

# Corporate Governance

As a solely state-owned enterprise, 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, fulfill corporate responsibilities in the financial, political and social areas, 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. It integrates the strengthening of the leadership of CPC with the improvement of corporate governance, and 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. It oversees the implementation of the decisions of the CPC Central Committee and guides the direction of CNPC's reform and development to ensure corporate responsibilities in the financial, political and social areas.

In 2023, following Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles set forth at the 20<sup>th</sup> CPC National Congress, the Leading Party Group resolutely implemented the decisions of the Party Central Committee and the State Council, upheld the underlying principle of pursuing progress, followed the new development philosophy, served and integrated into the new development paradigm. The Company, as a major central state-owned enterprise, made solid headway in accelerating green and low-carbon transition, deepening rural revitalization and agricultural assistance, supporting emergency response and disaster relief in key areas, underpinning oil and gas supply and making 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, i.e., 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 for the decision-making process of the Board.

In 2023, the Board of Directors focused on its functions and roles, highlighting the strategic guidance to serve the overall strategic situation of the Party and the nation and the national energy security. The Board promoted the steady implementation of the *Company's* strategic planning for core businesses; its prudential decision-making process maintained a focus on legal and regulatory compliance, consistency with investors' requirements, compatibility with the *Company's* business strategy, and the balance of risks and returns to sustain the *Company's* high-quality development; risk management capabilities were enhanced by introducing measures to improve risk control, risk monitoring, risk assessment and risk mitigation. Procedures and mechanisms were improved to enable the Board to function efficiently and promote its competencies.



## Top Management

The Top Management is responsible for business planning, implementation and management. It oversees the implementation of the *Company's* strategies, formulates 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 management system. The Top Management reports regularly to the Board of Directors on the implementation of the decisions and resolutions made by the Board of Directors to deliver on the *Company's* strategies.

In 2023, The Top Management followed the underlying principle of pursuing progress in stabilizing operations, strengthening management, mitigating risks, and improving efficiency with a focus on enhancing core competencies and bolstering core functions. The *Company's* operations in the oil and gas industry chains and other businesses were running smoothly and efficiently, and the new energies and new materials business grew rapidly. Significant progress was made in improving quality and efficiency, technological innovation, and the deepening of reform advanced steadily. The management of regulatory compliance continued to improve and the HSE performance remained stable. The *Company's* targets and tasks for the year were successfully achieved as the operating results reached all-time highs.