

## Corporate Governance

CNPC is a wholly state-owned enterprise. According to relevant laws and regulations, including the *Company Law of the PRC*, the *Law of the PRC on State-owned Assets of Enterprises*, *Interim Regulation on the Supervision and Administration of State-owned Assets of Enterprises*, the *Constitution of the Communist Party of China*, and the *Regulation of Leading Party Members' Groups of the CPC*, as well as arrangements made by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, CNPC has established and improved the modern corporate system, continuously perfected the corporate governance structure with statutory and transparent authority and responsibilities of the board of directors and top management, and for them to function in a coordinated and balanced way. We worked to modernize the governance system and governance capacity. We focused on system building and fulfillment of responsibilities, and realized clear control objectives, effective integration of resources and optimal efficiency and effectiveness. We also exerted efforts to fully perform our economic, political and social responsibilities, and achieved sustainable, efficient and high-quality development.

### Governance Structure

#### Party Leadership Group

The Party Leadership Group refers to the leading body established by the Communist Party of China (CPC) in CNPC. Playing the role of "guiding the direction, handling the overall situation and ensuring the implementation", it is responsible for deliberating and making decisions on the Company's "Three Important and One Major" issues in accordance with regulations; performing the decision-making responsibilities on major issues such as Party building; performing the supervisory responsibilities on major operation and management issues; promoting the translation of the Party's propositions and major decisions into the Company's strategic goals, work measures, conscious actions of employees and actual results of enterprise reform and development; implementing the decisions and deployments of the CPC Central Committee and General Secretary Xi Jinping's important instructions in the Company; calibrating the direction of corporate reform; and ensuring that the Company fully performs its economic, political and social responsibilities.

In 2022, adhering to the guidance of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we fully studied and implemented the major principles of the Party's 20th National Congress, resolutely implemented the decisions and deployments of the CPC Central Committee, coordinated and promoted the fulfillment of the corporate social responsibilities of CNPC as a central SOE. Giving full play to the role of the Company as a "pillar" of oil and gas supply, we promoted overall revitalization

of rural industry, ecology, organization, culture and talent, and vigorously supported earthquake and disaster relief in key areas. We successfully accomplished our missions as a service provider for the Beijing Winter Olympics and Paralympics, making positive contributions to ensuring national energy security, stabilizing the macroeconomic market, and maintaining overall social stability in a year of special significance.

#### Board of Directors

The Board of Directors is the key organ of CNPC, which plays the role of strategy making and risk prevention. The Board has four affiliated committees, i.e. the Strategic Development Committee, the Nomination Committee, the Evaluation and Remuneration Committee, and the Audit and Risk Management Committee (Supervisory Committee), which are designed to provide advice and recommendations for Board decisions. According to the Articles of Association of CNPC, and the Regulations on the Board of Directors Authorization Management of CNPC, the Board of Directors issues mandate on decision-making regarding some management matters.

In 2022, we thoroughly implemented the major decisions and deployments of the CPC Central Committee and the State Council as well as the work requirements of the SASAC, performed our duties and operated in strict accordance with the Company's articles of association, and continued to promote the construction of the board of directors. Giving priority to strategic guidance, we promoted the



implementation of the "14th Five-Year Plan" and key tasks of the year by focusing on the deployments and requirements of reform of SOEs, energy security, sci-tech innovation, and green and low-carbon development. We made decisions in a scientific and efficient manner, deliberated and adopted relevant important proposals, and maintained and increased the value of state assets with high standards and high quality. We strengthened risk management, paid attention to risk analysis and research, and enhanced monitoring and control of major risks. We supported the management team to exercise their functions and powers according to law, as well as urged, guided, coordinated and advanced progress on various fronts, driving the Company's total profit, net profit, economic profit and total labor productivity to the best level in history. CNPC ranked the first among central SOEs, in terms of total profit, net profit and net profit attributable to the parent company.

### Management Team

As the actuator of the Company, the management team plays the role of "planning for operation, ensuring implementation and strengthening management". Centering on the implementation of the Company's development strategy and planning, the management team analyzes and judges the situation and the Company's status, and plans for improving the production and operation strategies and schemes. The management team is responsible for organizing the implementation of resolutions of board of directors, and rationally allocating human resources, financial resources and information resources, to ensure that the Company's business plans and objectives are effectively achieved. They are responsible for strengthening the internal management of the Company, optimizing the business process, preventing and resolving risks, and ensuring the standardized and efficient operation of the Company's management system. The management team answers to the Board of Directors, and regularly reports to the Board of Directors regarding the implementation of their mandates and resolutions, to ensure the implementation of the Company's strategies.

Prioritizing stability while pursuing progress, we made all-out effort to maintain stable operations, strengthen management, prevent risks, and increase returns in 2022. Enabling the smooth and efficient

operation of the oil and gas industry chains, we achieved the steady growth of major production indicators, significant results in improving quality and efficiency, and substantial progress in enterprise reform and sci-tech innovation. We improved corporate governance in accordance with laws and regulations and strengthened management. Ensuring stable safety and environmental protection performance, we successfully fulfilled the annual tasks, and outperformed the performance targets.





### Compliance Management


The Company lists "legal and compliant governance of enterprises" as one of the "Major Strategies for Promoting Enterprise Development", and as the basic guarantee for achieving high quality development and building a world-class enterprise built to last. It has been incorporated in the "14th Five-Year Plan" of CNPC. CNPC has promoted the concept of "law first, compliance first, remaining honest and trustworthy, safeguarding rights according to law", continuously strengthened the construction of its compliance management system, strictly implemented the laws, regulations and government regulatory requirements, incorporated compliance requirements into systems and processes, and built a comprehensive and effective compliance management system with well-defined classification. Focusing on improving the whole-industry-chain and whole-process compliance risk prevention and control mechanism, we endeavored to cultivate a compliance culture with petroleum characteristics, actively promoted the implementation of compliance management requirements and responsibilities, and continuously improved the Company's compliance management performance.

CNPC strictly upholds business ethics and market rules, adheres to the principles of honesty, integrity, equal consultation, and mutual benefits and win-win results, promotes "transparent trading", remains committed to maintaining fair competition in business cooperation, strictly abides by laws, regulations and international practices in anti-monopoly, anti-bribery, anti-unfair competition, anti-extortion and fraud, and human rights protection. We respect trade controls, and resolutely refuse to engage in, participate in or assist in any form of money laundering.



## CNPC Management and Control Systems

	Goals
 <p>Compliance Management System</p>	<ul style="list-style-type: none"> <li>• More optimized organizational structure and responsibilities for compliance management</li> <li>• Improved compliance management system</li> <li>• Smooth operation of compliance risk prevention and control mechanism</li> <li>• Stronger compliance guarantee</li> <li>• Standardized and controlled enterprise management behavior and employee performance behavior</li> <li>• Stronger compliance culture</li> </ul>
 <p>Internal Control System</p>	<ul style="list-style-type: none"> <li>• Integrated system</li> <li>• Comprehensive control</li> <li>• Effective implementation</li> </ul>
 <p>QHSE System</p>	<ul style="list-style-type: none"> <li>• Standardized operation</li> <li>• Controlled risks</li> <li>• Continuous improvement</li> </ul>
 <p>Anti-corruption System</p>	<ul style="list-style-type: none"> <li>• Systematic, integrated</li> <li>• Collaborative, efficient</li> <li>• Interconnected, converged</li> </ul>

	Measures
	<ul style="list-style-type: none"> <li>● Carried out the "Year of Strengthening Compliance Management" and special rectification campaign for compliance management problems in business operations, comprehensively investigated illegal and irregular acts.</li> <li>● Strengthened and comprehensively improved the compliance management system from seven aspects, including compliance system construction and responsibility implementation.</li> <li>● Compiled the compliance responsibility list, compliance review list, compliance risk list, and process control list for departments and positions.</li> <li>● Completed and improved compliance guidelines in important areas such as crude oil sales and antitrust.</li> <li>● Revised and improved the assessment rules for legal and compliant operations, strictly assessed and enforced compliance management on non compliant enterprises, and strengthened the value orientation of compliance.</li> <li>● Conducted various forms of compliance training, with nearly 1.6 million employees participating in online training.</li> </ul> <div style="text-align: right; margin-top: 20px;">  <p>Scan the QR code to download the <i>Integrity and Compliance Manual</i></p> </div>
	<ul style="list-style-type: none"> <li>● Revised the Company's risk management regulations, business process management measures, and internal control management manuals, prepared guidelines for the compilation of internal control management manuals of subordinate enterprises, and continued to promote the construction of internal control systems.</li> <li>● Established and improved a mechanism for monitoring and reporting major risks, preliminarily established a risk monitoring and warning indicator system, optimized the management mechanism for major operational risk events, and continuously deepened dynamic risk management.</li> <li>● Completed the restructuring of overseas business processes for headquarters, professional companies, and subordinate enterprises, and promoted standardized management of the Company's overseas business.</li> </ul>
	<ul style="list-style-type: none"> <li>● Completed full coverage HSE audits for 110 major domestic production and operation enterprises and 20 overseas projects.</li> <li>● Printed and distributed the <i>Management Measures for HSE Standardization Construction and Demonstration Station Selection in Grassroots Stations</i>, and carried out demonstration station selection.</li> <li>● Printed and distributed rules and regulations such as the <i>Regulations on Management Responsibilities for Work Safety and Environmental Protection</i>, the <i>Measures for the Supervision and Administration of Work Safety</i>, the <i>Measures for Safety Supervision and Management of Hazardous Sources for Major Dangerous Chemicals</i>, and the <i>Measures for Safety Supervision and Management of Laboratories</i>, and further improved the work safety management system.</li> </ul>
	<ul style="list-style-type: none"> <li>● Promoted the unity of not daring to corrupt, not being able to corrupt, and not wanting to corrupt. Always maintained a high-pressure situation in the fight against corruption, and more effectively curbed the increase and eliminated the existing problems.</li> <li>● Innovated the mechanism of anti-corruption work, established and improved a smooth and efficient collaborative mechanism for block linkage, and continuously improved the effectiveness of comprehensive anti-corruption governance.</li> <li>● Established the "three lines of defense" against corruption, viz. business supervision, functional supervision, and specialized supervision, and issued the <i>Implementation Opinions on Improving the Supervision System to Promote the Integration of Various Types of Supervision</i>, to promote the integration of various types of supervision.</li> </ul>