



CHAIRMAN'S MESSAGE

I'm very pleased to present this year's CSR report. In 2023, in spite of profound adjustments took place in the world economy and the volatile energy market, we made some progress while ensuring stable production, management, reform and development. With new records set in business performance, we are one more step closer to the goal of becoming a world-class energy company.

Securing energy supply

We accelerated the construction of a diversified oil and gas supply system, achieved a number of new breakthroughs in oil and gas exploration, and the oil and gas SEC reserve replacement rate stabilized and rebounded. Domestic and foreign oil and gas production reached a record high, with increased share of natural gas, exceeding the target of the seven-year action plan. We also stepped up efforts in building the "three 100-million tons" pattern at home and abroad. Major breakthroughs were made in the refining-chemical transformation and upgrading. Guangdong Petrochemical's world-class integrated refining and chemical base was successfully put into commercial operation. Two ethylene projects in Jilin and Guangxi continued to advance, and the phase II of the Tarim ethane-to-ethylene project was approved and started construction. Major production and operation indicators such as crude runs, refined products production and sales, ethylene production, paraxylene production, chemical product sales, and natural gas production and sales all reached the best level in history. The marketing ability has been significantly improved. With over 60% in market share, we provided quality natural gas in key periods and key regions, enhancing our ability to ensure secure and stable supply.

Green and low-carbon transition

We accelerated the efforts in the general deployment of the three-step strategy of "clean energy substitution, strategic succession and green transition", and built a number of projects, including the construction of million-kilowatt PV stations in Kashgar, Xinjiang, the medium and deep-level geothermal heating project in Beijing, and the water electrolysis hydrogen production facility in Yumen, as well as the equity acquisition of Potevio New Energy Co., Ltd. Solid progress was made

in the whole industry chain CCUS demonstration project, and a historic breakthrough was made in new energy development and utilization. With the new energies capacity reaching 11.5 million tons of standard coal/year, the power generation is 3.4 times that of 2022, and the pattern of "oil, gas, geothermal, electricity and hydrogen" has taken shape. Significant progress was made in speeding up new materials projects, target products were produced from polyolefin elastomer pilot plants; new materials production rose by 60% year-on-year, making solid strides towards the mid-to-high end of the industrial chain.

Reform, development and innovation

In the past year, we strengthened self-reliance in high-level science and technology, made steady progress in major science and technology projects and key projects, and made a number of landmark achievements. Practical progress was made in building the two original technology incubation hubs, ten-thousand deep and ultra-deep exploration, and mass production of China's first double-end functional dissolved polystyrene-butadiene rubber. Other progress was made in our efforts in building a digital CNPC, as well as enhancing national strategic scientific and technological strength and innovation hubs of energy and chemicals. We continued to modernize the corporate governance system and governance capacity, launched a new round of actions to deepen and upgrade the reform of state-owned enterprises, and comprehensively, completing smooth reform in the oil/gas & new energies and refining/chemical & new materials businesses. The reform and adjustment of the natural gas sales system was in place, the transfer of vehicle refueling terminals was basically completed, and the reform of the overseas business system was deeply promoted. The new Kunlun Manufacturing Company is established in Xiong'an, Hebei. We also doubled efforts in promoting the market-based reform in operation, and the reform in R&D innovation for major SOEs, injecting sustained and powerful vitality to high-quality development.

International energy cooperation

We took an active part in global energy governance, and made Chinese energy voice heard. 2023 was the 10th anniversary of the Belt and Road Initiative and the 30th anniversary of CNPC's go global strategy, and we pushed forward global energy cooperation by hosting a series of foreign events including the Third Belt and Road Energy Cooperation Roundtable, the fifth China-Russia Energy Business Forum, and the sixth CNPC International Cooperation Forum. I also visited some companies, and shared with some friends of old and new on petroleum in international conferences. We have achieved some new results as our foreign cooperation advanced widely and deeply.

Employee growth

In the past year, we put people first and safeguard the interests and rights of all our employees. We conducted activities around employee demand on a regular basis, and built a nine-level skills enhancement system for employee growth; we expanded and diversified vocational development channels, completed support system for employees in need, and strengthened care, mental counseling and health management for employees. We innovated a digital party building platform to handle matters concerned by employees via the party information box. With our effective reach out to employees, 99.86% of problems reported were solved.

Inclusive and shared development

We ensured high-quality peak shaving in summer and gas supply for heating in winter. We invested RMB 659 million in rural revitalization and social welfare undertakings, benefiting people with our resources and helping them in consumption, industry, and education, making our contribution to poverty alleviation through rural revitalization. We promoted localized employment overseas. 95% of our employees in the Rumaila project in Iraq were locals. Besides, we conducted trainings and built hospitals and schools for local communities, benefiting millions of people. The overall taxes and charges totaled RMB 93.15 billion overseas in the past year. With our contributions to the local economy and society, we received the "Subroto Award" by the Indonesian Ministry of Energy and Mineral Resources and the "Outstanding Environmental Compliance Award" by the Ministry of Environment of Ecuador.

Looking ahead, there are still uncertainties in this changing world, presenting enormous challenges and opportunities. We will continue to make steady progress, implementing the new development philosophy and national energy security strategies, so as to achieve high-quality development, secure national energy security, and contribute to the Chinese modernization.

Thank you for your long-term support for CNPC! As a global corporate citizen, we will leverage our strengths to meet social needs, address common challenges, explore potentials for development, and create shared values with stakeholders. In our pursuit of harmonious and sustainable development between energy, environment and society, we are dedicated to building a community with a shared future for mankind.

Dai Houliang
Chairman

戴厚良