

American Federation of Labor and Congress of Industrial Organizations



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March 24, 2008

By UPS Next Day Air

Mr. Jiang Jiemin, President
PetroChina Company Limited
16 Andelu
Dongcheng District
Beijing
The People's Republic of China

Dear Mr. Jiang:

We are writing as fiduciaries of the Florida State Board of Administration ("SBA") and the American Federation of Labor and the Congress of Industrial Organizations ("AFL-CIO"), which hold in aggregate stock in PetroChina worth \$27,216,364 and \$185 billion in total assets. We are writing to request a meeting with the appropriate senior corporate officers of PetroChina to discuss several important issues.

We respectfully submit that PetroChina's role in Sudan and Burma has exposed the company to considerable damage to its reputation and potential operational risk. At present, 22 American state employee pension funds have divested their stock in PetroChina. Major investors have also divested their holdings. In May 2007, Fidelity sold virtually all of its New York Stock Exchange holdings of PetroChina and Sinopec, worth about \$700 million. Warren Buffett's Berkshire Hathaway has sold 100 percent of its PetroChina holdings, worth over \$3 billion. All these sales occurred in the course of a concerted campaign, which has been extensively covered in the media, by organizations that are seeking to end the violence of Darfur.

Moreover, under the recently enacted Sudan Accountability and Divestment Act of 2007, the U.S. government now bars CNPC and PetroChina from bidding for U.S. government contracts. Under the current political conditions in the United States, it is questionable whether CNPC or PetroChina would receive approval for any purchase of or significant investment in a U.S. company. Thus your current policies and practices in Sudan and Burma may foreclose CNPC and PetroChina's participation in the one of the world's most significant markets.

We wish to suggest how the company can avoid entanglement in or the appearance of complicity in human rights abuses. We also wish to discuss how CNPC/PetroChina use its considerable influence in a constructive manner with the Sudanese, Burmese, and Chinese governments to help both end the violence in the Darfur region of Sudan and achieve a political reconciliation in Burma.

We believe that such a discussion could help PetroChina to reduce risks to its operations and reputation as well as solidifying PetroChina's claim to be a global company adhering to international best practices concerning human rights.

SUDAN

PetroChina is the target of a stock divestment campaign because of the extensive operations in Sudan by its parent company, China National Petroleum Corporation (CNPC). PetroChina and CNPC have a nearly complete overlap in management. This campaign has caused considerable damage to PetroChina's reputation and has put at risk the company's future business in global markets.

CNPC's plurality ownership stakes in Sudan's two largest oil extraction consortiums, PetroDar and the Greater Nile Petroleum Operating Company, place CNPC in a uniquely powerful position to influence how these companies operate in Sudan. Furthermore, the significant revenue that CNPC's operations provide the Sudanese government also gives CNPC considerable political influence in that country.

We are deeply troubled by two recent reports that directly connect CNPC to human rights abuse in Sudan by the Sudanese government and by CNPC itself, *PetroChina, CNPC, and Sudan: Perpetuating Genocide*, published by the Sudan Divestment Task Force and *Soil and Oil: Dirty Business in Sudan*, published by the Coalition for International Justice. These reports describe how CNPC benefits from human rights abuses in Sudan through its subsidiaries Greater Nile Petroleum Oil Company (GNPOC) and PetroDar, and how CNPC's lack of action has encouraged continued abuse. The reports assert that complicity happens several ways: through military use of oil company infrastructure, through funding for weaponry, and when human rights violations are committed directly by oil companies, including GNPOC and PetroDar.

CNPC has also provided significant revenue to the government of Sudan. At the same time, CNPC appears to have done little to return any oil wealth to the communities where it operates. CNPC has not undertaken community development projects or provided employment to Sudanese nationals on any meaningful scale. .

BURMA

In the case of Burma, it has been reported recently in the media that PetroChina will be the principal buyer of gas from the Shwe gas field off the west coast of Burma. This will likely entail the building of a pipeline, or alternative transportation, of the gas from the offshore field to China. Building such infrastructure could expose PetroChina to the risk of appearance of complicity in human rights abuses similar to those in connection with the Yadana pipeline built by Total and Unocal. We wish to discuss what policies and procedures PetroChina could put in place to ensure that this does not occur.

With the growing economic and political influence of China in Burma, PetroChina is in a position to play a constructive role in influencing both the Burmese government and the policy of the Chinese government towards Burma. By highlighting the benefits of a stable political environment to foreign investors, PetroChina could use its influence to help promote political reconciliation in Burma.

CORPORATE POLICY

It is the interest of PetroChina not only to avoid complicity in abuses of human rights but also to use its significant influence in countries, such as Sudan and Burma. The corporate policies outlined below constitute best practice amongst companies in the oil industry. Adoption of such policies would clearly demonstrate PetroChina's commitment to raising its standards to that of a world-class oil corporation.

- **Adopt Policy on Use of Security Forces**

PetroChina and CNPC should adopt the Voluntary Principles on Security and Human Rights. The Voluntary Principles would provide a framework for the company to promote "the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms." Most major oil companies have adopted these Principles. As a result of implementing the Principles, most companies report improved relationships with the communities where they operate.

- **Disclose Payments to Governments**

To help curb corruption and promote transparency in governance, PetroChina should evaluate with the view to adopting a policy of disclosing its payments to foreign governments, such as Sudan and Burma.

- **Social Programs**

PetroChina should evaluate with the view to adopting a policy of providing meaningful funding for social development projects in all communities where it operates. These development projects should include specific benefits for previously marginalized communities and include provisions for independent monitoring.

- **Demonstrate Leadership in Sudan and Burma**

On the subject of the conflict and violence in Darfur, CNPC has been silent. The government of Sudan has largely facilitated and is responsible for the violence in Darfur. CNPC's plurality ownership stakes in Sudan's two largest oil extraction consortiums, PetroDar and the Greater Nile Petroleum Operating Company, place CNPC in a uniquely powerful position to influence the government of Sudan and emphasize the value to foreign investors of an end to the violence in Darfur.

With the growing economic and political role of China in Burma, PetroChina is in an increasingly powerful position to play a constructive role in influencing the Burmese government. By highlighting to the Burmese government the benefits to foreign investors of a stable political environment, PetroChina could use its influence to help promote political reconciliation in Burma.

PetroChina/CNPC is unavoidably harmed by the perception that its leading shareholder, the Chinese government, is an obstacle to the efforts by the global community to solving the problems in Sudan and Burma. We would like to discuss how PetroChina/CNPC, in discussion with the Chinese government, could change that perception.

In conclusion, we request a meeting to discuss these important issues with PetroChina soon and in greater detail. We believe that such a discussion could help PetroChina to reduce risks to its operations and reputation as well as solidifying PetroChina's claim to be a global company adhering to international best practices concerning human rights.

We have asked Dan Pedrotty, the director of the AFL-CIO Office of Investment, to set up a meeting with the appropriate corporate officers. If you wish to reach Mr. Pedrotty, please call at your convenience at (202) 637-3900 or email dpedrott@aflcio.org.

We look forward to your reply.

Sincerely,



John Sweeney
President
AFL-CIO



Michael McCauley
Senior Corporate Governance
Officer
Florida State Board of
Administration (SBA)

Cc:

Mr. Zhou Mingchun, Chief Financial Officer, PetroChina Company Limited

Mr. Duan Wende, Senior Vice President and Executive Director, PetroChina Company Limited

Mr. Zheng Hu, Director, PetroChina Company Limited

Mr. Zhou Jiping, Director, PetroChina Company Limited

Mr. Wang Yilin, Director, PetroChina Company Limited

Mr. Zeng Yukang, Director, PetroChina Company Limited

Mr. Gong Huazhang, Director, PetroChina Company Limited

Mr. Jiang Fan, Director, PetroChina Company Limited

Mr. Chee-Chen Tung, Director, PetroChina Company Limited

Mr. Liu Hongru, Director, PetroChina Company Limited

Mr. Franco Bernabe, Director, PetroChina Company Limited

Mr. Li Huaiqi, Secretary to the Board of Directors, PetroChina Company Limited

Mr. Mei Yuan, Executive Assistant for Public Relationships, Secretariat of the Board Directors, PetroChina Company Limited

Mr. Mao Zefeng, Head of Investor Relations, PetroChina Company Limited

Ms. Anna Chan, Senior Account Executive, Hill and Knowlton Asia Ltd.