



## Message from the Chairman

2020 has been an extraordinary and extremely challenging year for CNPC. From the once-in-a-century COVID-19 pandemic to the deep global economic recession, and to the most dramatic oil price collapse in the petroleum history over a hundred years, we were faced with mounting risks and challenges rising abruptly and various contradictions colliding each other. In the midst of changes and challenges, the board and top management of the company showed firm resolve in implementing the important instructions of Chinese President Xi Jinping as well as the decisions and guidance of the State Council, pooled company-wide efforts and wisdom, employed unusual measures in the unusual time, and delivered exceptional performance with utmost diligence. We accomplished the 13th Five-Year Plan with great success, which went down in the history of CNPC as a chapter of grandeur.

**Our targeted approach and strong coordination enabled significant achievements in COVID-19 prevention and control.** CNPC takes the safety and health of our employees as the top priority. We set up the CNPC Leading Group of Epidemic Prevention and Control immediately after the outbreak, organized COVID-19 response in a well-conceived way, and put in place a company-wide prevention & control system and a joint prevention & control mechanism that helped to secure the bottom line of no COVID-19 infection in the workplace. Meanwhile, we fully leveraged our industrial and resources advantages to deliver on our core mission of reliably supplying oil and gas. We made a quick production shift to produce COVID-19 prevention materials and feedstock, made donations to hard-hit regions, sent CNPC medical teams to Hubei Province, mobilized thousands of service stations to provide daily necessities for local communities, and worked to support social employment through our spring recruitment. All these efforts spoke volume about our underpinning role as a major SOE.

**We focused on high-quality growth of core businesses, and realized constant improvement in capabilities to guarantee energy supply.** To conscientiously act in line with Chinese President Xi Jinping's instructions on putting more emphasis on domestic exploration and development, we implemented the seven-year-action plan and achieved "three 100-million tons", namely a stable domestic crude output of 100 million tons with increase, a record high 100 million tons of natural gas output in oil equivalent, and an overall stable volume of 100 million tons of oil and gas equivalent from overseas equity production. Structural adjustment of refining and chemicals business saw notable progress. Performance of marketing segment was improved in every dimension. Market shares of supporting businesses were expanded against the downtrend.

**Focusing on bottlenecks, we enhanced reforms and innovation to fully unleash the vigor for development.** CNPC continued to give innovation a pivotal role in its overall development. We formed a leading group to support the R&D of core technologies, explored and then introduced a competition mechanism to select best candidates to lead research projects. The company also tied innovation partnerships, strengthened debottlenecking efforts in key projects, and scored a number of landmark innovation results. We set up Kunlun Digital Technology Company, which enabled digitalization to pick up pace. We also launched a special research program to promote modernizing corporate governance system and capacity, drew up and acted on the three-year-reform action plan, made breakthroughs in crucial areas and

key links, and successfully concluded equity participation in PipeChina as well as the transaction of our pipeline assets.

**We took active actions on green and low-carbon development, and sped up efforts in rolling out natural gas and new energies business.**

CNPC included “green and low-carbon” into its corporate development strategies, which spelled out the orientation for future transition. The company deems speeding up gas development as an important approach and key target for environmental protection and for building a clean, low-carbon, safe and efficient energy mix. In the year, we further added new reserves and increased production. The output of domestic gas in oil-equivalent surpassed that of crude, registering a milestone progress in adjusting our production mix. CNPC actively delivers on the “carbon peak” and “carbon neutrality” pledges of the Chinese government, and sets its target at “near zero” emissions in 2050, with more efforts in rolling out new and renewable energies.

**We actively engaged in international cooperation to forge an oil and gas community of shared interests.**

The company remains committed to promoting opening-up and cooperation, as well as to the concept of “extensive consultation, joint contribution, and shared benefits” in international cooperation. We continued our communications and collaborations with partners online and offline, and exchanged observations regarding new opportunities and new measures in oil and gas cooperation against the backdrop of COVID-19, contributing our insights on creating a new order and new paradigm for the international energy industry. The Third CNPC International Cooperation Forum was held successfully, attracting delegates from dozens of renowned international companies and industry top players from around the world.

**Strong CSR commitments continued to contribute to the corporate image.**

With concrete efforts in safe production and green development, CNPC continued to operate in an eco-friendly way. Throughout 2020, there was zero occurrence of significant industrial and environmental incidents, showing an ever improving HSE profile. We worked all out to support and join the national poverty alleviation endeavors. Fifteen counties, cities and districts receiving paired-up assistance from CNPC have all shaken off poverty as scheduled. The company has been granted the top rating “good” on poverty relief by the central government for three consecutive years, and won the 2020 National Poverty Alleviation Award. Being people-centered, we strive for a growth that is shared by the company, the society, as well as our employees. Consequently, CNPC is enjoying a more favorable environment for development both internally and externally.

2020 is the finale of our 13th Five-Year Plan. After five years of tireless efforts, CNPC has fulfilled all the set tasks and targets. The past five years witnessed a total turnover of RMB 11.8 trillion and sustained improvements in our comprehensive strength and international competitiveness. CNPC ranks 4th on Fortune Global 500 and 3rd among top 50 oil companies, fulfilling our goal for scaling a new high on the path to a world-leading integrated international energy company. Meanwhile, we have made significant contributions to China’s energy security and the establishment of a moderately prosperous society in an all-round way.

These achievements didn’t come easy. On behalf of the board of directors and the top management team, I would like to express sincere gratitude to the entire staff of CNPC and the whole society for their confidence and great support.

2021 marks the beginning of China’s 14th Five-Year Plan. China is embarking on the new journey to fully build a modern socialist nation and marching towards the second centenary goal. Profound changes unseen in a century are evolving in accelerated paces. The international landscape continues to display complexities. In the energy sector, electrification, marketization, digitalization and green revolution are just unfolding, and the transition of the industry is stepping up. Embracing China’s new development stage, international landscape adjustments and energy transition, we will maintain the strategic focus, hold on to a systematic perspective, reinforce forward thinking, overall planning, strategic deployments and holistic advancement, and vigorously deliver on the corporate strategies of “innovation, resources, market, internationalization, green and low-carbon”.

CNPC will hold true to our long-term strategy of quality growth, keep deepening supply-side structural reform, take reforms and innovation as the key driver, and add values by pursuing green development and supplying reliable energy to fuel the growth of our customers and power people’s happy life. We will strive for a development that is more efficient, equitable, sustainable, safe and high-quality, as a way to make our due contributions to support China’s energy security, help shape the new development paradigm, and seize new victories in building a modern socialist China in an all-round way.

Chairman

Dai Houliang