

# 3 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.

SDGs

3 Good health and well-being

4 Quality education

5 Gender equality

8 Decent work and economic growth

10 Reduced inequalities

## 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. By the end of 2018, the Company had got 52 female senior executives and 1,811 female middle-level managers.



33.75%

In 2018, the Company released job openings in 116 subsidiaries for college and university graduates, and recruited 1,775 candidates, over 33.75% of whom hold a master's or doctorate degree



Education background composition of the workforce

Master's Degree and Above	3.24%
Bachelor's Degree	31.50%
Junior College	24.14%
Technical Secondary School and Below	41.12%



Age composition of the workforce

25 and Under	2.13%
26~35	24.45%
36~45	34.45%
46~55	34.11%
56 and over	4.86%



Gender composition of the workforce by the end of 2017

Male	66.74%
Female	33.26%

### Compensation and Incentives

We intensified our efforts to reform the remuneration system, improve policies on enterprise annuity and supplementary medical insurance, and further improve the salary distribution system by linking it closely 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 fulfill the value of each employee.

### Major Progress in Performance Appraisal in 2018

We

- improved *Measures for Performance Appraisal of Business Leaders* and its detailed implementing rules
- entered into interim performance contracts for 2018 and 2018-2020, ensuring full coverage of business leaders in performance appraisal

Case Study Huabei Petrochemical Improved its Distribution Incentive Mechanism

Since 2018, Huabei Petrochemical Company has accelerated the reform of the remuneration system. Through a number of measures, such as favoring front-line employees in income distribution, providing subsidies for skilled personnel, reforming internal distribution, and improving the mechanism to link payroll with performance, it has developed a distribution incentive mechanism that provides incentives by merit and contributions, reasonably widening gaps in income distribution, and fully motivate the enthusiasm of employees.

What is human resources sharing

Human resources sharing services are centralized, professional and standard staff services provided in a service center for payroll accounting, social insurance and executive practices relating to human resources management.

The first batch of pilot projects of CNPC human resources sharing services were officially launched at the end of November 2017, and the Xi'an Center for Sharing Services was officially delivered and put into operation in September 2018. By the end of 2018, our human resources sharing services had covered 84,000 employees.

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.



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 programs for employees such as knowledge training, professional training, combination of on-the-job training, off-the-job training and spare-time training to deliver diversified and differentiated vocational training and strive 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 Talented People" for the managerial personnel, technical experts, skilled operators and internationalized talented people. In 2018, a total of 20,000 employees received key training sessions organized by the Headquarters.

Major Training Projects under "Four Training Projects for Talents" in 2018

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



Career Development

We attach great importance to the career planning of employees and support the career development of employees to realize their value. In 2018, we deepened the reform of technical rank-based career development for technical staff at R&D institutions, and continued to improve the incentive mechanism to fully unleash the potential of employees in an effort to provide technical personnel with a clear, transparent and stable career path. We implement Oil Scientists Training Program and Outstanding Young Technician Training Project, so as to open channels for the growth of innovative talented people.

By the end of 2018, we had set up 93 Skilled Expert Studios, including 18 National Skilled Expert Studios with 303 senior technical experts and 388 skilled experts. The Company has 21 academicians at the Chinese Academy of Sciences and the Chinese Academy of Engineering, and 569 on-job experts are entitled to the Government Special Allowance.

Case Study

The Company Hosted Skill Exchanges among Skilled Expert Studios

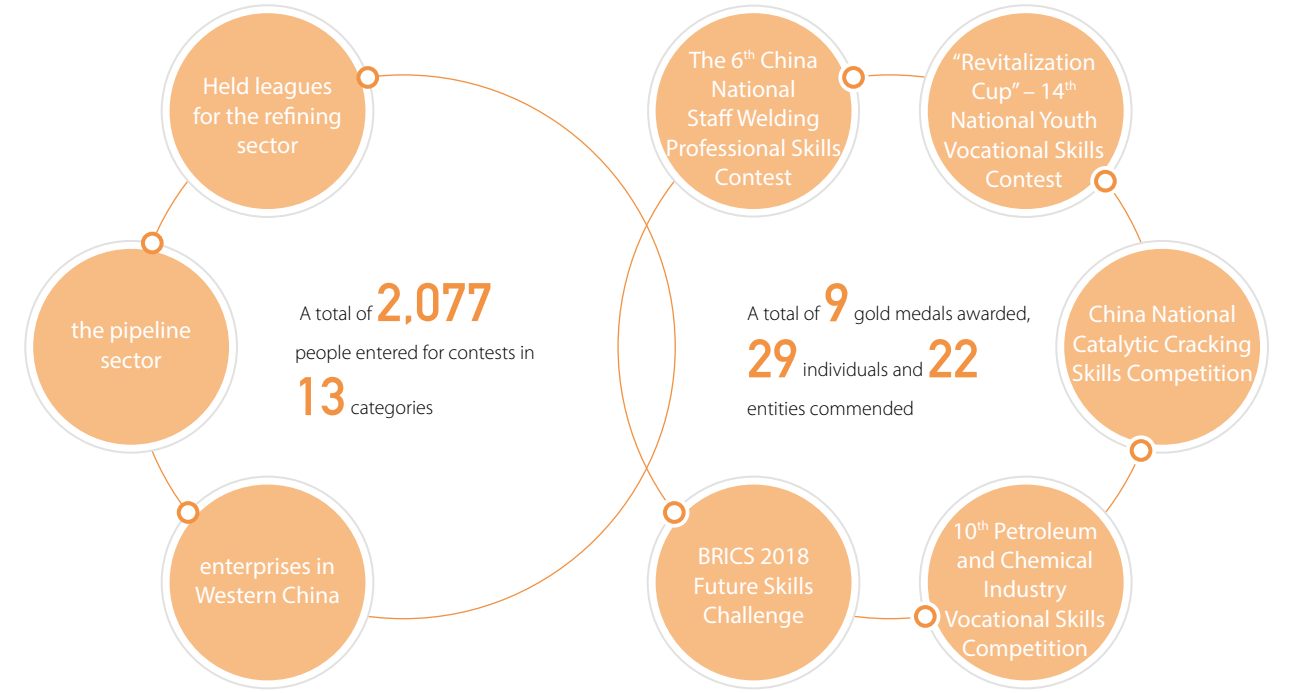
The Company held Skill Exchanges among Skilled Expert Studios 2018 & series of activities to promote the application of front-line innovation achievements. We organized skilled expert studios in subsidiaries such as Southwest Oil and Gas Field, Bohai Drilling Engineering Company Limited, Daqing Oilfield, and Liaoyang Petrochemical to carry out skill exchanges and exchanges in front-line innovation achievements, covering 8 major types of production such as oil production, gas production, and refining and chemical engineering.

In the future, the Company will work to set up platforms for skill exchanges, application and promotion of front-line innovation achievements, and skilled leading talents, and develop a long-term mechanism for exchanges among skilled expert studios and application and promotion of front-line innovation achievements.

Skilled Personnel		Innovation Talented People
Career development system for skilled personnel	Petroleum Expert Development Program	Innovation and Efficiency Improvement
Create an institutional environment in which skilled personnel develop rapidly and give full play to their role	Foster top-level talents to play the leading role as skilled experts	Cultivate high-end leading talents and develop talent pool for core talents
<ul style="list-style-type: none"><li>Establish a nine-level promotion system for key skilled personnel at key positions</li><li>Develop bonus criteria for selecting high-skilled talents</li><li>Revised administrative measures for vocational skills costs</li><li>Conducted selection, evaluation, use and assessment of high-skilled personnel</li><li>Launched the campaign of "training for skilled personnel in subsidiaries in Western China"</li><li>Set up platforms to exchange skills development, enhance the capabilities of operators, and support front-line production technology</li></ul>	<ul style="list-style-type: none"><li>High-end skills seminar and vocational training</li><li>Joint training of technical and technical personnel</li><li>Host skill exchange activities for skill experts and organize cross-enterprise, cross-region and cross-profession skill exchanges for key training subjects</li></ul>	<ul style="list-style-type: none"><li>Oil Scientists Training Program</li><li>Outstanding Young Technicians Training Project</li><li>Academic and technical consultation among academicians and senior technical experts</li></ul>

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.



Employees and Collectives Granted National Awards in 2018

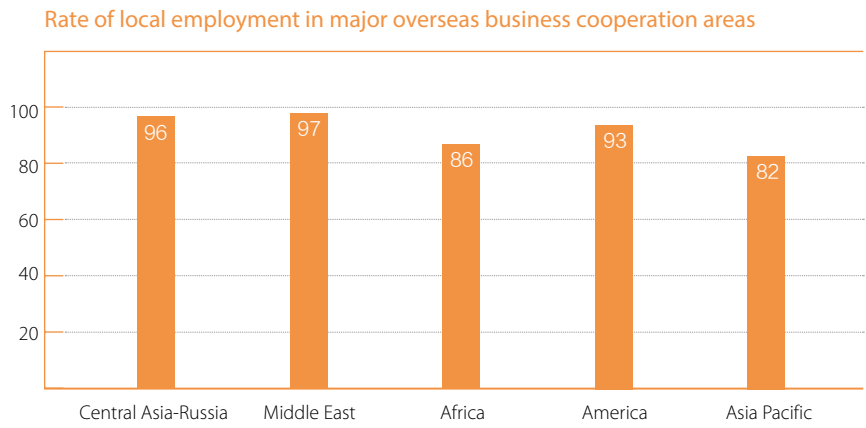
Awards	Award-winning employees and collectives(number )
National May 1st Labor Medal	14
National Pioneer Worker	18

Local Hiring and Diversity

We embrace a respectful, open and inclusive culture, and are committed to the localization, professionalization and marketization of overseas employees. We constantly improve the employee cultivation mechanism and endeavor to promote employee localization and talent internalization. By the end of 2018, the localization rate of our overseas employees had reached 84.4%.

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 to 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 Nile Company Trains and Rewards Local Employees

Every year, CNPC Nile Company selects and assigns a group of outstanding local employees to China or a third country for training, so as to help them quickly improve their professional skills and comprehensive management capabilities, play their role as a model, and strengthen cultural integration and teamwork. By the late 2018, it had accumulatively rewarded 53 outstanding employees and more than 400 excellent employees in Nile.

Respect for Cultural Diversity

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

Case Study

CNPC International (America) Inc Took Part in the Dragon Boat Race

In May 2018, CNPC International (America) Inc took part in the Dragon Boat Race in Houston organized by the Texas Dragon Boat Association and scored outstanding achievements.

CNPC International (America) Inc took part in the past races with a strong sense of team work, not only promoting the cross-cultural exchange and integration of the internal team, but also further shaping a good social image of CNPC. Sylvester Turner, Mayor of Houston, and the Texas Dragon Boat Association extended their gratitude to CNPC International (America) Inc for its active support for the event.

Physical and Psychological Health

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

Occupational Health

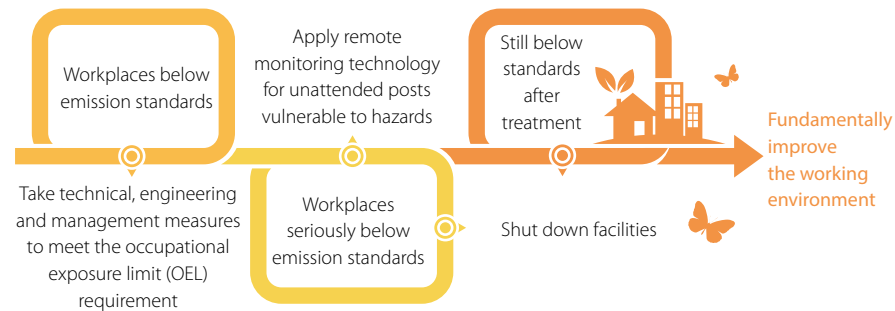
We attach great importance to staff occupational health protection. In 2018, we revised the occupational health file management system, established standards for the quantitative review and inspection of occupational health in oil and gas fields and other workplaces, and strengthened the basic management of occupational health. We trained occupational health management personnel and launched the Occupational Health Awareness Week, and conscientiously implemented "occupational health protection for a healthy China", a national concept for occupational health protection.

Key Achievements in Occupational Health in 2018	
Improved occupational health management	<ul style="list-style-type: none"><li>Revised the <i>Regulations on the Management of Occupational Health Records</i></li><li>Completed the <i>CNPC Standard for the Quantitative Review of Occupational Health</i> for four specialties: oil and gas fields, refining and chemicals, pipelines and marketing</li><li>Improved occupational health protection facilities in workplaces and their management</li><li>Carried out supervision and research on occupational health work</li><li>Provided special training for occupational health management personnel</li></ul>
Enhanced occupational health awareness	<ul style="list-style-type: none"><li>Launched the campaign of Occupational Health Awareness Week</li></ul>
Identified substandard facilities for occupational disease prevention and protection at workplace	<ul style="list-style-type: none"><li>Intensified our efforts to rectify facilities for occupational disease prevention and protection in some laboratories and dusty environment to ensure their compliance</li></ul>





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 2018, the Company continued to implement mental health service projects overseas to improve employees' mental health, assigned psychologists to Kazakhstan, Brazil, Peru, Venezuela and some other countries to provide mental health consultation services to show our care for their mental health.



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' quality of life.

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 integrate resources from all sources, build a four-in-one service system covering government public services, social professional services, volunteer services and comprehensive services for mining areas, and introduce into the mining areas all types of social welfare policies, such as education, medical care, employment, transportation, communication, culture, sports, housing, services for the disabled, social assistance and social security.

**Improving public facilities.** Supported by relevant national policies, we have transferred water/power/heating supply and property management to professional private companies and improved community infrastructure and public facilities, in an effort to build modern communities that are much safer and more functionally complete.

**Building beautiful mining areas.** We keep our efforts in tree planting in the staff communities, promote cooperation and sharing of green areas, and build a green ecosystem while carrying out our business. As of late 2018, the total green zones at staff communities have reached 293 million square meters, with green coverage of 44.59% at the living areas.

**Creating a harmonious culture in mining areas.** We organize and carry out a variety of cultural and sports activities, such as "Neighborhood Banquets", "Neighborhood Festivals", and "Art Festivals". We select moral models, civilized families and other role models, advocate civilized etiquettes and styles, and build civilized and harmonious mining 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 dependents of the deceased. In 2018, we took targeted measures to help the employees in need, especially those in extreme poverty, through a variety of effective campaigns such as "tuition fee sponsorship for the new semester" and "entrepreneurial support".

Case Study	Liaohu Oilfield Implemented the Program of "Entrepreneurial Support for Family Members of Needy Employees"
<p>Through the program of "Entrepreneurial Support for Family Members of Needy Employees", Liaohu Oilfield took targeted measures to lift destitute employees out of poverty.</p> <p>Through this program, the company introduced entrepreneurial policies to business starters, provided entrepreneurial training, evaluated proposed projects in terms of their initiation, market estimation and entrepreneurial capability, and, depending on the evaluation results and to facilitate their entrepreneurial efforts, provided entrepreneurial funds to families in need.</p> <p>After nearly a year of implementation, some families have put their projects on the right track and in good operation, thus improving their living standards.</p>	

