

TOPIC

EFFICIENT ENERGY SUPPLY CAPACITY UNDER THE NEW ENERGY SECURITY STRATEGY

Energy security is a comprehensive and strategic issue related to a country's economic and social development. It is of vital importance to the country's prosperity and development, the improvement of people's lives, and the long-term stability of society. As a key state-owned enterprise and the largest comprehensive energy and chemical enterprise in China, CNPC unswervingly implements the new energy security strategy of "Four Reforms and One Cooperation", fully enhances the capacity for efficient energy supply, and contributes to ensuring national energy security and advancing the Chinese path to modernization.

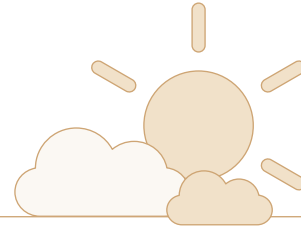
Solid Progress in Implementation

The Company emphasizes safety and efficiency, and comprehensively enhances the supply capacity of diversified energy resources

We thoroughly implemented the new round of strategic actions for breakthroughs in mineral exploration, continuously intensified risk exploration and concentrated exploration efforts, scientifically organized the production and operation of oil and gas, and vigorously developed unconventional oil and gas businesses. Efforts have been made to strengthen the construction of the oil and gas reserve system. Domestic crude oil production has remained stable with a steady increase, and natural gas production has grown rapidly, with its equivalent exceeding that of crude oil. The task of ensuring natural gas supply has been accomplished with high quality, and the domestic market share has exceeded 60%. We accelerated the development of new energy business, and optimized and expanded the layout of green industries. Aiming at green and intelligent development and moving towards the medium and high end of the industrial chain, we orderly promoted the construction of a number of world-class and landmark projects in oil refining and chemical industry transformation and upgrading. Adhering to the philosophy of "molecular refining" and the "product giant" strategy, we have vigorously implemented the new materials acceleration project. The output of major oil refining and chemical products has continued to grow, and the proportion of high-end and high value-added products has been constantly increasing. The sales volume of refined oil products accounts for about one-third of the domestic market share.

The Company focuses on energy conservation and consumption reduction, and vigorously promotes green and low-carbon development

Following the roadmap to energy conservation and green and low-carbon development, we further advance the three major actions (Green Enterprise Construction Leader, Clean Energy Contributor, and Carbon Circular Economy Pioneer) and the ten major projects to promote energy conservation and carbon reduction. We continued to intensify efforts in energy efficiency compliance, energy conservation and carbon reduction, improved incentive and restraint policies, and promoted the Company's transformation from "dual control of energy consumption" to "dual control of carbon emissions". Despite the continuous growth of its oil and gas business and the expanding scale of new refining and chemical materials, the Company has achieved no increase in total greenhouse gas emissions and has been awarded the title of "Low-carbon Case" for consecutive years.



The Company highlights independent innovation, and intensifies scientific and technological research in the fields of energy and chemical engineering

We have built an open and innovative ecosystem and promotes the in-depth integration of the industrial chain, innovation chain and value chain. It has deployed and implemented two 10,000-meter preliminary prospecting wells, advancing into deep Earth exploration. Well Shenditake 1 has broken the 10,000-meter mark and set a new record for the deepest vertical well in Asia. We vigorously promoted the construction of a “digital CNPC”, implemented the information technology reinforcement project to accelerate the empowerment of management. Over the past ten years, we have won a total of 30 national-level science and technology awards. The number of authorized patents ranks among the top of central SOEs. Our independent innovation capabilities have basically transformed comprehensively and became a leader in some areas.

The Company emphasizes stimulating vitality and comprehensively deepens reforms in key areas

In line with the central government’s deployment and requirements for deepening the reform of the systems and mechanisms of state-owned enterprises and the oil and gas industry, we vigorously carried out the three-year action plan for state-owned enterprise reform and the new round of deepening and upgrading actions for state-owned enterprise reform. We improved the top-level design of corporate governance and established four sub-groups: oil and gas and new energy, refining, chemical sales and new materials, support and service, and capital and finance. We have fully implemented the business-specific reform, further advanced professional reorganization, continuously intensified the reform of three systems, and improved the market-oriented operation mechanism. As a result, the quality of the Company’s organizational operation, the efficiency of resource allocation, and the vitality of enterprise development have been constantly enhanced.

The Company emphasizes mutual benefit and win-win results and actively and steadily conducts international energy cooperation

Adhering to the principle of “openness, inclusiveness, cooperation and win-win”, with countries along the Belt and Road Initiative as the focus, we strengthened mutually beneficial cooperation in overseas energy and resources, and strived to optimize the overseas asset structure, business structure and regional layout. We continued to optimize the global trade network and resource channels, deepen the construction of cross-border oil and gas channels, built a community of shared interests in energy cooperation, and completed a number of high-standard landmark projects and engineering. We maintained stable benefits in terms of overseas oil and gas equity production equivalent.

Driver and Leader in Energy Reform

The Company has been deeply promoting the energy supply revolution to function as a stabilizer in ensuring national energy security

We fully implemented the new round of strategic action for breakthroughs in mineral exploration, significantly enhanced domestic oil and gas exploration and development efforts, accelerated the development of unconventional oil and gas businesses such as shale oil and gas and deep coal-rock gas, and comprehensively increased domestic oil and gas production and consolidated the foundation of energy security. We continued to deepen the large-scale development and comprehensive utilization of non-fossil energy sources such as wind, solar and geothermal energy, and accelerated the transformation of enterprises towards the production and supply of integrated energy sources including oil, gas, geothermal, electricity and hydrogen. We spared no effort to promote the transformation and upgraded of the refining and chemical business, striving to increase the production of efficient refining products and high value-added chemical products, and accelerated the shift towards the medium and high end of the industrial chain consisting of "refining, chemicals, bio-manufacturing, fine chemicals, and new materials".

The Company has been deeply promoting the energy consumption revolution and taking the lead in energy conservation and carbon reduction

Following the philosophy that "energy conservation means increased production and saving means enhanced efficiency", we vigorously promoted the implementation of source control projects such as clean substitution of fossil energy, optimization of raw materials and processes, and upgrading of the industrial structure. We also explored and developed the circular economy of oil and gas, and orderly promoted the transformation of the energy consumption structure towards clean, green and low-carbon. Efforts were made to innovate energy-saving technologies, deepen the integration of next-generation digital and information technologies with the energy industry, strengthen the research and development of efficient energy-saving technology and equipment, and improve energy use efficiency driven by innovation. We strengthened energy conservation management, established and improved the system for energy conservation and efficiency improvement, intensified constraints on fossil energy consumption, and strived to win the battle in energy conservation and carbon reduction.

The Company has been deeply promoting the energy technology revolution and playing its role in achieving high-level self-reliance and independence in science and technology as a key SOE

Taking innovation as the top strategy, we accelerated the layout of scientific research and the improvement of the innovation system in accordance with "rapid breakthroughs" and "sustained efforts". We accelerated the layout of scientific research and the improvement of the innovation system, continuously strengthened the research and development of key core technologies, equipment and software in exploration and development, new chemical materials, etc., promoted in-depth collaboration among industry, academia, research and application, and advanced digital transformation and intelligent development. We continued to optimize the governance system for science and technology, accelerated the cultivation of petroleum scientists and strategic talents in the fields of energy and chemical engineering, and strived to build a national strategic scientific and technological force and an innovation highland for energy and chemical engineering.



The Company has been deeply promoting the reform of the energy system and playing its role as a model in the reform of state-owned enterprises and strengthening management

We fully implemented the action plan for deepening and upgrading the new round of state-owned enterprise reform and consolidated the achievements of the three-year action plan for state-owned enterprise reform. We continued to deepen the reform of the organizational system, improved the three-level management structure with the headquarters, business sectors (sub-groups)/specialized companies as the main body, and improved the management structure that combines "vertical" and "horizontal" management. We continued to deepen the reform of the market-oriented operation mechanism and improved the market-based price transmission mechanism of the industrial chain. Focusing on the three main lines of "business development, management transformation, and technological empowerment", we strived to promote the reconstruction of business models, the transformation of management models, and the innovation of business models. We supported the Company's high-quality development with high-level digital transformation and strived to build a "digital CNPC".

The Company has been deeply engaged in all-round international cooperation and is determined to be the "main force" in the high-quality development of the Belt and Road Initiative (BRI)

We resolutely implemented major national strategies, served the overall situation of national diplomacy, focusing on the BRI, comprehensively deepened mutually beneficial cooperation in overseas energy and resources, and ensured the effective and stable production of overseas oil and gas. We continued to improve the construction of cross-border energy channels to ensure the safe, efficient and stable operation of overseas oil and gas pipelines. We further expanded international cooperation, continuously increased the scale of oil and gas trade, and enhanced the resilience and security of the oil and gas industry chain and supply chain. Adhering to the principle of mutual benefit and win-win results, we drove and promoted the economic and social development of the countries where the projects are located, enhanced people's well-being, strengthened the international communication capabilities, promoted cultural integration, and built a community of shared interests in energy cooperation.

