

Employee

Development

- ☑ Employees' Rights and Interests
- ☑ Career Development Platform
- ☑ Localization and Diversification
- ☑ Physical and Psychological Health
- ✓ Caring for Employees

Employees are our most valuable resource and asset, and the Company's development and success are attributed to the joint efforts of all our employees. Upholding the people-oriented concept, we attach great importance to protecting employees' legal rights and interests, build an effective platform for employees to develop, and promote employee localization and diversification. We care about the physical and psychological health and life of our staff, to make all employees benefit from our achievements and realize the common development of both our Company and employees.

Employees' Rights and Interests

Strictly complying with international conventions on labor and human rights, we respect and protect employees' legal rights and interests, and advocate the employment policy based on equality and non-discrimination. We continue to perfect the compensation and benefits system, and improve democratic mechanisms, so as to create a fair and harmonious working environment for employees.

Employment Policies

CNPC always puts people first and values and safeguards the lawful rights and interests of the employees. We strictly comply with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Trade Union Law of the People's Republic of China, relevant international conventions approved by the Chinese Government, and relevant laws, regulations of the host countries. We promote the employment policies of equality and non-discrimination, and provide equal opportunities and fair treatment to all employees regardless of nationality, race, gender, religion or cultural background; resolutely prohibit child labor and forced labor; and always aim to promote the employment of women and ethnic minorities. Specifically, we strictly implement the regulations on pregnancy, maternity and parental leave for female employees, and guarantee that the female employees enjoy equal compensation and benefits and career development opportunities. As of the end of 2016, the Company had 61 female senior executives and 2,066 female middle-level managers.

Gender composition of the workforce by the end of 2016

65.82%

Female

34.18

Proportion of minority nationalities employees in the workforce

6.21%

Democratic Participation

We ensure that our employees play an important role through democratic management, participation and supervision. We have established the trade unions, put in place a democratic management system through workers' congress and adopted a transparent approach to factory affairs. Specifically, we have further standardized the content, procedures and model of our open system for factory affairs by clarifying rights and obligations, organizational system, and working processes for the workers' congress, and highlighted the key disclosure contents. By doing so, the Company has improved our enterprise democratic management.

We have established multiple channels to communicate with the employees, continued to implement democratic procedures, and solicited the employees' opinions by holding workers' congress, democratic discussion meetings, and employee representative symposiums. Besides, we guarantee the employees' rights to know, participate, manage, vote and supervise, and encourage them to offer advice and suggestions for the enterprise development.

Compensation and Incentives

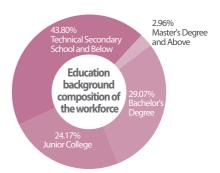
We intensified our efforts to reform the remuneration system, improving policies and regulations on enterprise annuity and supplementary medical insurance, and improving the performance-based wage and benefit system. The remuneration system, highlighting on-the-post contribution of employees was put in place. Besides, we pay special attention, in terms of income, to staff in grassroots units and in key positions with harsh working environments in an efforts to give full play to the vale of each staff.

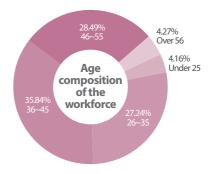
The coverage rate of collective contract signing is 100%

100%

the coverage rate of social insurance is 100%

100%





Career Development Platform

Training program 2016

There are altogether 32 training centers throughout the company by 2016

training centers

Training expenditure

1.49 billion RMB

1,090,000 employees participated in various training programs

1,090,000

100% senior skilled staff, key post operators, and grassroots employees received training in various forms in 2016

100%

We believe that the Company's development is underpinned by our employees' growth. We endeavor to inspire employees' creativity and help them fulfill their personal value through staff training, career promotion and an improved incentive mechanism.

Education and Training

We continuously improve the construction of our training centers and networks, and provide flexible training program for employees such as knowledge training, professional training, on-job training, off-job training and spare-time training to create a learning culture for the growth of both the company and individuals. In 2016, more than RMB 1.49 billion training funds were invested, with 1,090,000 trainees in various training programs.



Career Development

We attach great importance to career planning of employees and support the career development of technical staff to realize their self-value. In 2016, we continued to promote the reform of technical rank-based career development for technical staff at R&D institutions, and stayed firm in fair competition and performance-based evaluation, selection and promotion of technical staff in an effort to provide technical people with clear, transparent and stable career path. For the career development of skilled operators, we organized training programs for outstanding operators, worked out promotion policy

based on technical competence, and developed program for improving innovation and profit generating capabilities, as well as for the petroleum craftsman development. We also worked out program for cultivating petroleum scientists and training outstanding young technicians. By the end of 2016, we have set up 54 Skilled Expert Studios, including 14 National Skilled Expert Studios. We have 451 senior technical experts, 328 skilled experts, 18 academicians (including Chinese Academy of Sciences & Chinese Academy of Engineering) and 451 experts entitled to government special allowances in the company.



Petroleum Craftsman Development Program

Along with China's economic transition, we believe it is prominent to foster skilled workers craftsmanship throughout the company to provide customized and flexible services. In particular, training and motivating skilled workers and operators are extremely important against the backdrop of falling oil prices.

The Petroleum Craftsman Development Program is designed to select and cultivate three to five outstanding skilled operators working in key positions to be the role model to lead the quality improvement of skilled workers throughout the company.

Candidates for the program have more chance to participate in relevant training programs and projects for further skill improvement. Outstanding candidates will then be enrolled in R&D programs, and in selection of role model workers and special allowance awardees, and the China Skills Award appraisal. The Company continuously increases inputs for Skill Expert Studios which serve as networking platform for frontline employees. Multi-media is applied to encourage and promote the craftsmanship among all skilled workers, and create a learning environment with craftsman being the role model for best performance in workplace.



Employees and Collectives Granted National Awards in 2016

National May 1st Labor Medal

9

National May 1st Labor Certificate

2

National Youth Civilization Title

11

National Technical Expert

8

Rewards and Incentives

We encourage and motivate employees through various means. Model workers, outstanding workers, technical experts and academic leaders are selected and awarded spiritually and materially. In 2016, we initiated a number of activities to encourage innovation and creativity among all employees, established a rewarding mechanism to encourage innovation-orientated practices. We attach great importance to the career development of technical staff, and provide opportunities for outstanding young researchers in key domestic and overseas projects and research centers to enroll in national or CNPC-level R&D programs. In 2016, two of our employees were listed in the national "Ten Thousand Talent Program". The IAU's Committee on Small Body Nomenclature (CSBN) approved the naming of minor planet No.210231 as Wang Demin, an academician of the Chinese Academy of Engineering and the pioneer of stratified development and chemical flooding technology, for his great contribution to the petroleum industry.

| The 8 th Petroleum And Petrochemical System Vocational Skill Competition | First prize winner as a group and an individual |
|--|---|
| The 2 nd National Competition for Hazardous Chemical Incidents Rescue Skills | First prize winner as a group and an individual |
| The 4 th Hoisting Competition | First prize winner as an individual |
| National Vocational Skill Competition for Young Employees | First prize winner as an individual |



Localization and Diversification

Localization and Training of Overseas Employees

Middle East:Halfaya project in Iraq invests USD 5 million each year to train local employees. With international staff from 37 countries, the localization rate at the project has reached 79%.

79%

Asia: By the end of 2016, the localization rate of South-East Asia Pipeline Company Limited (SEAP) in Myanmar reached 72%, and 78 person-times of local employees won "excellent employee" award.

72 %

We initiate respectful, open and inclusive culture, and are committed to the localization, professionalization and marketization of overseas talent. We constantly improve the employee cultivation mechanism and endeavor to promote employee localization and talent internalization. By the end of 2016, the localization rate of our overseas employees reached 82%.

Local employment

We continuously improve the localization of our workforce, attach great importance to attracting and retaining excellent local talents, enhance the local employee training, and increase the proportion of local employees in important technical and management posts. Our employee localization policy not only enables the local employees play a more important role in the Company's development, but also helps to build a talent pool for the sustainable development of local petroleum industry. CNPC International(Indonesia)believes that local employment is a guarantee for its long-term success in local market. The company continuously improves local staff welfare and promotes outstanding local employees to management positions. Its local employment rate reached 98.6%, among which 70% in management positions.

Javier Aguirre is a local employee who has worked for Andes Petroleum for 18 years. As an IT engineer, he now serves as the supervisor of hardware base structure of the IT department.

I was very young when I joined the company in 1997, and I still remember the total number of employees both in the production field and office was less than 75 at the time. The company has grown into a big international company in the last more than ten years. Cultural diversity and inclusiveness have provided us with an opportunity to learn from each other and make the company one of the best among its peers.

— Javier Aguirre



Respect for Cultural Diversity

We respect the employees' individuality, ability and varied experiences, and cherish their diversified talent. We make all efforts to eliminate the employment and occupational discrimination, create a relaxing and tolerant working environment, and promote the mutual respect and understanding among employees of different nations, areas and cultural backgrounds.

CASE

Lectures on Iraqi Culture at Halfaya Project

In order to help international staff better understand Iraq and its people, Halfaya project hosted series of lectures on Iraqi culture & heritages. The lectures, covering from local customs and culture to Mesopotamian civilization, attracted a great number of international employees and contractors.

The lecturers were local Iraqi employees working at the Halfaya project for a long time, and see themselves as cultural ambassadors for Iraq with great responsibilities.

The Company seeks to promote the Chinese and Sudanese cultural exchanges. We worked with the Confucius Institute of University of Khartoum(CIUK) to set up the "CNPC Annual Award for Individuals for **Excellent Chinese Language Learning** and Cross Culture Communication" to encourage the local employees. In 2016, we awarded ten outstanding Sudanese students jointly with Khartoum University. CNPC was granted the "China-Sudan Friendship and Culture Award" by the Sudanese oil minister at the first "China-Sudan Friendship and Culture Week".



In 2016, CNPC's subsidiary in America participated in the 16th Houston Dragon Boat Festival and won the fifth place. The event promoted cultural communication and team building between Chinese and foreign employees, helped the company to better integrate into local society and strengthen exchanges with local energy enterprises.



Physical and Psychological Health

Rate of workplaces occupational hazards inspection

98+

Occupational health archives were set up for 100% employees

100%



We cherish the employees' life and attach great importance to their health. We strive to provide a favorable working environment for the physical and psychological health of the employees, and have established a mental health platform and introduced a series of policies and measures to guarantee the employees' physical and psychological health.

Occupational Health

We provide the same health and labor protection for all participants. We have carried out research on occupational health management, consolidated the health management of production frontlines, especially at the field construction sites, and enhanced the risk prevention and control of occupational disease hazards and health monitoring. Additionally, we investigate the occupational history of employees exposed to toxic and harmful gas and employees transferred to other posts, improve the employee occupational health monitoring archives, and guarantee the employees' safety and health. In 2016, we released "Occupational Health Management Measures" to improve the management of occupational health. We also issued the "Guideline on Assessment of Occupational Disease Hazards and Medical Staff Competency in Overseas Projects", and set up an industry-leading quantitative assessment system on occupational disease hazards covering nine indicators and six categories, and the deployment matrix of medical staff in overseas projects. We conducted special programs to address and control occupational illnesses caused by dust and promoted the use of video monitors at workplaces in order to eradicate occupational disease hazards. Facilitates were installed to enable doctors sitting in hospitals in Beijing, CNPC Central Hospital and overseas projects to conduct joint consultations at the same time. We also organized training sessions on occupational health for relevant management staff of our overseas subsidiaries.

Workplaces below emission standards

^{II} Take technical, engineering and management measures to meet the occupational exposure limit (OEL) requirement



Workplaces seriously below emission standards

- ¤ Apply remote monitoring technology for unattended posts vulnerable to hazards
- ¤ Shut down facilities that still below standards after treatment

Fundamentally improve the working environment

Mental Health

We took measures to continuously improve the employee vacation system. We implemented the Employee Assistance Program (EAP), set up hotlines and website for psychological consultation, and carried out various forms of training on mental health improvement, in order to build a positive and healthy mindset for employees. In 2016, the company continued to implement mental health service projects overseas such as hotlines and face-to-face consultation, and saw a substantial increase in hotline services. We sent psychological experts to projects in countries, such as Mongolia, Sudan, South Sudan and Myanmar to carry out training and provide consultation services. In addition, we employed consultants to deliver lectures on self stress release for employees working in harsh natural environments.

CASE

CNPC won the 2016"International EAP Quality Award"



"International EAP Quality Award" granted by EAPA

The Employee Assistance Program Association (EAPA) is the world's largest and oldest EAP association, and represents the highest standards of international EAP implementation. In 2016, CNPC won EAPA's "International EAP Quality Award", the highest honor won by Chinese enterprises in the field of EAP.

Since launched in 2008, CNPC's overseas EAP has been promoted actively in terms of its service contents, its service forms, and its international perspective, and now the program covers over 20,000 employees in Africa, the Middle East, Central Asia and Latin America and their family members. CNPC is the first oil and gas company in China to set up a psychological health hotline. Additionally, based on the mental health status and adaptive capability of the employees and their family members, we provided on-site training, consultation

and intervention, and established a web platform where employees can receive help either directly online, or get advice from other resources. Since 2010, experts were sent frequently to our projects in many countries, such as Iraq and Iran, to provide psychological services.

According to EAPA, CNPC's overseas EAP is in line with international EAP standards and principles, with clear logic, strict management, and an efficient quality improvement strategy and actions. The program has achieved great success in meeting the demands of both employers and employees, especially in suicide prevention. This indicates that Chinese enterprises have reached the highest international level in terms of employee care, psychological management and EAP.

Causes of psychological problems for overseas staff

- $\ensuremath{\text{\textbf{p}}}$ Far away from home
- ¤ Heavy working pressure
- Ineffective communication with their families

Customized solutions

- ¤ Remote psychological counseling hotline
- ¤ On-site counseling by experts sent overseas
- Exclusive overseas online platform for employees

Outcomes

- ¤ Employees capable of easing psychological stress
- ¤ Improved psychological status
- ¤ Improved work efficiency



In 2016, we provided 1,034 hours hotline service and 256 hours of face-to-face consultation.

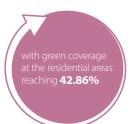


Psychological experts were sent to 15 overseas subsidiaries giving 87 training sessions and lectures.

Caring for Employees

We advocate a good work-life balance and make great efforts to create a healthy and comfortable living environment for our employees. We continuously push forward the market-oriented reforms on service of staff communities and improve the poverty alleviation and aid mechanism, in order to improve the employees' life quality.

Around **460,000** people joined the voluntary tree planting programs in 2016 and planted **2.6** million trees.



the total green zones at our staff communities have reached **285** million square meters

Community Service

Our staff communities are located in more than a dozen provinces (municipalities and autonomous regions). In coordination with the local governments and relying on social resources, we actively establish a comprehensive service system, integrating community service, governmental public service, social professional service, and resident volunteer service.

We stick to the strategy of building livable communities by increasing efforts in tree planting in workplace, living quarters and shelterforest areas. The ecological environment has been improved continuously with the workplace and the living areas are surrounded by parks and greenbelts, and shielded by the shelter-forests. By the end of 2016, the total green zones at staff communities have reached 285 million square meters, with green coverage of 42.86% at the living areas. Around 460,000 people took part in the voluntary tree planting activities in 2016 and planted 2.6 million trees.

Helping Employees

The Company continuously carried out employee help and support activities, focusing on the settlement of life difficulties of the employees, including retirees, employees' family members and family dependants of the deceased. In 2016, we helped 120,000 person-times via campaigns such as "donating tuition fees for the new semester", "one-on-one assistance", and "hand-in-hand activity".

Recreational Activities

In 2016, we organized activities, such as sports meetings for Chinese and foreign employees, fitness walking competitions, basketball finals, ping-pong games, and tug-of-war championships, in order to enrich the spare-time life of the employees.



Landscape of a staff community at Daqing Oilfield