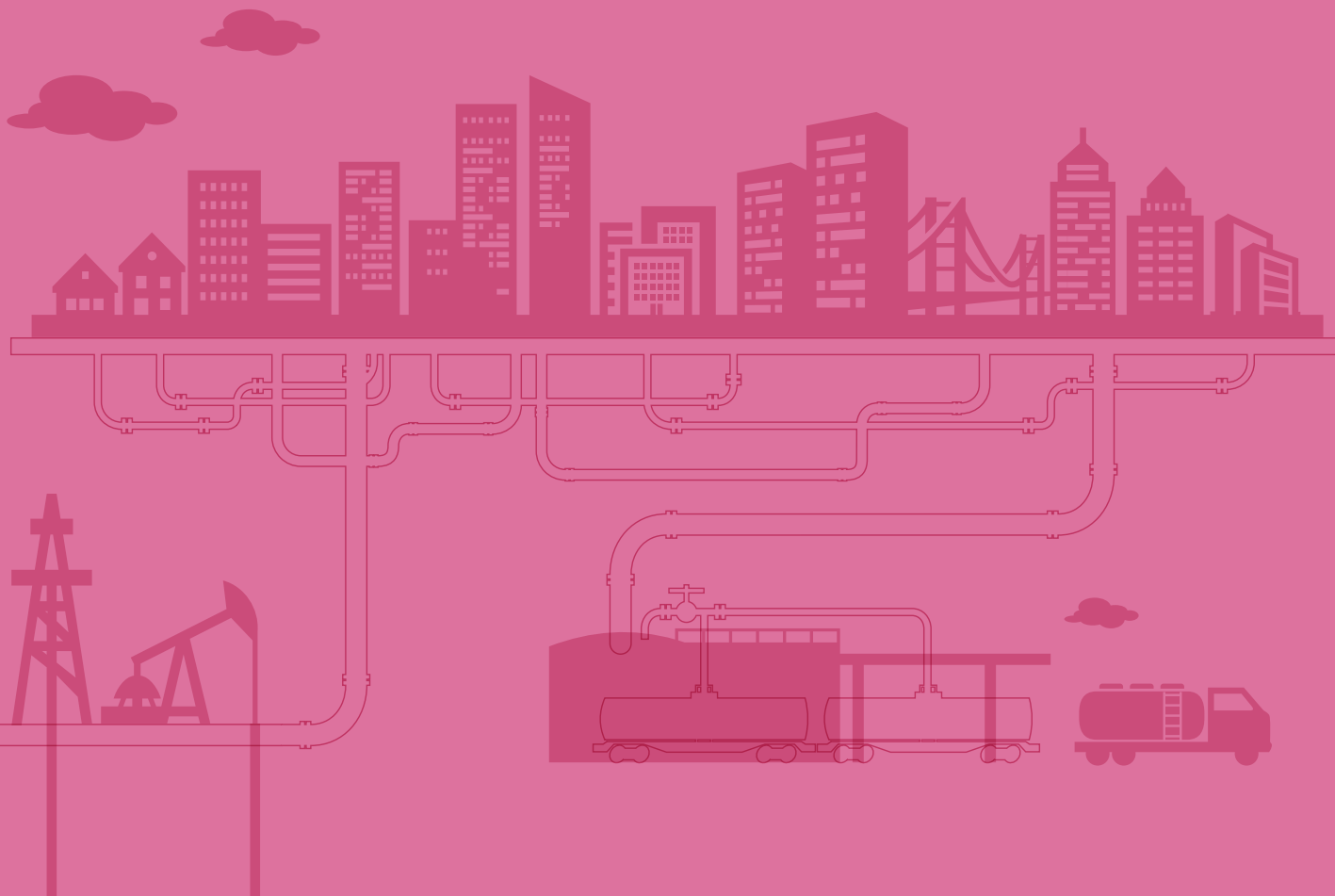


4

Public Welfare

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.

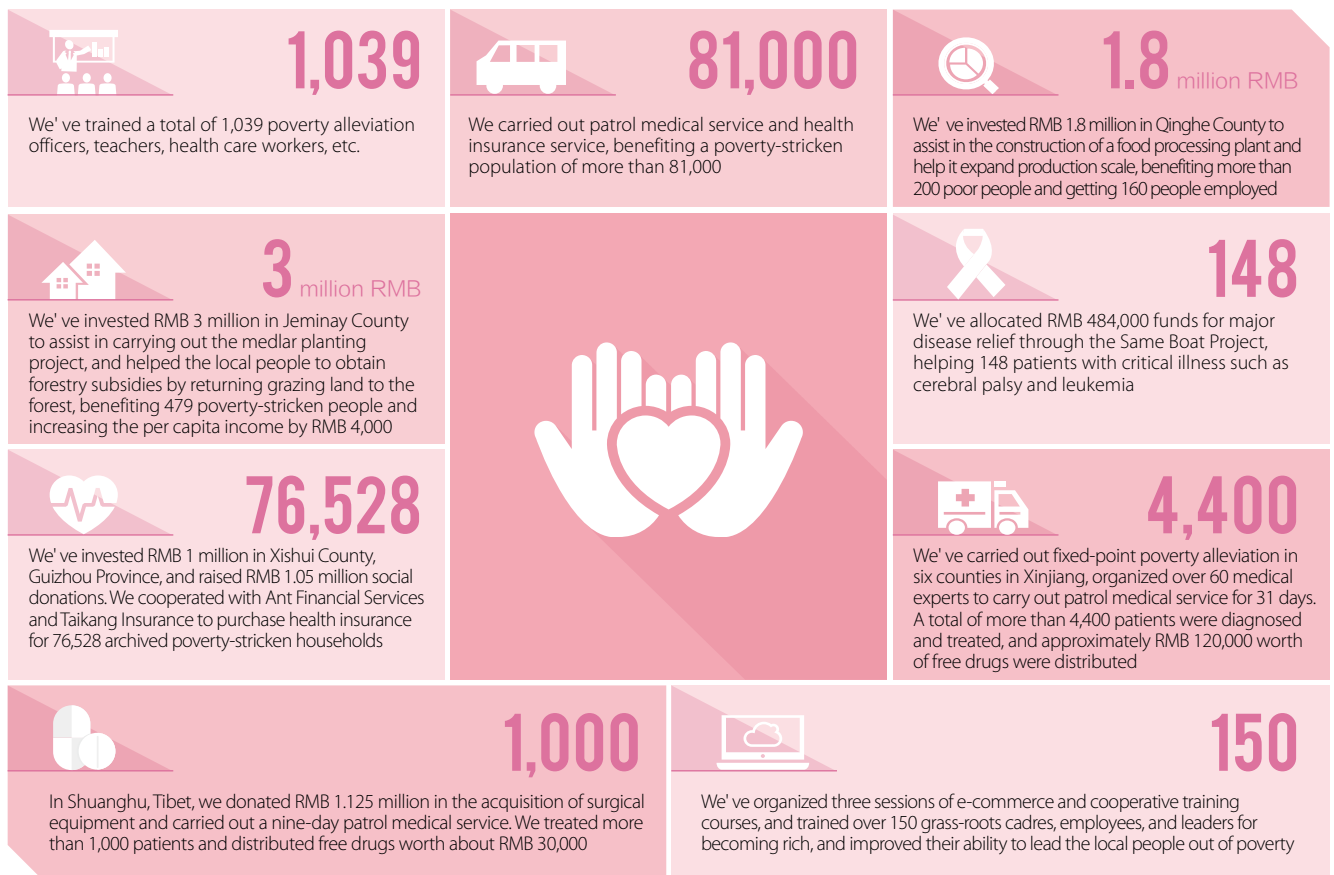




Poverty Alleviation

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, medical service and livelihood of local people, we integrate our business strengths with local resources and market advantages, take targeted measures in poverty alleviation and promote the local self-development capacity in innovative ways.

In 2017, the Company continued to implement fixed-point poverty alleviation and counterpart support. We have invested RMB 77.85 million in infrastructure reconstruction, education & training, health care and industrial cooperation in 13 counties (districts) in seven provinces (municipalities, autonomous regions) including Xinjiang, Tibet, Qinghai, Chongqing, Henan, Jiangxi and Guizhou. We have established 45 poverty alleviation projects, directly benefiting an archived poverty-stricken population of more than 20,000. The Company passed the national special assessment and inspection in the fixed-point poverty alleviation counties of Xinjiang, including the Barköl Kazakh Autonomous County, Qapqal Xibe Autonomous County, and Toli and Qinghe counties, lifting these areas out of poverty.



Targeted Poverty Alleviation Projects Implemented by CNPC in 2017 and the Outcome

Project	Start Time	Place	Partner (s)	Content	Outcome
Safflower Industrial Park Project	April, 2016	Qapqal Xibe Autonomous County, Qapqal County, Xinjiang	Yili Yaqina Agricultural Development Co., Ltd.	Introducing professional safflower oil production enterprises and expanding the construction of local safflower cultivation bases	After the project is completed, it will benefit more than 800 poor people. The average annual income will increase by more than RMB 2,000 and 30 people will be employed.
Dry land irrigation project	2016	Dry land irrigation project in Nilka County and Qinghe County, Xinjiang	---	Building supporting facilities such as drip irrigation trunk & support system and power supply engineering	After the project is completed, it will radiate and protect 1,300 hectares of arable land, so that agricultural products will increase by nearly 3 times per <i>mu</i> , benefiting more than 4,780 people living in poverty.
Grass-livestock joint cooperatives	2017	Toli County, Xinjiang	---	Investing in the establishment of grass-and-livestock joint cooperatives in Langgutle Village and Jiamate Village Kufu Township, Toli County, to realize the improvement and breeding of local sheep and dairy goats, and increase the income of herdsmen.	Construction of infrastructure, such as pens, forage storage, and veterinary housing, has been completed. It is estimated that 180 impoverished households will be able to increase their annual income by more than RMB 2,000 after the project is completed.
Cheese processing plant project		Barköl Kazakh Autonomous County		Helping build a cheese processing plant to fill in the gap in local dairy processing	Construction of infrastructure such as workshops and offices has been completed, and it is expected that more than 8,700 people will benefit from the project after it is completed.
Beautiful countryside demonstration project	2017	Fanxian County	China Foundation for Poverty Alleviation (CFPA) Fanxian County Government	Developing a beautiful countryside demonstration project in Hanxuzhuang Village, Chenzhuang Town, Fanxian County, relying on unique local resources to develop a cultural tourism industry featuring lotus cultivation	After the project is completed, the estimated annual income will exceed RMB 4 million, which can directly promote the employment of local villagers and promote the development of local specialty industries.

Case Study Targeted Measures Focusing on Results in Lifting Qinghe out of Poverty

Qinghe County, a typical border county of ethnic minorities in Xinjiang, is listed as a key county for national poverty alleviation and development due to the harsh natural environment and weak industrial foundation. In 2002, designated by the Central Government, CNPC began targeted poverty alleviation in Qinghe County.

By the end of 2017, CNPC had invested more than RMB 31 million in poverty alleviation funds for Qinghe County. It has sent eight cadres to assist in the construction of 17 projects involving infrastructure, medical and health care, culture and education, and so on, effectively boosted the pace of poverty alleviation in Qinghe County. With concerted efforts, Qinghe County passed the national special assessment and inspection in 2017 and was lifted out of poverty.

Targeted project positioning. We have investigated and demonstrated the causes of poverty and the bottleneck of poverty alleviation in Qinghe County. To address the long-term drought and the low crop yields in the area, the land drip irrigation project was carried out successively in Saertuohai Township and Areletuobie Town of Qinghe County from 2016 to 2017, which has improved the conditions for crop cultivation and enlarged the range of plantable cash crops.

In 2016, the Company invested RMB 3 million in Saerharen in Saertohai in a highly efficient water-saving project, and newly reclaimed 150 hectares of land. Once completed, this project will benefit 196 people, and generate RMB 900,000 in revenue to farmers, herdsmen and village collectives every year. In addition, the project can also provide more than 200 local farmers and herdsmen with opportunities for grazing, transportation and other employment.

In Kalawolen Village of Areletuobie Town, 187 poverty-stricken farmers and herdsmen had poor harvests and even abandoned their land due to the lack of water. In 2017, the Company invested RMB 1.2 million in a drip irrigation project in the village, reclaiming 66.67 hectares of arable land. Once completed, this project will bring more than RMB 500,000 in benefits to the impoverished herders in the village each year, and 40 surplus laborers can also get employment opportunities in the nearby enterprises.

Innovation in poverty-alleviation modes. Specific measures have been taken based on "the cause of poverty" in the process of poverty alleviation. The Company found through investigation that Qinghe County's meat production has exceeded 6,000 tons, and the meat products that can be used for deep processing have exceed 10,000 tons. However, the meat processing industry in Qinghe County is plagued by slow development due to lack of funds and technology. To upgrade the industrial chain of animal products in Qinghe, the Company injected RMB 1.8 million in 2017 to help expand the production scale of Jixing Food Processing Co., Ltd. in Areletuobie Town, Qinghe County. The expanding production has led to the Company's "rolling dividends" to poor households in the town, and the employment of 160 local farmers and herdsmen.

Case Study A Special Medical Emergency in Shuanghu County

On August 23, 2017, CNPC's medical team aiding Tibet successfully helped a lying-in woman deliver a baby through cesarean section in People's Hospital in Shuanghu County, the highest county in the world. It was the first baby that was delivered through cesarean section here and both the mother and baby were safe and sound. This is a breakthrough for the medical team aiding Tibet, and also the first emergency cesarean delivery operated at an altitude of 5,000 meters in Chinese medical history.

Love is our lasting motivation. Since 2009, CNPC sends medical teams every year to Shuanghu County in Tibet to provide physical examination, diagnosis and medicines for local people. Targeting common high-altitude diseases, CNPC has provided medical services and training, and improving local medical conditions.

Case Study "Hand in Hand with CNPC", Realize Every Public Welfare Dream for Ordinary People

01

Partner

China Foundation for Poverty Alleviation



Program Purpose

To help ordinary people realize their public welfare dreams, and spread the concept of people's public welfare



03

02

Program Nature

Mobile client platform for public welfare

04

Actions of CNPC

To set up the platform, donate special funds to China Foundation for Poverty Alleviation, and explore and fund innovative, feasible public welfare initiatives with social influence

Project Achievements

In 2017, a total of 1,230 initiatives were collected and 222 were funded. These initiatives were contributed by colleges, universities, primary and middle schools, community residents, NGOs, industry associations and other groups in 30 provinces, cities and autonomous regions including Beijing and Sichuan. They covered a wide range of areas, including youth education, services for the elderly, environmental protection and community development. We hosted special public welfare events for 215 associations in 145 Chinese universities and colleges, and 136 initiatives were funded.

Scale of Public Participation

The mobile app of the platform boasts 128,000 users, an increase of 66% compared with the end of 2016. And 75% of its users are under 24 years old. A total of 3.35 million votes have been cast and nearly 130,000 comments given. It is becoming a platform for the public to demonstrate their creativity, exchange ideas, realize dreams, and spread positive energy.



05

06

Ways of Public Participation

Processes such as collection, approval, voting, funding and supervision of implementation are required to turn the initiatives into actions. The public can log onto the website of the platform to offer ideas and download the "Hand in Hand with CNPC for Public Welfare" mobile app to view and vote for these ideas and communicate with others.

07



Supporting Education

Supporting education is one of our focuses in fulfilling social responsibilities. We try to help youths to enjoy equal education opportunities and help them pursue their goals and personal growth through various supportive activities. We continue to carry out the ongoing education programs, including scholarships, loans and subsidies to students from underprivileged families, improve teaching conditions in impoverished regions, and support scientific and cultural activities as well as relevant competitive activities. In 2017, we granted CNPC Scholarships worth a total of RMB 7.98 million to 1,270 excellent students. We have sponsored the Kunlun Lubricant Formula Student China (FSC) program for seven consecutive years, aiming to create a cooperation platform for the government, enterprises, colleges and universities, research institutes and users, to nurture talents for the automotive industry.

In addition, we explore new models to support education, and call on the public to focus on and work together to achieve education equality. In cooperation with China Foundation for Poverty Alleviation (CFPA), Beijing Shijia Education Group and Tencent Foundation, we sponsored the Xuhang Program, Teacher Training Program, and Rural Village. Chinese Dream Program to help students from poverty-stricken areas to pursue their studies.

12,317

 students

Since its inception in 2002, we have granted CNPC Scholarships to 12,317 outstanding students (including 4,969 impoverished students)

57.68

 million RMB

We have granted a total of RMB 57.68 million



Teacher Benefiting Program

We continue to collaborate with quality education resources, such as Beijing Experimental Middle School, Beijing Shijia Education Group, Beijing No. 171 Middle School Education Group, and Urumqi No.58 Middle School, to train elementary and middle school teachers for impoverished areas.

80

 primary and secondary school principals and academic directors

In 2017, a total of 45 primary and secondary school teachers were stationed in various places to participate in learning and training for 3 months; short-term trainings were carried out for more than 80 primary and secondary school principals and academic directors



800

 local teachers

We organized Beijing No. 171 Middle School and Experimental High School teachers to go to Xishui, Guizhou and Hengfeng, Jiangxi to conduct a one-week on-site teaching and exchange, training more than 800 local teachers

Case Study CNPC Xuhang Educational Program



In 2017, CNPC Xuhang Educational Program received the "2016 Excellent Program of Targeted Poverty Alleviation" award.

The Xuhang Program is a public welfare project launched by CNPC in 2015, aiming to help impoverished senior high school students from underdeveloped areas complete their studies and gain access to college education by providing financial support for their tuition and living expenditure.

In 2017, the Program was implemented in 10 schools in 10 counties in Sichuan, Henan, Jiangxi and Guizhou, doubling its assistance capabilities. A total of 1,500 students in senior high schools in extreme poverty received assistance from this Program.



Make Financial Donation to Help Solve Students' Problems with Living Expenses

Offline Activities

"Walker for Kindness", a large scale outdoor hiking activity launched by China Foundation for Poverty Alleviation in 2014 to help raise funds, combines public welfare with outdoor hiking exercise. The activity requires 4 people to form a team, complete the hiking challenge of 50 kilometers or 100 kilometers within the prescribed time, and raise funds to help children in poverty-stricken areas.

In 2017, we organized 30 teams including 120 employees to participate in the "Walker for Kindness" activity launched by China Foundation for Poverty Alleviation to raise funds for the Xuhang Program.

Our teams joined over 3,000 people on the hike. Teams from CNPC won the championship, the runner-up and the third place in the 50km hike, and the second in the 100km hike. Ranking the first for the total funds raised as a group, we initiated nearly ten thousand employees, along with other generous people, to donate a total of RMB 600,000 to support the Xuhang Program.

Online Activities

With the help of the online public welfare platform of Ant Financial, the Xuhang Program has received RMB 334,200 from 13,900 people since it started fund-raising on September 6.



Care for Growth and Development of Students

We launched activities such as the service station donation "one liter of oil, one lifetime of kindness" for students during the college entrance exams and work-study programs. During the summer vacation, over 200 service stations of ten thousand tons, several hundred employee volunteers and nearly one million people participated in these activities.

Local Development

The company's development owes much to the understanding and support of the government, communities and the general public. While providing stable energy for socioeconomic development, we expand, in the upstream, midstream and downstream sectors, our joint-venture cooperation with local capital, develop local suppliers and contractors, increase job opportunities and boost the development of related industries based on the principle of open cooperation for mutual benefit. In 2017, Kunlun Trust Co., Ltd. and Kunlun Royal Seal Factoring reached a 10-year Kunlun Royal Seal Property Rights No.1 Trust Plan with a total worth of RMB 500 million to support the development of socio-economy and enterprises in Karamay, Xinjiang.

Case Study Bringing Warmth to Southern Xinjiang in Winter

The five prefectures in southern Xinjiang are underdeveloped regions with extremely fragile ecological environment. To improve the life of people from various ethnic groups in southern Xinjiang, protect ecological environment, CNPC has successively carried out the "Bringing Natural Gas to Southern Xinjiang" Project and "Southern Xinjiang Natural Gas" Project.

The Southern Xinjiang Natural Gas Project was put in production in July, 2013. Since then, local people started to use natural gas instead of burning coals and firewood. In 2017, CNPC launched several gas pipeline projects and the Awat branch pipeline project, interconnecting the five large gas fields including Dabei Gas Field, Yingmaili Gas Field and Hetianhe Gas Field with constructed pipeline network. This has effectively coordinated gas supply to the western and eastern regions in China, boosted gas supply to southern Xinjiang, and alleviated their gas supply shortage.

By the end of 2017, this project has cumulatively delivered over 3.786 billion cubic meters of quality natural gas to southern Xinjiang, benefiting 500,000 households.

Natural gas has not only changed people's lifestyle in southern Xinjiang, but also improved the ecological environment and promoted local socio-economic development.



Natural gas promotes the rapid development of local economy



Residents in Hotan, Xinjiang, use clean natural gas



Figures of "Southern Xinjiang Natural Gas Project"

Overview: 2,424 kilometers in length, including four trunk lines and 19 branches

2,424 kilometers

6.4 billion

Total investment: RMB 6.4 billion

Gas supply: The daily average gas supply stands at 2 million cubic meters, and peaks at 3.2 million cubic meters in winter, benefiting 4 million local people

4 million

5.2 million tons

Ecological benefits: Reducing 5.2 million tons of carbon emission each year

Case Study Employment Project in Xinjiang

In 2017, CNPC recruited ethnic minority employees in Kashgar Prefecture and Hotan Prefecture, Xinjiang, and helped 205 locals get employed. We formulated training plans for new employees, carried out training on laws and regulations, Mandarin and professional skills, and helped employees overcome difficulties in their life.



Humanistic Care

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.

Launch Employee Volunteer Activities

We advocate volunteerism, and encourage and support the employees' participation in volunteer activities to serve the community and the society. In 2017, we had over 163,300 young volunteers in 5,903 teams, serving altogether 394,600 hours. 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.

Beijing Marketing Company of CNPC joined hands with Beijing Municipal Environmental Protection Bureau to carry out the "Clear Air and Green Driving" environmental protection campaign at the Company's service stations. Our youth volunteer teams have been honored with titles such as Beijing Model Stations for Volunteer Services. Dalian Petrochemical Corporation established the volunteer association, and organized its employees to clean up marine litter. CNPC Shandong Marketing Company provided break rooms at service stations for sanitation workers and launched work experience days to raise public awareness of respecting and caring about sanitation workers.



Security patrol in Kashgar oil and gas operation center



Kokia operating area pipeline inspection

Help Migrant Workers Return Home

The Spring Festival in 2018 marked the seventh consecutive year we provided free gasoline, food and insurance at the Company's nearly 100 services stations at major national and inter-provincial highways in Fujian, Guangxi, Jiangxi, Hunan and Hubei provinces for migrant workers who need to travel home on motorcycles. The volunteer service was extended from 10 to 40 days.

The Selection of "Beijing Taxi Heroes"

In 2017, together with China Foundation For Justice And Courage and AUTO LIFE, CNPC launched the 11th Competition of "CNPC Award for Beijing Taxi Heroes", and has selected and awarded 60 heroic taxi drivers. The event provides financial aids to the awarded taxi drivers and their families who suffered from illnesses or lived in harsh conditions through special taxi fund of CNPC. Since its inception in 2004, "CNPC Award for Beijing Taxi Heroes" has inspired city residents to take active part in the spiritual civilization of the capital and to uphold social morals.



Construction of Overseas Communities

We respect the culture and customs of the host countries in which we operate, commit ourselves to establishing long-term and stable cooperative relations with the host countries. We incorporate our development into the local socio-economic growth and create socio-economic value to jointly promote the development and prosperity of local communities.

In 2017, the Company won "the Special Award for Corporate Social Contribution in 2017" in Kazakhstan due to our outstanding performance in the building of overseas community.



Enhance Communication with Local Communities

We have set up departments of environmental protection and community relations coordination in many places to promote cooperation with local governments, NGOs and community representatives. By holding conferences, issuing reports and paying visits, we have strengthened communication and coordination for a win-win situation in cooperation. In Peru, we set up the public relations department to coordinate and develop cooperative relations with local communities, and adopt flexible and effective measures to communicate with local communities so as to win their trust and support.

Management of Business Impact on Community

We are making a positive impact on community development through our efforts in responsible operation. The impact consists of not only creating jobs, paying taxes and bringing business opportunities to local suppliers, but also reducing the impact of production and operation on community environment and the society as well as safeguarding the human rights of community residents.

	Potential Positive Impacts	Potential Negative Impacts	Measures to Reduce Potential Risks
Indigenous people	Job opportunity	Land requisition, resettlement, Environmental impact	<ul style="list-style-type: none"> • 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. • 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. • 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.
Capability building of local enterprise and industry	Business cooperation opportunity, Capacity improvement, Technology transfer	Possibly neglect local products and services, and lack of sharing of advanced technology with the locals	<ul style="list-style-type: none"> • 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. • We support the personnel training program for the oil industry of the host countries.
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	<ul style="list-style-type: none"> • 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.
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	<ul style="list-style-type: none"> • We make social investment plans based on the local social and economic development planning and requirement of the community residents in the host countries.

Community Engagement

We play an active role to help improve the living conditions of local people, and build up harmonious relations with local communities by offering financial aid to education, healthcare and other public welfare programs. At the same time, we provide training opportunities for people in the countries where we operate, in order to cultivate talents for the local petroleum industry.

Public Welfare to Community



Donated school supplies for children of monk school in Myanmar



Donated earthquake relief funds to South Sudan



Launched "The Boys' Brigade Share-a-Gift" (BSBG) in Singapore

Overseas Public Welfare Activities

In Singapore	<ul style="list-style-type: none"> • Have sponsored and held the "New Year Birthday Banquet for Elderly People" for several consecutive years, having invited over 300 senior citizens of different ethnic groups from nursing homes to celebrate the New Year. • Have provided financial support for Singapore Children's Society for years, and donated to Movement for the Intellectually Disabled of Singapore and other charity organizations. • Launched BBSG. • In 2017, invested RMB 680,000 in various aiding programs and our volunteers served a total of 308 hours, which were highly appraised by members of parliament.
In Kazakhstan	<ul style="list-style-type: none"> • Took part in charity activities in winter at local orphanages. • Bought musical instruments for disabled children. • Provided free vehicle fuels for the association of blind people. • Provided financial support for local public fund to treat children with life-threatening illnesses. • Supported the Almaty government to conduct fire drills and other public welfare activities.
In Japan	<ul style="list-style-type: none"> • Sponsored the local Go Congress. • Assisted in the organization of football games for teenagers. • Invited local primary school students to visit the refinery plant and helped them gain knowledge of petroleum.
In America	<ul style="list-style-type: none"> • Continuously carried out volunteer activities in local communities, and voluntarily worked in a peanut butter plant of a local church.

Provide Training Opportunities to Cultivate Talents in the Local Petroleum Industry

Peru	Myanmar	Turkmenistan	Kazakhstan	South Sudan
<p>Provide training in vocational certification of mechanic, electrician and other professions; provide employment opportunities for residents living in communities around the oilfields.</p>	<p>Design post-specific training plan, offer courses in pipeline skills and other areas. Selected and sent in batches 58 Burmese employees to Rangoon and Chinese petroleum colleges and universities to study petroleum-related technology and knowledge.</p>	<p>Sent at least 10 classes of different professions with over 150 employees to Chinese petroleum colleges and universities and petroleum companies to receive training, with a total of 6,300 person-times of Turkmen employees being trained.</p>	<p>Since 1998, Aktobe company has provided 14,992 person-times of training for senior management personnel and professional technicians through various means.</p>	<p>From 2016 to 2018, we provided short-term training (15 days) in technology and management for 60 person-times to nurture petroleum talents. We provided 3 sessions of short-term training in 2017, the topics of which were petroleum economy, management of oil reservoirs and petroleum geology.</p>

Case Study 16 Burmese Employees from Southeast Asia Pipeline Company Got Permission for Electrical Operation

From March 18 to April 8, 2017, the Southeast Asia Pipeline Company held a training session on certification of electrical skills with Tech Vocational School of Myanmar in Rangoon. After systemic study and technical training, 16 Myanmar employees mastered theoretical knowledge of electrics, handling of common failures and other basic skills, and went on to pass qualification test of electrical operations with high scores and got certificates for electrical operation issued by the Ministry of Labor, Immigration and Population of Myanmar, which means that they have got the official permit for electrical operation in ASEAN.

"I'd like to thank the Company for this learning opportunity, which enables me to better handle maintenance and emergency repair, I hope I can contribute more to the Company".

—— Gao Miandu, a Burmese employee from the management office on Maday island.

Case Study Provide Training Opportunities for Staff from the Ministry of Oil and Gas of Sudan

Training has been served to enhance the friendship between the Company and host countries and to strengthen our mutual communications and understanding. Since 2006, the Company headquarters have invested a total of 3.67 million dollars in training personnel from relevant departments of the Ministry of Oil and Gas of Sudan and its subsidiaries. By the end of 2017, we had completed short-term technical training for 276 person-times and master's degree training for 12 person-times.

In 2017, 20 personnel from the subsidiaries and relevant departments of the Ministry of Oil and Gas of Sudan came to China to take part in two sessions of training in experiment on reservoir characterization and in oil refining and petrochemical. When the training came to its end, trainees said they had acquired lots of practical theories and knowledge, and what they had experienced and learnt in China and at CNPC renewed their understanding of China's development and the strength, technical and management prowess of CNPC, and deepened their understanding of Chinese culture and Chinese people.

Protect Local Environment

We stress the importance of striking a balance between business development and environmental protection. Therefore, we strictly comply with the laws and international standards on environmental protection in the countries in which we operate, protect local ecological environment, and strive to minimize the impact of our operations on the environment. Our company in Andes which gives top priority to environmental protection and applies high-standard operation has been recommended by local industry peers and highly appraised by local government.

- In Myanmar** >

 - Have followed international standards over the whole length of China-Myanmar pipelines and strictly required building companies to guarantee quality and ecological protection.
- In Indonesia** >

 - Strictly abide by relevant laws and regulations of Indonesian government and implement high standards on work safety and environment protection; keep improving the HSE management system and protect the ecological environment in production and operation zones.
- In Oman** >

 - Treat oily soils through bioremediation, with the industrial solid wastes 100% recycled and harmlessly treated.
- In Kazakhstan** >

 - Adopt new techniques and technologies to decrease the vaporization and evaporation of oil in projects of natural gas utilization and oil-gas mixed transportation.
 - Apply harmless treatment to the waste drilling fluid and rock debris; discharge wastewater into environmentally-friendly tanks for recycling, and restore the landform and plants at the well site upon completion of wells.
- In Russia** >

 - Yamal Project attaches great importance to environmental protection in the polar region. We designed special processing systems for wastewater, exhaust gases and solid wastes, including oily wastewater collector, and solid wastes disposal system.
 - Since 2013, Yamal Project has restored a total of 761 hectares of land.
- In Singapore** >

 - Installed vapor recovery system for fuel filling.
- In Japan** >

 - Assisted local environmental protection organizations to carry out forest protection activities. The Osaka prefecture government and Izumisano government sent us letters of appreciation.



Yamal Project was re-certified under ISO 14001 and OHSAS 18001, which is valid until June 2020.



Biological waste water treatment system in the 124 district oilfields in Sudan is the largest of its kind to treat waste water from oilfields with biomass and plants.

Case Study Environmental Protection in Niger

Recycling of waste

The refinery in Niger has designed and constructed landfills for solid wastes in accordance with the most advanced standard in China; it treats household garbage through harmless landfill or waste incineration, and hires special recycling companies to deal with recyclable wastes like woods and steel plates. We have also built monitoring sites and monitoring wells around the refinery to monitor changes of atmosphere and water quality.

Greening efforts

Our refinery in Niger has continuously explored ways of growing green vegetation. Employees would take saplings with them when they take planes or trucks to change work shifts. From 2009 to 2017, more than 10,000 trees have been planted on the Sahara Desert, with survival rate exceeding 80%. Our efforts were highly praised by the Niger government and people from all sectors of society. By the end of 2017, we have planted a total of 3,296 trees, covering 18,726 square meters.

Saving water

By adopting state-of-the-art water saving technology of the industry such as waste water reuse, our refinery in Niger has saved a total of 2.876 million tons of fresh water by the end of 2017. It has invested 2 million dollars in the building of camp waste water treatment station, which has become functional in March, 2017. It has realized recycling and reuse of waste water, and will save 94,000 tons of ground water used for green space.



A corner of green space in the desert camp

Boost Local Economy

Our Andes Company has made an average annual investment of 400 million dollars for over 10 years, creating over 3,000 jobs directly or indirectly each year, creating over 6,000 jobs including subcontractors, injecting vigor into community and local economic development by setting up community hospitals, schools and scholarships. The Myanmar-China Gas Pipelines can provide 2.7 million cubic meters of natural gas each day to local power plants and factories along the pipeline at peak period. This has effectively alleviated local electricity shortage and contributed to industrialization and electrification in Myanmar.

Over the 6 years working at the Halfaya oilfield in Iraq, Awude Abdul Sabit has learnt construction skills like concrete pouring, which has helped to transform him into the manager of company with over 300 employees from a minor contractor, his company has also become a trustworthy and qualified subcontractor for multiple subsidiaries of CNPC, other Chinese companies and the owner of Halfaya oilfield.

Case Study CNPC Practices Local Purchase in Chad

To support Chadian government in developing its economy and benefiting local people, our company in Chad has been actively seeking materials and services that can be purchased locally on condition that they meet technical requirements, and has made reasonable offers for local material manufacturers and service providers.

Local Procurement First

When buying materials and services, the company will consider purchasing locally first. Materials the company buys locally include: diesel, civil construction materials, and others, and services the company buys locally include mainly: security service, car rentals, and others, covering oilfield exploration and development, ground construction, oilfield production, pipeline transportation of oil and gas and other areas.

Set up the post of Local buyer

To facilitate communication with local suppliers and guarantee smooth local purchase, the department responsible for purchase has set up a "Local buyer" post held by local employees, with the aim to conduct purchase of local materials and services more professionally and meticulously. The move has played a positive role in learning about local market and cooperating with suppliers.

Transparent Tax Payments 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 local economic development. In countries where the EITI (Extractive Industries Transparency Initiative) standard is implemented, such as Iraq, Mongolia and other countries, our local companies actively participate in the multi-stakeholder groups and publish information on our projects and tax payments, as required by EITI with the content beyond EITI's minimum disclosure requirements. We support and respond to the Base Erosion and Profit Shifting (BEPS) initiative and the *CNPC Tax Policy*, and pledge to pay tax according to the law in areas where we operate and create value, in order to strive for our sustainable development and make due contributions to socio-economic development. In 2017, the overseas tax payment of the Company totaled RMB 47.38 billion.

CNPC TAX POLICY

CNPC carries out tax planning in support of its business strategy and in compliance with international tax agreements and principles, as well as tax laws of host countries. CNPC opposes to aggressive tax planning to avoid potential risks and negative impacts on the company's reputation and sustainability.

CNPC pays taxes in compliance with applicable tax laws of host countries, its business principles and code of conduct, and adheres to high professional standards to ensure the legitimacy and accuracy of tax payment in a timely manner.

CNPC advocates tax transparency, and ensures the accuracy and completeness of tax information disclosure in line with requirements of tax authorities.

CNPC manages tax risks through its effective internal control system and engages with tax authorities and external advisors in case of different interpretation of tax laws and regulations for professional judgment.

CNPC carries out intercompany transactions based on arm's length principle and not for the purposes of eroding tax base and shifting profits.

CNPC takes part in promoting a fair, consistent and stable taxation environment globally and strives to establish a fair, transparent and effective dialogue with tax authorities of host countries.

Protecting Indigenous People's Rights

Before the construction of a project, we conduct assessments on its social and economic impacts, such as the requirements of indigenous people, impacts on human rights and cultural heritage, involuntary resettlement, etc. We try our best to protect all the rights and interests of indigenous people. We uphold standard operation in land compensation, and make compensation plans by referring to the opinions of local governments, partners, and villagers. Specifically, compensation is paid prior to land use, and the compensation information is released timely in order to ensure operational transparency.

Case Study Enhance Increase Interaction with Indigenous People

In Canada, we actively conduct mutually beneficial communications with the indigenous people living around the operating areas. Specifically, we signed bilateral agreements with local communities and paid local people for consultation on environment protection regularly. We set up training programs on oilfield services, provided local people with job opportunities and funding for protection of indigenous cultures.

In addition, our company in Canada entered into regular multilateral consultations and discussions with communities concerned and supervising government authorities on sustainable development, forming a community with shared interests and good interaction.