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Employee Development

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.



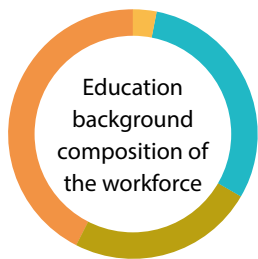


Employees' Rights and Interests

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.

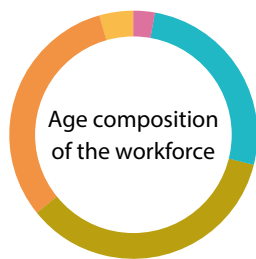
Employment Policies

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 and 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 2017, the Company had 49 female senior executives and 1,852 female middle-level managers.



Education background composition of the workforce

Master's Degree and Above	3.09%
Bachelor's Degree	30.36%
Junior College	24.16%
Technical Secondary School and Below	42.39%



Age composition of the workforce

Under 25	2.97%
26~35	26.14%
36~45	35.11%
46~55	31.57%
Over 56	4.21%



Gender composition of the workforce by the end of 2017

Male	66.15%
Female	33.85%

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. 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 on enterprise annuity and supplementary medical insurance, and further improving the salary distribution system closely linked with performance appraisal results. The remuneration system, highlighting on-the-post contribution of employees was put in place. Besides, we pay special attention, in terms of income, to employees engaged in technological innovation and those working at grass-roots level and in key positions or in harsh environments in an effort to fully demonstrate the value of each staff.

Career Development Platform

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.

On the basis of promoting all-staff training, we carried out the "Four Training Projects for Talents" for the managerial personnel, technical experts, skilled operators and internationalized talents. In 2017, there were about 20,000 employees who received key training sessions organized by the Headquarters.

"Four Training Projects for Talents" Conducted by the Headquarters

 Managerial Personnel	 Technical Experts	 Internationalized Talents	 Skilled Operators
<ul style="list-style-type: none"> • Seminars for management personnel of subsidiary companies • Party school training classes • Training classes for young and middle-aged management personnel • Visiting scholars program at Stanford University • Training sessions for senior executives in GE in the USA, and in Siemens in Germany • Training sessions for personnel in charge of party building and for secretary of discipline inspection commission • Training sessions for division-level officials at key positions 	<ul style="list-style-type: none"> • Technical experts received elective-course training at Tsinghua University • Training sessions for senior technicians • Training sessions on safety management for executives of enterprises dealing with hazardous chemicals • Training sessions of upstream business for oil and gas plant chief executives • Expert training sessions in Russia and Germany • Training sessions at Tsinghua University, Beijing Institute of Technology and other universities 	<ul style="list-style-type: none"> • Training sessions for core youth employees in GE • Overseas training sessions of engineering technology projects, finance and IT for core management personnel • "Thousand People Training Project" targeting international talents 	<ul style="list-style-type: none"> • The Company held vocational skills competitions. • Training sessions for various types of technical personnel • The Company launched "Petroleum Craftsman Development Program".

100%

The coverage rate of collective contract signing is 100%
The coverage rate of social insurance is 100%

31

There are altogether 31 training centers throughout the Company

1.6 billion RMB

Training expenditure: 1.6 billion RMB
993,000 employees participated in various training programs

100%

100% senior skilled staff, key post operators, and grassroots employees received training in various forms in 2017

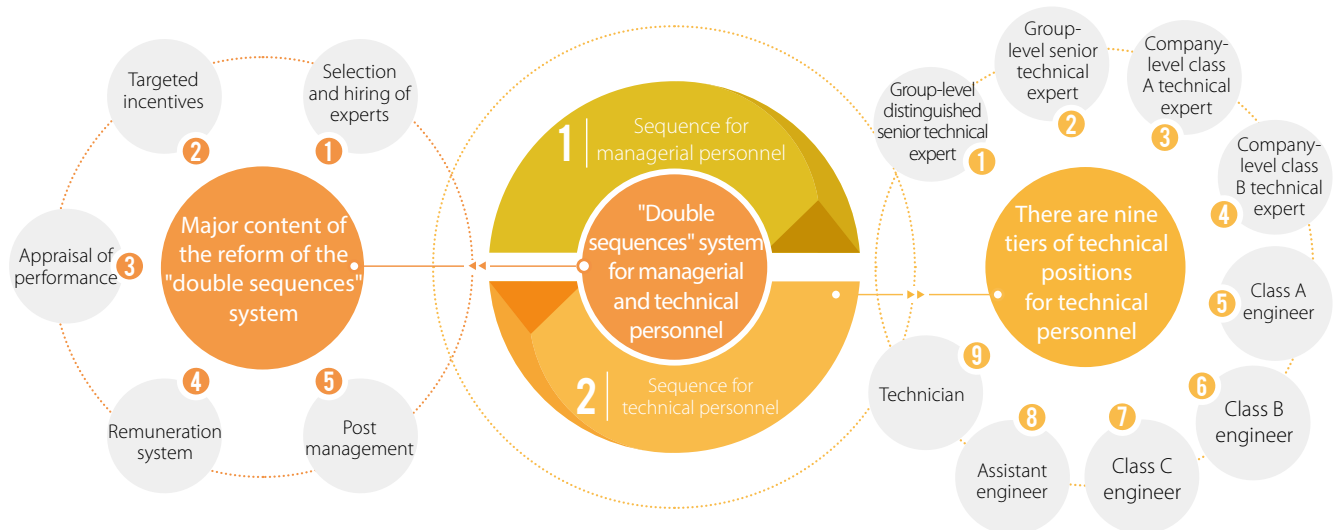
Career Development

We attach great importance to the career planning of employees and support the career development of employees to realize their self-value. In 2017, we deepened the reform of technical rank-based career development for technical staff at R & D institutions, and continued to improve incentive mechanism to fully unleash the potential of employees in an effort to provide technical personnel with clear, transparent and stable career path. For the career development of skilled operators, we worked out promotion policy based on technical competence, and developed program for improving innovation and profit generating capabilities, as well as program for petroleum craftsman development, in order to promote petroleum craftsmanship and guide and encourage employees to establish themselves and excel at what they do on their own posts.

By the end of 2017, we have set up 54 Skilled Expert Studios, including 16 National Skilled Expert Studios. We have 456 senior technical experts, 338 skilled experts, 21 academicians (including Chinese Academy of Sciences & Chinese Academy of Engineering) and 511 experts entitled to government special allowances.

🔧 Skilled Operators		🌟 Innovation Talents
Promotion Plan for operators	Petroleum Craftsman Development Program	Oil Scientists Training Program, Outstanding Young Technicians Training Project
Carry out operator training and development project to improve career development path	Train top-level talents to play the leading role as skilled experts	Train high-end leading technical talents and develop talent pool for core talents
<ul style="list-style-type: none"> Standardize skill classifications Carry out level and category based management Improve selection and employment mechanism for skilled experts Launch the work of evaluation and appointment of chief skilled experts Improve incentive and punishment mechanism 	<ul style="list-style-type: none"> Select 63 employees as key objects of training High-end technicians seminar and vocational training Hold skill exchange activities for skilled experts and organize cross-enterprise, cross-region and cross-profession skill exchanges for key training objects Strengthen one-on-one cooperation between skilled experts and technical experts 	<ul style="list-style-type: none"> Conduct recommendation and selection of key training objects Implement measures such as "building special zones, delegating powers, providing projects, ensuring funds and promoting exchanges" Organize senior technical experts to give advice on academic and technical issues to solve prominent technical problems in production and make breakthroughs in key technology

Diagram of Ranks in Double Categories



Rewards and Incentives

We carry out multiple campaigns to select model workers, outstanding workers, technical experts and academic leaders, encourage employees to participate in international and domestic competitions, and award winners spiritually and materially. In 2017, we launched vocational skill competitions on oil production, gas production, collection and storage, and electric welding, and participated in international vocational skill competitions. Our employees teamed up to compete in five international and industrial skill competitions, and won four first team prizes and one second team prize. In addition, three of our employees won the title of "National Skill Experts", six were honored as "Industry Skill Experts" and 27 employees won individual awards.

We initiated a number of activities to encourage innovation and creativity among all employees, and established a rewarding mechanism to encourage innovation-orientated practices. We attached great importance to the career development of technical staff, and promoted project-style management of all research topics, revised the awarding plan for technological innovations, introduced Basic Research Award and Outstanding Accomplishment Award, and released rewarding plan for the translation of technological innovation into profits with the aim to motivate the technical staff. We 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 2017, three of our employees were elected academicians (including Chinese Academy of Sciences & Chinese Academy of Engineering), and one employee was listed in the national "Ten Thousand Talents Program", one employee was listed in the national "Millions Talents Program", and 60 employees were entitled to government special allowances of the State Council.

Encourage employees to take part in skill competitions at all levels

- World Skills Russia Hi-Tech Competition**
 Zang Lihuan from Daqing Oilfield topped the scoreboard in welding competition
- SCO Worker Skills Contest**
 CNPC candidates won one special award, two gold prizes and one silver prize
- 9th National Petroleum and Chemical Vocational Skills Competition of China Skills Competition 2017**
 Seven candidates from CNPC won the title of "National Petroleum and Chemical Vocational Skill Experts"; six subsidiaries including Liaohe Petrochemical won "Group Awards"
- CNPC Vocational Skill Competition**
 The event included competitions on four major professions, appraisal of innovation achievements, and skills exchanges and trainings

Case Study The Story of Roz Mamat Barker

In Xinjiang Oilfield Company, 25.7% of the employees are ethnic minorities, and nearly one quarter of them are oilfield management personnel, core technical talents and core skilled talents. Roz Mamat Barker is an outstanding representative.

Roz Mamat Barker is of Uyghur ethnic minority from Hotan, Xinjiang, and works as an oil production team leader in Xinjiang Oilfield. He has improved his skill through the Company's various development platforms over 23 years of career development. At the very beginning, he didn't understand Chinese and oil production, but now he is a promoter of Mandarin Chinese and he's a training coach and a national technical expert in the oil production industry. He has received 48 honors including National Outstanding CPC Member, National Model Worker, National Model of Ethnic Unity, National Skill Expert and Outstanding CPC Member in Enterprises directly under SASAC, and 23 of the honors are above provincial or ministerial level. He was also elected a delegate for the 19th CPC National Congress in 2017.

He has provided oil production training for over 10,000 person times, and helped employees of ethnic minorities learn Mandarin and master skills. After becoming the head of oil production team, he innovated the management model and the composite decline rate of oil production under his supervision stood at 9%. The technical exchange website (www.whlsyw.com) set up by him has received more than 400,000 visits, making it an influential platform for oil workers to learn skills and share experience and information.

Roz Mamat Barker has set up the "Innovation Studio" with core employees in his team, and carried out technical breakthroughs with 16 national level patents, making great contributions to the profitability of the oilfield. Under his leadership, his team has won more than 30 honors, including "National Exemplary Collective for National Unity and Progress", "Top Ten Unit for Culture Building by Company Teams in China", "Top 1000 Exemplary Unit of CNPC" and "Iron Man Pioneer of CNPC".

The story of Roz Mamat Barker has motivated a lot of dream-seekers. He explained the importance of knowledge and the charm of outside world to his fellow villagers. More than 100 children who had dropped out of school went back to school from wheat field, workshops, and markets after learning about his story.

Employees and Collectives Granted National Awards in 2017

Awards	Award-winning employees and collectives(number)
National May 1st Labor Medal	10
National May 1st Labor Certificate	1
National Pioneer Worker	17
China Skills Award	6

Localization and Diversification

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 2017, the localization rate of our overseas employees reached 83.14%.

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.

Case Study CNPC's Localization Rate in Kazakhstan Projects Exceeds 98%

In Kazakhstan, CNPC emphasizes cultural openness and inclusiveness by creating a friendly, harmonious and pioneering atmosphere, and encourages staff of different cultural backgrounds to enhance trust and understanding and learn from each other, so as to build harmonious internal and external development environment. Meanwhile, the Company attaches great importance to the training of local employees and explores an integrated strategy for talents development, and has formed a competitive team composed of all professions under reasonable structures. The localization rate in our projects in Kazakhstan has exceeded 98%.



Saka

Team leader of logistics department in the North Azadegan project

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With working experience of four years at an international telecommunications company and six years at petroleum companies, I can see that CNPC in Iran is an extraordinary company. It has stringent and high-principled management but with flexibility. Meanwhile, all the reasonable proposals of employees are treated seriously by the management, which is not very common in many multinationals.

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Taghian

Director of human resources management and training in the North Azadegan project

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I used to work as a journalist for a media organization and a local television station in Tehran, and I also worked at the Embassy of Brunei Darussalam in Iran. As I have been in contact with many companies, what impresses me most about CNPC is the harmonious relationship between management and employees. The Company respects the culture, customs and religious beliefs of local employees, and the affinity of Chinese culture is in full display at CNPC.

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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.

Culture Integration Activities



The Phoenix dragon boat team of CNPC in Canada competes in Calgary



Tai chi activities of CNPC in Japan enable employees to conduct cultural exchanges while working out



CNPC's subsidiary in America organizes employees to participate in team building activities

Localization and training of overseas employees

Middle East

Halfaya project in Iraq invests USD **5 million** each year in the training of local employees. With international staff from **37** countries, the localization rate at the project has reached **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.

Case Study CNODC Held a Theme Lecture on Tajikistan Culture



During the Nouruz holiday, Sino-pipeline International Company held a theme lecture on Tajik traditional culture for its employees as part of the activities of Central Asian Cultural Tour.

The lecture started with the celebration of Nouruz, explained the demographic and migration history of the Tajik people, introduced their traditional culture and holiday culture, conducted a comparative analysis of the

production, living and cultural activities of Tajik people in China and Tajikistan, and showed employees the significance of culture to politics, society and economy.

The lecture enriched the cultural life of employees working on the project and enabled them to better understand Tajik history and culture and improve relations with local employees. As the company is compiling a social science treatise, *Approaching Tajikistan*, the lecture provided helpful reference for its compilation.

Physical and Psychological Health

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.



Key Achievements in Occupational Health in 2017	
Improved occupational health management	<ul style="list-style-type: none"> Revised <i>Regulations on Detection of Occupational Hazards at Workplace, Regulations on Occupational Health Surveillance and Regulations on Integrating Occupational Disease Prevention and Protection Facilities in the Process of Design, Construction and Operation of Construction Projects</i> Completed the plan for occupational hazards surveillance at hazardous workplace and the plan for occupational health examination Improved the prevention and protection facilities for occupational health at workplace and their management
Improved occupational health	<ul style="list-style-type: none"> Carried out the "Occupational Health Week" activity
Identified substandard facilities for occupational disease prevention and protection at workplace	<ul style="list-style-type: none"> Rectified substandard facilities for occupational disease prevention and protection in laboratories and dusty environment

Dust Hazard Treatment



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 2017, the company continued to implement mental health service projects overseas to improve employees' mental health and boost their sense of happiness. In addition, we employed consultants to deliver lectures on self-stress release for overseas employees working in harsh natural environments such as saline and alkaline barren land and Gobi desert and those working in adverse social environment.



EAP ambassador training session

CNPC's EAP Overseas



Caring for Employees

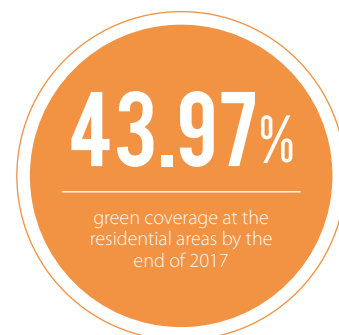
We advocate a good work-life balance and make great efforts to create a healthy and comfortable living environment for our employees. We continuously push forward the market-oriented reforms on service of staff communities and improve the poverty alleviation and aid mechanism, in order to improve the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

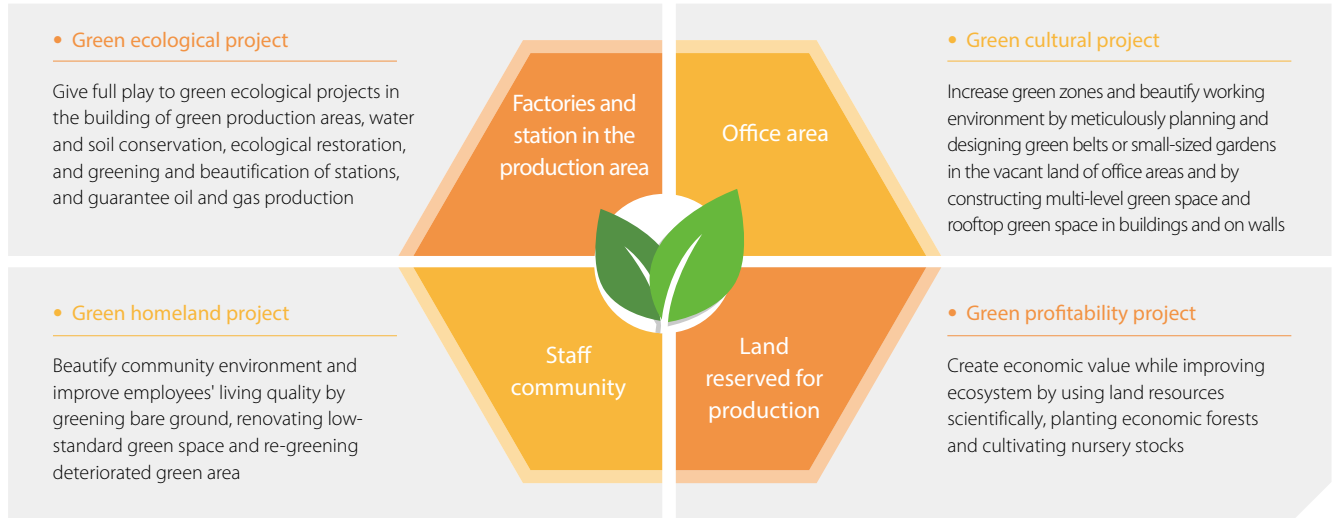
Employee Community Service

Our staff communities are located in more than a dozen provinces (municipalities and autonomous regions), with 4 million residents in 1.3 million households. We actively bring our strengths into play, make full use of social resources, innovate community governance, and improve employees' living conditions. We are incorporating our petroleum and petrochemical communities into the government public service system, step by step so as to introduce favorable government policies on medical care, caring for the elderly, education, employment, community cultural building and other aspects. Combining the merits of government policy, corporate support, social aid and voluntary mutual assistance, we strive to provide convenience and security for people's life.

Community safety renovation Supported by relevant national policies, we have transferred the water/power/heating supply and property management to professional private companies, and invested in the maintenance and renovation of relevant facilities to eliminate safety hazards, enhance service function and improve the living environment.

Building livable communities We keep our efforts in tree planting in the staff communities and strive to build high-standard green ecosystem, and as a result, we have seen continuous improvement in the working and living environment. By the end of 2017, the total green zones at staff communities have reached 293 million square meters, with green coverage of 43.97% at the living areas.





Employees Assistance

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 2017, we helped employees in difficulty via campaigns such as "donating tuition fees for the new semester", "one-on-one assistance", and "hand-in-hand activity".

Recreational Activities

In 2017, 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.

Case Study Daqing Oilfield University for the Aged Enriches the Cultural Life of Retired Employees

We care for the retired employees. Through measures such as community assistance, we have made our contributions to solving the problem of population aging. CNPC Daqing Oilfield has established a university for the elderly to meet the cultural needs of the elderly and to address the issue of population aging. Having 12,000 registered students and 13 majors such as calligraphy and photography, the university organizes activities like poetry recitals and cultural lectures to create a cozy learning environment for its elderly students. The university has also set up platforms for the elderly to serve and repay the society with what they have learned. To show love to the disabled and the poor families, and lonely old people in the surrounding communities, the Loving Volunteers Association of the Elderly University has organized donations.



Themed performance



Performance for widowed senior citizens from nearby communities