



Message from the Chairman

2021 marks the beginning of the 14th Five-Year Plan period. With the pandemic and dramatic changes both unseen in a century, we witnessed the rising oil prices and steady recovery of the Chinese economy. In the year, CNPC stayed with its strategies and plans, worked to achieve stable growth, adjust structure, improve quality and efficiency, and guard against risks. A number of pioneering measures were introduced and a series of historic breakthroughs and landmark accomplishments were made. The Company is proud to deliver exceptional performance in a year that marks a milestone for the country.

President Xi Jinping and the Chinese government attach great importance to energy security, and call for more efforts to advance energy revolution and to build strength in energy at a faster pace. Bearing in mind the importance of “securing energy in China’s own hands”, CNPC stayed focused on its primary responsibilities and core businesses, and ensured reliable energy supply with our utmost efforts. In 2021, the Company’s major performance indicators hit record high, including oil and gas equivalent production and supply volume, newly added proven oil and gas in place at home and abroad, gas output and sales in China, as well as ethylene production. Both domestic crude output and overseas oil and gas equivalent equity production of CNPC have sustained growth momentum on top of a 100-million-ton basis. Gas production in China rose by 5.5% year-on-year. Five major strategic breakthroughs and fifteen major discoveries were made in crude exploration while two gas reserves with one trillion cubic meters respectively were confirmed. With its overseas oil and gas operation centers and global trading network, the Company continued to boost its resource allocation capacity, and registered 490 million tons of international trade volume.

Green and low-carbon growth has become a prevailing trend of our times. To deliver on China’s carbon peak and carbon neutrality agenda, CNPC accelerated green transition and devoted itself to supplying clean energy and conserving lucid waters and lush mountains. We drafted and acted on the new energies & new businesses development program as well as the green and low carbon action plan, put forward a timetable and roadmap to peak carbon emissions and achieve carbon neutrality, and mapped out a three-step approach of “clean alternative, strategic replacement and green transition”. Substantial progress has been made in CNPC’s green and low carbon endeavor as the Company is pressing ahead with its green development blueprint with the six new energies demonstration bases and five key projects at the core. In 2021, natural gas took up a bigger share in the production mix and a batch of new energies projects on wind, solar, geothermal, power and hydrogen were in full swing, fostering a low-carbon ecosphere where fossil fuels and new energies are developed in a coordinated way. CNPC took an active part in addressing climate change and led the effort in establishing the China Oil and Gas Methane Alliance. Energy efficiency has been improving,

and the greenhouse gas emissions and the intensity of methane emissions decreased simultaneously.

The sound development of the Company is underpinned by a science-based and well-functioned governance system. CNPC continued to deepen corporate reform with guidelines formulated and implemented to modernize the governance system and capacity, and deepen institutional reform. Corporate governance made headway on many fronts, including the governance structure, organization, operation, institutional framework, supervision mechanism and Party construction. We have made achievement in the top-level design and development of a modern enterprise system with Chinese characteristics and CNPC features. The organizational structure at headquarters level was optimized in a smooth and orderly fashion and the business portfolio of the Company was reorganized into four business groups, including Oil, Gas & New Energies, Refining, Chemicals, Marketing & New Materials, Support & Services, and Capital & Finance, which all function properly. The three-year reform of state-owned enterprises was carried out in depth, and new breakthroughs and achievements were made in various key areas to deliver the early-stage benefits of the reform.

Science and technology constitute the primary productive force. Putting innovation as our primary strategy, CNPC took stronger steps to improve self-reliance in top-notch technologies, foster science and technology capabilities of national importance and strive for a competitive edge in energy and chemical innovation. To this end, research institutes in Dubai, Shanghai and Shenzhen were inaugurated, CNPC-Peking University Innovation Consortium was set up, and some major platforms for new energies business are being built. At the same time, key steps were taken in science and technology reform with further optimized institutions and mechanisms. A number of major science and technology projects were initiated and R&D breakthroughs were made on core technologies. Pilot projects on digital transformation and smart development across the Company were launched in an effort to speed up the building of a Digital CNPC.

Our greatest asset is our people. We invest in people and put employees' health and safety on our top priority. Guided by China's new *Work Safety Law*, the Company advanced its three-year drive in promoting workplace safety and QHSE system review, and provided tailor-made health package including checkup, assessment and intervention for the most vulnerable employees throughout the Company. We continued our efforts in the ongoing COVID-19 response with a focus on pandemic control inspection on key regions and operations, and mounted prompt response against the flare-ups of the virus. Overseas pandemic control as well as employees' health and safety are held on CNPC's top agenda and there was no COVID-induced death in overseas employees in 2021.

Our success is inextricably linked to social support. Giving back to society speaks volumes for our value. As a major SOE, CNPC actively fulfilled its corporate social responsibilities. In 2021, approximately 600 social assistance programs were carried out and around RMB 300 million was earmarked for rural revitalization and paired support programs, which consolidated poverty alleviation achievements and rolled out rural revitalization efforts. In the face of tight energy supply in China in the second half of last year, CNPC made every effort to secure resources and ensured a stable and reliable supply of natural gas and diesel. CNPC joined the rush rescue for flood fighting in Henan Province and drought relief in eastern Gansu and northern Shaanxi provinces. The Changqing Rescue Team of CNPC was commended by the National Work Safety Emergency Rescue Center in recognition of its outstanding performance. As an official oil & gas partner of the Olympic and Paralympic Winter Games Beijing 2022, CNPC spared no efforts to ensure clean and reliable energy supply and provided logistic services in the Olympic Village, playing our part in presenting the world with simple, safe, and splendid Olympic Games.

These, and many other achievements did not come easily. On behalf of the Board of Directors and top management team of CNPC, I would like to express my heartfelt gratitude to the whole society for supporting the Company's development.

2022 will see the opening of the 20th National Party Congress. It is also an important year for CNPC to deliver on our 14th Five Year Plan and advance on our way of becoming a world-class enterprise built to last. As the international environment for businesses continues to display complexities, green and low carbon transition, and a new round of technological revolution pick up pace, CNPC will remain steadfast to implement our new development philosophy in full, in the right way, and in all fields of endeavor, service and integrate into the new development paradigm of the country. We will continue our focus on core businesses, improve corporate management, advance reform and innovation, boost quality and efficiency, propel green and digital transition and at the same time guard against risks, in an effort to open up a new chapter of high-quality growth, and continue to underpin China's energy security and energy strength, steady macroeconomic performance, and overall social stability.

Chairman



Dai Houliang