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**Corporate Social
Responsibility Report 2007**

About This Report

This is the second consecutive year that China National Petroleum Corporation (CNPC) has published its corporate social responsibility report.

In conformity with the principles of objectivity, standardization, credibility and openness, we disclose the performance of CNPC in terms of economic, environmental and social responsibility in 2007. All information contained comes from official documents and from statistical reports published by CNPC and its subsidiaries and has been duly reviewed by the departments in charge. The report is issued in both Chinese and English.

We have made improvements in the following areas:

- Improved disclosure of our corporate governance activities and a special introduction to our work to promote better corporate governance in 2007 (please refer to P6-7 for details);
- Attached more importance to communication with stakeholders and added information on social responsibilities performed for various stakeholders (please refer to P8-9 for details);
- A thematic introduction to the social responsibilities performed in key business regions and the key public welfare activities promoted by CNPC (please refer to P54-57 for details);
- Further perfected the report on the basis of the 2006 report and explained and responded to some key issues raised by various stakeholders.
- Further improved the corporate social responsibility performance index system and adjusted and added some performance data in conformity of the principle of continuity, comparability and accuracy.
- Continued to refer the *Sustainability Reporting Guidelines 2006* by Global Reporting Initiative (GRI) and *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* jointly issued by IPIECA and API, and extended the index of social responsibility performance in the appendix.

To make the report reflect our implementing practices more objectively and completely, we organized a corporate social responsibility research and field investigation and carried out systematic analysis of the responsibility scope and performance index in 2007. The results of this research have been included in this report. In the meantime, we also strengthened communication and exchange with various social circles. We invited experts and media to discuss relevant issues and give suggestions which have been adopted in this report. Many thanks to those who have contributed to this report and to those who have supported our work.

To facilitate your reading, "China National Petroleum Corporation" is referred to as "CNPC", "the corporation", "the company", and "we" in this report.

You may also read and download this report on our website and find more information about us at:
www.cnpc.com.cn

Your feedback will be much appreciated.

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President's Message

Along with the in-depth implementation of the reform and opening policy, China has entered a new stage in this era of economic globalization. The continuous fast growth of the Chinese economy has brought about a vast development space as well as complicated challenges for CNPC. In the changing environment, how to harmonize fast development with resources, environment, society and staff development while successfully transforming the development model is the key issue to be tackled by CNPC and its staff.

In 2007, in conformity of with outlook on scientific development and adhering to the corporate mission of "Caring for Energy, Caring for You", we have seized opportunities, solved various challenges, fulfilled economic, environmental and social responsibilities, and achieved new progress on the road of scientific and harmonious development.

Facing the booming energy demand of the domestic market, we have strengthened capital investment and scientific innovation and achieved key breakthroughs such as the Nanpu Oilfield. The newly proven oil and gas in place recorded a new height, and oil and gas production increment exceeded 1 million metric tons and 10 billion cubic meters respectively. Our refinery & chemicals structure and layout were optimized, oil refineries were operated at full capacity to maximize crude runs and refined products output. The refined products sales network and pipeline construction developed quickly. In addition, the nationwide pipeline network totaled 30,000km and a stable supply system has been established, which strongly promoted oil and gas transportation and market supply capabilities. Facing oil shortages in some regions, CNPC took effective measures to prevent supply breakdowns and price increases, which helped to relieve supply-demand conflicts and stabilize market supply. Meanwhile, our international business developed steadily, witnessing the breakthrough of 60 million metric tons in overseas total crude output.

Confronting the huge challenges of safe operation and environmental protection brought about by our fast expanding production scale, we attached priority to the construction of an energy-saving and environmentally friendly enterprise. In 2007, we actively promoted the perfection of our health, safety and environment (HSE) management system, carried out the Safety and Environmental Protection Year program, tackled potential hazards, and strengthened risk prevention among our entire staff, leading to continuous improvements in safe operation. In addition, we pushed forward our energy-saving and emission reduction work with ten energy-saving projects and ten emission-reduction projects including energy system optimization, embraced the up-to-standard emissions of "the three wastes", and witnessed stable reductions in energy consumption and emissions of key pollutants. There was no major environmental or industrial accidents occurred, and serious casualties during operation were reduced substantially. However, there is still a long way to go to realize the objectives of "zero injury, zero pollution and zero accident".

To cope with global climate change, CNPC together with State Forestry Administration (SFA) and China Green Foundation (CGF) established the China Green Carbon Fund in 2007 to support tree planting and energy forest construction. We exerted efforts to increase our clean energy supply: our independently developed G-IV gasoline and diesel have been put into mass production and our natural gas supply covers 26 provinces, municipalities and autonomous

regions across China, contributing greatly to air quality improvement and the further improvement of our energy mix. We attached great importance to new energy, with the development of ethanol gasoline and coal-bed methane projects. In addition, we have also signed biomass energy framework agreements with SFA and seven provinces and autonomous regions, and have established an exemplary biodiesel forest base covering 68,000 hectares. The comprehensive use of other new energies such as geothermal energy and solar energy is also progressing well.

Our employees are our most precious resource. In 2007 we popularized the human resource management system to establish an open, standardized and effective human resource management structure. We launched an enterprise annuity program and improved the salary and welfare system. We strengthened grassroots development by awarding excellent teams and individuals. We increased the salaries of employees, especially those at the grassroots and frontiers, and those in poor working conditions and key positions. Focusing on key staff and frontier teams, we strengthened technical and business training. We also launched a reform of the service system of mining zones and accelerated the housing project and slum area reconstruction project to further improve employees' living conditions.

The wealth we gain from society should serve to benefit the people. To this end, we actively promoted the joint construction of key petrochemical projects, oil and gas sales networks and biomass energy with local governments to promote the sustainable development of both CNPC and local communities. We worked hard to carry out national poverty alleviation policies through supporting remote and undeveloped areas in the Tibet and Xinjiang autonomous regions. We also supported various public welfare causes covering disaster relief, agriculture and education promotion, informationization, construction of the new socialist countryside, and Olympic service. Adhering to the spirit of "Friendship, Peace, Cooperation and Development", we contributed to local economic development and assisted the development of local communities in countries where we operate.

Standing at a new departure, CNPC is striving to become a world-class integrated international energy corporation. Remaining faithful to the mission of "Caring for Energy, Caring for You", we shall continue to fulfil our economic, environmental and social responsibilities with the operating principle of "Achieving excellence through innovation and integrity" to provide people with clean, efficient and high-quality energy and work to build a better future for all of us.

Our Concept

Adhering to the corporate mission of "Caring for Energy, Caring for You", we uphold the operating principle of "Achieving excellence through innovation and integrity". We shall attach importance to development quality while maintaining efficiency, enhance development benefits while expanding our gross output, and harmonize corporate development with resources, the environment, society and employees while fulfilling our economic, environmental and social responsibilities.

To ensure the harmonious development of people and nature, and our business and society, safety, environment and people are the top priorities in all our operations. We are committed to realizing "zero injury, zero pollution and zero accident". We shall positively cope with climate change and strongly promote energy saving and emission reduction to realize safe, clean, energy-saving and harmonious development. We want to be an environmentally friendly and resource-conservative enterprise.

Employees are our most valuable asset. Having always adhered to a people-oriented, equal and unbiased employment policy, we care for employees' lives, health and safety and respect and protect their rights and interests. We actively build a development platform for our staff and are devoted to their all-round development and to the unification of our corporate and staff values, which all serve to build harmonious working relations.

The wealth we gain from society should serve to benefit the people. We care about people's lives and social development. We provide donations to education, take part in disaster relief, and promote the development of local communities. In overseas regions, in line with the spirit of "friendship, peace, cooperation and development" and the principle of "mutual benefit and win-win for common development", we strive for the harmonious development of CNPC and local communities.

China National Petroleum Corporation (CNPC) is the largest oil and gas producer and supplier in China with businesses covering a broad spectrum of oil & gas exploration and production, refinery & chemicals, pipeline transportation, sales & marketing, oil and gas field engineering & technical services, petroleum materials and equipment manufacturing and supply. In 2007, CNPC had total assets of RMB 1,540 billion, sales revenue of over RMB 1,000 billion and a total tax payment of RMB 197.5 billion with 1,673,000 employees. CNPC was ranked 24th in Fortune Magazine's top 500 enterprises and was seventh among the world's top 50 petroleum companies in 2007. CNPC is the controlling shareholder of PetroChina Company Limited with 86.29% of the total shares.

CNPC website: www.cnpc.com.cn

CNPC in 2007

Achieving a breakthrough in resource prospecting, accomplishing record production

Newly proven oil and gas in place recorded over 800 million metric tons and 400 billion cubic meters respectively. A resource base of over 1 billion metric tons in Jidong Nanpu Oilfield was identified, and the Sulige Gas province, with a reserve scale of 1,000 billion cubic meters, was formed. Besides, our oil and gas production achieved a new high, and the difficulty in resource replacement has been relieved by continuously improving our oil and gas security capability.

Promoting the supply of clean products

The technical reconstruction and construction of four 10-million-ton refinery projects at Dalian, Dushanzi, Fushun and Guangxi progressed smoothly. In the year 2007, domestic crude runs totaled over 120 million metric tons, 2.58 million metric tons of ethylene was produced and 82.8 million metric tons of refined products were delivered. Clean products production technology has been widely applied and the percentage of high-grade G-IV gasoline reached 47%.

Enhancing the oil and gas supply network

A batch of long-distance trunk lines including the Western Pipeline and Kazakhstan-China Crude Pipeline have been built and put into operation and our total oil and gas pipelines reached 30,000 km, and Beijing Oil and Gas Transportation & Dispatching Center was established. A diversified, flexible and stable oil and gas supply system has been formed. Natural gas sales cover 26 provinces, municipalities and autonomous regions, making an important contribution to air quality and energy mix improvement.

Developing international business

Our oil and gas businesses in five overseas oil and gas cooperation regions developed stably, with 52.41 million metric tons of oil added to our recoverable reserves through our overseas operations. Over 60 million metric tons of crude and 5.4 billion cubic meters of gas were produced.

Launching biomass energy collaborative development program

A three-year plan for new energy development and use was drawn up. In addition, we signed biomass energy framework agreements with SFA and seven provinces and municipalities, and established an

exemplary biodiesel forest base covering 68,000 hectares.

Enhancing CNPC's strength through technical innovation

We developed 10 core technologies with independent intellectual property rights. In 2007, we recorded over 1,200 key technological achievements.

Supporting the initiation of Green Carbon Fund to combat global climate change

As an initiator, CNPC donated RMB 300 million to establish the China Green Carbon Fund jointly with SFA and CGF to support and promote forestry carbon sequestration and reduce greenhouse gas emissions.

Improving safety and environmental conditions

In carrying out the three-year potential safety and environment hazards treatment plan, we invested RMB 11.7 billion and treated over 2,000 potential hazards. The number of accidents and industrial casualties in the year decreased substantially. Key pollutant COD and oil discharges fell by 4.4% and 13.2%, and no serious environmental accidents took place.

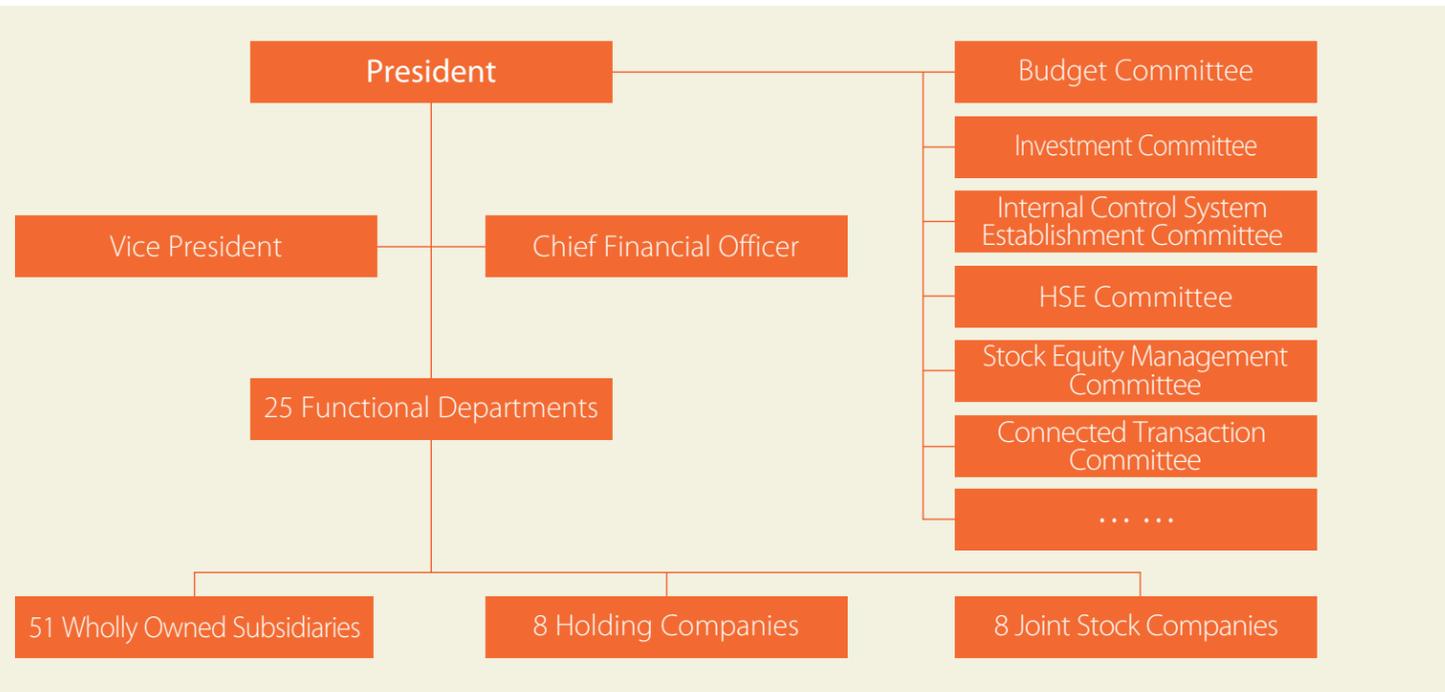
Sharing development with staff

Our human resource management system was popularized. An enterprise annuity program was launched. Grassroots development was strengthened, and over 60,000 team chiefs were trained in the past two years. We also attached importance to the health and safety of overseas staff and the concord of diversified cultures.

Supporting public welfare causes

We invested RMB 38 million to buy slots on the CCTV-7 Agricultural Channel to help promote businesses in over 40 poor counties. We carried out a batch of poverty-relief programs in Xinjiang and Tibet. We awarded scholarships worth over RMB 7.5 million to 4,141 poor students. We also donated RMB 120 million to disaster-hit areas such as Sichuan and Shandong provinces, and Chongqing Municipality.

Corporate Governance



CNPC is a state-authorized investment agency incorporated in line with the State Council Institutional Reform Plan in 1998. CNPC has established an effective organizational structure based on the president accountability system, and a centralized management system in which the president is the legal representative. CNPC has a two-level administrative management structure: headquarters and subsidiaries, and a three-level business management structure: headquarters, branches, and subsidiaries. The headquarters is in charge of executing and reviewing corporate policies and strategic plans. The State-owned Assets Supervision and Administration Commission (SASAC) of the State Council execute the shareholder's supervision rights over CNPC on behalf of the central government. In addition, discipline inspection and supervision, audit and financial supervision, and employee supervision are also in place to ensure the regulated operation of the company.

In order to build an integrated international energy corporation, CNPC is dedicated to forming a modern managerial system in line with international practices. By integrating the roles of an investment, decision-making and capital operation center, we have established the two-level contributory administrative system based on *Shareholder*

Value Management Interim Measures. Our corporate governance structure is operating according to the provisions of the *Guidelines for the Constitutions and Guidelines for Rules for Discussing Official Business* promulgated by CNPC. Moreover, the managerial functions of CNPC headquarters and the managerial system of parent corporations and their subsidiaries have been further improved with strengthened management capability over secondary subsidiaries.

Adhering to democratic centralism, we have standardized business discussion rules and improved decision-making procedures to ensure scientific, democratic and legal decision-making. We strengthened anti-corruption work by focusing on the improvement of the punishment and prevention system to reinforce supervision. We made efforts to complete the legal risk prevention and controlling system and assisted the State Auditing Administration in its financial audit of the company. We also carried out efficiency supervision focused on assets and resources management, and improved patrol inspection and carried out an anti-corruption culture program to form a long-lasting anti-corruption mechanism.

Promoting Excellent Corporate Governance

To promote excellent corporate governance, we steadily promoted enterprise reform in 2007 through the construction of a comprehensive internal control system, HSE management system, and corruption punishment and prevention systems.

Actively promoting enterprise reform

To leverage our corporate advantage, improve management and operational efficiency and enhance scientific decision-making, we optimized resource allocation in the group and actively pushed forward specialized restructuring and business integration in 2007. The functions of headquarters departments were adjusted and integrated, leading to the establishment of the Budgeting Management Office, Safety and Environmental Protection Dept., Quality Management and Energy Conservation Dept., Internal Control Dept., Procurement Dept., Mining Zone Service Dept., Comprehensive Treatment Office, and IT Service Center. The restructuring and integration of our refining and marketing business, as well as some oil and gas fields, was basically completed, while a mining zone service system reform was underway. Internal equity adjustment and mergers and acquisitions were effectively realized, and China Textile Industrial Engineering Institute joined CNPC upon the decision of SASAC.

Constructing an internal control system

To further standardize management, improve corporate governance and effectively prevent operational risks, CNPC compiled an internal control system implementation scheme and completed fundamentals such as guidelines, standards and the template of the internal control system at headquarters level in 2007. The internal control system of PetroChina Company Limited, CNPC's biggest subsidiary, has passed the audit of PricewaterhouseCoopers with zero defects and is fully operational, making it one of the first US-listed Chinese companies to pass Section 404 of the *Sarbanes-Oxley Act*.

Improving the HSE System

To realize safe, clean, energy-saving and harmonious development, CNPC reinforced its HSE system construction, compiled an HSE system plan and issued the *HSE Management System Guide*. The new guide brought an end to the different HSE models of listed

companies and non-listed companies and formed a unified, standard HSE system. The guide is applicable to CNPC and its subsidiaries and affiliates, employees, contractors, and suppliers.

For more information about CNPC's HSE system construction in 2007, please refer to Chapter 2 "Safety and Environment".

Establishing the corruption punishment and prevention system

In 2007, we included the corruption punishment and prevention system into CNPC's general development strategy, integrating it with the construction of our enterprise management system, internal control mechanism and risk prevention system. In building the system, we reinforced anti-corruption education and supervision, carefully investigated all rule-breaching cases, and seriously punished those guilty of corruption. The accountability safeguards and assessment mechanisms of the anti-corruption system were basically formed. In 2007, we compiled and amended 47 management systems and 25 supervision systems covering planning, finance, human resources, and marketing and various CNPC subsidiaries and affiliates issued and modified 1,088 and 1,398 management rules respectively, which substantially enhanced our management and supervisory capabilities.

Stakeholders

Strengthening communication with stakeholders

Stakeholders refer to those organizations and individuals that are affecting and being affected by CNPC, including government, investors, employees, clients, consumers, partners (e.g. suppliers and contractors), communities, and other institutions.

We have built a "mutual support, mutual benefit and win-win for common development" relationship with various stakeholders. Their trust and support are crucial to our stable development. We shall continue to promote the sustainable development of CNPC and society together with all our stakeholders.

We have attached great importance to communication and exchanges with stakeholders. We issue annual financial reports and corporate social responsibility reports in a timely manner and disclose information via various channels such as our website and newspapers. An open and transparent communication mechanism has been formed.

In compiling this report, we arranged special symposiums and interviews to seek advice and suggestions from people in various fields, some of which has been incorporated into this report. This makes us more confident of maintaining a long-term relationship with our stakeholders on the basis of mutual trust. In the future, we shall continue to pay more attention to our responsibilities to various stakeholders.

Stakeholders	Objectives and focuses	Communication approaches	Major actions in 2007	Key performance indices
Government and investors	<ul style="list-style-type: none"> National energy security Stable market supply State assets retention and appreciation Create value for investors Balance economic, environmental and social responsibilities Develop with technical innovation 	<ul style="list-style-type: none"> Support national macro-control policy Participate in the compilation of national energy policy and legislation to contribute corporate experience Guide and influence public policy Hold summit talks with host countries Enhance information disclosure 	<ul style="list-style-type: none"> Sign biomass energy development cooperation framework agreements with the government As a member unit of the expert team, participate in thematic research, symposium, discussion and draft revision work for <i>Energy Law of the PRC</i> Pay close attention to and participate in policy discussions concerning climate change and energy-saving and emission-reduction, actively deal with climate change and strongly promote energy-saving and emission reduction Discuss energy cooperation model with governments of some key host countries 	<ul style="list-style-type: none"> Sales revenue Tax and charges Oil and gas production
Employees	<ul style="list-style-type: none"> Employment promotion Protection of employees' rights and interests Career development Personal value realization Health and safety Respect employees and promote the concord of diversified cultures 	<ul style="list-style-type: none"> Establish trade unions at various levels Hold workers' congress meetings on regular basis Set up employees' advice box Investigate and assist employees in difficulty Listen to opinions of grassroots employees Enhance information disclosure 	<ul style="list-style-type: none"> Provide employment opportunities Popularize human resource management system Launch enterprise annuity establishment work Strengthen employee training and skills cultivation Carry out occupational health checks and issue Health Manual for Petroleum Employees Strengthen harmonious mining zone construction to improve employees' working and living environment Help employees in difficulties Care for retired employees and open university for seniors 	<ul style="list-style-type: none"> Total employees New recruitment of university graduates in the year Percentage of expatriate employees Investment in employee training Occupational health check rate Donations to employees in difficulties
Clients and consumers	<ul style="list-style-type: none"> Provide safe, environmentally friendly, clean, and efficient products Continuously improve service quality Win their trust and support 	<ul style="list-style-type: none"> Carry out "caring for consumers" activities Publish product quality information Conduct "high-quality service competition" activities Ask for opinions of clients and consumers Enhance information disclosure 	<ul style="list-style-type: none"> Issue five management regulations, namely the <i>CNPC Quality Supervision of Procurement, Provisions for Products Quality Certification, Provisions for Products Quality Supervision and Selective Examination, Provisions for Products Quality Inspection Institution and Provisions for Products In-the-manufactory Supervision</i>. Further perfect the quality management system according to the <i>Implementation Advice for the Fulfillment of National Standard Quality Management System</i> issued by CNPC Cultivate famous brands Increase the supply of clean products such as natural gas and high-standard gasoline, ensure stable and safe gas supplies for six Olympic host cities including Beijing, Tianjin and Qingdao, and provide high-quality natural gas fuel for the entire Olympic Games Construct a unified service station management system and carry out comprehensive inspection of service stations 	<ul style="list-style-type: none"> Number of service stations End distribution and sales volume Natural gas and refined products sales Product conforming rate Customer satisfaction Number of Chinese Name-Brand Products
Business partners (contractors and suppliers)	<ul style="list-style-type: none"> Observe commercial ethics and laws and regulations Strictly standardize production and operation system Strictly carry out licensing system Mutual benefit to achieve win-win situation Eliminate use of child and forced labor 	<ul style="list-style-type: none"> Contract negotiation Daily meeting Summit meeting Letters and telecommunication Daily business exchange Hold multinational business talks and technological meeting Integrated e-commerce platform Publish management rules for suppliers and contractors Share management experience and technical standards Enhance information disclosure 	<ul style="list-style-type: none"> Implement strict access system for engineering construction contractors, establish and improve various rules and procedures such as project bidding and construction supervision, in order to secure fair and public selection of contractors and the enhancement of construction quality Actively communicate and coordinate with contractors, create safe and healthy working environment for contractors, strengthen safeguard measures and emergency rescue network, carry out regular emergency response exercises with contractors, and secure the safety and property of contractor's employees by strengthening our supervision of contractors, thus realizing a win-win situation Carry out comprehensive appraisal and re-confirmation of the qualifications of over the 3,000 member suppliers of the CNPC "Energy 1#" e-commerce network, to provide suppliers with equal competition opportunities; strengthen the management of supplier relations and continue technical cooperate with suppliers, thus achieving a win-win situation Strictly manage and supervise Sino-foreign cooperation projects 	<ul style="list-style-type: none"> Sales revenue Number of bidding projects
Related institutions (including domestic and overseas industrial organizations)	<ul style="list-style-type: none"> Participate in the research, discussion and compilation of relevant public policies, industrial standards, etc. Pay attention to industrial trends and policy changes Promote sustained development of enterprise and industries 	<ul style="list-style-type: none"> Contribute with corporate concept and experience Daily contact Join relevant activities Promote international exchanges Enhance information disclosure 	<ul style="list-style-type: none"> Hold face-to-face talks with related institutions about performance in terms of social responsibility Actively participate in and support international environmental standardization, fund and organize the 14th Annual Meeting and International Environment Forum of the International Standardization Organization Environment Management Technology Committee (ISO/TC207) Initiate and establish Green Carbon Fund jointly with CGF 	<ul style="list-style-type: none"> Numbers of organizations joined Participation in public activities Support for industrial project research and forums
Communities	<ul style="list-style-type: none"> Protect local environment Promote community development Support public welfare Support and promote the construction of a harmonious society 	<ul style="list-style-type: none"> Safety and environmental protection education Community visit Participate in community development Discuss with government and people in poor areas to decide and carry out poverty-alleviation projects Enhance information disclosure 	<ul style="list-style-type: none"> Continuously carry out poverty-alleviation work and assistance to disadvantaged groups Carry out disaster-relief Continuously promote young volunteers' activities Alleviate poverty via information, support the construction of new countryside Leverage CNPC advantages to serve "green" Olympics 	<ul style="list-style-type: none"> Public welfare investment Number of beneficiaries of assistance Investment in poverty-alleviation of Xinjiang and Tibet Number of young volunteers among employees

1 Energy Supply



Satisfying energy demand and promoting social development are our fundamental goals. Our primary economic responsibility is to ensure a stable energy supply for the national economy—this is embodied not only in obtaining investment returns for sustainable development but also in expanding investment, improving oil and gas supplies, developing clean and renewable energy, providing quality services and maintaining market stability.

- 1.1 Further Enhancing Energy Supply Capability
- 1.2 Securing Stable Market Supply
- 1.3 Constructing Pipeline Network to Enhance Oil & Gas Transportation Capability
- 1.4 Striving to Improve Product and Service Quality
- 1.5 Promoting the Development and Use of New Energy
- 1.6 Expanding Domestic and Overseas Oil & Gas Cooperation

1.1 Further Enhancing Energy Supply Capability

1. Great breakthroughs in oil and gas prospecting

Sustainable and effective recovery of resources and stable increases in oil and gas production are essential for realizing the goal of sustainable development, stable market supply, and national energy security.

In spite of the difficulties in surface prospecting and increasingly complex geological conditions in the high water-cut development stage with high recovery percent of reserves, we strengthened our exploration work with intensified investment and made several strategic significant discoveries in the Bohai Bay, Erdos, Sichuan, and Junggar Basins. The newly-added proved, probable and possible oil and gas equivalent reserves of Jidong Nanpu Oilfield reached 1.18 billion metric tons, of which 450 million metric tons oil in place were proved, making Nanpu the most exciting discovery in the past three decades. The newly-added proved natural gas in place at Changqing Sulige Gasfield amounted to 565.2 billion cubic meters, making it the first 1,000 billion-cubic meter gasfield in China. Accumulative domestic newly-added proven oil and gas in place reached 830 million metric tons and 429.4 billion cubic meters, and the oil reserve replacement ratio remained above 1 for four consecutive years.

2. Increasing oil and gas production through technical innovation

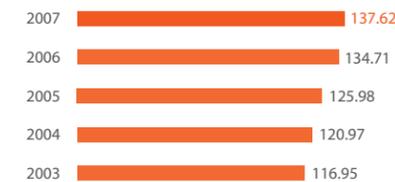
In 2007, we worked to change our development model and launched the secondary development program of mature fields aimed at

enhancing ultimate recovery efficiency. Based on high-resolution 3D seismic, residual oil distribution and potential in mature fields were quantified. 10 major development experiments were carried out to break technical logjams. Horizontal well and underbalanced drilling technologies were applied in a large scale. We also accelerated the productivity construction of new oilfields. Consequently, domestic crude and gas production reached 107.65 million metric tons and 54.2 billion cubic meters respectively, an increase of 1.01 million metric tons and 10 billion cubic meters, or 0.95% and 22.7% higher than that of the last year, further enhancing CNPC's oil and gas deliverability.

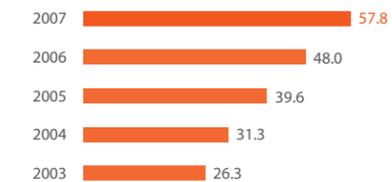
By applying horizontal well technology, higher output and higher production rate can be achieved with less land use and fewer environmental contamination risks. Meanwhile, productivity and development efficiency can be enhanced and difficult-to-tap reserves can be recovered efficiently at a lower total cost. Underbalanced drilling technology boasts various advantages: it can effectively detect and protect oil-gas reservoirs, speed up drilling rate, and prevent difficult situations such as lost circulation.

In 2007, we actively promoted the application of horizontal well and underbalanced drilling technologies, and 806 horizontal wells and 155 underbalanced wells were completed in the year, witnessing increases of 54.4% and 93.7% respectively from the previous year.

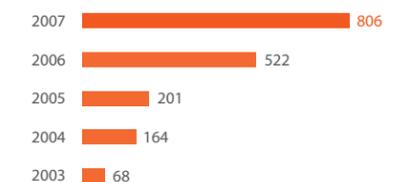
Crude oil production (including overseas production) (million metric tons)



Natural gas production (including overseas production) (billion cubic meters)



Number of horizontal wells



Great Exploration Breakthrough in Jidong Nanpu Oilfield

On May 3, 2007, Jidong Nanpu Oilfield, located in the tidal zone and shallow water area in the Bohai Bay Basin, declared a total proved, probable and possible reserves of 1.18 billion metric tons, making it CNPC's most encouraging discovery over the last three decades.

Jidong Nanpu Oilfield is an old oilfield with over 30 years of exploration history. Since 2002, we reinforced the comprehensive geological research, deployed fine 3D seismic prospecting and applied prestack time migration in data processing and interpretation for piecing together various 3-D data sets, extended reach well and horizontal well drilling and modular reservoir dynamic logging to overcome various geological prospecting and engineering difficulties, and realized an exploration well success ratio of 88.1%, much higher than the international average of 30-50%. By popularizing horizontal well drilling, the average daily output per well both onshore and offshore was boosted to two times of the national average, and the recovery efficiency up by 10% as compared to that of conventional way. In Sept. 2004, a significant breakthrough was made in Well Laopunan-1. After two and a half years of overall prospecting, four oil-bearing structures were identified, and a total oil and gas P1+P2+P3 reserves (equivalent) of 1.18 billion metric tons was confirmed.

Through collective management of the drilling platforms on the production island, we managed to build a closed production process, in which the crude oil is transported to the gathering stations on land through underground pipelines. Zero discharge to the sea can be realized during the operation of all the drilling platforms. In 2007, the largest biochemical sewage treatment plant in China was completed in Gaoshangpu central gathering station in the Jidong Oilfield, cutting the external discharge of oilfield sewage to 1mg/L and COD discharge to 60 mg/L, up to Level-1 National Standard. After the oilfield being put into overall development, 40% of the treated produced water will be re-injected to the earth, and the remaining 60% will supply other enterprises in Caofeidian Industrial Zone.

Nanpu Oilfield Phase-I project is planned to be completed by 2012 with a production capacity of 10 million metric tons, including 7 million metric tons of offshore production and 3 million metric tons of onshore production, which would substantially contribute to the stable increase and sustainable development of China's crude oil



production and secure national energy supplies. Besides, it will also strongly promote the socioeconomic development of Beijing, Tianjin, Tangshan and the whole Bohai Bay Rim.

1.2 Securing Stable Market Supply

1. Expanding oil refining and chemical production capabilities

We continued to adjust and optimize refining and chemical production structure and layout. Keeping abreast of international technical standards, we adopted advanced technologies and equipment to improve the quality and processing capability of refined products. The oil refinery processing load reached 98%, while 121.73 million metric tons of crude oil was processed, marking an increase of 5.1%, and 76.81 million metric tons of refined products and 2.58 million metric tons of ethylene were produced, up by 4.7% and 24.8% respectively.

In 2007, the construction and technical reconstruction of four 10 million-ton refineries—Dalian, Dushanzi, Fushun and Guangxi, as well as four ethylene projects proceeded smoothly. Seven key projects including the 5 mt/a oil refinery reconstruction of Huabei Petrochemical, and the 200 kt/a ETHO/glycol project, 800 kt/a PTA reconstruction, 1.2 mt/a diesel hydrofining project and 200 kt/a ethylene reconstruction of Liaoyang Petrochemical, and the 300 kt/a lubricant high-pressure hydrogenation project and 1 mt/a asphalt project of Karamay Petrochemical were put into production after one trial run. The 5 mt/a oil refining auxiliary project of Dagang Petrochemical and the 1 mt/a hydrocracking project of Urumqi Petrochemical were constructed and were to be put into production.

2. Ensuring stable refined products supply

In 2007, we actively tapped our refined products stock potential to expand market supply, intensified production-delivery coordination, and optimized resource flow. The sales of refined products increased 10.1% to 82.80 million metric tons. The company has built a nationwide sales network for refined and chemical products. By the end of 2007, the number of our service stations and lubricant distribution ends reached 18,648 and 15,836 respectively.

We overcame various transportation difficulties and natural disasters such as a sandstorm in Northwest China, a snowstorm in Northeast China and a typhoon in southeastern coastal area. To meet market demand, we strengthened coordination between production, transportation and marketing and took effective measures to collect refined product resources and maintain a fair and quality consumption environment in compliance with state and local price policies, thus securing a stable market supply.

To relieve refined products supply problems in some regions, we adopted six measures to secure stable supplies: 1) Running in full capacity. Crude runs in the last quarter of 2007 increased by 6.9% with 2.07 million metric tons; 2) Optimizing products structure. We tried to optimize plant operations, improve ethylene raw materials and enhance the diesel recovery ratio; 3) Strengthening refined products purchasing to increase our external resource stock; 4) Increasing imports and constraining exports. We imported 730,000 metric tons of diesel, bearing huge losses to increase the domestic energy supply; 5) Optimizing the stock of refined products by collecting all possible resources; and 6) Strengthening transportation coordination to ensure resources in Northeast and Northwest China were delivered in a timely manner to eastern and southern China. We have also adopted a daily



monitoring and daily meeting system, strengthened price monitoring and supervision, and compiled emergency response plans. Through these measures, we successfully secured our market supply.

3. Enhancing safe and stable natural gas supplies

In 2007, the company strengthened the coordination of the production, transportation and marketing of natural gas. We properly organized gas transportation and improved safe and stable gas supplies, satisfying the gas demand of urban residents, public utilities and industrial users in key areas in the winter as well as the demand of downstream variable load gas-fired power plants in the summer.

In 2007, we added 1.48 billion cubic meters to seven underground gas storages in North China and Jiangsu Province to coordinate between upstream production, midstream pipeline deliverability, and downstream market demand, contributing significantly to winter gas supply security.

Crude runs (including overseas volume) (million metric tons)	Sales of refined products (including overseas volume) (million metric tons)	Number of service stations
2007 130.88	2007 85.71	2007 18,648
2006 124.07	2006 77.65	2006 18,207
2005 115.41	2005 75.72	2005 18,164
2004 106.65	2004 66.81	2004 17,403
2003 95.06	2003 60.52	2003 15,231

1.4 Striving to Improve Product and Service Quality

We actively adopted international technical standards and safety and environmental guidelines, and strictly executed laws and regulations such as *Product Quality Law of The People's Republic of China* and *Law of the People's Republic of China on Protecting Consumers' Rights and Interests* to organize specialized production and management. We established a complete product quality management system, after-sales service system and technical service system, which greatly improved our product and project quality.

1. Strengthening product quality monitoring

In 2007, we issued five management rules, including *Quality Supervision of Procurement*, *Provisions for Products Quality Certification*, *Provisions for Products Quality Supervision and Selective Examination*, *Provisions for Products Quality Inspection Institution* and *Provisions for Products In-the-manufactory Supervision* to regulate and strengthen product monitoring and sampling, quality control institution construction, and key product and equipment quality monitoring and management in construction projects.

2. Accelerating the upgrading of refined product quality

In 2007, we continued to promote the technical reconstruction of our oil refining installations. We developed and applied the innovative "component refining" technique with independent intellectual property rights to produce G-IV 93#, 97# and 98# motor gasoline, promoting the high standard gasoline proportion to 47%. In addition, the technique substantially enhanced the production capacity of G-IV diesel oil.

3. Improving service stations management and service quality

We promoted a unified management system for service stations step by step and deployed the headquarters-level system, card system, and ERP system at the first 30 pilot stations. The market quick response and control capability of various management levels was enhanced.

We carried out comprehensive inspections to ensure that all the CNPC stations offer stable supplies, high quality products and service. The inspections also cover station management, appearance, safety, quality and quantity, team building, and the correction of any defects found.

To avoid oil and gas leakages and treat air pollution, we carried out the oil and gas callback and re-engineering program at all stations, oil tankers and oil storage facilities in 2007. We adopted the method of integrated planning and step-by-step implementation in consideration of the vast number of service stations and the high technical requirements of the program. By implementing the program, we improved the fueling environment for drivers and our staff and helped to create a better urban environment.

4. Winning high recognition from society

Five CNPC products including "Kunlun" lubricant were honored with the title of China Name-Brand Products in 2006. In 2007, "Kunlun" heavy traffic road asphalt produced by Liaohe Petrochemical, Karamay Petrochemical and Lanzhou Petrochemical, "Kunlun" PAM produced by Daqing Refining & Chemical Co., Ltd., "Sanjing" acrylonitrile produced by Jilin Chemical Group, and "Baoshi" drilling rig produced by Baoji Oilfield Machinery Co., Ltd. were also honored as China Name-Brand Products. In addition, "Kunlun" urea and compound fertilizer and "Daqing" compound fertilizer were awarded the title of National Inspection-free Products.

1.5 Promoting the Development and Use of New Energy

We regard new energy development as a key strategic solution for future energy supply. And we regard the development and use of unconventional oil and gas resources as an effective solution for replacing and supplementing conventional energy and increasing oil and gas supply and, as a result, included it into our corporate development strategy. Now we have made significant achievements in the development and utilization of coal bed methane, fuel ethanol, oil sands and oil shale, with 275,000 metric tons of ethanol gasoline and 20 million cubic meters of coal bed methane being produced in 2007.

1. Planning for the development of new energy

We compiled a three-year plan and objectives and defined development guidelines for new energy development, namely to leverage resources, technology, market and capital advantages in order to actively promote coal bed methane development, stably develop biomass energy, explore the comprehensive use of geothermal resources, continuously strengthen the appraisal of unconventional resources like oil shale, shale gas and oil sands, promote the use and research of solar energy, wind energy and water dissolved gas, and

develop hydrogen energy and gas hydrates in order to make new contributions to national energy security. According to the plan, by 2010 we shall form new energy production capacity equivalent to 3 million metric tons of oil, and promote the production of coal bed methane, fuel ethanol and biodiesel to 40% of the national total and the production of shale oil and sand oil to 20% of the national total, and realize the substitution of coal with geothermal energy to 5% of the total energy consumption of CNPC's upstream business.

2. Cooperating with SFA and local governments to develop new energy

In 2007, we launched the "forest-oil" integration project for biodiesel production. We signed a biomass energy framework agreement with SFA to build diesel forest bases covering a total of 68,000 hectares in seven provinces and autonomous regions, carried out full cooperation in biomass energy resource development and forestry carbon sequestration, and launched a demonstration liquid biofuel project. In addition, we signed strategic cooperation framework agreements or memorandums with provinces and municipalities such as Heilongjiang, Shandong, Shaanxi, Henan, Chongqing, Sichuan, and Yunnan to develop biomass energy.

In 2007, the first biomass energy exemplary base was established in Nanchong, Sichuan Province. RMB 1 billion will be invested to realize a 60 kt/a biodiesel project and a 100 kt/a fuel ethanol project by the end of 2008 and in the latter half of 2009 respectively.

In 2007, we also signed an agreement with Shanxi Energy Group to jointly develop coal bed methane resources in Shanxi Province.

1.6 Expanding Domestic and Overseas Oil & Gas Cooperation

CNPC actively expanded international oil and gas cooperation to make full use of both domestic and international markets and resources. Our overseas oil and gas investment covers 71 projects in 26 countries in Africa, Central Asia, South America, the Middle East and the Asia-Pacific. In 2007, 52.41 million metric tons of oil was added to our recoverable reserves through our overseas operations. Over 60 million metric tons of crude was produced, and CNPC's share was 22.98 million metric tons, increases of 10.2% and 6.7% respectively. And 5.4 billion cubic meters of natural gas was produced, in which CNPC shared 3.51 billion cubic meters.

CNPC deepened progressive exploration in overseas major blocks and



CNPC's transfer stations in the Maracaibo Lake in Venezuela

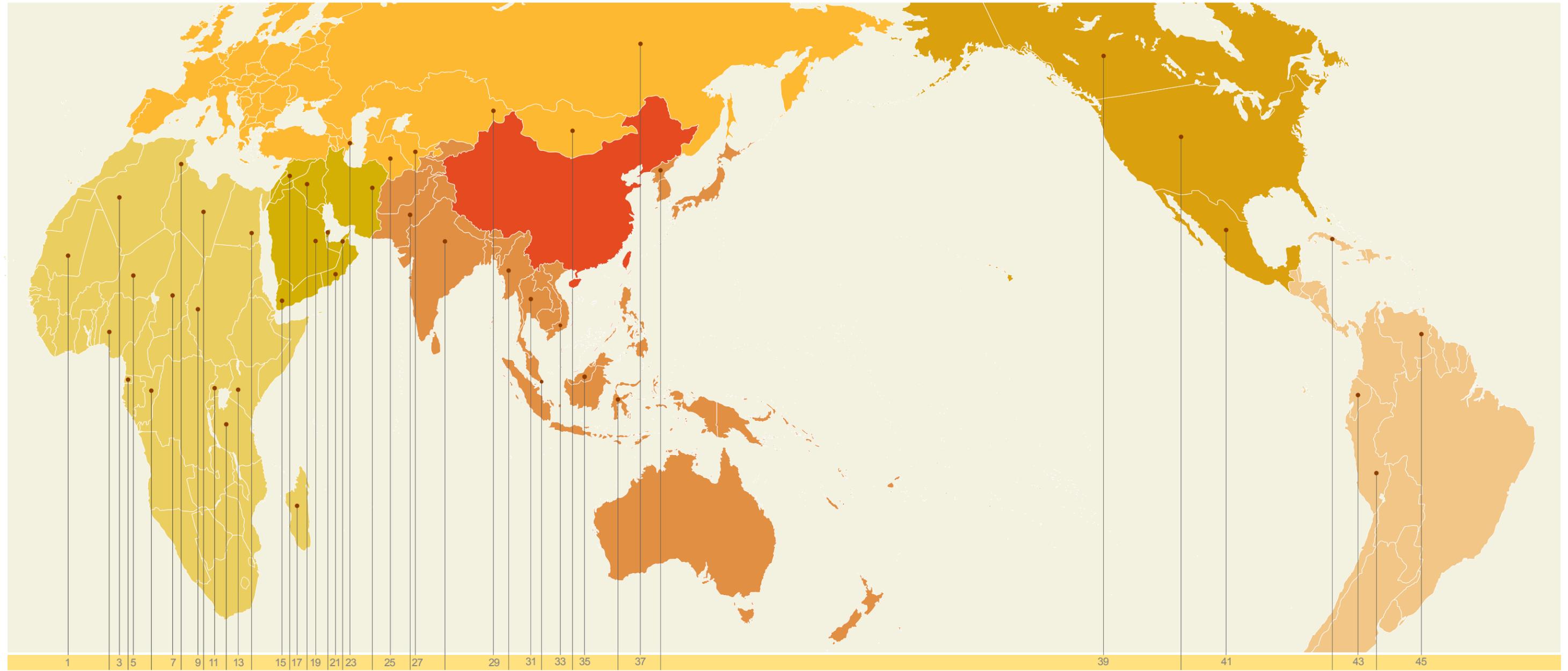
carried out risk prospecting step by step. High-yield oil and gas flows were output in Block 3 in Iran, the South Buzachi project in Kazakhstan, and the project in Chad. Significant discoveries were obtained in the projects in Algeria, Sudan, Kazakhstan and Indonesia. We also accelerated the productivity construction of some key projects including Block 3/7 in Sudan and achieved stable increases in oil and gas production.

The development of new overseas projects achieved progress. CNPC acquired Block Up icharsk and Block West chonsk in Russia and concluded the Amu Darya Right Bank product sharing contract and a gas purchase contract with Turkmenistan, the China-Turkmenistan, and the Central Asia Gas Pipeline project. We also signed contracts for five new projects including an oil sand project in Canada, a deep-sea block in Myanmar, and a project in Nigeria. Besides, we reached LNG purchase and sales agreements with Shell and Woodside Energy Ltd. respectively.

In addition, we actively promoted foreign oil and gas cooperation in China. In May 2007, Changbei Gas Field, jointly invested by CNPC and Shell, was put into commercial production with an annual gas production capacity of 3 billion cubic meters.

Energy Supply

CNPC's Oil & Gas Assets and Technical Services Worldwide



Africa

- 1. Mauritania
- 2. Nigeria
- 3. Algeria
- 4. Equatorial Guinea
- 5. Niger
- 6. Republic of the Congo
- 7. Chad
- 8. Tunisia
- 9. Sudan
- 10. Libya
- 11. Uganda
- 12. Tanzania
- 13. Kenya
- 14. Egypt
- 17. Madagascar

Middle East

- 15. Yemen
- 16. Syria
- 18. Iraq
- 19. Saudi Arabia
- 20. Qatar
- 21. Oman
- 22. United Arab Emirates
- 24. Iran

Asia-Pacific

- 26. Pakistan
- 28. India
- 30. Myanmar
- 31. Thailand
- 32. Singapore
- 33. Vietnam
- 35. Malaysia
- 36. Indonesia
- 38. North Korea

Eurasia

- 23. Azerbaijan
- 25. Turkmenistan
- 27. Uzbekistan
- 29. Kazakhstan
- 34. Mongolia
- 37. Russia

North America

- 39. Canada
- 40. United States
- 41. Mexico

South America

- 42. Cuba
- 43. Ecuador
- 44. Peru
- 45. Venezuela

2 Safety and Environment



People and the environment are the world's most important resources. Caring for life and protecting the environment are two of our core tasks. We always attach importance to climate change and deal with it positively through the active promotion of energy saving and emission reduction work. We strive for "zero injury, zero pollution and zero accident" and work hard to keep pace with advanced international standard in HSE management. We are devoted to safe, clean and energy-saving operation. We advocate ecological civilization and are working hard to build CNPC into an environmentally friendly and resource-conservative enterprise.

- 2.1 Dealing Positively with Climate Change
- 2.2 Reinforcing Safety and Environment Management
- 2.3 Ensuring Safe Operation
- 2.4 Advancing Energy Conservation & Emission Reduction
- 2.5 Promoting Clean Operation
- 2.6 Improving Overseas HSE Performance

2.1 Dealing Positively with Climate Change

Climate change is an issue that concerns the entire world. Increasing temperatures, rising sea levels, the frequent occurrence of extreme weather and disasters, and the extinction of species caused by climate change are seriously threatening the natural ecological system and people's living environment. It is time to face this and deal with it.

CNPC has always attached great importance to the control and reduction of greenhouse gas emissions. We actively support *China's National Climate Change Program* and shall continue to take effective measures to reduce emissions, sequester carbon dioxide and tackle global climate change.

1. Jointly initiate and establish the China Green Carbon Fund

There are two ways to reduce greenhouse gases: one is to cut carbon emissions and the other is to increase carbon absorption. Forests are the largest source of carbon storage in the land ecological system. As research shows, unit cubic meter of tree growth can absorb 1.83 metric tons of carbon dioxide and generate 1.62 metric tons of oxygen at the same time. Carbon sink refers to the process, activity or mechanism for reducing carbon dioxide in the air. Forestry carbon sink is an effective way to reduce greenhouse gases. By tree planting and forest management, we can make use of plants to absorb carbon dioxide in the air through photosynthesis and fix it to the trees and soil.

On July 20, 2007, CNPC jointly initiated and established the Green Carbon Fund with the State Forestry Administration and China Green Foundation. It is a special national public fund managed by CGF aiming at providing a platform for businesses, organizations and individuals to participate in voluntary activities such as tree planting and forest protection. The fund was launched on the basis of a RMB 300 million donation by CNPC. All money collected shall be used to carry out forestry carbon sink activity. It is estimated that the fund can help absorb and fix 5-10 million metric tons of carbon dioxide over the next 10 years.

2. Cooperatively develop forestry biomass energy

Developing forest biomass energy can realize the sustained renewal of energy and meet increasing energy demands, while these products, with greatly reduced carbon dioxide emissions, are also cleaner. Energy forest construction can also help make the earth greener and absorb and fix carbon dioxide, making it a "green cause" which can benefit future generations.

Due to its huge population and shortage of farmland, land resources are at a premium in China. Therefore, CNPC regards forestry biomass energy as a strategic measure in promoting energy saving and emission reduction to realize sustainable development. In Jan. 2007, CNPC signed a biomass energy framework agreement with SFA and decided to jointly build 68,000 hectares of raw material exemplary bases for biodiesel production in seven provinces and autonomous regions. Following that, we signed strategic cooperation framework agreements or memorandums with seven provinces and municipalities on developing biomass energy.

By the end of 2007, CNPC had launched the construction of the first batch of forest biomass energy bases in seven provinces, municipalities and autonomous regions including Yunnan and Sichuan provinces. After their completion, these bases can provide 100,000 metric tons of raw materials for biomass energy annually.



Jatropha curcas L., an excellent biomass energy tree

Safety and Environment

2.2 Reinforcing Safety and Environment Management

1. Strengthening the safety and environmental protection accountability system

Safe operation and environmental protection are our essential tasks. They are the basis and guarantee of our development. In 2007, CNPC further strengthened the organization of its safety and environment work and adopted effective measures to ensure employee safety and the implementation of an environment accountability system.

In Jan. 2007, the president of CNPC signed safety and environment accountability agreements with the heads of 128 enterprises and units affiliated to the company, specifying various aspects of the accountability system, e.g. responsible personnel, objectives, accident control index, and query and punishment. The affiliated enterprises then signed accountability documents internally at various levels to define responsible personnel and their responsibilities, and included a responsibility performance index into the annual assessment of leaders at various levels, fulfilling our safety and environment responsibilities at every part of the operational chain.

In 2007, CNPC adjusted its functional departments in charge of quality, safety, environmental protection and energy saving and established the Safety and Environmental Protection Department and Quality Management and Energy Conservation Department on the basis of the previous Quality, Safety and Environment Department in order to further clarify management functions in terms of safety, environment, quality and energy saving. We also set up the CNPC Safety and Environmental Protection Technology Institute, which provided a basis for the joint and optimized management of safety and environmental protection technologies.

2. Reinforcing HSE system standardization

We actively promoted the HSE system to strengthen integrated health, safety and environment management. Since health is more related to employees, we will discuss it separately in Chapter 3 "Career Development".

We regard the establishment, execution and improvement of the HSE system as the key measure in strengthening health, safety and environment management and realizing safe, clean, energy-saving and harmonious development.

HSE Guidelines: Putting people and precautions first in a continually improving system involving all staff.

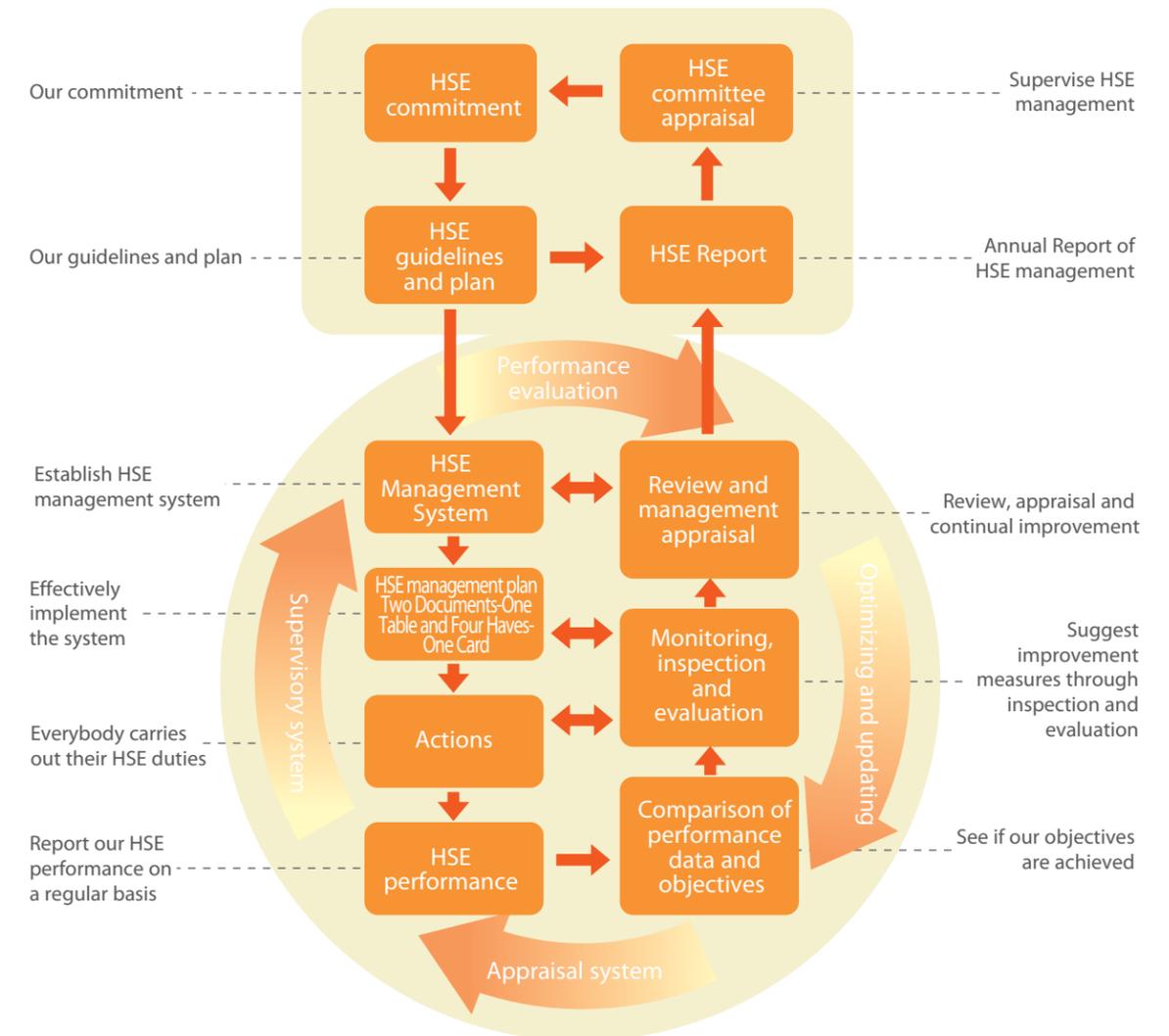
HSE Objectives: Zero injury, zero pollution and zero accident to achieve a world-class HSE performance.

CNPC's HSE Management System uses the PDCA management model consisting of planning, doing, checking and action processes. It has seven key elements—leadership and commitment, HSE guidelines, planning, organizational structure and resources and documents, implementation and operation, checking and correction, and management assessment. The seven elements interact with each other according to their own principles to form a continuously upgrading management process.

In conformity with the requirement that it is "unified, standard and feasible", construction of the HSE Management System proceeded smoothly in 2007. In the process, we unified HSE guidelines and strategic objectives, improved the HSE system and standard index system, regulated grassroots risk management, and enhanced awareness of the HSE concept among all employees. An HSE Management System with CNPC characteristics is forming.

The company adjusted its HSE committee and set up the Leading Team for Promoting HSE Management System Construction and the Office for Promoting HSE Management System and issued *CNPC HSE Management System Construction Promotion Plans*. We also held a video conference to promote the HSE Management System across the whole group and made general arrangements for HSE work. We compiled a new edition of the *HSE Management System Guide* which unified the HSE management systems framework of all CNPC members and provided a standard basis for the implementation of the HSE Management System.

Implementation Process of CNPC HSE Management System



Two Documents-One Table: HSE Operation guide, HSE operation plan and HSE site checklist

Four Haves-One Card: Have instruction, regulations, confirmation and monitoring, with the four included in one card.

Seven Elements and Basic Requirements of the CNPC HSE Management System

Elements	Basic Requirements
Leadership and commitment	Top management at various levels is the first responsible personnel for establishing and implementing the HSE Management System. They should ensure the fulfillment of HSE management responsibilities at various levels and provide strong guidance for the continual improvement of HSE management by carrying out their commitments
HSE guidelines	The unified CNPC HSE Guidelines are the basic principles and guide for organizations at various levels. Various organizations should establish HSE target accountability systems at different levels according to the strategic objectives of HSE management.
Planning	Organizations at various levels should compile an HSE development plan and annual plan, and define objectives and an index. They should also carry out hazards identification, assessment and risk-control planning, and compile a management plan for activities and tasks
Organizational structure, resources and documents	Organizations at various levels should establish reasonable organizational structures, promote employee participation, ensure effective resource allocation, fulfill HSE responsibilities, and execute documentation management
Implementation and operation	Organizations at various levels should implement HSE guidelines in all parts of their operations, perform HSE responsibilities, and effectively implement HSE risk management to control risks resulting from changes of facilities, personnel, and technical processes; contractors' HSE management should meet the requirements of the CNPC organization
Inspection and correction measures	Organizations at various levels should carry out HSE monitoring and inspecting work, organize internal audits on a regular basis, and take prompt action to correct unusual situations
Management appraisal	Top management of organizations at various levels should periodically assess the suitability, adequacy and effectiveness of the HSE system to ensure its continual improvement

To improve HSE management, CNPC launched a training program on its HSE management system targeting middle-and high-level managers, organized "Two Document-One Table" seminars with the participation of grassroots organizations and distributed *Instructions on Grassroots-level Compilation of "Two Document-One Table"*, and designed the HSE "Two Document-One Table" template for drilling and borehole operations.

CNPC reviewed implementation of HSE management in its 15 subsidiary companies, spot-checked 260 secondary units, workshops and grassroots-level organizations, and gave on-the-spot instructions to 20 subsidiary companies on the implementation of its HSE management system, to ensure its more effective application.

Under the instruction of CNPC headquarters to promote the effective implementation of HSE management system, 84 subsidiary companies completed the editing and amendment of their management guides and drew up 8,556 safety and environmental protection regulations, while 33,900 grassroots teams and stations carried out the "Two Document-One Table" system in 2007.

In August 2007, CNPC signed an HSE service agreement with DuPont, which evaluated and interviewed management of four subsidiary companies, improved enforcement of the HSE management system, and set CNPC requirements to ensure that its HSE management system is of an international standard.

3. Issuing New Regulations on Safety and Environmental Protection

Based on its current regulations on safety and environmental protection, CNPC formulated and promulgated new regulations as required by the adjusted HSE guidelines and strategies to improve safety and environmental protection management in the company. Safety and environmental protection is now guaranteed by institutions.

4. Strengthening Safety and Environmental Protection Training

Continued training and increased awareness of safety and environmental protection are essential to guarantee safety. In 2007, high-level CNPC managers were trained by DuPont experts on the HSE

New safety and environment regulations issued by CNPC in 2007

HSE	HSE Management System Guide (Revised Version), Measures for HSE Information System Management
Safety	Special Incentive Measures for Reporting Potential Hazards, Regulations for the Production and Use of Protective Helmets, Regulations for Grading Serious Hazard Sources, Regulations for Site Safety Inspections of Petroleum Enterprises (Well-logging), Work Manual for Offshore Safety Operation Supervision Management of CNPC Branches, Measures for Managing Production-related Accidents
Environment	Implementation Plan for Pollutant Discharge Reduction, Implementation Plan for Air Quality Improvement during the Olympic Games

management system, while more than 600 middle-level managers received HSE management training. CNPC also compiled five HSE training programs for safety staff and those who work abroad, and safety manuals for seven positions such as gas recovery and ethylene units. The company also organized 41 training sessions on issues such as safety and environmental monitoring, with participation of more than 2,200 staff. Such training has substantially increased their awareness of safety and environmental protection.

Example: Drilling Company of CNPC Xinjiang Petroleum strengthened training on safety and environmental protection.

Its training programs included HSE management involving 2,163 people, safe operation skill involving 826 people, safe drilling involving 723 people, special-purpose work involving 472 people, and emergency rescue involving 142 people.

5. Cultivating a Culture of Safety and Environmental Protection

CNPC is working hard to encourage and develop its own safety culture.

We focus on building a long-term safety culture, which is part of our corporate culture. CNPC subsidiary companies compiled the *Safety Culture Cultivation Plan* and *Safety Culture Manual* composed of safety philosophy, norms, values and proverbs. The manual guides CNPC employees' activities with its safety philosophy.



Developing and encouraging a safety culture.

2.3 Ensuring Safe operation

In 2007, with the theme of Safety and Environmental Protection Year, CNPC achieved substantial progress in safety management by further implementing the HSE management system and taking measures to improve safety management. Throughout the year, accidents and casualty caused by industrial production fell dramatically and no major accidents related to occupational diseases or radiation occurred. However, industrial production casualties involving 3+ occurred twice, causing a total of seven fatalities, which showed that CNPC needs to further standardize its technical operations, strengthen supervision of hazardous operations and increase employees' awareness of safety, all of which will be done in our future work.

1. Safety and Environmental Protection Year

In 2007, we substantially consolidated our grassroots management during the Safety and Environmental Protection Year, focusing on "strengthening grassroots development, fighting rule-violating behaviors, promoting an up-to-standard rate, and eliminating hidden hazards".

CNPC set 18 major objectives and 45 specific tasks for the Safety and Environmental Protection Year.

CNPC intensified its safety and environment supervision of major fields, sectors and links. Six task forces were organized to investigate its

36 subsidiaries and 65 polluting units listed by the state for close inspection.

All units under CNPC cracked down on irregular activities and set up database on unsafe behaviors and safe operations file for specific employees. CNPC consolidated its safety and environmental protection work by formulating rules to combat irregular activities, rewarding those who discover and deal with emergencies and who tackle irregular behavior. A culture of fighting rule-breaking operations has taken shape. All work is now done in accordance with procedures, standards and rules.

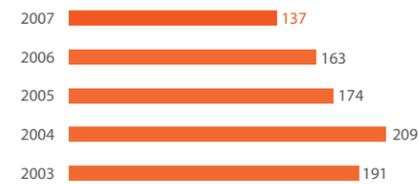
Strengthening grassroots development aims to improve employee professionalism.

Fighting three rule-violating behaviors means to crack down on rule-violating directions, rule-violating operations and violations of work discipline.

Eliminating hidden hazards intends to check and eradicate all hidden risks in operation and management.

Promoting an up-to-standard rate means to strictly control discharges of waste water, waste gas and solid waste.

Total accidents



Fatality rate per thousand in accidents | %



2. Controlling Potential Hazards

CNPC carried out a three-year plan to control potential hazards in order to ensure safety and control risks at the source. In 2007, RMB 11.7 billion was invested in controlling some 2,000 hidden risks such as high-pressure, high-risk and sulfur-intensive oil/gas wells, irregularly located pipelines and control of water pollution. CNPC also reinforced its oversight and auditing related to safety and environmental protection. Auditing of funds used for safety and environmental protection was conducted in 29 companies, and 40 subsidiary companies were required to audit their own funds for the same purpose.

CNPC has finished the review and approval of the environmental impact reports of six major projects, such as the 1.2 mt/a ethylene reconstruction project at Daqing Petrochemical and production test at Longgang gas field, as well as environmental reviews of eight major projects such as the Second Shaan-Jing Gas Pipeline. CNPC also organized assessments of 2,400 sets of equipments being used and phased out 63 sets of equipments that failed to meet environmental protection standards. Identification of sources of major risks, inspection of sources of pollution and on-site occupational health inspections were launched in order to establish a database of more than 20,000 sources of danger and pollution. More than 30,000 operation sites were marked and graded for monitoring to avoid health risks.

In 2007, some regions of China were hit by floods, which caused many casualties and major losses of property. Many of our subsidiaries are close to rivers, lakes or seas, and some of our facilities are located in high-risk zones. CNPC took preventive measures in preparation for the flood through scientific plans and strict inspection. CNPC improved its emergency planning to deal with natural disasters such as typhoons, storm tides and mud-rock flows to reduce the losses caused by them. As most CNPC subsidiaries are located in northeastern and northwestern China, CNPC is under huge pressure to maintain safe operation in the winter. Therefore, CNPC required all its subsidiaries to make thorough preparations to ensure safe operation in winter by increasing stockpiles and training staff.

3. Improving Emergency Response System

To build our capacity in terms of handling emergencies and

reconstruction, CNPC quickly improved its emergency response and rescue system.

In 2007, CNPC formulated the *Coordinated Regional Fire-fighting Plan* to coordinate companies in the same region in dealing with emergencies. CNPC also improved the professionalism of its firefighters by standardizing their preparations, improving their equipment and skills, upgrading their infrastructure and optimizing resource allocations.

CNPC Sichuan Oil/Gas Wells Firefighting Company is an emergency response and rescue base that integrates rescue, experimental operations, training and exercises. CNPC reinforced its 13 long-distance pipeline maintenance and rescue centers and 28 maintenance and rescue teams in six regions such as northeastern and northern China, improved its offshore emergency response center and offshore emergency response and rescue exercises, and set up three offshore emergency rescue stations in Yingkou, Caofeidian and Tanggu, which have the capacity to cope with level-2 oil spills.



On Nov. 12, 2007, PetroChina Jidong Oilfield Company and China National Petroleum Offshore Engineering Co., Ltd. conducted a joint exercise in the offshore target area in Jidong Oilfield. Offshore drilling platform, helicopters and a dozen of vessels were employed to test our capacity in well control, hydrogen sulphide prevention, offshore firefighting and oil spill recovery.

Safety and Environment

CNPC subsidiary companies devised more than 1,800 emergency plans and conducted more than 800 exercises, while grassroots-level units devised more than 50,000 plans and conducted more than 150,000 exercises. CNPC's emergency system played a vital role in coping with natural disasters such as fires, storm tides, snowstorm and typhoons.

2.4 Advancing Energy Conservation & Emission Reduction

In accordance with the *State Council Notice on Distributing the Comprehensive Work Plan of Energy Conservation and Emission Reduction*, CNPC started to reduce energy consumption and the discharge of pollutants, as also required by the State Environmental Protection Administration and six other ministries to crack down on companies discharging pollutants illegally. CNPC regards energy conservation and pollution reduction as an important step toward transforming its economic growth mode, optimizing its structure, achieving institutional innovation and building a harmonious enterprise.

1. Establishing an Energy Conservation and Pollution Reduction Team

The CNPC management team attaches great importance to energy conservation and pollution reduction. In May 2007, a team with the CNPC president as the team leader, two vice-presidents as deputy team leaders, and 22 heads of departments as team members, was formed to control pollution and save energy. The team was also responsible for coordinating relevant work and making strategies and policies.

In 2007, CNPC drew up a plan to control pollution and conserve energy between 2008 and 2010.

Vision: CNPC will substantially improve its energy efficiency, with emissions of waste water, gas and solids meeting the criteria required by the state. CNPC aims to top the list in terms of resource consumption and environmental indicators. Its major companies should approach and reach the international criteria. CNPC aims to take the lead among the enterprises under the administration of the central government and build itself into an energy efficient and environmentally friendly enterprise.

Priorities: Carrying out ten major energy-saving projects, ten major pollution reduction projects and three demonstration units of circular economy.

Main measures: CNPC has set up a responsibility system and accelerated the removal of inefficient, energy-intensive and highly polluting

technologies and equipments, set pollution limits for equipment, established a database of best practices in the field of energy conservation and pollution reduction, compiled inventories of mature technologies that can be widely used, carried out a plan to control hidden risks in environmental protection and the 11th Five-Year Plan to reduce discharges of major pollutants, taken energy conservation and pollution reduction as a binding indicator to assess performance, allocated more resources to R&D, energy conservation and pollution control, and increased CNPC employees' awareness of energy conservation and pollution reduction.

Ten major energy-saving projects

Optimization of energy system	Improving energy efficiency of terminal equipment
Alternatives to oil for self-use	Improving operation of heating systems
Recovery of associated gas	Measurement and monitoring of energy
Energy conservation for electric motors and power systems	Development and utilization of unconventional energy
Reducing losses of oil and gas	Integrated use of water resources

Ten major pollution reduction projects

Meeting the criteria for waste gas emissions	Field sewage treatment and auxiliary pipeline network reconstruction
Sulfur dioxide control in coal-fired power plants	Advanced treatment and reuse of refining sewage
Installation and improvement of desulfurizing equipment	Pollution sources control for production equipment
Substitution with clean fuel	Demonstration of circular economy
Meeting the criteria for wastewater drainage	Automatic monitoring of pollutants

Three pilot units of circular economy

Jidong Oilfield	(Building a green oilfield)
PetroChina Dalian Petrochemical Company	(Building an ecological industrial park)
PetroChina Lanzhou Petrochemical Company	(Building an environmentally friendly enterprise)

2. Promoting advanced energy conservation modes

Years of sustained exploration and practice have led to the development of CNPC's energy conservation concept, mechanism, technology and management.

In 2007, in order to build an energy-efficient enterprise, CNPC attached great importance to optimizing its energy system, improving the energy efficiency of equipment and making an all-out effort to conserve energy and control pollution. CNPC significantly improved its management and integrated use of energy. Throughout 2007, CNPC saved 1.4 million metric tons of standard coal equivalents and 55 million cubic meters of water, 21.2 percent and 21.6 percent of the targets set by the 11th Five-Year Plan. CNPC granted the title of Top Energy and Water Efficient Enterprise to 13 regional companies and that of Energy and Water Efficient Enterprise to 27 regional companies.

CNPC also attaches great importance to the role of technological upgrading in energy conservation and pollution control. In 2007, CNPC popularized the drilling of horizontal and cluster wells and completed 806 horizontal wells throughout the year, whose output per well is 3-4 times that of vertical wells. As a result, hydrocarbon recovery and land use are more efficient.

CNPC launched associated gas recovery projects in the Tarim and Changqing oilfields in western China. Various recovery measures such as booster and reinjection into reservoirs, casing gas recovery, and gas-fired power generation were taken to improve the integrated use of associated gas resources.

In the same year, CNPC devoted more resources to the R&D of energy-efficient equipment and monitored 8,356 sets of energy-intensive

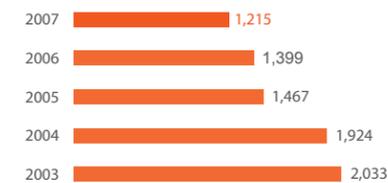
equipment such as boilers, furnaces, pump units, compressor units and transformers, and 37,850 meters of steam pipelines.

3. New progress in pollution control

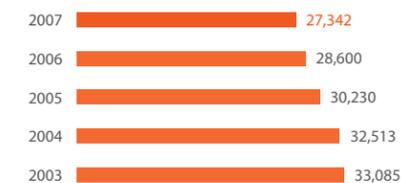
In 2007, CNPC kept its environmental protection indexes stable despite sustained output growth in crude oil, natural gas and chemical products. Oil and COD discharge in waste water were 1,215 metric tons and 27,342 metric tons respectively, 13.2% and 4.4% lower each than the previous year. A total of 157,300 metric tons of sulfur dioxide in waste gas were discharged, 0.77% higher than last year, but this growth rate was dramatically lower than in 2006. No major accidents involving environmental pollution or damage occurred.



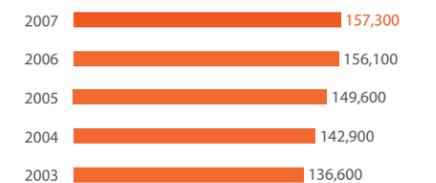
Oil discharges in wastewater (metric tons)



COD emissions of waste gas (metric tons)



Sulfur dioxide emissions of waste gas (metric tons)



Example: Heavy oil sewage reuse in the Liaohe Oilfield

Ten years of efforts enabled CNPC Liaohe Oilfield to solve the major global problem of heavy oil sewage treatment and reuse. In Liaohe Oilfield, five advanced heavy oil sewage treatment stations had been built with a daily treatment capacity of 78,000 cubic meters, so that all the produced sewage during heavy oil recovery can be recycled, reducing COD emissions by 11,000 metric tons and oil pollutants by 570 metric tons each year.

2.5 Promoting Clean operation

As required by the State Council Energy Conservation and Pollution Control Working Meeting, CNPC evaluated the environmental impact of its projects and enforced the Three-tier HSE management system, and ensured the environmental impacts of all the projects were assessed, and that all the projects were checked in terms of environmental protection, so that pollution could be controlled at its source.

Jidong Oilfield, Dalian Petrochemical and Lanzhou Petrochemical launched their own demonstration projects. Jidong Oilfield turned itself into a green oilfield, Dalian Petrochemical an ecological industrial park and Lanzhou Petrochemical an environmentally friendly enterprise. All of these pilot companies devised their own circular economy plans. Grassroots-level units such as geophysical prospecting, drilling, borehole operations, oil recovery and refining and chemicals installed environmental protection facilities to improve their ability to protect the environment, with 108 grassroots-level units being granted the title of Green Teams or Green Workshops.

In 2007, CNPC launched clean operation review. Innovation and increased resources in clean operation technology improved CNPC's capacity to protect the environment. Altogether, 195 sets of equipments were approved to be used in clean operation, and 2,780 plans were made for clean operation. As a result, sulfur dioxide emissions and COD of wastewater were reduced by 3,990 metric tons and 2,660 metric tons respectively.

In accordance with ISO1400, CNPC used its identification screening systems to work out environmental management plans, improve emergency response programs at various levels, and prepared emergency response equipments. By the end of 2007, 216 subsidiary companies had passed ISO1400 attestation.

1. Improving three-level prevention and control programs

CNPC affiliates, particularly those close to water that may cause pollution, continued to implement the three-level prevention and control programs. Building on successes in 2006, CNPC completed 13 emergency prevention and control programs in four companies, which contributed to the completion of the three-level prevention and control programs. CNPC also formulated the *Standards of the Three-level Prevention and Control of Water Pollution for Refining Enterprises* to improve its capacity to manage environmental risks in emergencies.

Example: The three-level prevention and control system in Jilin Petrochemical Company

PetroChina Jilin Petrochemical Company took the lead by investing RMB 343 million to set up the three-level prevention and control system: 20,000 meters of dikes surround the tank area, and seven buffer pools can hold more than 100,000 cubic meters of wastewater. Two anti-pollution dikes can prevent the overflow of polluted water. In case of leaks, this anti-pollution system can effectively control wastewater within the plant through its blockades rather than let it flow into rivers. With detailed instructions on operation and hundreds of exercises, CNPC employees are now adept at operating this system.

Example: Clean operation and environmental protection at CNPC Liaohe Oilfield

CNPC Liaohe Oilfield is located near Liaodong Bay, or Liaohe delta wetland, one of the three bays forming the Bohai Gulf. It is inhabited by 409 kinds of wild species such as Saunders Gulls and red-crowned cranes. As a national nature reserve, this place is one of the largest areas with the best-preserved and most complete vegetation. Underground is the heavy oil and super-heavy oil reservoirs. Thousands of wells are scattered in the hundred miles of reed marsh with an annual output of millions of metric tons, making Liaohe Oilfield the largest heavy oil and super-heavy oil production base in China.

Given that this is such a special environment, Liaohe Oilfield has been attaching great importance to environmental protection. As required by state laws on environmental protection, Liaohe Oilfield has achieved 100 percent up-to-standard of environmental indicators such as sewage discharges, oil sludge treatment, harmless treatment of drilling wastes and harmless treatment of waste mud. Use of horizontal and cluster wells have saved land resources and protected the natural landscape and water sources. Thanks to CNPC's efforts in wetland protection during field operation, no oil spill has ever occurred in these thousands of wells scattered in the reed marsh. By practicing the philosophy of "Giving Green Energy and Sharing Clear Water and the Blue Sky", CNPC has written a harmonious chapter in the history of industrial development and environmental protection.

4. Raising awareness of energy conservation and pollution control

CNPC regards it as a basic responsibility to increase employees' awareness of energy conservation and pollution control.

In the latter half of 2007, CNPC organized the company's largest-ever energy conservation and pollution control contest across the company, with the participation of more than 100 affiliates and 150,000 staff. This contest played an important role in increasing their awareness and understanding of these vital issues.



Workplace of PetroChina Dalian Petrochemical Company



Biodiversity preservation during operation, Liaohe Oilfield

2.6 Improving Overseas HSE Performance

CNPC enforced HSE arrangements overseas and set up a safety emergency response mechanism. CNPC also took measures to protect the environment where it operates. No major safety or environmental accidents occurred throughout the year.

1. Strengthening overseas HSE management

In 2007, China National Oil & Gas Exploration and Development Corporation (CNODC), mainly specializing in overseas investment, passed *ISO14001 Environmental Management Standard* and *OHSAS18001 Occupational Health and Safety Management System* and secured five certificates granted by the US, UK and China, showing that CNPC has reached a new high in its overseas HSE management. All overseas projects set up or improved their HSE management system which was essential to their business development, and laid a solid foundation for an HSE management system with CNPC characteristics.

To give better on-the-spot HSE support and guidance, CNPC formed three regional companies based in South America, Sudan and Kazakhstan and added the position of an HSE business manager so that part of the routine HSE management functions could be transferred to these regional companies and CNPC HSE management could achieve synergy between units. Meanwhile, CNPC increased the number of its HSE professionals. These three regional companies now have a total of 327 Chinese and foreign HSE professionals.

In the same year, CNPC set up HSE agencies in eight countries—Sudan, Iran, Nigeria, Niger, Chad, Algeria, Indonesia and Venezuela. CNPC improved its emergency response plan and strengthened its safety evaluation, enabling it to solve many safety issues and reduce risks to its overseas projects and staff.

All overseas project companies conducted a great deal of HSE training based on the characteristics of the host country's environment. CNPC Andes Petroleum in Ecuador compiled a six-grade training program from elementary to expert level and developed a complete Learning Management System (LMS) to qualify staff for their jobs.

CNPC PetroKazakhstan Inc. organized intensive HSE training, and was presented the 12th International Rescue Training Major Contribution Award by the Ministry of Emergency Situations of the Republic of Kazakhstan in honor of CNPC's outstanding achievements in HSE training.

Supported by project companies, CNPC held activities such as the Safe Operation Month, Safe Operation Warning Day and the HSE Achievement Exhibition, and distributed the *HSE Guide*. These efforts greatly helped to raise awareness of HSE.

2. Protecting the environment of the host country

Following the principle of maintaining harmony between energy development and environmental protection, with a strong sense of responsibility for each host country it operates in, CNPC employed environmentally friendly technology and formulated protective

Example: Great Wall Drilling Company (GWDC) intensified foreign employees' HSE training.

CNPC GWDC provided HSE training to foreign staff in a bid to improve its overseas frontline HSE management, and especially foreign employees' awareness of safety and the skills required by safe operation. In 2007, GWDC organized two HSE training sessions for foreign staff with the participation of more than 100 people from over 10 countries. The training revolved around HSE ideas, the HSE management system, HSE procedural documents and safety regulations on operation sites. Mr. Abbs, an Iranian operation coordinator, said: "I can really learn many useful things here, and I'm happy to talk with our staff from various countries about safety at work."



Strictly monitor environmental indexes during operations in Sudan

measures. Throughout the year, no major pollution incidents occurred, making CNPC a role model in terms of abiding by its host countries' environmental laws.

In 2007, CNPC PetroKazakhstan Inc. invested heavily in accelerating the integrated use of natural gas in order to reduce natural gas emissions. The company also used advanced bio-technology to restore more than 5,000 square meters of damaged vegetation. After the first-phase project of the Third Oil & Gas Processing Plant in Aktobe started production at the end of the year, it recovered the regenerated gas of the emission torches, thus improving the ecological environment of oil producing regions. In addition, the company invested USD 5 million to start the preliminary work on building sewage treatment facilities with a treatment capacity of 7,000 cubic meters, USD 700,000 in the phase-I of the sewage treatment project in Kenkiyak, and USD 230,000 in ecological restoration.

CNPC's 1/2/4 project in Sudan continued its industrial sewage biological degradation and set up five sewage biological/plant treatment stations. In Sept. 2007, CNPC once again won the Environmental Protection Award granted by the Ministry of Energy & Mining of Sudan.

Example: Protecting Ecuadorian tropical rainforests in operation sites

Located in tropical rainforests in northeastern Ecuador, CNPC Andes Petroleum used 3-D seismic exploration technology to avoid damage to rainforest vegetation. The company also drilled new wells in old well sites to minimize the operational land use in order to protect biodiversity. It adopted European or US environmental protection standards to minimize its waste discharges from power generation, oil refining and water treatment.

Thanks to its painstaking efforts to protect the local tropical rainforest, CNPC Andes Petroleum was granted the World Oil HSE/Sustainable Development Award and listed as a candidate for the London-based Energy Institute Awards: Environment.



3 Career Development



Employees are our most valuable asset. Their healthy development is the foundation of the success and sustainable development of CNPC. We adhere to the concept of putting people first, advocating equality and non-discrimination in our recruitment strategy. We respect employees' individual rights and cherish their lives, health and safety. We respect work, knowledge, talent and creativity. We attach importance to simulating the enthusiasm and creativity of all staff when making key decisions and conducting important business activities. We continue to share the achievements of our corporate development with all employees to realize the organic integration of corporate value and the value of employees.

- 3.1 Safeguarding Employees' Rights and Interests
- 3.2 Building a Development Platform
- 3.3 Attaching Importance to Staff Training
- 3.4 Strengthening Grassroots Development
- 3.5 Caring for Employee Health
- 3.6 Caring for Employees' Livelihood
- 3.7 Caring for Overseas Employees

3.1 Safeguarding Employees' Rights and Interests

CNPC always adheres to the principle of "people first" and respects and protects the rights and interests of our employees. The company strictly complies with the *Labour Law of the Peoples Republic of China*, *Law of the People's Republic of China on Employment Contracts*, and the *Trade Union Law of the People's Republic of China* as well as relevant laws and regulations of the host countries. It has established comprehensive employment management regulations and systems, which include a labor contract management system, salary, insurance and welfare system, performance assessment system, award and punishment system, professional training system, and a vacation and break system.

We treat all employees fairly. We adopt a labor contract system covering all employees. Labor contracts are signed between the company and employees on the basis of equality and free-will through friendly consultation.

We stably reform and improve salary, welfare and insurance systems, aiming at building a value and performance-centered remuneration system valuing the characteristics of all employees. While developing production and enhancing benefits, we have established an interactive adjustment system between employees' salaries and our achievements. We have adopted a technical allowance and skills allowance system for two levels of technical and skill experts as well as senior technicians and technicians. In recent years, we have paid special attention to staff in grassroots units, key positions and those working in difficult conditions in terms of salary distribution and steadily enhanced the salary standard for outdoor frontier workers and the allowance standard for employees in key positions and those working in difficult conditions, thus forming an incentive system to make grassroots employees willing to contribute at the frontier positions.

According to the national requirements for establishing a multi-level social insurance system, we provide social insurance for employees, including endowment, unemployment, medicare, employment injury and maternity insurance. In the meantime, we have improved various welfare systems such as supplementary insurance and subsidies for retired people and provided various types of welfare such as health checks, education and training, assistance to people in difficulties, and

serious disease relief, leading to improvements in the lives of our employees and retirees. In Dec. 2007, we launched the establishment of a corporate annuity program and set up a corporate annuity management committee and corporate annuity council which further improved the company's remuneration and welfare system and improved the protection of employees' interests after their retirement.

We have established trade unions and workers' congresses at various levels. In compliance with the *Notice for the In-depth Implementation of Factory Affairs Opening System by State-owned Enterprises, Collectively-owned Enterprises and Their Holding Companies* issued by Communist Party of China Central Committee Administrative Office and State Council Administrative Office, we further standardized the content, form and procedure for the publicizing of operation affairs and implemented the democratic appraisal system and duty reporting system for management personnel.

We protect employees' rights to know, to participate, to express and to supervise. We respect employees' democratic rights and perform democratic procedures. We carry out multi-level communications and invite opinions from employees through workers' congresses, democratic discussion meetings, and representative symposiums to fully involve employees in democratic participation, management and supervision. In 2007, CNPC was awarded the title of National Exemplary Enterprise for Promoting Factory Affairs Opening and Democratic Management, and 15 subsidiaries including Daqing Oilfield were awarded the title of National Exemplary Enterprise in Factory Affairs Opening and Democratic Management.

We adhere to an equal and unbiased employment policy and fairly treat employees of different nationalities, races, genders, religions and cultures. Employment of child labor in any form is strictly forbidden, and forced labor and discrimination are banned. We attach importance to promoting the employment of women and minorities and making a contribution to employment in local communities.

The CNPC Human Resource Management System was fully promoted in 2007 and will start operating in June 2008. The system will cover all subsidiaries and employees of CNPC. By standardizing, combining and integrating various human resource data, the system can realize timely and accurate statistical work and open, standard and effective human resource management work, thus optimizing the allocation of human resources.

3.2 Building a Development Platform

We have completely implemented the strategy of strengthening the enterprise by relying on skills in order to establish a sound talents selecting, cultivating and using system. We pay attention to the needs and career plans of employees at different stages and try to develop a channel of growth suitable to every employee in order to fully exhibit the advantages of human resources and make employees feel valued and respected. Therefore, we established the dual-level rewarding system and incentive system. We reward and encourage employees in various ways, e.g. increasing their incomes, providing paid holidays, creating occupational development space, etc. We have also conducted various campaigns such as the selection of merited employees, model workers, advanced workers, creative and efficient youth, leaders in scientific research and technologies, etc. We have reinforced spiritual and material incentives to create a culture of competing for excellence and further progress.

We have paid great attention to career design for employees and have been actively engaged in developing growth channels and learning platforms for them in order to upgrade their qualification standards through self learning and job training. Currently, the company has established a strong team of talents consisting of managers, experts, technicians and operators.

On July 18, 2007, the company specially honored 10 employees as pacesetters, 100 model teams and 1,000 advanced teams. This was another important action of CNPC in encouraging the growth of talents and in emphasizing team building.

3.3 Attaching Importance to Staff Training

We regard employees as our most valuable resource and regard their growth and progress as the basics for the development of the company. As a result, we have attached great importance to the training and use of talents as an important strategic task. We have followed the rule of training according to needs, paying attention to abilities and learning to meet the job needs, and our educational and training work has been focused on the objectives of our business sectors. The company and its subsidiaries have been increasing investment in the building of training centers every year, with training expenses covering 2.5% of total salary payments. CNPC has fully utilized training resources in China and abroad to conduct training programs for all employees in various ways, to include knowledge training, professional training, job training, on and off-work training, etc, which have enabled the company to train a large number of high-level talents that are urgently needed by the company, optimize the knowledge structure of the employees and upgrade employees' literacy standards and technical skills.

In 2007, we established an organizational guarantee system with uniform standards in accordance with the needs of building "Three Teams", to include training with respect to business management, professional technologies and operating skills. We have also established an effective training network of moderate size, functional facilities and effectiveness, a scientific system of explicit responsibilities and a team of full-time and part-time trainers that cover our major subjects. We

stick to education and training that covers employees' entire development and mainly train management staff and technical personnel in upgrading their management abilities and creative abilities. We have focused on the training of operators in improving their job skills. We have also strengthened the training of our international personnel in order to increase their skills in foreign languages, cross-cultural communication and in world market operation in order to meet the urgent needs of expanding our overseas business.

In 2007, CNPC took HR development and the upgrading of employees' qualifications as the basics for strengthening grassroots development and improved training of the production workforce. We plan to spend three years building a production team of moderate size, reasonable structure, strong responsibility, high-standard qualification, strong implementation and suitability in meeting the needs of the company's development. Through this training, we will offer training to employees in key positions once a year in order to ensure they will receive sufficient instruction.

Since its remote training website started operation in August 2006, CNPC has implemented dual-level management at the corporate level and subsidiaries level in order to suit the educational and training management system and to undertake remote training by utilizing this network platform and the training resource database. This website has also provided a means for the public to study and understand issues related to petroleum.

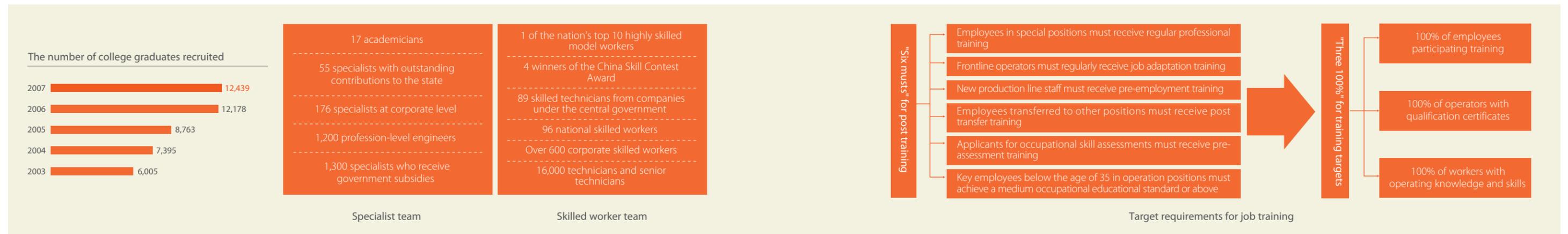
CNPC remote training website: <http://e-learning.cnpc.com.cn/jsp/index.jsp>

3.4 Strengthening Grassroots Development

Grassroots units are at the forefront of our business operation, directly facing the complex internal and external conditions as the basic units for organizing operation activities. The rapid and healthy development of the company depends on the hard work, diligence, creativity and contribution of grassroots employees and they are the main force for technological innovation, the promotion of new technology and the commercialization of technical achievements. Development at the most basic level of the company must satisfy the requirements of technological progress. To this end, we are trying to train a high-quality employee team through strengthening training and practice.

We have been strengthening the selection and training of highly skilled employees by eliminating limits related to age, background, record of service and status, and will hire over 3,000 employees for major technical positions and key operation posts such as technicians and senior technicians. We have established a training system for technicians in professional positions to receive off-work training and have trained nearly 1,000 technicians a year. We have also trained over 60,000 shift leaders and team chargers over the past two years, effectively upgrading the overall skills level of grassroots units.

We have been continually conducting occupational and skills contest activities and have organized various contests at corporate level for 29 kinds of jobs from 2000 to 2007. In recent years, more than 100,000 employees have participated in the various contests organized by the company.





Grassroots units actively conduct job practice and skill contests

In 2007, the company organized the Eighth Nationwide Welding Technical Contest for its employees and achieved excellent results, including four champion titles of the industry and the local group, which revealed that the company now has a large group of highly skilled employees.

We have paid great attention to the assessment and development of the occupational skills and strengthened the creation and development of job standards, training materials and an assessment test database in order to improve assessment conditions and to fully promote the job qualification certificate system, measures which have generally increased employees' initiative in taking part in the job qualification assessment. In the past two years, around 35,000 additional employees have participated in the assessment annually. The implementation of these actions has promoted team building at the grassroots level, improved the employee qualification structure and provided strong support for technical talents for the rapid and healthy growth of the company.

Example: Wang Hai Team, an excellent grassroots unit

Wang Hai Team is a grassroots team in the molecular sieve dewaxing workshop of No.3 Petroleum Plant, Fushun Petrochemical Corporation. It was the first team named after its team leader. Wang Hai Team is in charge of 153 units of conventional machines and equipment, eight refinery towers, 107 vessels, 44 units of heat exchangers, more than 6,000 valves and more than 10,000 meters of pipelines. This team has continually converted what it has learnt into creative abilities. The team members have created an optimized operational method which can generate an additional profit for the company of over RMB 700,000 per year. They have readjusted the original control data for the systems, increasing the yield rate by 2% and boosting the profit by RMB 20 million annually. They have also created a set of operational procedures which has ensured that no accident has happened since this team was established 14 years ago. They have the courage to challenge the work limit and have completed the loading of imported adsorbent in 25 days, something which US specialists estimated would take 50 days to complete, with the loading efficiency exceeding the highest efficiency record of 98.4% in the US. They have generated an extra profit of RMB 19.46 million for the company. They used the "backward driving" method and have cut the working time from 90 to 38 days, creating the world record for working with the same system, which has saved costs totaling RMB 5 million.

The Wang Hai Team has created a team building experience in its practical work including skills, profit, management, creativity and harmony, which was strongly recommended by Liaoning Provincial Federation of Trade Unions to the entire province. They have been highly praised as a fine example of today's working class and an excellent example in revitalizing this old industrial base. This team has also been recognized by the All-China Federation of Trade Unions as the representative of the Five-Type teams in the new era. The Wang Hai Team has also been praised by CNPC and Liaoning Province as a great example of industrial team building. In 2003, the Wang Hai Team received the national May 1st Labour Merit Certificate. In 2006, it was awarded with the title of Learning Type Red Flag Team Model among enterprises under the central government. In 2007, it was awarded the title of Nationwide Learning Type Model Team and was ranked first among the 10 model teams. The growth of the Wang Hai Team is the result of team construction guided by the "Daqing Spirit" and the "Iron Man Spirit".

3.5 Caring for Employee Health

We care for the lives of our employees and pay great attention to employees' health. We have launched a series of policies and measures to promote the construction of the HSE system in order to ensure employees can fully devote themselves to their work with healthy bodies and minds.

1. Prevention and treatment of occupational diseases

With the concept of putting people first, we attach the utmost importance to employee health. We regard the prevention and treatment of occupational diseases as a long-term task, therefore we adhere to a policy that emphasizes prevention and combines prevention with treatment. We thoroughly implement the *Code of Occupational Disease Prevention of PRC*, strictly carry out regular health examinations and implement occupational disease examination system and have gradually implemented the convalescence system that attaches special importance to production workers. Based on the characteristics of various health hazards, severe environmental conditions, mobility and labor intensity in the operation sites, we have strengthened the monitoring of occupational health and occupational disease hazards to improve the working environment.

In 2007, we further standardized health examinations for employees and the inspection of worksites. According to the unified plan, we have arranged occupational health examinations for employees and conducted tests for occupational hazards in worksites, which substantially upgraded occupational health monitoring and the protection of employees' health. In 2007, more than 220,000 employees received occupational health examinations and we completed inspections for occupational hazards at more than 30,000 worksites. The rate of occupational health examinations and the rate of inspection of occupational hazards at worksites have reached 92% and 93% or above respectively.

In 2007, we have strengthened controls over the source of hazards, replaced a number of outdated technologies and processes and increased investment in eliminating occupational hazards. We have also tried to improve the conditions and environment for employees at worksites and have provided employees with qualified preventative products and preventative facilities in order to reduce the harm caused by toxic and hazardous substances to the human body. We have undertaken a full investigation of occupational hazards at worksites in

order to further understand the distribution, types and contact hazards to employees and the current preventative status related with occupational diseases.

The company attaches great importance to radiological health management, has undertaken occupational health examinations and personnel monitoring and established files for radiological health. It has paid great attention to ensuring the good condition of radiological protective facilities, equipment and personal protective products and has undertaken occupational health first-aid management. It has organized first aid training and practices in order to increase the abilities of employees in personal protection, self-treatment and assisting colleagues. It actively promotes the information management of HSE occupational health and has arranged the collection and test operation of files for HSE information system data related to occupational health and safety.

In 2007, we participated in the nationwide publicity week on the *Law on the Prevention and Control of Occupational Diseases* and have organized headquarters employees to take part in various training and questionnaire activities. We have also conducted various promotional campaigns in order to enhance awareness of occupational disease prevention among employees and to make people more aware of issues related to occupational disease prevention and occupational health. We also held training in occupational health management and have emphasized training and education in health management, identification of on-site occupational hazards, occupational health protection, self-treatment and assistance to colleagues.

We have paid close attention to occupational health and safety and have instructed various subsidiaries to carry out this work, including issues such as food for employees, drinking water safety, heatstroke prevention, protection against infection and first aid in the event of accidents. We are also working hard to improve employees' work conditions, living facilities and the basic health facilities and have combined the occupational health service at the grassroots level with health monitoring, health knowledge and education. We have undertaken occupational health examinations for employees who work outdoors, tested and assessed hazards on the worksites and provided free medical care, health instruction and psychological advice to employees. Some branch companies have purchased health checkup vehicles, which offer great convenience in terms of providing on-site health examination services to frontline staff.



Example: Health checkup vehicles for frontline staff

In September 2007, a large and well-equipped health checkup vehicle newly purchased by the central hospital of CNPC arrived at the No.28 service station of CNPC Hebei Marketing Company, where it provided physical examination services to employees from this service station and the four nearby service stations. The health checkup vehicle and its team of professional health workers have provided convenient physical examination and health services to frontline staff and have enabled us to make a great progress in providing complete, fast and integrated health monitoring services.

2. Health Education

In April 2007, the company organized a campaign on workers' health and the social responsibilities of the enterprise and undertook a number of activities with respect to delivering health services at worksites. Considering the unique characteristics of this industry, the company has compiled the *Health Handbook for Petroleum Workers* and has distributed it to the employees to help them better understand health-related issues, choose a healthier lifestyle, and achieve career success and better health.

3. Safeguarding mental health

With social development and change, the production and business of the company have been growing and team building and management of petroleum employees face various new situations, new problems and new challenges. Regarding employees' mental health, we have tried to eliminate the mental factors that can affect safe operation. We face and understand the fluctuation of employees' emotional moods and will provide psychological advice to ease their tension through various effective means. Considering the work pressures at various departments of the headquarters, the company employed professional doctors to offer psychological treatment in 2007 which was designed to help ease employees' mental pressure.

3.6 Caring for Employees' Livelihood

We always adhere to the concept of developing the business for the employees and developing the business by relying on employees, and have tried to benefit all employees with the achievements gained from the company's development.

1. Assistance to employees in need

Although we have been continually improving employees' working and living conditions, we still have employees suffering from financial problems caused by illness, handicap, loneliness, old age and unemployment of family members, as many of our business zones are located in remote areas with poor natural conditions and difficult work conditions. While the company is rapidly growing, it also pays great attention to providing them with support and timely assistance.

Since 2007, we have followed the instructions of the CNPC management and made good on our commitment that all employees in need will be guaranteed with a proper standard of living, that all employees with living troubles can afford to see a doctor and that the children of all disadvantaged employees can go to school. We have also undertaken various educational donation campaigns that are designed to assist them. Comfort visits during festivals have been changed to routine visits. The company has released a certain amount of special funds to various branch companies and institutions to establish a complete and long-term system of educational donations for all employees.

Example: CNPC Sichuan Petroleum explores the establishment of a multi-level operational mode to assist employees in need

CNPC Sichuan Petroleum conducts assistance and support to employees in need in three ways:

- 1) The adoption of various modes and means to ensure the smooth operation of assistance work;
- 2) Strengthening investigation and research to understand the current situation and assign responsibilities in order to ensure the effective implementation of assistance work;
- 3) Integrating resources to form a concentrated workforce that is led by the trade union and supported by the retirement management department and other administrative departments in order to increase the workforce supporting employees in need and to improve work in this regard.

For the purpose of building an effective system to support deprived employees, CNPC Sichuan Petroleum has established an employee support management team and has set up a special organization known as the Support Center for Employee in Need, which has 39 primary supporting stations, 106 supporting teams and 325 hired correspondents.

The employee support work of CNPC Sichuan Petroleum covers over 120,000 people, which includes current employees, retired employees and their left behind families. Since 2006, the Support Center for Employee in Need of Sichuan Petroleum has conducted two large-scale investigations of all employees in need and their families and has confirmed there are nearly 7,000 low-income families. As a result, this support work is a major task. The center has recorded the current conditions of these families and keeps them on file, providing detailed first-hand information for families and employees with severe disease who need support and assistance.

In 2007, the Support Center for Employee in Need of CNPC Sichuan Petroleum established a management system. It has carefully reviewed and revised the existing management rules and designed work procedures, funding allocation procedures and relevant statistical forms for the Support Center for

Employee in Need.

In 2007, the Support Center for Employee in Need strengthened its work in its overall support to employees with low incomes and has increased its efficiency. In that year, 10,276 families in need were assisted and the total amount of funds released for this task totaled RMB 21,043,000, including RMB 15,637,500 to 8,191 low-income families, RMB 3,460,100 to 800 families that required medical assistance, RMB 1,362,400 to support 1,029 people in education and RMB 583,000 to 256 needy families.



Representatives from the Support Center visit sick employees in hospital

Career Development



Team collaboration

2. Enriching employees' cultural life

In order to enrich the cultural life of our employees, various industrial companies and institutions under the company organized various recreational and entertainment events in 2007, including basketball, volleyball and table tennis matches. Some companies have also organized a number of gymnastic activities for the employees as a way of greeting the upcoming Beijing Olympics. These activities help the employees to relax, build physical strength, improve their mood and promote a team spirit after work. Many companies have increased their investment in fitness facilities, including treadmills, ping-pong tables, billiard tables, basketball courts and tennis courts.

3. Caring for retired employees

The development that the company has achieved today is tremendously contributed by the efforts of several generations of our employees and is thanks to the contribution of our 430,000 retired employees. Retired employees are treasured by the company and we will continue to care for the health and well being of our retired employees.

We have strictly implemented relevant policies and regulations issued by the state and the company, and will strive to further care for retired employees. We shall protect the legal rights of our retired employees, enrich their recreational life and ensure they remain happy members of the large CNPC family.

For the purpose of further enriching the recreational life of our retired employees, we have set up universities and recreational centers for our retirees. CNPC and its subsidiary companies have so far set up 34 universities for the aged, with 128 branch schools. Over 57,000 people have graduated from these schools and the number of students currently totals over 23,000. The universities for the aged provide various training courses, including calligraphy, painting, English and computing. They often hold lectures on health issues which have received a positive response.

3.7 Caring for Overseas Employees

In every country and every region around the world where we operate, we strictly abide by relevant local laws and regulations and will implement an equal and unbiased employment policy. The proportion of overseas employees hired in the various overseas investment projects of the corporate has exceeded 80%. We care for the health conditions of our employees, and have been trying to establish a welfare system for overseas employees that will include sequential rest and shift systems in order to provide better conditions to those employees.

1. Paying attention to occupational health

In our overseas business, we have adhered to the concept of giving priority to people, safety and the environment. The company pays great attention to occupational health and has provided equal health guarantee for both Chinese and overseas employees. In 2007, all of our new employees had been trained regarding to the hazards of occupational diseases. And all the staff received physical examination and health monitoring. In this whole year, no occupational diseases have occurred.

In 2007, CNODC, a subsidiary of CNPC specialized in overseas business, strengthened its health checkup and vacation system for employees with total annual health checkup reaching over 1500 person/times. It also reinforced labor protection and the improvement of medical institutions and facilities. CNODC improved the sanitation conditions of office areas and camps, equipped emergency rescue resources, and adopted various measures to improve employees' working and living conditions for employees, winning high praise from both Chinese and foreign staff.

In June 2007, CNODC passed the *OHSAS18001 Occupational Health & Safety Management Certification* and has obtained two certificates issued by the UK and China. This shows that the company has made a great step forward in its Health & Safety Management System and has laid solid foundation to promote the employee health systematic management that is unique to CNPC.

2. Caring for Employee Life

Currently, there are over 58,000 CNPC's employees working in overseas countries—11,000 Chinese employees and 47,000 foreign employees—on investment projects in 26 countries and the engineering service projects in 44 countries. They are living and working in extreme weather conditions all year round. In some regions, the public security is not stable. It is our long-term concern to care for them.

For the purpose of improving the living conditions of our employees in the overseas countries, we have adopted the apartment management and have set up Chinese restaurants. We have been continually delivering literary books, magazines and video and audio products to the overseas countries in order to satisfy the spiritual and cultural needs of the employees abroad. Each overseas project often holds cultural, recreational and sporting events on holidays in order to create a friendly environment for overseas employees. We have also established a communication system for them and have opened 24-hour hotlines to ensure smooth communication and a timely service.

We look after even the smallest details related to our overseas employees and their families. The company performs 10 tasks for our expatriate employees and their families every year. During traditional Chinese festival days, the company will deliver gifts and letters to expatriate employees.

We have also established the Friendly Family Committee to provide better services to the families of expatriate employees, providing a platform for the families of expatriate employees to understand and help each other. We regularly hold discussion meetings for the families of the expatriate employees in order to obtain their opinions and suggestions.

We have also organized various training sessions and lecture



In Adrar Oil Refinery, the Chinese and Algerian employees respect each other, support each other and have established friendship.

according to the needs of the families of the expatriate employees, and regularly examine their health conditions every year. We have also set up fitness and recreational facilities in their residential areas in order to enrich their cultural and sporting lives. We have also set up the Special Contribution Award for the families of expatriate employees to praise and thank them for their support and contribution to the overseas development of CNPC.

4 Public Welfare



The company has gained its wealth from society and should make its due contribution to society. We strive for harmony between energy and the environment. We promote overall economic and social development with the construction of harmonious communities as the ultimate goal of the company. As a key state-owned enterprise of China, we pay great attention to the support of public welfare while we are developing our business and have donated funds to support education and disaster relief in order to construct harmonious communities and promote the healthy development of society.

- 4.1 Assistance to People with Financial Difficulties
- 4.2 Donations to Education
- 4.3 Disaster Relief
- 4.4 Constructing Harmonious Communities
- 4.5 Helping to Build a New Socialist Countryside
- 4.6 Young Volunteers' Activities
- 4.7 Overseas Community Development

CNPC's 2007 Main Public Welfare Donations			Currency: RMB million	
Categories	Items	Sum	Total Sum	
Poverty alleviation	Poverty alleviation (Xinjiang, Tibet, Henan)	37.58	172.51	
	Other areas	96.93		
	Poverty-alleviation via information	38.00		
Donations to education	School construction	64.26	89.24	
	"Spring Rain Project"	1.00		
	New Great Wall Project	0.50		
	Donations to poor students and teachers	15.98		
	Various CNPC scholarships	7.50		
Other public welfare contributions	Donations to charity organizations	171.82	171.82	
	Donations to disadvantaged groups such as orphans, the disabled and the poor			
	Donations to local public infrastructure	121.24	121.24	
	Donations to relieve major natural disasters			
	Voluntary tree planting and greening investment			
	Donations to Green Carbon Fund	300.00	300.00	
	Overseas public welfare donations	147.82	147.82	
Total			1,031.80	

Note: Overseas public welfare contributions mainly refer to public welfare activities in Kazakhstan, Sudan, Venezuela, Ecuador and Oman. The above amount is the RMB equivalent based on the exchange rate of Dec. 31, 2007.

4.1 Assistance to People with Financial Difficulties

In 2007, we enhanced our support to Tibet and poverty alleviation in Xinjiang and other specific regions by strictly following the management rules and practices of CNPC, thus standardizing and institutionalizing our poverty alleviation works.

Background: In compliance with the general plan and arrangement of the Party Central Committee and the State Council, we have been undertaking continuous poverty alleviation work in eight poverty-stricken counties in the north of Xinjiang since 1994. Between 1994 and 2000, we provided financial aid and support to five poverty-stricken counties—Tuoli, Nileke, Barkol, Mulei and Fuhai. Between 2001 and 2007, we provided financial aid and support to six poverty-stricken counties—Tuoli, Nileke, Barkol, Qinghe, Jimunai and Qapqal Xibe Autonomous County. With the strong and effective support of CNPC and the efforts of local governments and local people, the counties of Mulei and Fuhai have shaken off poverty.

Public Welfare

1. Poverty Alleviation in Xinjiang

2007 is the 13th year since CNPC started poverty alleviation program in Xinjiang. We are happy to see that the economic conditions in the six counties supported by the company have been much improved. Because of the severe natural conditions and weak infrastructure in those areas, the farmers and herdsman are living a life that depends on the weather and in which natural disasters threatened to return them to poverty. It has become our long-term mission and responsibility to continue our poverty alleviation and support work.

Based on the actual conditions of the six counties, the company and its subsidiaries in Xinjiang have focused on assistance to the poor in order to ensure they have sufficient food and clothing and to improve the basic living conditions of local farmers and herdsman. They have

assisted local government departments in building and improving a number of poverty-alleviation projects that are closely related with the production and living standard of the farmers and herdsman. In 2007, they participated in over 10 poverty-alleviation projects including the construction of villages and schools, involving a total investment of RMB 17,530,000.

We have been actively researching the creation of new ways of poverty alleviation and have built "poverty alleviation supermarkets" in the counties of Qinghe and Jimunai, which have enabled us to supply donated materials to the poor in a timely and effective manner. In August, we donated two fire engines to Barkol Kazakh Autonomous County, an area which previously had no fire engines.

We have dispatched our best young and middle-aged management staff to these poverty-stricken counties in order to further improve our efforts to assist local farmers and herdsman in shaking off poverty. In 2007, we dispatched our third group of 12 management staff to assist in poverty-alleviation activities in Xinjiang.

We have attached importance to the building of CNPC Hope Schools and have donated funds to help local children go to school. We have so far built 12 Hope Primary Schools for poverty-stricken counties in Xinjiang. In 2007, we invested a total of RMB 3,120,000 in expanding two CNPC Hope Primary Schools in Nileke County and Barkol Kazakh Autonomous County.

In 2007, we supported the construction of the No.2 Primary School in Nileke County, Xinjiang. The school has 84 teachers and employees and can accommodate 48 classes. The school has complete facilities such as a multifunctional teaching building consisting of a music room, art room, modelling room, computer room, reading room and laboratory. The qualification rate for the teachers has reached 100%. This school is now the largest and best equipped one in the county.

On November 5, 2007, we organized the construction of the North Saar Main Canal of Qinghe County and the headwork of the water canal at Yuyitasi. We have invested RMB 800,000 in constructing 7,000 meters of muck water trench with the flow rate of 5.6 cubic meters per second, which has effectively resolved irrigation problems for 893.3 acres of forage grassland for Yuyitasi Village and Kezileyuyongke Village in Saartuohai Town. We have also invested RMB 300,000 in the irrigation project for 60 acres of farmland in Hannanlike Town, Shule County, which has contributed to agricultural production.

In 2007, CNPC invested a total of RMB 2,100,000 in the construction of the Petroleum Village and a quakeproof residential area in the counties of Tuoli and Jimunai. The Colored Steel Residential Quarters (named after the red-colored steel roofs for withstanding snow and earthquakes) invested by CNPC provided housing to 171 poor families and has become a promotional project of Altay region.

We have effectively combined donations with training and have enhanced the impact of aid to the six poverty counties in Xinjiang in terms of education, technology and information.



Children in No.2 Primary School, Nileke County, Xinjiang



The family of Kayihe is happy to move into the new house in Petroleum New Village in Huangtuchang, Barkol

CNPC's Investment in Poverty Alleviation and Development Programs in Xinjiang in 2007			Currency: RMB 1,000
County	Name of Program	RMB equivalent	Officials sent for poverty alleviation (persons)
Tuoli County	Assistance in materials and money	700	2
	Comfort during major festivals	82	
	Earthquake-relief donations	5,000	
Barkol Kazakh Autonomous County	New village construction for herdsman in Bei Ge Bi, Dahe Town	800	2
	Construction of 66.7-hectare high-quality fodder base in Kuokesaierke Village, Dahongliuxia Town	500	
	Reconstruction of comprehensive market of Saerqiao Town	400	
	Reconstruction of Haiziyan CNPC Hope School	80	
	"Warmth and care" activity	52	
Qinghe County	Donation of cement	140	2
	Project connecting Beigan canal and Yuyitasi canal	800	
	Poverty alleviation training base construction	450	
	Construction of science popularization room for Akelangke Village	350	
	Comfort during major festivals	30	
Jimunai County	Donation of woolen underwear	66	2
	Construction of new oil village	1,600	
Qapqal Xibe Autonomous County	Construction of vocational skills training center for farmers and herdsman	1,600	2
	Improvement of education facilities	300	
Nileke County	Construction of comprehensive teaching building for the No.2 primary school	3,040	2
	Supporting facility construction for Wulasitai Town Central School		
Joint poverty alleviation programs for six counties in Xinjiang	Training local officials	1,540	—
Total		17,530	12

Public Welfare

In 2007, the construction of the occupational technical training center in Qapqal Xibe Autonomous County was accomplished, greatly improving educational and training conditions in this county. This training center is designed to train 10,000 people per year and has laid solid foundations in achieving the objective of shaking off poverty by offering training in occupational skills to local people.

For the purpose of upgrading the qualification and management standard of government officials of the poverty stricken counties, we have regularly held training at CNPC Managers Training Institute for these officials. In 2007, we provided two-week training to 184 officials from several poverty stricken counties of Xinjiang.

2. Aid to the poor in Tibet

The Shuanghu Special Zone of Nag-chu in Tibet is located in the northwest of the Tibet Autonomous Region, with a mean altitude of almost 5,000 meters, which is the highest administrative zone in the world. It has seven towns and 31 administrative villages, with a land area of 120,000 square meters. It has a population of 10,346 making it the county-level administrative zone with the lowest population density in China.

In order to effectively support this poverty-stricken area, our work and support takes place on four levels—the Leadership Team, Tibet Support Office, Tibet Support Project Team and Tibet Support Project Auditing Team. In 2007, we carried out seven projects related to urban construction, transportation, education, residences for herdsmen and lighting.

CNPC's Aid to Shuanghu Area of Tibet in 2007 Currency: RMB million		
No.	Name of project	Investment
1	Herdsmen Housing Project	1.580
2	Herdsmen Lighting Project	4.082
3	Shuanghu Radio & TV Center	2.291
4	Temporary Housing Project for Officials and Workers in Shuanghu	4.515
5	Village Committee Construction	3.692
6	Yaqu-Baling Road Project (further investment)	2.500
7	Shuanghu Kindergarten Reconstruction Project	0.683
Total		19.343



Children of Shuanghu at their new school

In the last a few years, we have constructed kindergartens, conducted one-to-one education support campaigns and have purchased beds and quilts for students to improve local educational and living conditions. On October 16, 2007, the work of our nine-year compulsory education project successfully passed assessment and acceptance in Nag-chu Special Zone of Tibet. This is a landmark in the educational history of Shuanghu and is a great achievement made by petroleum employees in their long-term support and aid to education of Tibet.

Two-thirds of the area in Shuanghu is located in the depopulated part of Hoh Xil and the weather conditions are very severe, with the annual mean temperature being -5°C centigrade. The herdsmen are tormented by the snow and wind and have to move frequently. In 2007, we constructed homes for 172 families in six towns, resolving accommodation problems for the herdsmen.

Besides, we invested RMB 4,515,000 in building dormitories for employees of local government in order to improve their living conditions. This has greatly stabilized the employee team in this area.

While we are providing economic support to Shuanghu, we have also made efforts to train second-tier management staff in Shuanghu. According to the general arrangement of the Tibet support program, training for second-tier management staff from Shuanghu was held at CNPC Managers Training Institute in December 2007. We invited specialists from the Aid-the-Poor Development Office of the State Council, China Agricultural University and the poverty-alleviation and

Tibet support offices of CNPC to give training in the poverty-alleviation policies of the state, policies for border areas, and new technology for farming and animal husbandry, which received a positive response from the trainees.

In addition to material and financial support to Tibet, we have dispatched six management staff to work in Shuanghu. In July 2007, we dispatched the third batch of two management staff to work in Shuanghu. At that time, Shuanghu experienced extremely heavy rain, something that had been very rare in the last 10 years, and transportation between Shuanghu and Lhasa was interrupted for more than two weeks. Our Tibet support employees traveled in the rain and snow risking their lives to implement the projects, which enabled our seven Tibet aid projects to be successfully accomplished in 2007. They have been highly praised by the local government and local people, and employee dormitories have been promoted by the government of Nag-chu.

On Tibet New Year's Day 2008, the Party Committee and People's Government of the Tibet Autonomous Region sent letters to thank CNPC on behalf of the people of Tibet for its long-term support and aid to Tibet in the past years.

3. Poverty alleviation in other regions

In 2007, CNPC and its affiliated companies invested RMB 31,984,500 in providing support and aid to the poor in other regions, including Henan, Sichuan, Chongqing, Gansu, Inner Mongolia, Yunnan, Hebei and Tibet. They have implemented a number of projects, including construction of roads, canals, irrigation works and housing, donation to education, aid to the poor, disaster relief, building of occupational training centers, and building of cultural and recreational centers, which has supported and promoted local economic and social development.

4.2 Donations to Education

Donation to education is a traditional virtue in China and an effective way of building a healthy society. We undertook campaigns in 2007 to donate to the construction of schools, set up CNPC scholarships and supported poor students and teachers. The total amount of donations reached RMB 89,235,300.

The company has also implemented the New Great Wall Project to support students from extremely poor families. In October 2007, the company donated an education fund of RMB 500,000 to China Poverty Alleviation Foundation.

In November 2007, the company provided financial support to the Spring Rain Project public welfare campaign, which aimed at allowing children to receive education in modern information and donated RMB 1 million to the Chinese International Science & Exchange Foundation which was used for the construction of 20 technical aid stations.

Example: Women teachers in northern Shaanxi Province

In an anonymous flat-topped ridge in the junction of Shanxi, Gansu and Ningxia in Northwest China lies the Nan-1 booster station of the No.3 Production Plant of PetroChina Changqing Oilfield Company. All the employees in the station were young girls. In 2002, the girls found in Mayaodian Primary School of Xunjiansi Village on the opposite mountain that there were about 30 students distributed in four grades, but only one teacher, and the desks were very shabby. They decided to help the kids in the school in various ways. Wuliwan Operation Area, to which Nan-1 booster station was affiliated, brought a television, 13 desks and 20 chairs, as well as many study and sports items to the school. In the autumn of 2007, the operation area connected heating pipelines for the school for free to ensure that the students could have a warm winter.

In the meantime, the girls took advantage of their knowledge and opened various new courses for the students such as music, English, PE, painting and ethical education. Besides, they also helped students to study Chinese and mathematics. As time goes by, the workforce of the Nan-1 booster station has changed several times, but their assistance to the students in Mayaodian Primary



School has never stopped. Up to now, totally 22 female workers have taught courses there, amounting to over 1,000 classes.

The enthusiastic help of petroleum workers has greatly enhanced the children's interest in learning, expanded their vision, and enhanced teaching quality. In the past three years, the school always ranked first among all schools in the same education district, a substantial change for the school as it used to be the worst in terms of education quality. The deeds of these employees have spread over the mountains and deeply touched local villagers, who say that they have brought new vision to their children.

In 2007, the employees of Nan-1 booster station were awarded with the title of the Sixth China Top 100 Young Volunteer Unit for their true love and persistent action in assisting local education.

4.3 Disaster Relief

Disaster relief is a traditional virtue of the Chinese people. Whenever there is a disaster, we will extend our support and will immediately deliver disaster relief materials and assistance to the stricken areas. In 2007, some cities and regions in China experienced various natural disasters, including floods, droughts, and earthquakes. CNPC immediately took action and donated funds to disaster-hit areas in Anhui, Shandong, Chongqing, etc.

In July 2007, Sichuan and Chongqing were hit by some of the worst rains and flooding of the past 100 years, which caused severe losses to the local economy and local people. A total of 411 towns in the 33 counties of Chongqing were hit by this disaster which affected 6,430,000 people. CNPC immediately organized manpower and materials to support local government offices in disaster relief and donated funds totaling RMB 4 million and RMB 6 million to Sichuan and Chongqing respectively to support their flood fighting and reconstruction.

4.4 Constructing Harmonious Communities

We adopt the concept of "Caring for Energy and Caring for You" and have earnestly implemented the scientific development policy to actively promote the construction of harmonious communities in order to create harmony between production and life, energy and the environment and people and nature, and to provide continued support to the overall coordination of the company's activities.

1. Reform of the service systems of mining zones

The special production environment means we have important responsibilities in terms of production guarantees, everyday services and the maintenance of the stability of the mining zone service system. The business mainly covers property, public service and welfare, management of the retired and medical care. Based on the pilot reform in 2006, we fully launched the reform of the service system for mining zones in 2007 and have set up the Mining Zone Service Department and constructed the new model of management and operational systems of CNPC characteristics in order to upgrade the service functions and further improve the service standard for the mining zone service systems.



A view of the CNPC base in Kaifeng, Henan Province

2. Promotion of the restructuring and reform of the mining zones

To further improve the living conditions and environment of the employees, the company invested special funds in the relocation of remote mining zones, renovation of deteriorated buildings and improvement of the living facilities during the 11th Five-Year Plan. By the end of 2007, employee department with a total area of 1,990,000m² had been built and extra 5,750,000m² were under construction. The small mining bases of the Huabei Oilfield have been relocated back to the headquarters and the renovation of deteriorated residential buildings for Jinxi Petrochemical and Jilin Petrochemical has almost been completed. The small oil and gas mining zones of Daqing, Liaohe, Xinjiang, Jilin, Changqing and Tarim in the remote areas have been relocated and the renovation of deteriorated residential buildings for Qianguo Petrochemical, Lanzhou Petrochemical and the No.1, 6 and 7 Companies of CNPC Services & Engineering Ltd. have begun.

3. Building green mining zones

The company pays great attention to the greening of mining zones and regards the promotion of greening work and the protection and improvement of the ecological environment as an important social responsibility, an important guarantee for its continual growth and an important part of improving living conditions for our employees. It actively undertakes greening and landscaping projects for mining zones and has achieved significant results. In 2007, nearly 800,000

employees participated in voluntary tree planting and planted 5,960,000 trees and 6,530,000 square meters of flowers and grass. The green coverage at mining zones adds up to 27.44%. At the same time, companies and institutions under CNPC actively supported local governments in greening projects, with 24 CNPC subsidiaries investing a total of over RMB 20 million in the local public work and tree planting. In 2007, CNPC received the Special Award for Greening Public Welfare from the National Greening Commission.

4.5 Helping to Build a New Socialist Countryside

1. Guarantee of supply to agricultural production during the peak period of oil consumption in summer

To support the construction of a new countryside, we extended the traditional mode of oil delivery to the countryside to ensure oil supply during the peak period of agricultural production in 2007 and undertook the campaign of providing services and support to farmers during the peak period of agricultural production. To meet resource needs during the peak period of agricultural production, we actively prepared and set up the market leadership team, established the fast-response system for resource delivery, set the warning limit of stock and worked out the emergency plan in order to ensure that sufficient quality oil was supplied at the prices defined by the government in 24 hours. This has effectively secured the oil supply to agriculture during the peak period in summer and has won a positive response from farmers.

In April 2007, 15 entities and 15 employees of CNPC received awards from the Ministry of Agriculture for their excellent performance in providing support to agricultural production.

2. Alleviating poverty via information and supporting the construction of a new countryside

We bought 19 slots on the CCTV-7 Agricultural Channel and 12 TV channels in 10 provinces for over 100 poor counties to promote their businesses, and 45 counties directly benefited from this. A batch of agricultural deep processing projects received investment, which greatly expanded the sales channels of agricultural products and increased farmers' incomes, providing an excellent information bridge in the construction of a new countryside.

Public Welfare

After the broadcasting of this business invitation information, we received many heartfelt letters of thanks from the governments of 15 provinces, cities and counties such as Yichang City of Hubei Province, Keshiketeng county of Inner Mongolia, and Lankao County of Henan province. Our work also won recognition from the Poverty Alleviation Office of the State Council.

4.6 Young Volunteers' Activities

CNPC has an energetic and influential Youth Volunteer Team which has been continually engaged in various volunteer activities. Today, this team has grown into 5,286 branch teams numbering over 130,000 people. They have benefited over 940,000 people.

In 2007, we conducted a range of activities to provide education to local people through signing agreements with volunteers, setting up youth volunteer federations and issuing youth volunteer service cards which were positively responded by local people. In 2007, our young volunteers received 21 awards, including the National Excellent Youth Volunteer Unit, National Excellent Young Volunteers and Nationwide Excellent Youth Volunteer Model.

Example: Our young volunteers

In 2007, Daqing Oilfield of CNPC undertook the Red Volunteer Action to provide care and support to aged and handicapped employees and the Green Volunteer Action to improve the public environment and social conduct. Yin Guochao, an employee of No.1 Production Plant has taken care of a paralyzed elderly employee with his youth volunteer team since he was employed by the plant in 1994. He started his Learning From Lei Feng Group to provide aid to employees and set up his Guo Chao Volunteer Service website to attract more young people to volunteering activities. This year, he was awarded the title of Top Ten Outstanding Young Volunteers of Heilongjiang Province. In 2007, the 13,556 young volunteers of Daqing Oilfield provided 62,408 hours of service.



4.7 Overseas Community Development

We have adhered to the rule of "Mutual benefit and win-win for common development" during the development and utilization of resources and the promotion of environmental protection and social progress, and have established stable long-term cooperation with host countries. We respect the customs of the local people and have built an excellent relationship with the local people. We provide job opportunities to local people and pay taxes to the local governmental departments on a timely basis. We also actively participate in various local public welfare activities and have assisted local people in improving their living, medical and educational conditions, which has actively promoted social development in those countries.

From August to November 2007, our project company in Syria donated USD 95,000 to Shadaddy Town to set up streetlighting on a 3,100 meter road where its worksite is located.

In 2007, we constructed a highway totaling 21 kilometers for local people in Azerbaijan and have also donated USD 65,000 to the construction of a school for local people.

We have invested USD 20,000 in Peru to build a school for the city of Talala. Every year at Christmas, we will spend approximately RMB 24,000 in purchasing educational necessities for the local primary school. In August 2007, Peru suffered a magnitude 7.5 earthquake. We delivered three trucks of foods, 500 cartons of mineral water, 200 cartons of milk, 500 kilograms of rice and 250 kilograms of sugar to support local residents.

In 2007, we donated USD 662,000 to Petrosiven of Venezuela to build livestock farms, dairy farms and tapioca processing plants and improve the power and water supply systems. USD 114,700 was used to improving educational facilities in six schools.

In January 2007, we entered into a Petroleum Professional Training Financial Support Agreement and Public Welfare Fund Agreement with the government of Sudan. We plan to donate USD 900,000 to assist Sudan in training petroleum industry professionals and we also plan to donate USD 1 million to improve the living conditions and medical facilities for orphanages, rest homes and public medical services in the country.

In 2007, in Sudan, we donated funds to Mygoma Orphanage and Al



On June 1, 2007, we made donations to Mygoma Orphanage and Al Rasad Center in Sudan.

Rasad Center, Al Sagana Rest Home, Al Salamapi Workshop and the Ibn Sina Hospital, which have improved living conditions for local needy people. To improve the living conditions at Mygoma Orphanage, we donated 2,200,000 dinars (equal to approximately RMB 88,000). In addition, we have also donated 200 sets of hearing aids to local rest homes and have purchased wheelchairs and other equipment for the handicapped.

In July 2007, the Nile Valley of Sudan was hit by a severe flood which destroyed thousands of homes and caused the spread of malaria. While we were fighting the floods, we also donated funds and materials to support the local people. Our employees donated 3,000 garments and over 10,000 items of daily necessities and over 30,000 standard woven bags to local people.

In December 2007, the two-month Second CNPC Training Program to MEM Sudan was completed. A total of 20 Sudanese accountants, auditors and management personnel selected by the Sudanese Energy & Mining Ministry attended this course. A Sudanese trainee said: "CNPC is a strong and responsible large company and I have seen its changes every day. As a beneficiary of CNPC-funded training, I thank China and I thank CNPC".

5 Features



5.1 Participation in Community Development in Kazakhstan

2007 was the 10th anniversary of oil and gas cooperation between CNPC and Kazakhstan. In these years, we have adhered to the policy of friendship, peace, cooperation and development and have achieved friendly cooperation and mutual benefit on a win-win basis. While promoting the development of the local economy, we have actively shouldered our social responsibilities, supported local public welfare and achieved mutual growth for CNPC and the local community, which has promoted local economic and social development.



Vegetable production farm CNPC constructed for the local community in Kazakhstan

1. Promoting local economic development through project development

Since 1997, our company's investment in petroleum cooperation projects in Kazakhstan has totaled USD 6.5 billion, with USD 3.19 billion being paid in taxes to the government of Kazakhstan. CNPC AktobeMunaiGas, the first large investment project of CNPC in Central Asia, achieved oil and gas productivity increasing every year over the past decade. Currently, the taxes this project has paid to the state of Aktobe cover 70% of total taxation for this state and the project has been named as the "epitome of success in Sino-Kazakh economic cooperation".

The Kazakhstan-China Crude Pipeline is the first long-distance and cross-country commercial crude pipeline in the Chinese history. In December 2005, the Atasu-Alashankou section of this pipeline was completed and put into operation, which has become an important crude oil exporting pipeline for Kazakhstan. It has also promoted the further development of the petroleum industry in Kazakhstan.

Since we took over the North Buzachi project in 2003, we have used special technologies and increased the oil production volume from the original 7,000 barrels per day to the current 20,000 barrels per day, which has effectively promoted the development of local economy.

We have also promoted the rapid growth of the local economy through business development and provided job opportunities to 15,000 local people. Local employees account for 90% of the workforce in our projects in Kazakhstan, while 60% of employees at the level of department manager and above are local people.

2. Promoting education and training of the local people

During the oil and gas cooperation between CNPC and Kazakhstan in the past 10 years, we have trained Kazakh employees locally or dispatched them to China or third countries for training in order to improve their technical and operating standards. We have so far provided educational and training opportunities to over 2,200 Kazakh management and technical personnel and have selected 312 excellent employees to be trained in China.

In 2007, CNPC AktobeMunaiGas donated USD 776,900 to train young Kazakh professionals and provided financial support to 77 young Kazakh students studying at China University of Petroleum, college students in various universities of Kazakhstan and 42 students studying at UFA Petroleum University in Russia.

Over the past six years, we have held a three-week management training course for Kazakh employees at China University of Petroleum in Beijing which has enabled key Kazakh management employees to receive business management training in China. We have also organized them to visit the Dagang Oilfield and Shenzhen Petroleum Training Center of CNPC in order to allow them to learn China's advanced oilfield management modes.

3. Active support for local public welfare

We constructed a natural gas supply line and a 24-megawatt gas-fired power plant for local people in remote villages near the oilfield. The Emba-Zhanazhol Railway we invested and constructed was the first railroad project operated by foreign investors in this country.

In 2007, we donated USD 4,000,000 and USD 1,800,000 to public welfare in Kyzylorda Province and South Kazakhstan Province of Kazakhstan, where the worksites of the PK projects of CNPC are located. The donated funds will be used for road building, construction of community parks and the improvement of local water, electricity and gas supplies. We have also donated funds to support the football club, schools, libraries and homes for the handicapped in Kazakhstan. In addition, the joint-venture partners of PetroKazakhstan in Kyzylorda Province named Turgai Petroleum and KazGerMunai LLP (KGM) have also signed a cooperation memorandum with the government of Kyzylorda Province and have also provided public welfare donations of USD 3,400,000 and USD 3,000,000 respectively. Most of the funds have been used for construction projects closely related with local residents and will benefit poor people.

The governments of Kyzylorda Province and South Kazakhstan Province sent letters to CNPC to praise PetroKazakhstan for its support and contributions to local economic development and public welfare.

5.2 Promoting the Olympic Spirit and a Green Olympics

Since CNPC became an Olympic partner in May 2005, our company has effectively combined the concepts of "Environment-friendly Olympics, Technology-empowered Olympics and Culture-enriched Olympics" with the corporate mission of "Caring for Energy, Caring for You" and been promoting the culture of "Green Olympics, High-Tech Olympics and People's Olympics" with practical actions.

1. Provision of clean energy to bring the blue sky to Beijing

As the oil and gas partner of the Beijing 2008 Olympics, we are shouldering the important responsibility of providing oil and gas products to the Games. To satisfy the requirements of the Olympics in terms of the environment and quality, natural gas demand in Beijing in 2008 will reach 6.8 billion cubic meters, an increase of 2.3 billion cubic meters compared with 2007. The natural gas will be used to replace coal for boilers and coal gas used by residents, as well as to generate power, fuel buses and a small portion of taxi. The International Olympic Committee and the Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG) believe that CNPC has made significant contributions to the secure supply of clean energy to Beijing by initiatively participating in the control of air quality for the Beijing Olympic Games.

To secure excellent air quality in the six Olympic host cities—Beijing, Tianjin, Shanghai, Qingdao, Qinhuangdao and Shenyang—and to ensure sufficient gas supplies to Beijing, we have completed two gas pipelines between Shaanxi and Beijing. In addition to linking the Shaan-Jing Gas Pipelines to the West-East Gas Pipeline, we have also invested in the construction of underground natural gas storages at Dagang Oilfield and Huabei Oilfield. In 2007, six underground storages

had been built at Dagang Oilfield and the number of gas compressor stations reached to five, enabling the oilfield with a daily deliverability of 28 million cubic meters. The underground storages at Huabei Oilfield are still under construction. Natural gases from the West-East Gas Pipeline have been injected into the Jintan underground storage and plan to be extracted from the storage by the end of 2008. Thus, a stable and multi source gas delivery system has been formed to ensure sufficient gas supplies to Beijing. On March 18, 2007, CNPC Beijing Oil & Gas Pipeline Control Center started operation, marking the start of the official operation of the concentrated control and operational mode for long-distance oil and gas pipelines in CNPC, which has further guaranteed the management system for stable and safe gas supplies during the Beijing Olympic Games.

The use of natural gas has greatly improved air quality in Beijing. Since the completion of the First Shaan-Jing Gas Pipeline, natural gas users have increased from 300,000 households in 1997 to 3,420,000 households in 2007, which covers over 81% of the 4,180,000 gas-using households in the city. The concentrated natural gas heat supply in Beijing covers over 60% of the total concentrated heat supply. The share of natural gas in the energy mix of Beijing has increased from the previous 0.4% to more than 7% in 2007. The use of natural gas has enabled Beijing to cut its annual coal consumption by 3,960,000 metric tons. This has reduced smoke and dust emissions by 7,200 metric tons, and cut down sulfur dioxide and nitrate dioxide contents in the atmosphere to meet national standards. Additionally, the concentration of nitrogen monoxide and inhalable particles in the air has been dropped averagely by 13.8% each year during the past six years. In 2007, the number of blue-sky days in Beijing reached 246, making 2007 the year with the most blue-sky days since 1999. All of this has laid solid foundations for Beijing to hold a "Green Olympics" in 2008.

Currently, most of buses running on Chang'an Avenue in Beijing use compressed natural gas supplied by CNPC. During the Olympic Games in 2008, we will supply this safe and clean fuel to 600 to 800 buses dedicated to serving the Olympic Games.

2. Inheritance of Olympic concept and promotion of the Olympic spirit

It is the wish of the millions of CNPC employees to inherit the Olympic concept, promote the Olympic spirit and contribute to a "Green, High-Tech and People's Olympics". As a partner of the Beijing 2008 Olympic Games, we have provided an excellent platform for the communication of the Olympic spirit.

To support the Chinese Paralympic Committee in promoting sports for the handicapped, we have proposed to offer financial support to the Chinese Paralympic Committee and the Chinese paralympic delegations. In June 2007, we became the first enterprise in China to sign the agreement declaring CNPC an official supplier of oil products and natural gas for Chinese Paralympic Committee with BOCOG.

The long-march campaign of Green Olympic and Green Petroleum started on May 30, 2006 has been continued in 2007. News reports on this campaign have been publicizing the Olympic spirit, Daqing Spirit and Iron-Man Spirit in various parts of China through CNPC branch subsidiaries all over China. They have encouraged CNPC employees in different positions to pay attention to, participate in and support the Olympic Games and to contribute to the "Green Olympics" by supplying clean energy. They will report activities related to environmental protection, safe production and sports on a timely basis. Currently, the campaign reporters have completed signature and interview activities for CNPC subsidiaries in northeastern, northwestern and southwestern regions of China.

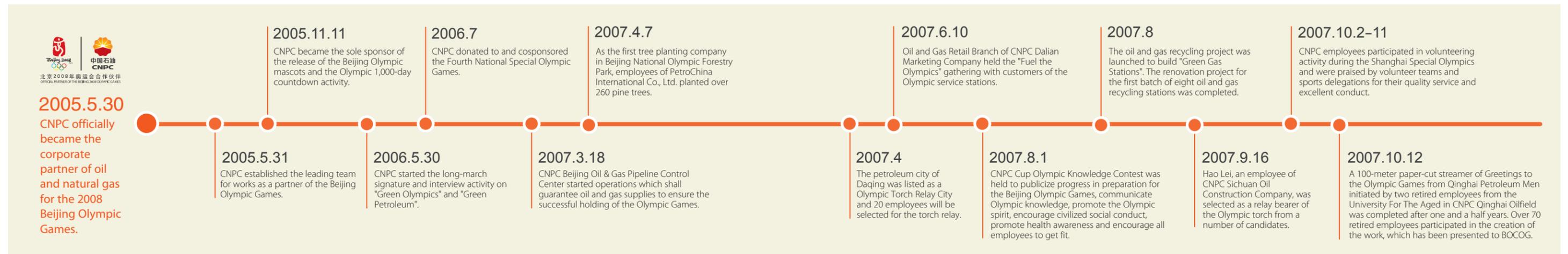
In order to create an excellent environment for various circles of



In the summer of 2007, CNPC's long-march campaign of "Green Olympics and Green Petroleum" arrived at Lhasa in Tibet.

society to support the Beijing 2008 Olympic Games and actively promote the concept of "Culture-enriched Olympics and Environment-friendly Olympics", we donated RMB 2,800,000 on August 1, 2007 to the All-China Federation of Trade Unions, General Administration of Sports, All-China Women's Federation and All-China Federation of Literature and Art to organizing the Olympic knowledge contest, the "CNPC Cup of the National Olympic Knowledge Contest for Enterprise Employees", in which the "Green Olympics" played an important part.

The coming Beijing Olympic Games has ignited the enthusiasm of millions of petroleum employees to work harder. We will fulfill our commitment, remember our responsibilities and keep pace with the "Green Olympics" and will make greater contribution to the Beijing Olympic Games with practical actions.





2008 is the first year for CNPC to fully start the construction of an integrated international energy company. CNPC is facing both unprecedented opportunities and challenges. We will continue to implement the three major strategies of "increasing resources, expanding market and seeking a greater international role" in conformity with the scientific outlook on development and the corporate mission of "Caring for Energy, Caring for You". We will speed up the reform of our economic development mode, strengthen our

sustainable development capability, and continuously improve our capabilities in terms of resource guarantee, efficiency enhancement, technology innovation, management control and HR development, thus building CNPC into an energy-conservative and environmentally friendly enterprise. We will adhere to sincerity and credibility and seriously perform our economic, environmental and social responsibilities to realize the fast and sound development of the company and become an excellent corporate citizen.

Strengthening the supply of energy resources

1. We will fully promote the reserve increase peak-time projects and the secondary development projects for old oilfields and enhance the development and application of our core technologies and unique technical series to enhance our resource exploration and development level and increase crude oil and natural gas production by another 1 million metric tons and 10 billion cubic meters respectively, as well as achieving the rapid growth of our overseas oil and gas production and economic returns.
2. We will continue to promote the construction of the oil refining bases, coordinate domestic and overseas resources, enhance market analysis and forecasting, improve emergency response planning and better coordinate production and distribution in order to secure a stable domestic supply.
3. We will continue to work with provincial, municipal and autonomous region governments to promote key projects and biomass energy cooperation to enhance sustained energy development and stable supply capability.

Focusing on safety and environmental protection

1. Further implement the responsibility system of safety and environmental protection and completely promote and improve the construction of the HSE management system.
2. Carry forward the activity of the Safety and Environmental Protection Year, strengthen contractors' HSE management, implement potential hazard treatment, improve emergency response planning and continue to implement the Dual-Ten energy saving and emission reduction project.
3. Reduce accidents, control risks and prevent serious accidents.
4. Achieve a continued and stable decrease in energy consumption and pollutant discharges to further improve safety and environmental protection performance.

Attaching importance to career development

1. Reinforce implementation of the *Labor Contract Law*, standardize employment management, optimize human resource allocation, and actively explore new modes of labor contracting.
2. Strengthen technical and business training and enhance education to upgrade employees' performance capabilities.
3. Further improve the human resource development system, improve the personnel selection and allocation model, explore the entry and exit channels for employees, standardize the income distribution system, implement the enterprise annuity system, improve the employee welfare system, and promote the complete development of employees.
4. Improve the personnel appraisal system and optimize the personnel structure to create an excellent environment for various types of employees.

Supporting public welfare

1. Continue to undertake poverty alleviation, disaster relief, donation to education and public welfare activities and reinforce development-type poverty alleviation by providing technology and education.
2. Promote the reconstruction of old mining zones, improve employees' living and medical conditions, enrich their cultural life, create a comfortable residential environment, and provide support and aid to needy employees and their families through various means.
3. Perfect the coordination system of CNPC and local government, launch and implement cooperation projects, and promote local economic and social development.
4. Provide service for a "Green Olympics" and continue to show concern to and participate in public welfare activities such as support for agriculture, donation to education, poverty-alleviation and disaster relief in order to benefit society.

Awards and Honors

On January 9, 2007, CNPC was honored with the National Award of the Outstanding Contribution to China Charity.

On January 30, 2007, China Petroleum Pipeline Bureau (CPP) was awarded the title of China Meritorious Enterprise by China Enterprise Reform & Development Research Society and China Enterprise Independent Innovation Assessment Committee. By far, CPP has created 150 new industrial records, ranking it top in China for four years in a row.

On January 30, 2007, Zheng Xin, an employee of No.2 Production Plant, PetroChina Dagang Oilfield Company, was awarded the title of Army Star—One of the Top Ten Outstanding News Figures with Strong Social Responsibilities.

On March 17, 2007, the Wang Hai Team of PetroChina Fushun Petrochemical Corporation was awarded the title of National Learning-type Model Team in the activity of "Creating learning-type teams and striving for knowledge-type employees" as organized by 10 state departments such as the All-China Federation of Trade Unions, CPCCC Civilization Office and the National Development and Reform Commission. The team was ranked first among the 10 model teams.

On April 7, 2007, CNPC was listed the top for competitiveness among Top 100 High Performance Chinese Petroleum and Chemical Enterprises in 2006 as jointly announced by the National Bureau of Statistics and China Petroleum and Chemical Industry Association.

On April 12, 2007, the Hurun Report announced the Third Top 50 Most Responsible Companies of China, and CNPC was ranked top for the amount of its donations, employee numbers and tax payment.

On April 19, 2007, CNPC was awarded the Special Contribution Award for Chinese Greening Public Welfare by CGF.

On August 16, 2007, the day of the 10th anniversary of Sino-Kazakh oil cooperation, President Nursultan Nazarbayev and Prime Minister Karim Masimov of Kazakhstan sent their congratulatory letters to CNPC, which highly praised the performance of CNPC AktobeMunaiGas in Kazakhstan and its various projects that have strongly supported social and economic development in Aktobe and the whole of Kazakhstan.

On August 28, 2007, the CNPC joint venture in Oman received an award from the municipal government of Ibra, which acknowledged CNPC for its great contribution to economic and social development in the Sultanate of Oman.

On August 30, 2007, five enterprises of CNPC (CNPC Tuha Petroleum, PetroChina Qinghai Oilfield Company, PetroChina Jilin Oilfield Company, PetroChina Jinxi Petrochemical Company, Bureau of Geophysical Prospecting (BGP)) were awarded the title of National Model Enterprise with Harmonious Labor Relationship in 2007.

In July and August 2007, a number of provinces, municipalities and autonomous regions of China were hit by severe flooding. CNPC offered strong support for their reconstruction work. The governments of 12 provinces, autonomous regions and municipalities including Shandong, Xinjiang, Chongqing, Sichuan, and Shaanxi sent letters of thanks to CNPC for its timely and strong financial and material support during the fight against the floods.

In September 2007, four CNPC's products received the title of China Name-Brand Products in 2007. The four products and their manufacturers are "Kunlun" heavy-traffic road asphalt produced by PetroChina Liaohe Petrochemical Company, PetroChina Karamay Petrochemical Company and PetroChina Lanzhou Petrochemical Company, "Kunlun" polyacrylamide produced by PetroChina Daqing Refining & Petrochemical Company, "Baoshi" drilling rigs produced by CNPC's Baoji Oilfield Machinery Company Limited and "Sanjing" acrylonitrile produced by PetroChina Jilin Petrochemical Company.

On September 12, 2007, CNPC was named as the Global Most Appreciated Company which was jointly assessed by the State-owned Assets Supervision Commission of the State Council, Hay Group and Fortune magazine of the US.

From October to December 2007, the supply of refined products in the China market was tight. CNPC took various actions to secure the stable supply of refined products in the China market which was positively responded by various levels of the government and the public. Over 20 provincial, autonomous region and municipal governments such as Beijing, Sichuan, Xinjiang and Gansu sent letters of thanks to CNPC for its guarantee of resource supply and its outstanding contribution to local economic construction.

In November and December 2007, three poverty-stricken counties of Xinjiang - Nileke, Qapqal and Qinghe - sent letters to CNPC to express thanks for its long-term support and aid to the poor in the counties and its contribution to the promotion of local technology, culture, healthcare and economic and social development.

On December 2, 2007, Dong Yuexia, chief geologist of PetroChina Jidong Oilfield Company, was awarded as one of the 18th Top Ten Youths of China for her outstanding contribution to the discovery of the Jidong Nanpu Oilfield.

On December 22, 2007, CNPC was once again awarded the People's Social Responsibility Award of 2007 by People's Daily Online.

On December 26, 2007, PetroChina Daqing Oil Field Co., Ltd. was granted the first China Grand Awards for Industry, which is proposed and launched by 12 national guilds headed by China Federation of Industrial Economics. This prize is a comprehensive award and only two companies received this award during the first event.

On December 27, 2007, the Construction and Operation of the Internal Control System for Large Multinational Petroleum Enterprises submitted by PetroChina was awarded the first prize of the 14th National Creative Achievements of Enterprise Management Modernization by All-China Enterprise Management Modernization Creative Achievements Assessment Committee.

Appendices

Performance Statistics

Performance Indices	2003	2004	2005	2006	2007
Finances and Operations					
Total assets (RMB billion)	808.3	913.7	1,160.2	1,398.7	1,541.6
Owners' equity (RMB billion)	496.8	595.4	747.5	879.1	1,042.0
Sales revenues (RMB billion)	475.3	570.7	693.7	806.1	1,000.06
Sundry taxes (RMB billion)	81.3	107.8	133.6	177.7	197.5
Crude oil production (million metric tons)	116.95	120.97	125.98	134.71	137.62
Natural gas production (billion cubic meters)	26.3	31.3	39.6	48.0	57.8
Crude runs (million metric tons)	95.06	106.65	115.41	124.07	130.88
Refined products output (million metric tons)	59.83	67.93	74.37	78.69	82.76
Production of ethylene (million metric tons)	1.82	1.85	1.89	2.07	2.58
Lubricant output (million metric tons)	1.19	1.47	1.53	1.49	1.76
Refined products sales (million metric tons)	60.52	66.81	75.72	77.65	85.71
Number of service stations	15,231	17,403	18,164	18,207	18,648
Total crude pipelines (km)	9,141	9,167	9,391	9,816	12,463
Total refined products pipelines (km)	2,276	2,460	2,462	4,311	4,622
Total natural gas pipelines (km)	15,144	18,995	20,340	21,138	22,231

Safety

Total number of accidents	191	209	174	163	137
Fatality rate per thousand in accidents (‰)	0.0248	0.0256	0.0291	0.0260	0.0206
Fatality rate per thousand vehicles in traffic accidents (‰)	0.4175	0.4278	0.2731	0.2255	0.4111

Environment

Oil discharge in wastewater (metric tons)	2,033	1,924	1,467	1,399	1,215
COD discharge of wastewater (metric tons)	33,085	32,513	30,230	28,600	27,342
SO ₂ discharge of waste gas (million metric tons)	0.1366	0.1429	0.1496	0.1561	0.1573
Energy conserved (million metric tons standard coal)	—	—	—	1.61	1.40
Water conserved (million cubic meters)	—	—	—	87.17	55.00
Land conserved (hectares)	—	—	—	450	500

Employees

Number of employees in service	—	—	—	1,589,000	1,673,000
University graduates recruited in 2007	6,005	7,395	8,763	12,178	12,439
Number of employees given occupational health checks	—	—	—	219,000	220,000
Rate of occupational health checks (%)	—	—	—	95.9	92

Social Welfare

Investment to poverty alleviation in Xinjiang and Tibet (RMB million)	—	—	—	—	36.87
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Performance Statistics

Performance Indices	2003	2004	2005	2006	2007
Disaster-relief donations (RMB million)	—	—	—	—	121.24
CNPC scholarship (RMB million)	—	—	—	—	7.50
Total contribution (RMB million)	—	—	—	436.17	1,031.80

Note: According to the final review, the statistics for "Refined products output", "Energy conserved" and "Water conserved" in 2006 are revised.

Glossary

Glossary

Identified Reserves	According to China National Standards, identified reserves are such estimated quantities of crude oil or natural gas possibly to be recovered economically from reservoirs proved by appraisal drilling during the period of reservoir evaluation, with reasonable certainty or a relative difference of no more than ±20%. Identified reserves include proved geologic, proved technically recoverable, proved economically recoverable and proved sub-economically recoverable components.
Reserve Replacement Ratio	The amount of oil and gas reserves added in a year divided by the amount of oil and gas produced during that same year.
Horizontal Well	A class of nonvertical wells where the wellbore axis is near horizontal (within approximately ten degrees of the horizontal), or fluctuating above and below 90 degrees deviation. A horizontal well may produce at rates several times greater than a vertical well, enhance recovery efficiency and prolong production cycle, due to the increased wellbore surface area within the producing interval. Meanwhile, the environmental costs or land use problems that may pertain in some situations is that the aggregate surface "footprint" of an oil or gas recovery operation can be reduced by use of horizontal wells.
Occupational diseases	A disease or an ailment caused due to excessive exposure of noxious fumes or substances in a working environment that are injurious to health.
Occupational health surveillance	A series of health examinations for professionals in an industry aimed at preventing occupational health threats and improving the health of employees. Occupational health surveillance includes occupational health checks, management of occupational health archives, etc.
Occupational health checks	Physical examination of workers exposed to occupational health threats. Items and frequency of checks should be determined by the category of health threats, and by stipulations in the Items and Frequencies of Occupational Health Checks. These include checks before, during and at the end of a worker's assignment, as well as emergency checks.
Occupational health check rate	The annual ratio between the number of workers exposed to occupational threats who have taken occupational health checks and the total number of workers who should receive such checks.
Workplace check rate	The annual ratio between the actual number and the due number of checks at the workplace.
Accident	An exceptional event which causes casualties, illness, injury, pollution, damage or others.
Major accident	Accident that kills at least three people.
Million person-hours	One million work hours approximately equals the total work hours of 500 workers in a year. The total working hours of an employee includes those for training and overtime, yet excludes holidays, sick leave and other absences.
Environment	The sum of all external influences and conditions affecting the life and development of an organism or ecological community, including water, air, land, and all living things, and the interrelationship that exists among and between them.
Environmental impact assessment	The evaluation of a project's impact on the environment prior to its launch.
Oils (mineral oils)	Compounds of hydrocarbons in waste water. This includes all substances collected by certain solvents, as well as all substances extracted by solvents from acidified samples, which stay fixed during the experiment.
COD	Chemical Oxygen Demand. The consumption of oxidants while processing water samples with strong oxidants. It serves as a comprehensive index for pollutants in wastewater and their impact on the environment. A higher COD represents a heavier pollution of reductive substances in the water body.

Appendices

Indices of Global Reporting Initiative (GRI) and International Petroleum Industry Environmental Conservation Association/American Petroleum Institute (IPIECA/API)

During the compilation of this report, we referred to the essence and performance indices in *Sustainability Reporting Guidelines 2006* by the Global Reporting Initiative (GRI). We also compared the indices in our report with those in the IPIECA/API *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting*.

No.	IPIECA/API	GRI	Contents	Involved or not involved in the report	Page and place in the report
Strategy and Analysis					
1		1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	■	P2-3, 6-7, 22, 28
2		1.2	Description of key impacts, risks, and opportunities.	■	P2-3, 6-7, 58-59
Organizational Profile					
3		2.1	Name of the organization.	■	Cover, Headpage, P4
4		2.2	Primary brands, products, and/or services.	■	P13, 16, 56
5		2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	■	P4, 6-7
6		2.4	Location of organization's headquarters.	■	Headpage
7		2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	■	P4, 17-19, 32-33, 45, 53-55
8		2.6	Nature of ownership and legal form.	■	P2, 4, 6
9		2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	■	P3-5, 14, 17-19
10		2.8	Scale of the reporting organization	■	P4-5, 14
11		2.9	Significant changes during the reporting period regarding size, structure, or ownership	■	P4, 7
12		2.10	Awards received in the reporting period.	■	P32-33, 54-55, 60-61
Report Parameters					
13		3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	■	Cover, Headpage
14		3.2	Date of most recent previous report (if any).	■	Headpage
15		3.3	Reporting cycle (annual, biennial, etc.)	■	Cover, Headpage
16		3.4	Contact point for questions regarding the report or its contents.	■	Headpage
17		3.5	Process for defining report content	■	Headpage
18		3.6	Boundary of the report. See GRI Boundary Protocol for further guidance.	■	Headpage
19		3.7	State any specific limitations on the scope or boundary of the report.	■	Headpage
20		3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	□	
21		3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	■	Headpage
22		3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	■	P45, 63
23		3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	■	Headpage, P62-68
24		3.12	Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found.	■	Headpage, P64-68
25		3.13	Policy and current practice with regard to seeking external assurance for the report.	■	Headpage

No.	IPIECA/API	GRI	Contents	Involved or not involved in the report	Page and place in the report
Governance, Commitments, and Engagement					
26		4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	■	P6-7
27		4.2	Indicate whether the Chair of the highest governance body is also an executive officer	■	P6
28		4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	□	
29		4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	■	P6, 8-9, 35
30		4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	■	P35
31		4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	■	P6-7
32		4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	■	P6-7
33	ENV-6	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	■	P4, 8-10, 20, 34,44
34		4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	■	P6-7
35		4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	■	P6-7
36		4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	■	P6-7
37		4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	■	P6-7
38		4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	■	Headpage, P64
39		4.14	List of stakeholder groups engaged by the organization.	■	P8-9
40		4.15	Basis for identification and selection of stakeholders with whom to engage.	■	P8-9
41		4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	■	P8-9
42		4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	■	P8-9
Economic Performance Indicators					
43	ECO-1	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	■	P4-5, 8, 35, 42-43
44		EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	■	P2-3, 6-7, 58-59
45	ECO-A2	EC3	Coverage of the organization's defined benefit plan obligations.	■	P8, 35, 42-43, 58-59
46		EC4	Significant financial assistance received from government.	■	P4-6
47	ECO-A2	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	■	P35, 42
48	ECO-1	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	■	P8-9
49		EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	■	P35, 42-43, 54

Appendices

No.	IPECA/ API	GRI	Contents	Involved or not involved in the report	Page and place in the report
50		EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	■	P21, 31, 40-41, 45-57
51		EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	■	P5, 10-19, 21, 55-57
Environmental Performance Indicators					
52		EN1	Materials used by weight or volume.	□	
53		EN2	Percentage of materials used that are recycled input materials.	■	P5, 16, 21, 58-59
54	ENV-5	EN3	Direct energy consumption by primary energy source.	■	P2, 29
55	ENV-5	EN4	Indirect energy consumption by primary source.	□	
56		EN5	Energy saved due to conservation and efficiency improvements.	■	P29, 62
57		EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	■	P16, 57
58		EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	■	P21, 28-30
59	ENV-A7	EN8	Total water withdrawal by source.	□	
60		EN9	Water sources significantly affected by withdrawal of water.	■	P31
61		EN10	Percentage and total volume of water recycled and reused.	■	P30-31
62	ENV-9	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	■	P31, 33
63	ENV-9	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	■	P31, 33
64	ENV-A9	EN13	Habitats protected or restored.	■	P30-33
65		EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	■	P20-21, 58-59
66		EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	□	
67		EN16	Total direct and indirect greenhouse gas emissions by weight.	■	P21, 28-29, 62
68	ENV-3	EN17	Other relevant indirect greenhouse gas emissions by weight.	■	P21, 28-29, 62
69	ENV-3	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	■	P21, 28-29, 62
70		EN19	Emissions of ozone-depleting substances by weight.	□	
71	ENV-4/A6	EN20	NO, SO, and other significant air emissions by type and weight.	■	P29, 62
72	ENV-A6	EN21	Total water discharge by quality and destination.	■	P28-30
73		EN22	Total weight of waste by type and disposal method.	□	
74	ENV-1/A1	EN23	Total number and volume of significant spills.	■	P29-31
75		EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	□	

No.	IPECA/ API	GRI	Contents	Involved or not involved in the report	Page and place in the report
76		EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	■	P28-31
77		EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	■	P8-9, 16, 21, 33, 56-57
78		EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	□	
79		EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	□	
80		EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	□	
81		EN30	Total environmental protection expenditures and investments by type.	■	P21, 27
Labor Practices and Decent Work Performance Indicators					
Workingman					
82		LA1	Total workforce by employment type, employment contract, and region.	■	P4, 43, 62
83		LA2	Total number and rate of employee turnover by age group, gender, and region.	□	
84		LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	□	
85		LA4	Percentage of employees covered by collective bargaining agreements.	■	P35
86		LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	□	
87	H&S-1	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	■	P32, 39, 42
88	H&S-4	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	■	P2-3, 26-27, 39-40, 43
89		LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	■	P8-9, 39-43
90	SOC-9	LA9	Health and safety topics covered in formal agreements with trade unions.	■	P39
91		LA10	Average hours of training per year per employee by employee category.	□	
92	SOC-5	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	■	P36-37
93		LA12	Percentage of employees receiving regular performance and career development reviews.	■	P35
94		LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	■	P35, 54
95		LA14	Ratio of basic salary of men to women by employee category.	■	P35
Labor Practices and Decent Work					
96	SOC-1	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	□	
97	SOC-1	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	□	
98	SOC-5	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	□	
99	SOC-4	HR4	Total number of incidents of discrimination and actions taken.	□	
100		HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	■	P35
101		HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	■	P8-9, 35

Appendices

No.	IPECA/ API	GRI	Contents	Involved or not involved in the report	Page and place in the report
102	SOC-7	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	<input checked="" type="checkbox"/>	P35
103	SOC-5	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	<input checked="" type="checkbox"/>	P35
104		HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	<input checked="" type="checkbox"/>	P42-43, 53-55
Society					
105	SOC-8	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	<input checked="" type="checkbox"/>	P6-7, 45-53
106		SO2	Percentage and total number of business units analyzed for risks related to corruption.	<input checked="" type="checkbox"/>	P7
107		SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	<input checked="" type="checkbox"/>	P7
108	SOC-2	SO4	Actions taken in response to incidents of corruption.	<input checked="" type="checkbox"/>	P7
109		SO5	Public policy positions and participation in public policy development and lobbying.	<input checked="" type="checkbox"/>	P7, 9
110		SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	<input type="checkbox"/>	
111		SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	<input checked="" type="checkbox"/>	P7
112		SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	<input type="checkbox"/>	
Product Responsibility					
113	H&S-5	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	<input checked="" type="checkbox"/>	P8-9, 16
114	H&S-5	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	<input checked="" type="checkbox"/>	P16
115		PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	<input checked="" type="checkbox"/>	P16
116		PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	<input checked="" type="checkbox"/>	P16
117		PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	<input checked="" type="checkbox"/>	P16-17
118		PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	<input checked="" type="checkbox"/>	P16-17
119		PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	<input type="checkbox"/>	
120		PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<input type="checkbox"/>	
121		PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	<input type="checkbox"/>	

Note: in detail in the report involved in the report not involved in the report