



2022

CANADIAN REPORT

# Sustainability at CNOOC International

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Our 2022 Sustainability Report is a journey through how we deliver on our commitment to social and environmental sustainability.

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# Who We Are: Our Business at a Glance

CNOOC International (“CNOOC”) is a global energy company with operations in Asia, Africa, the Americas, the Middle East and Europe. Our successful growth as an upstream oil and gas producer has been achieved by consistently finding and developing world-class assets.

In Canada, our operations vary from resource type to development stage. Our oil sands operations, located south of Fort McMurray in Alberta, are a key part of our parent company’s global portfolio. Also in Alberta is the Balzac Power Station and the Soderglen Wind Farm – a renewable project in which we are a 50% partner. We also have shale gas assets in Northeast British Columbia.



## Long Lake Oil Sands Operations

CNOOC International’s Long Lake facility, located in northern Alberta just south of Fort McMurray, began producing in 2008 and is a SAGD (steam-assisted gravity drainage) operation, with production capacity of 72,000 barrels of bitumen a day.

### KEY MILESTONES IN 2022

- Exited 2022 with a **new daily production record**.
- Achieved our **best-ever regulatory non-compliance and reportable spill performance**, and closed out the year with zero Tier 1 events and zero reportable spills.
- Achieved restart at **Kinosis 1A (K1A)** at the end of 2022.
- Made progress on our **Partial Upgrader Project** with OrCrude and Sulfur Recovery Unit startup.

- Continued to see strong results at **Long Lake SW** with current production of ~14,500 bbl/d.

### OTHER OIL SANDS INTERESTS

- 25% non-operating interest in Hangingstone, a SAGD joint-venture project operated by Japan Canada Oil Sands (JACOS).
- 7.23% non-operating interest in Syncrude’s oil sands mining and upgrading facility.



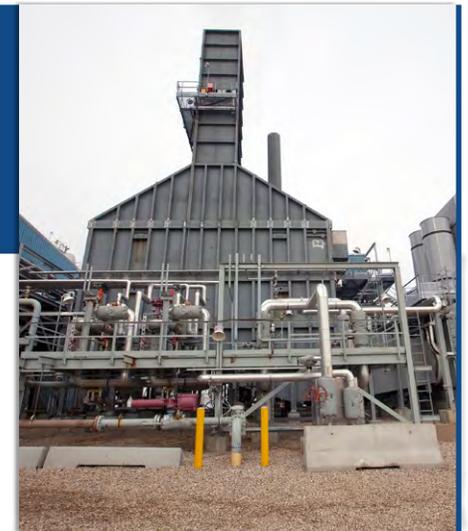


## Balzac Power Station

CNOOC International is a 50% partner and operator of a 120 megawatt, natural gas-fired, combined cycle power station. This is a 50/50 joint venture between CNOOC International and ENMAX Energy.

### KEY MILESTONES IN 2022

- Achieved 4,115 days without a recordable injury/illness and maintained an outstanding record of zero Lost Time Injuries (LTI) since the facility's commissioning in 2001.
- Generated over 248,000 megawatt hours for the Alberta electricity grid in 2022, which is equivalent to powering about 35,000 homes for one year!



## Soderghen Wind Farm

CNOOC International is a 50% partner in the 70.5-megawatt Soderghen Wind Farm operated by TransAlta in Southern Alberta.

### KEY MILESTONES IN 2022

- The wind farm consists of 47 turbines that produced a total of 116,500 megawatt hours in 2022, which is equivalent to powering about 16,000 homes for one year!\*



\*Approximate calculation based on average consumption from a home divided by total annual output by the average annual consumption.



## Message from our CEO

In 2022, as we celebrated CNOOC International's 10<sup>th</sup> anniversary, we also celebrated many firsts, including a production milestone at Long Lake and restart at Kinosis 1A. These significant achievements would not have been possible without the dedication and hard work of our entire CNOOC team.

With a record number of major projects and work hours in 2022, the safety risk was significant. Teams across the organization rose to the challenge and delivered strong safety performance, with our best-ever regulatory non-compliance and reportable spill performance.

We also saw record financial results. With strong oil prices and tight cost control, staff from all areas of our business worked together to reduce costs where possible.

I also would like to highlight our continued commitment to building strong relationships in the communities where we live and work. In 2022, this included a focus on creating win-win partnerships and making significant investments in the community, specifically in the areas of food security, youth empowerment and health and wellness.

We made significant headway in 2022 which will set the foundation for the coming year. Our slogan for 2023 reflects the tremendous work we've accomplished so far: Always united, enterprising and striving for excellence. We have a strong, fit-for-purpose team in place, and our focus will be on continuous improvement of our safety performance, while growing our business sustainably.

On behalf of our entire management team, I'd like to thank you for your continued support. I look forward to sharing our progress with you in the coming years.



Li Feng  
CEO – CPNA



# Driving Improved HSE Performance

At CNOOC, we firmly believe there is always time to do it right. This means the safety of our people will always come ahead of operational or financial performance. This is both a commitment from our leaders and an expectation of each and every member of our CNOOC team.

We consistently strive to improve our safety practices by sharing incident learnings, understanding and acting on trends and data, and celebrating our achievements. Our Life Saving Rules and Stop Work Authority continue to provide the foundation for enhancing our Safety First culture.

In addition to every day actions to reinforce the importance of safety across our organization, in 2022, we held our annual North American HSE Conference with over 200 staff from Calgary, Houston, Long Lake, Balzac and Beijing to advance understanding around key HSE topics.

**In 2022, we set a record with the highest number of work hours in the last three years!**

**4,020,097 hours**



## OUR PROGRESS IN 2022

- 0 Significant events
- 0 Tier 1/Tier 2 Process Safety Events

In 2022, we experienced a large number of exposure hours and high-risk work which included pipeline construction, equipment maintenance to reinstate our Upgrader and the Kinosis facility, as well as subsurface work. However, we are proud to say we closed the year with zero significant events.



## OUR PROGRESS IN 2022 (CONT'D)

While occupational safety is a key area of focus, we are committed to continuous improvement in preventing process safety events.

Process Safety performance has been strong, with zero Tier 1 and Tier 2 events in 2022.

Process safety events are an unplanned and sudden hazardous release of material or energy from a process. The consequences or impacts of a process safety event could be harm to people, negative environmental effects, damage to property, business interruption and or impact on company reputation.

## MAJOR PROJECTS, MAJOR SUCCESS

In 2022, we achieved two significant milestones: K1A Recovery and the Upgrader Restart. Both projects presented many HSE related challenges including a large, diverse workforce with varying levels of safety management experience, as well as extreme weather conditions. Despite the challenges, there were no major incidents.

We proactively implemented a number of activities to reduce risk including Safety Stand Downs, which gathered approximately 200 people after every long weekend to raise awareness and leverage learnings from previous events to prevent recurrence. We also implemented work guidance to address backing and movement of vehicles as well as training and reminders on peripheral task hazard identification and prevention.



Safety Stand Down with staff at Long Lake, Alberta



In 2022, we saw a record number of work hours as we advanced our major projects, continuing to grow production. We were able to successfully manage the increased risk due to strong asset management and project teams dedicated to maintaining safe and reliable execution of work.

While I am extremely proud of the teams for what they achieved, it's how they worked that demonstrates the culture we've worked hard to build. I believe we have set a new standard that will enable us to continue to deliver strong safety performance in 2023 and the years to come.

**BRENT JESSIMAN** GM – HSE, NORTH AMERICA



## STRENGTHENING OUR RELATIONSHIPS

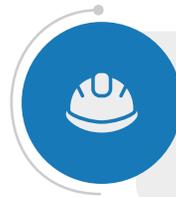
Our success in 2022 was realized in part from the strong relationships we continued to develop with external stakeholders, including the Alberta Energy Regulator (AER). To facilitate placing the newly constructed Long Lake to Kinosis Phase 1A (K1A) Boiler Feed Water (BFW) and Produced Emulsion pipelines into service, the project team, working together with all related departments, successfully received AER authorization for both in Q4. The receipt of these authorizations from the AER has been several years in the making and marks a significant milestone.



L to R: Colin Clarke, Baker Hughes Director of Operations; Leon Waldner, Advisor, Artificial Lift, CPNA; Oscar Padilla, Baker Hughes Canada Sales Manager, Artificial Lift; Curtis Goulet, Baker Hughes CPNA Account Manager.



Fiber optic cables installation for the PLMS (pipeline leakage monitoring system) by Cameco



### **Recognizing our HSE performance**

In September 2022, Baker Hughes presented CPNA with a Health, Safety and Environment award recognizing 10 years of Perfect HSE Days by their field personnel supporting Electric Submersible Pump installations at Long Lake.



# Strengthening our Community

In 2022, we continued to focus on meeting both the immediate and acute needs in the communities where we operate, doing the most good for the greatest number of people. Throughout the year, we provided funding to approximately 50 community organizations in Fort McMurray, Anzac and surrounding Indigenous communities as well as Calgary.

CNOOC International's Community Investment program helps strengthen the communities where we live and work. Long-term engagement with Indigenous communities is essential to our commitment to responsible energy development. Our program is focused in the following areas:

- **Thriving and Safe Communities** – Support individuals and families in need and prioritize initiatives that build safe communities.
- **Indigenous Communities** – Support capacity building and community development for Indigenous communities directly impacted by our operations.
- **Advancing Education** – Fund programs that focus on advancing educational attainment and building knowledge related to STEM. This helps build capacity to positively impact our industry and business.
- **Green and Low-Carbon Initiatives** – We are committed to doing our part to protect the environment in which we operate. By implementing programs and technology focused on reducing carbon emissions, we are proactively responding to climate change challenges.



CNOOC representatives and Willow Lake Métis Nation representatives meeting in Anzac



**In Fort McMurray First Nation 468's 2021 Sustainability Report**, CNOOC was one of the four industry players highlighted as a meaningful contributor. The report outlines FMFN community priorities and highlights how leadership drives accountability to these priorities through the benefits of economic development that CNOOC contributes to.

## HIGHLIGHTS FROM 2022

With our priority to support thriving and safe communities, in 2022 we invested in organizations committed to food security, youth empowerment, and health and wellness.

**Food security** — We supported the Wood Buffalo and Calgary Food Banks through company and employee donations matched by CNOOC.

- **Wood Buffalo Food Bank:** \$20,000 to the **Mobile Pantry Program** assisting residents experiencing chronic hunger and food insecurity. An additional \$10,000 was donated the Wood Buffalo Corporate Challenge and Syncrude Food Drive; this event encourages other organizations to donate and has seen approximately \$300,000 donated annually.
- **Calgary Food Bank:** In July, CNOOC made a donation of \$18,500 that supported the **Weekends and More (WAM)** program, which ensure students have access to hampers containing 2-3 days worth of nutritious food.
- We contributed to the Christmas celebrations of the Heart Lake First Nation, Chipewyan Prairie First Nation, Willow Lake Métis Nation, McMurray Métis and Chard Métis by donating \$27,000 to Christmas hampers to assist families in the area needing extra support during the holidays.

**Youth empowerment** — Our commitment to supporting youth was demonstrated through scholarships we provided to **Keyano College** and Bill Woodward School students, and a donation to the **Sekewha Youth Program, Chipewyan Prairie First Nation's Youth Centre** in Janvier, Alberta, helping it achieve its vision for a healthy, safe and sustainable community. We continued our valuable partnership with **Girls Inc.** in 2022, an organization providing programs to empower women by providing a girl's exclusive safe learning environment. We also provided support to the **McMurray Métis summer student program**, designed to help local Métis students achieve valuable work experience.

**Health and wellness** — CNOOC made a \$12,300 donation to **Wellspring Alberta** to support programs focused on education, movement and meditation, self-care and expressive arts for those from Calgary and surrounding areas living with cancer and the people who support them.

In 2022, **Distress Centre Calgary** requested Calgary heat wave emergency support. CNOOC donated \$2,000 to support with the purchasing water bottles, hats, sunscreen and lip balms to help combat the heatwave.

CNOOC has been a strong supporter of **The United Way of Fort McMurray**, and this year was no exception. Through a donation of \$25,000 to the 2022 corporate campaign, employees came together to support local agencies committed to building healthy people and communities.

In 2022, we also continued our long-standing support to **Northern Lights Health Foundation** with a \$20,000/year commitment to help put essential equipment in the hands of health care workers.



CNOOC representatives at Girls Inc. Women Of Inspiration



Keyano College Gala Live Auction Sponsor



CNOOC Moosehide campaign event



CNOOC representatives enjoying Anzac Winterfest

## COMMITTED TO SUPPORTING INDIGENOUS INCLUSION IN OUR WORKFORCE

Working collaboratively, we seek to identify and develop opportunities for Indigenous groups to participate in the industry and build the knowledge and skills necessary to engage fully in the local economy. Our Long Lake operation is located approximately 50 kilometres southeast of Fort McMurray, in Anzac, Alberta. We actively support the surrounding communities that are home to Fort McMurray #468 First Nation (FMFN), Chipewyan Prairie First Nation (CPFN), Heart Lake First Nation (HLFN), and Willow Lake Métis Nation.

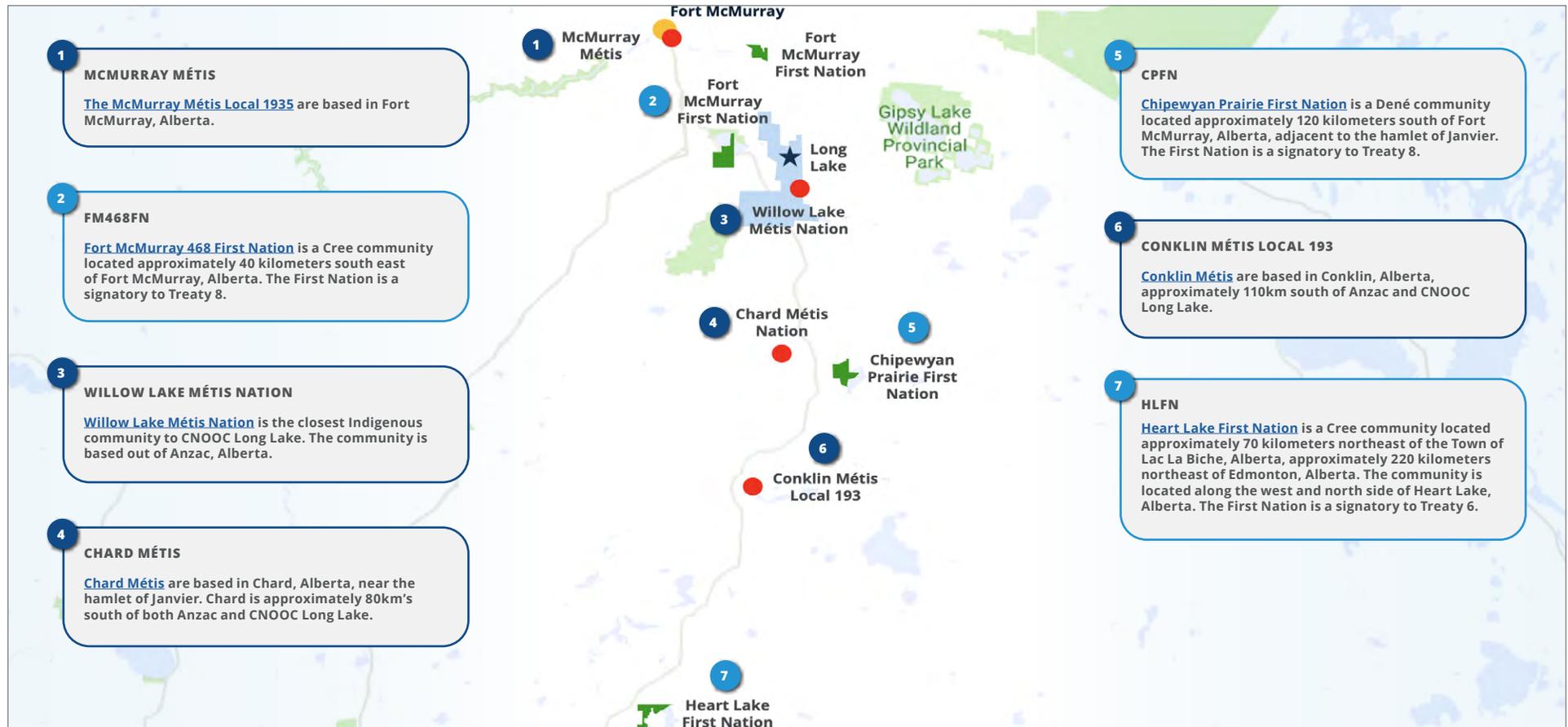


In 2022, CNOOC once again demonstrated our deeply held commitment to building strong relationships with our Indigenous neighbors. We were honoured to take part in several key community events, and to support social programs integral to the health of neighboring communities and their members. We look forward to cultivating these critical relationships and continuing to make a positive impact on the community.

**BAOSHAN LU** VP, OPERATIONS, NORTH AMERICA



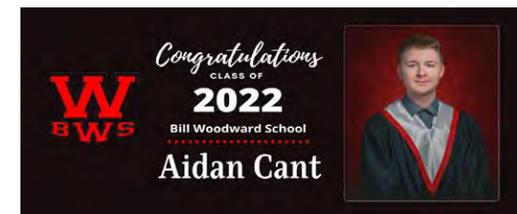
## COMMUNITY MAP



## ADVANCING EDUCATION

Since 2012, CNOOC International has awarded high school students from Anzac, Alberta, the Bill Woodward Scholarship, which provides \$2,500 per year up to four years for students entering or currently enrolled in post-secondary schools.

Over the past ten years, we have contributed more than \$100,000 to this scholarship program, helping to fund the education of 43 Anzac and other local indigenous students.



**In 2022, we gave \$20,000 to support Apple Schools with funding** to encourage healthy eating, physical activity, and mental health habits of over 9000 students in 28 different schools in the Municipality of Wood Buffalo. Apple Schools uses voices from the school to create specific plans that suite the need of the community, ensuring unique and dependable ways of increasing healthy living.

## ECONOMIC CONTRIBUTION

CNOOC International’s Canadian-based economic contributions are as follows:

Year	Capital Expenditure (CAD \$MILLIONS)	Total Royalties and Income Taxes for Canadian Operations (CAD \$MILLIONS)
2018	296	54
2019	512	92
2020	215	13
2021	335	130
2022	475	542

*Increased Capital Expenditures related to increased brownfield drilling and the progression of major projects at Long Lake (e.g.: Infill & Sidetrack drilling, K1A Recovery, Upgrader Restart).*

*Increased royalties & taxes as a result of higher production and commodity pricing in 2022.*



**Since 2013, we have provided over \$26 million in community investment and sponsorships and awarded over \$400 million in contracts with local and indigenous businesses.**

# Q & A

WITH **TONY BAGGA**

**DIRECTOR OF CONSULTATION AND BUSINESS DEVELOPMENT  
HEART LAKE FIRST NATION GOVERNMENT AND INDUSTRY RELATIONS**



**Q:** Please describe the community's relationship with CNOOC. What has stood out?

**A:** Heart Lake First Nation's relationship with CNOOC has proven to be successful on many levels. CNOOC continues to apply efforts through great communication, transparency and open dialogue. As a neighbor to our Nation, CNOOC understands true meaningful engagement. Through regular check-ins and early engagement, we have continued to strengthen and build our relationship of trust and respect.

Success has come as our collaboration partnership with CNOOC support economic reconciliation and our efforts for accelerated growth. CNOOC understands the importance of indigenous inclusion in participation. The direct benefit of such a relationship continues improve of the quality of lives for our people. With the support from CNOOC, we are able to strengthen the wellbeing of our nation's families, citizens and overall community, which in turn promotes our overall mission of self-reliance.

By maintaining and nurturing a strong relationship, we can reach our objective of economic reconciliation, growth in business, thus furthering our economic development portfolio.

**Q:** Why is a strong partnership between HLFN and CNOOC important?

**A:** Heart Lake's alliance with CNOOC plays a key role in the advancing of our goal of self sustainability. These efforts are supported when we stand together with partners such as CNOOC. With the development of a collaborative voice for community support and business participation, we will ensure a prosperous economy and community for years ahead.

Heart Lake First Nation has been a long-standing supporter of responsible resource development and the activities of the proponents. CNOOC takes a different perspective to identifying more ways to say yes to support, rather than no.

Heart Lake's ambitions and commitments to collaboration are boundless to achieving success – all it requires is creativity and the willingness to support. Partners like CNOOC make it a reality.

Our collaboration represents a commitment to work, share, learn and continue to grow together. Working alongside CNOOC supports Heart Lake's pursuit of achieving sustainability while staying true to our values and principles.

In close, our partnership does not approach a conversation with linear or positional thinking. We promote, encourage and support a multifaceted dialogue in order to identify mutual benefit.



# Minimizing Impacts to the Environment

At CNOOC International, we are committed to minimizing our impacts on the environment and ensuring sustainable development for future generations.

In 2022, through our comprehensive environmental management system, we have implemented a range of measures to reduce our environmental footprint, including the reduction of greenhouse gas emissions, the protection of biodiversity, and the responsible use of water resources. We have also actively engaged with stakeholders, including regulators, communities and industry partners, to promote collaboration and advance our collective environmental goals.

Our vision of sustainable development is to remain dedicated to upholding our environmental responsibilities through ongoing investment in new technologies.

## OUR PROGRESS IN 2022

Since 2012, we have reduced overall emissions at Long Lake by 49% while growing production. In addition, we have lowered our greenhouse gas intensity by 66% over the same period.

Oil Sands emission intensity decreased in 2022 as a result of a steady decline in the Steam Oil Ratio (SOR) throughout the year due to performance improvements.

### Long Lake Emissions

Year	Carbon Dioxide (CO <sub>2</sub> ) Equivalent Emissions <sup>1</sup> (million tonnes)	Overall Emissions Intensity (t CO <sub>2</sub> e/m <sup>3</sup> )
2018	1.86	0.72
2019	1.68	0.63
2020	1.33	0.72
2021	1.76	0.74
2022	1.86	0.67

### Balzac Power Station Emissions

Year	Carbon Dioxide (CO <sub>2</sub> ) Equivalent Emissions <sup>1</sup> (million tonnes)	Overall Emissions Intensity (t CO <sub>2</sub> e/MW-hr)
2018	0.21	0.44
2019	0.21	0.45
2020	0.25	0.44
2021	0.27	0.44
2022	0.21	0.42

<sup>1</sup> Emissions include direct emissions from operations plus indirect emissions from electric power consumption.

### Working Towards Zero Spills: Events

Year	Canadian Operations Total	Balzac Power Station & Legacy	Oil Sands
2018	10	0	10
2019	12	0	12
2020	6	1	5
2021	2	0	2
2022	0	0	0

### Working Towards Zero Spills: Volume Released (m<sup>3</sup>)

Year	Canadian Operations Total	Balzac Power Station & Legacy	Oil Sands
2018	380	0	380
2019	834	0	834
2020	12	0	12
2021	19	0	19
2022	0	0	0

Volumes include liquid and solid reportable releases.

### Regulatory Non-compliances

Year	Canadian Operations Total	Balzac Power Station & Legacy	Oil Sands
2018	53	1	52
2019	13	1	12
2020	19	9	10
2021	12	2	10
2022	11	8	3

In 2022, CPNA experienced its best-ever performance for Regulatory Non-compliances.

In addition, **97%** of inspections performed by a regulatory agency were Satisfactory (i.e. no regulatory non-compliances identified) and we surpassed the industry average for inspection performance with the primary Alberta and British Columbia regulators.



**Preventing and mitigating spills is always a focus** as it decreases impact on the environment, improves safety conditions and reduces costs associated with clean-up.

CPNA has continued its exceptional spill performance in 2022, with

**ZERO REPORTABLE SPILLS!**

This marks CPNA's best ever spill performance. Year-over-year performance improvements have been the result of an increased focus on awareness, internal and regulatory requirements, ongoing education and campaigns in Oil Sands.



## PARTNERING TO PROTECT THE ENVIRONMENT – KEY PROJECTS

In 2022, CNOOC continued to participate in a number of partnerships aimed at protecting biodiversity and improving land reclamation techniques.

- **Industrial Footprint Reductions Options Group (iFROG):** CNOOC is an active participant in iFROG, which is focused on improving oil sands construction and reclamation practices in wetland areas. This collaborative program, initiated in 2003, focuses on the development, funding, and implementation of projects to meet wetland research conditions in our approvals.
- **NAIT Boreal Research Institute and ConocoPhillips Partnership:** CNOOC has partnered with the NAIT Boreal Research Institute and ConocoPhillips to conduct a cluster planting trial aimed at developing a reclamation approach that facilitates accelerated localized canopy closure and increases structural plant diversity. A cluster planting trial site has been established on a CNOOC disposition near the Kinosis facility.
  - Also, as part of this partnership, we have conducted a soil depth replacement study aimed at investigating both the effect of limited soil capping depths on forest establishment, as well as alternative approaches to mitigate for potential limitations associated with shallow topsoil capping on industrial disturbances in the boreal region.
- **Regional Industry Caribou Collaboration (RICC):** CNOOC is a member of the Canadian Natural led Regional Industry Caribou Collaboration (RICC). RICC is a group of energy and forestry companies working collaboratively to deliver range-level efforts to recover boreal caribou and their habitat through research and restoration projects.

## ABANDONMENT & RECLAMATION PROJECTS

- **Progressing Balzac Abandonment & Remediation/Reclamation:** As of the end of 2022, over 95% of the field sites have been remediated and 62% of the sites have been reclaimed with a targeted completion date of 2024. Completion of the plant site is forecast to be 2026.



### ***CNOOC continues to reclaim unused lands associated with oil sands exploration (OSE) programs.***

In 2022, CNOOC undertook work to reclaim OSE well sites and associated remote sumps and camps. This work leveraged an investment from the Alberta Site Rehabilitation Fund to double the amount of reclamation work we did in 2022.



**SUSTAINABILITY REPORTING: LEARN MORE**

This publication highlights some of the sustainability initiatives underway at CNOOC International's Canadian operations. More information is available at [www.cnocinternational.com/sustainability](http://www.cnocinternational.com/sustainability).

**OPPORTUNITIES AT CNOOC INTERNATIONAL**

A career at CNOOC International is an opportunity to contribute to a team that values diversity and integrity and strives to be the best. It's also about working toward a common goal: creating value through safe and environmentally responsible energy development. This creates value for all stakeholders, including our owners, Canadian governments, local communities and all Canadians. To learn more, visit CNOOC International Careers at [www.cnocinternational.com/careers](http://www.cnocinternational.com/careers).

**FORWARD LOOKING STATEMENTS**

This report may contain "forward-looking statements" including statements regarding expected future events, business prospectus or financial results. These statements are based on assumptions and analyses made by CNOOC International in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that CNOOC International believes are appropriate under the circumstances. However, whether actual results and developments will meet the expectations and predictions of CNOOC International depends on a number of risks and uncertainties which could cause the actual results, performance and financial condition to differ materially from CNOOC International's expectations, including but not limited to those associated with fluctuations in crude oil and natural gas prices, the exploration or development activities, the capital expenditure requirements, the business strategy, whether the transactions entered into by the Company can complete on schedule pursuant to their terms and timetable or at all, the highly competitive nature of the oil and natural gas industries, the foreign operations, environmental liabilities and compliance. All financial information is in Canadian dollars.

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