

# Human Resources

*China National Petroleum Corporation (CNPC) considers human resources to be the most important strategic resource for further development. With adherence to a scientific development outlook, a staff concept and a proper concept of career achievement, CNPC made efforts to implement a strategy of attracting talent for enterprise growth, while also making efforts to keep its human resources strategies innovative. The company actively explored new approaches to recruiting the talent for business development. These strategies have enabled CNPC to expand the strength of its management talent. Progresses in professional team building resulted in the formation of a new 2-level structure with expert teams available both at the CNPC headquarters and subsidiary companies. These advancements in operating procedure have supported CNPC in its goal to become a global competitive company with top talent people.*

## Personnel Training

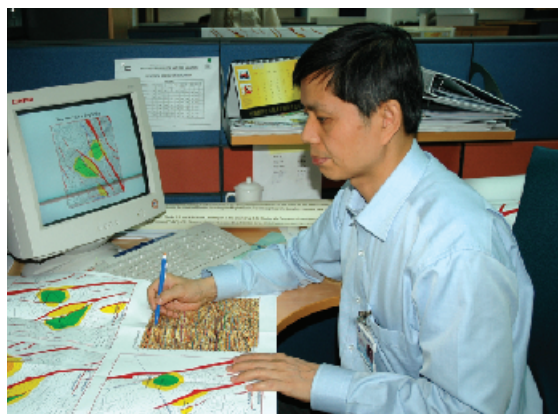
CNPC attaches high importance to personnel training, with 270 million yuan spent training 331,000 employees in 2004. Among which, CNPC headquarters provided 4881 professional training sessions, while its subsidiaries provided 327,000 employees with various training programs. 110 million yuan was invested in the building of training centers during the year and 210 million yuan in professional training and research activities conducted with petroleum universities.

## Employee Recruiting

CNPC continued its efforts to accelerate the reform of employee recruiting mechanisms and policies in 2004. By reshaping the basic framework of the personnel management system to keep in line with modern business management systems, CNPC has developed unique characteristics in its human resources management. An open and competitive selection process enables many highly qualified individuals to assume leadership positions in the company. 176 senior technical expert posts have been fit through selection process. The company's further efforts in recruiting top talent have resulted in 344 post-graduates joining CNPC. In 2004, 881 college students were awarded CNPC scholarship, 97% of the scholarship-awarded from petroleum universities joined the company.

## Incentive Plans

In order to perfect its compensation structure, CNPC formulated the 2004 annual remuneration system for top management as well as a system for those holding special posts that require specific professional skills. A system was established to encourage senior staff to participate in academic exchanges, take vacations and conduct technical inspections on a regular basis. Concerning the training reward system, top-priority was given to those with good performance. The company also continued to establish a system that awards outstanding employees who have worked hard and made considerable progress at work, young employees who have demonstrated innovative and creative skills, and leaders who accomplished advances in academic and technology research development. CNPC made every efforts possible to establish a corporate culture that breeds staff development as well as fosters and advocates the company philosophy of "Dynamic, loyal, honest, committed," as well as the business management philosophy of "Achieving excellence through innovation and integrity." These programs also proactively advocate modern cultural values characterized by talent-orientation, innovation and the concept of "Being the first."



*Su Yongdi, vice chief geologist of CNPC International Ltd. (Nile), made prominent contributions to CNPC's African projects. In 2004, Su was awarded "Special labor hero," "Iron man medal" by CNPC and "National labor hero," as well as "May 1 labor hero medal."*