

CNOOC International Limited

Standard for Prevention of Improper Payments

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

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For Revision and Approval history, see the CNOOC International Management System approval workflow.

1.0 INTRODUCTION TO THIS STANDARD

1.1 PURPOSE

The purpose of this Standard is to establish procedures for ensuring that CNOOC International's business is conducted in an honest and ethical manner and in compliance with relevant laws and regulations.

CNOOC Limited, its Board of Directors and senior management in all of its subsidiaries are committed to conducting business in an honest and ethical manner which reflects the highest standards of integrity and is in compliance with relevant laws and regulations.

1.2 SCOPE

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

1.3 PERSONS AFFECTED

This Standard applies to all directors, officers, Employees and Contractors of CNOOC International and any other party acting on CNOOC International's behalf.

1.4 DEFINITIONS OF TERMS

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

Agent – An Agent is a person or corporation who is retained by CNOOC International to represent it in the development of its business interests in a High Risk Country.

Americas Compliance Committee – The Americas Compliance Committee is responsible for administering this Standard in respect of all countries for which the Calgary office has exploration, development, operational responsibility currently including Canada, US, Mexico, Guyana, Trinidad, Tobago, Colombia, and Brazil and meets on a regular basis to do so.

The Americas Compliance Committee is chaired by Chief Legal Officer CNOOC International or Deputy Chair VP - Commercial & Assistant General Counsel, North America and consists of the CFO North America, Vice President, Human Resources North America, Vice President - Global Supply Chain Management and the appropriate CNOOC International executive leadership team member if based in Calgary, or delegate where not, responsible for the issue under consideration. The Americas Compliance Committee will keep its own records and supply copies of all decisions made to the Beijing and Europe Africa Compliance Committees.

Beijing Compliance Committee – The Beijing Compliance Committee is responsible for administering this Standard in respect of all countries for which the Beijing office has exploration, development, operational responsibility currently including Australia, Indonesia, and Iraq and meets on a regular basis to do so.

The Beijing Compliance Committee is chaired by Chief Legal Officer CNOOC International or the Compliance Officer Beijing and consists of senior representatives from Finance and HR as nominated and the appropriate CNOOC International executive leadership team member if based in China, or delegate where not, responsible for the issue under

consideration. The Beijing Compliance Committee will keep its own records and supply copies of all decisions made to the Americas and Europe Africa Compliance Committees.

Bribe - A Bribe is where one party gives or offers to or requests or receives from another party, either directly or through an intermediary, any money, advantage or benefit of any kind in order to improperly influence the making, or not making, or implementation of a decision or act, by that party whether public or private.

Chief Legal Officer CNOOC International – The employee holding that title and the most senior legal position concerning the legal affairs of CNOOC International.

Close Relatives of Public Officials - A Close Relative means spouses, parents, mothers and fathers-in-law, grandparents, children, siblings, spouses' siblings, first cousins and other close relatives such as where a relative is financially dependent on a Public Official.

CNOOC International – Refers to CNOOC International Limited and its subsidiaries and affiliates.

Compliance Committees – Americas Compliance Committee, Beijing Compliance Committee and Europe Africa Compliance Committee.

Contractor – A Contractor is a person or corporation who supplies materials, labour or services to CNOOC International and includes High Risk Contractors. This includes temporary contract workers, independent contractors, consultants, vendors and suppliers.

Country Manager – Refers to the individual identified as such (for the Country in question) by the applicable Compliance Committee.

Employee – Refers to all regular full-time, part-time, temporary, casual and fixed-term employees of CNOOC International and its subsidiaries.

Europe Africa Compliance Committee – The Europe Africa Compliance Committee is responsible for administering this Standard in respect of all countries for which the UK office has exploration, development, operational responsibility currently including UK, Ireland, Uganda, Nigeria, Senegal and Guinea Bissau and meets on a regular basis to do so.

The Europe Africa Compliance Committee is chaired by Chief Legal Officer CNOOC International or Deputy Chair GM - Assistant General Counsel, UK, and consists of Senior Manager Finance, Senior Manager HR and Senior Manager - Supply Chain Management and the appropriate CNOOC International executive leadership team member if based in UK, or delegate where not, responsible for the issue under consideration. The Europe Africa Compliance Committee will keep its own records and supply copies of all decisions made to the Beijing and Americas Compliance Committees.

Extortion – Extortion is an act to obtain something of value by force, threat or intimidation.

Facilitation Payment – A Facilitation Payment is an occasional small payment to a public official made solely to expedite or secure the performance of routine government actions such as:

1. Obtaining licenses, permits and/or other official documents to qualify to do business in a country;

2. The processing of government papers, such as visas and work orders;
3. The providing of routine security protection, mail services or the inspection of goods or contract performance;
4. The provision of telephone service or utilities, or the loading or unloading of cargo, or the protection of perishable goods from deterioration; or
5. Actions of a similar nature.

Foreign Joint Venture Partners – A Foreign Joint Venture Partner is a person or corporation involved in a co-venture, joint venture, or similar arrangement with CNOOC International, (1) where the co-venture, joint venture, or similar arrangement is located in a High Risk Country, or (2) where the person or corporation is from a High Risk Country.

High Risk Contractors – Means any third-party, other than Agents and Foreign Joint Venture Partners that interact with Public Officials in High Risk Countries on behalf of the Company including but not limited to lobbyists, customs brokers, freight forwarders and immigration service providers.

High Risk Country – Means a country that any of the Beijing Compliance Committee, Americas Compliance Committee or Europe Africa Compliance Committee determines is at a high level of risk with regards to Improper Payments based upon such criteria as the annual Transparency International Corruption Perception Index. The following countries are designated: Algeria, Brazil, Colombia, Congo, Gabon, Guinea Bissau, Guyana, Indonesia, Iraq, Mexico, Nigeria, Uganda, Senegal.

Improper Payments – Payments that are improper including Bribes, Kickbacks, Facilitating Payments and Extortion related payments.

Kickback – A Kickback is the payment or receipt of a portion of a contract payment, where the recipient is an individual in a position to influence the award of the contract. This may include a benefit of any kind of significant value received from or given to a Contractor or customer.

Public Official – Refers to any officer or employee of a government or any of its agencies or a government owned or controlled corporation, any officer or employee of a public international organization, any official or candidate of a political party, or any person acting in an official capacity for any such entity.

1.5 CONFLICT RESOLUTION

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

2.0 REQUIREMENTS OF THIS STANDARD

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

2.1 GENERAL

Requirement Number	Requirements
2.1.1	Any director, officer, Employee or Contractor that becomes aware of or has a reason to believe that an actual or potential violation of this Standard has occurred must report it to the Chief Legal Officer CNOOC International or VP - Commercial & Assistant General Counsel, NA or GM – Assistant General Counsel, UK or Senior Legal Manager for Asia-Pacific, SSC. Concerns can also be raised anonymously through CNOOC International's Helpline.
2.1.2	Any director, officer, Employee or Contractor making a bona fide report of an alleged violation must be protected from retaliation as set out in the Integrity Guide .

2.2 IMPROPER PAYMENTS

Requirement Number	Requirements
2.2.1	The following are Improper Payments and must not be made: <ol style="list-style-type: none"> 1. Bribes 2. Kickbacks 3. Extortion related payments 4. Facilitation Payments
Bribes	
2.2.2	CNOOC International, its directors, officers, Employees, Contractors and any party acting on CNOOC International's behalf must not: <ol style="list-style-type: none"> 1. Directly or indirectly, offer or give a Bribe or accede to any demands for a Bribe; 2. Directly or indirectly, request or receive a Bribe; or 3. Pay or offer anything of value to a Public Official or to a Close Relative of a Public Official in order to influence corruptly any act within the recipient's official capacity, or to induce the recipient to violate their lawful duty, or to induce the recipient to use their influence with a government to effect or influence any act or decision of the government for the purpose of obtaining, retaining or directing business, or to secure improper advantage.
Kickbacks	
2.2.3	CNOOC International, its directors, officers, Employees, Contractors and any party acting on CNOOC International's behalf must not Kickback any portion of a contract payment to employees or representatives of another contracting party, or utilize other techniques such as subcontracts, purchase orders or consulting agreements, to channel payments to Public Officials, to employees or representatives of another contracting party, their relatives or business associates.

Requirement Number	Requirements
2.2.4	Directors, officers, Employees, Contractors and any party acting on CNOOC International's behalf must not request or accept a Kickback any portion of a contract payment from another contracting party.
Extortion	
2.2.5	CNOOC International, its directors, officers, Employees, Contractors and any party acting on CNOOC International's behalf must not, directly or indirectly, participate in Extortion directed at CNOOC International.
Facilitation Payments	
2.2.6	CNOOC International, its directors, officers, Employees, Contractors, and anyone acting on CNOOC International's behalf must not make Facilitation Payments.

2.3 HEALTH AND SAFETY PAYMENTS

Requirement Number	Requirements
2.3.1	<p>In exceptional emergency situations involving imminent threats to the personal health and safety of Employees, their families or dependents, Contractors, or Agents working on behalf of CNOOC International, or where there is an imminent threat regarding the destruction of a material asset or material damage to the environment and where prior applicable Compliance Committee approval cannot be obtained in a timely fashion, an emergency payment can be made without prior approval.</p> <p>After such a payment has been made, it must be promptly reported to the applicable Compliance Committee. All emergency payments must be recorded in accordance with the Reporting requirements of this Standard (Requirements 2.15.1-2.15.2).</p>

2.4 GIFTS AND ENTERTAINMENT FOR PUBLIC OFFICIALS

Requirement Number	Requirements
Criteria	
2.4.1	<p>CNOOC International's Employees or Agents can provide nominal gifts or reasonable entertainment and meals to Public Officials if they are:</p> <ol style="list-style-type: none"> 1. For a bona fide and legitimate business purpose; 2. Reasonable and appropriate under the circumstances; 3. Incurred in good faith; 4. Consistent with the law or regulations of the Public Official's country including the internal policies and codes of conduct of the Public Official's employer; and 5. Not made with the intent of improperly influencing a Public Official. <p>For further direction on gifts and entertainment for non-public officials, refer to the Standard for Gifts and Entertainment.</p>

Requirement Number	Requirements
Applicable Compliance Committee Approval	
2.4.2	<p>Each Country Manager must not exceed expenditures on gifts above a maximum amount of USD 100 per transaction, per Public Official.</p> <p>The approval of this expenditure is applicable only within the country under the Country Manager's oversight.</p>
2.4.3	<p>Each Country Manager must not approve meals and entertainment expenditures above a maximum amount of USD 100 per Public Official.</p> <p>Where an expenditure is expected to be greater than the above referenced maximum amounts, the Country Manager must request the written approval of the appropriate Compliance Committee. The request of the appropriate Compliance Committee must be made prior to incurring the expenditure.</p>
2.4.4	<p>All expenditures must be consistent with the requirements of local law as it pertains to gifts, meals and entertainment for Public Officials in that country.</p>
2.4.5	<p>The applicable Compliance Committee may from time to time establish country or entity specific limits for local approval up to USD 250 to reflect the higher cost of living and entertainment costs or other items customarily provided in certain locations. Where such approval is being requested, the applicable Compliance Committee must be provided with reasonable business justification for the need for the requested increase.</p>
2.4.6	<p>Requests for reimbursement of any payment in excess of USD 100 but lower than USD 250 must be accompanied with a statement by a manager or Employee, with knowledge of the event, confirming that the amount paid was reasonable under the circumstances and that the payment does not contravene the laws or regulations of the Public Official's country or the internal policies and codes of conduct of the Public Official's employer.</p>
2.4.7	<p>As a general rule, the provision of gifts and entertainment to Close Relatives of Public Officials is not allowed.</p>
2.4.8	<p>Recurring Expenses</p> <p>When requested the applicable Compliance Committee can approve in advance routine and recurring meals and entertainment expenses for Public Officials that exceed the USD 100 amount. This approval must only be granted where the expenses meet legally permissible criteria and for a set period of time.</p>
2.4.9	<p>Aggregate Amounts</p> <p>Entertainment of any individual Public Official must not occur on a frequent and recurring basis and must not exceed an annual cumulative total of USD 300 or three times any higher amount established by the applicable Compliance Committee (refer to Applicable Compliance Committee Requirements 2.4.2-2.4.9) per Public Official per year.</p>
2.4.10	<p>Gifts must not exceed USD 100 per Public Official per year. Any gifts or entertainment expenditures above these limits must receive prior approval from the applicable Compliance Committee.</p>

2.5 TRAVEL

Requirement Number	Requirements
Criteria	
2.5.1	<p>CNOOC International must only pay or reimburse the travel costs of Public Officials if they are:</p> <ul style="list-style-type: none"> • For a bona fide and legitimate business purpose; • Reasonable and appropriate under the circumstances • Incurred in good faith • Consistent with the law or regulations of the Public Official's country; • Directly related to the execution or performance of CNOOC International business; and • Not made with the intent of improperly influencing another party. <p>Where appropriate, the applicable Compliance Committee may require written confirmation from the Public Official's employer that the provision of travel is appropriate.</p>
2.5.2	<p>Travel costs of Public Officials paid by CNOOC International must mirror Company travel practices for the equivalent position of an Employee or Canadian or UK government protocol standards with regards to class of hotel and plane ticket as decided by the applicable Compliance Committee.</p>
2.5.3	<p>As a general rule, CNOOC International will not pay travel costs for Close Relatives of Public Officials.</p>
In-Country Travel	
2.5.4	<p>A Country Manager can approve payment of reasonable in-country travel costs of Public Officials. CNOOC International will pay reasonable expenditures directly to the vendors for the direct travel between point of origin and CNOOC International's facilities, and for the actual meal and accommodation costs at the site visited.</p> <p>The payment referenced above must only occur if the expenses are reasonable.</p>
2.5.5	<p>Where it is not possible for travel costs to be individually paid to each vendor, the Country Manager can approve the reimbursement of reasonable travel costs up to a maximum amount of USD 100 per Public Official, per round trip.</p> <p>Where the expenditure is expected to be greater than USD 100, the Country Manager must request the written approval of the Applicable Compliance Committee, prior to making the expenditure.</p>
2.5.6	<p>CNOOC International must not pay or agree to pay Public Officials a travel per diem for in-country travel without the prior approval of the Applicable Compliance Committee.</p>
Out of Country Travel	

Requirement Number	Requirements
2.5.7	<p>CNOOC International will only pay or reimburse out of country travel costs of Public Officials if they are:</p> <ol style="list-style-type: none"> 1. Related to a bona fide and reasonable business purpose 2. In accordance with local law; and either 3. Based upon reasonable and verifiable per diems (as described below); or 4. Based upon the reimbursement of reasonable costs (as described below) and confirmed by original receipts to be submitted by the Public Official. <p>When obtained, written requests from a government for out of country travel must name the individual Public Official traveling.</p>
2.5.8	<p>Payment for out of country travel costs, such as plane tickets and hotel rooms, must be paid directly to vendors and not to the Public Official.</p> <p>The applicable Compliance Committee can provide annual blanket approvals for out of country travel.</p> <p>The applicable Compliance Committee's approval must be acquired in writing prior to extending the invitation to the Public Official and prior to the commencement of the travel.</p>
Out of Country Travel – Per Diems and Reimbursement of Reasonable Travel Costs	
2.5.9	<p>CNOOC International can pay travel <i>per diems</i> to Public Officials for their out of pocket costs, such as meals, telephone, fax and other local travel costs, incurred while traveling. CNOOC International must set travel <i>per diem</i> rates for site specific costs based upon current, independent third party travel surveys.</p>
2.5.10	<p>Any out of pocket costs paid directly to travel vendors (e.g. hotels or restaurants) by CNOOC International must be deducted from daily travel <i>per diem</i> amounts.</p>
2.5.11	<p>There must be no travel <i>per diem</i> paid for travel days for a stopover except as described in the requirements for Out of Country Travel – Stopovers (Requirements 2.5.13-2.5.15).</p>
2.5.12	<p>CNOOC International must reimburse any reasonable costs incurred by a Public Official based upon current, independent third party travel surveys.</p>
Out of Country Travel – Stopovers	
2.5.13	<p>Where direct flight time from point of origin to final destination is ten hours or more, and the Public Official requests a stopover, CNOOC International can pay for a one night stopover for each of the originating and return journeys, with a maximum of two stopover payments per trip.</p> <p>CNOOC International must pay reasonable stopover costs directly to the vendors. Where direct payment is not possible, the Company must provide a one day travel per diem (based upon the current, independently verified accommodation costs at the stopover site) to the Public Official, for each approved stopover.</p>
2.5.14	<p>CNOOC International must not pay the Public Official any travel <i>per diem</i> if there is no overnight stopover.</p>

Requirement Number	Requirements
2.5.15	<p>Where out of country travel coincides with the provision of government services, or the requirement of a meeting fee as approved in Government Services and Meeting Fees (Requirements 2.6.1-2.6.6), CNOOC International must not also pay travel per diems for days on which a Public Official receives compensation for government services or a meeting fee, except for limited incidental expenses as provided in the Standard for Corporate Travel.</p> <p>The Company may pay for reasonable travel costs, such as airfare, hotel rooms, and meals, directly to vendors where possible, as stated in the above requirements.</p>
Travel for Non-Public Officials	
2.5.16	<p>CNOOC International must ensure that only payment or reimbursement for travel costs of non-Public Officials is made that are:</p> <ol style="list-style-type: none"> 1. For a bona fide and legitimate business purpose 2. Reasonable and appropriate under the circumstances 3. Incurred in good faith 4. Consistent with the law or regulations applicable to that third party; 5. Directly related to the execution or performance of CNOOC International business; and 6. Not made with the intent of improperly influencing another party. <p>For further direction on travel for non-Public Officials, refer to the Standard for Corporate Travel.</p>

2.6 GOVERNMENT SERVICES AND MEETING FEES

Requirement Number	Requirements
2.6.1	<p>If a government in a country where CNOOC International does business requests that its Public Officials be compensated for serving on committees, attending committee meetings, or for providing advice or services addressing issues that impact CNOOC International's investments, then the request must be referred to the Applicable Compliance Committee for approval, prior to agreeing to the arrangement.</p> <p>The compensation can include reasonable time-based fees and benefits as approved by the government body having jurisdiction over that Public Official.</p>

Requirement Number	Requirements
2.6.2	<p>A request for approval of meeting fees must include the following information:</p> <ol style="list-style-type: none"> 1. The name and title of the Public Official(s); 2. A description of the service being provided by the Public Official(s); 3. The amount of compensation for each Public Official(s); 4. A copy of the local law or regulation under which the compensation is required, or a legal opinion from local counsel concluding that the fees are consistent with the law or regulations of the Public Official's country; 5. A copy of the written request for compensation from the government minister authorized to make the request under the applicable law; and 6. The purpose and justification for the compensation.
2.6.3	<p>The applicable Compliance Committee must only approve the compensation after being satisfied that it is:</p> <ol style="list-style-type: none"> 1. Consistent with the law or regulations of the Public Official's country; 2. Directly related to the execution or performance of Company business; 3. A bona fide and legitimate business purpose; 4. Reasonable and appropriate under the circumstances; 5. Incurred in good faith; 6. Transparent; and 7. Not made with the intent of improperly influencing another party.
2.6.4	<p>Where the provision of government services for which compensation is requested, coincides with travel by a Public Official, the Public Official must not also receive a travel per diem.</p> <p>Reasonable incidental expenses as provided in the Company's Standard for Corporate Travel may occur on a limited basis.</p>
2.6.5	<p>CNOOC International must not pay compensation for government services or meeting fees on days on which the Public Official does not provide services relevant to CNOOC International's business or during unapproved stopovers.</p>
2.6.6	<p>In the event that meeting fees may be requested by non-Public Officials, the fees must be reasonable and bona fide and they must not be made with the intent of improperly influencing another party.</p>

2.7 EMPLOYMENT

The employment or retention of individuals related to, dependent on, recommended by, or requested by a Public Official, Agent, or Contractor can lead to a violation of anticorruption and conflict of interest laws.

Requirement Number	Requirements
2.7.1	<p>CNOOC International must not retain or offer employment to Public Officials, a Close Relative of a Public Official, or individuals associated with Public Officials, Agents, or Contractors in an attempt to improperly influence a Public Official or any other person.</p> <p>Such candidates will only be employed or retained by CNOOC International once it is fully satisfied that the candidate is among the best qualified to fill the job position and that no improper influence or conflict of interest exists.</p>
2.7.2	<p>CNOOC International management must make reasonable inquiries as permitted by local law on the qualifications and background of the candidate prior to hiring in order to know if there is a relation or dependency of that candidate to a Public Official.</p>
2.7.3	<p>The following candidates must be referred to the Applicable Compliance Committee for approval prior to employment or retention by CNOOC International:</p> <ol style="list-style-type: none"> 1. A Public Official; 2. A Close Relative of a Public Official; 3. An individual known to be financially dependent on a Public Official; 4. An individual who has been recommended or requested to be hired or retained by a Public Official (whether or not there is a relation to or dependency upon a Public Official). <p>Applicable Compliance Committee approval is not required where a government or a government ministry, department or official agency requires the Company to hire or retain secondees under local law, even where the secondee is a Public Official, or a Close Relative of a Public Official.</p>
2.7.4	<p>CNOOC International management must notify the Applicable Compliance Committee of this type of hiring, including providing full particulars of the government directive that requires the hiring of the secondee and a complete assessment of the secondee's qualifications.</p>
2.7.5	<p>Notification of continued employment including salary paid must occur on a quarterly basis.</p>

2.8 THIRD PARTIES

Requirement Number	Requirements
Agents	
2.8.1	<p>Prior to retaining an Agent, the following directives must be addressed under the oversight of the Applicable Compliance Committee:</p> <ol style="list-style-type: none"> 1. Performing due diligence on the Agent (refer to Requirement 2.8.2 Due Diligence); 2. Obtaining a written agreement or contract (refer to Requirement 2.8.4 Contract / Written Agreement); and 3. Approval of the Applicable Compliance Committee.
Due Diligence	
2.8.2	<p>VP - Commercial & Assistant General Counsel, NA or GM - Assistant General Counsel, UK or Senior Legal Manager for Asia-Pacific, SSC as appropriate must arrange for the research and documentation of the reputation, background and past performance of the prospective Agent in the areas outlined in Appendix B: Third Party Agreement Due Diligence (in consultation with appropriate expertise within and outside CNOOC International).</p>
2.8.3	<p>Upon renewing an Agent's contract, or at a minimum of every three (3) years, the due diligence must be updated.</p>
Contract / Written Agreement	
2.8.4	<p>CNOOC International must ensure that a written agreement (contract) with the Agent exists and is approved by the applicable Compliance Committee. The agreement (contract) must address the provisions set out in Appendix B: Third Party Agreement Due Diligence including identifying the CNOOC International employee charged with Agent Management responsibilities.</p>
Agent Management	
2.8.5	<p>CNOOC International must take measures reasonably within its power to ensure that:</p> <ul style="list-style-type: none"> • Any payment made to any Agent represents no more than an appropriate remuneration for legitimate services rendered by the Agent; • No part of any payment is passed on by the Agent as an Improper Payment or otherwise in contravention of applicable law or this Standard; • It maintains a record of the names and terms of employment of all Agents who are retained by it in connection with transactions with public bodies or state enterprises. This record will be available for inspection by CNOOC Limited's auditors and upon specific request, by appropriate, duly-authorized governmental authorities (under conditions of confidentiality); and • The activities of the Agent are appropriately monitored to ensure that there is no breach of applicable law or this Standard. Such monitoring must at a minimum include having a CNOOC International Employee charged with: oversight and management of the Agent, including understanding the activities of the Agent, requiring regular activity reports by the Agent, reviewing expenses and disbursements incurred by the Agent and providing an annual report on the activities of the Agent to the applicable Compliance Committee.

Requirement Number	Requirements
Foreign Joint Venture Partners	
2.8.6	Prior to entering into any co-venture, joint venture, or similar arrangement (including a commitment to establish such arrangements) with a Foreign Joint Venture Partner, CNOOC International must conduct a due diligence review of each prospective partner proportionate to the risks involved in the arrangement, with such due diligence to be updated every three (3) years.
2.8.7	Applicable Compliance Committee approval of a Foreign Joint Venture Partner must be required prior to the formation of the joint venture.
2.8.8	In forming the co-venture, joint venture, or similar arrangement, CNOOC International must seek to obtain appropriate written representations and warranties from Foreign Joint Venture Partners, depending on the nature of the joint venture and the Foreign Joint Venture Partner.
2.8.9	The representations and warranties referenced in Requirement 2.8.8 must address, among other things, the written policies and procedures of the joint venture, its accounting processes and internal controls, and CNOOC International's audit rights in the joint venture.
Contractors	
2.8.10	All agreements with Contractors or High Risk Contractors doing business on behalf of CNOOC International in High Risk Countries must include an anti-corruption clause (substantially in the form and substance as approved by Chief Legal Officer CNOOC International from time to time) that requires such Contractors to conduct their business on behalf of the Company in compliance with the applicable anti-corruption laws and their contractual obligations to CNOOC International.
2.8.11	Prior to entering into any contract with a High Risk Contractor and every three (3) years thereafter, CNOOC International must conduct a due diligence on each prospective or current High Risk Contractor similar to the requirements for retaining an Agent.
2.8.12	CNOOC International must only retain such High Risk Contractors using a written agreement with similar provisions as used in an Agent's agreement after having obtained approval from the Applicable Compliance Committee.
2.8.13	CNOOC International must ensure that it manages the relationship with such a High Risk Contractor on a basis similar to the management of its Agents.
2.8.14	All invoices of High Risk Contractors must be reviewed prior to payment, to ensure they are in accordance with the services contracted for and do not have any indication of Improper Payments being made. Such review must be confirmed in the quarterly high risk payments report as described in the Reporting requirements of this Standard (Requirements 2.15.1-2.15.2). Any suspicious amounts must be reported forthwith to the Chief Legal Officer CNOOC International who will review the matter and report their findings to the appropriate Compliance Committee.

2.9 CONTRIBUTIONS

Requirement Number	Requirements
Political Contributions	
2.9.1	CNOOC International will not make political party donations.
2.9.2	<p>CNOOC International directors, officers, Employees, Contractors, and any party acting on CNOOC International's behalf are not authorized to make any such donations on behalf of CNOOC International. Individuals may choose to contribute to a political party at their own expense but must not expense their personal donation as a CNOOC International business expense. Should any of the above listed individuals choose to attend a political party fundraiser at their own expense, or as a guest of another party, any amounts made as a political party donation (whether tax receipted or otherwise) must not be claimed as a valid CNOOC International business expense.</p> <p>Political party conventions and conferences are not deemed to be fundraising or donation events.</p> <p>For example, registration fees are meant to cover party expenses and, as such, no tax receipt is issued.</p> <p>A director, officer, Employee or Contractor may attend political party conventions as a participant or observer at their own expense.</p>
2.9.3	<p>Government Relations Employees, or Employees at the invitation of the Government Relations department, may attend in an official capacity for CNOOC International (e.g. as a policy observer or to interact with government officials).</p> <p>In these cases, associated expenses (i.e. those related to fees, travel and accommodations) are permitted but the Standard on Lobbying must be consulted and complied with.</p>
Charitable Contributions, Social Programs, and Sponsorships	
2.9.4	<p>Prior to making any charitable contribution, social program contribution or sponsorship in a High Risk Country, CNOOC International must conduct a due diligence to confirm that:</p> <ol style="list-style-type: none"> 1. Where applicable, the charity is a legitimate charitable organization or that the sponsorship recognizes a valid event or organization; 2. That the recipient organization is not controlled or otherwise closely associated with any Public Official with decision-making authority relevant to CNOOC International's business; 3. That neither the organization nor the individuals controlling or managing the organization are included on any sanctioned lists; and 4. Any organization or individual that implements a project on behalf of CNOOC International is not controlled or otherwise closely associated with any Public Official with decision-making authority relevant to CNOOC International's business and neither the organization nor the individuals controlling or managing the organization are included on any sanctioned lists. <p>Evidence of such due diligence must be appended to any approval request.</p>

Requirement Number	Requirements
2.9.5	<p>All donations must be made directly to the charitable organization (and not to an individual) and receipted and accurately recorded in CNOOC International's accounting records.</p> <p>The Applicable Compliance Committee may in its discretion require the recipient to sign appropriate anti-corruption certifications that provide audit rights regarding the use of the contribution. As part of the approval, the Applicable Compliance Committee may require follow-up inquiries with the recipient organization to determine how it has used the donation and whether the audit rights should be used.</p> <p>In addition to the requirements applicable to Charitable Contributions, the Applicable Compliance Committee may in its discretion require other conditions or requirements to apply to social program contributions and sponsorships.</p>
2.9.6	<p>Charitable contributions and sponsorships in a High Risk Country must be approved prior to the disbursement of any funds on the following basis:</p> <ul style="list-style-type: none"> • Country Manager: Up to US \$3,000 • Applicable Compliance Committee: Above US \$3,000
2.9.7	<p>The applicable Compliance Committee must review and approve all social program contributions in High Risk Countries including where assistance is provided by "in-kind" contributions of services and materials.</p> <p>For further guidance on charitable contributions, social program contributions or sponsorships in non-High Risk countries, refer to the Standard for Community Investment.</p>

2.10 BOOKS AND RECORDS

Requirement Number	Requirements
2.10.1	<p>CNOOC International must make and keep books, records and accounts which conform to high professional standards of accuracy and consistency and which, in reasonable detail, accurately and fairly reflect CNOOC International's transactions and the disposition of its assets.</p>
2.10.2	<p>All financial transactions must be properly and fairly recorded in the books of account and must be made available for inspection by CNOOC Limited and CNOOC Limited's auditors.</p>
2.10.3	<p>Must not make false or misleading entries in the books and records of CNOOC Limited for any reason.</p>
2.10.4	<p>There must be no off the books or secret accounts, nor may any documents be issued, which do not properly and fairly record the transactions to which they relate.</p>

2.11 REQUIREMENTS APPLICABLE TO DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS AND ANY PARTY ACTING ON CNOOC INTERNATIONAL'S BEHALF

Requirement Number	Requirements
2.11.1	All directors, officers, Employees, Contractors and any party acting on CNOOC International's behalf must adhere to the requirements of this Standard and the laws, rules and regulations of the countries in which they are conducting business on CNOOC International's behalf.
2.11.2	To ensure awareness of such requirements, directors, officers, Employees, as well as certain designated Contractors, must complete training when required to do so by CNOOC International. It is also the duty of directors, officers and Employees to assist the applicable Compliance Committee in carrying out its responsibilities.
2.11.3	Any director, officer, Employee or Contractor who becomes aware of a prior or potential violation of this Standard, including a request for an Improper Payment, must contact the Chief Legal Officer CNOOC International, who will investigate the allegation and report, as necessary, to the Chairman CNOOC International and to CNOOC International's Board of Directors.
2.11.4	Any director, officer, Employee, Contractor, and any party acting on CNOOC International's behalf, making a bona fide report of an alleged violation must be protected from retaliation as set out in the Company's Integrity Guide .

2.12 CNOOC INTERNATIONAL'S BOARD OF DIRECTORS AND OFFICERS REQUIREMENTS

Requirement Number	Requirements
2.12.1	Chief Legal Officer CNOOC International and the CNOOC International Chief Financial Officer must establish and maintain the practices, procedures and internal accounting controls necessary to implement this Standard and prevent any violations.
2.12.2	Chief Legal Officer CNOOC International and the CNOOC International Chief Financial Officer must assist the applicable Compliance Committee in carrying out its responsibilities.
2.12.3	Chief Legal Officer CNOOC International must ensure the appropriate dissemination and understanding of this Standard, including the provision of training.
2.12.4	Chief Legal Officer CNOOC International must investigate and report to the Chairman CNOOC International and CNOOC International's Board of Directors on all allegations and reports of Improper Payments.

2.13 APPLICABLE COMPLIANCE COMMITTEE REQUIREMENTS

The applicable Compliance Committee may delegate, in writing, approval authority under any provision of this Standard to the VP – Commercial & Assistant General Counsel, North America, GM – Assistant General Counsel, UK or Senior Legal Manager for Asia-Pacific, SSC as the case may be, or other person designated by it from time to time.

The applicable Compliance Committee has the discretion to impose special conditions and requirements pertaining to travel, gifts and entertainment, hiring and retention, charitable and social donations, and all other activities taking place in such countries.

Requirement Number	Requirements
2.13.1	The Applicable Compliance Committee must be advised of any exercise of such delegated approval authority at the next regular Applicable Compliance Committee meeting. The CNOOC International list of High Risk Countries must be periodically updated.
2.13.2	The Compliance Committees must on a regular basis coordinate a review all of the countries in which CNOOC International does business to determine the level of risk they pose to the organization.

2.14 CNOOC INTERNATIONAL CHIEF FINANCIAL OFFICER REQUIREMENTS

Requirement Number	Requirements
2.14.1	<p>The CNOOC International Chief Financial Officer must assess risk on a periodic basis in approving annual internal audit plans and the allocation of audit resources.</p> <p>Compliance risks associated with this Standard will be considered as part of that risk assessment (including the inherent risk associated with each location, level and nature of business activity and period of time since last audited).</p>
2.14.2	The CNOOC International Chief Financial Officer must approve remediation plans to prevent the recurrence of any violations that are identified through the course of the audit work and will conduct or assist with special audits or investigations of suspected violations of this Standard as required.

2.15 REPORTING

Requirement Number	Requirements
2.15.1	<p>VP - Commercial & Assistant General Counsel, NA, GM – Assistant General Counsel, UK and Senior Legal Manager for Asia-Pacific, SSC must provide a quarterly report to the applicable Compliance Committee. This report will be based upon information provided by the appropriate managers in High Risk Countries and must include, but will not be limited to:</p> <ul style="list-style-type: none"> • A list of gifts and entertainment provided to Public Officials and Close Relatives of Public Officials including a confirmation that such costs have been disbursed according to their respective approvals. This can also include a lump sum cost for small promotional items; • A list of travel costs provided to Public Officials and confirmation that such costs have been disbursed according to their respective approvals; • A list of Public Officials reimbursed by CNOOC International for serving on government approved committees, attending meetings or providing advice or a service and the amounts compensated to each Public Official; • A list of Public Officials and Close Relatives of Public Officials employed by CNOOC International, explanation for their employment, and the amounts paid for such employment including any bonuses or stock options and any significant or unusual job changes or promotions; • A list of existing Agents, status of their due diligence and amounts paid to such Agents by the Company; • A list of existing Foreign Joint Venture Partners, status of their due diligence and amounts paid to them from the respective joint venture; • A list of High Risk Contractors in High Risk Countries, status of their due diligence and amounts paid to them for their services; • A list of charitable contributions, social program contributions or sponsorships in High Risk Countries, the recipients' names and titles or political parties the recipient is affiliated with and the amount of the contributions; and • Any Health and Safety Payments made pursuant to Health and Safety Payments (Requirements 2.3.1).
2.15.2	<p>Chief Legal Officer CNOOC International must provide a summary of the above report on a regular basis to CNOOC International's Board of Directors. The report and the backup reports provided by the appropriate managers in High Risk Countries will be made available for inspection by CNOOC International and CNOOC Limited 's auditors.</p>

2.16 COMPLIANCE

Requirement Number	Requirements
2.16.1	<p>In rare circumstances, an exception to the requirements in this Standard may be appropriate.</p> <p>Any exceptions require the advanced written approval of the applicable Compliance Committee and the Chairman CNOOC International.</p>

Requirement Number	Requirements
2.16.2	All directors, officers, Employees and designated Contractors of CNOOC International must acknowledge their compliance with this Standard upon hiring and as part of the annual statement of compliance process.
2.16.3	Electronic records of all Annual Statements of Compliance must be maintained by the Integrity Resource Centre. Human Resources must maintain the records for the New Hire Statements of Compliance.
2.16.4	CNOOC International's Board of Directors must review compliance of this Standard on a regular basis and must establish procedures for obtaining appropriate reports for the purpose of the review.
2.16.5	Determination of whether a particular past or proposed payment or action is in violation of this Standard must be made at the discretion or judgement of Chief Legal Officer CNOOC International, in consultation with the applicable Compliance Committee, Chairman CNOOC International and/or CNOOC International's Board of Directors.
2.16.6	The Compliance Committees must annually coordinate and perform an assessment of CNOOC International's risk for potential compliance violations as well as industry-wide practices regarding compliance programs. The assessment may draw on information from specific anti-corruption-related risk assessments conducted by business units, internal audit, and other functions, and other information gathering initiatives deemed necessary by the Compliance Committees.
2.16.7	As a result of the review addressed in Requirement 2.16.6, the Compliance Committees must take appropriate steps to adjust CNOOC International's compliance and ethics program to address any changes in applicable risk.
2.16.8	Upon completion of the assessment, the Chief Legal Officer CNOOC International must promptly report the findings of the risk assessment and planned adjustments to CNOOC International's Board of Directors.
2.16.9	If a director, officer, Employee, Contractor or party acting on CNOOC International's behalf is found to be in violation of this Standard, appropriate corrective action, up to and including dismissal or termination of their contract, must be taken. The violation must also be reported to CNOOC International's Board of Directors as deemed appropriate by the Chief Legal Officer CNOOC International.

2.17 AUDIT REQUIREMENTS

Refer to Requirements 2.16.1 - 2.16.9.

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](#)
- [GBL-STD-0070 Standard for Community Investment](#)
- [GBL-STD-0081 Standard for Corporate Travel](#)
- [GBL-STD-0078 Standard for Gifts and Entertainment](#)
- GLOBAL-STD-0100 Standard for Lobbying

3.3 RELATED INFORMATION

- [GLOBAL-OTR-0002 How We Work: Our Integrity Guide for Suppliers](#)
- [GBL-STD-0061 Standard for Conflicts of Interest](#)
- [GBL-STD-0014 Standard for Employee and Business Expenses](#)

APPENDIX A: ROLES AND RESPONSIBILITIES

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

APPENDIX B: THIRD PARTY AGREEMENT DUE DILIGENCE

Management Information - Confirm the directors, officers and other members of management of the proposed Agent or Contractor, where applicable. Determine if any of them are Public Officials or Close Relatives of a Public Official.

Ownership Information - Confirm the stockholders, partners or other principals of the proposed Agent or Contractor, where applicable. Determine if any of them are Public Officials or the Close Relatives of Public Officials.

Affiliations - Confirm the business and government affiliations of the proposed Agent, its family and close associates.

Qualifications - Confirm the relevant qualifications of the proposed Agent or Contractor or its management personnel to perform the services required in the contract.

Financial Information - Examine the audited or unaudited financial statements of the proposed Agent or Contractor, where applicable, and confirm its ability to perform the services required in the contract.

References - Obtain character and financial reference checks about the proposed Agent or Contractor including inquiries into whether or not the relevant party has been accused of being involved in bribery or corruption in the past.

Local Law - Confirm that the performance by the Agent or Contractor of the services required in the contract is consistent with local law. Obtain an opinion of local counsel if requested by Chief Legal Officer CNOOC International.

Compensation - Confirm that the level of compensation is reasonable given the experience of the Agent, the country where services are to be performed, the expected results, and the amount and difficulty of work to be performed.

Employee Certification - The Employee who is proposing retention of the Agent will certify that the Agent has been personally interviewed and that there is no reason to believe that the Agent has violated this Standard or will violate this Standard regarding future activities on behalf of CNOOC International.

APPENDIX C. THIRD PARTY AGREEMENT (CONTRACT) PROVISIONS

- A precise definition of the scope of the Agent or Contractor's duties
- The Agent or Contractor's written acknowledgment that they understand the provisions of this Standard and agree to comply with its terms as well as any provisions of applicable law
- The Agent or Contractors's acknowledgment that the contents of the agreement may be disclosed by CNOOC International to third parties as appropriate
- The Agent or Contractor provides representations and warranties that neither it nor any of its principals, staff, officers or key Employees are Public Officials, candidates of political parties, or other persons who might assert illegal influence on CNOOC International's behalf, and that it will promptly inform CNOOC International of any changes in this status
- CNOOC International expressly states that its choice of the Agent or Contractor was made after considering factors that support a belief that the applicable law and this Standard would not be violated
- Assignment of the agreement by the Agent or Contractor is prohibited without CNOOC International's prior written consent
- Payment will be by cheque made out in the Agent's name or wire transferred to a bank account in the country of the Agents residency that is registered in the name of the Agent
- Travel, entertainment and other miscellaneous expenses will not be paid without the CNOOC International's prior written approval
- Detailed records of all travel, entertainment and miscellaneous expenses will be kept
- Automatic termination without compensation of any contract in the event of an Improper Payment in violation of applicable law or this Standard
- The Agent will make annual certifications of its compliance with applicable law and this Standard, including acknowledging that none of the payments made to it by CNOOC International have been directed towards a Public Official
- The Agent will advise CNOOC International of any accession to an official position
- CNOOC International has the right to audit the Agent or Contractor or Contractor agreement including the expenses and invoices of the Agent