

Corporate Social Responsibility

In 2007, CNPC continued to promote its "Safety and Environmental Protection Year" program. We made considerable progress in establishing a uniform HSE management system throughout the company, enhanced safety and environmental protection, and achieved significant improvements in energy conservation and pollutant reduction. We strived for harmonious development with society at large by actively participating in public welfare undertakings such as disaster relief, poverty alleviation and donations to education.

We give priority to people, safety and the environment in all of our operations. We have made great efforts to improve our performance in safe operation, environmental protection and energy saving, in order to achieve safe, clean and resource-efficient development.

Health

In 2007, the company fully implemented the *Code of Occupational Disease Prevention of PRC*, strictly carrying out the system of regular checks of employees' health and occupational illness, and gradually implementing the convalescence system which gives priority to frontline staff. Special focus was given to various occupational diseases, severe environmental conditions, major mobility issues and labor-intensive production. The company strengthened its supervision of employee health and workplace hazards, improved working conditions, paid special attention to preventing and controlling occupational diseases, and created a working environment and conditions that benefit employee health.

In 2007, the company strengthened its controls over the sources of occupational hazards, replacing outdated processes and technologies, and increasing investment in the elimination of factors that cause occupational illness. The company also sought to improve workplace conditions, providing employees with approved protective items to reduce the hazards caused by poisonous and harmful substances.

In particular, the company provided guidelines to its affiliates covering industrial hygiene and employee health issues, especially food and water hygiene, heatstroke prevention, precautions against infection, and the treatment of injuries or illness. Emphasis was placed on improving basic utilities for production, living conditions and the health of employees,

combining the basic occupational health service with health supervision and education. The company also conducted medical examinations of field operators, checked and analyzed workplace hazards, and offered health guidance and psychological consultation to employees. Some affiliates even purchased mobile examination centers, which offer great convenience in terms of providing on-site health checks to frontline staff.



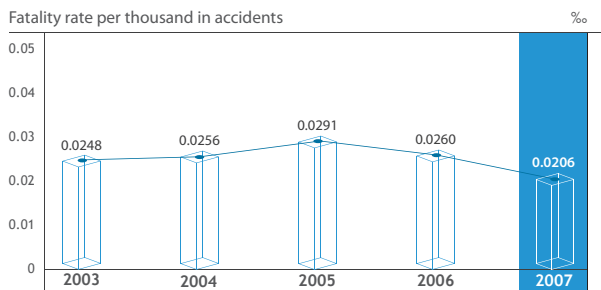
In September 2007, a mobile examination center arrived at No. 28 service station affiliated to CNPC's Hebei Marketing Company, and provided medical examinations to employees of this and four surrounding service stations. This vehicle, which has just been purchased by CNPC Central Hospital, is equipped with sophisticated facilities.

Safety

In 2007, the company attached even more importance to work safety, focusing on the implementation of safety measures. As a result, the safety situation improved. In the past year, the total number of accidents decreased sharply, and no major accidents occurred.

Based on the requirements specified in national laws and regulations, and according to our operational safety requirements, the company developed more than 10 management systems including *Management of Operational Safety Accidents* and *Management of Rewards for Reporting Risks*. The company issued five standards including *Grading Rules for Major Danger Sources*. In addition, the company employed 29 specialists in different fields to conduct on-site environmental inspections and special checks at offshore areas. It also strengthened supervision and management of safety and environmental protection performance at major fields and sectors, including well control, maintenance of oil refining units, pipeline engineering and offshore operations.

The company investigated potential risks to safety and environmental protection, strengthening the control of risks at their source. In 2007, RMB 11.7 billion was invested in tackling about 2,000 potential risks such as high-pressure, high-risk or high-sulfur oil/gas wells, illegal construction near pipelines and water pollution. The company monitored 20,000 major sources of danger and pollution. Compared with the previous year, industrial accidents, fatalities and economic losses decreased by 18%, 23% and 74% respectively.



In order to protect the habitat of thousands of seagulls at the seaport, No. 50533 Drilling Crew, affiliated to Dagang Oilfield, adheres strictly to oilfield environmental protection standards.

Environment

The company strictly complied with environmental protection laws and regulations, enforcing the Three-tier Management System to ensure that environmental impacts were assessed and the environment was protected.

In 2007, CNPC issued environmental management rules and plans, including *Management of Environmental Monitoring*, *Statistical Environmental Management* and the *Plan for Establishing an Online Pollution Source Monitoring System*. These plans were aimed to ensure that affiliates maintain an effective environmental management system, a pollution-reduction indicator system, a monitoring system and an evaluation system. By the end of 2007, 216 of the company's affiliates had received ISO14001 certification.

CNPC prioritized environmental protection, investigation and surveying at 65 pollutant discharge units in 36 affiliates listed by the state as specially monitored enterprises. The company inspected the implementation of three-level prevention and control practices in terms of drinking water source protection, operation and engineering in environmentally sensitive areas, and refining and chemical plants. Building on successes in 2006, we completed 13 emergency prevention and control projects at four affiliates, and the objective of the three-level prevention and control program was basically achieved.

In 2007, the company continued to promote clean operations, checking 195 sets of units involved in refining and chemicals, catalytic cracking, atmospheric and vacuum distillation, combined stations in oilfield production and natural gas desulfurizing. A total of 2,780 plans for clean operation were carried out in the year. Environmental protection measures were further improved and new technologies promoting environmental protection were popularized. As a result, no major incident of environmental pollution or damage occurred.

HSE Management System

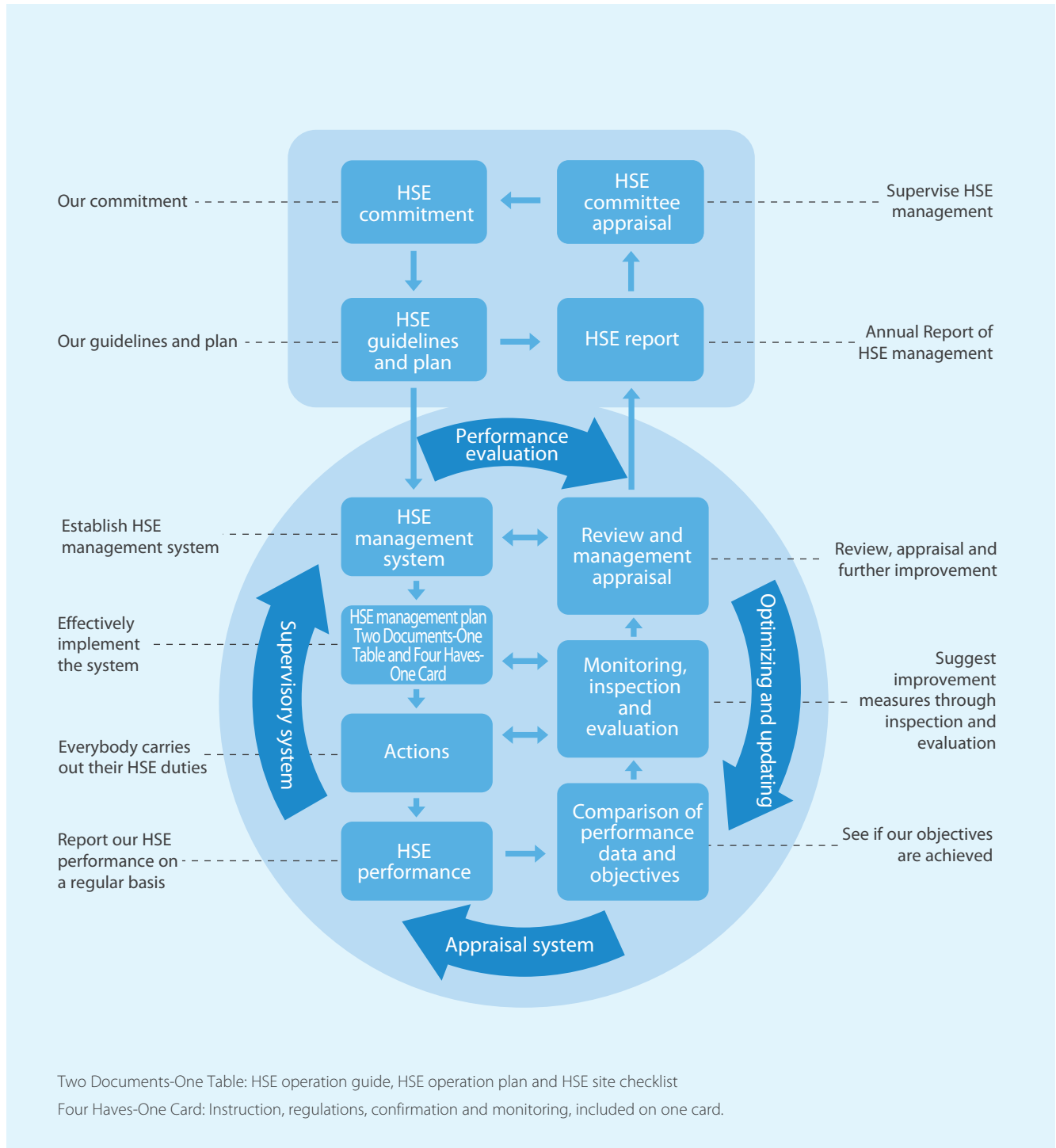
In 2007, CNPC distributed the *Promoting Plan for the Establishment of HSE Management System*, and issued a revised version of the *HSE Management System Manual*. A uniform HSE management system was introduced throughout the company, and provided a unified criterion for all subsidiaries and institutions in establishing and implementing the HSE management system.

CNPC's HSE management system follows the PDCA management mode, and is composed of seven key elements: Leadership and Commitments; HSE Guidelines; Planning; Organizational Structure, Resources and Documentation; Implementation and Operation; Inspection and Corrective Measures; and Management Appraisal.

Seven Elements and Basic Requirements for the CNPC HSE Management System

Elements	Basic Requirements
Leadership and Commitment	Top management has the primary responsibility 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 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	All departments and subsidiaries should compile an HSE development plan and annual plan, and define objectives and indexes. They should also carry out hazard element identification, assessment and risk-control planning, and compile a management plan for activities and tasks.
Organizational Structure, Resources and Documentation	All departments and subsidiaries should establish reasonable organizational structures, promote employee participation, ensure effective resource allocation, fulfill HSE responsibilities, and execute documentation management.
Implementation and Operation	All departments and subsidiaries 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 CNPC.
Inspection and Corrective Measures	All departments and subsidiaries should carry out HSE monitoring and inspection 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 further improvement.

Implementation Process of CNPC HSE Management System



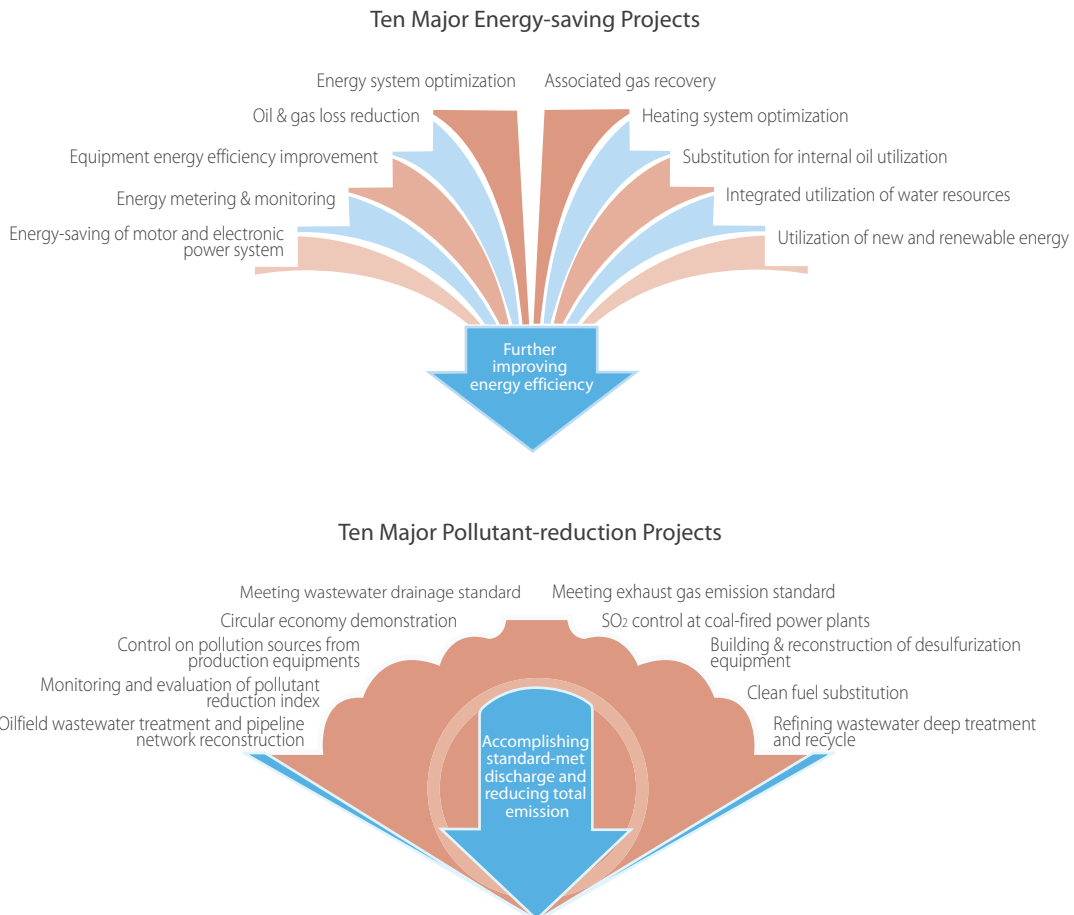
Energy Saving and Pollutant Reduction

CNPC is fully committed to saving energy and cutting emissions, and is dedicated to changing the development mode of oil and gas fields, as well as accelerating the replacement of outdated refining units in order to save energy and reduce emissions. In 2007, 10 major energy-saving projects and 10 major pollutant-reduction projects were fully implemented. Applicable and efficient energy-saving technologies were widely applied. 112 energy-saving projects such as relief gas recovery and the optimization of energy and water systems, and 416 emission-reduction projects such as the construction and reconstruction of desulfurizing units, oilfield wastewater treatment and the reconstruction of piping were scheduled.

CNPC has always regarded technological development as a key factor in energy saving and pollutant reduction. In 2007, we drilled more

horizontal wells, directional wells and cluster wells, and recovered offshore oil with artificial islands. In such a way, oil and gas recovery efficiency was effectively enhanced, land use was conserved and pollutants were thereby reduced, further enhancing CNPC's standing as an environmentally friendly enterprise.

In 2007, in the context of the sustainable growth of oil and gas output, crude runs and chemical products output, 1.4 million tons of coal equivalent and 55 million cubic meters of water were saved. Discharges of COD and oil-based pollutants fell 4.4% and 13.2% respectively. Although emissions of sulfur dioxide increased 0.77% over the past year, the rate of growth sharply decreased.



Public Welfare

CNPC remains totally committed to fulfilling its social responsibilities, which is why we actively participate in activities that support public welfare. In 2007, we earmarked RMB 120 million for Sichuan Province, Hunan Province, Chongqing Municipality, and Xinjiang Uygur Autonomous Region to help people fight flooding, drought and snowstorms, and rebuild their homes. Our care for youth was reflected in a RMB 1 million donation to the "Spring Rain Project" sponsored by the International Scientific Exchange Foundation of China (ISEFC). The donation was used to construct 20 scientific assistance stations to deliver modern IT education to rural youth. After an earthquake of 7.5 on the Richter Scale hit Peru, we immediately provided accommodation and supplies to meet the urgent needs of the disaster area.



2007 saw the completion of seven transportation, education, housing, and solar power generation projects in Shuanghu Region, Naqu Prefecture of Tibet, China. These projects improved the living conditions of the local farmers and herdsman. CNPC's assistance to Shuanghu started in 2002 as part of the nation's general plan to assist Tibet. In the past five years, we completed 50 transportation, energy, education and healthcare projects, benefiting 80% of the local farmers and herdsman.



Protecting Euphrates Poplars in the Desert

On May 13, 2007, well Ma-23 was spudded at a newly-selected well site in Santanghu oil region in Tuha Oilfield. If the well had been drilled at its originally designated site located in a Euphrates poplar forest, at least a dozen Euphrates poplars would have had to be chopped down. To protect this kind of rare tree, Tuha Oilfield Company relocated the well site.

Santanghu oil province is located in Yiwu County, Xinjiang, where there are nearly 5,300 hectares of Euphrates poplar forests, about 670 hectares of which are adjacent to the exploration area of Tuha Oilfield. To prevent exploration and production operations from affecting the growth of the Euphrates poplar forest, Tuha Oilfield Company made every effort to minimize the impact on these trees, including relocating well sites, detouring roads and reducing the size of station yards. In 2007, over 10 well sites were relocated and extended reach wells were drilled, increasing costs by RMB 20 million. Additionally, gathering stations in new exploration areas were reduced from nine to six, and 30,000 square meters of land remained undisturbed. Throughout the whole process of oilfield development, no single Euphrates poplar was damaged in the area's thousands of hectares of Euphrates poplar forests.

Young Volunteer Team

In April 2006, the Young Volunteer Team of Nan-1 Booster Station of Changqing Oilfield Company was named an "Outstanding Young Volunteer Group" by the Communist Youth League of China and the Chinese Young Volunteers Association.

Nan-1 booster station is located in Jingbian County, in the north of Shaanxi Province. It was commissioned in May 2002, and at the time was the only station in No. 3 Production Plant of Changqing Oilfield operated entirely by women. Supervisor Wang Yan and four others were responsible for crude gathering, metering and transferring for five well groups with a total of 16 oil wells.

One day, several children who came to fetch water told the women workers that their school had 30 students and four grades, but only one teacher. Wang Yan said: "We should help these children." They set up the Young Volunteer Team with the help of the local village committee, and gave the children lessons in music, physical education, fine arts and philosophy. On Children's Day, the team came to the school with balloons and colored ribbons, and sang and danced with the children, making it a day to remember for the youngsters.

On March 10, 2003, a ceremony was held at Nan-1 Booster Station to name it an Advanced Women Worker's Collective. Children from Mayaoxian Primary School performed "Let the World Be Filled with Love", showing their appreciation for the women workers through their songs. The villagers presented a flag to express their thanks.

In December 2005, the Wuliwan Production Zone of the No. 3 Production Plant of Changqing Oilfield donated a TV, desks, stationery



Women workers at Nan-1 Booster Station spend their spare time teaching the pupils at Mayaoxian Primary School.

and sporting equipment to Mayaoxian Primary School. Before the winter of 2006, Nan-1 Booster Station connected the school to the heating system so that the children would never again suffer from the cold.

Twenty-two women workers have given lessons to students at Mayaoxian Primary School over the past five years. Yang Peihui, the school's only teacher, said: "The school had only one teacher before, so some classes could not take place. Now, not only have normal classes started, but the children are learning things they have never been taught before."

The sound of children reading in this mountainous area is the most beautiful song the women workers of the Nan-1 Booster Station have ever heard.

Supporting Public Welfare in Sudan

To the 150 orphans of Mygoma Orphanage in Khartoum, Sudan, the first ray of the golden sun on New Year's Day 2007 was the brightest, when the members of CNPC International (Nile) Ltd brought them valuable gifts and a donation of 2.2 million dinars (about USD 11,000).

CNPC always cares for disadvantaged groups wherever it operates and actively supports charities. In 2007, the company offered financial assistance to Mygoma and Al Rashad Center orphanages, Al Sagana Rest Home, Al Salamapi Workshop and Ibn Sina Hospital. In addition, CNPC signed a Nonprofit Foundation Agreement with the Ministry of Social Security of Khartoum State to provide USD 1 million to improve the living and medical facilities of orphanages, senior citizens' homes and public medical institutions. After signing the agreement, we formally initiated a USD 200,000 public welfare project in 2007 with the help of the Sudanese government. As part of this project, we funded wheelchairs for the disabled in Khartoum State; shuttle buses for residents of senior citizens' homes and students of a local college; 200 hearing aids; vocational education for 500 school dropouts; work experience activities for students organized by a number of government bodies; and education service and teacher training in 100 elementary schools.

In the summer of 2007, a catastrophic flood, which occurs only once every 60 years, hit a wide area along the River Nile. Tens of thousands of homes were destroyed, and disease was rampant. On the instructions of our headquarters, CNPC in Sudan not only joined in efforts to fight the disaster, but also donated funds to the affected area. A total of 3,000 items of clothing and tens of thousands of household goods were donated, including sugar, tents, buckets and anti-mosquito materials.



On June 1, 2007, CNPC made a donation to Sudan's Al Rashad Center Orphanage.



At a ceremony held on December 15 to mark CNPC's donation of materials to the Ministry of Social Security of Khartoum State, a student representative from Al Salamapi Workshop presented a letter of thanks to CNPC.



A vehicle donated by CNPC to Sudan's Al Sagana Rest Home

Building an Information Platform to Promote Rural Development

On November 8, 2007, the State Council Leading Group Office of Poverty Alleviation and Development sent a letter of thanks to the company for building an information platform to help poor areas attract investment, which plays a role in promoting trade in agricultural and associated products and increasing the income of farmers in poor areas.

In response to the call of the Chinese government to build a "new socialist countryside", and to promote the economic development of poor areas and increase farmers' incomes, the company has offered RMB 38 million to buy 19 slots on China Central Television and ten provincial TV stations since January 2007, to broadcast free advertising for businesses in 100 poverty-stricken counties across the country.



北京2008年奥运会合作伙伴
OFFICIAL PARTNER OF THE BEIJING 2008 OLYMPIC GAMES

Supplying Clean Fuel to the Olympic Games

In August 2008, the 29th Olympic Games will be held in Beijing. CNPC, as the only energy supplier to the 2008 Olympics, will provide fuel support for the torch relay and quality natural gas for the Games, and will also guarantee the gas supply for Olympic venues in Beijing, Shanghai, Qingdao, Tianjin, Shenyang and Qinhuangdao. Twenty CNPC employees will take part in the 2008 Olympic Torch Relay before the opening of the Games.

To provide clean fuel that meets international standards during the 2008 Olympics, the company accelerated the upgrading of refining equipment and improved the quality of oil products in 2007. G-IV series quality diesel produced by Daqing Petrochemical Company and Liaoyang Petrochemical Company is now available on the Beijing market. Two projects—the reconstruction of a 200kt/a hydrogenation unit for catalysis gasoline at Dalian Petrochemical Company and the upgrading of gasoline quality at Dagang Petrochemical Company were completed, which means that EURO-IV standard gasoline will be available for the 2008 Beijing Olympics. During the Games, the company will provide compressed natural gas for 600-800 special buses for the Games.

For details, please refer to the company's Corporate Social Responsibility Report 2007.