

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.

Career Development

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.

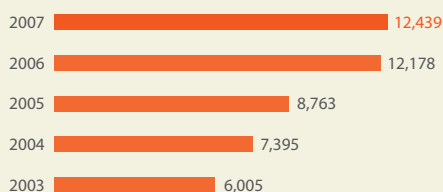
On July 18, 2007, the company specially honored 10 employees as pacesetters, 100 model teams and 1,000 advanced teams. This was another important action of CNPC in encouraging the growth of talents and in emphasizing team building.

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

The number of college graduates recruited



17 academicians

55 specialists with outstanding contributions to the state

176 specialists at corporate level

1,200 profession-level engineers

1,300 specialists who receive government subsidies

Specialist team

1 of the nation's top 10 highly skilled model workers

4 winners of the China Skill Contest Award

89 skilled technicians from companies under the central government

96 national skilled workers

Over 600 corporate skilled workers

16,000 technicians and senior technicians

Skilled worker team

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.



Target requirements for job training

Career Development



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.

Career Development



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.