

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.

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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.

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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 herdsmen 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 herdsmen. 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 herdsmen. 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.

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 herdsmen 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 Saerqiaohe Town	400	
	Reconstruction of Haiziyan CNPC Hope School	80	
	"Warmth and care" activity	52	
	Donation of cement	140	
Qinghe County	Project connecting Beigan canal and Yuyitasi canal	800	2
	Poverty alleviation training base construction	450	
	Construction of science popularization room for Akelangke Village	350	
	Comfort during major festivals	30	
	Donation of woolen underwear	66	
Jimunai County	Construction of new oil village	1,600	2
Qapqal Xibe Autonomous County	Construction of vocational skills training center for farmers and herdsmen	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

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 herdsmen 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

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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 Mayaoxian 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 Mayaoxian Primary

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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.

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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".