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Section 54 – Slavery and Human Trafficking Statement

Integrity is a core Nexen value and it is a defining characteristic of how we work. Fostering ethical, responsible and safety-orientated behaviours everywhere we work means we achieve better results and build loyalty and trust with all of our stakeholders.

Key to our culture of integrity is our commitment to the requirements of the Modern Slavery Act 2015 (the “**Act**”) and taking all reasonable steps to ensure that slavery and human trafficking is not taking place in any of our supply chains or in any part of our business. Effective human rights due diligence and supply chain management are extremely important to us.

References to “us” and “we” in this statement refer to CNOOC UK Limited on behalf of itself and all of its subsidiaries in the UK including Nexen Petroleum U.K. Limited (“**NPUL**”). As Nexen's primary contracting entity for its operations in the UK, we recognise that the requirements of the Act are especially relevant to the supply chain of NPUL.

In 2016, we undertook several exercises supervised by Granville Clutterbuck, Supply Chain Manager and member of the Aberdeen Management Team, in conjunction with our Legal department to ensure our compliance with the Act. We also continue to consult with external legal advisors in this area.

Risk assessment and due diligence was carried out in relation to our existing supply chain contracts to identify those territories and areas of procurement which might represent a higher risk to our business. We then issued correspondence to each relevant supplier notifying them of the requirements of the Act and requesting details of the measures they have taken to comply with the Act.

To manage these risks going forward, we have also updated our suite of supply chain contracts with a new clause to ensure that there is a firm contractual obligation on our counterparties to comply with the Act. Our tender documentation also now includes a supplier questionnaire to assist with our due diligence and risk evaluation.

We are a member of the International Petroleum Industry Environmental Conservation Association (“**IPIECA**”), the global oil and gas industry association for environmental and social issues. IPIECA has engaged with very experienced risk management supply chain consultants Verisk Maplecroft and a selection of operators and suppliers to develop a comprehensive Modern Slavery supplier questionnaire which we in turn considered to develop our own more focussed questionnaire to supplement our existing supplier qualification processes. Current supplier qualification processes include the use of Achilles First Point Assessment (“**FPAL**”) which qualifies, evaluates and monitors suppliers on behalf of the UK oil and gas industry. FPAL has recently updated its supplier registration process to assist us in our compliance with the requirements of Section 54 the Act.

As suppliers are partners in our business success, it is important they have the same commitment to ethics, integrity and sustainable business practices as we do. We will not work with suppliers who do not demonstrate a commitment to the requirements of the Act. In order to ensure alignment, we are committed to providing our current and prospective suppliers with the appropriate resources and tools to enable them to work ethically, responsibly and safely. These tools include our Supplier Policies

(<http://www.nexencnoocLtd.com/en/Governance/SupplierPolicies.aspx>) comprising, among other policies, our Human Rights Policy (A105) and our supplier code of conduct, How We Work: Our Integrity Guide for Suppliers

(<http://www.nexencnoocLtd.com/en/AboutUs/IntegrityAndCompliance/OurIntegrityGuide.aspx>). These set expectations of how we do business within the supply chain, reinforcing adherence to our corporate values and company policies. Our Integrity Guide expressly sets out our expectation that our suppliers conduct their operations in a responsible manner, respecting the rights of the individuals they employ. This includes following appropriate hiring practices, adhering to applicable labour laws and ensuring that all employees are treated with dignity, respect and fairness. We expect our suppliers to support and respect human rights and avoid complicity in human rights abuses. The Integrity Guide cross references our Human Rights Policy (A105) and there is an express contractual undertaking in all our contracts for suppliers to comply with it. We report on our Human Rights Policy (A105) in our Sustainability Reports.

We also monitor the impact of our operations in the communities where we work. To reinforce our commitment in this area, we support the United Nations Universal Declaration of Human Rights within our own Human Rights Policy (A105) and we encourage our employees to speak up if they see behaviour that violates human rights through implementation of our Speaking Up Policy (A163). We engage openly and honestly in the communities where we operate respecting universal human rights and the rights of aboriginal and indigenous people. We communicate our commitment to social responsibility through our Indigenous Peoples Policy (A173) and candid, timely and public disclosure of our Health, Safety, Environment and Social Responsibility Policy (A136)

(<http://www.nexencnoocLtd.com/en/Governance/CompanyPolicies.aspx>).



Ray Riddoch

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Director, CNOOC UK Limited

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