the carrier. Several days of observation revealed that the hull of the carrier had taken a favorable turn; on 12 August, "Shengli 292" completed its guard mission and returned to the wharf of Zhoushan.

On 4 October, the ship "Nanyang" guarding against typhoons near the Nanyou Wharf received an emergency command from the maritime search and rescue center; the "Jinlun 2," a 3,000-tonnage cargo ship with 9 sailors, had ran into danger nearby. The "Nanyang" took the opportunity of a typhoon eye, raised anchor for rescue, and saved the 9 sailors within 20 minutes and provided meals and accommodation.

Public Welfare

As an energy service provider, the Company committed to contributing to the cities and the communities where it operates; promotes the education of local youth by providing aid; helps disadvantaged groups

through public welfare activities; and actively communicates with communities to understand their specific demands for common development.

Education Aid

On 20 January, the volunteers of "Blue Force" from the Shanghai branch visited Ni'nan Compulsory Education School at Dongtou County in Wenzhou City. Besides donating 160 sets of winter uniforms to the students, the volunteers shared information on oceans and ocean life. With the camellia in full bloom, the volunteers cited items most familiar to the children, who were enthralled by the vivid descriptions and comprehensive content.

Educational levels are relatively low for the people living in the communities adjacent

to CNOOC Southeast Asia Branch. As part of a long-term educational aid plan, the Company gave out student grants and sponsored tuition for high school students taking college entrance examination, established a scholarship program in local universities, and offered books, computers, and stationery to schools in the poor areas. In 2015, the Company sponsored the tuitions of 295 students in the third grade in four high schools in Thousand Islands to help them obtain better results in the

the volunteers of "Blue Force"
from the Shanghai branch

160

donated 160 sets of winter
uniforms to students

295

The Company sponsored the
tuitions of 295 students in
the third grade in four high
schools in Thousand Islands

240

The Company awarded
Excellent Result Certificates
and scholarships to 240
students





I lived in an area rich in oil. Since high school, I have been interested in learning petroleum engineering, and now CNOOC Limited has given me the opportunity to study in this field. During my study at the China University of Petroleum, I made the acquaintance of many people from different cultural backgrounds and broadened my horizons, thanks to the international scholarship program. Although Chinese is a difficult language, now that I live in China, I can communicate in simple Chinese; thank you CNOOC Limited again for helping to make my dreams come true!



—— Ritah Nasaazi, an international scholarship holder

college entrance examination. It offered scholarships to 270 high school students and 237 college students so that they could complete their studies.

To inspire students in the communities where the Company operates, CNOOC Uganda Limited launched the CNOOC Limited Scholarship Program for academically advanced students. In May, the Company awarded Excellent Result Certificates and scholarships to 240 students, welcomed by goodwill for itself from local

schools and parents. Besides, the Company oversaw the second batch of beneficiaries from the international scholarship program established by the Company in Uganda in 2014. In September, after several rounds of screening, three students out of more than 100 applicants were chosen to pursue further studies in the China University of Petroleum (East China).



Public welfare activities

Taking into consideration of the specific needs of local residents, the Company participates in a variety of public welfare activities so that it can effectively meet the needs of society through its persistent commitment and attention to public welfare.

In Zhanjiang, Nanhai Western Hospital organized a special team of medical volunteers for seniors who live by themselves. The team provided at-home services for seniors such as physical examinations, medication consultancy, health education and personal care.



Expropriation and Resettlement

In August 2014, to facilitate the transportation of bulk materials for the future construction of the KF oilfield, and to provide access to it, the Uganda branch began construction of the over-cliff road to the oilfield with the support from the local government.

This had an impact on the houses, vegetable gardens, and other properties of more than 30 residents. Based on the laws of Uganda and industry best practices, CNOOC Uganda Limited provided cash compensation or resettlement to the residents, based on the extent of the impact. Among them, four households chose resettlement near their original sites.

To ensure the quality of the resettlement homes and to provide new houses for these residents, CNOOC Uganda Limited chose a professional construction company through bidding, and engaged a supervision company to oversee the design and construction process.

Before the houses were handed to the residents, CNOOC Uganda Limited organized several rounds of inspections led by different institutions.

A lady named Specious Kadada said the new house exceeded her expectations. She added that she had to move from her former house to make way for the construction of the road, but she was willing to do so as she saw that she benefited from the new road.

Respecting Seniors

In October, the Tianjin branch organized the "Chongyang Cup" Gateball Match as well as other fitness events and art performances during the Double Ninth Festival for retirees in local communities, which further enrich their cultural life.





Community Building

In terms of community building, the Company not only paid attention to the workplace environment, but also contributed to improving the community environment by helping build local communities and by fulfilling its social responsibilities.

In the three years since the launch of the poverty-relief project, a series of

infrastructure construction projects, including the Huangchuan village breeding base, the culture plaza, road lighting and transformation of ramshackle buildings, have been completed. This has improved the living conditions of residents, increased the collective income of the village tenfold, and doubled the annual average per capita income of lower income households. On

5 November, the concrete pavement of the 6-kilometers road in Huangchuan village funded by the Shenzhen branch was completed, thus meeting the target of cement road access for the entire community of more than 300 residents in Huangchuan village, on schedule.



Weizhou Island



In Weizhou Island, up to the end of November, Weizhou Terminal Treatment Plant affiliated to Zhanjiang branch provided an aggregate total of 108,000,000 kWh at a low price, finally ending the prolonged unavailability of low-price electricity to residents. In addition, the treatment plant provided strong support for the development of the island by providing nearly 1 million cylinders of inexpensive high-quality natural gas and contributing to the road works.



Indonesia



In Indonesia, CNOOC Southeast Asia Limited completed the renovation of two public primary and secondary schools around the community where the Company operates, much to the delight of the local students and residents. While supporting infrastructure construction, the Company also turned its attention to the plight of local fishermen, providing training in marine products processing and helping them increase their income by utilizing local resources.



Iraq



CNOOC Iraq Limited organized many activities to benefit local residents. Seeing that the villages lacked water and electricity supplies, the Company laid water pipes and cables to facilitate water and power transmission. As the local educational facilities were simple and crude, the Company donated computers and printers to the local schools, and helped renovate them.



Feature

Enhance communication and jointly build better communities

Even in remote rural areas, it is important to communicate with local residents and understand their needs. While supporting community building, the Company ensures it interacts with local communities, solicits their opinions, and ensures their right to know, to participate, and to benefit, so that it becomes a joint endeavor.

Pay Heed to Public Opinion, Solve Difficulties

Since 2012, Shenzhen branch has organized "reception week" 17 times in its designated communities and staff have visited 35 households. Since 2014, the Company has recorded 26 public complaints and reported them in a timely manner to local government departments for redressal. This initiative has received positive feedback from the community.

66 year-old Li Jitang, deeply touched, said, "Mr. LIU (general manager of Shenzhen branch) sincerely and whole-heartedly cares about the masses, worries about my illness, and warms my heart."

Establish Communication Channels, be Open to Supervision

For long, CNOOC Uganda Limited has been committed to becoming a trusted partner of local communities. To enhance participation by the communities, it established an oil & gas advisory committee, made up of stakeholders such as the woman organizations, media, social groups, and youth groups, subjecting itself to their supervision of the production process. CNOOC Uganda Limited has assigned a contact person to visit the community every day, seek their advice, and communicate any information that may benefit the residents. By maintaining good communications, CNOOC Uganda Limited has been optimizing its interactions with the local communities.

Employee Volunteers

Practising public welfare and spreading positive energy, the employees of CNOOC Limited participate in various public welfare activities contributing their own care,

enthusiasm, knowledge and time. As such, the volunteers have become a symbol of CNOOC Limited's commitment to its social responsibilities.

"Blue Force" to Qingdao

On 18 September, from 9am, more than 150 young volunteers of the Tianjin branch, wearing clothes with the logo "Blue Force" went to Qingdao Shilaoren Coastal Resort to clear garbage. Their cleaning of the beach and ocean environment-protection campaign attracted much attention. The volunteers were divided into teams and those in Team 1 were tasked with conducting a thorough search of the beach for garbage. Tourists who saw this volunteered to participate too. Team 2 conducted their environment-protection campaigns targeted at both citizens and tourists, shared their knowledge of the ocean, and organized a signature campaign whose theme was "I have a date with the ocean." In the afternoon, the volunteers went to the local Caocun primary school and educated more than 100 students on offshore petroleum; they also carried with them series of popular science books on the ocean and environment protection, which the children enjoyed greatly. The offshore petroleum platform models and ocean souvenirs that the volunteers shared with the children were much appreciated. In recent years, the Tianjin branch has improved the positive image of the Company by organizing a series of public welfare activities.



Several Employees of Tianjin Branch Volunteer to Donate Hematopoietic Stem Cells

On 22 October, several employees of Tianjin branch participated in the China Marrow Donor Program, signing up as volunteer-donors of hematopoietic stem cells, which is used to treat leukemia, in the spirit of "humanity, fraternity and contribution."



Young Volunteers Plant Green "Screens"

On 5 June, young volunteers from Shenzhen branch, along with other caring people, planted nearly 2,000 mangroves in the coastal area of Huidong County. The volunteers overlooked the drizzle to go down the low-lying muddy beach to plant mangroves so that these dense forests can form a formidable shield against floods and protect the embankment.

Outlook



CNOOC Limited fully understands that economically, socially and environmentally sustainable growth requires a long-term process of exploration and application. Especially with the intricacies of the current global economy and the profound changes sweeping the energy sector, maintaining a high-quality, sustainable growth path is dependent on the united efforts of the whole Company.

Likewise, CNOOC Limited is steadfast in its undertaking to integrate the concept of sustainable growth into the day-to-day management of the Company, and to infuse the practice of sustainable growth into every link of its management, production and operations. We hope to continuously improve our sustainable development abilities and create value for our stakeholders.

We will continue to work hard to attain world-class production and operation performance and will make efforts to ensure sustainable energy supplies. We will continue to build the industrial chain for sustainable development, and promote the interests of our stakeholders as well as of society. We will continue to foster a healthy, harmonious, and tolerant corporate culture. In terms of values, we put people first, and care for the employees. We have created an environment that not only helps employees in their career development but also enhances their ability to realize their self-worth across the board.

All along, we have strictly adhered to safety and environmental protection standards. In 2016, we will continue to strengthen awareness of both the red flags and the minimum requirements in terms of safety and the environment. We will strictly control safety and pollution accidents. We will promote a safety and environment-protection culture at every level, starting with the setting up of a system coupled with practical actions, so as to comprehensively guard against and control project risk. We will do a solid job of saving energy and reducing emissions, and of promoting carbon management. We guarantee we will fully meet the energy-saving and emission-reduction targets and vigorously promote the transformation to a green economy. In terms of social contribution, we will continuously bring about sound social effects, take account of the actual requirements from communities and the public, and fulfill our social obligations by providing convenience in life, increasing employment opportunities, and promoting local economy development for communities.

No matter how many dire challenges we face, we are committed to the path of sustainable development, and will keep emphasizing the need to strike a balance among social benefits, economic benefits and environmental benefits. We will move unwaveringly towards this goal and promote progress in the community and the society while we ourselves develop.

Appendices

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

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

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

	The 10 Principles	Our Practices
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	<ul style="list-style-type: none"> • Employees – Employment policies • Public Welfare
	Principle 2: Make sure that they are not complicit in human rights abuses.	
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> • Employees – Employee rights and interests • Public Welfare
	Principle 4: The elimination of all forms of forced and compulsory labor;	<ul style="list-style-type: none"> • Employees – Employment policies • Public Welfare
	Principle 5: The effective abolition of child labor;	<ul style="list-style-type: none"> • Employees – Employment policies
	Principle 6: The elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> • Employees – Employment policies • Public Welfare
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	
	Principle 8: Undertake initiatives to promote greater environmental responsibility;	<ul style="list-style-type: none"> • Vision and commitments – Commitments • Safety and Environmental protection – HSE philosophy, environmental protection, operational safety, response to climate change
	Principle 9: Encourage the development and diffusion of environment friendly technologies.	
Anti-corruption	Principle 10: Businesses should work against corruption in all forms, including extortion and bribery.	<ul style="list-style-type: none"> • Vision and commitments – Commitments • Corporate governance – Anti-corruption

Key Operating Statistics

Total assets millions of RMB

2015	664,362
2014	662,859
2013	621,473

Net assets millions of RMB

2015	386,041
2014	379,610
2013	341,620

Total revenue millions of RMB

2015	171,437
2014	274,634
2013	285,857

Net profit millions of RMB

2015	20,246
2014	60,199
2013	56,461

Tax payment billions of RMB

2015	32.2
2014	70.0
2013	78.6

Earnings per share RMB

2015	0.45
2014	1.35
2013	1.26

Net production of the year million BOE

2015	495.7
2014	432.5
2013	411.7

Net proven reserves billions of BOE

2015	4.32
2014	4.48
2013	4.43

Dividend HK Dollar

2015	0.5
2014	0.57
2013	0.57

Dividend payout ratio %

2015	92.8%
2014	33.5%
2013	35.6%

Dividend yield %

2015	6.3%
2014	5.1%
2013	4.9%

CNOOC Limited

25 Chaoyangmenbei Dajie, Dongcheng District, Beijing 100010

www.cnooltd.com