

CNOOC PETROLEUM NORTH AMERICA ULC and CNOOC CANADA ENERGY LTD. MODERN SLAVERY REPORT

For the Year Ended December 31, 2023

Introduction

CNOOC Petroleum North America ULC (“**CPNA**”) and CNOOC Canada Energy Ltd. (“**CNOOC Canada**”) are committed to preventing the occurrence of forced labour and child labour in our operations and supply chains. We do not tolerate child labour, forced labour or any other form of slavery and we expect that our suppliers share our commitment to ethical and responsible business practices and support our values.

This report (the “**Report**”) has been prepared pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) and outlines the actions we have taken during the year ended December 31, 2023, to prevent and reduce the risk of forced labour or child labour occurring in our business.

This Report has been prepared as a joint report and applies to CPNA and CNOOC Canada (the “**CNOOC Entities**”). The use of the words “we”, “us” and “our” refers to the CNOOC Entities.

This Report has not been prepared as financial or investment advice or to provide any guidance in relation to our future performance. Readers should review the disclaimers beginning on page 4 of this Report.

Our Structure and Business

The CNOOC Entities were formed in British Columbia with headquarters in Calgary, Alberta, Canada each of which is an indirect wholly-owned subsidiary of CNOOC International Limited (“**CNOOC International**”). Our business takes place entirely within Canada and consists of:

- Oil sands assets located in northern Alberta and operating the Long Lake steam-assisted gravity drainage (“**SAGD**”) project near Anzac, Alberta
- A 50% partner in and operator of a 120MW natural gas fired power station near Balzac, Alberta
- A 50% partner in the 70.5MW Soderghen Wind Farm, a renewable project in the southern part of Alberta.
- A 7.23% working interest in Syncrude, a flagship oil sands mining project
- A 25% working interest in Hangingstone, a SAGD project operated by Greenfire Resources.
- Certain shale gas assets in northeast British Columbia.

As of December 31, 2023, 300 employees support our business.

Our Supply Chains

The CNOOC Entities procure goods and services from a network of approximately 3,000 suppliers across various categories and geographic regions, but primarily North America. The majority of our suppliers (by spend %) are domiciled in Canada (95.7%) and the United States (4.3%).

The primary goods and services we procure are for the maintenance and operation of oil and gas producing facilities, including underground pipelines and above ground refinery units. The materials we utilize are engineered specified materials, consisting of typical industrial items (pipes, valves fittings, chemical products, and consumable repair materials).

Tier 1 suppliers are suppliers from whom we directly procure materials that are used in the day-to-day operations of our business ("**Tier 1 Material Suppliers**"). We have 137 long-term agreements with Tier 1 Material Suppliers that comprise the vast majority of materials we purchase.

For our day-to-day operations and maintenance, there are several Canadian suppliers and distributors we utilize, with individual purchases governed by standard purchase order terms and conditions.

In many instances, for our capital and operations project work, we directly engage a small group of service suppliers on long term agreements that will supply all the materials required to complete the project ("**Tier 1 Goods and Services Providers**"). These Tier 1 Goods and Services Providers are approximately 20 in number and the focus for the CNOOC Entities in enacting changes to the Agreements (set out below) as part of the activities surrounding the Act.

The supply chain for the Canadian region is led by the internal supply chain department, utilizing global supply chain management procedures set out for all of CNOOC International Limited as well as local policies and procedures that directly affect the work for the CNOOC Entities.

Our Policies and Due Diligence Processes

The CNOOC Entities are committed to preventing the risk of forced labour and child labour in their business operations and supply chains. All contracts between CNOOC Entities and Tier 1 Material Suppliers and Tier 1 Goods and Services Providers include reference to, and the supplier covenants to adhere to, the following:

- *Compliance Manual for Entities and Employees*
- *Canadian Rules of Work Procedural Aid*
- *Conflicts of Interest*
- *Health, Safety and Environmental Policy Statements*

Within these policies there are several references to ensuring that each supplier is in compliance with all Canadian laws, including the Act. In order to maintain integrity, the CNOOC Entities have also implemented a Compliance Committee.

The Act is addressed to similar circumstances as the *Modern Slavery Act 2015* (the "**UK Act**") in the United Kingdom (the "**UK**") and with which the CNOOC Entities' UK affiliate has been in compliance for several years. The CNOOC Entities are in the process of enacting several practices from our UK affiliate that are already in place both to ensure jurisdictional consistency and a more robust approach to preventing forced and child labour.

These include:

- Incorporating aspects of the UK affiliate's *Slavery and Human Trafficking Statement* in respect of the then most recent year
- Specific language in the terms and conditions of agreements relating to suppliers disclosing how their company is in compliance with the Act (the "**Agreements**") and covenanting to act in accordance with applicable law
- Specific training for supply chain personnel on the Act and the enforcement of the terms and conditions introduced to suppliers, including regular audit regarding their obligations to submit their corporate plan.

Risks of Forced Labour and Child Labour in our Business and Supply Chains

We have reviewed our direct operations and supply chains, and we conclude that there is low risk of forced labour or child labour in our day-to-day operations. The companies in our supply chain are almost entirely North American and comprised of highly educated and skilled energy professionals, providing specific subject matter expertise, operations maintenance, or project construction services.

The CNOOC Entities recently investigated the country of origin for materials procured for day-to-day operations and found that the overwhelming amount originated within North America, with a small percentage from Europe.

With regards to our Tier 1 Material Suppliers and Tier 1 Goods and Services Providers, providing services and materials for projects, as part of our approval process we review all Tier 2 service subcontractors and material suppliers to ensure quality control and compliance with the CNOOC Entities' standards and policies.

However, the CNOOC Entities acknowledge that there are further opportunities to assess the risk of child labour and forced labour within our suppliers' extended supply chains. Specifically, we will continue to improve how we assess the origin of goods, or the components and materials, we procure from other jurisdictions where the risk of child labour or forced labour is higher. This will become part of the terms and conditions for these Agreements in coming years, where the suppliers must demonstrate compliance with the Act through regular audits against the supplier's compliance plan.

Measures Taken to Remediate Forced or Child Labour

Our assessment of the direct operations and supply chains of the CNOOC Entities for the year ended December 31, 2023, has disclosed a low risk related to forced labour or child labour. As a result, we have not needed to put into place remediation measures.

Measures Taken to Remediate the Loss of Income to the Most Vulnerable Families that Result from any Measures taken to Eliminate the Use of Forced or Child Labour in our Activities or Supply Chains

The CNOOC Entities have not identified risks of loss of income to vulnerable families resulting from measures taken by the CNOOC Entities to eliminate the use of forced labour in our activities or supply chains, and, as such, remediation measures relating to this risk have not been needed.

Employee Training

We are in the process of, and are committed to developing, a mandatory training program for employees of the CNOOC Entities that are involved in the procurement process. This training will occur annually during the same timeframe as provided in the CNOOC Entities' *Compliance Manual for Entities and Employees*. This training will provide an overview of the Act, the applicable CNOOC Entity's efforts and activities in compliance of the Act, and what individuals can do in monitoring and reporting any activities that could compromise the integrity of the CNOOC Entities in regards the Act (the "**Training Information**"). Further, we will communicate the Training Information to all employees of the CNOOC Entities and all employees will be required to acknowledge that they have read and understood the Training Information, which will be tracked internally.

Training for employees on the Act will be complete by the end of 2024 and will be an annual training held in Q3 of each year, with all employees involved in the procurement process receiving the training during onboarding as well as the annual training for all applicable employees.

The applicable employees will be required to acknowledge that they have taken the annual training, which will be tracked internally.

Employees of suppliers in our supply chain will have additional training regarding revised terms and conditions for Agreements with our suppliers that obligate the supplier in providing a plan for compliance with the Act, and measures to audit such suppliers. This additional training will also take place annually for supply chain employees and will be given to new supply chain employees onboarding into the company.

Measuring Our Effectiveness

In relation to our supply chain, we are in the process of, and are committed to revising existing Agreements with suppliers, with additional obligations for such suppliers to disclose their plans to comply with the Act. We will be auditing such suppliers against their supplied plan within one year of receipt and subsequently on a yearly basis thereafter. We commit the CNOOC Entities to employing remediation measures if, within one year following the audit results, a risk of forced labour or child labour is disclosed within our supply chain.

As well, training will be mandatory with regard to the above. We will be internally tracking all employees to ensure they have taken such training and have acknowledged compliance with internal policies.

Disclaimers

This Report does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities.

Forward-Looking Information

Certain information in this Report may constitute forward-looking information within the meaning of applicable securities legislation. Specific forward-looking information in this Report includes, without limitation, statements relating to our future plans for training employees and supplier employees on forced and child labour, our intentions to change Agreements to ensure more robust acknowledgements of and compliance with the Act and our intentions to improve how we assess the origin of goods, or the components and materials, we procure from other jurisdictions where the risk of child labour or forced labour is higher. Forward-looking information may also include information

regarding our respective future plans or objectives or other information that is not comprised of historical fact and includes statements that contain words such as “could”, “should”, “anticipate”, “expect”, “believe”, “plan”, “propose”, “estimate”, “intend”, “project”, “will”, “may”, “forecast”, “outlook” and similar expressions suggesting future outcomes or events.

Any such forward-looking information is based on information currently available to us and is based on assumptions we believe are appropriate in the circumstances.

However, such forward-looking information involves significant risks and uncertainties. A number of factors could cause actual results to differ materially from those discussed in the forward-looking information. We caution readers not to place undue reliance on any such forward-looking information. Such information is current only as of the date on which it was made. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking information contained in this Report.

Board approval

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

CNOOC PETROLEUM NORTH AMERICA ULC



Tian Peng
Director

May 29, 2024

I have authority to bind CNOOC Petroleum North America ULC.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

CNOOC CANADA ENERGY LTD.



Tilak R.K. Nithiyewaran
Director

May 29, 2024

I have authority to bind CNOOC Canada Energy Ltd.