

CNOOC International Limited

Standard for Gifts and Entertainment

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

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CONTENTS

1.0 INTRODUCTION TO THIS STANDARD	2
2.0 REQUIREMENTS OF THIS STANDARD.....	3
3.0 REFERENCES AND RELATED INFORMATION.....	4
APPENDIX A: ROLES AND RESPONSIBILITIES	4
APPENDIX B: GUIDING PRINCIPLES.....	5
APPENDIX C: EXAMPLES OF REASONABLE GIFTS AND ENTERTAINMENT	5
APPENDIX D: EXAMPLES OF INAPPROPRIATE GIFTS AND ENTERTAINMENT	6

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 set out the minimum requirements and quality expectations that must be met when conducting the practice of exchanging gifts, meals and other forms of entertainment or gratuities with external business Associates.

It is important that Employees and Contingent Workers do not give or receive extravagant, uncustomary or lavish gifts to or from Associates, including gifts of money, perceived value or other factors which might influence or be perceived to influence, a business decision of the Company or an Associate.

1.2 SCOPE

This Standard applies to North American and UK-based Employees and Contingent Workers.

1.3 PERSONS AFFECTED

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

Role	Description
Chief Legal Officer in consultation with Chief Financial Officer	Are responsible for: <ul style="list-style-type: none">establishing and maintaining practices, guidelines and internal controls relating to this Standarddetermining whether a violation of this Standard has occurred
Employees and Contingent Workers who are carrying out work or conducting business on behalf of the Company	Will adhere to the Requirements of 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.

STANDARD REQUIREMENT TABLE

Requirement Number	Requirements
<p>Guiding Principles</p> <p>For guiding principles, refer to Appendix B.</p>	
<p>Employee and Contingent Worker Requirements</p>	
2.0.1	Must consider how management, other Employees or stakeholders could interpret a decision related to the giving or receiving of gifts or entertainment.
2.0.2	Must not accept a level of hospitality from an Associate greater than what could reasonably be offered in return.
2.0.3	<p>Must not offer or receive a gift that exceeds CDN \$250 (or such other lower amount that local management may determine) unless prior approval has been received from an Employee or Contingent Worker's Supervisor.</p> <p>NOTE 1: <i>The limit does not apply to the giving or receiving of entertainment. The exchange of multiple gifts, with the intent of circumventing the CDN \$250 limit, is not permitted.</i></p> <p>NOTE 2: <i>For further guidance on gifts and entertainment for public officials, refer to the Standard for Prevention of Improper Payments.</i></p>
2.0.4	Must discuss with their Supervisor, an Integrity Leader, the Integrity Resource Centre or the Legal Department if a gift or offer of entertainment is questionable.
2.0.5	Must contact the Integrity Resource Centre, an Integrity Leader or the Legal department immediately if an Employee or Contingent Worker becomes aware of a violation or potential violation.
<p>For examples of reasonable gifts and entertainment, refer to Appendix C.</p> <p>For examples of inappropriate gifts and entertainment, refer to Appendix D.</p>	
<p>Company Requirements</p>	
2.0.6	Must fully protect and indemnify any Employee or Contingent Worker making a bona fide report of an alleged violation.

2.1 MEASURING CONFORMANCE AND CONTINUOUS IMPROVEMENT

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

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

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

Audit requirements of this Standard will be determined by the Company’s Corporate Audit group in conjunction with the Legal Department.

3.0 REFERENCES AND RELATED INFORMATION

3.1 EXTERNAL REFERENCES

Not Applicable

3.2 INTERNAL REFERENCES

Not Applicable

3.3 RELATED INFORMATION

[GLOBAL-OTR-0004-EN CNOOC Limited Compliance Manual for Entities and Employees](#)

[GLOBAL-STD-0024-EN Standard for Prevention of Improper Payments](#)

COUNTRIES-STD-0081 *Standard for Business Travel*

COUNTRIES-STD-0014 *Standard for Employee and Business Expenses in North America*

APPENDIX A: ROLES AND RESPONSIBILITIES

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

APPENDIX B: GUIDING PRINCIPLES

- Exchanging gifts and entertainment is an accepted business practice that helps the Company to build strong relationships with its Associates. Gifts or entertainment may be accepted when they do not obligate or inappropriately influence the recipient.
- Employees and Contingent Workers responsible for gifts and entertainment expenditures are expected to be thoughtful when making expenditures and to exercise good judgment, in determining whether the exchange of gifts and entertainment is necessary and reasonable.
- If an Employee or Contingent Worker is found to be in violation of this Standard, appropriate corrective action, including dismissal or termination of contract, as the case may be, may be taken.
- Due to the numerous variables involved in the giving and receiving of gifts and entertainment, guidelines cannot be provided for every possible scenario. When in doubt, Employees and Contingent Workers should seek the guidance of their Supervisor, the Integrity Resource Centre, their Integrity Leader or a member of the Company's Legal Department.

APPENDIX C: EXAMPLES OF REASONABLE GIFTS AND ENTERTAINMENT

The following guidelines are not meant to be exhaustive in addressing the type of gifts and entertainment circumstances that may arise. Rather, they are meant to be illustrative regarding the Company's standard of what is reasonable:

- The exchange of the item occurs infrequently;
- The exchange could be easily reciprocated by the Company;
- The benefit arising from the exchange is of limited actual or perceived value;
- There is a legitimate business purpose associated with the exchange;
- No perceived or actual obligation is created as a result of the exchange;
- The item complies with the Company's Travel Standard;
- The item complies with the Company's Employee and Business Expenses Standard;
- The item complies with the Company's [Prevention of Improper Payments Standard](#).

The following are examples of acceptable gift and entertainment practices:

- The exchange of nominal gifts such as pens, calendars, caps, shirts and mugs;
- Invitations to business-related meetings, conventions, conferences or product training seminars where the associated value is not excessive and there is a benefit to the Company in attending;
- Invitations to social, cultural or sporting events if the value is not excessive and if attendance serves a customary business purpose such as networking or business development.

APPENDIX D: EXAMPLES OF INAPPROPRIATE GIFTS AND ENTERTAINMENT

Items received by Employees or Contingent Workers that do not meet the above guidelines should be returned to the giver of the item with an explanation that acceptance of the item would not comply with the Company's guidelines. Perishable items may be donated to a charity or made available to fellow Employees or Contingent Workers. In either case, the giver of the item should be notified of the action taken. In addition, the Employee or Contingent Worker's Supervisor must be notified.

In some cultures, the return of a gift or refusal of an invitation may be considered offensive. In such cases, accepting the item on behalf of the Company would be acceptable provided the item is immediately turned over to the Company. The item and the action taken must be disclosed to the recipient's Supervisor.

To assist in the interpretation of this Standard, the following are not acceptable:

- Any item received prior to or during a competitive bid process from a bidder whether the Employee or Contingent Worker is involved in the tender process or not;
- Entertainment that cannot be utilized in a reasonable period of time (i.e. a single event ticket would be reasonable; seasons tickets would not);
- The intentional solicitation of gifts or entertainment (including the solicitation of prizes, donations or sponsorships from any third party for a charitable, recreational or social activity sponsored by the Company); this does not apply to activities that Employees and Contingent Workers are involved in personally or in a voluntary capacity;
- An honorarium for services that an Employee or Contingent Worker would not have been asked to provide except because of their Company position (i.e. delivering a speech at a conference). The Employee or Contingent Worker may accept meals, transportation and lodging in connection with providing those services;

Exceptions to this Standard, although rare, may be acceptable provided that:

- Prior written approval is obtained from a member of the Executive Leadership Team; and
- The Integrity Resource Centre is notified.

The following is a list of items that may be acceptable if the above requirements are met:

- Events that involve complimentary air travel (i.e. business educational trips to visit a plant or manufacturing facility);
- Events involving complimentary accommodation;
- Invitations to golfing, fishing, sports events or similar trips provided that such events are:
 - usual and customary for the Employee or Contingent Worker's position and the industry;
 - promote good working relationships with Associates; and other industry peers are present;
- Exchange of gifts or gratuities in excess of CDN \$250 or any lower amount that local management determines is appropriate (i.e. gifts for official events or ceremonial occasions).