

# **CNOOC Limited**

## **Audit Committee Charter**

### **Purpose**

1. The purpose of the audit committee (the “Audit Committee”) of CNOOC Limited (the “Company”) is to assist the board of directors of the Company (the “Board”) in fulfilling its responsibilities with respect to the integrity of the financial statements of the Company, the independence, qualifications and performance of the Company's external auditors responsible for annual audit of the Company (the “External Auditors”), compliance with legal and regulatory requirements and ongoing overseeing of the Company’s risk management and internal control systems and the internal audit function, and to prepare the Audit Committee report for inclusion in the reports as may be required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK Listing Rules”) and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, if needed. The Audit Committee is also responsible for performing certain corporate governance related duties and functions.

### **Composition**

2. Members of the Audit Committee shall be appointed by the Board from time to time and shall consist of not less than three non-executive directors. The majority of the Audit Committee shall be independent non-executive directors, each of whom shall meet and maintain the independence and experience requirements (if any) from time to time required by The Stock Exchange of Hong Kong Limited (the “SEHK”), Shanghai Stock Exchange (the “SSE”) and other securities regulatory authorities at the places where the Company’s shares are listed; and should possess over five years of working experience in Law, Economics (Finance), or other experience necessary for performing duties of independent non-executive directors; at least one member of the Audit Committee shall, in the judgment of the Board, have accounting or related financial management expertise in accordance with the relevant laws, regulations and regulatory documents.

The Board shall appoint a member of the Audit Committee who is an independent non-executive director as the chairperson of the Audit Committee (the “Chairperson”).

### **Qualifications**

3. Each member of the Audit Committee shall be financially literate (in the view of the Board). At least one member of the Audit Committee, which should be an independent non-executive director, shall have appropriate professional qualifications or accounting or related financial management expertise meeting the requirements of the SEHK Listing Rules and other relevant laws, regulations and regulatory documents.

### **Meetings**

4. The Audit Committee shall meet at least once every quarter, or more frequently if circumstances dictate or proposed by two or more members, or act by unanimous written resolutions. At least one of these meetings shall be in person, while others may be conducted by teleconference or other means of electronic communication. Except in emergencies, all papers and/or other materials for the meeting shall be sent to all Audit Committee members at least three days before each meeting. The quorum for each meeting shall be more than two-thirds of members of the Audit Committee.

The Chairperson (or in his or her absence, a member designated by the Chairperson) shall preside at all meetings of the Audit Committee. The Chairperson shall be responsible for leading the Audit Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.

Matters within the scope of responsibilities of the Audit Committee that should be reviewed and approved by the Board shall be considered and approved by the Audit Committee before submitting to the Board.

### **Annual General Meetings**

5. The Chairperson of the Audit Committee or in his/her absence, another member (who must be an independent non-executive director) of the Audit Committee, shall attend the Company's annual general meetings (or any adjournment thereof) and be prepared to respond to shareholders' questions on the Audit Committee's activities and their responsibilities.

### **Access**

6. The Audit Committee shall have full access to management. The Audit Committee shall meet separately, periodically, with management, with the Company's internal auditors and with the Company's external auditors to discuss any matters that the Audit Committee believes are relevant to fulfilling its responsibilities.

### **Minutes**

7. Full minutes of each Audit Committee meeting shall be prepared by the company secretary of the Company (who shall attend each meeting) and sent to all Audit Committee members in draft for comments as soon as reasonably practicable. Final version of minutes shall be prepared and sent to all Audit Committee members as soon as practicable.

### **Evaluation**

8. The Audit Committee shall evaluate and assess the effectiveness of the Audit Committee and the adequacy of this Audit Committee Charter on an annual basis and recommend any proposed changes (if any) to the Board.

### **Authority**

9. The Audit Committee shall have the authority to assess and monitor the independence of the Company's external auditors, and evaluate and address any questions of

resignation or dismissal of the Company's external auditors, subject to the Articles of Association of CNOOC Limited, the SEHK Listing Rules, Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other applicable regulatory requirements.

10. The Board authorises the Audit Committee to seek appropriate independent professional advice at the expense of the Company as the Audit Committee deems necessary.
11. The Audit Committee is authorised to conduct or originate investigations into any matters within the Audit Committee's scope of responsibilities and all employees shall fully cooperate with the Audit Committee.

## **Responsibilities and Duties**

### **General Principle**

12. The work of the Audit Committee shall include reviewing the quarterly, half-yearly and annual results, reviewing the risk management and internal control systems, and reviewing the effectiveness of the Company's internal audit function, and performing its other duties under the Corporate Governance Code.

### **Annual Audit**

13. The Audit Committee shall meet with the Company's external auditors and senior management prior to the annual audit to discuss the planning and staffing of the audit before the audit commences.
14. The Audit Committee shall review the annual audited financial statements and discuss them with the Company's senior management and the Company's external auditors, including the Company's "management discussion and analysis" ("MD&A") disclosures. The Audit Committee shall:
  - (a) prior to its commencement, discuss with the external auditor and review the nature and scope of the external audit and reporting obligations. The Audit Committee must consider and ensure it understands the factors considered by the external auditors in determining their audit scope and reporting obligations. The external auditors' fees are to be negotiated by the management, and presented to the Audit Committee for review and approval annually;
  - (b) discuss with the Company's external auditors all matters required to be discussed by applicable accounting standards relating to the audit including but not limited to:
    - (i) any changes in accounting policies and practices;
    - (ii) major areas entailing the exercise of judgement;
    - (iii) significant adjustments resulting from the audit;

- (iv) the “going concern” assumption and any qualifications (if applicable);
  - (v) compliance with accounting standards;
  - (vi) compliance with the SEHK Listing Rules and Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, and the requirements of the SEHK, the SSE and other securities regulatory authorities and stock exchanges at the places where the Company’s shares are listed, and any other applicable legal requirements in relation to financial reporting;
  - (vii) any analyses or other written communications prepared by management and/or the external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative Generally Accepted Accounting Principles (the “GAAP”) methods on the financial statements; and
  - (viii) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company’s selection or application of accounting principles.
- (c) review with the Company’s external auditors any problems or difficulties encountered in the course of their audit, including any material change in the planned audit work and any restrictions placed on the scope of such work, and management’s response.

Based on its review of the audited financial statements, the Audit Committee shall make its recommendation to the Board as to the inclusion of the Company’s audited financial statements in the Company’s Annual Report to the shareholders.

15. The Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the annual and interim financial reports and quarterly reports and accounts, and it should give due consideration to any matters that have been raised by the Company’s qualified accountant, compliance officer or external auditors.
16. The Audit Committee shall develop, adopt, implement and annually review, an “audit and non-audit services pre-approval policy” to ensure the external auditor’s independence. The policy shall set forth its procedures for pre-approving audit services and permitted non-audit services as well as procedures for establishing annual budgets for pre-approved services. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

## **General Matters**

17. The other authorities and duties of the Audit Committee shall be to:
  - (a) consider the appointment of the Company’s external auditors, the proposed audit fee and engagement terms, and any questions of resignation or dismissal; be primarily responsible for making recommendations to the Board on the

appointment, reappointment and removal of the external auditors, as well as approval of the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of the external auditors; where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Board shall arrange for the Corporate Governance Report in the Annual Report to include an explanation of the Audit Committee's view and the reasons why the Board has taken a different view;

- (b) be familiar with the financial reporting principles and practices applied by the Company and its subsidiaries (collectively, the "Group") in preparing its financial statements and review with the Company's external auditors and management the Group's financial and accounting policies and practices on an annual basis. Review the changes in accounting policies, accounting estimates or amendments of material accounting policies, which are made for reasons other than changes in accounting standards;
- (c) evaluate the cooperation received by the external auditors, including their access to all requested records, data and information; obtain the comments of management regarding the responsiveness of the external auditors to the Group's needs; inquire of the external auditors as to whether there have been any disagreements with management; discuss problems and reservations arising from audits, and any matters the internal or external auditors may wish to discuss (in the absence of management where necessary);
- (d) monitor the truthfulness, accuracy and integrity of the financial statements and annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgemental areas;
  - (iii) significant adjustments resulting from the audit;
  - (iv) the going concern assumption and any qualifications;
  - (v) compliance with accounting and auditing standards; and
  - (vi) compliance with the SEHK Listing Rules, the Listing Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the requirements of the SEHK, the SSE and any other applicable legal requirements in relation to financial reporting;

Members of the Audit Committee must liaise with the Board and senior management. Audit Committee must meet external auditors at least twice a year.

- (e) discuss with the external auditors any recommendations arising from the audit (if necessary or desirable in the opinion of the Audit Committee in the absence of management); and review the external auditor's management letter, any material queries raised by the external auditor to the management in respect of the accounting records, financial accounts or systems of control and management's response to the points raised both in terms of content and timing, and ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
  - (f) establish, in consultation with the Board, the Company's policy on hiring employees or former employees of the external auditors and monitoring the applications of those policies. The Audit Committee shall consider whether as a result of such hiring there has been or appears to be any impairment of the auditor's judgment or independence for the audit;
  - (g) establish procedures for the receipt, retention and treatment of complaints from the Company's employees (including confidential anonymous submissions) and review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
  - (h) act as the key representative body for overseeing the Company's relations with the external auditor;
  - (i) establish a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers), to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company;
  - (j) make recommendations to the Board on the appointment or removal of the chief financial officer;
  - (k) consider other topics that the Board may request from time to time; and
  - (l) apprise the Board of significant developments in the course of performing the above duties.
18. Non-audit services proposed to be provided by the external auditors are subject in particular to the approval by the Audit Committee in accordance with the SEHK Listing Rules, the Listing Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the relevant laws, regulations and regulatory documents of other securities regulatory authorities at the places where the Company's shares are listed concerning the independence of external auditors.

### **Risk Management and Internal Control**

19. The Audit Committee shall oversee and monitor the risk management and internal control systems of the Company on an ongoing basis and review with the Company's

external auditors and management periodically, not less than annually, the scope, adequacy and effectiveness of the Company's corporate accounting and financial controls, risk management and internal control systems, and any related significant findings regarding risks or exposures and consider recommendations for improvement of such controls. The review should cover all material controls, including financial, operational and compliance controls. In conducting annual review, the Audit Committee should, in particular, consider:

- (a) the changes, since the last annual review, in the nature and extent of significant risks (including environmental, social and governance risks), and the Company's ability to respond to changes in its business and the external environment;
  - (b) the scope and quality of management's ongoing monitoring of risks (including environmental, social and governance risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;
  - (c) the extent and frequency of communication of monitoring results to the Audit Committee (or to the board) which enables it to assess control of the Company and the effectiveness of risk management;
  - (d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and
  - (e) the effectiveness of the Company's processes for financial reporting and the compliance with the SEHK Listing Rules and the Listing Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.
20. The Audit Committee shall discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes, and budget of the Company's accounting, internal audit and financial reporting functions.
21. The Audit Committee shall consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings.
22. The Audit Committee shall review the Company's internal audit function\*, ensure co-ordination within the Group and between the Company's internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness.

*\* An internal audit function generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems so as to add value and improve the Company's operations. The internal audit function helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*

23. The Audit Committee shall report to the Board any suspected frauds and irregularities, failures of the risk management and internal control systems or suspected infringements of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board and review the findings of internal investigations into any suspected frauds or irregularities or failures of risk management and internal controls or infringements of laws, rules and regulations in relation to financial reporting.
24. The Audit Committee shall report to the shareholders that it has conducted the review of its risk management and internal control systems and as to the effectiveness of the internal audit function in the year in the Corporate Governance Report and ensure other disclosure requirements in relation to how the Company has complied with the risk management and internal control code provisions as set out in the Corporate Governance Code of the SEHK Listing Rules and relevant requirements of the Listing Rules Governing the Listing of Stocks on the Shanghai Stock Exchange are fulfilled.

### **Evaluation of Company's External Auditors**

25. The Audit Committee shall obtain confirmation and assurance as to the Company's external auditors' independence including a requirement that the Company's external auditors submit to the Audit Committee on a periodic basis, not less than annually, a formal written statement delineating all relationships between the Company's external auditors and the Company, as well as a summary of all services provided by the Company's external auditors or any related firm or company and the fees charged for such services. The Audit Committee shall review and monitor the independence, objectivity, the effectiveness of the audit process, and other performance of duties of the external auditors in accordance with the applicable standards, and in particular, it shall review any disclosed relationships or services that may impact the objectivity or independence of the Company's external auditors and take appropriate action in response to the Company's external auditors' report to satisfy itself of their independence.
26. The Audit Committee shall also require, obtain and review periodically, not less than annually, a report by the Company's auditor describing the auditor's internal quality control procedures and any material issues raised by the quality control review or peer review of the auditor, or by any investigation by governmental or professional authorities within the preceding five years regarding any independent audit conducted by the auditor and the steps taken to address such issues.

### **Oversee Internal Audit Function**

27. The Audit Committee shall review the appointment or replacement and performance of the general manager of the Company's internal audit department.
28. The Audit Committee shall ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and shall review and monitor the effectiveness of the internal audit function.



29. The Audit Committee shall review and discuss with the management in charge of the internal audit the plan, including the nature and scope of internal audit activities and the relevant reporting obligations as well as the budget and staffing of the internal audit group before the audit commences. The Audit Committee shall review on a periodic basis with the general manager of the Company's internal audit department, the progress of the proposed internal audit plan, including explanations for any deviations from the original plan and any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.
30. The Audit Committee shall review the significant reports to the management prepared by the internal audit department and the management's response to such reports and the internal control evaluation report of the Company.

### **Business Ethics and Compliance Matters**

31. The Audit Committee shall obtain reports from management, the internal auditor and the independent auditor on compliance issues with all applicable legal and regulatory requirements. The Audit Committee shall pay additional attention to:
  - (i) understanding the key legal and compliance risks of the Company and the solutions taken by management;
  - (ii) receiving and reviewing significant findings during the regulatory reviews of the records and considering the impact of the findings on the financial statements;
  - (iii) meeting as necessary with the compliance officer, such internal and external legal advisers as the Audit Committee determines to be appropriate, to discuss the results of the regulatory reviews;
  - (iv) discussing with management, internal auditors and external auditors the nature and impact of fraud involving senior management, fraud resulting in material misstatement of financial statements and fraud involving officers or other employees who have held key positions in the internal monitoring system. The description is not exhaustive. In addition, the Audit Committee may carry out such other functions as may be necessary or appropriate to exercise its supervisory functions. The Audit Committee shall have the power to delegate its powers or functions to individual members of a subcommittee or committee as it deems appropriate. In the discharge of the duty of supervision, the Audit Committee shall have the right to have access to all books of account and records of the Company, and to all premises and persons. The Audit Committee may determine in its sole and absolute discretion whether to retain legal counsel, auditors or other advisers.
32. The Audit Committee shall review the Company's business ethics and compliance policies, related reports and training programs as appropriate and shall also be responsible for performing the corporate governance duties set out below:
  - (i) develop and recommend to the Board sets of corporate governance policies and practices and periodically review and assess the adequacy of the corporate

governance policies and practices of the Company and recommend any proposed changes to the Board for approval;

- (ii) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements and make recommendations to the Board in that regard;
- (iii) review the Company's compliance with the Corporate Governance Code of the SEHK Listing Rules and disclosure in the Corporate Governance Report and make recommendations to the Board in that regard.

### **Other Matters**

- 33. The Audit Committee shall regularly report to the Board. It is not the duty of the Audit Committee to draft financial statements, plan or to conduct audits or to determine that the Company's financial statements are complete and accurate. The management is responsible for drafting the Company's financial statements, and the Company's external auditors are responsible for auditing those financial statements. The Audit Committee shall be entitled to rely on (i) the judgment of those persons and organisations within and outside the Company that it receives information from and (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organisations.
- 34. The Audit Committee may also be required to consider and report on topics designated by the Board from time to time.
- 35. The Audit Committee shall be provided by the Company with sufficient resources to perform its duties.
- 36. Matters not covered herein shall be handled in accordance with applicable laws, regulations, regulatory documents promulgated by the securities regulatory authorities and the stock exchanges at the places where the Company's shares are listed and the Articles of Association of CNOOC Limited.

### **Adoption**

This Charter was approved and adopted by the Board on October 28, 2024.