



## Message from the Chairman



In 2023, amid challenges from downward pressure on the economy, increasing risks, and demanding reform and development tasks, we followed President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles of the 20<sup>th</sup> CPC National Congress, surmounted difficulties and pushed forward the full and faithful implementation of the new development philosophy to promote high-quality development. Remarkable results were achieved on all fronts as operating performance reached record highs, and significant improvement in quality and sound growth in quantity. As the high-quality development scaled new height, we opened up a new horizon for building a world-class enterprise while making substantial contribution to the robust recovery of the Chinese economy.

CNPC continued to enhance its capability in efficiently supplying energy. We strengthened efficient domestic exploration and cost-effective production and pushed ahead with the construction of overseas energy production and supply bases. The reserve-production ratio continued to improve as domestic and overseas oil and gas output in oil equivalent terms hit new highs. The refining and chemicals business were on a faster shift towards the higher end of the industry chain consisting of refining, chemicals, bio-manufacturing, fine chemicals, and new materials. The world-class integration project of Guangdong Petrochemical was put into

commercial operation. Domestic crude runs and refined product output reached historic levels as the share of high-end and high value-added products continued to increase. A sophisticated marketing system took shape as refined products, natural gas and chemicals registered growth in both sales volume and revenue.

CNPC sped up the green and low-carbon transition. We advanced a three-step overall approach of clean substitution, strategic replacement, and green development at a faster pace and continued to build a clean, low-carbon, safe, and highly efficient production and supply system supporting multi-energy complementarity. A number of key projects were completed, including a one-million-kilowatt photovoltaic power plant in Xinjiang. New energy production capacity, new materials production and CCUS CO<sub>2</sub> injection increased by 44%, 60% and 43%, respectively. Helium capacity exceeded one million cubic meters annually. Our business operations gathered pace, aiming to achieve carbon peaking and carbon neutrality through the development of new energies, new materials and new businesses. Natural gas production grew rapidly, accounting for 53.5% of the Company's domestic oil and gas output.

CNPC strived to build an innovation hub for energy and chemicals. We made plans for strategic emerging industries and industries of the

future, aiming to build an industrial ecosystem and foster new-quality productive forces. Efforts have been stepped up to build strategic scientific and technological strengths. The national laboratory on green exploration and development of continental shale oil was approved. Major research and development projects such as “E&P for new oil and gas resources” made solid progress. The 10,000-meter deep earth exploration project progressed smoothly. New breakthroughs were achieved in the research and development of core technologies. The transition to “Digital CNPC” gained momentum; the Company’s IT infrastructure was further improved; the Yunmengze Smart Platform was launched; the Digital Intelligence Research Institute was established. The Company entered the list of Boston Consulting Group’s 50 Most Innovative Companies for the first time.

CNPC further improved governance efficiency. A new round of corporate reform was introduced with accelerated implementation of key reform tasks. The business division reform was in full swing. The natural gas sales reform was properly implemented. Kunlun Manufacturing was incorporated in Xiong’an. Substantive progress was made in the reform of the market-oriented business mechanism. Focusing on value creation and lean management, the “advanced version” of quality improvement and efficiency enhancement was implemented. All the four business segments and ten specialized companies registered profits and achieved quality improvement and efficiency enhancement.

CNPC remained committed to advancing high-standard opening-up. Upon the 10<sup>th</sup> anniversary of CNPC’s participation in the Belt and Road Initiative and the 30<sup>th</sup> anniversary of the “Going Global” strategy, we leveraged our experience and insights to set goals for our overseas operations in the next 10 years and 30 years. We supported major national diplomatic events and hosted a series of international events. We deepened international energy cooperation, achieved new successes and improved our capacity for international operations.

CNPC demonstrated corporate citizenship as a Central SOE. In line with the national strategy and the people-centered development philosophy, we supported the post-disaster recovery and ensured energy supply in the flood-stricken areas in Beijing, Tianjin and Hebei and the

earthquake-hit areas of Jishishan County, Gansu. We supported rural revitalization by leveraging our strengths in production, consumption and human resources. We implemented the “Go, Baby” healthcare campaign for children from underprivileged rural families and the Xuhang Scholarship Program. We ranked among “China’s Top 100 ESG Pioneer Listed Companies” with a responsible corporate profile.

2024 marks the 75<sup>th</sup> anniversary of the founding of the People’s Republic of China, the 10<sup>th</sup> anniversary of General Secretary Xi Jinping’s New Energy Security Strategy, and is a critical year for CNPC to achieve our goals under the 14<sup>th</sup> Five-Year Plan. We will follow Xi Jinping’s Thought on Socialism with Chinese Characteristics for the New Era and uphold the underlying principle of pursuing progress while maintaining stability. We will fully and faithfully apply the new development philosophy of promoting the high-quality development and serve and integrate into the new development paradigm. We will implement the new national energy security strategy and strive for quality and efficiency improvement of our business operations. We will map out strategic emerging industries and work for greater self-reliance and strength in science and technology. We will optimize operations and improve quality and efficiency, deepen reform and strengthen management, and ensure compliance and risk mitigation. We will strive to make new progress in the high-quality development, move faster to build a world-class enterprise and contribute to national energy security and the Chinese modernization.

Chairman



Dai Houliang