

CORPORATE GOVERNANCE

CNPC is a wholly state-owned enterprise, and the State-owned Assets Supervision and Administration Commission (SASAC) performs the responsibilities of investor on behalf of the State Council in accordance with relevant laws, administrative regulations, and authorizations. The Company has been implementing the principle of “Two Consistencies” in line with the Party’s leadership with corporate governance and aligning the leading role of the Leading Party Members Group with the Board of Directors’ lawful fulfillment of its duties. A corporate governance mechanism has been established, with clearly defined powers and responsibilities, transparency and accountability, coordinated operations, and effective checks and balances. A modern enterprise system with Chinese characteristics has been evolving to support the modernization of governance systems and governance capabilities, with a focus on the development of mechanisms and institutions for building a world-class enterprise and the fulfillment of its economic, political, and social responsibilities.

»» The Party Leadership Group

As the leading body established by the Party in CNPC, the Leading Party Members Group has a legal status in the corporate governance structure, and it plays a leading role in guiding, supervising, and ensuring the implementation of major decisions. In line with the principle of “Two Consistencies”, the Leading Party Members Group strengthens the Party’s leadership in all aspects of corporate governance such as decision-making, execution and supervision. It fulfills the duties of decision-making or supervision in major matters of the Company, and decides on major matters such as Party building. It promotes the transformation of the Party’s propositions and major decisions into the Company’s strategic goals, work measures, and conscious actions of employees by conducting preliminary reviews of major matters concerning operation and management. It oversees the implementation of the Party’s theories, guidelines, policies, and national development strategies and upholds socialism in the Company’s reform and development.

In 2024, adhering to the guidance of 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, the Second and Third Plenary Sessions of the 20th CPC Central Committee, resolutely implemented the decisions and deployments of the CPC Central Committee and the State Council, upheld the underlying principle of seeking progress while maintaining stability, followed the new development philosophy, exercised the duties in full and strict governance over the Party, coordinated the deepening of reform, strengthened scientific and technological capabilities of strategic importance and accelerated the development of new quality productive forces. As a major central state-owned enterprise, CNPC made solid headway in enhancing the supply capacity of high-quality energy and chemical products, strengthening production safety and environmental protection, making important contributions to ensuring national energy security and bolstering the overall recovery of the Chinese economy.



» Board of Directors

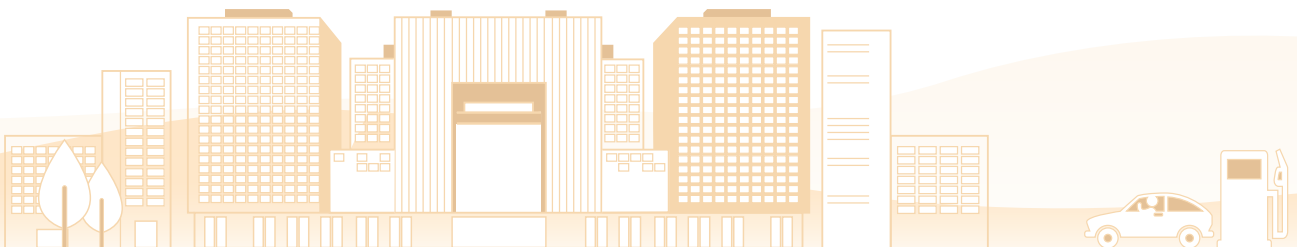
As the decision-making body, the Board of Directors plays the role in strategy defining, key decision making and risk prevention. In accordance with the *Company Law of the People's Republic of China* and the *Articles of Association of CNPC*, the Board of Directors makes important decisions on the Company's major management issues, major issues related to the Company's strategic development, organizes the formulation of the Company's strategic development plan and promotes its implementation. It supervises the implementation of such decisions by executive management; promotes the improvement of the Company's rules and procedures for risk management, internal controls, legal compliance, accountability and internal investigation; and identifies, analyzes, and oversees the prevention and mitigation of major risks.

In 2024, the Board of Directors focused on a systematic, rational and efficient approach in terms of performing its functions and duties, including revising the Company's Articles of Association in accordance with the Company Law to provide a solid foundation for its institutional framework; serving the overarching strategic goals of the Party and the nation and the national energy security; guiding reform and development from a strategic perspective based on the accurate insight into industry trends; promoting the steady implementation of the Company's strategic planning for core businesses; taking a precise, disciplined and cost-effective approach to investment based on rational and informed decisions; preventing and mitigating major risks through an enhanced mechanism for identifying, analyzing and responding to risks; and leveraging the Company's strengths in sci-tech innovation, industry dominance and energy security areas to build China into a great modern socialist country and advancing the rejuvenation of the Chinese nation through the Chinese path to modernization.





» Managers

As the executive body, the management is responsible to the Board of Directors, and 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 analyzes and judges the development situation, and plan for improving the production and operation strategies and schemes. The management is responsible for organizing the implementation of board resolutions, and rationally allocating 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 reports to the Board of Directors regularly on the implementation of authorized decisions and resolutions, to ensure the implementation of the Company's strategies.

In 2024, the management followed the underlying principle of "seeking progress while maintaining stability" and made headway towards high-quality development with a focus on enhancing core competitiveness and bolstering core functions. The Company's oil and gas operations 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 performance, the technological innovation and the deepening of reform advanced steadily. The legal compliance management continued to improve and the QHSE performance remained stable. The Company's targets and tasks for the year were successfully achieved as the operating results reached all-time highs.



CNPC governance system

Corporate governance system	Goals
<p>Compliance management</p> 	<ul style="list-style-type: none"> ○ Strengthened compliance management structure ○ Optimized operational mechanism ○ Enhanced capabilities in key risk prevention ○ Enhanced awareness and ability
<p>Internal control</p> 	<ul style="list-style-type: none"> ○ Integrated system ○ Comprehensive control ○ Effective implementation
<p>QHSE</p> 	<ul style="list-style-type: none"> ○ Standardized operation ○ Controllable risks ○ Continuous improvement
<p>Anti-corruption</p> 	<ul style="list-style-type: none"> ○ Systemic and integrated ○ Synergized and efficient ○ Interconnected and converged

	Measures
	<ul style="list-style-type: none"> ○ Carried out the “Compliance Management Enhancement Year” campaign, clarified the key measures of “four enhancements and one reduction”, and organized enterprises to break down tasks and implement them effectively. ○ Strengthened the operation of the compliance committee, promoted the appointment of chief compliance officers, and gave full play to the role of compliance administrators in business departments. ○ Optimized the effectiveness evaluation indicators of the compliance management system, organized enterprises to carry out evaluations, and promoted the continuous improvement and effective operation of the compliance management system. ○ Strengthened the monitoring of administrative penalty information and promoted the rectification of enterprises. ○ Carried out risk and hidden danger investigations and special governance in key areas such as sales and trade, safety and environmental protection, bidding, finance, and anti-monopoly, promoted the implementation of the responsibility of “managing business and compliance”, and enhanced the ability to prevent and control risks. ○ Carried out special training on laws and regulations, with a focus on middle and senior management personnel, key position personnel, and legal compliance personnel. Organized various forms of publicity and implementation activities to enhance the compliance awareness and capabilities of management personnel at all levels.
	<ul style="list-style-type: none"> ○ Improved the internal control system. Issued standards in risk assessment and business process evaluation, carried out internal control traversal tests of the Company’s unified construction systems, strengthened the control of key links in business information systems, and enhanced the cultivation of internal control talents. ○ Strengthened risk management. Carried out in-depth risk assessment and monitoring as well as comprehensive risk analysis, strengthened research on risk early warning, and promoted the effective improvement of the ability to prevent and mitigate risks. ○ Strict process management. Separated the business and authority of the headquarters according to different legal entities, opened up cross-departmental compliance review channels, and strengthened the management of process time limits. Promoted the process standardization in specialized business fields and comprehensively sorted out the business processes of oil and gas exploration, development and production throughout the entire chain. ○ Strengthened internal control supervision and evaluation to promote law-based and compliant operation. Launched the internal control supervision and evaluation for 2024, organized the internal control management tests of the headquarters and 61 affiliated enterprises, and urged the rectification and implementation. A total of 1,626 audit projects were carried out throughout the year, and the rectification rate of internal audit issues was 99.8%.
	<ul style="list-style-type: none"> ○ Issued the Guiding Opinions on Deepening and Improving the QHSE Management System Audit, adhering to the audit requirements of “integration, differentiation and precision”, and implementing a hierarchical and classified, enterprise-specific, precise and effective audit. ○ Established an information database of senior auditors and technical experts, standardized the templates for audit plans, audit programs and audit report compilation uniformly, carried out audit quality assessment, and strived to improve audit quality and efficiency. ○ Completed audit for over 130 major production and operation enterprises (including overseas projects).
	<ul style="list-style-type: none"> ○ Unified promotion of not daring to be corrupt, not being corrupt, and not wanting to corrupt. Always maintained a high-pressure situation in the fight against corruption, and more effectively curbed the increase and eliminate the stock. ○ Accelerated the development of digital supervision to improve our ability and coverage. ○ Deepened three-supervision (business, function, and accountability) and promoted efficient synergy from other means of supervision.