
Regional Leader Interview



Wang Zhongcai is in charge of CNPC's business operations in Kazakhstan and is also president of PK. In October 1997, he was appointed as the representative of China National Oil and Gas Exploration and Development Corporation (CNODC) in AktobeMunaiGas. From May 1999 to January 2001, he served as chairman of CNPC AktobeMunaiGas. In 2007, he was granted the Dostyk Award II for his contribution by the President of Kazakhstan.

1. Could you please outline the achievements in energy cooperation between China and Kazakhstan?

I have witnessed all the important stages of oil and gas cooperation between China and Kazakhstan, and I'm proud of what we've achieved. These results are due to the strong support of the governments of China and Kazakhstan, as well as local governments and communities, CNPC employees and all our partners.

Our operations in Kazakhstan cover a number of sectors, such as oil and gas exploration and development, refining, petrochemicals, pipeline transportation, sales, trade and oilfield service. In the past ten years, we have completed several ventures with Kazakhstan, such as the Aktobe, PK, and Kazakhstan-China Oil Pipeline projects. The company has also achieved substantial results in many respects. Technological innovation has resulted in the further growth of our exploration and development business, while standardized management

has led to more stable development and increased efficiency. Among these achievements, technology, human resources and cooperation are the three most important factors. Through the innovative integration of advanced technologies, we overcame difficulties in drilling the sub-salt reservoirs of the Kenkiyak oilfield. We used advanced exploration technologies to discover the "Hope Oilfield" with our partners, achieving an important breakthrough in crude oil exploration. The joint-stock Shymkent refinery, after management reforms and technological innovation, will continue to play an important role in providing a stable oil supply to the local market. The Kazakhstan-China Oil Pipeline has become Kazakhstan's first pipeline to transport its oil directly to the world market, and has great significance for the diversification of its crude oil exports, as well as the economic development between China and Kazakhstan. In 2007, on the 10th anniversary of oil cooperation of China and Kazakhstan, the governments of the two countries praised the results achieved by both sides, which encourages us to do even better in the future.

2. What does sustainable development mean to oil cooperation between China and Kazakhstan?

I'm very happy to see that sustainable development is encouraged by the governments of both countries. CNPC's mission is "Caring for Energy, Caring for You", which also includes the concept of sustainable development. Our company always takes economic, environmental and social factors into account, and we try to supply energy in a safer, cleaner and more efficient way.

Sustainable development underpins our strategic plans and business operations. To achieve sustainable development, we must honor our economic, environmental and social responsibilities. As a responsible partner, the principle of mutually beneficial development guides our oil cooperation with Kazakhstan. While seeking growth, we also place a high premium on our relations with government, partners, employees and local communities, in order to contribute to the healthy development of the Kazakh oil industry and the local economy. Sustainable development is a process of sustained improvement. We are willing to work with all players for the common development of our company and society.

3. How does CNPC fulfill its commitments to safety, environmental protection and employees in Kazakhstan?

We never deviate from CNPC's HSE philosophy of putting safety, the environment and people first, and always strive to do business in a safer, cleaner and more efficient way. We have invested in environmental projects such as the PK natural gas comprehensive utilization project and the Third Zhanazhol Oil and Gas Processing Plant, which not only increased energy efficiency, but also improved the local environment. As a company faced with high risks, we attach great importance to employee, contractor and transport safety. We implement unified safety management standards and an independent supervision system. Since commencing our operations in Kazakhstan, no major accidents have taken place. As people are our most valuable resource, we strive to localize our workforce, and have so far provided more than 14,800 job opportunities to Kazakh people. Our training and career development programs have improved our employees' skills and qualifications. We respect our employees and seek to promote greater understanding of their varied cultural backgrounds. Our efforts to encourage mutual respect between employees from different cultural backgrounds helped us to achieve a stable and successful takeover of PK.

4. What contribution has CNPC made to building local communities?

Our company fully recognizes its responsibilities as a corporate citizen. The wealth of a company comes from society and we should give something back to society. The company, together with its holding and joint-stock companies and joint ventures, signed the *Socio-Economic Cooperation Memorandum* with the provincial governments of the business host regions of Aktobe, Kyzylorda, Mangghystau and South Kazakhstan to support public welfare projects. We also invested in the construction of the Emba-Zhanazhol Railway, the first foreign-invested

railway in Kazakhstan. This railway not only helps employees travel to work, but has also boosted economic development in the areas near the line. We also pay close attention to the welfare of the local population. Supporting the Kazakh government's efforts to develop agriculture, we sell diesel to farmers in host areas at a preferential price every spring and autumn. Support for education is also high on our agenda. To this end, we have signed the *Agreement on Educational Cooperation* with Kazakhstan's Ministry of Education and Science. In addition, we provided USD 1.35 million to establish the Presidential Scholarship to help outstanding Kazakh students receive a higher education in China. We also provided 80 homes to Kazakh veterans of World War II. In December 2008, PK was granted the silver "Paryz 2008" prize by the Kazakh government owing to its outstanding contribution to the country's socio-economic development.

5. What is the significance of the publication of this sustainability report by CNPC?

This is the first time CNPC has issued a sustainability report on any of its overseas operations, proving that the company attaches a great deal of importance to its business in Kazakhstan. We have cooperated with Kazakhstan in oil and gas for 12 years, and to ensure further sustainable development, we need to introduce our business, environmental and social values to all stakeholders. A responsible company must pay close attention to their aspirations and needs, and increase communication and exchanges with them. In this sense, this report plays an important role in the fulfillment of the company's economic, environmental and social responsibilities, and in achieving sustainable, coordinated and common development.