

CNOOC International Limited

Standard for Competition and Anti-Trust

*Conformance with this Standard is mandatory.
You may not 'opt-out' of any requirement identified herein.*

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			√	√	√	√	√

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For document history, see the CNOOC International Management System (CIMS).

1.0 INTRODUCTION TO THIS STANDARD

1.1 PURPOSE

The purpose of this Standard is to establish procedures for ensuring that CNOOC International's practices and behaviour comply with competition and anti-trust laws in each jurisdiction that the Company conducts business in. Competition and anti-trust laws differ from country to country, and it is important that those conducting business on the Company's behalf consult the Legal Department whenever their business activities might be regulated by these laws. Failure to comply with these laws could lead to criminal and civil penalties, significant business disruptions and damage to the Company's reputation.

This is important because it will prevent activities or behaviour that:

- discourages economic efficiency and adaptability in markets
- limits opportunities for participation in markets
- impedes equitable opportunities for economic participation in markets
- limits consumers' availability to competitive prices and choices in markets

1.2 SCOPE

This Standard applies to all areas of CNOOC International's business.

1.3 INTENDED AUDIENCE

The intended audience for this Standard is detailed in the table below.

Role	Description
Chief Legal Officer	<p>Will implement, communicate, supervise, monitor and enforce this Standard.</p> <p>Is responsible for:</p> <ul style="list-style-type: none"> • developing a program/process to receive, investigate and resolve any complaints regarding suspected violations of this Standard and/or Applicable Law • developing and coordinating training and awareness programs as needed • providing prompt guidance, direction and advice on the enforcement of this Standard • ensuring that investigations and reports are handled in a confidential and consistent manner • maintaining the consistent enforcement of this Standard throughout the Company's operations <p>With respect to a suspected violation of this Standard and/or Applicable Law, in consultation with legal counsel and other departments in the Company, will:</p> <ul style="list-style-type: none"> • promptly conduct an investigation and prepare a report detailing the findings of the investigation • take disciplinary and/or corrective measures where warranted

Role	Description
Directors, Officers, Employees and Contingent Workers	Will adhere to the requirements in this Standard.

1.4 DEFINITIONS OF TERMS

For definitions, see the [CIMS Glossary](#). Capitalized terms used in this Standard have the meanings set out in the CIMS Glossary.

1.5 CONFLICT RESOLUTION

Where a conflict arises with the requirements set out in this Standard, and a Variance is required, refer to [Requesting a Variance to CIMS Documents Procedure](#).

2.0 REQUIREMENTS OF THIS STANDARD

The following table outlines the minimum requirements and quality expectations that must be satisfied to meet the intent of this Standard.

2.1 STANDARD REQUIREMENT TABLE

Requirement Number	Requirements
GENERAL	
2.1.1	Must refrain from discussing confidential commercially sensitive information with Competitors.
2.1.2	Must ensure business decisions are made independently of Competitors and are formally documented.
2.1.3	Must exercise caution when meeting with competitors. NOTE: <i>Should prepare agendas in advance and take minutes of the meeting.</i>
2.1.4	Must avoid entering into an agreement or understanding with a Competitor, customer or supplier to do any of the following without first engaging the Legal Department: <ul style="list-style-type: none"> • limit or restrict output, production or supply, or avoid selling to Competitors • allocate or divide a market or territory, or establish terms to lessen competition • participate in a boycott, price-fixing, bid-rigging or any form of collusive bidding • impose resale price restrictions on distributors or resellers <p>If any activities mentioned above arise during meetings, object and request that the discussion immediately stop.</p>
2.1.5	Must refrain from agreeing to or discussing the following with Competitors without first engaging the Legal Department <ul style="list-style-type: none"> • prices, discounts or costs • terms to be submitted in response to a tender <p>If any activities mentioned above arise during meetings, object and request that the discussion immediately stop.</p>
ALL JURISDICTION CONSIDERATIONS	
Refer to Appendices B and C for assistance in determining responsibilities under Applicable Law.	
2.1.6	Must contact a member of the Legal Department if there are questions concerning this Standard or the legal consequences of a proposed act under Applicable Law. Early consultation is vital to avoid unintended problems and lawfully structure plans to achieve business objectives.
REPORTING	
Concerns can be raised anonymously through the Company's Helpline. Those making a bona fide report of an alleged violation are protected from retaliation in accordance with the Company's How We Work: Our Integrity Guide (A099) .	

Requirement Number	Requirements
2.1.7	<p>Employees and Contingent Workers</p> <p>Must bring to the attention of his/her immediate supervisor or department head any information regarding a prior or potential violation of this Standard.</p> <p>NOTE: <i>If an Employee or Contingent Worker has reason to believe that reporting a prior or potential violation to their immediate supervisor or department head would be ineffective under the circumstances, they may report the matter directly to the senior executive of the group/division or the Chief Legal Officer.</i></p>
2.1.8	<p>Supervisors and/or Department Heads</p> <p>Must report information regarding a violation of this Standard to the senior executive of his/her group/division.</p>
2.1.9	<p>Senior Executive of Group/Division</p> <p>Must ensure a recommended resolution is in place, in addition to updating the Chief Legal Officer regarding any violations of this Standard.</p>
2.1.10	<p>Directors, Officers and Contractors</p> <p>Must bring to the attention of the Chief Legal Officer any information regarding a prior or potential violation of this Standard.</p>

2.2 MEASURING CONFORMANCE AND CONTINUOUS IMPROVEMENT

The following table summarizes the methods that must be used to measure conformance with the intent of this Standard.

Means of Verification	Method of Measurement	Role for Review and Interval	Location of Key Records and Reports
Self-Assessment	Standard review and update (if applicable)	Reviewer: Responsible Author Interval: 3 years	Legal Standards

The Methods of Measurement, identified above, will be used as a foundation to determine whether this Standard is effective and efficient; and whether opportunities exist to further improve. Refer to the [Continuous Improvement of CIMS Content – Review & Improve Business Process](#) for further details.

Audit requirements of this Standard will be determined by the CNOOC International's Corporate Audit group in conjunction with the Responsible Author.

3.0 REFERENCES AND RELATED INFORMATION

3.1 EXTERNAL REFERENCES

Not Applicable

3.2 INTERNAL REFERENCES

GLOBAL-OTR-0001 [How We Work: Our Integrity Guide](#)

3.3 RELATED INFORMATION

Not Applicable

APPENDIX A: ROLES AND RESPONSIBILITIES

For a description of the CIMS Roles and Responsibilities, refer to the [Standard for the CNOOC International Management System \(CIMS\)](#).

APPENDIX B: RELEVANT CONSIDERATIONS REGARDING “COMPETITORS”

For the purposes of this Standard, a “competitor” refers to any commercial enterprise that operates within the same industry and/or services the same marketplace as the Company, and includes actual or potential competitors.

In certain circumstances, the Company may have a long-term business relationship with a competitor that is excluded from this Standard, such as:

- joint venture agreements
- business development relationships
- industry groups or associations
- transactions (e.g., mergers and acquisitions)

In such situations, counter-parties or partners would not be considered competitors for the purposes of the Standard, provided the relationships:

- are formally documented by agreements and/or practices
- involve the alignment of commercial interests and business objectives
- are customary within the business community

APPENDIX C: RELEVANT LEGAL CONSIDERATIONS

Competition and anti-trust laws exist to maintain and encourage market competition. While Canada, the United States and the United Kingdom rely on different laws based on various treaties and legislation, the fundamentals of each are similar. The primary laws governing competition and anti-trust in China, Canada, the United States and the United Kingdom are as follows:

- **China:** *Anti-Monopoly Law* passed by the National People's Congress on 30 August 2007, and implemented as of 1 August 2008.
- **Canada:** *Competition Act*, RSC 1985, c C-34
- **USA:** *Sherman Act*, 15 U.S.C. § 1, *et seq*; *Hart-Scott-Rodino Act*
- **UK:** *Competition Act*, 1998 c 41; *Treaty on the Functioning of the European Union* (TFEU)

Each of these country's competition and anti-trust laws seek to prohibit certain activities that would prevent or substantially lessen competition in the marketplace. While some activities are expressly prohibited, others may only be found to violate the laws of the jurisdiction in certain circumstances. If there is any doubt about the legality of a proposed action, the Legal Department should be contacted.

Examples of potentially prohibited conduct are as follows:

- Conspiracy;
- Bid-rigging or collusive bidding;
- Entering agreements with competitors regarding prices, discounts, terms, etc.;
- Abuse of a dominant market position;
- Fixing prices;
- Allocating customers or dividing a market or territory amongst competitors;
- Restricting production, sales or output;
- Excluding a third party from any line of business or disadvantaging an existing competitor; and
- "Tied selling" or "bundling"

If the Company is contemplating any of the above actions, consideration should be given as to whether such action would be in compliance with the applicable laws of the jurisdiction. Specific advice can be obtained regarding competition and anti-trust law by contacting the Legal Department

BEST PRACTICES

Some best practice protocols to ensure compliance with competition and anti-trust laws are as follows:

1. Be careful when in contact with competitors at trade associations or meetings:

- Secure and review agenda and program in advance of meetings;
- Retain copies of minutes and speeches from the meetings;
- Immediately object at a meeting if a prohibited subject arises, and call for the discussion to stop; and
- If the discussion continues, leave the meeting, demand the departure, as well as the reason for the departure, be recorded, and immediately contact the Legal Department.

2. Do not exchange confidential price or product information with a competitor. If a competitor offers you this type of information, do not accept it. If a competitor, customer or supplier provides you confidential price or product information of a competitor unsolicited, document the circumstances in which the information was received and notify the Legal Department.
3. Make all pricing decisions independently of competitors or others outside of the Company. Be sure to avoid any discussion or conduct from which any agreement or arrangement with a competitor or potential competitor might be inferred.
4. Where a decision is made on pricing, customer or territorial allocation, reducing production or output, bids etc., legal advice should be obtained and the business justification for that decision should be recorded before the decision is made.
5. Do not enter into any agreements with competitors to exclude or discriminate against a third party.
6. Be careful when requesting a buyer of one product to buy another product from the Company as a condition of purchase. This could be considered “tied selling” or “bundling”, which may be found to constitute anti-competitive behavior.
7. Avoid predatory pricing, locking up scarce facilities, or making statements which exaggerate the Company’s competitive power. Record the business justification for these types of decisions and explain why it made sense for the Company. If the Company has a significant presence in a line of business and it is contemplating conduct that may be seen as anti-competitive, seek legal advice.