

# Corporate Governance

CNPC is a solely state-owned enterprise. According to the provisions of laws and regulations such as the Company Law of the People's Republic of China, the Law of the People's Republic of China on State-owned Assets in Enterprises, the Interim Regulations on Supervision and Administration of Enterprise State-Owned Assets, the Constitution of Communist Party of China, the Regulations on the Work of the Party Group of the Communist Party of China, as well as arrangements made by the State-owned Assets Supervision and Administration Commission of the State Council, CNPC has built and continuously improved the corporate governance structure for sound decision-making, with transparent, coordinated and effectively balanced rights and responsibilities for the leading Party group, the Board of Directors and the top management. The Company is making steady progress toward the modernization of governance systems and governance capabilities to ensure appropriate decision-making processes and controls in place for compliance and surveillance, and achieve high-quality development by improving corporate competitiveness, innovation, corporate control, corporate influence, business resilience and governance efficiency.

## The Leading Party Group

The leading Party group plays a leading role in guiding, overall planning, and implementing major decisions concerning important business activities, appointments, investments and financial management in conformity with regulations, performs the decisive role in steering business management to ensure alignment between the Party's important guidelines and decisions and CNPC's strategic goals, employee behaviors and reform and development achievements, oversees the implementation of the decisions of the CPC Central Committee and the instructions from Xi Jinping, General Secretary of the CPC Central Committee, and guides the direction of CNPC's reform and development to ensure corporate accountability in the financial, political and social areas.

In 2022, following Xi Jinping's Thought on Socialism with Chinese Characteristics for the New Era, CNPC as a major central state-owned enterprise played an underpinning role in guaranteeing oil and gas supply, promoting rural revitalization in terms of industry, talent, culture, ecology and CPC organization, and serving the Beijing Winter Olympics and Paralympics, and made meaningful contribution to ensuring national energy security, stabilizing the macroeconomic market and maintaining social stability.

## Board of Directors

The Board of Directors is entrusted with the power to make decisions on major business and management matters of the Company in accordance with the Company Law of the People's Republic of China and the Articles of Association of CNPC, including business strategy and risk mitigation. The Board of Directors has four affiliated committees, the Strategy & Development Committee, the Nomination Committee, the Remuneration & Evaluation Committee and the Audit & Risk Management Committee (Supervisory Committee), which serve to provide advice and suggestions to support the decision-making of the Board. The Board of Directors issues conventional authorization on decision-making regarding certain corporate operations in accordance with the Articles of Association of CNPC and Board of Directors Authorization Management of CNPC.

In 2022, the Board of Directors performed its duties and strengthened the role of the Board of Directors in corporate governance in line with the decisions and policies of the CPC Central Committee and the State Council and the instructions of the State-owned Assets Supervision and Administration Commission of the State Council. The Board of Directors pushed ahead with the 14th Five-Year Strategic Plan and the Company's key priorities for the year based on a strategy-guided approach to SOE reform, energy security, technological innovation, and green and low-carbon development; maintained a focus on high-standard, high-quality development; protected and created value for state-owned asset based on an efficient decision-making process; and stepped up efforts in risk management, risk analysis, and monitoring and control of major risks. The Board of Directors supported the top management in performing its duties and functions and coordinated organization-wide efforts on all fronts to achieve record-breaking results in total profit, net profit, economic profit and per-capita productivity, with total profit, net profit and net profit attributable to the parent company ranking first among central SOEs.

## The Top Management

The top management reports to the Board of Directors and is responsible for business planning, implementation and management. The top management oversees the implementation of the Company's strategies, formulates the schemes for improving production and operation, carries out board resolutions and achieves the Company's business plans and business objectives. The top management strengthens internal control, streamlines business processes, and prevents and mitigates risks to ensure compliance and efficiency of the Company's operations and management system.

In 2022, the top management made steady and robust progress in stabilizing operations, strengthening management, mitigating risks, and improving efficiency. Oil and gas operations were running smoothly and efficiently across the value chain as main production indicators improved steadily. Significant progress was made in improving quality and efficiency and in controlling losses; substantial headway was achieved in corporate reform and technological innovation and the management of regulatory compliance was brought to the next level. The top management successfully implemented work plans for the year and excelled in key performance indicators.