

## Public Welfare

We always adhere to combining our business growth with sustainable development of the host countries in which we operate. We aim to become an outstanding business enterprise in the host country by attaching importance to people's livelihood and social progress, sharing development opportunities and resources with the local community, participating actively in the development of local communities and promoting harmonious economic and social development.

### Targeted Poverty Alleviation

**At the grand gathering to mark China's achievements in poverty alleviation and to honor its model fighters against poverty,**

- CNPC Office of the Leading Group for Targeted Poverty Alleviation and Paired-Up Assistance and PetroChina Tarim Oilfield Company were awarded the "National Advanced Collective for Poverty Alleviation".
- Liang Nanyu and Bu Pengzhou were named the "National Advanced Individual in Poverty Alleviation".

Poverty alleviation is an important topic in sustainable development around the world and also one of our key concerns. We have responded positively to the initiatives of the United Nation's *2030 Agenda for Sustainable Development* and to the Chinese government's policies on poverty alleviation targeted at the improvement of people's livelihood, industrial development, intellectual development and medical care. By combining our business strengths with local resources and market advantages in areas receiving assistance, we have taken targeted measures to help them develop the local economy on their own.

We actively work out our solutions and make our contributions to poverty alleviation. In 2020, we invested RMB 172 million and continued to carry out fixed-point poverty alleviation and aid programs, and implemented 84 projects, including infrastructure reconstruction, education and training, healthcare, and industrial collaboration in 13 counties and districts in 7 provinces (municipalities and autonomous regions) of China - Xinjiang, Tibet, Qinghai, Chongqing, Henan, Jiangxi and Guizhou.

#### CNPC was honored as 2020 Responsible Corporate of the Year

- At the 16th International CSR Forum hosted by China News Service and News China, CNPC was honored as 2020 Responsible Corporate of the Year.

#### CNPC was honored the "National Award for Innovation in Poverty Alleviation"

- At the Poverty Alleviation Commendation Conference hosted by the State Council Leading Group Office of Poverty Alleviation and Development, CNPC was awarded the "National Award for Innovation in Poverty Alleviation" for its outstanding contributions to poverty eradication.



CNPC initiated a rural tourism project for poverty alleviation – "Vernacular B&B Town alongside Yellow River" in Jiangzhuang Village, Taiqian County, Henan Province. The project has brought a more attractive environment, smoother roads and better life to local residents.

# Special Report

## CNPC's Contributions to Poverty Alleviation

CNPC has an inherent sense of responsibility and mission for the cause of poverty alleviation, and has put it into practice for long. While working to secure sustainable, inclusive, lasting and fair economic growth through business activities, CNPC plays an important part in development-oriented poverty alleviation under the leadership of the Chinese government, and explores effective poverty alleviation models and paths. Since 1988, CNPC has invested a total of nearly RMB 7 billion aid funds, benefiting nearly 10 million people in 476 counties (cities) in 28 provinces (municipalities and autonomous regions) across China.

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### Poverty Alleviation through Industrial Development



For targeted poverty alleviation through industrial development, we endeavor to foster local businesses to create more job opportunities to local people and improve the local capability in independent development, thereby helping the poor earn more money and get rid of poverty. All the regions under CNPC's poverty alleviation program passed the national special assessment and inspection, totally shaking off poverty.

#### "Internet +" for poverty alleviation and opening up the sales channels for Balikun Cantaloupe

CNPC and China Foundation for Poverty Alleviation jointly created the Shanpin Commune · Balikun Cantaloupe Project in order to make use of the advantages of the cantaloupe industry in Santanghu Town, Balikun, Xinjiang Uygur Autonomous Region. With the help of CNPC's capital, technology and business philosophy, the cooperative organizations attracted local farmers to grow green, pollution-free, sweet and crisp cantaloupe, and through the "Internet + poverty alleviation" mode, selected e-commerce logistics platform to achieve online cantaloupe sales.

"Xiaobing Cooperative" as established by Yan Xiaobing joined the Balikun Cantaloupe Project. As of September 2020, "Xiaobing Cooperative" had attracted 110 farmers, the planting bases under it have reached 1,000 mu, and its aggregate sales of cantaloupe have reached RMB 8.6 million.

### Poverty Alleviation through Medical Care



We strive to improve the medical conditions in poor areas through multiple measures, such as building/renovating township medical centers, making regular clinic visits, and training rural medical workers.



### Poverty Alleviation through Improvement of People's Livelihoods

We focus on improvement of the living standards and the overall quality of life. To solve the prominent problems such as poor public facilities and less profitability of residents, we have assisted in the projects such as herders' housing, drinking water and irrigation.

#### Photovoltaic poverty alleviation

- We invested RMB 7.88 million in the construction of centralized PV power plant project in Hengfeng County, Jiangxi Province. From commencement of grid-connected power generation to June 2020, the profits reached nearly RMB 1.6 million, and dividends distributed to 16 villages (farms) exceed RMB 1.14 million.

#### Aided construction of industrial facilities

- We invested RMB 60 million to build the tourist center of Shuanghu County, Tibet, and the supporting facilities including the pedestrian streets, parking lots, and mobile life-support equipment, in a drive to boost the development of local tourism industry and the employment for herders.

#### Irrigation projects

- From 2016 to 2020, we funded the water-saving irrigation projects in Nileke and Qinghe counties of Xinjiang for 27,000 mu of arable land, nearly quadrupling the output of agricultural and sideline products per mu and benefiting 5,500 poverty-stricken people.



### Poverty Alleviation through Intellectual Development

We are committed to boosting the talent pool and economic development in recipient regions, especially through improving labor skills and innovation-based entrepreneurship and business management capability.

#### Training for grassroots management and governance

- We trained 9,000 grassroots managers in cooperation with the Chinese Academy of Governance and the Academy of Rural Party Branch.

#### Training for innovation-based entrepreneurship and business management capability

- We delivered training courses on modern agriculture and other disciplines in cooperation with a number of institutions including China Foundation for Poverty Alleviation to more than 40,000 leaders in poverty alleviation and professional personnel.

#### Faculty capacity building

- We implemented training programs such as the "Teacher Training Program" and trained more than 7,700 educators in total.

#### Labor skills training

- We provided training for auto mechanics and maternity matrons for more than 2,000 people.

## Supporting Education

Access to high-quality education is fundamental for improving the quality of life and achieving sustainable development. It is clear that education is one of the biggest drivers to sustainable development. We strive to carry out various activities and give young people equal opportunities for education to help them pursue their goals and boost their personal growth. Specifically, we set up scholarships, offer grant loans and subsidies to students from underprivileged families, improve teaching conditions in poor areas, and support scientific and cultural activities as well as relevant competitive activities. In 2020, we granted CNPC Scholarships of RMB 3.99 million to 635 excellent students.

In addition, we explore new models to support education, and call on the public to focus on and work together to achieve education equality. In cooperation with China Foundation for Poverty Alleviation (CFPA), Beijing Normal University Group and Tencent Foundation, we sponsored the Xuhang Program and the Teacher Training Program to help students from poor families complete their studies.

### Case

#### Restoring Educational Dream in Shuanghu, Tibet

Children in Tibet have been enjoying 15 years of free education – from kindergarten to high school – since 2012. In Shuanghu County, however, only a small number of students (<10%) were enrolled in senior high school. Such a low enrollment rate was mainly attributed to the fact that most parents didn't think education could ensure a promising future for their children. Under this background, CNPC decided to sponsor the study of some Shuanghu children in Beijing, making the Shuanghu residents understand how education is important.

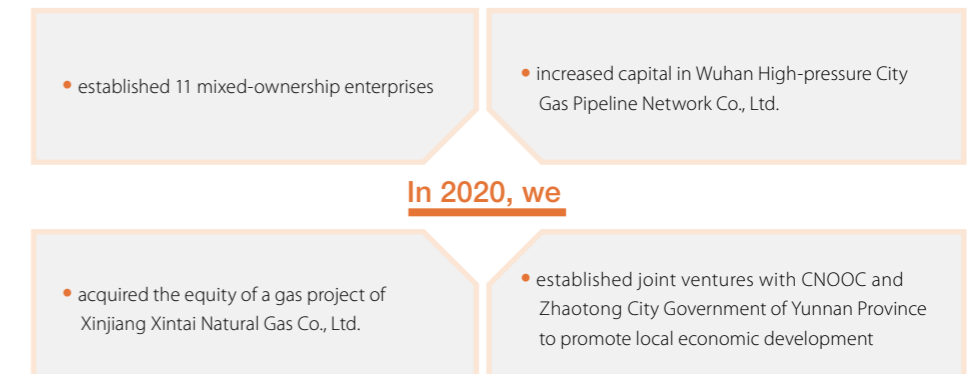
With the support of CNPC and some charitable educators, more than 40 Shuanghu children have been enabled to study in the Lhasa Beijing Experimental High School, the Lhasa Beijing Primary School, the High School Affiliated to Beijing Normal University and other schools. Upon the 2020 national college entrance exam, four Shuanghu students at Grade 3 in the Lhasa Beijing Experimental High School exceeded the undergraduate enrollment cut-off points, and one of them even surpassed the point for admission into key universities.

## Promotion of Local Development

CNPC's development is inseparable from the support and help of the governments, communities and the general public. While providing a continuous and stable energy supply for economic development, we insist on the principle of open cooperation for mutual benefit, expanding our joint-venture cooperation with state-owned capital, social capital and foreign capital in the upstream, midstream and downstream sectors. During the process of developing and running our projects, we help to nurture local suppliers and contractors, thereby creating jobs, driving the growth of related businesses, and giving back to local people.

### CNPC's outstanding JV projects in 2020

We actively and steadily promoted JV projects across the industry chain. Typically, we improved JV platforms for the segments of refining & chemical, marketing, and natural gas pipelines. We pushed for practical cooperation with private capital, financial capital, social capital, and large international companies in an all-round, multi-level and wide-ranging way, so as to give full play to the effect of capital accumulation and amplification.



## Cultural Civilization

We encourage employees to participate in volunteer activities to help out people with difficulties so to advocate new trends in social civilization and contribute to the development of cultural civilization.

We encourage our employees to serve communities and participate in other volunteer activities. In 2020, we had 3,590 youth volunteer teams with 117,000 members.

# Special Report

## CNPC's "Hand in Hand" Platform for Public Welfare

We believe that each public welfare initiative will make a difference to the world. In 2016, together with the China Foundation for Poverty Alleviation, CNPC launched the "Hand in Hand" platform for funding public welfare innovation. The public welfare organizations, caring people and ordinary users are connected via the "Hand in Hand" app, helping the public realize the initiatives on public welfare.

### Who We Help

We help the public realize their dreams for public welfare and promote the concept of "Public Welfare by All".

### What We Do

- Idea collection: We collect ideas on public welfare initiatives both online and offline and determine the promising and valuable ones after appraisal.
- Financial support: We donate special funds to China Foundation for Poverty Alleviation in support of innovative, operational and socially influential public welfare initiatives.

2016-2020

3,919

public welfare ideas were collected

1,101

of which 1,101 went online

953

of which 953 were funded

### Our Achievements

We cooperate with Beijing Shijia Education Group and selective schools (e.g. the Experimental High School Attached to Beijing Normal University) to guide and train the primary and middle school students to design and propose their ideas for public welfare. As of 2020, we performed a total of 130 programs in primary and secondary schools, extending the concept of "Public Welfare by All" across the campuses.

We set up the "Charity Future · CNPC Fund" to encourage college students to follow closely social issues and seek innovative and effective solutions, in order to drive the social progress. As of 2020, this program attracted more than 1,000 associations of over 140 colleges/universities nationwide.

In the past five years, we collected a total of 3,919 public welfare ideas, of which 1,101 went online and 953 were funded. The projects we funded were sourced from 30 provinces (municipalities and autonomous regions), such as Beijing, Inner Mongolia, Gansu, Sichuan, Guizhou, Guangdong, Fujian and Yunnan. These projects involve various entities/groups, such as colleges/universities, primary and secondary schools, communities, non-governmental organizations, and industry associations, covering adolescent education, elderly care services, environmental protection, community development, and other aspects.

### Social Benefits

- A lower threshold is adopted to allow the public welfare programs accessible to more people. As of December 2020, more than 310,000 users were registered on the platform, with its influence to over 10 million people.
- The public welfare organizations and the benefiting populations are closely connected and interacted via the platform. Thus, the allocation of public welfare resources is optimized to make the public welfare initiatives more efficient and more socially influential.

The "Hand in Hand" platform was ranked in the "2019 Top Ten Public Welfare Initiatives" by ifeng.com for its innovation, professionalism and social influence.

### "In Search of China's Van Gogh"



Autistic children, the children medically identified with mental disability, dubbed "Children of the Stars", are locked away in their own world. In 2017, CNPC began to, via its "Hand in Hand" platform and in cooperation with the World of Art Brut Culture (WABC), implement the program – "In Search of China's Van Gogh", under which the autistic children are taught and guided for drawing, as a way to express their voices.

"When initially operating the studio, we were overwhelmed by many problems. We almost decided to give up until we met CNPC and its "Hand in Hand"."

——said Gao Hua, a sponsor of WABC

### Feedback

As a member of the photography group of Shijia Primary School, I am very happy that our photos successfully convey the love of rural migrant workers to their children left behind at home.

——Yao Yueli, a sponsor of the "Photography for Love" program

Thanks to the support of CNPC's "Hand in Hand" program, we can deliver courses to children in the Osteogenesis Imperfecta Ward every week. We'd like to work continuously with CNPC to present a wonderful world to the porcelain dolls in wards.

——Sunshine Porcelain Dolls Counseling



## Contributions to the Development of Overseas Communities

We respect the cultures and conventions of the host countries in which we operate, and we are committed to establishing long-term and stable cooperative relations with the host countries, along with striving to become an excellent corporate citizen in local communities. We incorporate our development into local socio-economic growth and create socio-economic value to jointly promote the development and prosperity of local communities.

## Enhancing Communication with Local Communities

We have set up environmental protection and community relations coordination departments in many overseas areas to promote cooperation with local governments, NGOs and community representatives. By holding conferences, issuing reports and paying visits, we strengthen communication and coordination and achieve a win-win situation in cooperation.

## Manage Our Impact in Local Communities

We strive to make a positive impact on community development through carrying out responsible operations, which is not only translating into more employment opportunities, more tax contributions, and more business opportunities to local suppliers, but also reducing the environment and social impact of production and operations on local communities as well as safeguarding the human rights of community residents.

### Manage Our Impact in Local Communities

	Potential Positive Impact	Potential Negative Impact	How We Mitigate Potential Risks
<b>Local Communities</b>	Job Opportunities	Land Acquisition, Relocation, Environmental Impact	<ul style="list-style-type: none"> <li>• Before the construction of a project, we conduct assessments of the social and economic impact, such as the requirements of local communities, human rights, cultural heritage, involuntary resettlement, etc.</li> <li>• We listen to the demands of local communities along the locations of our operations to protect the interests of residents. We uphold standard operation in land compensation, and make compensation plans by referring to the opinions of the local governments, our partners, and the local villagers. Specifically, compensation is paid before land use, and the compensation information is released timely to ensure operational transparency.</li> <li>• We prioritize the hiring of locals on the island, conduct skills training for them, arrange them to participate in project construction and increase their income.</li> <li>• We strictly follow safety and environmental protection regulations, formulate management systems on environmental protection that involve participation of all stakeholders and closely monitor environmental impact throughout the entire operations. We immediately restore the surface right after the completion of the operation so as to minimize the impact of production activities imposed on ecological environment.</li> </ul>
<b>Capacity Building for Local Businesses and Industries</b>	<ul style="list-style-type: none"> <li>• Business Opportunities</li> <li>• Capacity Building</li> <li>• Technology Transfers</li> </ul>	We may neglect local products and services and fail to share advanced technology with the local communities.	<ul style="list-style-type: none"> <li>• By leveraging local social resources, we actively support the development of local enterprises, focus on local sourcing of products and services, and strengthen cooperation with local enterprises in terms of technical services to promote the development of relevant SMEs.</li> <li>• We support the talent training program of petroleum industry within the host country.</li> </ul>
<b>Community Consultation and Participation</b>	Residents adjacent to operation locations will be given a fair chance to express their concerns and understand how they will be affected.	We may overlook the concerns raised by communities surrounding operation sites.	<ul style="list-style-type: none"> <li>• We set up the Community Committee to provide public welfare assistance to the community residents and supervise the progress and implementation of public welfare projects.</li> <li>• We have established a joint communication mechanism connecting companies with government associations, companies with community associations, and companies with employee to strengthen engagement with stakeholders.</li> </ul>
<b>Social Investment</b>	We conduct early consultation with community members when implementing social investment in order to meet actual needs and bring long-term benefits.	Our social investment may overlook the actual demands and fail to bring long-term benefits.	<ul style="list-style-type: none"> <li>• We plan reasonable community investment projects based on the local socio-economic development plans of the host country and the needs of community residents.</li> </ul>

## Community Welfare

We take an active role to help improve the living conditions of local people, and make donations to education, healthcare and other public welfare programs to achieve harmonious and mutual development. In 2020, we actively supported host countries in their fight against COVID-19 by way of donations, services, and experience sharing.

### Iraq

Through the Halfaya Project in Iraq, we implement socially influential public welfare projects that directly benefit local communities, with the support of "Community Contribution Fund". In 2020, we built 5 km asphalt roads for the Muer Village in Halfaya, facilitating the travel of more than 1,500 villagers.



### South Sudan

In early 2020, some African countries were hit hard by the invasion of locusts. We donated funds, pesticides and necessary materials to South Sudan and Pakistan to help them kill the locusts.



### Peru

In Peru, we actively coordinated local governments and communities in fighting against the pandemic, and also donated necessary protective equipment.



## Local Environmental Protection

We strongly believe in the importance of striking a balance between business development and environmental protection. Therefore, we strictly comply with the laws and international standards on environmental protection in the countries in which we operate, and pay attention to protection of local ecological environments during the production operation.

### Case

#### Restoration of soil and vegetation in Kazakhstan

Kazakhstan is rich in land resources, but mostly arid with annual precipitation <300 mm. As such, preventing desertification is one of the priorities in Kazakhstan's sustainable development. PetroKazakhstan Inc. (PK) applied the advanced biological restoration technology to restore vegetation on a 4.2-acre polluted land, subject to the government's environmental requirements.

## Promotion of Localization

We proactively promote localization and take the procurement of local products and local services as a priority in order to offer local contractors and service providers a chance to participate in the projects, promoting the development of local small and medium-sized enterprises and creating employment opportunities for local communities. In Kazakhstan, since 1997, we have invested US\$ 30.1 billion in oil and gas development, contributed over US\$ 48 billion in taxes, and provided US\$ 400 million in social welfare funding.

### Case

#### Cultivation of Local Talents in Turkmenistan

In Turkmenistan, we actively cultivate local employees in respect of vocational skills through a variety of means, such as experience sharing by excellent internal employees and training by external experts. As of late 2020, we had trained more than 45,000 local employees, and promoted hundreds of local employees to middle-level managers. We adopt a recruitment policy prioritizing local residents, creating more than 22,000 job opportunities in Turkmenistan.

### Case

#### Female Volunteers for Healthcare

In 2020, we launched the program "Female Volunteers for Healthcare" in Rumaila, Iraq. A total of 43 female volunteers were selected and trained for hygiene and health knowledge and symptoms of related diseases, so that they could help the families in local communities understand how to live healthily. The volunteers visited nearly 1,000 homes every month, benefiting more than 4,000 residents.



## Tax Payments According to Law

We strictly comply with the laws and regulations in the countries where we operate, pay taxes to local governments according to law, and contribute to the development of local economies. In countries where the Extractive Industries Transparency Initiative (EITI) standard is implemented, such as Iraq and Mongolia, our local companies actively participate in the multi-stakeholder groups and publish information on our projects and tax payments to provide details that far exceed the minimum disclosure requirements prescribed by the EITI. We support and follow the Base Erosion and Profit Shifting (BEPS) initiative and the CNPC Tax Policy and pledge to pay tax according to the law in areas where we operate and create value, in order to strive to achieve sustainable development and to contribute to socioeconomic development. In 2020, we paid a total of RMB 38.43 billion in taxes overseas.

## Protecting Indigenous Rights

Before the construction of a project, we conduct assessments of the social and economic impact, such as the requirements of the indigenous people, human rights, cultural heritage and involuntary resettlement. We try our best to protect all the rights and interests of the indigenous people. We uphold standard practices in land compensation, and make compensation plans by referring to the opinions of the local governments, our partners, and the local villagers. Specifically, compensation is paid before land use, and the compensation information is released timely to ensure operational transparency.

### Case

#### Living Improvement for Aboriginals in Nenets Autonomous Okrug

The Nenets are aboriginal reindeer herders mostly inhabiting Siberia and migrating around the Arctic tundra. They live on nothing but reindeer meat, with bread as a rare food. While operating in Yamal, we strive to help local aboriginals improve their social and living standards and ecological environment.

#### Ecosystem conservation

We respect the natural environment and biodiversity in the Arctic. We use multiple techniques (e.g. pile foundations for structures) to protect the permafrost. We keep long-term monitoring of the discharge of waste water, waste gas and solid waste, according to the environmental monitoring plan.

We try to protect the biodiversity in the work area. We have prepared the local biodiversity action plan according to the Equator Principles, specifying the protective measures for animals/plants and the ecosystem across the area. In partnership with the Arctic Council, we have launched the "Healthy Tundra", a campaign to leverage the traditional knowledge and skills of indigenous residents to promote ecological restoration. Our contribution to improving the ecosystem in the Arctic region has been recognized by the international community.

#### Financial assistance

Every year, the Nenets migrate with their reindeers across the Yamal Peninsula – to the northernmost in summer and the southernmost in winter, two ranches thousands of kilometers apart. In 2020, after negotiations with the aboriginals, we built 13 crossing points for reindeer migration in our project area, 5 points more than originally planned, greatly facilitating the long-distance reindeer migration. In addition, we transported aboriginals for 10 times via helicopters, and provided 10 tons of gasoline, 30 tons of diesel and 280 cubic meters of wood fuel to help improve local living conditions.

#### Social development plan

We assist the Nenets Autonomous Okrug in developing its social development plan for aboriginals, in order to improve local employment, early childhood education and medical care.



## Outlook for 2021

In 2021, the world economy will pick up as the COVID-19 vaccine rollout ramps up and relatively loose fiscal and monetary policies provide some support for economic recovery. China will witness normal economic performance along with the regular epidemic prevention and control and normal macroeconomic policies. Despite the complex and volatile domestic and international environment, we will make progress while maintaining stability, commit ourselves to the strategy of innovation, resources, market, internationalization, and green and low-carbon development, and keep enhancing our sustainability, so as to open up new prospects for the building of a world-class integrated international energy company and contribute to the global energy transition, China's energy revolution and China's aim to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060.

We will unwaveringly deepen the reform according to the three-year action plan. We will translate our achievements in deepening reform into strengths in professional development and market-oriented operation. We will optimize and improve six major systems of corporate governance, and continue to enhance our governance efficiency.

We will foster development advantages and consolidate our resource base. We will make efforts to maintain steady growth in domestic crude oil production and rapid growth in natural gas production and to push for the clean, low-carbon transition. We will strengthen integrated and coordinated development of upstream and downstream sectors, domestic and overseas operations, and production, refining, marketing, storage and trade, so as to create new drivers for the Company's value enhancement and sustainable development and the Company's ability to ensure national energy security.

We will press ahead with the Three-year Action Plan for Special Ratification of Work Safety, improve the QHSE management system, and promote energy efficiency as the resource of first priority under the green and low-carbon development strategy. We will develop a timetable for peak carbon emissions, actively explore technologies and measures for carbon neutrality, and promote pollution prevention and ecological protection. We will take efficient control measures to improve the quality of products, projects and services. We will strive to play a leading role in delivering clean energy and promoting ecological progress, and steadily improve our safety and environmental performance.

Being "people-centered", we will actively rely on talents to make the Company strong. We will protect the legitimate rights and interests of employees, build effective platforms for their development, improve their working and living conditions, and care about their physical and psychological health. We will ensure that the corporate development offer greater benefits to all the employees in a fair way.

We will remain committed to public welfare through educational donations, disaster relief and staff voluntary activities. Through project development and construction, we will promote local employment, boost local economic and social development, and contribute to the full implementation of the rural strategy as a petroleum company.

The year 2021 marks the start of China's "14th Five-Year Plan". In the new stage, we will adopt the new development philosophy and integrate into the new development paradigm. Also, we will strive for new and steady horizons for self-reliance and self-improvement in science and technology, higher business performance, green and low-carbon transition, and corporate governance. We will step up efforts to build a world-class integrated international energy company, so as to make fresh contributions to China's national energy security and economic and social development.