Public Welfare

- Poverty alleviation
- Supporting education
- Local development
- Fostering Civilized Values
- Construction of overseas communities

We are committed to sharing our business achievements and development opportunities with local communities where we operate in the pursuit of mutually beneficial sustainable development. To this end, we attach great importance to activities promoting public welfare and social progress, in order to facilitate community and socioeconomic development.
Poverty alleviation is an important topic in global sustainable development and also one of our key concerns. We have responded positively to the initiatives of the UN's 2030 Agenda for Sustainable Development, and to policies of the Chinese Government on poverty alleviation. Focusing on improving the intellectual level, industrial development and livelihood of local people, we integrate our business strengths with local resources and market advantages, and promote the local self-development capacity through skill training, and supply chain extension. In 2015, we continued to implement over 20 projects, including infrastructure reconstruction, education & training, and healthcare in over 20 provinces (municipalities and autonomous regions) in China, including Xinjiang, Tibet, Qinghai, Henan, and Jiangxi, benefiting more than 100 million people.

We have sought to introduce the concepts of internet marketing and the urban-rural sharing economy to areas with mature conditions, in order to help foster the development of local industries. In the areas with abundant natural resources but lacking marketing channels and expertise, we worked with the China Foundation for Poverty Alleviation to provide E-commerce training in Fanxian County of Henan Province, Xishui County of Guizhou Province, Hengfeng County of Jiangxi Province and other places, in order to improve their understanding and execution capabilities in E-commerce. In Xishui County and Hengfeng County, we cooperated with e-commerce companies to launch internet projects, and promoted the local business development. In Xinjiang Uygur Autonomous Region, we offered training to people in charge of the local tourism industry in Tacheng, Bayingoal, Turpan and the Second Farm Division of the Xinjiang Production and Construction Corps, to promote poverty alleviation by tourism.

In recognition of our outstanding contribution to charity and poverty alleviation, CNPC was named the “Most Charitable Enterprise” at the ninth China Charity Awards by the Ministry of Civil Affairs of China in 2015.

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<tr>
<th>Targeted poverty alleviation</th>
<th>Aid programs</th>
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<tr>
<td><strong>We provided technical training for 120 farmers and herdsmen in six poverty-stricken counties, improving the locals’ self-development capacity.</strong></td>
<td><strong>We assisted the construction of five projects, including the primary school beautification and lightening project in Shuanghu County.</strong></td>
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<td><strong>120</strong> Xinjiang</td>
<td><strong>5</strong> Tibet</td>
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<td><strong>We assisted the construction of safe drinking water projects in seven villages, benefiting 6,672 people of 1,396 households.</strong></td>
<td><strong>We rebuilt roads for about 6,000 local people.</strong></td>
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<td><strong>6,672</strong> Henan</td>
<td><strong>6,000</strong> Chongqing</td>
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<td><strong>We rebuilt roads for nearly 3,000 local people in Xishui County.</strong></td>
<td><strong>The 10,000mu Water Conservation Ecological Demonstration Forest Project in Changting was named the “Best Case of Social Responsibility Practice of Large State-owned Enterprise of 2014” by China Youth Daily.</strong></td>
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<td><strong>3,000</strong> Guizhou</td>
<td><strong>Best Case</strong> Fujian</td>
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<td><strong>We assisted the construction of bridge and safe drinking water projects in Hengfeng County, facilitating 2,000 villagers' access to transportation and 5,000 people's access to drinking water.</strong></td>
<td><strong>5,000</strong> Jiangxi</td>
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Supporting Education

Education changes life and we are willing to promote such changes. CNPC is dedicated to supporting education, as “giving children a good education is an important task in poverty relief, and also a crucial means to stop poverty being passed on between generations.” We invest in domestic education, through providing scholarships and subsidies, and funding the construction of primary schools, etc. In 2015, we granted RMB 3.99 million through the CNPC Scholarships to 635 students from 13 colleges and universities in China. From 2011 to 2015, the CNPC Scholarship has helped 3,175 undergraduates and graduates in 13 colleges and universities. The total granted scholarships have amounted to RMB 19.95 million.

CNPC’s Xuhang Program for Educational Support

Since senior high school education is not compulsory in China and senior high school students are not eligible to national bursaries (which are mainly earmarked for poor students from undergraduate colleges/universities and higher vocational schools), some senior high school students in underdeveloped areas are still burdened with heavy education costs. In 2015, CNPC and CFPA co-sponsored the “Xuhang” Program to help high school students from poor families complete their studies.

The Xuhang Program is a public welfare project co-sponsored by CNPC and China Foundation for Poverty Alleviation (CFPA), to help senior high school students from poor families complete their studies. CNPC makes use of its service stations to support the program. For every liter of gasoline refueled by its customers, the Company would donate RMB 0.01 to the project through the CFPA. By the end of 2015, Xuhang Program was launched at 50 service stations in Zhengzhou of Henan Province and Chengdu of Sichuan Province, and a total of one million person times participated in the charitable activity.

CNPC Scholarship (2011-2015)

Sponsored 13 colleges and universities

13

The total granted scholarships have amounted to RMB 19.95 million.
Who are the beneficiaries of the Xuhang Program?

The program targets senior high school students from poor families, especially those from the poverty-stricken areas. In the senior high schools covered by the Xuhang Program, students may make an application personally, and obtain CNPC’s bursary after going through a four-level review by the school, village, county and CFPA respectively.

What are the effects of the Xuhang Program?

The first batch of bursary funds worth RMB 200,000 from the Xuhang Program has been given to 200 students in their third year at four high schools: Bazhong Tongjiang High School and Aba Prefecture Xiaojin High School in Sichuan, and Zhumadian Shangcai No. 1 High School and Xinyang Xinxian High School in Henan. Among them, 145 students (72.5%) scored results higher than the college admission requirements in the 2015 College Entrance Examination.

How does the Xuhang Program help students?

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<th>Financial Aid</th>
<th>Support Group</th>
<th>Counseling</th>
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<tr>
<td>Students in need normally receive financial aid of RMB 2,000 per year for their studies at school, and one-off financial aid of RMB 5,000 would normally be given to students in need who are admitted to colleges and universities.</td>
<td>CNPC helps set up support groups for aid-receiving students, which enable them to help each other, and fully develop their respective strengths in management, learning and daily life, etc.</td>
<td>CNPC organizes various comprehensive and interactive activities to lighten the psychological burden on students to help them accumulate knowledge and broaden their horizons, all in a relaxing atmosphere.</td>
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Voice from the program stakeholders:

My mother is sick, my father works outside all year long, and my brother is studying at university. At the key moment of my schooling, CNPC’s Xuhang Program lent a helping hand. I would like to express my gratitude to CNPC and the community for their kind support. It has rekindled my passion for life and my hopes for further studies. With the help of the program, I finished high school education and was admitted to China Youth University of Political Studies in 2015. University is my new starting point. I will study hard and continue to spread the benevolence.

— Xinyang Xinxian High School in Henan Province
Liu, a graduate

Since my family couldn’t afford my school fees when I was a child, helping poor students has always been my dream. The Xuhang Program gives me an opportunity to help others, and I fully support it.

— a regular customer at CNPC service station
Mr. Xu

My hometown is Zhumadian in Henan province where the economy is not well developed. However, there are many children eager to learn and they do well at school. Previously I provided financial support to a high school student until he graduated from college. The donation program launched at CNPC’s service stations can help more poor students to complete their studies. I lend my full support to it and will be actively involved in it.

— the owner of Zhengzhou Zotye Auto 4S Store
Mr. Xie
Our development is inseparable from the support of the government, communities and the general public. In turn, we aim to serve as a driving force for local socioeconomic development, based on the principle of "open cooperation for mutual benefit", and promote the industrial development, optimize industrial structure, and increase job opportunities where we operate. In 2015, we expanded our joint-venture cooperation with state-owned capital, social capital and foreign capital in the upstream, midstream and downstream sectors. Through project operation, we supported the local development, created jobs, drove the development of related industries, and promoted the local economic prosperity.

**Refining and chemicals**

Established Karamay Petrochemical Co., Ltd. with Xinjiang Investment and Development (Group) Co., Ltd.

**Pipeline construction**

Established Fujian Natural Gas Pipeline Network Co., Ltd. with Fujian Energy Group Co., Ltd.

**Marketing**

Overall joint-venture cooperation of Xinjiang Marketing Company is in progress.

**Oil and gas cooperation**

Established a JV company with Aksu Pengda Company to jointly develop the oil and gas resources in the western part of Tazhong.

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2015 marks the 60th anniversary for the discovery of Xinjiang Oilfield. In the past 60 years, CNPC has built a complete petroleum industry chain, consisting of exploration & development, refining & chemicals, storage and transportation, marketing and trade, engineering technology, and financial service. Converting the local resource advantages into economic advantages, CNPC has helped Xinjiang become a major energy supply and guarantee base in western China.

- 12 subordinate enterprises in Xinjiang
- 3 large scale oil and gas production enterprises
- An aggregate investment of over RMB 500 billion since 1998
- Annual average growth of accumulated investment in Xinjiang in the past five years: 22%
- Multiple petrochemical industry zones
- A batch of major investment projects
- Proportion of taxes paid in Xinjiang in 2015: 5% GDP
- Public financial services: 20%
In CNPC, we attach great importance to public welfare and encourage our employees to take part in volunteer activities. We advocate civilized practices, assist the disadvantaged groups, and contribute to cultural progress.

**Staff Voluntary Activities**

We advocate volunteerism, and encourage and support the employees' participation in volunteer activities to serve the community and the society. In 2015, we had over 184,700 young volunteers in 6,862 teams, benefiting about 1.7 million people. Specifically, our employees were actively committed to various activities including donating to the disadvantaged groups, donating blood without payment, afforestation, rescue of wild animals and plants, and protection of natural and cultural heritages.

**Selecting National Hero Drivers**

In 2015, upholding heroic behavior and advocating social justice, the 12th “Kunlun Lubricant Award” was held jointly by CNPC and the China Foundation for Justice and Courage to award 57 heroic drivers in China, among whom 10 were named “China’s Top 10 Heroic Drivers”.

**Helping Migrant Workers on Their Way Home**

On the eve of the Spring Festival in 2016, it was the fifth consecutive year for us to provide free food and gasoline at the Company’s service stations at the national and inter-provincial highways for migrant workers who had to ride motorcycles home as train tickets are hard to buy just before the Spring Festival. The volunteer service has been extended to 62 service stations in four provinces including Fujian, Jiangxin, Hunan and Hubei, serving over 100,000 person times in total. In recognition of our unwavering efforts, we were presented the gold award in the Contest of the Second Chinese Volunteer Service Project held by the Ministry of Civil Affairs and other institutions, and the Best Corporate Social Responsibility Practice of Large State-owned Enterprises in 2014 by China Youth Daily.

**Visiting Veterans of the Anti-Japanese War**

2015 is the 70th anniversary of China’s victory in the Anti-Japanese War and the world’s victory over Fascism. The veterans are well respected in China as they fought for national independence with their life at the most critical moments in the war. Now with seven decades passing by, it is very necessary for us to look back on the history and preserve the past for the future. Since April 2015, young volunteers of CNPC Fujian Marketing Company had spent three months driving 7,500 km, to visit 105 veterans living in Fujian Province. On behalf of CNPC, they paid respect to the national heroes, and collected images, recordings, photos and written materials of the veterans, so that such history will be revealed for generations to come.
CNPC strives to become an excellent corporate citizen wherever we operate, and endeavors to promote the prosperity of local communities by becoming a part of the local strength for social and economic development.

**Construction of Overseas Communities**

Management of Business Impact on Community

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<tr>
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<th>Potential Positive Impacts</th>
<th>Potential Negative Impacts</th>
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<tbody>
<tr>
<td>Indigenous people</td>
<td>□ Job opportunity</td>
<td>□ Land requisition, resettlement</td>
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<tr>
<td></td>
<td></td>
<td>□ Environmental impact</td>
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</tbody>
</table>
| Capability building of local enterprise and industry | □ Business cooperation opportunity  
□ Capacity improvement  
□ Technology transfer | □ Possibly neglect of local products and services, and lack of sharing of advanced technology with the locals |
|                     |                                                                                           |                                                                                           |
| Community consulting and participation | □ The local residents have fair opportunities to express their concerns and know the impacts of the project | □ Possibly neglect of concerns of the local people                                             |
|                     |                                                                                           |                                                                                           |
| Social investment   | □ Preliminary negotiation with the community members helps meet the locals' requirements and bring long-term benefits | □ Planning and execution of the social investment may not be practical and may not bring long-term benefits |
Management of Business Impact on Community

We endeavor to contribute to the development of local communities through responsible operations, aiming to create jobs, make tax payments, and cooperate with local suppliers. Furthermore, we strive to reduce our business impact on local environment and society, and protect the rights and interests of the local residents.

Measures to Reduce Potential Risks

- Before the construction of a project, we conduct assessments of the social and economic impact, such as the requirements of the indigenous people, human rights, culture heritage, involuntary resettlement, etc, and try our best to protect all the lawful rights and interests of the indigenous people.
- In Myanmar, we protect the reasonable interests of local residents by soliciting their opinions, and stick to standard operation for land compensation. The compensation program was formulated based on the opinions of the local government, our cooperating partners and the villagers, and compensation was made before land use. At the same time, the land compensation information was released timely to guarantee transparency.
- In the Andes Project in South America, we implement strict safety and environmental protection procedures, and establish the environmental protection management system with stakeholders’ participation. We carry out whole-process environmental impact monitoring, and restore the ground surface in the shortest possible time after operation, in order to minimize the influence of our operation on the local ecology.
- On Maday Island in Myanmar, we preferentially recruit the indigenous people, and help them receive skill trainings, participate in the project construction and operation, and enjoy higher incomes.

- Giving priority to local products and services in our procurement, we strengthen cooperation with local enterprises in technical services, in order to boost the development of local SMEs. In Canada, we signed 16 contracts involving environmental protection, public facility maintenance and the like with the local suppliers in 2015.
- We support the personnel training program for the oil industry of the host countries. In Sudan, we provided training for the Ministry of Petroleum, local oil companies and petroleum colleges and universities, and the trainees have grown to be key technical and managerial staff in their relevant fields.

- We have set up coordination departments for environmental protection and community relations in overseas projects, so as to promote communication with local governments, NGOs, and community representatives, by holding conferences, issuing reports and paying visits, etc.
- In Iraq, we have established the Community Contribution Committee for Al-Ahdab Oilfield Communities. We provide assistance of public welfare to community residents through the committee, and supervise the implementation of such welfare projects.
- In the Andes Project in South America, we have established the joint mechanism (joint committees with the local government, local communities and employees respectively), in order to enhance communication with the stakeholders.

- We make social investment plans based on the local social and economic development planning and requirement of the community residents in the host countries.
- In 2015, we launched the community resource assessment project in Chad, and built 24 water wells providing 22,113 residents in 21 nearby villages with drinking water.
Brion Energy is our operating company in Canada. Since the startup of its oil sand projects in Canada, the company has been paying close attention to community communication and community participation, in an effort to promote the sustainable local development. In 2015, Brion Energy has accumulatively invested about CAD 327,000 in public welfare undertakings.

Strengthen information disclosure and community communication. Brion Energy makes great efforts to establish harmonious community relationships through communication with the local government and communities. Before entering the community, the company has established a communication mechanism for information disclosure, community dialogue and participation agreement. After entering the community, the company regularly communicates with the community to clear up the doubts and possible negative effects of the projects.

Promote business development and boost local economy. Brion Energy is dedicated to the local economic development. In 2015, it continued to provide jobs to the local people, and supported the locals to develop their own business. So far, Brion Energy has signed 16 contracts with local suppliers. In addition, it supports the establishment of new projects to help the community improve its self-development capacity. In 2015, Brion invested about CAD 21,000 in the community building.

Participate in community development and protect local culture. In addition to supporting local economic development, Brion Energy endeavors to protect the local cultural heritage, and participates in public welfare undertakings such as supporting the development of the aged and the young. In 2015, the company participated in a cultural seminar with the First Nation in Mikisew CREE, and deepened the understanding of traditional culture and way of life. Specifically, its employees learned the traditional land cultivation methods and the history of Moose Lake from the aged of the Fort McKay community, and understood more about the local people.

Support capability cultivation and improve local livelihood. In 2015, Brion Energy invested about CAD 83,000 to improve the living environment for the First Nation around the McKay River and the Dover Oil Sand Project. For example, the company supported the development of potential labor markets and provided skill trainings for the First Nation. In addition, it cares about the local educational undertakings. In 2015, the company cooperated with University of Alberta and University of Calgary, and provided about CAD 222,000 to subsidize five long-term R&D projects.

**Communication with Local Communities**

| Full coverage | From community leaders to community members |
| Various forms | Chief meeting + Leadership committee meeting + Community consulting group meeting + Environment meeting |
| Flexible approaches | Formal consultation + Informal interview |

**First Proposal on First Nation Community Development**

*Partners:* Keyano college and Fort Chipewyan  
*Proposal content:* Providing skill trainings and employment guidance  
*Proposal effect:* 12 students become welders
**Promote Local Economic Development**

We preferentially purchase and use the local products and services, provide the opportunities for the local contractors and service providers to participate in our projects, and support the development of local SMEs and start-up businesses. In Kazakhstan, a local company’s number of employees grew by seven times during the past decade of serving AktobeMunaiGas, and has grown into a modern company with nine fully-equipped geological teams.

**Tax Payment According to Law**

CNPC strictly complies with the laws and regulations in the countries where it operates, makes lawful and transparent tax payments to local governments, and makes due contributions to the local economic development. In countries where the EITI (Extractive Industries Transparency Initiative) standard is implemented, such as Iraq, Chad, Kazakhstan, and Mongolia, our local companies actively participate in the multi-stakeholder groups and publish information of our projects and tax payments, as required by EITI with the content beyond EITI’s minimum disclosure requirements. In Iraq, we joined EITI stakeholder group meetings, and we were elected into Iraq’s EITI Committee together with Shell, ExxonMobil, etc., with participating in the improvement of the EITI report outline. In Mongolia, we also joined the EITI national committee and working group, and funded local education and environmental protection programs.
Public Welfare Undertakings

In support of the local educational undertakings, we keep improving the educational facilities and creating education opportunities, especially for the disadvantaged groups and special groups. In 2015, we assisted construction of four schools with our partners near Block 6 in Sudan, and provided a complete set of furniture and teaching devices, further alleviating the local shortage of teaching facilities. In addition, we donated 15,000 textbooks to the primary schools of seven villages, including Palioc of the Upper Nile State near Block 3/7 in South Sudan, in order to improve the local teaching conditions.

We make reasonable plans on our community development, and actively participate in the disaster relief and other charitable donations. We make investment to improve local healthcare facilities and infrastructures, help to provide better medical health conditions in various forms, and improve the life quality of local residents. In 2015, with our partners, we provided gratuitous treatment and free medicine in Joddah, Abu Ramad and Jabalain in White Nile State of Sudan, benefiting 6,245 people. The locals called the activity a “mobile Noah’s Ark”. Besides, we assisted the construction of two drinking water treatment plants in Ahal Province, Turkmenistan, which has improved the water quality and health of local residents.

In order to raise the security awareness of the Halfaya community in Iraq, together with Missan Oil Company, we carried out a three-month security education activity for the students of seven schools in eight villages around the Halfaya oilfield.

In 2015, in cooperation with Confucius Institute of University of Khartoum (CIUK) of Sudan, CNPCI (Nile) sponsored the establishment of “CNPC Library” of CIUK, and donated 4,000 books and education supplies. This has brought positive social effects in Sudan and increased the cultural interaction between China and Sudan.
Oman project company was named the “Outstanding Company for Social Responsibility” in Oman

AktobeMunaiGas was granted “2015 Presidential Award for Corporate Responsibility” in Kazakhstan

PetroChina (Indonesia) was granted two safety management awards by the Indonesian Ministry of Energy And Mineral Resources

Mangystau Project was granted an award by the local provincial government

CPTDC was awarded the Certificate of Achievement by Kikwete, President of Tanzania

Awards in Overseas Communities in 2015

The Oman project company vigorously protects the environment, promotes local employment and carries out public welfare activities. In 2015, it was granted “2014 Outstanding Company for Social Responsibility Award”. The company has strengthened the management of hazardous chemicals, hydrogen sulfide and contaminants, and reduces exhaust gas emissions, solid waste and wastewater discharge, in strict accordance with local laws and international practices. Its recycling rate of industrial wastewater has reached 98% and industrial solid waste recycling and bio-safety treatment rates have reached 100%. The company strengthens local employment and training to create more job opportunities for local people. Over 92% of employees of the company are local hires. Moreover, the company actively participates in social welfare activities in order to improve the quality of life of local residents, by offering grants to excellent students of local petroleum and engineering colleges, improving local infrastructure such as housing, roads, transportation, medical treatment, sports and education, and assisting the poor students and people suffering from serious diseases such as cancer.

AktobeMunaiGas attaches great importance to the fulfillment of its social responsibilities. The company has designed and set up a 2 bcm/a gas processing plant according to the actual situations of oil and gas fields. It has greatly improved the utilization of oilfield associated gas and gas cap gas, and guaranteed the gas supply to residents of Aktobe Province and southern Kazakhstan, making it an excellent enterprise in the utilization of natural gas in Kazakhstan.

PetroChina International (Indonesia) has put safety and environmental protection the highest priority ever since it entered the Indonesian oil and gas market. The company strictly complies with the relevant laws and regulations of the local government, executes high safety and environmental protection standards, the contractor safety management system (CSMS), and operation standards and processes that meet safety and environmental protection requirements. By doing so, it strives to eliminate hidden hazards in oil and gas production, minimize the environmental impact caused by operations, and protect the local ecological environment by joining forces with employees, contractors and the local community.

On January 12, 2016, Mr. Alik Aidarbaev, Mangystau Oblast Governor of Kazakhstan, issued the certificate of honor to Mr. Sun Xingyun, President of the MMG Project, and expressed thanks to CNPC for its contribution to the local oil and gas industry and economic development. Mr. Sun Xingyun is the only oil and gas enterprise representative and foreigner receiving the honor this year.

MMG managed to outperform in its oil and gas production against the low oil prices in 2015, and ranked the third largest oil and gas company in Kazakhstan, and the largest in Mangystau Oblast. While other local oil companies suffered from operating loss or large-scale layoffs, MMG still created more than 5,800 jobs for the local people, and realized profits of almost USD 300 million.

On October 10, 2015, the completion ceremony of two natural gas processing plants and an offshore pipeline was held in Mtwara, Tanzania. The project will play a significant role in alleviating power shortage in Tanzania and promoting the industrialization process and economic and social development of the country. Therefore, China Petroleum Technology & Development Corporation (CPTDC) was awarded the Certificate of Achievement by President of Tanzania Kikwete, for its outstanding contributions in the project.