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PetroChina Co., Ltd. (PetroChina), hereinafter also referred to as “the Company”, “we” or “us”), was established on 5 November 1999, upon the restructuring of the China National Petroleum Corporation (CNPC). PetroChina was listed on the NYSE (ADS code: PRT) and the HKEx (stock code: 00857) in April 2000 and on the Shanghai Stock Exchange (stock code: 601857) in November 2007, respectively.

PetroChina is one of the major oil and gas producers and distributors in China, ranking among the leading international oil companies. It engages in a wide range of activities related to oil and natural gas and provides sustainable energy for socio-economic development. We pursue harmonious relationships between energy, the environment and the society.

Core Business

Upstream

Our upstream business includes the exploration, development and production of crude oil and natural gas.

Our upstream business includes the exploration, development and production of crude oil and natural gas. We operate in a number of major oil and gas producing and processing centers in China, ranking among the leading international oil companies. It engages in a wide range of activities related to oil and natural gas and provides sustainable energy for socio-economic development. We pursue harmonious relationships between energy, the environment and the society.

Mid-Downstream

Our midstream and downstream business includes refining, transportation, storage and marketing of crude oil and oil products, as well as production and marketing of basic, derivative and other chemical products; and transportation and marketing of natural gas.

We are engaged in oil and gas exploration and production in nearly 30 countries and have trade relations with more than 80 countries.

International Business

Currently, we have established five international oil and gas cooperation zones in the Middle East, the Central Asia, the Asia-Pacific, the Americas and Africa, and three international oil and gas operation centers in Asia, Europe and the Americas. The expansion and growth of our international oil and gas cooperation has been substantial in terms of size and scale, with operational quality improving greatly. In 2015, overseas oil and gas equivalent production reached 203.5 million barrels.

Oil and Gas Exploration, Development and Production

PetroChina takes a leading position in domestic oil and gas exploration and development business. We operate in a number of major oil and gas producing regions such as Daqing, Changqing, Xinjiang, Liaohe, Tarim and Sichuan. In 2015, we produced 971.9 million barrels of crude oil, 3,131 billion cubic feet of marketable natural gas, and 1,493.9 million barrels of oil and gas equivalent.

Refining and Marketing of Crude Oil and Oil Products

We owned 8 ten-million-ton-level refining bases. In 2015 we processed 998.1 million barrels of crude oil, produced 91.933 million tons of oil products. We are operating over 20,000 gas stations covering 31 provinces (municipalities and autonomous regions) and the Hong Kong SAR of China, and undertook the supply of about 40% of China’s oil products.

Production, Transportation and Marketing of Petrochemical Products

The Company is engaged in producing six categories of chemical products—synthetic resin, synthetic fiber and raw materials of synthetic fiber, synthetic rubber, urea, organic and inorganic compounds with thousands of trademarked products. Our production capabilities of products such as ethylene, synthetic resin and synthetic rubber ranked among the best in China. In 2015, we sold over 212.2 million tons of chemical products, and produced 5.032 million tons of ethylene.

Transportation of Natural Gas, Crude Oil and Oil Products, and Distribution of Natural Gas

PetroChina is mainly responsible for transportation and marketing of natural gas, and storage and transportation of crude oil and oil products. The Company operated 78,000 km of pipelines in China, covering 29 provinces (municipalities and autonomous regions) and the Hong Kong SAR in China.

International Business

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MESSAGE FROM THE CHAIRMAN

Thank you for reading this report and for your continued support and concern for PetroChina.

2015 has proven to be a year of profound changes and severe challenges. The United Nations' 2030 Agenda for Sustainable Development officially came into force, creating a defining moment in history and setting global goals to end poverty, protect the planet and ensure prosperity for all. The Paris Agreement within the United Nations Framework Convention on Climate Change (UNFCCC) was adopted, marking a milestone in the process of global climate governance and a major step towards sustainable development for mankind.

At the same time, the complicated international political and economic situation and substantial changes in the international oil and gas markets have severely affected the business of oil and gas companies. As China's economic development entered the era of the New Normal, it suffered slower growth in its oil and gas demand and intensified market competition. We took the initiative to adapt to these changes, concentrating on refashioning our good image and on pushing forward with our steady development. We vigorously promoted reforms and fostered innovation. In doing so, our own growth boosted the prosperity and progress of our partners and communities, and we achieved joint, coordinated and sustainable development in tandem with society.

We promoted steady development and supplied clean energy. We actively responded to the challenges brought about by low oil prices through improving the quality and efficiency of development. To this end, we focused on our core businesses of oil and gas exploration and development, acquired large-scale, high-quality reserves and promoted cost-effective production, resulting in record highs in oil and gas output domestically and abroad and allowing the stable growth of all business lines. We optimized our business structure, accelerated the efficient development of unconventional resources, increased the output of green, low-carbon energies, cut carbon dioxide emissions, and joined the global effort in tackling climate change. We saw rapid growth in the natural gas business, with natural gas accounting for 34.9% of our total oil and gas equivalent in 2015 and an average annual growth of 7.1% in natural gas output.

We intensified our efforts in reform and innovation and boosted growth momentum. At PetroChina, we spared no efforts in promoting innovation, which has been our business strategy and essential to our overall development. We strived to introduce technologies to break through the bottlenecks that hold back our development, so as to provide technical support for healthy development at a time of low oil prices. To broaden sources of income, we contributed to livelihoods and society and shared the fruits of development. We actively responded to the challenges brought about by low oil prices through improving the quality and efficiency of development. To this end, we focused on our core businesses of oil and gas exploration and development, acquired large-scale, high-quality reserves and promoted cost-effective production, resulting in record highs in oil and gas output domestically and abroad and allowing the stable growth of all business lines. We optimized our business structure, accelerated the efficient development of unconventional resources, increased the output of green, low-carbon energies, cut carbon dioxide emissions, and joined the global effort in tackling climate change. We saw rapid growth in the natural gas business, with natural gas accounting for 34.9% of our total oil and gas equivalent in 2015 and an average annual growth of 7.1% in natural gas output.

We strengthened safety and environmental protection and integrated them into our foundation for future development. We respect life and nature. Therefore, we strictly obeyed relevant Chinese and international laws and regulations, and never crossed ecological red lines. We gave top priority to risk prevention and control, improved our platform for online monitoring of pollution sources, and developed technological solutions. As a result, we avoided major and worse-than-major safety and environmental accidents and laid a solid foundation for green, low-carbon development.

We contributed to livelihoods and society and shared the fruits of development. We pursued common development goals and the sharing of value between businesses and society. We emphasized employee development. Through initiatives such as "double-sequence" reform, we helped scientific workers and engineers and technical personnel broaden their space for career development. We took targeted measures to help the poor and people in economically underdeveloped regions lift themselves out of poverty, so as to contribute to the global efforts in poverty reduction. Through improved communication with communities, we helped enhance their self-sustaining capability and in return, we won social recognition.

In response to the complicated international situation, we established our development strategies and objectives for the coming period based on in-depth analysis and summary. To adapt to the New Normal in China's economic development and tide over the difficult period of low oil prices, we must unswervingly promote transformation and upgrading, which is our strategic choice. Guided by the policy of steady development and the strategy of resources, markets, internationalization and innovation, we will make every effort to adjust our structure, strengthen our weak areas, cut costs, and guard against risks. In addition, we will attach greater importance to business deployment and structural optimization, the deepening of enterprise reform, openness and cooperation, innovation in technology, management and business models, and green and low-carbon development, so as to build a world-class international energy company.

At present, China remains an important engine for global economic growth, and its domestic demand for energy, especially for oil and gas, will see steady growth. The Chinese government has proposed the concept of an "Innovative, coordinated, green, open and shared" development, the national strategy of promoting energy production and consumption revolution and the "One Belt, One Road" initiative, and measures such as expediting the supply-side structural reform and oil and gas system restructuring, which, clear in objectives and firm in belief, are very likely to yield remarkable results in promoting the transformation and development of energy enterprises.

Standing at a new starting point, PetroChina will, in a spirit of openness, mutual benefits and win-win situation, play a constructive role in a responsible manner and share resource value and development achievements with all stakeholders, so as to become an excellent corporate citizen!

Wang Yinhai
Chairman of the Board
What measures has PetroChina taken in response to plummeting international oil prices, what results have been achieved, and what other plans does the company have for the future?

The risk of low oil prices has posed a common challenge to oil companies throughout the world. Nevertheless, we were motivated to perfect internal work, strengthen management and improve quality. We adjusted our production and business strategies in a timely manner, strengthened the coordinated development of production, transport, sales, storage and trading, organized production and operations in an orderly and effective manner, took pertinent measures to broaden the sources of income, cut costs, promote light assets and reverse losses. As a result, we have maintained stable production and operations, and minimized the negative financial impact caused by low oil prices.

It is expected that oil will remain in ample supply in the international market for the foreseeable future, and it will take time to strike a new balance between supply and demand. Nevertheless, efforts in China including deepening reforms, environmental governance and the “One Belt, One Road” initiative and other major deployments and strategies have all provided much room for our growth. Oil and natural gas will remain the leading energy sources for a fairly long time to come. Guided by the policy of steady development, we will endeavor to grow steadily, make structural adjustments, improve weak areas, enhance profitability, focus on deepening reform and technological innovation, and take measures to broaden the sources of income, reduce expenditure, control cost and enhance profitability, so that our core businesses can maintain healthy development.

What are the company's plans for promoting future innovation?

Innovation is essential to our development and future. Therefore, we make innovation a strategic priority in our overall development and a driving force behind our development. To this end, we keep enhancing our proprietary innovation capabilities and seeking more leading-edge, innovation-driven development.

In the future, we will intensify our efforts in science and technology to promote original innovation, integrated innovation and re-innovation based on introduction and absorption. We will promote the combination of production, teaching, research and applications, accelerate the reform of scientific systems and mechanisms, improve the mechanisms to promote the transformation of scientific and technological achievements and the benefit-sharing policy, and play a supporting and leading role in responding to low oil prices, and promoting cost reductions and enhancing profitability.

We push forward innovation in concepts, system, management, culture and business model, optimize our investment decisions and project management through modern strategic management tools, and optimize resource allocation, production and operations by following the principles of the market and profitability. We will also promote innovation in management and business models through information technology, and intensify our efforts in standardizing and quantitative measurements.

We will stimulate the vitality of talented personnel, encourage innovation across all employees, implement major talent development projects and attract innovative talent from across the world, in order to staff the company with a great number of high-caliber, high-quality and sophisticated talent. We also do our utmost to promote strategic personnel restructuring, improve our evaluation and incentives and service support system, create favorable conditions to attract, make the best use of and retain talented personnel, launch diversified and differentiated vocational training, and establish a competent and efficient workforce.

How will PetroChina realize low carbon development in tackling climate change?

Energy conservation and emission reduction are essential to the sustained development of the petroleum industry, the stability of the national energy supply and the reduction of greenhouse gas emissions. PetroChina has developed the Action Plan for Green Development, promoted green and sustainable development as our business strategy, and has taken the initiative to adapt to the trend of global low-carbon development. The Company adjusted its business structure to promote clean energy development, launched a great number of campaigns for associated gas recovery in an effort to reduce greenhouse gas emissions, and carried out energy conservation technology research, research and development of low-carbon technologies, active development of carbon sinks, and promotion of carbon emission reduction throughout China.

What achievements have been made in oil quality upgrade in recent years?

China has recently intensified its efforts in environmental governance, putting forth higher requirements for clean energy and oil product quality. We keep accelerating oil quality upgrading and boosting green and clean development in strict accordance with China’s general requirements for the quality upgrade of refined oil.

We have intensified our efforts in technological innovation, increased our investment in equipment upgrading, established major technological projects specifically for oil quality upgrading, and conducted proprietary research and developed a series of technologies for clean gasoline best represented by DSO and GDS technologies, and another series for clean diesel best represented by PDF and EPS hydro-refining, hydro-upgrading and pour point depressing.

Among these, the development and application of complete sets of clean gasoline production reaching the National IV Standard for vehicle emission” won the second prize of the “National Science and Technology Progress Award” in 2015, providing strong technical support for gasoline and diesel quality upgrading. Between 2010 and 2015, PetroChina successfully completed the upgrade from the National III standard to the National V standard. There was a substantial increase in the oil quality standard.

We actively responded to the Plan for the Acceleration of the Quality Upgrading of Refined Oil, spared no efforts to promote the implementation of projects for production capacity expansion and technological transformation of clean-energy products in refining enterprises, and secured the supply of motor gasoline and diesel of National V standard in 11 eastern provinces and directly administered cities by 2016 and throughout China by 1 January, 2017. As of the end of 2015, nine refineries committed to the supply of motor gasoline and diesel to the 11 eastern provinces and directly administered cities had completed the task of upgrading motor gasoline and diesel to the National V standard, more than two years ahead of schedule. All of the motor gasoline and diesel produced by our domestic refineries have reached the National IV standard. Among them, 22.2% of motor gasoline and 9.4% of motor diesel have reached the National V standard. Thus, we are committed to a sustainable supply of clean energy to our society.
The rule of law, integrity and compliance are the foundation of an enterprise’s sustainable development. At PetroChina, we always advocate the rule of law, which calls for the supremacy of law, responsibility commensurate with authority, procedural compliance, honesty and transparency, and justice and impartiality. We regulate our corporate and employee behavior through compliance management. We are guided by the rule of law and improve our capability of corporate management by law. We strive to achieve, mainly through institutional constraints, the modernization of persons in charge of relevant departments, and matters concerning sustainable development. In addition, the Company has set up a committee to maintain stability, and manage relations with stakeholders. Thanks to all these efforts, the Company has maintained promising stable operating results, has kept all kinds of risks under control, has reinforced a stable and harmonious environment for development, and steadily improved its corporate image. Its steadier, healthier and more sustainable development has benefited all legal requirements.

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Executive Body

The Company’s executive management body consists of a Vice President and a CFO presided over by the President. They are appointed by and accountable to the Board of Directors. They carry out the Board’s resolutions and organize the day-to-day production and business operations of the Company in accordance with the Company Law of the PRC and the Articles of Association and as authorized by the Board of Directors. The Company has a two-tier executive governance organization for the headquarters and regional offices, and a three-tier business structure consisting of the headquarters, subsidiaries and regional operations. The Company has four core business segments that are run by four dedicated subsidiaries, namely: exploration and production, refining and chemicals, sales and marketing, and natural gas and pipelines.

Optimizing Management System

The Company stresses intensification, specialization and integration and has established a management system where responsibility is commensurate with authority, and that is scientifically sound, lean, efficient, and vibrant so as to strengthen the restrictions on and the supervision of the exercise of power. The Company aims to have clear control objectives, effective integration of resources and optimal efficiency and effectiveness, in order to improve corporate social responsibility performance and achieve sustainable growth.

Supervisors and Supervisory Committee

The Supervisory Committee is accountable to the Shareholders’ Meeting. In accordance with the Company Law of the PRC and the Articles of Association, Supervisors attend Supervisory Committee meetings, attend Board Meetings as observers, report back to the Shareholders’ Meeting and submit the Supervisory Committee reports and related matters. The Supervisory Committee formulated the Measures for the Administration of the Performance of Duties by Supervisors of PetroChina, laying down the method and content of performing the duties of the Company’s Supervisors, and the requirements and evaluation criteria for performing such duties. All Supervisors are urged to supervise the Company’s finances and monitor the legality and compliance of the manner in which directors and senior management of the Company perform their duties, in line with their responsibility to all shareholders. As of the end of 2015, the Company’s Supervisory Committee had nine members, four of which were employees of the Company.

Board of Directors and Affiliated Board Committees

The directors are elected by the general meeting of shareholders and are accountable to shareholders. Under the board are several committees: the Audit Committee, Evaluation & Remuneration Committee, Investment & Development Committee, the Health, Safety and Environmental Protection (HSE) Committee—all of which advise the board on its decisions. We never cease formulating, improving and effectively implementing the work systems and work procedures of the Board of Directors and affiliated board committees. We have formulated the Board Diversity Policy, so that members of the board are considered based on the actual situation of the Company, its own operational model and the specific work requirements, while taking into account the candidate’s age, educational background and professional experience. There are four non-executive independent directors in the board of directors. These independent directors are from different countries and technical backgrounds, including petroleum and petrochemicals, accounting, finance, international investment and financing management. In 2015, the board of directors strengthened the management of investment decisions, learned about the implementation of the system of Administration of Authorization in Acquisition Projects by PetroChina as reported by the management, and timely adjusted and optimized the term for the administration of authorizations as well as the period covered by the report, according to the actual operational situation. There was an increase in the number of on-site investigations and research at grass-roots units and overseas oil and gas cooperation projects conducted by independent directors. In 2015, the Company organized on-site investigations and research by independent directors on seven occasions. Independent directors were timely and regularly informed of the Company’s important productions and operations, achieving good communication effects.

In 2015, we supplemented and perfected our basic system of corporate governance. In accordance with capital market regulations, we set up the Nomination Committee of the Board of Directors. We developed rules of procedure for the committee, convened a committee meeting, considered the proposed appointment of vice president and CFO nominated by the president, and formed the committee’s resolution and appointment comments to the board of directors, making our corporate governance even more sound.

Boosting integration of basic management systems

Since the end of 2012, the Company has been advancing pilot programs to consolidate documents on quality, HSE, measurement, energy, internal control, legal risk prevention and control with other management documents, resolving the overlapping, duplications and contradictions between them. Now the Company runs smoothly within the framework of a single set of management documents, improving its overall management efficiency. In addition, the Company has further integrated its management practices based on the ERP application integration project. The headquarters have built a management practice platform information system, making unified query, exchange and sharing of systems, standards and procedures.
Compliance Management System

Integrity and compliance are the bottom line of our business operation and the cornerstone of the Company's development, and take precedence to business systems and economic interests. We have a ‘zero tolerance’ attitude to rule violations and strictly comply with applicable laws, regulations and procedures in operational activities. The growth of the Company hinges on compliance management, which is incorporated into the whole process of our production, construction and operations management assessment. We enhance process control while focusing on prevention, and strive to build a compliance management system with complete regulations, scientific procedures and proper execution to cover all staff, the entire process and all positions.

We adhere to the value of honesty and integrity, implementing the same compliance policy and guidelines as CNPC. The Integrity and Compliance Guidelines issued by CNPC in 2015 clearly regulated the basic requirements, codes of conduct and prohibited matters in external relations, professional ethics, handling internal relations, safeguarding the interests of the Company, taking social responsibility, etc. It established a registration and reporting system for conflicts of interest matters to guard against and avoid the risk of non-compliance. It set up a compliance evaluation and fitting system to comprehensively record and evaluate employees’ performance of due diligence compliance serving as the basis for promotion and incentives/punishment; and conducted compliance investigations over business partners and related transactions. Moreover, it built a compliance information sharing and linkage mechanism. By applying the compliance procedures and proper execution to cover all staff, the entire process and all positions.

Compliance Guidelines

Compliance management System

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Have you established codes of conduct for management, employees and contractors? if yes, how do you communicate these codes to them? How to measure compliance with these codes?

We have developed a manual of the Integrity and Compliance Guidelines which specifies that enterprise, employees, agents (agency) or personal engaged in various activities in the name of the Company shall comply with relevant provisions of the Manual. When cooperating with external partners, we help contractors, subcontractors and suppliers understand the Company's code of conduct and ethical requirements, and strengthen contacts with business partners who obey the law and regulations and respect the Company’s value and rules of conduct. We also formulate specific standards and procedures to choose business partners. Each employee of the Company has signed a written commitment to comply with the Manual. The Manual has been translated into English, Russian, French, Spanish, Arabic and Uyghur.

The Company has established a liability mechanism for violations committed by the management. Management failing to implement compliance management requirements or to provide compliance training to employees who violated regulations shall be held accountable.

Through compliance, internal control, auditing, monitoring and supervision and other management functions, we regulate business procedures and employee behavior, strengthen business practices compliance audits, and rigorously investigate and treat violations, to ensure that we are in compliance with the law and regulations in our operations.

Internal Control and Risk Management System

In 2015, the Company continued to improve its internal control system and revised the Internal Control Management Manual combining reforms with adjustments to the institutional mechanisms and both strengthening and optimizing the internal control system. It deepened its comprehensive risk management and creatively established procedures for optimizing business operations procedures and for risk evaluation, strengthening the management of assessing major risks and control as well as dynamic analysis and early warning, and pushed for the building of a risk system. By effectively playing up the role of internal control and supervision, the Company focused on risks inherent in the fields of tendering and bidding, major project investment, asset management, fund management, contract management, engineering management, etc. and assessed and rectified each problem found through testing so as to effectively close loopholes or errors. The Audit Committee of the Board of Directors convened four meetings throughout the year, learned about the internal control work progress, and made recommendations for improvement. In 2015, the Company’s internal control and risk management system successfully passed internal audit for the tenth consecutive year.

Corruption Punishment and Prevention System

We treat our business partners, customers, suppliers, contractors and counterparts with integrity, respect and equality. We oppose any form of commercial bribery and require our business partners to follow the Company’s anti-bribery and anti-corruption policies, with no abuse of one’s position in signing business contracts for one’s own personal gain or for the benefit of friends or family or to obtain personal benefits. We have developed the Punishment Regulations for Management’s Violations and Non-compliance, Compliance Management Measures, Material/Supplier Management Measures, etc. to regulate behaviors of employees and the Company.

Realizing the importance and urgency of taking a firm stance against corruption, we made unremitting efforts to combat corruption. We developed and implemented a series of systems and regulations to improve our work style and strengthen discipline. We deepened the reform of anti-corruption institutions and mechanisms to promote full coverage of strict internal inspections. We maintained a posture of high-pressure investigations, explored special audits and supervision of major investment projects, and conducted more thorough electronic surveillance to establish an honest and positive corporate culture.

Compliance Management Mechanism of PetroChina and 2015 Key Actions

Prevention

System and process 

Reevaluation and training

Training

Established the integrity and Compliance Guidelines

Included compliance as the featured content into training at various levels, organized all-staff online training, superior-to-subordinate training, on-board training etc. to ensure that employees have understood the compliance requirements.

Control

Compliance registration and reporting

Compliance audit of important matters

Compliance archives

Conducted due diligence investigations upon business partners and related transactions

Established compliance information sharing-based linkage mechanisms, and shared information in compliance risk assessment, investigation and treatment of non-compliance cases, etc. through the application of compliance management information platform and cooperation with audit, inspection, internal control and other departments.

Supervision

Compliance reporting and investigation

Compliance evaluation

Compliance audit and testing

Accountability

Punishment

Rectification

Governing system and procedure amendment

Specified that persons-in-charge of the headquarters and affiliates are the first persons responsible for compliance management. Included compliance management requirements into performance evaluation and rigorously live up to them.
Upholding Business Ethics

We strictly comply with the applicable laws and regulations, abide by business ethics and adhere to the principle of honesty and credibility, in order to promote transparent trading and maintain fair and impartial competition. We fight against commercial bribery in any form. We oppose monopolies and do not abuse our dominant market position. We fight against unfair competition in any form and comply with trade restrictions. We never conduct, participate in or support any forms of money laundering. We conduct faithful, honest and legal external transactions.

Communicating with Stakeholders

Gaining our stakeholders’ trust and support is fundamental to the building of a sustainable business. We worked hard to improve quality and efficiency to maximize returns to our shareholders and value for our stakeholders, and to achieve our common goal of harmonious and mutually beneficial growth.

We actively performed our obligation to disclose information. In accordance with the laws, regulations and regulatory requirements of the place where the Company is listed and in accordance with the Articles of Association, we built a multi-level mechanism to communicate with stakeholders, through periodic reports, interim reports, media communications, interviews and visits, and interactive communication. We amplified and perfected the management and related systems for the disclosure of major events so as to report the Company’s situation in full and on time to the public. We also organized non-deal roadshows and site inspections for investors, met visiting investors, and invited individual shareholders to attend the AGM, etc. The top managerial personnel of the Company frequently attended high-level conferences and forums and delivered speeches, in order to improve mutual trust between stakeholders and the Company. The Company frequently attended high-level conferences and forums and delivered speeches, in order to improve mutual trust between stakeholders and the Company. The Company also organized various public inspection activities such as Gas Station Open Day and Wonderful Trip of a Drop of Oil, and invited the media and netizens to Tibet, Arctic Village, Qinghai etc. to enhance their understanding of the oil industry. Our regional companies in Indonesia, and other regions published regional corporate social responsibility reports to comprehensively communicate with local communities.

Anti-Commercial Bribery

Commercial bribery is an act of using devices means to obtain business opportunities or other economic benefits. Commercial bribery seriously disrupts the market order of fair competition and is prohibited by law in such jurisdictions. The Company firmly opposes commercial bribery, and strictly prohibits the giving of benefits to others to obtain business opportunities or other advantages. We also prohibit employees from receiving or soliciting benefits from others in our business activities. The prohibited behaviors mentioned above not only refer to the direct giving and receiving of benefits, but also to the sort of behaviors via a third party. The benefit hereby include, but are not limited to: cash, gifts, marketable securities, physical assets, kickbacks, free traveling and entertainment, and also non-property benefits such as employment opportunities.

Over the years, we have been making dividend distributions in strict accordance with the Articles of Association and relevant regulatory requirements. To protect the interests of minority shareholders, the Articles of Association clearly stipulate that the proportion of cash dividend shall not be less than 30% of the net profit attributable to the parent company realized in the year. Since its listing, the Company has strictly adhered to its relevant commitments in the H-share prospectus to adopt a stable dividend policy. At present, the Company pays dividends to shareholders in accordance with 40% to 50% of the annual net profit. The Company’s stable and active dividend policy is welcomed by shareholders for its benefits such as employment opportunities.
### Stakeholder Expectations

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<th>Communication Approach</th>
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<tr>
<td><strong>Governments</strong></td>
<td><strong>Stable energy supply</strong></td>
<td>Offer company expertise</td>
<td>Behave legally and ethically, and abide by the applicable laws and regulations in the jurisdictions where we operate</td>
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<td></td>
<td><strong>Harmonious economic and social development</strong></td>
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<td></td>
<td><strong>Leading role of brand and technology</strong></td>
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<td><strong>Tax payment according to law</strong></td>
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<tr>
<td><strong>Shareholders</strong></td>
<td><strong>Stakeholder expectations</strong></td>
<td>Fullfill requirements on statutory information disclosure</td>
<td>Operate in a responsible manner to maintain a good reputation</td>
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<tr>
<td></td>
<td><strong>Communication approach</strong></td>
<td>Organize roadshow and reverse roadshow activities, such as field visits</td>
<td>Convene annual general meetings</td>
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<td></td>
<td>Issue reports and announce results performance on a regular basis</td>
<td>Equal treatment of shareholders, and value opinions of both small and medium-sized shareholders</td>
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<td></td>
<td></td>
<td>Launch an “Investor FAQs” mailbox to receive public opinions</td>
<td>Hold dialogues with investors and shareholders in various ways</td>
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<tr>
<td><strong>Employees</strong></td>
<td><strong>Basic rights guaranteed</strong></td>
<td>Elect employee representatives to join the Supervisory Committee</td>
<td>Enhance employee training and skills development</td>
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<td></td>
<td><strong>Professional development</strong></td>
<td>Establishment of trade unions at all levels</td>
<td>Organize vocational skill competitions</td>
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<td></td>
<td><strong>Growth in wages and benefits</strong></td>
<td>Convene employee representatives’ meetings and make reports</td>
<td>Conduct occupational health checks</td>
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<tr>
<td><strong>Consumers</strong></td>
<td><strong>Provide safe, environmentally friendly, high-quality products and services</strong></td>
<td>Carry out activities to protect consumers’ interests</td>
<td>Enhance quality management</td>
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<td></td>
<td><strong>Constantly improve the quality and variety of services</strong></td>
<td>Publicize commitment to quality services</td>
<td>Improve service quality at refueling stations</td>
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<td></td>
<td><strong>Operate with integrity</strong></td>
<td>Provide hotline services</td>
<td>Increase the supply of clean fuel, such as natural gas, high-standard gasoline and diesel</td>
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<tr>
<td><strong>Business partners</strong></td>
<td><strong>Fair and transparent procurement</strong></td>
<td>Hold tendering meetings</td>
<td>Strengthen centralized procurement management to provide suppliers with equal opportunities</td>
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<td></td>
<td><strong>Win-win cooperation</strong></td>
<td>Hold large cross-border business negotiations and technical exchange meetings</td>
<td>Enhance communication and coordination with contractors and strengthen the HSE management of contractors by creating a safe and healthy working environment</td>
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<tr>
<td><strong>NGOs</strong></td>
<td><strong>Improve sustainable management</strong></td>
<td>Use the electronic trading platform</td>
<td>Improve security measures and the emergency response network</td>
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<td></td>
<td><strong>Perform social responsibilities such as poverty alleviation and environmental protection</strong></td>
<td>Engage in sharing managerial practices and technical standards</td>
<td>Open the investment field</td>
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<tr>
<td><strong>Communities</strong></td>
<td><strong>Promote employment growth</strong></td>
<td>Conduct contract negotiations and routine meetings</td>
<td>Organize PetroChina-Siemens Strategic Cooperation Summit</td>
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<td><strong>Protect community environment</strong></td>
<td>Hold training for business partners</td>
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<td></td>
<td><strong>Promote economic development in the community</strong></td>
<td>Conduct daily operation meetings</td>
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<td><strong>Respect cultural traditions of the community</strong></td>
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Energy is essential to socio-economic development. Our mission is to develop a safe, stable, diversified and clean energy supply system, thereby promoting sustainable economic growth and social progress.

Energy is closely related to human life and sustainable development. UN data show that billions of people in the world still cannot enjoy a basic energy supply. Population growth, urbanization, and economic development will continue to drive growth in global energy demand. Oil and gas will remain the world’s main energy source for the foreseeable future. However, the supply-demand imbalance in the global energy market and the environmental impact of climate change has become a common challenge to the global energy industry. The sustainable development of the global community can only be ensured by balancing the relationship between the development and use of energy on the one hand and the economy, the environment, humans and communities on the other.

At PetroChina, we are proactively changing the ways we produce energy. With an innovative, harmonious, green, liberal and co-shared development concept, we build a safe, stable, diversified and clean energy supply system. We never cease consolidating our resource base through technological and managerial innovations. With an eye on sustainable energy supply in the future, we are accelerating natural gas development, exploring unconventional energy, deploying new energies, and supplying more energy that is clean. In addition, we are expanding international cooperation and optimizing our global businesses in order to play a leading role in supplying cleaner and greener energy and to provide sustained momentum to socio-economic development.

A Safe, Stable, Diversified and Clean Energy Supply System

Consolidating Our Resource Base

Oil and gas exploration and development are the basis and foundation of our development. It has become more difficult and more expensive to explore and develop the remaining oil and gas resources, and oil prices have continued their slide. Under such unfavorable circumstances, we have made exploration breakthroughs and consolidated our resource base through technology and management innovation, enhancing our capacity to provide the society with economical, stable and sustainable energy.

Stable Growth in Domestic Oil and Gas Reserves

In 2015, we implemented in-depth exploration at favorable zones and strata, we optimized pre-exploration and venture exploration targets and the deployment of solutions and we strengthened the geological evaluation in key areas. By doing so, we discovered a number of large-scale, high-quality reserves that can be developed in the near future. According to domestic standards for reserves calculation, our newly added proven oil reserves exceeded 600 million tons for ten years in a row, while our newly added proven gas reserves exceeded 400 billion cubic meters for nine years consecutively. The proven oil and gas geological reserves equivalent exceeded 1 billion tons for nine consecutive years.

Tarim Oilfield

In 2011-2015, our total newly added oil and gas reserves equivalent accounted for over 55% of the national newly added oil and gas reserves equivalent reported in the same period.

55%
Increasing Oil and Gas Production Efficiency
Against the background of declining oil prices, PetroChina increased its technological innovation, with the focus changing from production scale to quality and efficiency. Specifically, we strengthened the dynamic adjustment of oil and gas production, implemented optimization of capacity deployment, cut inefficient and low-efficiency projects, expanded the application scale of horizontal wells, and tapped deeper to reach the potential of matured areas, thus effectively controlling the natural progressive decline. The capacity building at the Longwangmiao Formation gas field in Yanchang area in southwestern China was completed. Daqing Oilfield continued the development of water flooding technology and SOR technology and pushed forward ASP flooding technology, with the recovery rate breaking through 50% in main blocks. Changing Oilfield developed key technologies to explore and develop tight oil and gas in super-low permeability reservoirs, created a model for scale development of tight gas fields, and produced more than 50 million tons of oil equivalent for the third consecutive year in 2015. In 2015, we produced 1,493.9 million barrels of oil equivalent, while the total oil and gas production cost dropped 3.18% from 2014.

2011-2015 Oil Equivalent Production of PetroChina (million barrels)

- 2011: 1,280.0
- 2012: 1,343.1
- 2013: 1,400.0
- 2014: 1,450.4
- 2015: 1,493.9

In 2015, contribution of natural gas to our total oil equivalent output reached 34.9%.

Developing Clean Energy
The risks that climate change and air pollution have brought to global ecological and social systems are gradually emerging. Only by increasing the development and use of clean and efficient low-carbon energy and by reducing the carbon emissions caused by the use of energy can the global target be met of carbon dioxide emissions peaking soon and of effectively controlling the rise in the earth’s temperature. Natural gas is generally recognized as a high-quality clean energy and is the most realistic option to adjust the energy structure, control air pollution and reduce carbon emissions at present. When generating the same amount of energy, the burning of natural gas generates 56% and 71% the amount of carbon dioxide produced by coal and oil respectively, 20% the amount of nitrogen oxide emissions of coal and oil respectively, and almost negligible amounts of emissions of sulfur dioxide and dust particles. China’s Energy Development Strategy Action Plan (2014-2020) proposed to increase the proportion of natural gas use to more than 10% in primary energy consumption in 2020, so there is a great future for natural gas development.

Proportion of natural gas in primary energy consumption around the world

- North America: 30.8%
- Middle & South America: 22.0%
- Europe and Eurasia: 32.9%
- Middle East: 25.9%
- Africa: 12.3%
- Asia-Pacific: 5.9%
- China: 5.1%

Source: National Bureau of Statistics of China, CNPC ETIR

Currently and for the foreseeable future, fossil fuel will remain the driving force of world economic development. Against this background, PetroChina is reaping the sustainable supply of future clean energy, and considers natural gas as a strategic and growing business. It is increasing investment in natural gas exploration and development, accelerating the construction of cross-border gas pipelines and the domestic gas pipeline backbone network facilities, advancing the development of unconventional gases such as tight gas, coalbed methane and shale gas, pushing forward the development and use of natural gas, researching, developing and promoting the development and use of new energy, in order to meet demand by society for clean energy.

Increasing Natural Gas Exploration and Development
We have continued to increase efforts in the exploration and development of natural gas, with domestic proven geological reserves of natural gas maintaining peak growth. In particular, we discovered Longwangmiao reservoir in Moxi area in the Sichuan Basin, the largest monomer marine uncompartmentalized carbonate gas reservoir so far in China, which has provided a resource protection for an increase in natural gas production. We actively advance capacity building in four natural gas production areas: Changqing, Tiange, Southwest, and Qinghai, with new supporting capacity of 11 billion cubic meters each year built in 2015. The Company’s natural gas production increased by 7.1% per year on average in the period 2011-2015, and domestic production of marketable natural gas was 2.90 trillion cubic feet in 2015, showing that the Company’s natural gas production and supply capacity continues to increase.
Establishment of Piped Gas and Offshore LNG Transport Pattern

We have established a safe and steady system to supply natural gas. The system has resource diversity, flexible scheduling and efficient operations, makes the resource allocation more efficient and is better able to ensure market supply. With the commissioning of a number of key projects including Line C of Trans-Asia Gas Pipeline, Second West-east Gas Pipeline and western section of Third West-east Gas Pipeline, the natural gas pipelines run by PetroChina extends 49,000 kilometers long and through 29 provinces (directly administered municipalities and autonomous regions) and the Hong Kong Special Administrative Region, forming a gas network crisscrossing the country and connecting to abroad that benefits a population of over 500 million. Moreover, we established and commissioned 11 gas depots and 3 coastal LNG terminals, further enhancing our peak-shaving capacity.

Promoting the Development of Unconventional Gas

We continued to increase efforts in exploration and development of tight gas, shale gas, coalbed gas and other unconventional natural gas resources, making a new phase of large-scale development of tight gas and coalbed gas and entering the rapid development of shale gas. For tight gas development, we worked hard to improve development efficiency and change the development mode towards multi-well types, cluster wells, factory-like operation and multi-layer development. In 2015, our tight gas output reached 2702 billion cubic meters, accounting for 28.3% of the Company’s domestic total gas output. For shale gas, we vigorously pushed forward the construction of national demonstration zones in Changning-Wuyuan and Zhaotong, and made important initial results in geological knowledge, development of technologies, organization and management, etc. The development cost of single horizontal wells dropped, while production increased dramatically. By the end of 2015, the Company completed the supporting capacity of 2.8 billion cubic meters per year, and produced 1.3 billion cubic meters in 2015. For coalbed gas, China’s largest Baode mid-low rank coalbed gas field became operational. Studies on key technologies for coalbed gas exploration and development and a special project on demonstration & application technologies supported the growth in reserves and the development of scale of the two large coal gas demonstration areas in Ordos and eastern Hubei. The coalbed gas international standard “Method of Determining Coalbed Gas Content (ISO18871)” was first released, indicating our coalbed gas development technology has reached the international advanced level.

Utilization of Natural Gas and Alternative Fuels

PetroChina has actively expanded the use of natural gas in such areas as city gas, gas-fired power generation, public transportation, shipping, etc. In regions heavily affected by air pollution such as Beijing, Hebei and Xinjiang, we promoted coal-to-gas projects to improve the environmental quality in winter. In regions such as the Bohai Rim, Yangtze River Delta, Sichuan, Chongqing and Shanghai, we promoted the use of LNG vehicles in, among others, city buses, long-distance passenger transport, logistics and transportation sectors, and built LNG filling stations and other transportation facilities. There are currently nearly 100 CNG and LNG filling stations operational in Beijing, Tianjin and Hebei and serving nearly 10,000 new energy vehicles, effectively improving the atmospheric environment.

New Energy

With an eye on future business, we develop geothermal energy, solar energy and other renewable energy sources, and actively explore the development and use of resources such as situ leached uranium mineralization and natural gas hydrates, aiming to give full play to the role of new energy in the building of a sustainable energy supply system.

Pushing Forward Pipeline Network Construction

We continue to expand the building of the oil and gas pipeline network to reduce oil and gas transportation costs, boost our capacities in transportation and allocation, and optimize the market allocation of resources.

Improving Domestic Pipeline Backbone Network

In 2015, we made further improvements to our key oil and gas pipeline networks and a number of domestic oil and gas pipelines were completed and put into operation, including Tianjin harbor-Hohhot Petrochem and Taizhou-Jining double-track crude oil pipelines, Shenyang-Changchun natural gas pipeline, etc. The construction of the east section of the Third West-East Gas Pipeline and Jinzhou-Zhengzhou refined oil pipeline progressed smoothly. As a result, the Company’s oil and gas supply and regulating capacity was further enhanced.

Expanding Transnational Oil and Gas Transportation Channels

In 2015, PetroChina continued to expand its transnational oil and gas pipelines. There was the ceremony to mark the commencement of work on the China-Russia Eastern Route Natural Gas Pipeline while work on the China-Russia Crude Oil Pipeline II progressed smoothly, significantly both to optimizing China’s energy structure and improving the atmospheric environment.

Deepening International Cooperation

We adhere to the international cooperation principles of “mutual benefit and joint development” and comply with the laws, regulations and energy policies of the host countries. Based on our advantages in funding, technology and management, we have contributed to the global oil and gas market supply with our partners.

Overseas Energy Development

In 2015, we deepened cooperation with countries related to China’s One Belt and One Road initiatives such as the Middle East, Central Asia and Russia, optimized and adjusted the production rhythm of Akkobe and PK etc. projects in Kazakhstan, and maintained production and efficiency increase in oil and gas projects in Iraq, Chad, etc. Besides, we steadily pushed forward the optimization of oil and gas operations in North America, Canada, Australia and other developed markets. Now, the Canadian oil sands project phase I is advancing steadily. Over the course of the whole year, we achieved a net overseas oil and gas equivalent output of 203.5 million barrels.
Promoting Oil and Gas Cooperation with International Partners

We continue to make steady progress on cooperation with international partners in developing oil and gas resources in China. In 2015, we successfully took over the operating rights of Zhaozhuang Project in Dagang and the operating rights of Changbei Project Phase I in Changqing. The Northeast Schuan Gas Project Phase I developed jointly with Chevron became operational, which will supply more natural gas to Schuan and Chongqing regions.

Vigorously Expanding International Trade

We optimize the global allocation of resources and serve the international oil and gas market. We have basically established three oil and gas operations centers in Asia, Europe and America, providing trade, processing, storage and transportation services to international markets. Our China-V standard motor gasoline was exported to Australia for the first time, meeting the requirements of the international high-end oil market.

Ensuring Stable Supply

PetroChina was ensuring stable supply as an important social responsibility. To this end, we are strengthening coordination and organizational efforts in order to establish a long-lasting mechanism and give back to society. During peak agricultural periods in the spring, summer and autumn (at the time of spring plowing, summer planting, summer harvesting, summer field management, fall harvesting, fall plowing and fall sowing), during critical moments when natural disasters strike such as earthquakes, heavy rainfall and snowfall, important periods when events are held, and during winter months when gas consumption peaks, we actively mobilize our resources, optimize transport capacity, strengthen on-site services, and ensure a continuous oil and gas supply in our service stations. In 2015, our refined oil and natural gas supply accounted for about 40% and 70% of the domestic market share respectively.

Case Study: Stable Gas Supply for Securing a Warm Winter

Within the scope of our gas supply, the population using gas exceeds 500 million throughout 30 provinces (or directly municipalities, autonomous regions and special administrative regions) in China. Due to the large seasonal fluctuations in gas consumption and insufficient peak-shaving facilities, protecting the user demand for natural gas in winter is not only a matter of responsibility for the peoples’ livelihood, but also a test for the Company. In particular, in late November 2015, extreme cold weather hit most areas of China, and the northern areas suffered rare cold weather that had not been encountered for 66 years. In addition, smog control exacerbated gas consumption. As a result, gas sales in November 2015 increased by 13.9% year on year. In November and December of 2015, we supplied 27.3 billion cubic meters of gas to the market, an increase of 11.4% year on year.

6 Measures for Safeguarding Gas Supply in Winter

1. Domestic gas fields produced at full capacity
   - Yield increase of 7 million m³/d in Tarim Oilfield
   - Yield increase of 5 million m³/d in Qinghai Oilfield
   - Yield increase of 3 million m³/d in Changqing Oilfield

2. Emergency deployment of LNG
   - Emergency increase of LNG spot purchase, adjusted external transport volume of three LNG terminals to the maximum
   - Faster docking and unloading of ships carrying imported LNG
   - Increased the external gas transport volume of 5 million m³ in Tianjin LNG Terminal
   - An increase of 10 million m³ LNG in Dalian LNG Terminal
   - An increase of 2 million m³ LNG in Jiangsu LNG Terminal
   - Collected 69.2 billion m³ available natural gas resources, up 18.1% year on year

3. Increased gas production of gas depots
   - Gas production of owned gas depots increased by 181.3%

4. Optimized network operation, and increased the gas intake of pipeline network in North China
   - Internal supply through important pipeline network nodes, and allocated resources to the regions that are most in need of gas
   - Made more efforts to transfer gas stored in gas pipelines from west to east
   - On January 24, 2016, Shandong-Beijing gas pipeline supplied a record 109 million m³ of gas per day to Beijing, and the daily gas consumption in northern areas broke through 166 million m³
   - Central Asia–China Gas Pipeline transported a record 114 million m³ of gas per day on average

5. Safeguarded gas consumption by residents
   - In the peak time of gas supply in winter, companies such as Ningxia Petrochemical Company and Dushanzi Petrochemical Company operated at low load
   - Swapped resources with Snapc and CNOOC for safeguarding gas supply and easing the contradiction between supply and demand in regional markets

6. Swapped resources with domestic oil and gas enterprises
   - Swapped resources between domestic oil and gas enterprises

What are the difficulties of safeguarding gas supply in winter?

As an efficient and clean energy, natural gas has seen rapid growth in recent years. Same with water and electricity consumption, there are peaks and valleys in gas consumption in different periods. During the heating period in the first and fourth quarters of every year, natural gas consumption sees a substantial increase compared with that in the second and third quarters. In 2015, a difference of about 120 million cubic meters in the average daily gas consumption between the heating period and non-heating period occurred, accounting for 37% of annual average daily gas consumption. One major way of dealing with seasonal fluctuations in gas consumption is underground gas storage. In more mature natural gas markets overseas, the level of gas stored is rather high and the adjustment mechanism works fine. In the US, a volume equivalent to 18% of the total natural gas consumption is in gas depots to be used in peak shaving. In Europe that volume exceeds 20%. By the end of 2015, China had built 18 gas depots, 17 of which can be used by PetroChina for peak shaving. They store 5.2 billion cubic meters, which is a mere 2.7% of the national natural gas consumption.
SAFE AND CLEAN PRODUCTION AND OPERATION

The natural environment is essential for humans. Therefore, we incorporate care for people’s lives and environmental protection into our corporate mission. Upholding the principles of “people-centred, prevention-driven, full staff participation and continuous improvements”, we endeavor to build ourselves as a resource-conserving, environmentally friendly and safely producing business with the goals of “zero injuries, no pollution and zero accidents”.

IMPROVING HSE MANAGEMENT

Work safety and environmental protection is a prerequisite which secures our steady development. In 2015, we attached great importance to health, safety and the environment (HSE), gave top priority to safety and environment in our operations, and reinforced our HSE system. By improving the management system and implementing stricter inspection of responsibility fulfillment, PetroChina closely monitored workplace safety results, strengthened hazard control, and endeavored to enhance HSE management performance. As a result, our overall HSE performance was stable and improved in 2015.

Improving HSE Management System

The Company carries out system audits covering all units twice a year. In 2015, we set up an audit team to conduct on-site audits, make recommendations and rectify problems. We initiated quantitative management of the HSE system, organized the preparation of Criteria for Quantization Review and Evaluation of the HSE Management System, and helped affiliates in benchmarking against advanced standards to improve their management level. Using the scoring system, the Criteria not only includes laws and regulations and the Company’s system requirements, but also reflects the HSE best practices of outstanding enterprises. It also combines priorities and weaknesses, including rated risk prevention and control, contractor management, risk control, and pollution reduction.

Goals of HSE Standardization at Grassroots Level

According to our schedule, more than 80% of our teams at grassroots level will complete HSE standardization by 2020, whereby we generally achieve scientific and standardized HSE management, ensure the integrity and reliability of our on-site equipment and facilities, and ensure the compliance of job specifications by employees, and production and operation risks are fully identified and effectively controlled.

Promoting HSE Standardization at Grassroots Level

To ensure HSE management keeps pace with our daily production and operations, we carried out HSE standardization at the grassroots level, which covered compliance with management and operation procedures, equipment integrity and worksite cleanliness. We emphasized the importance of risk management & control, focused on the enhancement of execution capability, and standardized our procedures in order to ensure our staff at grassroots level pass the assessments, promote advanced HSE management concepts and methods to them, and facilitate the continuous improvement of HSE at the grassroots level.

Management System and Performance Appraisal

In 2015, we made and revised safety management regulations and mechanisms, including the Administrative Measures for Production Safety Risk Control. We strengthened the implementation of the safety and environmental protection responsibilities of all employees, and carried out an appraisal of their capabilities to perform safety and environmental protection duties. As a result, our company-wide, clearly defined safety management system showing the various levels of responsibilities continued to become more effective.
ENHANCING OPERATIONAL SAFETY

PetroChina sticks to the principles of "people-centred safety management," and believes that "safety comes from accountability, design, quality and prevention". Therefore, we have adopted production safety as one of our core values, and implemented this concept in all our sectors and all our production and operation processes. No major work safety accidents occurred throughout the year.

Pipeline Hazard Control

We attach great importance to hazard prevention and control, in order to effectively improve the intrinsic safety of the Company. In 2015, we carried out targeted hazard investigation and remediation, and jointly promoted pipeline hazard control in cooperation with local governments. We have developed a platform to track the rectification of hazards found in oil and gas pipelines, and implemented real-time tracking of the rectification of hazards.

Hazardous Chemicals Management

We exercised centralized management over the production, operation, packaging, storage, transportation, use and disposal of hazardous chemicals. We learned a lot from the fire and explosion accident at Tianjin on August 12, 2015. We conducted safety inspections and targeted rectification of hazardous chemicals and inflammable and explosive materials in order to rectify various problems and hazards on a timely basis.

Emergency Management

By adhering to the principle of "putting emergency preparedness first, and combining emergency preparedness with emergency rescue", we constantly improve our emergency management mechanism and strengthen emergency rescue capacity building. In 2015, we formulated the Measures on Work Safety Emergency Management, revised emergency plans, and launched pilot program on the application of an emergency response card for all grassroots posts. In addition, we carried out a joint emergency response mechanism, improved the location and storage of emergency supplies in key areas, and participated in oil spill response exercises and maritime search and rescue. As a result, our accident prevention and emergency response capacity has been on the rise.

Supply Chain Safety

We included suppliers and contractors in our safety management and conducted whole-process management on their access, selection, training, use, evaluation and assessment, in order to prevent and reduce the number of accidents caused by suppliers and contractors.

Road Traffic Safety

We strengthened the traffic safety system development and continued to promote the construction of the vehicle management system which integrates monitoring, control and scheduling functions. The system was first implemented at seven subsidiaries including Liaohe Oilfield Company and Xinjiang Marketing Company, which enabled us to implement dynamic real-time vehicle safety management and control, and thus effectively prevented the occurrence of major traffic accidents.

ECOLOGICAL PROTECTION

Our oil and gas exploration and development projects, long-distance pipeline projects and refining facilities may involve certain environmental risks. PetroChina respects and protects the environment and strictly complies with relevant international and domestic laws and regulations. We take the initiative to evaluate the environmental impact of our decisions and activities, step up efforts in hazard control and environmental protection during production in order to safeguard our land, water and biodiversity, and reinforce ecological restoration of the environment. By doing so, we endeavor to grow in harmony with the environment. In 2015, the Company reported no major environmental pollution or ecological damage accidents.

Environmental Risk Management

We assess and identify environment risks, implementing a risk prevention and control management model focusing on environmental forecasting, early warning and monitoring. We began the environmental risk management at an earlier stage, and established a sound risk management mechanism featuring "management in tiers, prevention and control by level". Environmental management is implemented in the whole process of construction projects. For each construction project, the facilities for the prevention and control of pollution and other damage to the environment are required simultaneously with the main project in the process of design, construction and operation, to ensure full control of environmental risks. We reinforced the environmental monitoring capacity, completed the installation and data networking of online monitoring equipment for waste water and waste gas, and performed real-time monitoring and early warning of discharges from major pollution sources, to ensure treatment at the source and control over the production process.
Continuous improvement of environmental monitoring capacity effectively improved our ability to respond to spills of hazardous substances. The PetroChina Pollution Sources Online Monitoring System has 45 functions falling into six modules. It automatically calculates and analyzes the emission data of each monitoring point accurately in real time; monitors emissions from key sources regularly in real time and assesses the operating results of environmental protection facilities. It collects and analyzes data of alarms that are sounded. By the end of 2015, 299 key monitoring points of PetroChina completed data networking.

PetroChina has done a lot of work in strengthening environmental management and control. Its online monitoring of pollution sources complex with national requirements and has reached a first-class level, providing strong support for corporate environmental management decision-making. We hope that PetroChina will keep improving the pollution monitoring system and expand the range of its applications, and endeavor to play a greater role in environmental protection and management, and corporate environmental information disclosure.

— Wang Dongping, Deputy Director of Environmental Supervision Bureau of China National Ministry of Environmental Protection

Water Resource Management Covering the Entire Industrial Chain

In our oil and gas development activities, equal importance is given to water pollution prevention & control and water recycling. After the oil-water separation and filtration treatment of the recycled wastewater, oil recovery and water reclamation were realized, preventing groundwater and surface water contamination. By the end of 2015, more than 97.7% of oil-extraction wastewater in all oil and gas fields was treated.

We carried out water system maintenance and reconstruction, improved the water qualification rate, optimized operation programs, and upgraded waste water discharge and treatment processes to reduce production water discharge, and promoted the application of new technologies for water treatment to maximize water conservation. In 2015, the comprehensive water qualification rate of the Company’s oilfield wastewater reached 94.08%, and water discharges were reduced by 30% year-on-year.

We focused on managing the impact on water resources of construction projects and the risk of leakage accidents during pipeline operations. Environmental impact assessments (involving water environment) were conducted, and water conservation and protection concepts were assimilated into construction activities.

We improved water usage efficiency by promoting clean production processes, saving water from the source, and optimizing water systems. We increased the concentration ratio of circulating water to reduce water supplement; and strengthened steam condensate water recovery to realize water saving. In addition, we emphasized wastewater treatment and reuse to reduce sewage discharge and improve the industrial water recycling rate; and enhanced plugging of underground pipelines to get lower groundwater loss rate.

Decommissioning and Land Restoration

We optimized the project plane scheme design to reduce land occupation during the preparation period for oil & gas exploration and development projects, pipeline construction projects, and refining & chemical projects in accordance with the requirements of economical and intensive land use. For newly added service stations, we rationalized the distribution of stations to maximize land utilization. For projects that occupy farm or forest land, and projects that affect ground attachments during pipeline construction, we actively applied advanced technologies for land reclamation and provided reasonable compensation to relevant parties.

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Water Management

PetroChina endeavors to improve water utilization efficiency throughout its production and operation activities. It has introduced new technologies, new processes and new equipment, in order to implement wastewater recycling, reduce the use of freshwater, and realize the sustainable utilization of water resources. In 2015, we improved water management by using wastewater treatment and reclaimed water reuse technologies to reduce freshwater usage. Annual freshwater consumption decreased by 1.07%, with 16.83 million cubic meters of water saved.

The Company saved 1,200 hectares of land in 2015.

1,200 hectares

16.83 million cubic meters of water saved.

16.83 million cubic meters of water saved.
We strictly monitor the waste and emissions generated in the production process and strengthen waste management to reduce air, land, and water pollutant emissions.

In 2015, the Company carried out a special audit on pollution reduction to report and rectify problems found. All pollution reduction projects supervised by the government have been put into operation. And “zero coal burning” was realized in oil and gas fields and refineries in Beijing, Tianjin, and Hebei. In addition, we carried out a study on the rationalization of water pollutant emissions, enhanced integrated control of volatile organic compound (VOC) emissions, and completed the construction of a VOCs integrated information management and control platform for refining and chemical enterprises. The Company modified service stations for oil & gas recovery and treatment on a large scale.

PetroChina vigorously beefed up its innovation of pollution control technology innovation. The State Key Laboratory of Petroleum and Petrochemical Pollution Control and Treatment was approved for construction, promising a number of leading technologies and technical achievements in petroleum and petrochemical wastewater treatment and reuse, turning solid waste into resources, detection and recovery of VOCs, and site contamination risk control and repair. The “high concentration organic wastewater and alkali wastewater treatment technology for refining & chemical sector”, a process package developed by Daqing Petrochemical, has completely solved the problem of alkali waste and water treatment. The oil sludge microbial treatment technology and supporting system of Changing Oilfield is capable of reducing sludge by about 23,000 tons per year.

Main Measures for Pollutant Emission Reduction

<table>
<thead>
<tr>
<th>Projects</th>
<th>Measures</th>
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<tbody>
<tr>
<td>Upgrading project of advanced wastewater treatment of Jin Petrochemical</td>
<td>Assessment: Four pollutant emission control targets incorporated into the performance appraisal of person in charge of the enterprise</td>
</tr>
<tr>
<td>Upgrading project of aryl in fiber waste water treatment of Daqing Petrochemical</td>
<td>Pollution reduction process control: Pollution reduction review, supervision over and dialogue with enterprises whose progress in pollution reduction is rather slow</td>
</tr>
<tr>
<td>Thermal power plant denitrification project of Daqing Oilfield</td>
<td>Automatic online monitoring and management system: Real-time monitoring and early warning on key wastewater discharge ports and exhaust gas ports</td>
</tr>
<tr>
<td>Thermal power plant upgrading project of Daqing Petrochemical</td>
<td>FCC regenerator flue gas desulfurization and denitrification renovation project of Hohhot Petrochemical</td>
</tr>
</tbody>
</table>

In Iraq, to protect the ecological environment of the Suwaib river during construction, we migrated the fish between dams, and wrapped the pump with gauze to prevent smaller fish from being sucked into the pump when performing diversion cofferdam crossing construction. We bowled downnsains to ensure that the works would not interrupt the downstream water source.

PROMOTING ENERGY CONSERVATION

We intensified our efforts in energy conservation and energy efficiency enhancement, reduced the environmental pressures arising from energy consumption, and endeavored to build ourselves as a resource-saving and environmentally friendly enterprise. We strengthened energy source management, and carried out energy-saving assessment at the stage of the feasibility study for newly-developed, revamped and extended projects. We reinforced energy use management in the production process, conducted monitoring and evaluation of energy and water-intensive devices and equipment, and substituted oil with alternatives such as electricity, gas and solar energy. We carried out energy-saving technological transformation, and implemented 50 energy-saving projects in 2015, including energy-saving transformation of oilfield pumping systems and ethylene cracking furnaces. We boosted the efficiency of heating furnaces in oil and gas fields, implemented refining energy system optimization technology, and promoted continuous improvements in energy efficiency. In 2015, the Company saved 1.04 million tons of standard coal equivalent. Dushanzi Petrochemical Company and Ningxia Petrochemical Company were awarded the title of Energy Efficiency Leader and Benchmarking Enterprise among energy-intensive products in the Petroleum and Petrochemical Industry by the China Petroleum and Chemical Industry Federation.

RESPONSE TO CLIMATE CHANGE

Climate change has become a global concern. It leads to global warming, rising sea levels and the frequent occurrence of extreme weather events which have a significant impact on the natural ecosystem and become pressing issues to be solved in today’s society. The signing of the Paris Agreement on climate change will promote the development of clean energy and facilitate the establishment of a global carbon assessment system. As a responsible energy company, we strictly comply with the Chinese government’s requirements on greenhouse gas emission reduction, and actively support and cooperate with the international community in the formation of policies and action to address climate change.
change. As the founding member of the Oil and Gas Climate Change Initiative (OGCI), we take the initiative to reduce carbon emissions and sequester carbon to address climate change challenges together with the international community.

Carbon Emission Management
We paid close attention to greenhouse gas emissions and have addressed climate change in our development plan. We began to formulate the roadmap for low-carbon development and started to establish the carbon emission control system. Specifically, development goals, emission reduction measures and technical routes are set, with a primary focus on carbon footprint verification, carbon emission reduction and the construction of near-zero carbon emission demonstration projects. Additionally, we will strengthen greenhouse gas management and control, plan and mitigate carbon dioxide and other greenhouse gas emissions from the sources, production process and product use, and conduct carbon inventories and reporting in accordance with international practice. We have participated in CDP (Carbon Disclosure Project) and submitted a questionnaire to disclose carbon management information.

Development of Clean Energy
We actively developed natural gas, coal bed methane (CBM), shale gas, biomass and other low-carbon energy, produced and supplied clean products, and worked hard to achieve clean production of the products and consumption process (see Chapter 2 for details).

Development and Application of Low-carbon Technologies
As the application of science and technology plays a significant role in controlling greenhouse gas emissions and addressing climate change, we carried out studies on carbon dioxide flooding and storage and other key carbon lowering technologies. PetroChina “Study on Key Technologies for CO₂ Enhanced Oil Recovery and Carbon Dioxide Storage” project under the National 863 Program passed national acceptance in 2015. Moreover, we established China’s first CCS (carbon capture and storage) base in Jin Oilfield which covers the entire value chain, including carbon dioxide separation, capture and flooding in. Furthermore, a memorandum of understanding was signed with GE on technology and R&D cooperation which promotes our collaboration in carbon capture, storage and utilization, and low-carbon and environmentally friendly technologies.

Market-based Mechanism For Carbon Saving
We actively participate in global carbon trading activities, in order to achieve carbon emission reduction targets through market-based mechanisms. Before signing contracts for overseas investment sand M&A projects, we will fully consider the carbon constraints and requirements for total greenhouse gas control in the local area. We are the co-founder of the Tianjin Climate Exchange, the first and comprehensive emission trading institution in China. In 2015, we completed the largest CCER (Chinese Certified Emissions Reduction) transaction in China, with a trading volume of 906,125 tons.

How will the implementation of the carbon trading scheme in China affect the Company? Has the Company set any objectives in this regard? What is its impact on the Company’s long-term strategy?

China is carrying out a pilot program for carbon trading. It is expected that carbon trading will be implemented throughout the country in 2017. The impact on the Company is being evaluated. PetroChina will strictly comply with the relevant regulations of the national carbon trading scheme, standardize the development of carbon inventories, and actively participate in carbon trading. We will ensure that our operations fulfill the requirements of relevant national laws and are consistent with the practices of international oil companies.
Customer-First Market Service

Petrochemical and natural gas products play a vital role in China’s economy as well as in the lives of the Chinese people. The Company attaches great importance to the environment, safety, and quality, and puts people first and adheres to the principle of “honesty, quality, and a quest for excellence”. Its target is zero accidents and zero defects, being a leader domestically and first-class internationally. It enormously promotes management and technological innovation and makes its best efforts to provide a diverse range of quality products and services to consumers.

Enhancing Quality Management System

We consider quality to be the lifeblood of an enterprise. At PetroChina, quality is always the top priority. We have put into practice the State Council’s Quality Development Program 2011-2020 and continually improved our quality management system, enhancing how we define, measure and standardize quality, in order to better our product and service quality, and to ensure our products’ quality, safety, environmental friendliness and efficiency. In 2015, we continued to enhance the quality management system, focusing on updating quality standards, supervisions and inspections, and nurturing a culture of quality.

287,000
We organized training activities with participants of 287,000 person-times

8,800
We organized more than 8,800 quality training activities

Quality supervision and inspection

- We carried out supervision and spot-checks on the quality of the products we produced, sold, procured and used, as well as the construction in progress. We reported quality hazards of major projects in the Quality Risk Warning Bulletin and adopted zero tolerance against unqualified products.

Enhancing the level of measurement

- Our Chengdu, Guangzhou and Urumqi branches of the national oil and gas large flow rate measurement station finished running tests, construction standards assessment and construction work respectively.
- Our “High-Pressure Natural Gas Flow Standard and Value Transfer Method” was awarded the Second Prize for 2014 Science and Technology Progress by the Chinese Society for Measurement.

Nurturing quality culture encompassing all staff, the entire process and all positions

- We carried out the “Quality Month” activities, convened 4,043 quality analysis meetings, and organized more than 8,800 quality training activities with participants of 287,000 person-times.
FOCUSBING ON PRODUCT INNOVATION

Focusing on the development of our main business, we endeavor to make key technological breakthroughs and develop new technologies, new processes, new equipment and new products to upgrade our current production facilities. We carry out product innovation based on market demand to provide consumers with a diverse range of quality products.

In 2015, we produced 1.12 million tons of petrochemical products of 73 new brands. Particularly, our new polyolefin products had significant progress in the development and application of medical materials and gas pipe materials, with new products of 24 brands developed accumulatively.

PROVIDING HIGH-QUALITY PRODUCTS

We make continuous improvements in our product mix and upgrade our product quality. Our products — including gasoline, diesel, lubricants and chemical products of different grades — are widely used in many different fields, such as automobiles, building materials, electronics, pharmaceuticals, printing, household appliances and daily-use-chemicals.

Continuous Upgrading of Oil Product Quality

We have built a strict quality management system and ensure the entire-process quality control of gasoline and diesel through our oil and gas recovery units covering our refueling stations, in order to provide society with high-quality, safe and clean oil products. In 2015, we accelerated oil product quality upgrading, responded enthusiastically to the National Program for Accelerating the Quality Upgrading of Oil Products, formulated upgrading work plans and project-commissioning timetables, and accelerated the quality upgrading and replacement of China-V gasoline and diesel. Besides, we promoted the use of our proprietary upgrade technologies. In particular, our Development and Application of Complete-set Clean Gasoline Production Technologies Satisfying the National Phase-IV Vehicle Emission Standards project was awarded the second prize of 2015 National Science and Technology Progress. We promoted skid-mounted diesel exhaust gas purification devices in refueling stations, contributing to the reduction of diesel exhaust pollutants NOx emissions. By the end of 2015, all of our gasoline and diesel produced by domestic refineries reached the China-IV standard, among which 22.2% of vehicle gasoline and 9.4% of vehicle diesel reached the China-V standard.

Gasoline quality upgrading technologies include:
- FCC gasoline selective hydrodesulfurization (DSO) technology
- DSO technology
- FCC gasoline selective desulfurization upgrading (GARDES) technology

Diesel quality upgrading technologies include:
- Ultra-low sulfur diesel hydrotreating (PHF) technology
- Low-grade diesel hydrotreating (FDH) technology

Upgrade Route

<table>
<thead>
<tr>
<th>Lead-free</th>
<th>CHINA IV</th>
<th>CHINA III</th>
<th>CHINA II</th>
<th>CHINA I</th>
<th>PHASE 1</th>
<th>PHASE 2</th>
<th>PHASE 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>July, 2000</td>
<td>≤800</td>
<td>≤500</td>
<td>≤150</td>
<td>≤50</td>
<td>January, 2017</td>
<td>≤10</td>
<td>Sulfur content (mg/kg)</td>
</tr>
</tbody>
</table>

Industrialization and Application of Complete-set Clean Gasoline Production Technologies Satisfying the National Phase-IV Vehicle Emission Standards

The industrialization of clean gasoline production technologies started from 2000. We have six project phases: phase I to III for China, and phase IV for America (California). The second phase in China was completed in 2010, with more than 91% of motor gasoline and diesel produced being of the Phase-IV standard.

Moreover, we have developed and promoted the Qualitative Improvement of Oil Products National Program Accelerating the Quality Upgrading of Oil Products, formulated upgrading work plans and project-commissioning timetables, and accelerated the quality upgrading and replacement of China-V gasoline and diesel. By the end of 2015, all of our gasoline and diesel produced by domestic refineries reached the China-IV standard, among which 22.2% of vehicle gasoline and 9.4% of vehicle diesel reached the China-V standard.
Delivering Considerate Services

Giving priority to customer satisfaction and upholding a customer-oriented concept, we are making great efforts to expand the coverage of our service network and functions, to enhance our brand influence and customer acceptance, so as to provide a satisfying customer experience.

Optimizing Service Network

We keep optimizing our service network. In 2015, with the development of an aggregate of 306 refueling stations, including 15 oil and gas stations, our service network covered 31 provinces, municipalities and autonomous regions, as well as the Hong Kong SAR of China. In Chawalong township, Chayu county, Linzhi city, Tibet Autonomous Region, we set up a temporary refueling service point for local oil products preparation, to address the local refueling inconvenience.

Providing High-Quality and Environmentally-friendly Chemical Products

We cultivate high-quality brand products, and provide consumers with environmentally friendly and diversified solutions. The ABS products from Jilin Petrochemical Company enjoyed continuous quality improvement and made great progress in the domestic market for high and white goods, emulsion polymerization rubber prepared by substances free of nitrosocompounds or nitrosocompound precursors was adopted in the production, processing and use of environmentally-friendly SBR, boosting its environmental performance. Long-life turbine oil, extreme pressure long-life turbine oil and extreme pressure combined-cycle turbine oil from Kunlun Lubricant Company were certified by GE, meeting the requirements of international companies. Heavy traffic road asphalt from Karamay Petrochemical Company and Liaohe Petrochemical Company were named the Distinguished Brands in 2015 by the China Petroleum and Chemical Industry Federation (CPCIF) because of their outstanding product quality. PetroChina was honored as China’s New Green Benchmark Brand Enterprise at the 2015 Conference on Green Development and Creating a New Ecological Civilization Benchmark & the Second Urban Development and Ecological Balance Forum.

Products named “Distinguished Brands” by CPCIF

<table>
<thead>
<tr>
<th>Year</th>
<th>Product Name</th>
<th>Manufactured by</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>ABS</td>
<td>Jilin Petrochemical Company</td>
</tr>
<tr>
<td>2015</td>
<td>Heavy Traffic Road Asphalts</td>
<td>Karamay Petrochemical Company, Liaohe Petrochemical Company</td>
</tr>
</tbody>
</table>


PetroChina service stations got a score of 76 in the 2015 China’s customer satisfaction survey, ranking the first among companies in the same industry for the third consecutive year.

Distinguished Brands in 2015 by the China Petroleum and Chemical Industry Federation (CPCIF)

Jointly designed and launched by the Customer Satisfaction Testing Center of China National Institute of Standardization and China Business Research Center of Tsinghua University, China Customer Satisfaction Survey is China’s authoritative customer satisfaction index evaluation method and has a history of 11 years. In 2015 China’s customer satisfaction survey, PetroChina service stations got a score of 76, ranking the first among companies in the same industry for the third consecutive year.
Supply Chain Management

At PetroChina, we actively promote the sustainable development of the supply chain and provide the public with high quality products and services in a respectful, communicative, honest and cooperative manner. A unified supplier database was established, and through open tenders, fair competition and online transactions, we provide suppliers with fair, transparent and competitive opportunities. “Open business, controlled processes, fully documented, and permanently traceable” are the watchwords with which we ensure the quality of procured products and services. We have also established a complete supplier quality management mechanism which covers quality approval, quality inspection, supervision and spot-checking, and on-site supervision of the manufacturing of major products. Through the use of information technology and Internet tools, we implemented supervision and inspection of different units, different positions and different stages in the same process of the same business, to minimize dishonest behavior. Moreover, at various stages — during the supplier admission, supplier assessment, strategic supplier development, materials and service procurement, tender invitations and tender evaluations — we clearly pointed out to the suppliers our specific supplier requirements in terms of business ethics, human rights, HSE, quality standards and public responsibility. We have also developed a green procurement policy, including material and supplier management regulations, to review our partners’ environmental performance. We developed a green procurement policy involving materials procurement management, supplier management, etc. We carried out a comprehensive environmental review for suppliers, aiming to build a responsible supply chain of petrochemical products.

Customer Satisfaction Survey and Feedback

We continually carry out custom satisfaction surveys and feedback to improve our service level and create a specialized customer retention system. In 2015, we conducted spot checks on and paid unannounced visits to more than 438 refueling stations in 17 provinces (municipalities) and regularly reported the rectifications, enhancing the our quality of refueling stations. Our 95504 customer service centers accepted 926,000 customer calls, resolved 700,000 customer inquiries, and handled more than 10,000 customer complaints.

Scope of Services of “Smart Service Station”

- Fast refueling: Users can get any oil product of any grade at any refueling machine. Different colors of hoses and oil guns are set for different grades of oil, so users can quickly find a suitable parking place to enhance the refueling efficiency on the site. The average wait time during peak hour was reduced by 3-5 minutes.

- Auto services: Auto beauty, inspection, insurance agency, maintenance

- Logistics: Send and receive couriers; users can take delivery of goods at the nearest refueling station from their home

- Route planning: Enter a destination on the large touch screen, and then an optimal route will immediately show up

- Online shopping: More than a thousand kinds of products are available at our “PetroChina Online Mall” convenience stores or service

- Bill payment: Reservations, withdrawals, payment of water and electricity charges

- Online payment: 99 kinds of ways to pay, including fuel card, WeChat and Alipay

- Centralized, two-level management: The headquarters is responsible for management of suppliers of materials within the Class-I materials directory. The supplier management departments of affiliates are in charge of the rest

- System construction: Build a supplier management system framework to regulate supplier evaluation, graded and classified management, and supplier evaluation management

- Supply chain management measures

- Strict access, dynamic management: Establish performance appraisal system, implement “survival of the fittest” and dynamic management to weed out unqualified suppliers

- Establish a unified shared resource library

- Apply materials procurement management information system, to realize supplier resource sharing and computer-based whole-process management

- Enhancing Service Experience

In 2015, we launched the “Smart Service Station” project in keeping with the “Internet+” trend. With big data, cloud computing, Internet of Vehicles (IoV), Internet of Things (IoT), mobile payment and other Internet technologies, we combined the offline consumer experience with online orders and built comprehensive service stations themed on “People, Car and Life”, aiming to achieve a transformation from oil sales to automotive lifecycle services.
"PEOPLE-ORIENTED" EMPLOYEE DEVELOPMENT

At PetroChina, employees are our most valuable asset. The all-round development of employees is one of our important development targets. We protect employee rights, care for their health and well-being and create a platform for their development. We continue to promote the hiring of local staff, and have been strengthening security at our overseas operations. We endeavor to create an inclusive, equal, mutually trusting and cooperative working environment, and to ensure value is created and shared by both employees and the Company.

PROTECTION OF EMPLOYEE RIGHTS

We remain committed to a people-first philosophy in treating our employees with respect and equality while protecting their legal rights. We endeavor to resolve the practical issues that most concern our employees and make sure that all employees can equally share in the fruits of our development.

Fair Treatment of Employees

We strictly abide by international conventions approved by the Chinese government including the International Covenant on Economic, Social and Cultural Rights (Employment and Occupation) Convention, domestic laws including the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, and relevant laws, rules and regulations of the host countries. We have established a fairly complete employment management and policy system to regulate employment practices according to the law. The system incorporates employment contract management, remuneration insurance and benefits, leave, performance appraisal and vocational training. Through self-inspection of our employment practices in compliance with the law, we provide effective protection of the legal rights of employees.

We acknowledge the importance of protecting human rights and support the UN Convention on human rights. We respect and protect human rights in conjunction with our business activities. PetroChina also communicates with its employees about the Company’s policy and constantly improves it. We are committed to providing equal opportunities and fair treatment to all employees regardless of their nationality, ethnicity, race, gender, religion and culture. We prohibit the employment and use of child labor and reject all forms of forced or compulsory labor. We emphasize the employment of local residents, women, ethnic minorities and college students in order to increase job opportunities for local communities. We strictly implement regulations on female employees’ confinement and lactation to protect their rights and interests. In 2015, the Company didn’t make any layoffs for economic reasons despite the continued decline in the price of oil. We improved labor efficiency through increased job training and other measures. We continued to recruit fresh college graduates through the online recruitment website “Recruiting Platform for College Students”, without restrictions regarding applicants’ ethnicity, gender or religion. We also established a WeChat recruitment platform to make information public to the applicants.

Workforce by Profession

- Administrative staff 15.4%
- Technical staff 13.3%
- Production staff 9.0%
- Sales staff 7.3%
- Financial staff 2.4%
- Others 2.4%

Female Staff accounted for 31.6% of the Company’s total employees.

Female Administrative Staff accounted for 4.7% of the Company’s total employees.

Ethnic minority employees accounted for 6.5% of the Company’s total employees.

Workforce by Education

- Master’s Degree and above 3.9%
- Bachelor’s Degree 29.7%
- College Degree 23.3%
- Technical Secondary School and below 43.7%
Remuneration and Benefits
The Company has further improved its performance appraisal and remuneration system, promoting the mechanism to link pay with performance, established a compensation scheme that pays attention to the value of a position, the job performance and the innovative results of employees, while matching the participation of all staff operations, ensuring that employees’ compensation grows synchronously with the Company’s business development and labor productivity. The compensation system continues to favor researchers, front-line employees, and those in difficult and key posts, so that each employee can realize their full potential. In addition, we are steadily extending employee coverage of social security programs in accordance with the Social Insurance Law of the People’s Republic of China, and we have improved supplementary medical care and insurance, corporate annuity and living allowance schemes to ensure employees’ interests are addressed. We are adjusting overseas risk allowance standards according to the risk levels to ensure the standards are more reasonable and fair.

Democratic Participation
The Company attaches great importance to employee democracy and their legal rights and interests. Employees play a role through democratic management, democratic participation and democratic oversight. Apart from establishing trade unions, PetroChina has put in place a democratic style of management and a transparent system to deal with matters at its plants, through its Employees’ Congress system, to ensure employees are well-informed and have the means to participate in and supervise corporate management. We have further standardised the content, procedures and model of our open system for matters at its plants by clarifying rights and obligations, the organizational system, and working processes for the employee representative congress.

The Company has established multiple channels to communicate with employees and has continued to implement democratic procedures. We communicate across different levels of the Company, and conduct multi-level communication through meetings with staff representatives and online discussions, to encourage employees to participate in the management of production and operations.

CASE STUDY: Mailbox for Dialogue with Employees

To maintain close ties with the employees and understand their concerns, West Operation Area of Changqing Oilfield No.5 Oil Production Plant has set up a mailbox and kept a log book for the timely acceptance and recording of letters from employees. Employees are welcome to put forward their suggestions on production and operation management, and will receive feedback to resolve the issues raised. It was praised by the frontline station staff.

OCCUPATIONAL HEALTH
We abide by the Prevention and Control of Occupational Diseases Act of the People’s Republic of China in our occupational health management, focusing on the prevention and control of occupational hazards as well as the implementation of related measures. We give top priority to employee health and personal safety by emphasizing occupational health management and protection at field operations, adopting mechanized production to reduce labor intensity and improve working conditions, and caring for employees’ mental health.

In 2015, we improved our occupational health management system, carried out studies on the occupational health management models and systems of Chinese and foreign oil companies, formulated the Regulations on Occupational Hazard Informing and Warning Management, and compiled programs including the Classification and Evaluation of Noise Hazards during the Drilling Process and Recommended Practices for Prevention. We strengthened health management at frontline workplaces, introduced mobile drinking water treatment system on construction sites in the field and enhanced the working and living conditions for employees.

We investigated employees who once encountered occupational hazards and the employees’ occupational history when they were transferred to other posts, in order to better control occupational hazards. Special rectification activities were also carried out to further improve employees’ occupational health conditions. In 2015, the rate for physical exams for occupational health remained at 98% and the detection rate for occupational hazards in the workplace was above 98%.

We pay close attention to our employees’ mental health. We implemented the Employee Assistance Program (EAP), set up a hotline and a website for psychological counseling, and carried out various forms of training on mental health knowledge, in order to encourage employees to establish a positive and healthy attitude. We also hired counselors to deliver lectures on cultivating a healthy mind and relevant knowledge to frontline employees, focusing on the prevention and control of occupational hazards as well as the implementation of related measures. We give top priority to employee health and personal safety by emphasizing occupational health management and protection at field operations, adopting mechanized production to reduce labor intensity and improve working conditions, and caring for employees’ mental health.

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We investigated employees who once encountered occupational hazards and the employees’ occupational history when they were transferred to other posts, in order to better control occupational hazards. Special rectification activities were also carried out to further improve employees’ occupational health conditions. In 2015, the rate for physical exams for occupational health remained at 98% and the detection rate for occupational hazards in the workplace was above 98%.

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We adhere to modern corporate concepts and advocate innovation in creating space and mechanisms for employee development. We have improved our training centers and network, and address our employees’ need for career development at different stages by providing career planning services. We strive to develop innovative employees and provide a stage for employees to develop their self-worth.

Employee Training

By applying modern enterprise training concepts, we continue to improve the construction of our training bases and training network. We have carried out diversified and differentiated vocational training for employees through knowledge training, professional training, job training, off-the-job training, etc, in order to achieve positive interaction between employee growth and the Company’s development.

On the basis of promoting all-staff training, we have implemented training projects focusing on four types of talent including the management personnel, technical experts, operational personnel and international talents. In 2015, we sent a number of outstanding management personnel and key professional technical staff to domestic and foreign well-known universities and training institutions to attend training in language, international business, business administration, law, etc, in order to develop their international perspective and international operational capabilities, and promote their comprehensive and healthy growth.

We believe that contests play an important role in encouraging training and enhancing employees’ professional skills and literacy. In 2015, we held the refining and chemical vocational skill competition, revealing a number of high-skilled talents. We also encourage our employees to participate in national and world-class skill competitions. In 2015, we took part in the first national competition for hazardous chemical incidents rescue skills, the second national petroleum and petrochemical system “CNOOC Cup” vocational skills competition, and the seventh petroleum and chemical vocational skills competition, and obtained excellent results.

How is the compensation of technical professionals in the “Double Sequence” system determined?

Based on the job evaluation and performance appraisal of technical professionals, we work to establish a fair, rational, standardized and orderly performance compensation system, oriented to the labor market, and reflecting the position’s value, level of ability and work performance. The compensation is mainly composed of post salary, allowances and subsidies, and performance-related pay.

By the end of 2015, we had 12 academicians at the Chinese Academy of Sciences and the Chinese Academy of Engineering, 1,017 experts entitled to the Government Special Allowance, as well as 153 senior technical experts, 254 skilled experts, 3,809 senior technicians, and 21,417 technicians.

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LOCAL STAFF DEVELOPMENT

At PetroChina, we embrace a respectful, open and inclusive culture and are committed to selecting more local talents overseas, upgrading their professionalism and making them more responsive to market forces. We abide by all laws and regulations of the host country. We have formulated Protocols on Local Employee Management in Overseas Operations and have established an optimal system for hiring, deployment, performance appraisal, incentives and penalties. We work hard to attract and train top local talent and to provide a working environment more conducive to employee development.

Local Hiring

We actively recruit and train local employees and do not discriminate against local candidates for managerial positions, providing local people with job opportunities. We have hired professionals in over 30 countries and regions to work in exploration and development, project construction, international trade, finance, accounting, and human resources at overseas projects. In 2015, our Technical R&D center in Houston organized a Recruitment Open Day to attract local talent. In Iraq, the Ramala Oilfield project has set up an education and training fund to provide training for local employees, organized more than 10 training programs in 2015.

Respect for Cultural Diversity

PetroChina fully respects cultural diversity and local customs. We promote communication between employees from different cultural backgrounds and advocate respect for different values and traditions, in order to foster cross-cultural cooperation in a culturally diverse workplace. In 2015, we held development training for both Chinese and foreign staff in the Americas, to enhance mutual recognition and understanding. In Iraq’s Al-Ahdab project, we respected local customs, and made reasonable time arrangements for local staff during the month of Ramadan, and celebrated with them after the end of Ramadan.

CASE STUDY: Project in Chad Held Training Courses for Operating Staff

In 2015, our project company in Chad held training courses for the operating staff. Specifically, it provided training on petroleum geology, production, automation, HSE, operating equipment and Chinese language for 60 trainees. From 2007 to 2015, the project company recruited 902 local employees accumulatively, and many excellent local employees have become senior technicians and middle managers.

STRENGTHENING OF SECURITY IN OVERSEAS OPERATIONS

The safety of our employees has always been an overriding priority in our overseas operations. We steadily promoted security management systems, continuously enhanced emergency response capabilities, and eliminated security-related fatal incidents.

In 2015, we formulated Security Management Regulations for International Business, carried out an appraisal and review of overseas social security management system performance, and implemented risk assessment and counter-terrorism security training. All these measures have effectively responded to the impact of terrorist threats to the safe operation of overseas projects, and contributed to the improvement of the overseas security management level.

Overseas Security Risk Management (four levels)

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Management Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely high risk</td>
<td>The Company sets out clear and unified security management requirements and implements intensified security management policies.</td>
</tr>
<tr>
<td>High risk</td>
<td>Before project implementation: carry out security risk assessment and formulate an effective security program, which is not implemented until it is examined and approved by the Company. During project implementation: keep improving the security program and revising the emergency response plan according to changes in local security situations, and organize drills to ensure personnel safety.</td>
</tr>
<tr>
<td>Medium risk</td>
<td>Carry out risk assessment, formulate an emergency response plan and implement security measures before project implementation.</td>
</tr>
<tr>
<td>Low risk</td>
<td>Implement necessary security measures.</td>
</tr>
</tbody>
</table>

An employee outward-bound event in the Americas enhances employees’ understanding of different cultures.

CaSE Study: Project in Chad Held Training Courses for Operating Staff

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91.3 %

In 2015, international employees and local employees accounted for 91.3% of our overseas workforce.
As a company rooted in society, we have a duty to give back. Our ultimate goal is to promote socio-economic development, so we attach great importance to the wellbeing of people and social advancement. We expand cooperation with the private sector through joint ventures, enhance local development capabilities, give donations to impoverished students and organize our staff to join volunteer activities and community service. Through our efforts, we strive to build a harmonious society.

**Promoting Local Development**

PetroChina’s development is inseparable from the support and help of governments, communities and the wider public. While providing continuous and stable energy supply for economic development, we insist on the principle of “open cooperation for mutual benefit”, expanding our joint-venture cooperation with state-owned capital, social capital and foreign capital in the upstream, midstream and downstream sectors. During the process of developing and running our projects, we help to nurture local suppliers and contractors, thereby creating jobs, driving the growth of related businesses, and giving back to local people.

PetroChina actively developed a mixed ownership economy in 2015. We established Fujian Natural Gas Pipeline Network Co, Ltd jointly with Fujian Energy Group Co, Ltd, helping to promote local socio-economic development and continuously improve people’s livelihoods. In addition, we made steady progress in the development of a number of joint venture projects such as Xinjiang Marketing Company and the oil and gas exploration project in the western part of Tazhong.

Since its completion and operation, the South Xinjiang Gas Supply Project has supplied natural gas to people of all ethnic groups living in southern Xinjiang, benefiting more than four million urban and rural residents in 42 cities and counties, and 20 areas surrounding the Tarim Basin. The project plays an increasingly important role in improving people’s livelihoods, improving the environment and developing the local economy of southern Xinjiang, and was granted the 2014-2015 National Quality Engineering Award.

**Poverty Alleviation**

Poverty alleviation is an important topic in sustainable development around the world and also one of our key concerns. We have responded positively to the initiatives of the United Nations’ 2030 Agenda for Sustainable Development and to the Chinese government’s policies on poverty alleviation targeted at the improvement of people’s livelihoods, industrial development and intellectual development. By combining our business strengths with local resources and market advantages in the areas receiving assistance, we have innovated the models of poverty alleviation, have taken targeted measures to help the needy and have helped them develop the local economy on their own. In 2015, we continued to carry out targeted and pairing assistance programs for poverty alleviation with our controlling shareholder China National Petroleum Corporation, which included clean drinking water supply, road and educational facility construction and the provision of medical services in rural areas in 14 counties (districts) of eight provinces (directly administered municipalities and autonomous regions) including Xinjiang, Tibet, Qinghai, Henan and Jiangxi.

We have sought to introduce the concepts of Internet marketing and the urban-rural sharing economy to areas with appropriate conditions, in order to help foster the development of local industry and markets. In areas with abundant natural resources but lacking marketing channels and expertise, we worked with the China Foundation for Poverty Alleviation (CFPA) in 2015 to provide E-commerce training and build communication and cooperation platforms for relevant personnel in counties including...
Fanxian county and Taqian county of Henan province, Xishui county of Guizhou province, Hengfeng county of Jiangxi province, and Kaixian county of Chongqing, and enhanced their understanding of and capabilities in E-commerce. Cooperating with e-commerce companies such as Alibaba and Suning, we help people in Xishui county and Hengfeng county to sell rural products in the urban market through the Internet.

In addition, we financed the safe drinking water project in Guyuan city in the Ningxia Hui Autonomous Region, which enabled local people to have access to clean drinking water. In the Xinjiang Production and Construction Corps, etc, to improve their awareness and poverty alleviation, PetroChina was named the “Most Charitable Business” at the ninth China Charity Awards by the Ministry of Civil Affairs of China in 2015.

**Supporting education**

It takes ten years to grow trees, but a hundred to rear people. The Company believes that supporting education is important for social progress and development. Therefore, it set up scholarships, offered grants to students from underprivileged families, and supported relevant competitive activities in order to give young people equal opportunities for education and help them to pursue their goals and personal growth. It teamed up with 13 tertiary institutions, including China University of Petroleum, Tsinghua University and Peking University, to set up the PetroChina Scholarship. In recent years, it has stepped up efforts to assist high school students from poor families, particularly in the early years of their secondary education. From 2011 to 2015, it awarded scholarships of RMB 19.95 million to 3,175 students.

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

**CASE STUDY “Xuhang” Bursary Program**

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**Who participated in the “Xuhang” program?**

At the key moment of my schooling, PetroChina’s “Xuhang” bursary program lent a helping hand. I would like to express my gratitude to PetroChina and the company for their kind support. It has refined my passion for life and my hope for further studies. University is my new starting point. I will value every effort to study and continue to spread benevolence.

— Liu Xu (not his real name), a graduate from Xinxian High School in Xinyang city, Henan province. With the help of the “Xuhang” program, he finished high school education successfully and was admitted to China Youth University of Political Studies in 2015.

“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.”

— Mr. Xie, the owner of Zhengzhou Zotea Auto 4S Store

**What are the effects of the “Xuhang” program?**

The first batch of bursary funds from the “Xuhang” program worth RMB 200,000 in total has been given to 200 students in their third year at four high schools: at Bazhong Tongjiang Middle School and Aba Prefecture Xiaojin Middle School in Sichuan province, and Zhumadian Shangcai No.1 Middle School and Xinyang Xinxian Middle School in Henan province. Among them, 145 students (72.5%) scored results higher than the college admission requirements in the 2015 Higher Education Entrance Examination. The “Xuhang” program will continue to sponsor 600 students in four high schools.

**Counseling**

In addition, we financed the safe drinking water project in Guyuan city in the Ningxia Hui Autonomous Region, we offered training to people in charge of the Sipu Waterworks in Hengfeng county of Jiangxi province, which enabled local people to have access to clean drinking water. In the Xinjiang Production and Construction Corps, etc, to improve their awareness and poverty alleviation, PetroChina was named the “Most Charitable Business” at the ninth China Charity Awards by the Ministry of Civil Affairs of China in 2015.

**Financial aid**

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.

**Support group**

PetroChina helps set up support groups for aid-receiving students, which enables them to help each other, and fully develops their respective strengths in management, learning and daily life, etc.

**The “Xuhang” program is aimed at**

—who are admitted to colleges and universities.

—A contestant

**One million visits at service stations participating in donation matching program**

PetroChina made use of its service stations to support the “Xuhang” Bursary Program. For every liter of gasoline refueled by its customers, the Company would give RMB 0.01 to help poor students complete their studies through the CFPA. As of the end of 2015, a total of 10 service stations in Zhengzhou of Henan province and Chengdu of Sichuan province participated in this charitable activity, with a total of more than one million refueling visits to these stations.

**Fanxian county and Taqian county of Henan province, Xishui county of Guizhou province, Hengfeng county of Jiangxi province, and Kaixian county of Chongqing, and enhanced their understanding of and capabilities in E-commerce. Cooperating with e-commerce companies such as Alibaba and Suning, we help people in Xishui county and Hengfeng county to sell rural products in the urban market through the Internet.**
case study  protecting the tropical rainforest in ecuador

Andes Petroleum Ecuador Ltd is a JV company jointly established by CNPC and Sinopec, with CNPC acting as the project operator. The oilfield is located in the hinterland of the Amazon Rainforest, with over half of the project area (yellow) overlapping with nature reserves. In order to protect the local ecological environment, our company has made a global level environmentally sensitive area (ESA), drawing the attention of environmentalists all over the world.

Putting the environment first: The EHS department plays a key role in the project company. We place environmental protection as a top priority and have enforced strict safety and environmental protection rules and procedures in accordance with the best practices of the industry.

Stakeholders’ participation in environmental management: A risk matrix approach is used to rank EHS risks, and EHS related parties are evaluated and ranked according to the matrix, so that we can determine the focal point of the company’s EHS efforts. From the perspectives of managers, persons in charge and contractors, a systematic formulation of EHS management mechanism ensures that the EHS duties are specifically designated and implemented, and can be fully implemented by all parties.

Environmental impact monitoring: The GIS geographic information system is used to monitor the environmental and social impact of the exploration and development activities, and provide support to decision-making in location selection, positioning of pipeline leaks, wetland analysis, analysis and monitoring of nature reserves, and analysis of the traffic network.

Reliable professional team: Management personnel are designated to be in charge of security, medical service, environmental protection, and operational safety at the worksite, with dedicated HSE personnel accounting for more than 9% of the workforce.

Environmentally-friendly operation: The drilling cuttings and mud re-use treatment process when disposal. All associated gas produced is used for power generation. And the ground surface is restored in its original state in the shortest possible time after operation.

Numerous Awards:

- It was shortlisted by World Oil Magazine as a top three candidates for the ‘Best HSE/Sustainable Development Award’ and was nominated for the ‘Environmental World Award’ by the Energy Institute in the United Kingdom.
- Awards for environmental protection and management innovation from BIZZ and other world famous institutions.
- An awardee for Excellent Work in Technology Transfer and Development of the Oil Industry in Ecuador from Ecuador’s Ministry of Non-renewable Natural Resources and the Society of Petroleum Engineers (SPE).

Developing local economy

PetroChina places strong emphasis on reliance on local resources and procurement of local products and services, strengthening cooperation with local enterprises in technical services, logistical support, catering and logistics to boost and promote the development of local SMEs and create more income and employment opportunities for the local communities. In Kazakhstan, a local company has seen the number of employees growing by seven times during the decade of serving the Aktobe project, and has grown into a modern company with advanced equipment, extensive experience in geological logging and nine fully-equipped geological teams.
Tax payment according to law

PetroChina 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 and Mongolia, 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. In Iraq, we joined EITI stakeholders group meetings, were included in Iraq’s EITI Committee together with Shell, ExxonMobil etc. and participated in the improvement of the EITI report outline. In Mongolia, we also joined the EITI national committee and working group, and contributed funds to local education and environmental protection programs.

Community welfare

We take an active role to help improve the living conditions of local people, give donations to education, healthcare and other public welfare programs in order to achieve harmonious and mutual development. In 2015, the Kazakhstan-China Gas Pipeline project company assisted 27 Kazakh students to study at the Kazakh-British Technical University. The Aktobe project company organizes summer camps every year to enhance the education level of local children. In Chad, we have built 24 water wells in Kouddalwa where we operate, benefiting 20,000 residents in 21 nearby villages. We also launched joint education projects with local higher petroleum institutes to provide internship and training opportunities. In addition, we assisted local government in implementing the youth employment program, and have recruited over 40 graduates in our refinery.

Protecting Indigenous rights

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, cultural heritage, involuntary resettlement, etc. We try our best to protect all the rights and interests of the indigenous people. We uphold standard operation in land compensation, and make compensation plans by referring to the opinions of the local governments, our partners, and the local villagers. Specifically, compensation is paid before land use, and the compensation information is released timely in order to ensure operational transparency.
The Company implements the health, safety and environment management system (HSE management system) which is geared to international standards and widely accepted by the petroleum industry. Following the PDCA management model, our HSE management system comprises seven key elements. Through the process of PLAN (DO, CHECK and ACTION), we keep enhancing our HSE management and performance. For the details of the system, please refer to the graphic on page 26 of the 2014 Sustainability Report.

Regarding PetroChina’s progress in fighting corruption, the Company has a firm commitment against corruption and has adopted a series of anti-corruption measures. These include:

1. The Company wants to achieve good corporate governance. PetroChina has always placed a priority on safety and environmental protection, harmony and stability, and anti-corruption as its fundamental projects. As a company that is listed on the Hong Kong Stock Exchange, the New York Stock Exchange and the Shanghai Stock Exchange, PetroChina has a well-established corporate governance structure as well as an open and transparent information disclosure system, in compliance with all applicable listing rules and related policies. Since becoming a member of United Nations Global Compact (UNGC) in 2007, and as one of the pioneer Chinese corporate participants, PetroChina has been reporting its progress in social responsibility, including anti-corruption, in compliance with the Ten Principles of the UNGC.

2. The Company views anti-corruption as one of the key initiatives for the management. PetroChina has established an anti-corruption leading group led by its Chairman, and formulated a system and work plan for corruption penalties and prevention, to continuously promote the functioning of the disciplinary mechanism for corruption.

3. The Company has developed comprehensive mechanisms, rules and procedures to combat corruption. PetroChina has further enhanced and reinforced its systems, promoted management innovation, strengthened its fundamental work, ensured the proper exercise of management authority, clearly defined the delegation of power, developed a compliance management system, stepped up the supervision of its overseas businesses, and strengthened its supervision and accountability system. Since 2012, the Company has implemented a series of measures and regulations, including the 2013-2017 Work Plans to Establish and Improve the Systems for Punishment and Prevention of Bribery, Anti-corruption Guidelines for Overseas Businesses and Views on the Implementation of Anti-Corruption Training of Senior Management. These aim to create a long-lasting, effective mechanism which can close loopholes, and prevent and solve problems.

Please find below information on ongoing investigations into former employees:

1. Several of PetroChina’s former employees were suspected of bribery and other acts of corruption. China’s regulators have made clear that the suspected corrupt conduct of these former employees was limited to the individuals concerned. PetroChina and its affiliates or subsidiaries have not been implicated in any allegation of corruption.

2. The former employees under investigation are mainly facing allegations of bribery, abuse of power, misconduct and violating the internal discipline of the Communist Party of China. Once their cases of violating China’s laws have been confirmed, Chinese procuratorial organs will file a suit against them in court. At present, some of the suspected employees have been tried and relevant information has been published, while the rest remain under judicial investigation. The Company has no further knowledge of the matter.

3. PetroChina takes a zero-tolerance stance on corruption. With our relentless focus on combating and preventing corruption, the Company has developed a series of rules and regulations, and built relative monitoring and inspection mechanisms.

We believe that PetroChina remains a trustworthy company with investment value. We will make continuous efforts to run the enterprise according to the law, keeping to operational compliance and promoting sustainable development, to yield sound returns for our shareholders.

To improve the corporate governance structure and ensure the compliance of the election of directors, senior management and the operations of its Board of Directors, PetroChina has set up a board nomination committee, consistent with the best standards in corporate governance. The Nomination Committee was established in August 2015, along with its relevant rules of procedure. A more transparent and complete nomination process has thereby come into being.

The Company has formulated and implemented incentive schemes such as Standards for Senior Management Share Option Scheme and Remuneration Standards for Senior Management. The selection and appointment of regional deputy managers of the Company have been conducted either on a competitive basis when the number of candidates exceeds the positions on offer, or on the basis of company-wide competition. The policy of appointing the best candidate through competition has been implemented in the headquarters of the Company, which has improved transparency in recruitment and formed an open, just and fair mechanism for selection and appointment.

As the investigations and proceedings are still under way up to now, we are not in a position to comment further. PetroChina resolutely supports the central government’s decision and fully supports the investigation and punishment of a small number of former senior management for serious breaches of discipline. The Company’s normal operations have not been affected. As a Company listed in Hong Kong, New York and Shanghai, we will ensure the timely disclosure of information in accordance with the relevant regulatory requirements.

PetroChina has no assets in Sudan or South Sudan.

As a subsidiary of China National Petroleum Corporation (CNPC), PetroChina has been carrying out production and operations independently since its listing in April 2000. This is in compliance with the Company Law, the Articles of Association of the Company, and the regulatory rules stipulated by the listing venues. With the operational guidelines of maximizing enterprise value and shareholder value, PetroChina conducts extensive oil and gas production in China and abroad, and respects local religions, customs and culture, emphasizes environmental protection, and maintains stable production. To comply with the relevant regulations of the United Nations, and to respect the principles of the United States. And some other Western investors that prohibit investing in companies operating in conflict-prone and sensitive regions, PetroChina neither owns assets nor project stakes in Sudan, South Sudan and other conflict-prone and sensitive countries. As CNPC and PetroChina are two separate legal entities, PetroChina has no influence or control over the investment decisions of China National Petroleum Corp.

We would like to take this opportunity to clarify our position on these issues:

1. Considering the concerns of our shareholders and investors, PetroChina, as a listed company, does not have any contact with or ties to the government of Iran. PetroChina has not engaged in oil and gas exploration, development or production investment in Iran. We have not
What are the Company’s commitments to employees, partners and other stakeholders on their rights?

Employees are the key driver of an enterprise’s development and reforms. We have always placed people first and effectively protected the rights of our employees. We have made the following commitments:

1. The right to raise a formal grievance to resolve labor disputes.
2. The right to take leave. The employer should ensure the employee can enjoy at least one day of rest per week, work not more than eight hours per day and the average working hours should not exceed 44 hours per week. If the employer needs to extend the working hours for production, prior negotiation is required and should not extend beyond three hours per day.
3. The right to receive remuneration. The payment should be paid monthly in currency. The employee is entitled to holiday pay, including statutory holidays, marital and funeral leave, and community service leave.
4. The right to workplace safety and hygiene.
5. The right to employee training for professional skills.
6. The right to establish a formal grievance to resolve labor disputes.
7. The right to participate in democratic management or protecting legal labor rights according to the law.
8. The right to turn down work of a dangerous nature.
9. The right to raise a formal grievance to resolve labor disputes.
10. The right to be informed of the status of the company and individually participate in the democratic management or protecting legal labor rights according to the law.

PetroChina attaches great importance to the protection of investors’ interests and always respects their choices. Therefore we avoid investing and operating businesses in politically sensitive areas. In countries and other jurisdictions under UN sanctions and sanctions by the governments of our listing markets (such as Iran), we do not have any oil and natural gas exploration, development, production and investment projects at present. We also do not have any venture companies, representative offices or staff to provide any products and services in these areas. PetroChina does not communicate or have relationships with these countries and governments. We handle our investment and business activities in politically sensitive regions in a prudent and responsible manner. We always take the protection of our shareholders’ rights and respect for our investors’ choices into consideration.

China National Petroleum Corp. (CNPC), PetroChina’s holding company, owns assets and operations in Iran. However, we must emphasize that CNPC and PetroChina are two separate legal entities. PetroChina has no influence or control over the business activities of its parent and respects their choices. Therefore we avoid investing and operating businesses in politically sensitive areas. In countries and other jurisdictions under UN sanctions and sanctions by the governments of our listing markets (such as Iran), we do not have any oil and natural gas exploration, development, production and investment projects at present. We also do not have any venture companies, representative offices or staff to provide any products and services in these areas. PetroChina does not communicate or have relationships with these countries and governments. We handle our investment and business activities in politically sensitive regions in a prudent and responsible manner. We always take the protection of our shareholders’ rights and respect for our investors’ choices into consideration.

How does the Company fulfill the commitment to uphold staff rights through its risk management system and strategy?

What internal policies, procedures and management systems are put in place to safeguard staff rights?

1. The right to negotiate fairly with the employer through the employees’ congress or by other means, in respect of participating in democratic management or protecting legal labor rights according to the law. PetroChina has no influence or control over the business activities of its controlling legal entities. PetroChina has no influence or control over the business activities of its parent and respects their choices. Therefore we avoid investing and operating businesses in politically sensitive areas. In countries and other jurisdictions under UN sanctions and sanctions by the governments of our listing markets (such as Iran), we do not have any oil and natural gas exploration, development, production and investment projects at present. We also do not have any venture companies, representative offices or staff to provide any products and services in these areas. PetroChina does not communicate or have relationships with these countries and governments. We handle our investment and business activities in politically sensitive regions in a prudent and responsible manner. We always take the protection of our shareholders’ rights and respect for our investors’ choices into consideration.

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What are PetroChina’s views on employee rights?

PetroChina’s view on employee rights is:

1. The right to receive remuneration. The payment should be paid monthly in currency. The employee is entitled to holiday pay, including statutory holidays, marital and funeral leave, and community service leave.
2. The right to workplace safety and hygiene.
3. The right to employee training for professional skills.
4. The right to establish a formal grievance to resolve labor disputes.
5. The right to participate in democratic management or protecting legal labor rights according to the law.
6. The right to turn down work of a dangerous nature.
7. The right to raise a formal grievance to resolve labor disputes.
8. The right to take leave. The employer should ensure the employee can enjoy at least one day of rest per week, work not more than eight hours per day and the average working hours should not exceed 44 hours per week. If the employer needs to extend the working hours for production, prior negotiation is required and should not extend beyond three hours per day.
9. The right to enjoy social security benefits.
10. The right to turn down work of a dangerous nature.
11. The right to be informed of the status of the company and individually participate in the democratic management or protecting legal labor rights according to the law.

Employees are the key driver of an enterprise’s development and reforms. We have always placed people first and effectively protected the rights of our employees. We have made the following commitments:

1. The right to participate in democratic management or protecting legal labor rights according to the law.
2. The right to receive remuneration. The payment should be paid monthly in currency. The employee is entitled to holiday pay, including statutory holidays, marital and funeral leave, and community service leave.
3. The right to workplace safety and hygiene.
4. The right to employee training for professional skills.
5. The right to establish a formal grievance to resolve labor disputes.
6. The right to participate in democratic management or protecting legal labor rights according to the law.
7. The right to turn down work of a dangerous nature.
8. The right to raise a formal grievance to resolve labor disputes.
9. The right to enjoy social security benefits.
10. The right to turn down work of a dangerous nature.
11. The right to be informed of the status of the company and individually participate in the democratic management or protecting legal labor rights according to the law.

PetroChina’s view on employee rights is:

1. The right to receive remuneration. The payment should be paid monthly in currency. The employee is entitled to holiday pay, including statutory holidays, marital and funeral leave, and community service leave.
2. The right to workplace safety and hygiene.
3. The right to employee training for professional skills.
4. The right to establish a formal grievance to resolve labor disputes.
5. The right to participate in democratic management or protecting legal labor rights according to the law.
6. The right to turn down work of a dangerous nature.
7. The right to raise a formal grievance to resolve labor disputes.
8. The right to take leave. The employer should ensure the employee can enjoy at least one day of rest per week, work not more than eight hours per day and the average working hours should not exceed 44 hours per week. If the employer needs to extend the working hours for production, prior negotiation is required and should not extend beyond three hours per day.
9. The right to enjoy social security benefits.
10. The right to turn down work of a dangerous nature.
11. The right to be informed of the status of the company and individually participate in the democratic management or protecting legal labor rights according to the law.

Employees are the key driver of an enterprise’s development and reforms. We have always placed people first and effectively protected the rights of our employees. We have made the following commitments:
Work of Democratic Leadership for the Workers' Representatives Conference at Business Units of Oil Enterprises. We focus on making the workers' representatives conference a platform for implementing a democratic management system, and undertake continuous efforts to improve it, thereby enabling workers to elect their representatives, make decisions, and implement management and supervision roles in a democratic manner. This further enhances workers' rights to know, participate in, and supervise the company's affairs, and to elect their representatives. Some business units have established the Regulations on the Workers' Representatives Conference, the Democratic Election Management System and the Procedures of the Workers' Representatives Conference. Moreover, they explore various ways to promote democratic management, including having democratic management committees, democratic forums, informal meetings with workers and democratic discussions, as part of their goal to develop a modern corporate system.

4. Plant administration open to workers. The Company has published the Opinions on Further Opening of Plant Administration to Workers amid Intensified Reform to promote the further opening of plant administration. Through this mechanism, the related plants notify workers of issues related to corporate reform and development on a timely basis, such as important corporate decisions, affairs related to workers’ interests, and the development of management teams with high integrity. We will further increase the extent of information to be disclosed and the ways of making disclosures, ensuring that information relating to plant administration is disclosed in a regulated, systematic and standardized way.

5. Supervision of trade union law implementation. We step up efforts to supervise the implementation of trade union law, carry out consultation for this purpose and seek suggestions for the improvement of its implementation through various activities. To ensure the occupational safety and health of workers, PetroChina has issued the Rules on the Warning and Notification of Occupational Hazards, the Rules on Occupational Health Management for Construction Projects and the Rules on the Management of Occupational Health Records. In addition, we have published the Research Report on Regional Distribution and Prevention Measures of Infectious Diseases for Workers at PetroChina's Overseas Projects. The Company upholds the principle of “safety comes first with priority given to preventive measures, promote self-initiated prevention and treatment with supervision carried out according to regulations”. We strive to improve the working environment of staff and to increase their awareness of occupational health and safety. In addition to that, we ensure all staff members take occupational health examinations every year, get protected through occupational health preventive measures and receive occupational health and safety training. The Company also strictly implements the system to give employees next day and annual leave, so that occupational diseases, common diseases and frequently occurring diseases are effectively under control. As a result, the health condition of our workforce has continuously improved every year.

6. Trade unions’ alert and handling system for labor disputes. The trade unions at all business units have established a system for information reconciliation, collection and analysis, which facilitates the compilation of assessment indicators to evaluate the likelihood of labor disputes. Preventive measures will be taken if needed. Some business units have issued the Opinions on the Establishment of Early Warning Mechanism by Trade Unions to Settle Labor Disputes, which will help develop a three-tier early warning network at the corporate level, plant level and workplace level. This will create a relatively comprehensive protection system and harmonious labor relations.

7. Mechanism to assist needy workers in trade unions. The Company has established the Regulations for Management of the Funds to Support Needy Workers. Every year, we earmark funds to assist needy workers at each business unit. To ensure the relief funds go to the workers who really need them, some business units have established a four-tier alleviation network at the corporate level, the plant level, the workplace level and the production team level, so that the labor status of needy workers can be tracked and relayed to the management. As a result, needy workers will receive aid at the earliest possible opportunity.

The trade unions are mainly responsible for handling the human rights issues of the Company’s divisions and business units. Those divisions and business units will cooperate with the relevant departments, striving to protect the rights and interests of the employees.

1. The trade unions cooperate with the Human Resources Department and Corporate Management Department to set up a well-established labor dispute alert system, which is jointly managed by the three parties. They comply strictly with all applicable laws and regulations, and set clear rules for different issues, including leave and vacations, extra pay for working on holidays, social insurance, and labor dispute resolution, in the corresponding labor management system.

2. The trade unions work with the Training Department to guarantee all workers the right to vocational skills training.

3. The trade unions work with the Technology, Safety and Environmental Protection Department to manage various aspects of safety, including safety production, environmental protection, occupational health, traffic safety, fire safety and emergency issues. Details of the relevant content are studied and production procedures and processes set up, to ensure employees are working in a safe and controlled environment. They also established the Employee Health Examination Management System, Occupational Diseases Prevention and Treatment Management System etc. to protect employee health.

4. The trade unions coordinate and communicate with the Safety and Environmental Protection Department and the Procurement Department to include the management and supply of protective equipment in the procurement procedure and system, so as to ensure the timeliness and accuracy of the supply.

5. The trade unions coordinate and communicate with the relevant departments of the Company’s business units to review and implement proposals submitted by employee representatives, as well as their tentative suggestions.

6. The trade unions coordinate and communicate with the Services and Logistics Department to ensure employees’ welfare benefits, and to provide a rich and varied cultural experience for those workers.

The Health, Safety and Environment Committee has been set up under the Board of Directors, which is responsible for employee work safety. The Company’s Chairman serves as the Head of Committee, supervising employees’ rights and interests. The Vice-President of the Company is responsible for the production safety of employees.

In addition to the existing systems intended to protect employees’ rights, the Company has set up the Supervision Department, Compliance Reception, as well as Trade Unions at all levels to listen to employees’ opinions on a regular basis. The system of the Employees’ Congress enables them to voice their demands at Congresses of all levels. The Company’s senior management visits frontline employees each year to listen to them, and get to know their needs. These are relevant departments in both headquarters and branch offices responsible for maintaining employees’ interests. The Company obtains information on employees’ rights and interests through a variety of channels. Our international partners, such as BP and ExxonMobil, adopt normative systems and policies with regard to human rights. All joint venture projects under the Company have developed robust systems to protect employees’ safety, health and any other rights and interests.
1. We remain committed to a people-first philosophy in treating our employees with respect and equality while protecting their legal rights. We strive to resolve the practical issues that most concern our employees and ensure that all employees can equally share in the fruits of our development.

2. We strictly abide by domestic and international rules and regulations and have established a fairly complete employment management and policy system to regulate employment practices according to the law. The system incorporates employment contract management, remuneration, insurance and benefits, leave, performance appraisals and vocational training. Through self-inspection of our employment practices in compliance with the law, we provide effective protection of the legal rights of employees.

3. We are committed to providing equal opportunities and fair treatment to all employees regardless of their nationality, ethnicity, race, gender, religion and culture. We prohibit the employment and use of child labor and reject all forms of slave and forced labor. Instead, we emphasize the employment of local residents, women, ethnic minorities and college students in order to increase job opportunities for local communities.

In recent years, the Company’s achievements in production safety have been solid. It has established a system of indicators for safety statistics per million person-hours that is on par with international standards. It achieved one million safe person-hours and a fatal accident rate (FAR) of less than 0.005 per million hours worked each year. It will continue to strictly comply with the new Production Safety Law, reinforce safety management and HSE management, strengthen the regulation of contractors for work safety, and enhance process management and control, accident prevention and supervision and assessment system. The primary goal of our HSE efforts is to achieve “zero accidents, zero pollution and zero casualty.” The guiding principles of our HSE work are to “put safety, environment, quality and staff” as top priorities. Through a clear lines of responsibility as well as stringent risk and HSE management, the accident and casualty rates at our production facilities continue to decline, while the HSE performance has improved remarkably. All of these achievements enable us to reinforce the company’s corporate image and lay a solid foundation for our stable growth.

The Company has stated in the 2014 Sustainability Report that: “At PetroChina, we strictly monitor waste discharge during production, reinforce our environmental monitoring capacity, completed the installation and data networking of online monitoring equipment for waste water and waste gas, and perform real-time monitoring and early warning of discharges from major pollution sources, to ensure treatment at source and process monitoring.”

1. We strictly comply with relevant international and domestic laws and regulations, intensify environmental protection during production, actively promote the development and utilization of clean energy and environmentally friendly products, and strive to develop in harmony with the environment.

2. Environmental management is implemented in the whole process of construction projects. For each construction project, environmental protection facilities are required simultaneously with the main project in the process of design, construction and operation.

3. With regard to environmental risk factors in production, we have developed a multi-tiered risk management mechanism and formulated strict environmental protection measures to eliminate pollution and protect the ecological environment at the source.

4. We strive to minimize the occupation of arable land, ensure soil and water conservation, and take measures to restore vegetation restoration measures, in order to reduce the ecological environment and protect biodiversity wherever we operate.

PetroChina has developed its proprietary system to keep a detailed record of its greenhouse emissions according to related national technical specifications, and used the HSE information system to generate and analyze statistics on greenhouse emissions. With regard to disclosure on carbon emissions, the Company will calculate greenhouse emissions based on the new national greenhouse emission calculation methods and reporting guidelines. The emission data will be released according to related regulations upon approval of the third party organizations and government authorities. Currently the related work has not been completed yet.

The Company has stated in the 2014 Sustainability Report that: “At PetroChina, we strictly monitor waste discharge during production, reinforce our environmental monitoring capacity, completed the installation and data networking of online monitoring equipment for waste water and waste gas, and perform real-time monitoring and early warning of discharges from major pollution sources, to ensure treatment at source and process monitoring.”

With regard to environmental risk factors in production, such as oil & gas spills, emissions and waste discharge, we have developed a multi-tiered risk management mechanism and formulated strict environmental protection measures, to eliminate pollution and protect the ecological environment at the source.

PetroChina will promote stable development and redesign its corporate image. The Company will give priority to three fundamental tasks, including promoting safety and environmental protection, harmony and stability, and anti-corruption measures. The Company will also strengthen compliance and respond more readily to low oil prices, to demonstrate the improvement in the Company’s E&S practices. In response to the issues raised by the capital market and the general public, we will further enhance our information disclosure in corporate governance, emission of greenhouse gases, community building overhauls, safety and environmental policy, and employee interests, etc.
## PERFORMANCE STATISTICS

### Economic

<table>
<thead>
<tr>
<th>Category</th>
<th>Indicator</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
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<tbody>
<tr>
<td>Total assets (RMB 10^9)</td>
<td>1,917.6</td>
<td>2,168.9</td>
<td>2,342.1</td>
<td>2,405.5</td>
<td>2,393.8</td>
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<tr>
<td>Turnover (RMB 10^9)</td>
<td>2,003.8</td>
<td>2,195.3</td>
<td>2,218.1</td>
<td>2,283.0</td>
<td>1,725.4</td>
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<tr>
<td>Net Profit (RMB 10^9)</td>
<td>133.0</td>
<td>115.3</td>
<td>129.6</td>
<td>107.2</td>
<td>35.5</td>
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<tr>
<td>Taxes ① (RMB 10^9)</td>
<td>416.8</td>
<td>400.0</td>
<td>400.4</td>
<td>414.0</td>
<td>337.5</td>
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<tr>
<td>Proven crude reserves (10^6 barrels)</td>
<td>11,128</td>
<td>11,018</td>
<td>10,820</td>
<td>10,593</td>
<td>8,524</td>
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<tr>
<td>Proven gas reserves (10^9 ft³)</td>
<td>66,653</td>
<td>67,581</td>
<td>69,323</td>
<td>71,098</td>
<td>77,580</td>
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<tr>
<td>Oil equivalent production (10^6 barrels)</td>
<td>1,286</td>
<td>1,343.1</td>
<td>1,400.0</td>
<td>1,450.4</td>
<td>1,493.9</td>
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<tr>
<td>Crude oil production (10^6 barrels)</td>
<td>886</td>
<td>916.5</td>
<td>932.9</td>
<td>945.5</td>
<td>971.9</td>
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<tr>
<td>Marketable natural gas production (10^9 m³)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total length of crude oil pipelines (km)</td>
<td>14,782</td>
<td>16,344</td>
<td>17,614</td>
<td>18,107</td>
<td>18,892</td>
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<tr>
<td>Total length of refined products pipelines (km)</td>
<td>9,334</td>
<td>9,437</td>
<td>9,534</td>
<td>10,086</td>
<td>10,091</td>
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<tr>
<td>Proven gas reserves (10^6 M³)</td>
<td>66,653</td>
<td>67,581</td>
<td>69,323</td>
<td>71,098</td>
<td>77,580</td>
<td></td>
</tr>
<tr>
<td>Crude runs (10^6 barrels)</td>
<td>985</td>
<td>1,012.5</td>
<td>992.3</td>
<td>1,006.6</td>
<td>988.1</td>
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<tr>
<td>Ethylene production (10^3 tons)</td>
<td>3,467</td>
<td>3,606</td>
<td>3,882</td>
<td>4,076</td>
<td>5,032</td>
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### Safety

<table>
<thead>
<tr>
<th>Category</th>
<th>Indicator</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Death rate caused by accidents (person/100 million working hours)</td>
<td>0.70</td>
<td>0.20</td>
<td>0.25</td>
<td>0.46</td>
<td>0.26</td>
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<tr>
<td>Total accident rate (incidents/million working hours)</td>
<td>0.0326</td>
<td>0.0387</td>
<td>0.0322</td>
<td>0.0467</td>
<td>0.0498</td>
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</tr>
<tr>
<td>Total energy consumption (10^6 TCE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>80.77</td>
<td></td>
</tr>
<tr>
<td>Total coal consumption (10^6 TCE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11.83</td>
<td></td>
</tr>
<tr>
<td>Total crude oil consumption (10^6 TCE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.90</td>
<td></td>
</tr>
<tr>
<td>Natural gas consumption (10^9 m³)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16.5</td>
<td></td>
</tr>
<tr>
<td>Total electricity consumption (10^8 kWh)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>42.9</td>
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<tr>
<td>Comprehensive energy consumption for producing unit volume of oil and gas equivalent (kg standard coal / ton)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>128</td>
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</tbody>
</table>

### Environment ②

<table>
<thead>
<tr>
<th>Category</th>
<th>Indicator</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy conserved (10^6 TCE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>31.0</td>
<td></td>
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<tr>
<td>NH₃-N emissions (10^3 tons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.4</td>
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<tr>
<td>SO₂ emissions (10^3 tons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>174.4</td>
<td></td>
</tr>
<tr>
<td>NOₓ emissions (10^3 tons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>140.3</td>
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<tr>
<td>Number of employees (10^3)</td>
<td>553</td>
<td>548</td>
<td>544</td>
<td>535</td>
<td>522</td>
<td></td>
</tr>
<tr>
<td>Percentage of employees receiving occupational health checks (%)</td>
<td>95.0</td>
<td>95.0</td>
<td>91.0</td>
<td>97.0</td>
<td>98.0</td>
<td></td>
</tr>
<tr>
<td>Percentage of non-Chinese nationals in overseas hires (%)</td>
<td>94.0</td>
<td>94.0</td>
<td>93.4</td>
<td>91.0</td>
<td>91.3</td>
<td></td>
</tr>
<tr>
<td>Contribution to poverty alleviation (RMB 10^6)</td>
<td>37.06</td>
<td>41.24</td>
<td>67.99</td>
<td>89.74</td>
<td>208.64</td>
<td></td>
</tr>
<tr>
<td>Educational donations (RMB 10^6)</td>
<td>119.28</td>
<td>91.51</td>
<td>107.36</td>
<td>64.31</td>
<td>15.40</td>
<td></td>
</tr>
<tr>
<td>Donations to disaster relief (RMB 10^6)</td>
<td>5.95</td>
<td>18.81</td>
<td>21.52</td>
<td>3.14</td>
<td>3.88</td>
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<tr>
<td>Environmental protection (RMB 10^7)</td>
<td>0.75</td>
<td>94.5</td>
<td>13.77</td>
<td>0.85</td>
<td>32.95</td>
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### Employees

<table>
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<th>2013</th>
<th>2014</th>
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</tr>
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<td>13.77</td>
<td>0.85</td>
<td>32.95</td>
<td></td>
</tr>
</tbody>
</table>

1. The total taxes paid by the Company in China and abroad. The data disclosed in the Sustainability Reports published before 2015 were the taxes paid by the Company in China.

2. As of the day the report released, the data of COD discharged in wastewater, the NH₃-N emissions, the SO₂ emissions and the NOₓ emissions in 2015 of the Company is under review of the Ministry of Environmental Protection of China (MEP). The MEP will announce the result to the public when the data is ready. We will continue to release the above data in the next year’s report.

Note: Measurement units

1. BOE = 1 barrel of crude = 6,000 cubic feet of NG = 169.9 cubic meter of NG
1.1 cubic meter of NG = 35.315 cubic feet of NG
1.1 metric ton of crude = 7.389 barrels of crude (API = 34)
OBJECTIVES AND PLANS

In 2016, aiming to become a world-class international energy company, we will promote strategies of resources, markets, internationalization and innovation by upholding the guideline of steady development. To enhance comprehensive strength and play a greater role in the energy revolution, we will implement a number of initiatives emphasizing reforms, opening up and cooperation, technological innovation, talent pooling, corporate ruling by law, and safety development, hence to share our achievements with stakeholders and realize social prosperity.

<table>
<thead>
<tr>
<th>Aspects</th>
<th>2016 Objectives</th>
<th>2016 Action Plans</th>
</tr>
</thead>
</table>
| Corporate governance        | Optimize corporate governance structure, improve relevant systems and management in compliance with law, and optimize basic management. | • Improve the corporate governance structure, and optimize the management and control model.  
• Strengthen legal education.  
• Improve rules and regulations, and promote their integration with management systems;  
• Internally the implementation of rules and regulations;  
• Focus on compliance management in key areas, fair competition in the market, and honest and law-based operating;  
• Adjust and optimize the allocation of audit resources and distribution; strengthen auditing oversight, legal supervision and effectiveness monitoring, and strictly investigate accountability for violations;  
• Push forward balanced development between domestic and overseas oil and gas exploration and development, continue to reduce exploration and development costs, and increase quality and benefits.  
• Accelerate the development of natural gas;  
• Efficiently develop unconventional offshore and new energies;  
• Move forward oil and gas cooperation guided by the "Belt and Road" initiative;  
• Emphasize technological innovation;  
• Strengthen brand building and management. |
| Oil & gas production and supply | Stronger oil and gas businesses, increase value of crude oil and natural gas, and promote economical use of energy resources. | • Implement quantitative review on HSE management system throughout the Company;  
• Internally graded risk prevention & control and hazardous treatment;  
• Strengthen soil and groundwater pollution prevention and control and greenhouse gas emissions control;  
• Vigorously implement energy conservation and emissions reduction;  
• Effectively reduce the consumption of energy, water and land for self-use;  
• Promote the application of green technologies such as CO2, flooding and clean oil production. |
| Safety and environmental protection | Strictly implement Work Safety Law and Environmental Protection Law, reinforce supervision, and continually improve the performance of safety and environmental protection. | • Improve performance-linked compensation mechanism;  
• Implement major talent projects to attract innovative talents;  
• Improve the evaluation and incentives mechanism and service guarantee system, and create a good environment for employees’ selection and appointment;  
• Promote the reforms in professional and technical posts;  
• Encourage employees to create and innovate based on their positions, and improve the policies and mechanisms for the sharing of technological results and benefits;  
• Implement diversified and differentiated vocational training, and initiate the skills promotion program, innovation and benefits increasing capacity building program, and oil expert program for operating staff. |
| Employee development         | Build a talent team innovatively, and promote talent cultivation of the talent team. | • Broader joint ventures and cooperation, and push forward reforms to promote mixed ownership of state-owned enterprises steadily;  
• Improve public relations;  
• Move forward targeted and pairing assistance for poverty alleviation;  
• Participate in public welfare undertakings;  
• Support local economic and social development, and share the value of local resources and fruits of development with host countries. |
| Social contribution          | Reform and development results benefit more people for social harmony. | |

GRI AND IPIECA/API INDEX

The report consults the reporting elements and performance indicator indices proposed by the Global Reporting Initiative (GRI) and compares the report with indicators listed in Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by the International Petroleum Industry Environment Conservation Association (IPIECA) and American Petroleum Institute (API).
GLOBAL COMPACT AND US

The Global Compact is a global framework initiated and advocated by the United Nations aiming at the promotion of sustainable development and the collective improvement of social well-being through responsible and innovative business practices. As a member of the UN Global Compact, we are committed to observing and supporting the Ten Principles advocated by the Global Compact in the fields of human rights, labor rights, environment protection and anti-corruption, using the Ten Principles to guide our practices in fulfilling social responsibilities. And we will continue to disclose our progress in keeping with the Ten Principles in the Global Compact in our annual report.

<table>
<thead>
<tr>
<th>Ten Principles in the Global Compact</th>
<th>Corresponding sections herein</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Rights</td>
<td>5.1 Employees’ Rights, Investor FAQs</td>
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<tr>
<td>1. Businesses should support and respect the protection of internationally proclaimed human rights</td>
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<tr>
<td>2. Make sure that they are not complicit in human rights abuses</td>
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<tr>
<td>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</td>
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<tr>
<td>4. The elimination of all forms of forced and compulsory labour</td>
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<td>5. The effective abolition of child labour</td>
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<tr>
<td>6. The elimination of discrimination in respect of employment and occupation</td>
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<tr>
<td>7. Businesses should support a precautionary approach to environmental challenges</td>
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<tr>
<td>8. Undertake initiatives to promote greater environmental responsibility</td>
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<tr>
<td>9. Encourage the development and diffusion of environmentally friendly technologies</td>
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<tr>
<td>Environmental Protection</td>
<td>3.5 Response to Climate Change</td>
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<tr>
<td>10. Businesses should work against corruption of all kinds, including extortion and bribery</td>
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</tr>
<tr>
<td>Anti-Corruption</td>
<td></td>
</tr>
<tr>
<td>1. The company pays close attention to the views of its stakeholders, concerns of major economic, environmental and social impacts of the Company and its subsidiaries.</td>
<td></td>
</tr>
<tr>
<td>2. We assess the Company’s sustainable development strategy and cover major social, economic and environmental events related to our strategies, risks and opportunities.</td>
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</tr>
<tr>
<td>3. We refer to the social responsibility initiatives and standards proposed by NGOs for topic selection. These include ISO26000 (Guidance on Social Responsibility).</td>
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<tr>
<td>4. Topics are selected based on the comprehensive assessment of stakeholders’ concerns and their impact on the Company’s strategies. The time span and the scope of impact for each specific topic are clearly defined to ensure the accuracy of the information disclosed.</td>
<td></td>
</tr>
</tbody>
</table>

ABOUT THIS REPORT

This report illustrates activities the Company undertook in 2015 pursuant to its ongoing commitment to advance the community, the economy and the environment. All information disclosed in this report was sourced from PetroChina’s official documents and statistics as well as from statistics gathered from the Company’s affiliated enterprises. It takes into account the Company’s development priorities and stakeholder concerns. This report has been reviewed in accordance with the Company’s Rules for Information Disclosure Control and Disclosure Procedures. For continuity and comparability purposes, this report provides explanations on past and future initiatives on certain issues.

This report is formulated according to the key principles of accuracy, transparency and consistency. We took reference from the Guidelines on Preparing the Report on Performance of Corporate Social Responsibility issued by the Shanghai Stock Exchange and the Environmental, Social and Governance (ESG) Reporting Guide issued by the Hong Kong Stock Exchange. Furthermore, we continued to consult the Sustainability Reporting Guideline (Version 4.0) released by the Global Reporting Initiative (GRI) and the Oil and Gas Industry Guidance on Voluntary Sustainability (2015) co-published by the International Petroleum Industry Environmental Conservation Association (IPIECA) and the American Petroleum Institute (API). As a member of the United Nations Global Compact (UNGC), we report our progress in compliance with the Ten Principles and will submit the report to be posted on UNGC’s website (http://www.unglobalcompact.org).

This report includes a set of Forward-Looking Statements. Excluding historical facts, all events that may or will occur (including, but not limited to, premise, objectives, estimation and business plans) and descriptions of such events are categorized as Forward-Looking Statements. Due to the presence of external uncertainties, actual outcomes or the future climate may differ from those expressed in the Forward-Looking Statements. As the Forward-Looking Statements were made prior to December 31, 2015, PetroChina holds no responsibility or liability for any modifications made subsequent to the said date.

Thank you for taking the time to read this report. We welcome any comments and suggestions you may have as we believe that your feedback can improve our performance. This report is published along with the Company’s Annual Report 2015 in March 2016, in simplified Chinese, traditional Chinese and English. In the case of any discrepancy, the version in simplified Chinese shall act as the lead publication. Please visit our website (www.petrochina.com.cn) for more information or to download the electronic version of this report.