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Section 172 (1) statement

Section 172 (1) of the Companies Act 2006 requires a Director of a Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In so doing, a Director is to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the Company.

As the Board of Directors of the Company ("the Board"), we have regard to the Section 172(1) matters set out above as well as other factors which we consider relevant to the decisions being made. These factors include the interests and views of our shareholder and employees; the relationships with our suppliers, Joint ventures, government regulators and the local communities in which we operate; and ensuring the safety of all activities which we undertake while working towards limiting the emissions generated by our operations. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders, however by considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and predictable.

As is normal for large Companies, the Board delegates authority for day-to-day management of the Company to the Executive Leadership Team and then engages the Executive Leadership Team in setting, approving and overseeing execution of the business strategy and related standards and procedures.

At every Board meeting, the Board reviews the Company's health and safety record, financial and operational performance and legal and regulatory compliance. Over the course of the financial year, the

Board also reviews, amongst other things, the Company's five year strategic plan; key risks and challenges to the business; the diversity of our workforce and the gender pay gap; our tax strategy; and governance and compliance related matters. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and are delivered to the Board as presentations. As a result of this, we understand the nature of our stakeholders' concerns and are able to comply with our section 172 duty to promote the success of the Company.

Stakeholder Engagement

The Board is committed to understanding the views of all stakeholders in order to inform the decisions that we make. The Board recognises its responsibility to take into consideration the views and impact of the decisions on employees and broader stakeholders as part of its decision-making process and remains committed to open channels of communication with all of our key stakeholders. The Board also recognises that not all engagement takes place directly with the Board or that all information is reported directly to the Board. However, the output of our engagement informs business level decisions with an overview of developments being reported back to the Board.

The Company's key stakeholders are our; shareholder; workforce; suppliers; joint ventures and government regulators as well as the local communities in which we operate Set out below are examples of how we, the Board, have had regard to the matters set out in section 172(1) when discharging our section 172 duty.

Engagement with our Shareholder

As the Company is a wholly owned subsidiary, the ultimate parent, CNOOC Limited, plays an important role in monitoring the performance of the Company. We recognise the importance of the activities and outcomes of stewardships and regularly engage with our shareholder/ultimate parent with respect to our financial performance, strategy, business model, approach to governance and Board leadership.

Engagement with our Workforce

The Company is committed to employee involvement throughout the business. Employees are kept well informed of the performance and strategy of the Company through weekly cascades of operational

highlights and performance against key performance indicators, email and intranet updates by the Managing Director and members of the Executive Leadership Team at key points in the year and quarterly Town halls. We have two employee forums held 3 to 4 times per year, involve constituent elected representatives and each chaired by a locally based Vice President. These forums provide a space for our people to speak up and be heard by management.

The Company has an onboarding programme which introduces new employees to our business principles and cultural beliefs. Our cultural beliefs are : “Safety First”; “Be the Best”; “Results Matters”; “Do it Right”; “Be Bold”; “Step Up”; “Value Feedback” and “Win Together”. Our employees are expected to adopt our cultural beliefs in the way people think and act within the organisation to help achieve results.

We have wide training and development programmes. Of critical importance are the mandatory skills and Health Safety and Executive (“HSE”) knowledge required for our operational workforce which is closely and proactively managed and monitored. Other skills, technical, managerial are widely available with an extensive, free library of online learning. In addition we hold ‘Lunch and Learns’, ‘101s’ and ‘Techno Teas’ sessions covering technical, non-technical, soft-skills and health and well-being topics. As our people grow, so do we, and within our industry we have built a strong reputation for developing our talent. Recognising the fundamental role that improved health and well-being plays in contributing positively towards a productive workplace environment. The Company is committed to protecting and enhancing the well-being and mental health and of its employees and believes that this commitment will benefit employees through improved quality of life, job satisfaction, and increased productivity. The Company offers employees’ membership to Vitality Healthcare; Annual Bupa health check; annual Physical wellness subsidy as well as subsidised Sports and Social clubs in both Uxbridge and Aberdeen. Our HSE focal points group in each office who are volunteer groups, look at everything from mental health to office based safety improvements.

Engagement with our Suppliers

We are committed to doing business with integrity - it is how we work. As contractors and suppliers are partners in our business success, it is important that they have the same commitment to ethics, integrity and sustainable business practices as we do. In order to ensure alignment, we are committed to providing our current and prospective contractors and suppliers with the appropriate resources and tools, enabling them to work ethically, responsibly and safely.

To give suppliers a better idea about what working with integrity means to the Company, a number of

our standards and procedures are available to be reviewed on our “[Supplier Documents page](https://cnoocinternational.com/integrity-and-compliance/supplier-documents)” (<https://cnoocinternational.com/integrity-and-compliance/supplier-documents>).

These documents reinforce our values and policies with respect to health and safety, improper payments, human rights practices and fair competition. They also stress the importance of legal and regulatory compliance. Working together in this way, we believe we can deliver results.

Our Modern Slavery Statement which is reviewed and approved by the Board on an annual basis and published on the website, covers the activities of the Company and its subsidiaries and details policies, processes and actions we have taken to ensure that slavery and human trafficking are not taking place in our supply chains or any part of our business.

We are also committed to an open and transparent bidding process for procurement related to our UK operations. Our processes are based on our corporate management system which complies with all domestic and international legislative requirements and addresses the UK's Supply Chain Code of Practice principles.

Engagement with, Joint Ventures, Government, Regulators and Industry Groups

We have an open and transparent dialogue with all regulatory and industry bodies that we work with. On the regulatory side we maintain strong relationships with national and local government bodies such as the Oil and Gas Authority (“OGA”), Department for Business, Energy and Industrial Strategy, the Scottish Government and the UK Parliament. We closely support these in progressing the legislative requirement of maximising the economic recovery of the UK's oil and gas resources (“MER UK”). This includes participation in the OGA's annual Stewardship Review process which brings together the OGA with our senior management and industry counterparts to monitor regulatory compliance, technical performance and initiatives to facilitate delivery of MER UK.

Alongside this we work to build public trust through raising standards in the Oil and Gas industry and publish our tax strategy

(<https://cnoocinternational.com/en/related-content/uk/uk-tax-information>). The Company engages with the wider industry via its Board membership in the UK Oil and Gas Industry Association Limited (“OGUK”), a leading trade association for the UK oil and gas industry, and via its active involvement in the various OGUK working groups. Regular planning and review meetings with suppliers, and our joint venture partners and the government bodies are an important part of this. In particular, for each joint venture group we carry out a detailed performance survey every two years covering how we work with all stakeholders

(“Collaborative Behaviour Review”). The end product is a detailed report, shared with OGA and partners, identifying how to build on company strengths and develop areas to foster the company’s business relationships.

Engagement with the Community

We are committed to making a positive contribution to the communities within which we operate by partnering with community members and established third sector organisations in the areas around our offices in Uxbridge and Aberdeen. We build long-term trust by sharing information, consulting with these organisations and working collaboratively to understand their needs and expectations.

Our Community Investment Committee has responsibility for supporting causes and helping address issues that colleagues and the general public around where we work. The Committee also has responsibility for making and proposing decisions on community investments from our annual Community Investment budget.

As part of our Corporate Social Responsibility (“CSR”) programme, we offer employees two paid volunteering days per year. In addition, both employees and contractors are encouraged to participate in teambuilding activities that have a social benefit.

In November 2019, the Company held its inaugural CSR Conference in Aberdeen, with the theme ‘The Power of the Collective’ - to explore what can be achieved if business and charities work together towards common goals. The event brought together more than 140 representatives from 24 charities in Aberdeen and Uxbridge, 20 operators and supply chain companies, and colleagues from across the Europe and Africa business, in what is believed to be the industry’s first event of its kind.

We believe our approach to responsible development provides us with a competitive advantage by allowing us to maintain our social license to operate while also fostering support for our future growth.

Safety

“Safety First” is one of our key cultural beliefs and the success of every activity we undertake is measured on our ability to execute our work safely every day. Our employees and contractors strive to ensure our oil and gas production occurs without incident or harm to our people, communities and the environment every day. Safety is just simply a part of the way we work. Our safety performance in 2019 was a highlight of the year and represents one of our best years on record.

The personal commitment to HSE excellence and Safety statements of each Executive Leadership Team member is also published throughout both offices.

COVID-19:

In response to the Covid-19 outbreak in the UK, in March of 2020, we took a number of operational steps to help ensure the safety and wellbeing of our onshore and offshore staff. These were carried out in response to scientific and government advice, which were monitored and updated accordingly.

For our offshore workforce, this included the following actions:

- Introduced health declarations prior to travel to Aberdeen for mobilisation to ensure that travellers are not showing signs of infection or have been in close contact with someone who is
- First operator to introduce temperature screening offshore across three assets and two contracted drilling rigs
- Led the introduction of temperature and health screening at heliport, which has now been implemented across the industry
- Worked with the Aberdeen Heliport base to develop bespoke helicopter repatriation solution to safely demob multiple passengers at a time
- Introduced social distancing offshore
- Incorporating the social distancing measures, we reduced the number of passengers on helicopter flights to reduce the risk of contact.
- Introduced PCR testing for all personnel travelling to CNOOC-operated offshore assets.

For our onshore workforce, we instigated a phased reduction in people numbers at both our Aberdeen and Uxbridge offices in response to the emerging situation, access to both offices was restricted to business-critical staff and this required case-by-case approval by a member of our Executive Leadership Team. The offices were also kept available for access for any emergency response requirements.

As we have transitioned to the vast majority of our onshore workforce working from home, we have also provided advice and information on how to adjust, stay safe and protect mental wellbeing at this unprecedented time.

Our UK business operations are sustained by a number of key external contractors and suppliers. As the Covid-19 outbreak in the UK has developed, we have worked with our supply chain to help ensure their own resilience procedures and processes. Safe

and reliable offshore operations have continued with close engagement and support from our key supply chain contractors during this unprecedented time.


Finally, in addition to our planned programme of Community Investment activity, in the early stages of

the Covid-19 outbreak, we made financial donations to three charities working to support vulnerable members of the community close to our Aberdeen and Uxbridge offices.

Approved by the Board of Directors and signed on behalf of the Board:



J. D. Doyle
Director
4 June 2020



L. Kuang
Director
4 June 2020