



SINOPEC



Sinopec
in Saudi Arabia
中国石化在沙特阿拉伯

Sustainability Report
on Serving the Construction of the Belt and Road
服务“一带一路”可持续发展报告

About This Report

This is the first time for China Petrochemical Corporation (Sinopec Group) to publish *Sinopec Sustainability Report on Serving the Belt and Road Initiative - Sinopec in Saudi Arabia*. Following the principles of truth, objectivity and regularity, we disclose relevant information on our efforts to fully perform our corporate social responsibility (CSR) in economic development and environmental protection, to achieve sustainable development since the beginning of our operation in Saudi Arabia, in accordance with the basic requirements of the 10 principles of the *United Nations Global Compact and the GRI Standards* released by the Global Sustainability Standards Board (GSSB).

The data in this report is valid up to December 31, 2018, with some being beyond the above-mentioned scope. The publication is available in both Chinese and English languages. If there is any ambiguity, please refer to the Chinese version. For easier reference and reading, China Petrochemical Corporation is also referred to as "Sinopec", "this company" and "we" in this report.

In this report, Saudi Arabian National Oil Corporation is referred to as "Saudi Aramco", and Saudi State Mining Company as "Ma'aden" for short.

This report is published in both print and digital versions. The digital version can be downloaded from this company's website. For more information, please visit our website at www.sinopecgroup.com/group/en/socialresponsibility/.

Contents

02 Chairman's Message

04 About US

06 Sinopec's Sustainable Development in Saudi Arabia

08 Mutually-Beneficial Cooperation to Promote Industrial Upgrading

10 Forging China-Saudi Arabia Strategic Partnership

11 Contribution to Saudi Arabia's Economic Diversification

15 Supporting Saudi Enterprises' Development

16 Feature: Refining and Chemical Pearl in the Desert

20 Equal Emphasis on Safety and Compliance

22 Improving Safety Management

26 Honest and Standardized Operation

27 Establishing Good Cooperative Relations

32 Feature: From 'Sino-1' to 'No. 1 in Saudi Arabia'

34 Ecological Conservation to Protect the Blue Ocean and Sky

36 Strengthening Environmental Management

38 Promoting Green Operation

39 Protecting the Ecological Environment

40 Feature: Environmental Protection Models on the Desert

42 Employee Development and Respecting Cultural Diversity

44 Creating Jobs for Locals

46 Encouraging Employee Growth

49 Integrating Diverse Cultures

50 Safeguarding Employees' Rights and Interests

52 Feature: Ambassador of China-Saudi Arabia Cultural Exchange

56 Community Engagement Promoting China-Saudi Arabia Friendship

58 Boosting Local Development

59 Creating Employment Opportunities

60 Participating Public Welfare

62 Feature: Infrastructure Projects Contributing to Saudi Vision

66 Implementing the Belt and Road Initiative

72 Social Responsibility Management

77 Suggestions and Feedback

Chairman's Message



Dai Houliang

Chairman of the Board, Secretary of Party Group
Sinopec Group

In 2013, Chinese President Xi Jinping proposed the Silk Road Economic Belt and the 21st Century Maritime Silk Road (the Belt and Road Initiative, or BRI). Since then, Sinopec has actively responded and taken the countries along the Belt and Road as the priority of our overseas business expansion. We have given full play to our rich experience and technical strengths to cooperate with the countries along the routes in petroleum trade, oil refining technology, engineering services, equipment manufacturing and so on, playing a positive role in promoting the local economic and social development and improving the livelihood of the local people.

Saudi Arabia is an energy pearl along the Belt and Road. Sinopec and Saudi Arabian petroleum and chemical enterprises have established long-term friendly cooperative relations with fruitful cooperation results. Petrochemical trade accounts for about 50 percent of the total volume of bilateral trade, which has injected strong impetus to the economic development of the two countries and the building of a community with a shared future for mankind. In China, we have cooperated with our Saudi counterpart in building Sinopec SenMei (Fujian) Petroleum Co., Ltd.-the first provincial-level refined oil sales joint venture in China and the largest supplier of refined oil in Fujian Province; Fujian Refining & Petrochemical Co., Ltd. (FREPCO)-a joint venture with the world's most advanced automation control technology to manage the digital plant; and Sinopec SABIC Tianjin Petrochemical Co., Ltd.-one of the large-scale ethylene joint ventures in China.

In Saudi Arabia, we adhere to the core value of "people first, responsibility, integrity, excellence, innovation and win-win." We are mainly engaged in oil and gas exploration and development, oilfield service, refining and chemical engineering service, international trade (crude oil, refined oil, petroleum and chemical equipment), refining and chemical projects investment and product sales (chemical products, lubricants, catalysts), etc. We have established extensive and in-depth cooperative relations with the local stakeholders for win-win results and comprehensive economic, environmental and social values.

Yanbu Aramco Sinopec Refinery (Yasref oil refinery) is a joint venture with a total investment of US\$8.6 billion. It is one of China's largest investment projects in Saudi Arabia, the Middle East and the Gulf region. It has an annual capacity of around 20 million tons as one of the largest refineries in the world. During his visit to Saudi Arabia in January 2016, Chinese President Xi Jinping attended the launch ceremony of the refinery together with the Saudi King Salman bin

Abdulaziz Al Saud. Yasref oil refinery has the world's leading refining facilities, with its HSE (health, safety and environment) standards and production operation management standards reaching the developed-economy level, and the quality of its gasoline and diesel products meeting the U.S. standards and Euro V standards. It is a shining business card of refining and chemical technology that has pushed the bilateral cooperation between China and Saudi Arabia to a higher level. The operation of the refinery has increased local training and employment opportunities and promoted the local petrochemical industry, as well as economic and social development.

Sinopec is the first Chinese company to enter the Saudi oilfield service market, providing responsible, high-quality, safe and efficient drilling and well completion services. After 19 years of development, Sinopec has become Saudi Aramco's largest onshore drilling contractor. Besides, Sinopec has strong consulting, design, construction, supervision and project management capabilities in refining and chemical engineering, with a large number of hard-working professional construction teams with rich practical experience, who are able to independently complete the design of international standards and specifications and the international procurement in Europe, Asia and the United States. With our advantages in design, procurement, construction, management and good reputation in honoring our contract commitments, we have undertaken the construction of Saudi refining and chemical projects in a high-quality, safe and efficient manner, which has promoted local long-term development. On the basis of the good cooperation results that Sinopec has achieved with its Saudi Arabian partners, Sinopec set up the Middle East R&D Center in Saudi Arabia in January 2016, which has further promoted the mutually-beneficial cooperation in the fields of oilfield service, refining, petrochemical industry, etc. These efforts will contribute to the realization of Saudi Vision 2030.

The Belt and Road is a road of mutual respect and mutual trust, a road of win-win cooperation and a road of mutual learning among civilizations. Sinopec has always actively performed its social responsibility according to the principle of "mutual benefit and win-win cooperation." In our business operation in Saudi Arabia, we have adhered to the highest international standards of HSE management to ensure the safety and health of our employees and the normal operation of our business. We have repeatedly obtained the safe operation certificates issued by project owners. Our environmental protection operation has been widely acclaimed as a benchmark of responsible operation. We always hope that we will create

opportunities for local industrial and economic development and bring prosperity to the local people. We have carried out sustainability activities according to the 10 principles of the UN Global Compact. We will always abide by the Saudi government's employment policy to provide as many job opportunities as possible. We will persist in the localization of procurement to drive the development of local enterprises. We will always pay attention to communication with the local communities. With our advantages in resources, technology and equipment, we will formulate the corresponding community participation plans to provide assistance to local communities in transportation, communication, public health and other infrastructure, to contribute more to the improvement of local people's lives. We will always respect tradition and culture, protect community cultural traditions and heritage and participate in voluntary community service. We will sincerely reward the local communities by continuously paying attention to the education of vulnerable groups, participating in community disaster prevention and mitigation activities.

As a classic Chinese poem goes, "The banks are pushed far back at full tide; A single sail seems hanging in the breeze." China and Saudi Arabia are mutually-complementary in the energy industry. Oil and gas cooperation meets the strategic interests of each other. In particular, as an important node along the Belt and Road, Saudi Arabia is diversifying its economy and actively extending the petroleum industrial chain, which has brought new opportunities for Sinopec to further strengthen the cooperation with our Saudi partners. With the establishment of the strategic cooperative partnership between China and Saudi Arabia and the publication of Saudi Vision 2030, Sinopec will seize the opportunities to take root in Saudi Arabia and deepen our cooperation with Saudi Arabian partners at a higher level, in a wider range, to serve the sustainable development of both countries as an envoy of friendship between our two countries.

About us

China Petrochemical Corporation (Sinopec) is a super-large state-owned petroleum and chemical enterprise group established in July 1998, headquartered in Beijing. In 2018, Sinopec listed in the Global Top 500 Enterprises in Fortune, ranking the third..

In order to realize the vision of "Building a world leading energy and chemical company", Sinopec is operating in 75 countries and regions around the world. Sinopec is the world's largest crude oil trader and one of Saudi Arabia's largest crude oil export destinations. Sinopec is the largest refined oil supplier in China with the number of filling stations ranking the second in the world. Sinopec is the largest oil refiner in the world, with the main refining units in China and a joint refinery at Yanbu, Saudi Arabia. Sinopec is the world's second largest chemical company, promoting the upgrading of the three major synthetic materials (synthetic resin, synthetic rubber, synthetic fiber) and the development of new materials, the orderly development of fine chemical and biochemical industries, the development and production of environmentally-friendly, resource-saving new products, to provide high-performance green chemical products for sustainable social development. Our aromatics production capacity ranks first in the world; ethylene production capacity ranks first in China and second in the world; and synthetic rubber production capacity ranks first in China and second in the world. Sinopec is also the world's largest plastic producer.

As a large-scale energy chemical company with the entire industrial chain from upstream to midstream and downstream, Sinopec takes it as its mission to bring "better energy for better living." Our principal businesses include petroleum and natural gas exploration, production, pipeline transportation, sales; production, sales, storage, transportation of petrochemical products, gas-based chemicals, coal chemical products and other products; import and export of petroleum, natural gas, petrochemical products and technologies, including import and export agency business of self-support products and commodities and technologies; research, development and application of technologies and information.

Sinopec has carried out all-round cooperation with Saudi enterprises in multiple fields to promote the synergy and implementation of Saudi Vision 2030 and China's Belt and Road Initiative.

Our Performance

Supply of refined oil

198.32 million tons

Operation revenue (RMB)

2.94 trillion yuan

Supply of chemical products

86.60 million tons

Refining capacity

274 million tons/year

Taxes and fees paid (RMB)

358.1 billion yuan

Number of employees

685,000 persons

By the end of 2018:

Sinopec had **567** overseas agencies and **327** overseas projects in 75 countries (regions) worldwide. Its **320** permanent agencies in 61 countries (regions) had a total of **57,600** overseas employees.

Sinopec had implemented **50** oil and gas resource investment projects in 26 countries worldwide, with equity oil and gas production expected to be **42.50** million tons of oil equivalent (33.39 million tons of crude oil, 11.1 billion cubic meters of natural gas).

Sinopec had invested in **6** refining, chemical and storage logistics projects in 6 countries, with a total investment of around US\$ **5.2** billion.

Sinopec had implemented **370** oilfield service contracts in 37 countries as well as **77** refining and chemical engineering service contracts in 13 countries.



Sinopec's Sustainable Development in Saudi Arabia

The Kingdom of Saudi Arabia ("Saudi Arabia" for short) is located in the Arabian Peninsula in the southwest of Asia with a land area of 2.15 million square kilometer and a population of around 33.41 million (2018), 20.77 million of whom are Saudis. The official language is Arabic. Known worldwide for its oil, Saudi Arabia is the "No. 1" in the Organization of Petroleum Exporting Countries (OPEC). The People's Republic of China ("China" for short) is located in the east of Asia and the west coast of the Pacific Ocean, with a land area of about 9.6 million square kilometers and a population of about 1.4 billion (2018). It is a unified multi-ethnic country consisting of 56 ethnic groups with the Han nationality as the main body. China is the second largest economy in the world, providing rich and high-quality products and services for all the countries and regions in the world.

Saudi Arabia is an important hub along the China-proposed BRI. In 2018, the bilateral trade volume between China and Saudi Arabia reached US\$63.33 billion. Saudi Arabia has been China's largest trading partner in West Asia and Africa for 15 years in a row.

Sinopec has established a sound HSSE (Health, Safety, Public Safety, Environment) management system and actively performed our social responsibility, recruited local employees in compliance with relevant regulations of the Saudi government, participated in the construction of community infrastructure and established friendly relations with local communities.

Sinopec is one of the largest destinations of Saudi Arabia's crude oil export. According to international standards, Sinopec has provided high-quality engineering technology and refining engineering services for the Saudi oil and chemical industry. We have also supplied the Saudi market with competitive petroleum and chemical equipment, products and materials. In parallel with the progress of the projects,



In 2000, Sinopec Oilfield Service Corporation (SSC) won the first bid for Saudi Aramco's onshore drilling project. In 2014, Sinopec's drilling rigs in Saudi Arabia have increased to 55 as Saudi Aramco's largest onshore drilling contractor. By the end of April 2019, Sinopec's drilling rigs have increased to **55**.

In 2004, Sinopec and Saudi Aramco established a natural gas exploration and development joint venture, which won the bid for the natural gas exploration and development of Block B in the northern part of the Rub Al-Khali Desert in southern Saudi Arabia.

In 2005, the consortium of Sinopec Engineering (Group) Co., Ltd. (SEG) and Sinopec International Petroleum Exploration and Development Co., Ltd. (SIPC) undertook SABIC's EPC (Engineering, Procurement and Construction) polyolefin project, a world-class chemical integration project. Since then, Sinopec has contracted **64** projects and completed **51** projects efficiently. The projects are located in Yanbu, Jubail, Turayf, Jizan and other locations of Saudi Arabia.

In 2008, Sinopec Oilfield Service Corporation (SSC) won the first bid for Jeddah Overpass Project. Since then, the SSC has contracted a total of 35 road and bridge projects in five Saudi cities such as Damman, Jeddah and Hofuf ect.

In 2009, Sinopec Oilfield Service Corporation (SSC) won the bid for Saudi Aramco's S62 3D geophysical prospecting project. In 2015, Saudi Aramco added the S62A seismic project to the contract and extended the contract till 2019. In 2019, SSC won the bid for Saudi Aramco's S84 3D geophysical prospecting project, which has been Sinopec's **largest** land 3D seismic data acquisition project in the overseas market to date.

At the beginning of 2012, Sinopec and Saudi Aramco invested US\$8.6 billion in building the Yasref oil refinery. It is the **first** refining and chemical project that Sinopec had invested and built overseas. It is also China's largest investment project in Saudi Arabia with an annual capacity of around **20** million tons. The project was put into production in January 2016.

On January 21, 2016, the construction of Sinopec's Middle East R&D Center began at Dhahran Technology Valley (DTV) in Saudi Arabia, which was completed in February 2019.



Mutually-Beneficial Cooperation to Promote Industrial Upgrading

Energy has closely connected the people of China and Saudi Arabia. Cooperation is the right way to push forward the development of the enterprises of the two countries. Under the guidance of the BRI and Saudi Vision 2030, Sinopec has joined hands with its Saudi counterparts to seek development and common prosperity, contributing to the economic development and social stability of the two countries.



In April 2016, Saudi Arabia officially published the strategic plan of Saudi Vision 2030. The vision has three main pillars: the status of the country as the "heart of the Arab and Islamic worlds", the determination to become a global investment powerhouse, and the transformation of the country's strategic location into a hub connecting the continents of Asia, Europe and Africa. It lays out targets for diversification and improving competitiveness. It is built around three main themes which set out specific objectives to be achieved in economy, politics, military affairs, society in the next 15 years: a vibrant society, a thriving economy, and an ambitious nation. According to the plan, Saudi Arabia is going to reduce its dependence on oil and diversify its economy, which will have a great impact on its oil and gas industry and its cooperation with other countries.



An SSC (Sinopec Oilfield Service Corporation) oil rig standing in the desert

Forging China-Saudi Arabia Strategic Partnership

Saudi Arabia is rich in mineral resources, with its proven reserves of crude oil ranking second and natural gas fifth in the world. Saudi Arabia is the world's largest oil supplier and exporter. Petroleum and chemical industry is Saudi Arabia's economic pillar. China is the second largest oil consumption market and the largest crude oil importer in the world, with the largest increase in crude oil consumption. It is also the world's largest manufacturing country and a market with the most potential. Under the impact of the weak global economy and the sluggish global oil demand, energy cooperation between China and Saudi Arabia remains close.

Since 2004, Saudi Arabia has been China's largest trading partner in West Asia and Africa for 13 years in a row. Since 2013, China has always been Saudi Arabia's largest global trading partner, with oil and chemical trade accounting for about 50 percent of the total, which has injected strong impetus to the economic development of the two countries. Energy cooperation has also boosted the bilateral cooperation in other fields.

In 2016, the Chinese government published its "Arab Policy Paper" for the first time, which suggested that the two sides should "upgrade pragmatic cooperation by taking energy cooperation as the core". In the same year, Saudi Arabia published Saudi Vision 2030 and National Transformation Plan 2020 (NTP). The leaders of the two countries announced the establishment of China-Saudi Arabia Strategic Partnership.

In 2019, China and Saudi Arabia signed a series of cooperation documents on aligning the BRI with Saudi Vision 2030. The comprehensive strategic partnership between China and Saudi Arabia has entered a stage of comprehensive, multilevel and multifaceted development, which will be more favorable for Sinopec to develop in Saudi Arabia.

In March 2017, Sinopec and SABIC signed a strategic cooperation agreement in Beijing on the opportunities to carry out project cooperation in China and Saudi Arabia, in order to jointly promote the BRI and Saudi Vision 2030. The signing of the agreement further deepened the existing cooperation between the two sides, and contributed to the implementation of the national strategy of the two countries.

Contribution to Saudi Arabia's Economic Diversification

Saudi Vision 2030 clearly states the goal to diversify Saudi Arabia's economy, highlighting cooperation opportunities in the whole industrial chain of oil and gas. Sinopec has the world's leading refining and chemical technologies, equipment and oilfield service capabilities, with the commitment to develop broader and more in-depth cooperation with our Saudi partners in these fields so as to contribute to both countries' economic and social development and benefit the two peoples.

R&D Cooperation

With the strengthening of cooperation between the two sides, Sinopec's investment and operation in Saudi Arabia has gradually evolved from the cooperation in resources and capital to the cooperation in R&D for innovation. In January 2016, Sinopec's Middle East R&D Center was set up at Dhahran in Saudi Arabia. The center has focused on the research and development of fundamental, forward-looking and applied technology. It has been the high-tech research and development center and technical support center for Sinopec's oilfield service business in Saudi Arabia and the Middle East.

The center is in the vicinity of similar centers set up by a number of world-renowned engineering companies in Saudi Arabia. At the center, Sinopec will display its featured technology and high-end products to various stakeholders and carry out technical exchanges and cooperation, aiming to contribute to the booming development of Saudi Arabia's oil and chemical industry and the cooperation between China and Saudi Arabia. The center covers an area of 7,367 square meters with a total construction area of 4,607 square meters, which has been completed in February 2019.

High-Quality Products

Sinopec's Great Wall lubricating oil has served China's space industry for more than 60 years. Sinopec Lubricant Company has introduced the astronautic products to Saudi customers. Since entering the Saudi market in 2011, the company has provided comprehensive lubrication services to the Chinese and local enterprises, with its advanced technology, high-quality products and efficient service.

In 2018, the lubricant products and services of Sinopec Lubricant Company had been used in 26 drilling projects of Saudi Aramco, as well as other projects in Saudi Arabia, such as seaports, highways, seaside parks, large-scale power plants and refineries, with a good reputation.

Sinopec mainly exports catalyst, pipeline steel, casing, thread steel, sheet and oilfield chemicals to Saudi Arabia. Since 2010, Sinopec's China Petrochemical International Company (CPCCI) has cooperated with Saudi Arabia's Rabigh Petrochemical Co., Ltd. on DCC technology and catalysts. By the end of 2018, it had sold 33,150 tons of DCC catalysts to the Saudi market. The contract has been extended for five more years. Sinopec International Co., Ltd. has completed the network access of C2, C3 and silver catalysts with SABIC. It has also obtained the catalyst supply qualification for Yasref oil refinery and established cooperative relations with several large local companies to provide them with catalysts and other products and services.

Refining and Chemical Engineering Service

The integration of refining and chemical industry is a trend of the development of the petrochemical industry worldwide. Crude oil resources can be fully employed in the long and interrelated industrial chain for maximum benefits. Saudi Arabia is optimizing the whole industrial chain by investing in the construction of refineries, opening up the distribution channels of refined oil products, and improving the upstream and downstream processes of the petrochemical industry.

Since entering the Saudi market in 2005, Sinopec Engineering (Group) Co., Ltd. (SEG) has honored its commitments and completed the construction of the refining and chemical projects of Saudi Arabia in a quality, safe and efficient manner. It has strengthened the head-end for customer services by providing "one-stop" solutions for investment and financing support, engineering consulting, planning integration, such as FEED and EPC, PMC. It has brought into full play its technical, financial and managerial advantages, and achieved the transformation from a traditional engineering contractor to a "one-stop" service provider, providing efficient high-quality service to Saudi customers. Sinopec also participated in the construction of world-class refineries such as the Yasref oil refinery in Saudi Arabia.

In 2005, SEG undertook SABIC's EPC polyolefin project—a large-scale joint petrochemical project. Its responsible performance was highly commended by the client, which has resulted in more cooperation opportunities.

Since 2014, SEG has participated in the construction of Saudi Aramco's refining project in Jizan, undertaking hydrocracking, diesel hydrogenation, utilities, atmospheric depressurization and other units and supporting projects, with a total contract value of US\$570 million. It has completed the project in a safe and high-quality manner, contributing to the development of Jizan Economic City.

The value of the contract for Jizan Refinery
US\$ 570 million



The atmospheric depressurization unit of Jizan at night

In 2015, SEG began its cooperation with Ma'aden in northern Saudi Arabia. The Northern Utilities Project it undertook is a large-scale comprehensive project that integrates design, procurement, construction, covering civil engineering and installation. In the process of the project, SEG made a lot of efforts in progress, safety, quality, cooperation, service and so on, so as to achieve safe, high-quality and high-efficiency results. While completing its own work according to contract, SEG gave strong support to other sub-contractors, which promoted the smooth development of the whole project and won the customer's quality trophy.

In 2016, SEG undertook Saudi Aramco's natural gas treatment project in Fadiri. A total of five treatment lines will be built for a capacity of 2.5 billion cubic feet (25 million tons/ day) of natural gas upon completion. SEG has employed 450 Saudi workers and provided job opportunities to the local community. This project is Sinopec's overseas construction project with the largest amount of work and the highest contract value, which marks a higher level of cooperation between Sinopec and Saudi Aramco.

Oilfield Service

In Saudi Arabia, Sinopec has carried out various forms of cooperation with Saudi enterprises, as well as international counterparts operating locally. Sinopec Oilfield Service Corporation (SSC) provides responsible, high-quality, safe and efficient drilling and well completion service as Saudi Aramco's largest onshore drilling contractor. SSC is also the first Chinese company to enter the Saudi oilfield service market, which has contributed to Saudi economic development.

Case: Sinopec3106 Team sets successive records of desert 3D geophysical prospecting yield

Since 2009, Sinopec3106, a seismological team of Sinopec Oilfield Service Corporation (SSC), has been working on Saudi Aramco's S62 3D geophysical prospecting project. It has completed more than 30,000 kilometers of 2D and 40,000 square kilometers of 3D seismic data acquisition, continuously setting records of desert 3D geophysical prospecting yield in the same area with the same parameters and standards, with the highest daily yield exceeding the contract requirement by 100 percent. It has also set the record of zero injury in more than 17.38 million man-hours and zero accident in more than 29.45 million kilometers of road traffic. The data collected are of high quality, with zero error in data processing and submission, zero accident in high-efficiency production, and zero complaint on employee benefits, which has won the praise and trust of Saudi Aramco. The contract has been extended six times for another five years.

Sinopec3106 Team has overcome the difficulties of remote locations, high temperatures, multicultural employees, diverse religious beliefs and difficult logistic supply to maintain safe, efficient and high-quality exploration and production. They have relocated their camp 54 times, setting the record of 1,890 kilometers of travel for one relocation. The total mileage of their relocation has exceeded 60,000 kilometers, more than the full length of the equator.

Zero injury in more than 17.38 million man-hours

Zero accident in more than 29.45 million kilometers of road traffic



SSC had been involved in more than **300** of Saudi Aramco's drilling packages as a sub-contractor.

Case: SSC undertakes drilling projects with high quality

Thanks to its high efficiency in management and execution, excellent technology and equipment, and no fear of hard work, Sinopec Oilfield Service Corporation (SSC) has successively obtained eight service qualifications, such as gas well drilling, mud logging and cementing, highly commended by its clients.

Saudi Aramco has hoped to find an outsourcing model that can accelerate oilfield development and production while effectively controlling the cost of investment, in order to reduce costs. The block drilling and well completion package, which integrates all the oilfield service projects, came into being. SSC undertook the package with high efficiency and achieved win-win results with its partners miraculously. From 2010 to the end of 2018, the company had been involved in more than 300 of Saudi Aramco's drilling packages as a sub-contractor.

In 2013, SSC won Saudi Aramco's contract for 11,500-horsepower drilling rigs with a 5+2 year service model. The project set a record for Saudi Aramco in the number of drilling rigs started in a year, and a record of drilling rigs started in a single month, in which Saudi Aramco took pride.

In the development of KHRS Oilfield, SSC set 19 records in bit footage efficiency, well completion cycle and interval velocity, which has helped Saudi Aramco to complete the development ahead of schedule.

Supporting Saudi Enterprises' Development

The cooperation between Sinopec and Saudi enterprises has helped Sinopec "go global" and Saudi enterprises "come into China".

In March 2007, Sinopec Fujian Refining and Chemical Co., Ltd. (50%) teamed up with Saudi Aramco (25%) and Exxon Mobil (25%) to establish the joint venture of Fujian Refining & Petrochemical Co., Ltd. (FREP) and launched an integrated project of oil refining and ethylene production in Fujian. The company's main business is the processing of Saudi crude oil, with an oil refining capacity of 12 million tons/year, ethylene capacity of 990,000 tons/year, and paraxylene capacity of 770,000 tons/year. It has adopted the most advanced automation

control technology in the world to manage the digital plant for steady and optimal production operation.

In 2007, Sinopec cooperated with Saudi Aramco and Exxon Mobil in establishing Sinopec SenMei (Fujian) Petroleum Co., Ltd.- the first provincial-level refined oil sales joint venture in China and the largest supplier of refined oil in Fujian Province, running nearly 1,000 refilling (gas) stations and 10 oil depots, with more than 10,000 employees.

In 2010, Sinopec-SABIC Tianjin Petrochemical Co., Ltd., a joint venture of Sinopec with SABIC with an investment of RMB 11 billion

yuan, went into operation as one of the largest ethylene joint ventures in China. Its world-class ethylene unit has a capacity of one million tons/year. Its polypropylene unit has a capacity of 450,000 tons/year, the single unit of its kind with the largest capacity in the world. The company can produce about 3.2 million tons of various high-quality chemical products per year.



Saudi Arabia is advancing towards a better future

Feature: Refining and Chemical Pearl in the Desert

YASREF (Yanbu Aramco Sinopec Refining Company Ltd.), located in the Yanbu Industrial Zone by the Red Sea in western Saudi Arabia, is a joint venture of Sinopec and Saudi Aramco (each holding 37.5% and 62.5% of shares) with a total investment of US\$8.6 billion. It is one of China's largest investment projects in Saudi Arabia, the Middle East and the Gulf region at large. After three years of construction, the refinery has been put into operation successfully as a demonstration project of Sino-Saudi energy cooperation, contributing to Saudi Arabia's economic transformation and upgrading. On January 20, 2016, Chinese President Xi Jinping joined Saudi King Salman bin Abdulaziz Al Saud to attend the launch ceremony of the refinery.

Yasref oil refinery is a new achievement of long-term cooperation between China and Saudi Arabia in the field of energy. It is also an important embodiment of the long-term mutually-beneficial cooperative relationship between China and Saudi Arabia.



Yasref oil refinery in the twilight

The mutually-beneficial cooperation between China and Saudi Arabia in the field of energy has brought tangible benefits to the people of the two countries. Yasref oil refinery is not only in line with Saudi Arabia's national development strategy of diversifying its economy and upgrading its energy industry, but also embodies the idea of mutually-beneficial cooperation between China and the countries along the Silk Road within the framework of the Belt & Road Initiative. There are still more and better cooperation projects between the two sides, which will certainly make greater contributions to the economic, trade and energy cooperation between the two countries and promote all-round and in-depth development of China-Saudi Arabia strategic relations.

– Xi Jinping, President of the People's Republic of China



Chinese President Xi Jinping and Saudi King Salman bin Abdulaziz Al Saud inaugurate the operation of the Yasref oil refinery, Jan 20, 2016

China is Saudi Arabia's largest trading partner. Saudi Aramco is honored to be China's largest energy supplier. Yasref oil refinery is the product of win-win cooperation between Sinopec and Saudi Aramco. It is also part of our strategy of expanding and diversifying our domestic and international assets.

– Khalid Al-Falih, Chairman of Saudi Aramco

The friendship between the people of China and Saudi Arabia has a long history. The main characteristics of our bilateral relations are mutual respect, understanding and support. The joint venture Yasref exemplifies the value of win-win cooperation between Sinopec and Saudi Aramco. It is an important embodiment of the practice of the Belt and Road Initiative and Saudi Vision 2030. As the management team of the joint venture, we will work hand in hand with all the Chinese and local staff to do our best to create a better future.

– Mohammad N. Al-Naghash, CEO/Saudi Manager of Yanbu Aramco Sinopec Refining Company Ltd.

Here, we have joined hands with our partners in exploration, drilling, refining and engineering in the desert, building a world-class advanced modern refinery and turning the barren land into a land of happiness. Here, we have strengthened internal management, coordination and innovation to honor our commitments and complete various tasks, building high-quality projects that stand the test of time. Here, we have managed with the highest international HSE standards, cherishing every drop of water and every piece of green.

– Li Xihong, Chief Representative of Sinopec's Saudi Representative Office

Quality Construction and Safe Operation

Yasref oil refinery is located on desert with extremely harsh weather conditions. Since 2012, the Chinese and Saudi engineers and workers have braved high temperatures around 50 degrees and frequent sandstorms to build this modern refinery. With our joint efforts, the main project was completed in 2014. An amount of US\$550 million was saved for total project investment, as a benchmark project for refinery construction in Saudi Arabia. In December 2015, Yasref oil refinery won the "Annual Construction Project Award of the 2015 Platts Global Energy Award".

With a crude oil processing capacity of 400,000 barrels/day (equivalent to 20 million tons/year), Yasref oil refinery is one of the largest refineries in the world. Its HSE standard and production operation management standard reach the advanced level of the world, which has pushed the cooperation between China and Saudi Arabia to a higher level.



Dai Houliang, Chairman of the Board of Sinopec Corp., inspects Yasref oil refinery in November 2016

Environmentally-Friendly Products

With Saudi heavy oil as raw material, equipped with the world's leading refining and chemical facilities, Yasref oil refinery specializes in the production and marketing of high-quality ultra-low sulfur diesel, high-grade gasoline, the quality of which can meet the standards of the U.S. and Euro V. The delayed coking unit of Yasref oil refinery can refine residual oil into petroleum gas, petroleum naphtha and petroleum coke. Yasref oil refinery also exports sulphur to the world market, which is often used in fertilizer production.

Since Yasref oil refinery entered the trial operation stage in January 2015, it has reached full capacity, with its products sold in the international market. By the end of 2018, it had processed 64 million tons of crude oil and sold more than 51 million tons of gasoline and diesel to four continents around the world. The high-quality gasoline and diesel products of Yasref oil refinery have become an important supplement to Saudi refined oil resources and meet the needs of the local market.

Performing Corporate Social Responsibility

Yasref oil refinery has actively participated in the promotion of local culture, technology exchanges, environmental protection, fire prevention and other activities. For years in a row, it has sponsored the local flower show, organized publicity activities for fire prevention, participated in local and regional economic and technical exchange exhibition, organized and supported local primary and secondary school students to participate in public welfare activities. In the construction of its pipe porch, the refinery has carefully protected the mangroves on the shore of the Red Sea. In its actual operation, the refinery has strengthened daily environmental inspection. All the discharged sewage and exhaust gas meet the local government's requirements.

Yasref oil refinery directly and indirectly employs 6,000 local workers, provides training for local employees, accepts local college interns and take measures to improve the quality of local employees. Eighty-six percent of Yasref oil refinery's employees are locals. Many local employees have gradually grown to be the backbones of the refinery.



Huang Danhua, former deputy minister of the State-Owned Assets Supervision and Administration Commission (SASAC), inspects Yasref oil refinery in 2017

Cultural Integration for Mutual Benefit

Yasref oil refinery has carried out rich and colorful cross-culture communication activities to build a bridge to integrate the cultures of China and Saudi Arabia and the corporate cultures of Sinopec and Saudi Aramco. In 2017, Yasref oil refinery organized a Chinese Culture Day to enhance the employees' understanding of Chinese history, culture and customs. In 2018, Yasref oil refinery organized the Chinese National Day celebration to enhance the employees' understanding of the tremendous achievements that China had made, which added to their confidence in future cooperation between the two sides.

In June 2018, Yasref oil refinery organized a delegation of 10 outstanding young Saudi engineers to visit China to help them understand Sinopec's corporate mission "Better Energy for Better Living." The delegation visited Sinopec's headquarters in Beijing and the refining and chemical facilities in Zhenhai and Fujian. They also toured the Great Wall and the Forbidden City to experience China's splendid culture and long history, as well as its exquisite craftsmanship. The delegation had long discussions with Sinopec's senior managers to feel the pulse of the world-class enterprise. All of them expressed the willingness to make new contributions to the economic and energy cooperation between China and Saudi Arabia and enhance friendship between the two countries.



Chinese Culture Day at Yasref oil refinery in October 2018



Chinese Culture Day at Yasref oil refinery

Equal Emphasis on Safety and Compliance

Sinopec always places equal emphasis on production safety and operational management. While carrying out systematic safety management, we have continuously fine-tuned our management and improved efficiency to create high-quality projects and provide high-quality services for our clients. We have strictly abided by Saudi laws and regulations, and striven to achieve long-term, healthy and sustainable development with the local communities.



Improving Safety Management

Saudi Arabia has extremely strict and standard operation procedures and HSE management in its petroleum and chemical industry. In our business operation in Saudi Arabia, Sinopec has conscientiously implemented various HSE management standards. We have implemented the safety goal of "zero defect, zero non-compliance, zero accident", and improved the safety management system, in order to ensure the safety of our employees and projects. Meanwhile, we have learned the experience of domestic project management to promote intrinsic safety, which has contributed to harmony and stability of local society.

Building Management System

With an in-depth understanding of the operating procedures and construction norms of Saudi Aramco and SABIC and our own safety management system, Sinopec has actively explored safe and efficient production organization models and construction techniques. We worked out detailed and perfect occupational safety management procedures, and established safety management system covering the whole process of projects and all aspects of production. On that basis, we have explored and improved the procedure standard to make production safety more operational, which provides a high international standard guarantee for safety and high-efficiency construction of the company.

Sinopec Oilfield Service Corporation's SP103 Team won Saudi Aramco's medal for 12 years without LTI (Lost Time Injury), Sino-18 Team won the same medal, and Sino-16 Team won the medal for 11 years without LTI.

Case: Sinopec SP103 Team wins multiple awards

Saudi Aramco's HSE management procedures are exemplary in the global petroleum and petrochemical industry. From the preparation to the end of every project, the procedures provide scientific and complete guidance to each of the steps and links, which must be enforced strictly by all contractors.

Since 2006, Sinopec SP103 Team has been operating in Saudi Arabia on oil well drilling, water well drilling, oil well minor completion, oil well major completion and other projects, including the oil well drilling, water well drilling, well completion projects of Saudi Aramco's blocks in southern and northern Saudi Arabia. It won the respect of Saudi Aramco with its excellent HSE management. In September 2018, the team was awarded with Saudi Aramco's medal for 12 years without LTI and a commendatory letter from Saudi Aramco's senior management, as well as a 10-year drilling contract, the first of its kind in Saudi Aramco's history.

Preventing and Controlling Safety Risks

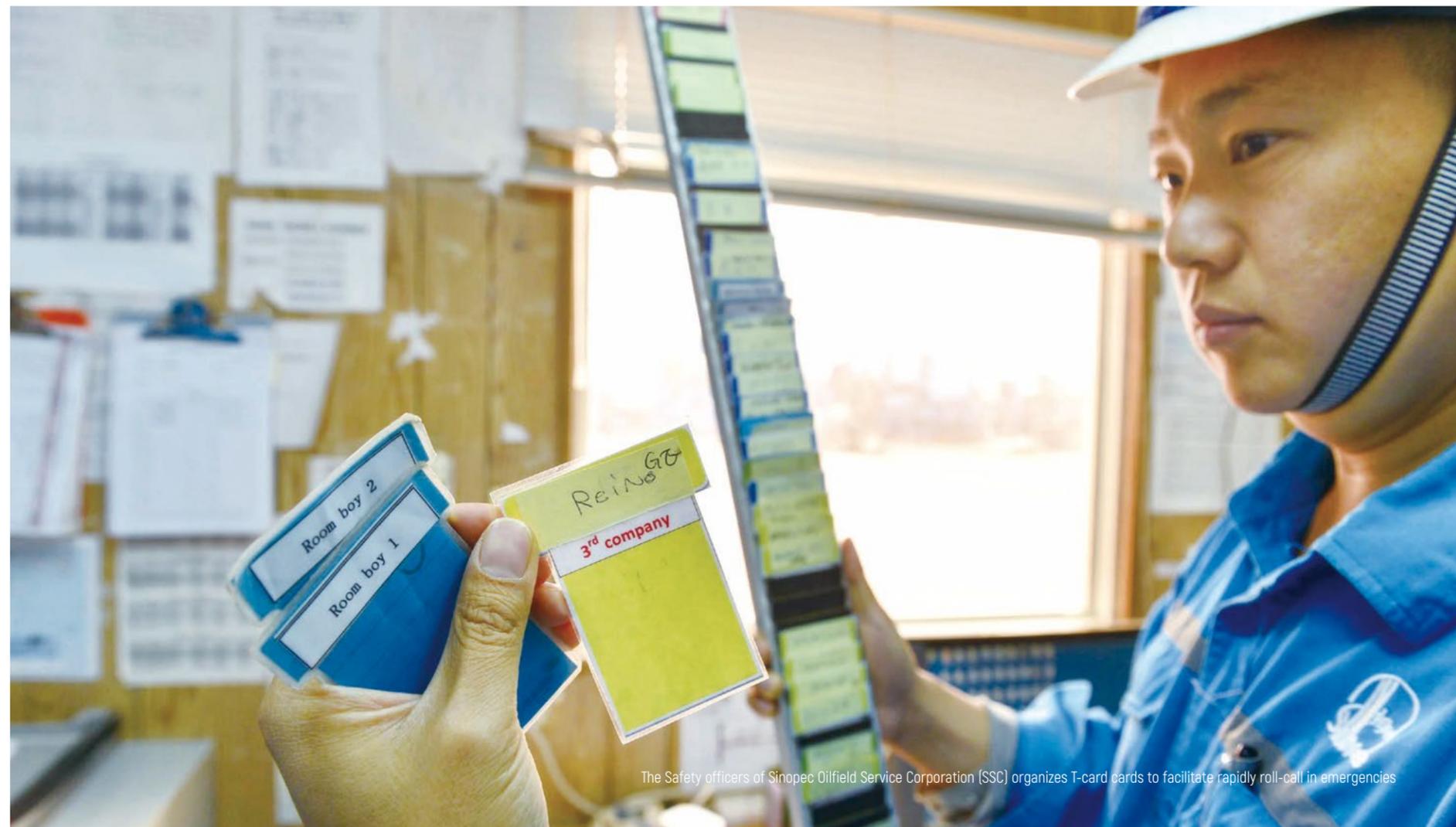
Sinopec systematically assesses and identifies safety risks. The risk assessment of major-risk operations is carried out in advance. The plan and risk assessment document cannot be carried out without approval, in order to prevent accidents and reduce the risks of field operation. A duty responsibility system is strictly enforced. Field safety supervision has been strengthened through inspection tours and video surveillance, to standardize safety management for contractors and sub-contractors. We have promoted the detection of potential dangers in the field, corrected and eliminated the potential dangers in time, and ensured safety in the field.

Case: SEG's zero injury in 17 million man-hours

Sinopec Engineering (Group) Co., Ltd. (SEG) built the Northern Utilities Project of Ma'aden, with a large amount of work. The construction lasted 827 days with zero injury in 17 million man-hours. At the peak of construction, nearly 3,500 people were working in the field dozens of miles long, with more than 300 construction machinery and more than 850,000 meters of scaffolding. Ma'aden was deeply impressed with the smooth progress of the project and the high spirit of all the workers. Ma'aden issued SEG a mechanical completion acceptance certificate, together with a contract for the construction of its loading and unloading station. In addition, SEG won the bid for the client's long distance transmission project.

Case: A 'STOP' card eliminates potential safety hazards

STOP is an acronym for "Safety, Training, Observation, Program", meaning that when unsafe factors are observed, work or operations must be stopped immediately for necessary rectification to reduce risks. Sinopec has implemented the STOP safety observation card system in Saudi Arabia, encouraging employees to observe, discover and report all kinds of potential safety hazards. They can write their findings on the card, together with their suggestions, and submit the card to safety management personnel for timely action. Every month, we commend and reward the employees who have excelled in this regard, which has played an effective role in eliminating potential safety hazards.



The Safety officers of Sinopec Oilfield Service Corporation (SSC) organizes T-card cards to facilitate rapidly roll-call in emergencies

Strengthening Safety Training

To enhance and strengthen employee safety awareness, Sinopec has carried out operation safety training, traffic safety training, public safety training, safety education, emergency response training. The company has formulated *Measures for Overseas Safety Training* to strengthen the systematic safety training management for overseas projects. We have carried out safety training for employees of different positions and grades through the whole cycle.

Case: Jizan's Three-Step Approach of safety education

At Jizan Refinery, Sinopec Engineering (Group) Co., Ltd. (SEG) has implemented the safety responsibility system to get everybody involved in safety risks control. A Three-Step Approach of "Teach, Practice, Learn" has been applied in the field.



Teach

Safety lessons at pre-shift meetings and safety education and training sessions



Practice

Safety drills and demonstrations in the field



Learn

Safety management ideas and practice of other domestic and foreign enterprises



Carrying out safety training

Case: 'Production Safety Month' improves employee safety ability

To improve employee safety ability, Sinopec Oilfield Service Corporation (SSC) learned from the experience of domestic enterprises and designated June 2018 as the "Production Safety Month." During the month, SSC organized a series of activities, such as safety education, HSSE knowledge competition, risks and potential hazards detection, education on production safety accidents, occupational safety and health for key posts. We also carried out all kinds of safety inspections. A total of 912 problems and potential hazards were investigated, 860 of which were rectified immediately, which laid a good foundation for the company's long-term development.



Safety drills

Honest and Standardized Operation

According to the principles of standardized management and good-faith operation, Sinopec has strictly abided by domestic and international laws and local customs and practices, as well as local standards and industrial rules. We have participated in market competition in Saudi Arabia in an orderly manner and honored our contract commitments, which has upgraded our business scale and competitiveness.

Improving management system

- Establish a management system in Saudi Arabia in accordance with local laws and regulations and Sinopec's internal requirements

Regulating business operation

- Update business certificates in a timely manner and review qualification certificates of partners to ensure legal business operation
- Strictly manage the use of funds and prevent non-compliance

Strengthening education

- Strengthen education on code of conduct and anti-corruption, to enhance the awareness among all employees (including those of sub-contractors)

Assuming leadership responsibility

- Sign a commitment letter of integrity with employees at all levels, to regulate professional behavior



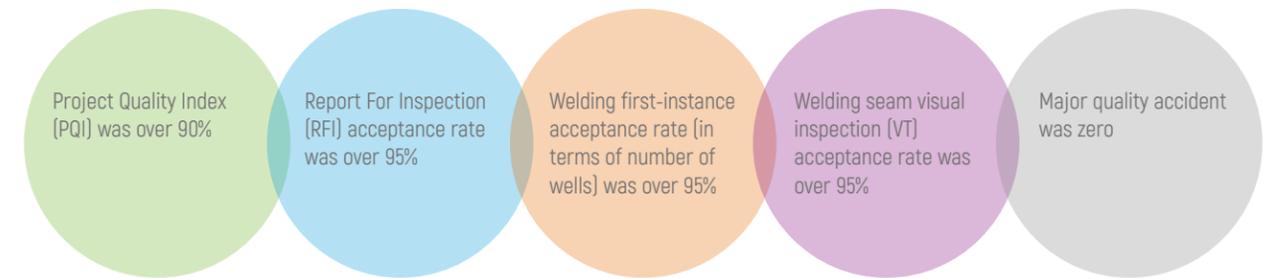
Corporate Culture Promotion of Yanbu Aramco Sinopec Refining Company Ltd.

Establishing Good Cooperative Relations

Sinopec has regarded each project as a platform for win-win cooperation and actively performed our responsibilities according to contract. In the interest of the client and the general contractor, we have also brought into play our own experience in management, technology and experience, to deliver every project in a safe, high-quality and timely manner as win-win results. We have strengthened the fulfillment of our responsibility for the upstream and downstream in the supply chain, and cooperated with other suppliers and sub-contractors to jointly build and maintain a responsible and healthy industrial ecology.

Building Quality Projects

Sinopec Engineering (Group) Co., Ltd. (SEG) has learned from the Saudi client's excellent experience in quality management, and implemented the concept and practice of ISO 9001 quality management system, to continuously improve its own management system and set high-standard quality goals. SEG has strengthened staff quality training and carried out the innovative practice of new technology and new process. It has summed up experience and lessons and built high-quality projects. The world-class integrated refining and chemical unit in Rabigh, Saudi Arabia, won the "2010-2011 National Silver Award for High-Quality Engineering".



System building

- Establish the quality management system for the whole cycle of design, procurement, construction, supervision
- Adapt to and conform to the management model in Saudi Arabia and establish a complete, standard quality management process and operating procedure (SOP)

Process control

- Institutionalize and normalize project inspection and carry out quality control over the cycle of design, procurement and construction
- Set the project that has passed mandatory inspection as an example for others to build high-quality projects

Technical innovation

- Introduce new technology, new process and new methods to improve the quality and efficiency of construction and management

Quality training

- Organize quality meetings, quality inspections and quality training on a regular basis to get all the employees fully involved in quality management and boost their enthusiasm and sense of responsibility
- Strengthen quality risk management and push forward the effective operation of Sinopec's QHSE system

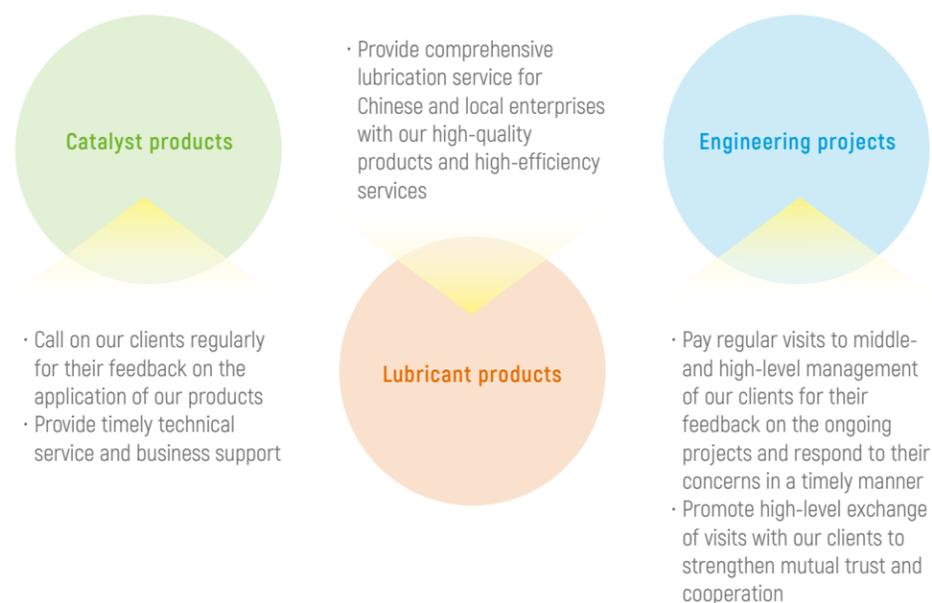
Case: SEG's first application of ASAW in Saudi Arabia

Although ASAW (automatic submerged arc welding) is an advanced technology that ensures a high acceptance rate with regular and full welding surface and excellent welding bead, it had not been applied in Saudi Arabia before 2011. Sinopec Engineering (Group) Co., Ltd. (SEG) was proficient in this technology and hoped to introduce it to Saudi Arabia in the hydrocracking installation project. SEG started from the evaluation of the relatively simple welding of carbon steel, and completed all the tests strictly according to procedures,

which convinced the client for the application of the technology in the welding of carbon steel pipelines. The application of the same technology was tested, evaluated and approved for the more sophisticated welding of stainless steel. The first-instance acceptance rate reached 98.9 percent. What's more, the welders worked with lower intensity but higher efficiency. With the approval of our Saudi client, SEG promoted the application of the technology to improve quality and efficiency.

Quality Customer Service

Sinopec has always built and maintained relations with our clients according to their needs. We have paid regular visits to the top leadership, project management and contract department of our clients, such as Saudi Aramco, SABIC, Ma'aden, to facilitate middle- and high-level exchanges and enhance mutual understanding. We have continuously improved our products and services, upgraded our competitiveness and reputation, and responded to the expectations of our clients to achieve win-win results.



Case: Solving clients' problems timely and effectively

At the end of May 2016, a serious catalyst run-off accident took place at the DCC unit of Rabigh. The client urgently turned to Sinopec for help in balance powder analysis. We immediately reminded the client's technical staff to provide more detailed technical information as soon as possible, so that we can organize experts to help analyze and solve the problem. At the same time, we got into contact with the client's procurement department urgently to confirm that an emergency supply plan was in place to ensure its continued operation. Our catalyst technicians had a teleconference with the technicians and experts at Rabigh. They helped the client diagnose and solve the problem. They also provided detailed operation guidance for the continued smooth operation of the unit.

Creating More Value

Sinopec has broken through the field of high-value-added technology service and turned our focus on international, standard, detailed management and higher efficiency with lower cost. We have strengthened field management implementation, explored the innovation of production management mode, and improved the level of detailed management, in order to pursue higher production efficiency and improve management performance. Sinopec explores the best production mode, improves the operation and management performance, and creates more comprehensive value for customers.

Case: SSC pushes the limits of Chinese geophysical prospecting

In the process of Saudi Aramco's S62 3D geophysical prospecting project, Sinopec Oilfield Service Corporation (SSC) put into use the mode of "Electrical Multiple Unit (EMU, high-speed train)" to maintain high efficiency. The mode of vibrator maintenance enabled the vibrator to operate continuously for 1,800 days. The mode of camp relocation reduced the relocation time from three days to one day, which facilitated the seamless connection between relocation and production. After the initial running-in period, the project met the minimum requirement of Saudi Aramco and set a record for daily yield in the Rubhali Desert, which wowed our clients and peers in the world.

Case: SSC sets successive records

In August 2015, Sinopec Oilfield Service Corporation (SSC) achieved a daily bit footage of 996 meters a day, setting the record of horizontal drilling of Saudi Aramco. In September 2015, SSC set five records in a row: the most time saved in the construction cycle at Block Shaybah, the deepest horizontal well, the longest open-hole horizontal section, the highest mechanical drilling speed, and the highest average drilling speed. In April 2016, SSC's average mechanical drilling speed reached 65 meters, setting a new record in Saudi Aramco's 60-year history of horizontal bit footage.

Case: Sino-22 Team wins the excellent management team medal

Since Sino-22 Team of Sinopec Oilfield Service Corporation (SSC) began its operation at Saudi Aramco's Block Burry Island in northern Saudi Arabia, it has always sought economic benefits from optimizing production procedures and detecting hidden hazards. The team has made sure that every operation is effectively controlled under the guidance of the client's technical instructions. Sino-22 Team has optimized operation procedures to ensure high-quality and efficient well delivery, and to ensure that every well is delivered ahead of schedule. The delivery of BRRI-578, an ultra-deep well, took place 27 days ahead of schedule, setting a record for the same type of well in the same block. Sino-22 ranked among the best in Saudi Aramco's contractor evaluation system and won Saudi Aramco's excellent management team medal.

Building a Responsible Industrial Chain

Sinopec has always pursued mutually-beneficial, win-win and common development with partners. We have actively coordinated with PMC, contractors, consortia and sub-contractors to carry out local procurement to help sub-contractors enhance their business capability, in order to build a responsible, sustainable and healthy industrial chain.

Sinopec has perfected the local sub-contractor resources pool and vigorously promoted the localization of resources. We have adhered to good faith in our cooperation with local sub-contractors and learned from each other. We have settled our accounts with the sub-contractors and workers in a timely and reasonable manner, winning their confidence and trust in the long run.

Sinopec has helped domestic sub-contractors to operate in Saudi Arabia, given them guidance in internal management and provided them with relevant resources. More than a dozen Chinese factories including China First Heavy Industries (CFHI) and Shanghai Sensong Pressure Vessel Company have won the clients' approval, which guaranteed timely delivery of equipment and materials and saved procurement costs, laying a solid foundation for Chinese products to be used in our PMC projects in the future.

Sinopec Oilfield Service Corporation (SSC) evaluates and registers suppliers according to Saudi Aramco's standards. It has also implemented a supplier development plan and compiled a list of potential suppliers. It carries out supplier appraisal once a year, the result of which serves as the main basis for supplier qualification and management. The qualified suppliers are referred to as registered suppliers, who will be recorded in the supplier management database, with uniform certificates issued. By the end of 2018, SSC had recorded 1,105 suppliers and 1,405 products in its own database.

From April 2015 to the end of 2018, the total transaction amount of Epec reached **483.5** billion yuan.

More than **50.3** million items have been displayed.

There have been **59,500** registered enterprises.

The supply chain finance (SCF) financing credit exceeded **3.9** billion yuan.

Sinopec has fully exploited the resources of excellent suppliers at home and abroad on its own EPEC e-commerce platform to find excellent products suitable for the Saudi market and to bring more high-quality products and services to the country.

As an e-commerce platform that facilitates SC2B (supply chain to businesses) transactions of industrial products, Epec.com is supported by Sinopec's extensive industrial resources and supply chain services. With our experience in industrial products and international trading, Epec customizes procurement strategies and services for our clients to ensure a convenient, efficient, and reliable procurement process.

Since 2017, Epec has launched international business platforms in English, Russian, Spanish, etc., to build a global display and promotion platform for industrial products, a platform for service support, and a platform for trade integration. The platform provides customers with all-round, all-weather, one-stop services, and helps the upstream and downstream enterprises in the supply chain to obtain low-cost and fast financing channels, so that the transactions can be more secure, convenient and controllable.

From its launch on April 1, 2015 to the end of 2018, the total transaction on Epec.com reached 483.5 billion yuan. More than 4 million different products have been on display, and more than 50.3 million items have been on the shelves. There have been 59,500 registered enterprises and 166,000 registered users, 78 percent of whom are external users. The supply chain finance (SCF) financing credit exceeded 3.9 billion yuan.

On this platform, Sinopec's China Petrochemical International Company (CPCI) has carried out business cooperation on petroleum coke, sulphur, catalyst, and so on with Yasref oil refinery, Saudi Aramco and Rabigh Refinery. From 2017 to 2018, the Saudi online business transaction on amounted to US\$176 million.



Sinopec at Saudi Arabia Oil and Gas Exhibition (SAOGE) in 2012



Sinopec at Saudi Aramco Salvaged Material Exhibition in 2017



Sinopec signs an MOU with Saudi Aramco in 2017



Sinopec at IKTVA Forum & Exhibition 2018

Feature: From 'Sino-1' to 'No. 1 in Saudi Arabia'

In 2000, Sinopec Oilfield Service Corporation (SSC) won the first bid for Saudi Aramco's onshore drilling project. To commemorate this historic moment, the first drilling rig was named "Sino-1", which marked the beginning of our long-term and high-quality service to Saudi customers.



An SSC drilling team works in the hinterland of the Saudi desert

Creating Speed Miracles

In 2000, Sino-1 Team arrived in Saudi Arabia and began to compete with more than 40 drilling teams from all over the world. As a pioneer in providing services to Saudi customers, Sino-1 tried every means with rigorous style and tenacious will to improve the drilling speed, calculating each step of the process in minutes. Five months later, Sino-1 accelerated its drilling speed by a large margin. It took the team only 13.95 days to complete the drilling of UTMN-1508 at Saudi Aramco's drilling competition in May 2002, breaking Saudi Aramco's 50-year-old record of drilling speed. For more than a decade, Sino-1 has excelled in Saudi Aramco's quarterly comprehensive assessment, and demonstrated its strength with certificates of merit and letters of congratulation from the clients.

Setting Up Management Benchmarks

Over the last dozen years, Sino-1 has constructed and delivered more than 160 wells, with a bit footage of over 550,000 meters and a daily rate of over 99 percent. The success of Sino-1 in Saudi Arabia has set up a benchmark and example for other SSC teams to operate in the Saudi market. In 2004, Sino-7, Sino-5 and Sino-6 teams entered the Saudi market successively. In November 2005, seven drilling rigs won the bid for the contract with 3+1 year service model at the same time, a historic leapfrog in our large-scale operation.

According to the safety management requirements of Saudi Aramco, Sino-1 printed cards with the standards and rules and made requirements for all of its team members to abide by them strictly. In terms of technology, Sino-1 gradually summarized its experience and shared it with other teams. When Sino-26 entered the Saudi market, with Sino-1's success as a reference, it took the team only 56 days to complete the process from customs clearance to preparation for drilling.

In order to help the follow-up teams to adapt quickly to the international practices in Saudi Arabia, Sino-1 has sent its team members to other teams to help with their rapid development. "Path exploration, experience summary and talent training" have become key phrases in Sino-1's history.

Employees Like One Family

The Chinese and Saudi employees of Sino-1 are close to each other like one family, setting a good example for the construction of the Belt and Road. In daily production activities, a Chinese employee and a Saudi employee are paired up for each post. Since many Saudi employees have been doing the job for a short period of time, this arrangement provides effective protection and supervision, which prevents unprofessional operations and accidents from happening. On the other hand, since the Saudi employees' native language is Arabic, with some being not fluent in English, who may have difficulty in communication in case of emergency, this pair-up arrangement can improve the efficiency of emergency response to reduce risks and hazards.

During the Ramadan of 2018, all of the Saudi employees were advised to work night shifts and that was welcomed by the Saudi employees. After the holiday season, they became more energetic at work.

Ecological Conservation to Protect the Blue Ocean and Sky

Conserving the ecological environment and living in harmony with nature has become a consensus shared by all responsible companies. Given Saudi Arabia's fragile ecosystem characterized by vast expanses of desert and gobi, Sinopec has established a strict environmental protection mechanism with aims to minimize negative impact of its production on local environment and achieve green, circular and low-carbon development.



Strengthening Environmental Management

Sinopec has strictly abided by environmental laws and regulations of Saudi Arabia, rigidly adhered to environmental requirements of property owners, and earnestly performed its responsibility for environmental protection. Moreover, it has established an environmental conservation and management system, constantly advanced the building of environmental protection mechanisms, rules and trainings, strictly followed the requirements on environmental permits, and enhanced environmental management and control capacity.

Improving the Environmental Protection System

Upholding the concept of green development, Sinopec has been committed to improving environmental administrative rules and strengthening on-site environmental management. It has also reinforced the responsibility for environmental protection at various levels, carried out environmental factor identification and impact evaluation and established a list of environmental factors, with aims to promote green production and lifestyles and achieve green development.

Case: China's "Green Tide" Sweeping Across the "Kingdom of Oil"

The SSC "China-1" drilling team has always strictly followed various environmental protection regulations of its clients, and spared no effort to conserve the local ecological environment. In addition, based on its actual conditions, the drilling team formulated an Environmental Management Manual that elaborates procedures on the whole drilling process and living camps. The 122-page English edition of the manual includes more than 1,000 environmental protection standards in 10 categories, ranging from the treatment of wastewater, waste gas and other hazardous wastes to the control of oil spills. Due to its outstanding performance in environmental protection, Sinopec Service won recognition from Saudi Aramco and became the company's largest land drilling strategic partner.

"Chinese enterprises are devoted to protecting the ecological environment from the bottom of their hearts, which is admirable. We will work together with our Chinese friends to protect the common home of mankind."

— Zuhayr, Saudi Aramco's HSE Supervisor at No.19 Chinese Drilling Team

"The Chinese drilling team's Environmental Management Manual is perfect and encompassing, and other drilling contractors in Saudi Arabia should learn earnestly from them."

— Devon, Director of HSE Department of Saudi Aramco

On February 26, 2017, at a waste recycling exhibition held by Saudi Aramco, SSC introduced its technology and experience in environmental protection, and provided solutions to waste disposal.

Conducting Environmental Protection Training

Sinopec has strengthened the publicity of environmental protection awareness and enhanced its capacity to protect the environment through measures such as organizing training and competitions on environmental knowledge, publicizing knowledge about environmental conservation via camp broadcasting, erecting signs and slogans and pasting posters to publicize environmental protection, organizing employees to watch environmental protection videos at spare time, compiling English and Arabic brochures on environmental protection, and carrying out environmental protection education for field workers. Those publicizing measures help implant the awareness of environmental conservation in the heart of every employee and guide their behavior.

SSC makes environmental protection a major indicator for evaluating the performance of its drilling teams and leverages "economic incentives" to encourage all employees to promote environmental conservation. It has not only equipped all drilling teams with a full set of tools used to clean spilled oil, but also regularly organized emergency oil spill exercises to enhance employees' capacity of tackling accidents.



Planting trees at the camp in 2008

Promoting Green Operation

Sinopec has always placed top priority on environmental conservation in the design and construction of its projects in Saudi Arabia. Through upgrading production techniques and workflows and utilizing energy-saving and emission-reducing technologies, it has effectively controlled pollutant emissions and carried out harmless treatment of wastewater, waste gas and waste residues, striving to minimize those projects' negative impact on the environment.

SSC insists on deploying specialized impermeable cloth in sludge pits installing wastewater treatment devices in drilling fields, and discharging treated wastewater that is detected to meet relevant standards to sludge pits via sealed pipelines, so as to prevent the soil from being contaminated by any spilled oil. Moreover, it regularly cleans mud tanks and pipelines to prevent sludge spills.

Sinopec also strengthens the treatment of solid wastes. All garbage and solid wastes are treated by qualified entities to prevent contamination of land. Moreover, it puts temporary facilities on construction sites under strict management, and the construction of all temporary facilities must earn permit and approval from property owners, which will be demolished properly to avoid creating new pollution. Those measures effectively prevent the damage of the environment caused by construction activities, thus winning high praise from property owners and local governments.

Sinopec cherishes natural resources and advocates recycled and maximal utilization of resources, which can not only conserve resources but also cut costs.

Case: Letter of Thanks from the Eastern Division of Saudi Arabia's Border Defense Forces

When carrying out a construction project on the borders between Saudi Arabia, Oman and the United Arab Emirates (UAE), the SINOPEC3106 seismic crew of SSC abided by border administrative regulations, obeyed the regulations of border troops, made no crossing of borders and no noise, and practiced orderly, environmentally friendly and safe construction, efficiently and safely completing the construction project without any violations of relevant rules and regulations. For this reason, Saudi border troops spoke highly of the crew in a letter of thanks.

Dear PR Coordinator Ali:

For a long time, your company has made great contributions to assisting us in our border defense work in eastern Saudi Arabia. Particularly, your support to our work in the eastern border defense region during the construction of your projects demonstrated your company's passion for work and cooperative attitude. On behalf of the Eastern Division of Saudi Arabia's Border Defense Forces, I hereby express our sincere thanks to your company. I wish your business will prosper with each passing day.

– General Fahad Hazari from the Eastern Division of Saudi Arabia's Border Defense Forces



Protecting the Ecological Environment

Sinopec attaches great importance to environmental protection. Through strengthening the identification and analysis of environmentally sensitive areas and the management of environmental risks and encouraging its employees to practice green production and low-carbon lifestyles, it has effectively protected the ecological environment and reduced the impact of production activities on the environment.

Before launching major projects, Sinopec will assess their impact on biodiversity, evaluate the impact on ecological conservation zones, vegetated zones and wild animal habitats in the construction and operation of those projects, formulate relevant measures to mitigate and eliminate negative impact, and prevent environmental damage and restore the environment of project camps and operational zones.

Sinopec combines environmental protection with daily operation by promoting green office and sparing no effort to practice low-carbon, environmentally-friendly approaches. In 2007, SSC organized its employees to plant more than 1,000 trees in its No.1 base, which won high praise from the local government and residents.

Case: Reducing Solid Wastes through Recycled Utilization of Pipelines

The camp of SSC's S62 project is relocated once every three to four months with the progress of the production process. In the early stage of construction, pipelines needed to be cut and redeployed according to the distances between prefabricated houses when the camp was relocated. As a result, this led to waste of pipelines because some could only be used once due to varied dimensions.

To solve the problem, camp architects formulated standards for camp construction and mapped out standard camp plans to fixate the overall layout of the camp. In this way, they also fixate the location of every prefabricated house and the joint of every pipeline. When relocating the camp, they mark and number every pipeline and prefabricated houses before demolition, and then rebuild them according to relevant blueprints. This enables them to avoid the cutting and waste of pipelines and achieve recycled utilization of pipelines. In addition, this approach also enhances the efficiency of camp construction and save expenditures on buying new pipelines.

Case: Garbage and Wastewater Treatment

In order to protect local environment, SSC classifies industrial and household garbage, providing six bins sorted by color for hazardous waste alone. Each year, it invests some 3 million yuan to engage a professional firm to recycle the garbage of various kinds. The company stipulates that all household wastewater must be discharged into the sewage disposal system. Specialized wastewater treatment equipment was installed at the camp of the S62 project, thanks to which the treated domestic wastewater reaches environmental standards and can be used to water flowers and trees across the camp, so as to realize recycling of water resources.



All production and domestic wastewater at SSC exploration camp is treated according to relevant standards before being discharged as drinkable water for desert birds

Feature: Environmental Protection Models on the Desert

The S62 exploration project is located at the heart of the Rub al Khali desert in southeastern Saudi Arabia. The area features complicated terrains and fragile ecosystem which is characterized by scorching heat around the year, very limited rainfall, sparse flora and fauna and frequent sandstorms. The project contractor, SINOPEC3106 seismic crew, implements the "green exploration" concept and adopts strict environmental protection measures, attempting to minimize the impact of its operations on the ecosystem of the desert and protect local environment from pollution, desert vegetation from damage, and desert animals from disturbance.



The Sinopec Oilfield Service Corporation seismological team explores in the desert

First Lesson on Environmental Protection

During the construction of the S62 project, considering the fragile environment and ecosystem of the Rub al Khali desert, the SINOPEC3106 seismic crew established an environmental protection system even stricter than the standards of the property owner—Saudi Aramco. The crew rigorously executed the requirements of clean production, took strict environmental protection measures, and spared no effort to minimize its exploration operations' impact on the desert ecosystem. After the relocation of their camp, the crew would restore the environment of the spot and submitted a withdrawal report as required.

The first training class that new employees take after joining the crew is about HSE education, with an aim to enhance their environmental protection awareness and reinforce their responsibility for environmental conservation by upholding the philosophy that "protecting the environment is protecting our home, destroying the ecosystem is destroying our home." The SINOPEC3106 seismic crew has always practiced green exploration. To achieve full-process green exploration from project design and construction to field production, the crew has constantly strengthened environmental protection training by all means, regulated behaviors that might affect the environment on all fronts, and enabled every employee to become an advocate of environmental conservation, achieving a win-win situation in which oil exploration and production advance in step with the protection of the desert ecosystem.



The crew recovers logo flags after an exploration mission



Putting tarpaulin under the vehicle to prevent oil leak that may pollute the sands

No Harm to the Local Ecosystem

The construction of the S62 project involved nearly 700 workers and more than 170 vehicles. Considering its multiple operation sites in the wild, the project would have resulted in severe damage of the fragile desert ecosystem if no measures were taken to protect the environment. The SINOPEC3106 seismic crew formulated detailed requirements for environmental conservation. Prior to the construction of the project, they carefully surveyed the exploration zone to learn its topography and landforms and marked the locations of areas growing with dense vegetation and date palm forests or serving as habitats of wild animals, as well as pipelines, on the map. Through optimized design with techniques such as migrated lining, they made the construction of the project evade large vegetated areas.



Crew members pass by desert vegetation as they carefully choose the optimal spots for survey, aware that logo flags must be placed far from vegetation for protection purposes

When they need to cross densely vegetated areas, the crew sends someone to drive a bulldozer to blaze a trail, and all vehicles follow the trail, in order to protect wild plants. The bulldozer is also required to avoid crushing or shoveling any plants. Crew members are banned to collect firewood in the wild and disturb, harm and kill desert animals. They would even treat and take care of injured animals and free them after they are cured.

Household garbage and production wastes created in the process of field exploration,

such as abandoned tires and parts, are brought back to their camp for centralized treatment. To eliminate littering, each fieldwork squadron is equipped with plastic garbage bags in different colors. Once garbage is spotted to be carelessly disposed, the crew could figure out who did this according to the color of the garbage bags. They also collect garbage left by local herders and bring it to their camp for treatment. When repairing broken motored vehicles in the wild, they would place a layer of tarpaulin on the ground to prevent oil stains from contaminating the desert.

Employee Development and Respecting Cultural Diversity

Sinopec boasts nearly 700,000 employees full of passion and energy, while its Saudi arm has also fostered an enthusiastic, hardworking and dedicated international team like a big family. Sinopec's people-oriented philosophy and its efforts in respecting employees, securing employees' rights and interests and seeking common growth of enterprise value and employee value have in turn inspired its employees to devote themselves wholeheartedly to their work, which has laid a solid foundation for the company's sustainable development.



Members of the SSC's Team 22 celebrate birthday for a Saudi employee

Creating Jobs for Locals

Workforce localization is an integral part of Sinopec's localized management strategy. To respond to Saudi Arabia's Vision 2030 and National Transformation Program 2020, Saudi Aramco launched the In-Kingdom Total Value Add Program (IKTVA) and began to hold the IKTVA Forum in 2015. Following the principle of "pooling global talent while localizing workforce," Sinopec keeps in line with Saudi Arabia's employment policy known as the Nitaqat Programme and the rules of IKTVA. With the higher requirements on localization of human resources of the Saudi Arabian government and property owners, Sinopec has formulated corresponding policies to increase the number of its employees from local communities and constantly increase the proportion of local workers. In the peak time of some projects, the ratio of local workers to total employees even exceeded 65 percent. Sinopec has been invited to attend the IKTVA Forum every year, and even became a "silver sponsor" for the 2017 and 2018 events.

To further attract high-end talent and help Saudi Arabia increase its employment rate, Sinopec has signed agreements with local universities and secondary vocational schools to hire their graduates. It has also taken active action to cooperate with Saudi Petroleum Services Polytechnic (SPSP), Saudi Arabia Drilling Engineering College, Saudi Petroleum Services Technical College, and Saudi Human Resource Development Foundation (HRDF) to employ Saudi college graduates. It also offers internship positions and job opportunities for students of many local colleges.

In 2008, the Sinopec Saudi Training Center, the first overseas training center of the group company, was set up in Saudi Arabia, providing free-of-charge training, food and accommodation for its employees. Since its establishment, it has organized 1,027 training classes of various kinds, training nearly 100,000 persons-times, including 37,806 Saudi workers. It has also provided nine training programs for internationalized talents, attended by a total of 174 employees for key positions. The training center has also held driller training classes for selected excellent Saudi employees to cultivate skilled drillers. Dozens of them have become drillers or assistant drillers.

The SSC joined hands with other drilling contractors of Saudi Aramco to establish Saudi Drilling Technical College to cultivate local drilling professionals.

By the end of 2018, the Sinopec Saudi Training Center had organized **1,027** training classes of various kinds.

By the end of 2018, the Sinopec Saudi Training Center had provided training for nearly **100,000** persons-times.



Saudi students at their graduation ceremony

Case: Joint Training of Saudi Students

Since 2011, Sinopec Service and SPSP have worked together to train Saudi students in fields like drilling, pipeline installation, machinery, welding and electric engineering, for which it won prizes and awards from HRDF. By the end of 2018, with the help of HRDF, the company had recruited and trained 779 local employees and invested a total of US\$3.89 million to train 129 Saudi students, of whom 65 had graduated from school. In 2018, HRDF rewarded the company 109,800 Saudi Riyals.



Recruiting local employees at a job fair

Encouraging Employee Growth

Thinking ahead, Sinopec has strived to cultivate internationalized talent. Sinopec has also formulated relevant policies to facilitate the personal development of its foreign employees and hold various skill competitions to motivate the enthusiasm for work among employees from various countries. In this way, it has cultivated a skilled, rationally-structured and professional internationalized workforce. Saudi employees and workers from other countries are found in every key technical position on all fronts, including drilling bases, refineries, engineering, and production safety. Many local employees work at important positions concerning government affairs, taxation, auditing, and comprehensive management to give full play to their advantage of being familiar with localities.

Skill Training

To strengthen skill training for employees, Sinopec has not only established a new employee training mechanism and conducted regular training, but also built a number of platforms to promote tutoring of new employees with seniors, learning via rationally working at different positions, on-spot practice, research of special subjects, skill competitions, and irregular vocational training. It also encourages its employees to learn from each other and enhance their skills. In this way, it has cultivated a number of versatile professionals.

Case: Paired Assistance of Saudi Employees by Chinese Colleagues

Drilling is a technical task. When Yusuf, a Saudi young employee, worked at the drilling rig for the first time, a Chinese derrick worker became his instructor. After nearly five years of tireless work, Yusuf has become an assistant driller of the China-18 drilling team, responsible for management of all Saudi employees in the team. His younger brother also joined in the drilling team to become a derrick man. Today, his family has moved into a new house. Yusuf got married and became a father.

He was chosen to attend a drilling training program at the Sinopec Zhongyuan Oilfield Training Center in China. The 15-day training program enabled him not only to be impressed by Sinopec's first-class drilling technology, but also to consolidate his confidence in seeking personal development as an employee of the corporation.

In 2018, the SSC invested more than

20.16 million yuan to train

19,159 employees/times and

another **3.75** million yuan to improve its employees' benefits.

Case: Training Technicians through Promoting Research of Special Subjects

The S62 three-dimensional seismic survey project in Saudi Arabia has organized technicians to carry out scientific research to solve thorny problems they face in fieldwork. Over the past few years, breakthroughs have been made in realms such as desert surveying technology, high-efficiency bulldozer operation, cross-beam line long-distance deviation, and seismic instrument-controlled vibroseis high-efficiency joint operation, which greatly enhanced the safety and efficiency of three-dimensional seismic surveys in desert areas. Meanwhile, a number of excellent technicians and executives have been cultivated and trained in the process, achieving the goal of integrated human resource training.



Abbas [center] at work with Zhang Jie [left]. After graduating from Saudi Petroleum Services Polytechnic (SPSP) as a major in oil drilling engineering, Abbas joined SINO-26 team in 2014 and signed a mentorship agreement with Zhang Jie, a seasoned assistant driller. Thanks to Zhang's instruction, Abbas quickly became a qualified assistant driller.

Employee Motivation

I have been worked at Yasref oil refinery for eight years. In fact, I grew up together with the refinery. In the beginning, I worked as a senior project engineer, and then became a project manager overseeing pipeline construction and communications services. Now, I'm director of the department responsible for IT system and service.

– Khalid, chief of the Information Technology Department of Yanbu Aramco Sinopec Refining Company Ltd.

Sinopec encourages its employees to present rational suggestions, take the initiative to solve problems in the process of construction, and enhance the efficiency of their work. Each squad or team provides communication platforms such as "Weekly Forum on Team Work," "I Have Good Advice" and "One Day as a Team Leader" to encourage employees to play a lead role in work, display their talent, and share ideas and interesting stories, so as to promote teamwork spirit.

Ordinary employees who made outstanding performances in work will be gradually promoted to team or squad heads. The corporation also regularly holds meetings to commend excellent employees with certificates of honor and other prizes to recognize their outstanding performances, so as to motivate employees to work harder and form a healthy atmosphere of employees helping and competing with each other. Those measures enhance employees' sense of belonging to the corporation.

Employee Growth

Sinopec has built a platform for promoting personal development of its employees, making them grow fast and realize the value of their lives at positions that are suitable for them. With the implementation and completion of many projects, a number of outstanding internationalized management personnel have been cultivated, who are making remarkable contributions to the development of the corporation.



Discussing work at a construction site

Integrating Diverse Cultures

Sinopec respects Saudi employees' culture and customs. Through carrying out cross-cultural exchange and management and encouraging employees from various countries to communicate with each other, it has created a working environment that harmoniously integrates Chinese and Saudi cultures and forged the multicultural teamwork philosophy advocating "we are family." During festivals and holidays, Sinopec organizes cultural and sports events to strengthen friendship of employees with different cultural and religious backgrounds and increase their recognition, pride and responsibility for their teams, thus making all live and work in harmony with each other.

Case: English Training Paves the Way to Promotion

Due to their limited English proficiency, a group of Saudi core employees in the drilling team of SSC found it hard to get promoted. In this context, in 2017, the company entrusted a local renowned educational company to launch the first English training class concerning drilling knowledge for 12 Saudi employees selected from different positions. The 15-day training class was divided into three levels: beginners, secondary learners and seniors. Upon the actual conditions of those employees, teachers formulated targeted training plans and taught in both English and Arabic, so as to guarantee the training results.

I'm grateful to my company for providing me with a chance to enhance my English capacity, so that I can repair my weakness and get a promotion.
– Mohammed, assistant driller of the China-1 Drilling Team of SSC

Working Conditions

Sinopec employees usually need to work in vast wilderness in Saudi Arabia, and their jobs are a little dull and repetitive. To ensure its employees feel comfortable at work, the company spares no effort to improve their living and working condition. Logistic support is given top priority just like fieldwork. Through overall arrangement, Sinopec has actively constructed logistic service stations that respond quickly, provide considerate services and are reliable, thus providing strong support for production.

- Foods of different styles and flavors are provided to meet the varied appetites and diary habits of employees from different countries. Each field worker is rationed with plentiful amounts of nourishments once a month.
- To resist the summer heat in the desert, all camps are equipped with large ice makers for employees to use. Construction workers take heatstroke preventives with them during work.
- The lodgings in the camps are equipped with TV sets, air conditioners, water dispensers, laundries and showering rooms.
- The camps have playgrounds and tracks for employees to do exercises.
- The camps also have stalls providing services like haircut and sewing to meet daily needs of employees.



Ten ice machines operate around the clock to meet the needs of workers for ice cubes



Celebrating birthday for a foreign employee

Case: Helping Foreign Employees Through a Natural Disaster

After an earthquake struck Nepal on April 25, 2015, Sinopec activated a disaster response mechanism at the earliest time to help more than 1,000 Nepalese employees in Saudi Arabia get through the hard time. Relief measures included upgrading disaster information, providing international calling cards and collecting information of disaster-affected employees. A total of 11,000 yuan was raised through donations to provide financial assistance to the Nepalese employees who suffered severe loss, and prayers were held to console them in the face of disaster.

Increasing Employees' Sense of Happiness

Sinopec organizes a variety of cultural and sports events, such as ball games, chess games, weekend movie screenings and birthday parties, to enrich employees' life in off hours, and prizes would be granted in order to encourage participation. Exchange activities themed on traditional cultures are held on a regular basis to strengthen communication and team building and increase employees' sense of happiness. Sinopec cares for employees sincerely, providing them with timely assistance whenever they are in need.



Foreign employees participate in cricket games

Safeguarding Employees' Rights and Interests

Sinopec strictly abides by local labor laws and regulations and has established a sound labor system to safeguard the basic rights and interests of employees and strengthen democratic management within the company, so as to create a fair and harmonious working environment for employees. We prohibit the use of compulsory labor and child labor.

Occupational Safety and Health

Sinopec strictly abides by Saudi Arabia's standards for occupational safety and health in energy and chemical industries and has established occupational health related systems that meet local requirements for the purpose of improving employees' health consciousness, strengthening monitor on occupational hazards and organizing health examinations. To safeguard our employees' safety and health in workplace, we provide field workers with complete personal protective equipment including goggles, masks and gears for high-temperature protection. Penalties for violations of related regulations have also been formulated.

Sinopec has taken specific measures to ensure employees' physical and mental health, such as organizing physical examinations, documenting their health records and providing psychological counseling and training courses on mental health.

In 2018, Sinopec provided psychological counseling service for more than **3,000** employees in Saudi Arabia and Kuwait and over **40** of them received professional psychotherapy

Compensation and Benefits

Sinopec has established a series of mechanisms in signing labor contracts, funding social insurance for employees, increasing benefits, providing staff training and improving working and living conditions. A compensation and performance evaluation system for foreign employees has been established based on the investigation of local labor market. Trust between the employer and employees has been consolidated with all salaries paid in full amount. Compensations and benefits will be raised according to employees' position and the result of their annual performance evaluation.

We value fairness and practice equal treatment to Chinese and foreign employees in terms of compensation, benefits and working conditions. We pay social insurance and medical insurance for all employees.

Sinopec Oilfield Service Corporation (SSC)

Institutional improvement: The company has established an occupational health management system in line with the Saudi Aramco safety management system, on-site comprehensive inspection procedures and assessments and other management regulations. It has also revised the *Manual of Health, Safety and Environment (HSE) Management in Drilling and Repairing in Saudi Arabia* and improved the functions of HSE management.

Sinopec Engineering (Group) Co., Ltd. (SEG)

Physical examination: The company organizes physical examination for Chinese employees before they are dispatched Saudi Arabia. Cardiovascular and cerebrovascular diseases are major concerns of the check-up, because it is important to make sure the employees can adapt to the hot weather when they are working outdoors. After they arrive in Saudi Arabia, they will take medical examination in the designated hospital to ensure they don't get any infection during their stay in the camp.

Heatstroke prevention and measures for cooling: The operational sites are equipped with high-power electric fans in shelters and drinking stations with ice added regularly. To maximize the protection of employees' health, if the temperature reaches the alarming level and workers feel ill, the frequency of resting will be increased or working hours adjusted.

Camp hygiene: Disinfection and pest control are carried out in the camp on a regular basis to ensure that employees' living environment meets related standards. There are small health clinics in the camps to provide medical treatment in case of illness.

Democratic Management

Sinopec attaches importance to democratic management of employees in Saudi Arabia and respects their rights to appeal. A communication and feedback mechanism between the company and employees has been established to safeguard employees' right to appeal and ensure timely communication between the two sides.

Both the SSC and the SEG have hired Saudi managers in key departments like comprehensive management and human resources so as to understand the opinions and appeals of employees of various nationalities, gradually expand the proportion of the proportion of employees from Saudi Arabia and other countries in key positions and develop an internationalized management team.

Feature: Ambassador of China-Saudi Arabia Cultural Exchange

Sinopec fully respects and protects the habits, customs, culture and religions of the Saudi employees and strives to promote cultural exchanges between China and Saudi Arabia by creating a harmonious environment featuring mutual respect to each other's cultures. Prayer rooms are set up in the camps, offices and job sites for Muslim employees to use and balance their work and religious life. During important Muslim events like Ramadan and Hajj, the company will arrange vocations according to employees' will, pay visits to Muslim employees and organize celebrations.



Model Saudi Employees

In celebration of the 20th anniversary of the establishment of diplomatic relations between China and Saudi Arabia and the Expo 2010 in Shanghai, 10 model workers were selected from Sinopec's Saudi employees according to their capability, degree of devotion, performance and interaction with colleagues. To commend these model workers and promote China-Saudi Arabia friendship, Sinopec arranged visits to China and the Expo, encouraging these workers to continue to make contributions to enhance exchanges between the two sides.

In 2018, two Saudi employees of Sinopec participated in a training program for foreign employees in key positions held in Beijing.



Model foreign employees visit Sinopec headquarters in Beijing

Case: A Saudi Employee's Decade at Sinopec

My name is Malaika and I have worked for Sinopec since 2007. Being a staff member of Sinopec is the dream of many Saudi people including me. Working with smart, passionate and professional colleagues here has not only helped improved my professional skills, but also broadened my horizon, benefiting my career development.

In 2009, I made a visit to China together with two of my colleagues as representatives of outstanding foreign employees, which was a great honor and recognition of my hard work. I was so excited when I arrived in China. We visited Sinopec headquarters and Sinopec Shengli Oilfield and were impressed by the cultural relics and modern buildings in Beijing, capital of China.



Outstanding foreign employee Malaika

Today, I have been promoted to the position of manager of comprehensive management department, leading a team composed of foreign employees to contribute to the company's development. It is Sinopec that gave me the opportunity to have a promising career path.

For me, the SSC is more like a home. I feel the warmth of family and friendship here and witness the co-existence of Saudi Arabian and Chinese cultures as well as the close connection between peoples of different nationalities and origins.



Ten outstanding Saudi engineers on the Great Wall

Cultural Exchange

Language and culture are the carriers of communication. Sinopec is committed to nurturing a favorable environment for language learning, inspiring employees of different nationalities to learn each other's languages. Chinese employees learn Arabic from their Saudi colleagues while Saudi staff members are interested in Chinese characters. Saudi employees often greet others by saying "good morning," "hello" and "thanks" in Chinese and some Chinese staff members can communicate with their foreign colleagues in fluent Arabic.



Sinopec employees at a cultural exchange activity



During the Chinese Spring Festival, foreign employees express their best wishes to the Chinese team members

Caring for Employees

Sinopec practices the core value of humanistic care to Saudi employees by combining the Western-style management with the Eastern-style care and kindness. Eid al-Fitr and Eid al-Adha are important festivals celebrated by Muslims, during which Sinopec provides special care for its Muslim employees, including reducing their workload, increasing food supply and providing entertainment facilities. With the advent of the night, the Muslim staff members will hold a gathering after the dinner, singing and dancing on a large piece of tarpaulin with joyful laughter.



Chinese and foreign employees participate in various cross-cultural communication events

Community Engagement Promoting China-Saudi Arabia Friendship

Saudi Arabia means "a desert of happiness" in Arabic. In the process of expanding business operations in Saudi Arabia, Sinopec has also made great efforts to fulfill its transnational corporate social responsibilities. The company respects and protects local culture while playing an active role in community building in line with the needs of local residents and fulfilling its commitment to promoting healthy development of the Saudi society and building "a desert of happiness" together with local communities.



Mr. Ali Alhazmi, President of Saline Water Conversion Corporation (SWCC), visited the construction site of YMWT Project

Boosting Local Development

To promote the development of local communities, Sinopec helps expand the scale of industries in different regions according to their respective features and enhance the productivity and comprehensive competitiveness of supporting industries in these regions, and has built mutually beneficial relations with local market players based on mutual trust.

Case: Eastern Equipment Manufacturing Base

The sulfuric acid project contracted by the SEG in Saudi Arabia needed a great amount of prefabricated steel structures, pipelines, non-standard equipment, but the northern Saudi Arabia lacks a mature material supply market and qualified prefabricated material manufacturers. Considering the current situation and the long-term development, Sinopec Nanjing Engineering Co., Ltd. established Eastern Equipment Manufacturing Base in the Jubail Industrial Zone in 2014. With an area of 200,000 square meters, it was the largest Chinese-funded equipment manufacturing base in Saudi Arabia at the time.

The Eastern Equipment Manufacturing Base mainly consists of an equipment manufacturing plant, a prefabricated pipeline manufacturing plant and an area for semi-finished products. The

equipment manufacturing plant prefabricated 5,000 tons of non-standard equipment and tanks a year and the prefabricated pipeline manufacturing plant had an annual welding capacity of 500,000 inches. Due to a higher level of automation, the efficiency of equipment welding in the base was 10 times higher than that on the construction site of the project. Compared with on-site welding, welding in the base not only improved product quality, but also avoided potential safety risks arising from limited operation space and cross operation, which contributed to tremendous progress of the project. The base succeeded in meeting the needs of the project for prefabricated equipment and providing a solution to the advancement of the project in northern Saudi Arabia. It also helped improve the supporting industries in the country and enhance the local competitiveness.

Creating Employment Opportunities

Sinopec has formulated community development plans based on its strengths, extensive communication with local communities and an in-depth understanding of their needs. At the same time, its employees are encouraged to participate in community activities and maintain good relationships with local communities. The company carried out localized operations in Saudi Arabia, recruited Saudi personnel as full-time employees and helped the Saudi Disabled Persons Association find jobs for a number of disabled people, which has promoted the development of a large number of supporting enterprises in the surrounding areas and created job opportunities for local communities.

In addition to training programs on required skills, Sinopec also provides local employees with courses on many useful skills for their future career development, such as operating computer, driving large vehicles, vehicle maintenance, equipment maintenance, welding techniques and crane operation, which won applause from its foreign employees. Some of them have successfully found new jobs after their contract with Sinopec expired thanks to the skills they have obtained in these courses.

In 2018, the SSC funded the construction of a women police-only office in a check-up station near the town of Al-bqaiq at a cost of US\$16,380. The station is the first of its kind with women officers in eastern Saudi Arabia.

Case: A Community Development Plan under the Sulfuric Acid Project

When the SEG signed the contract of a sulfuric acid project in Saudi Arabia, it was agreed that 1 percent of the contract value would be allocated to fund a community development plan focusing on cultivating a group of experienced and skilled personnel for the town of Turaif. From December 2014 to June 2016, the company trained a total of 128 Saudi workers in six batches and equipped them with professional skills, which was highly praised by Ma'aden's senior vice president and the director of community development.



Sinopec's sulfuric acid project in Saudi Arabia

Participating Public Welfare

A public-spirited enterprise, Sinopec provides support and assistance for local residents to help them get through hard times and has built the image of a responsible, trustworthy and law-abiding enterprise that values creditability and fulfills commitments.

Donation to Education

Sinopec is dedicated to the educational undertakings in Saudi Arabia and takes concrete actions to donate school supplies to local primary and secondary schools and provide financial support for local students to study in higher education institutions in China. It offered internship opportunities for 210 Saudi university students and covered their expenses during the internship. To support local education development, the company donated to local charities and the Summer Student Aid Program. In 2011, Sinopec provided 120,000 riyals to the Second Saudi Arabia's Eastern Province Construction Fund Conference jointly organized by the government of the Eastern Province, the government of Hofuf and Imam Abdulrahman Bin Faisal University. The company funded 10 university students in Khobar in 2013 and donated 90 tablets to poor students and children on a charity event "Reward of Knowledge" held by Saudi Aramco in 2014. We attach importance to cultural communication and interaction. A "Silk Road Bookshop" in Saudi Arabia will be open to the public soon and the "Chinese Culture Week in YASREF" is to be launched.

Case: Funding University Students to Study Abroad

Sinopec SABIC Gas Company, a former subsidiary of Sinopec, provided a total of US\$900,000 to fully fund eight Saudi students to study at China University of Petroleum, which covered their monthly salary, tuition, accommodation, air tickets for two round-trips a year and medical insurance.

Disaster Relief

Sinopec has participated in the rescue work for injured people in several serious traffic accidents around its operation sites and helped herders mired in troubles in the desert. The company was praised by Saudi Aramco as "a responsible, kindhearted and respectable enterprise with prompt response and correct action in the face of emergencies."

In July 2016, Sinopec organized a donation event within the company and delivered a total of 119 pieces of clothing, shoes and hats as well as toys, electric kettles, quilts and cloth to local charities, who spoke highly of the efforts made by the staff member of Sinopec.

In 2006, a collapse accident happened at Yanbu Technical Institute. Sinopec made rescue efforts at the earliest time and sent manpower and mechanical equipment to the site of accident in spite of shortage of necessary resources. The local government and clients expressed their heartfelt gratitude to the company for its help.

In 2012, Sinopec donated 120,000 riyals to an ancient architecture exhibition held in Dammam and 150,000 riyals for improving lighting facilities in the city during Eid al-Fitr. In 2013, the company made a donation of 100,000 riyals for the Second Date Festival in Hofuf and 7,000 riyals for the Traffic Safety Week in the city.

In 2011, Sinopec provided **120,000** riyals to the Second Saudi Arabia's Eastern Province Construction Fund Conference.

Eight Saudi students were funded by Sinopec to study at China University of Petroleum with a total of US\$ **900,000** provided.

In 2012, Sinopec donated **150,000** riyals for improving lighting facilities in Dammam during Eid al-Fitr.

Case: Rescue Efforts in Traffic Accidents

Sinopec lent a helping hand after several traffic accidents occurred around its exploration sites. In May 2014, a car accident involving two deaths and three injuries occurred near the border of Saudi Arabia and Oman. The accident site is more than 160 kilometers away from a Sinopec exploration camp and there are no hospitals in surrounding areas. Upon receiving rescue request, the camp immediately sent a medical van and medical staff to the site. After basic treatment, the camp transferred three seriously wounded people to a hospital in Oman more than 200 kilometers away and transported the two deceased to a funeral home 1,000 kilometers away. The local government and clients thanked Sinopec for its rescue efforts.

Case: Helping Herders in Trouble

Camel herders often drive cars to herd camels around the exploration site of the S62 project. If their car gets stuck in the sand and cannot be pulled out after running out of fuel, without any help the herders would be in great danger in the desolate desert.

When the Sinopec exploration team encounters herders in trouble, they would provide fuel, water and food to them and help them pull their car out of the sand. The herders are very grateful for their help.

Respecting Local Culture

Sinopec understands the Saudi culture and makes effort to build closer connection with local communities.

Case: Charity in Ramadan

On May 27, 2018, the SSC and the SEG launched a charity event at a mosque in Khobar on the day of Eid al-Fitr and presented gift boxes of food to local Muslims. They distributed 400 boxes of food prepared in advance to local Muslims at a mosque. Sinopec employees also helped local families deliver the donated food to distribution stations. The event was highly appreciated by China-Saudi Arabia Cultural Exchange Center and the local mosque.



Feature: Infrastructure Projects Contributing to Saudi Vision

With a constantly growing population, Saudi Arabia is in urgent need of high-quality infrastructure. Sinopec has played an active role in this sector and completed a number of bridge, pipeline and water projects in spite of various construction difficulties, catering to the realization of Saudi Vision 2030 and the high-quality development of local communities.

Water Projects

The Treated Water Pipeline Project (TWPP) is the largest water recycling project sponsored by the Saudi Ministry of Agriculture. The project involves two main stations, 265 valve stations, 178 kilometers of pipelines and 350 kilometers of cables. The pipeline was fully put into operation on August 11, 2018. In the process of construction, the SSC attached great importance to coordinated use of resources, overall operations, project management and construction quality.

The TWPP plays a vital role in the development of the region of Al-Ahsa in Saudi Arabia. The pipeline transfers 200,000 cubic meters of third-grade purified water every day from the sewage treatment plant in Khobar to Saudi Arabia's largest irrigation area near Al-Ahsa, providing 45 percent of the irrigation water needed in the Al-Ahsa oasis and benefiting over 1 million people in the region. Thanks to the project, the local date palm farmers now have enough agricultural water to expand their planting areas. On December 16, 2018, Saudi agriculture minister visited the project's main pumping station, noting that the project secures the irrigation water supply in the eastern part of Saudi Arabia and contributes to the country's agricultural development.



On 26th Dec 2018, HE Eng. Abdulrahman Al Fadley, Minister of Environment, Water and Agriculture, visited the major plant of TWPP (Treated Water Transportation from Khobar to Hsas Project), which is the largest Water Recycling Project of MEWA

The YMWT Project (Yanbu-Madina Phase3 Water-Transmission System Project) is a large-scale project concerning people's livelihood initiated by the Ministry of Environment, Water and Agriculture of Saudi Arabia and contracted by Sinopec. With a total length of more than 600 kilometers, the pipeline transports 550,000 cubic meters of desalinated seawater to the holy city Medina on a daily basis, greatly benefiting the social development.

The main line of the project was completed and delivered to its owner on August 10, 2018, 20 days ahead of schedule. A total of 13,700 cubic meters of water was transferred on the first day of production. The constructor received a certificate of high-quality welding granted by the owner.

[SWCC stands for Saline Water Conversion Corporation]



A test run of the TWPP sponsored by the Saudi Ministry of Agriculture

Roads and Bridges

Given the important role of transportation in boosting economic development and attracting foreign investment, Saudi Arabia has made the overall improvement of transportation infrastructure a long-term national policy. Since 2008, the SSC has contracted a total of 35 road and bridge projects in five Saudi cities such as Damman, Jeddah and Khams Mushait. These projects have been widely recognized by the local governments and residents due to their excellent quality and construction efficiency.

In recent years, the SSC has received a number of awards issued by local authorities, including an outstanding contribution award from the city of Khams Mushait, a letter of thanks from the Khams Mushait government, a brilliant contribution award from the Khams Mushait council, a special contribution award from the Damman government, a letter of thanks from the Jeddah government and a special contribution award granted by Governor of Makkah Province Khalid bin Faisal Al Saud.

Case: An Overpass Easing Urban Traffic Pressure

The Najim Overpass built by Sinopec in Saudi Arabia was open to traffic on March 31, 2017. The overpass is composed of five parts: a circular intersection and four main roads. At the heart of the intersection stands a fountain with columns of water moisturizing the dry air. The fountain water, the green grass and the overpass together present a rare landscape in the desert.

The construction of the project realized a seamless connection with a three-story overpass in Hofuf and marked the full completion of the main road along the Hofuf railway, which effectively alleviated the traffic pressure in the old city.

"This overpass is very beautiful! We should strengthen our cooperation with responsible constructors like Sinopec!"

– Prince Saud Bin Naif, governor of the Eastern Province of Saudi Arabia



The Najim Overpass in Saudi Arabia

Case: A Thoroughfare Saving Hours of Time

With the last batch of concrete delivered, construction of the major structure of the road bridge project on No. 28 Street in Damman was completed by the SSC on October 18, 2018, leaving sufficient time for the main bridge to be put into service.

The bridge is located at the intersection of two main roads: No. 28 Street and King Abdul Aziz Road. In the past, there were serious traffic jams during the peak hours with lines of cars extending two kilometers and local residents complained that it often took them at least three hours to pass through the intersection. After completion, the road bridge frees this section of the street from congestion, reducing the journey time from a few hours to five minutes.

Case: Fischer Three-story Overpass

Located in downtown Khams Mushait, the Fischer Three-story Overpass contracted by the SSC Saudi Arabia Project Department was put into operation after 975 days of construction. The first floor is a circular intersection, the second is Khalid Road Bridge and the third is Sultan Road Bridge.

The largest of its kind in Khams Mushait, the project is wind- and erosion-resistant and can withstand a magnitude-8 earthquake. Serving as a major transportation hub linking Jizan to Khams Mushait, the overpass plays an important role in connecting Khams Mushait with its surrounding areas.



The Omar Bridge in Damman



Implementing the Belt and Road Initiative

To follow the trend of the times and advance the well-being of all people, the Chinese government proposed the Belt and Road Initiative (BRI) and the building of a community of shared future for mankind with the latter having been included in United Nations resolutions. With the BRI serving as a new platform for international cooperation, people of all countries are working together to make Asia and the world peaceful, tranquil, prosperous, open and beautiful. Upholding the idea of a community of shared future, Sinopec operates in a responsible manner in countries and regions along the Belt and Road and elaborately draws a picture of close cooperation with other stakeholders, which injects new impetus into the building of the community of shared future for mankind.

Strategies Leading to the Future

According to its implementation plan 2016-2020, in line with the core principle of extensive consultation, joint contribution, shared benefits and win-win cooperation and in pursuit of the primary goal of safeguarding national oil strategic security, Sinopec takes the opportunity of industrial restructuring in countries and regions along the Belt and Road to launch cooperation focusing on major petroleum and petrochemical projects in various forms with countries and regions along the route.

Upholding the principle of complementary advantages, controllable risks, mutual benefits and coordinated development, we make full use of the resources and markets along the Belt and Road and our advantages in integrating upstream and downstream industries with foreign trade to upgrade all-round industrial collaboration, promote capacity cooperation, trade cooperation and infrastructure development in the field of energy, and help countries and regions along the route develop an open economy and move toward a future of high-quality development.



Joint Contribution to Sustained Development

From infrastructure connectivity to unimpeded trade, from financial integration to closer people-to-people ties, the BRI featuring extensive consultation, joint contribution and shared benefits has been widely recognized by the international community. Since it was proposed in 2013, China and countries and regions along the route have achieved fruitful cooperation results within the framework of the BRI.

Driven by a sense of responsibility, Sinopec has launched cooperation and made investment in more than 30 countries along the Belt and Road including Saudi Arabia, Kuwait and Russia in such areas as oil and gas exploration and exploitation, refining, chemical engineering, storage and logistics, trade, engineering technology and equipment manufacturing. We have established long-term partnerships with petroleum and petrochemical companies in these countries and helped boosted local economy, the upgrading of manufacturing industry and employment, which has been applauded by stakeholders.

Oil & Gas Exploration and Exploitation

By the end of 2018, Sinopec had engaged 17 projects in the upstream segment of oil and gas exploration and exploitation in 10 countries and regions along the Belt and Road. It has made an accumulated equity investment of US\$20.65 billion and a combined interest production of 131.14 million tons of oil.

Petroleum Engineering

By the end of 2018, Sinopec had provided petroleum engineering services for 22 countries along the Belt and Road, ranging from drilling to logging, geophysical exploration, ground engineering and export of equipment and materials. From 2011 to 2018, a total of 683 engineering service contracts were signed, with a combined contract value of US\$13.087 billion and a total turnover of US\$9.633 billion, which helped promote the development of the local petroleum engineering industry.

Refining and Chemical Engineering

From 2011 to 2018, Sinopec signed 223 new business contracts with 18 countries and regions along the Belt and Road, with a total contract value of US\$11.736 billion and a total volume of US\$8.899 billion. These contracts involve projects in Saudi Arabia, Kazakhstan, United Arab Emirates (UAE), India, Malaysia and Thailand, benefiting the local development in the long run.

International Trade

Sinopec has continuously deepened its trade cooperation with countries along the Belt and Road in the field of oil. In 2018, it sold 6.35 million tons of equity oil extracted in Yanbu Aramco Sinopec Refining Company (YASREF) including 4.5 million tons of diesel and 1.85 million tons of gasoline. The equity oil, namely diesel and gasoline, produced in the YASREF was traded to Europe, the United States and other regions. Since its trial operation in 2015, the YASREF has sold a total of 220 million tons of oil. With a 37.5 percent share of the oil extracted in the refinery, Sinopec has sold 3.027 million tons of petroleum coke and 512,000 tons of sulfur so far.

Petrochemicals Storage

By the end of 2018, Sinopec had invested in five petrochemicals storage projects in countries along the Belt and Road.

683

Total engineering service contracts signed

8.899 billion dollars

Total volume of refining and chemical engineering service contracts

Case: Performance in BRI Implementation

Exploration and Exploitation

In 2013, against the backdrop of low oil prices on the international market, Sinopec International Petroleum Exploration and Production Corporation (SIPC) established partnership with US-based Apache Corporation in Egypt. The Apache project maintained a stable oil and gas production of 350,000 barrels per day. With an annual oil and gas equivalent of approximately 18 million tons, the joint venture contributed 20 percent of the total oil and gas production in Egypt. The partnership has been proved a successful cooperation benefiting three parties, as it not only generated profits for the SIPC and Apache, but also played an important role in safeguarding Egypt's economic development, energy security and social stability.

For the purpose of conserving resources, protecting the environment and contributing to the harmonious development between the Apache project and Egyptian society and environment, the SIPC carried out Health, Safety, Security and Environment (HSSE) management in its operation in Egypt. Highly praised by the local environment authority, the joint venture Qarun Petroleum Company (QPC) realized a 100 percent waste water reinjection, which made it the first company to reinject all produced water back into the production layer among Egypt's 17 joint ventures. To prevent potential oil spill pollution, the QPC developed an oil spill emergency response plan in 2014 including specific measures like purchase of equipment worth of US\$500,000, staff training and cooperation with professional emergency service providers, which resulted in zero oil spill accidents for consecutive 4 years.

Petroleum Engineering

Since its first contract signed in 2009, the SSC has grown into the largest drilling contractor in Kuwait with a market share of approximately 40 percent. The average well construction cycle of the company was three to five days ahead of the schedule, contributing to an additional 200 production wells for Kuwait Petroleum Corporation. In 2018, the SSC concluded a service contract for 20 drilling and workover rigs in Kuwait for a term of "5+1" years.

Since 2009, the SSC has used 45 percent of its contractual incomes in subcontracting, logistics and supplies procurement. Its extensive and in-depth cooperation with local companies indirectly created thousands of jobs, promoting the economic development of Kuwait.

With a designed capacity of **31.5** million tons per year, the Al-Zour Refinery will be the largest refinery in the Middle East when completed.

Refining and Chemical Engineering

In 2015, the SEG undertook the construction of the Al-Zour Refinery project in Kuwait as a member of a consortium. With a designed capacity of 31.5 million tons per year, the project will be the largest refinery in the Middle East as well as a milestone in the history of Kuwait's oil development when completed. The project will enable Kuwait to increase its daily refining capacity by 66 percent after put into production, helping the country achieve the economic transformation from selling crude oil to selling refined oil with higher added value. The Al-Zour Refinery will use state-of-the-art technologies, meet the highest safety and environmental standards and hire the world's top project management team. The number of workers in the refinery will exceed 1 percent of Kuwait's population and 21.83 percent of the total contract value will be used for procurement from local market, which will greatly boost local economy.

Despite abundant crude oil reserves, Kazakhstan has long imported refined oil products. In order to improve crude oil processing, increase the self-sufficiency rate of the domestic chemical market and expand the export of chemical products, the Kazakhstan government decided to build an aromatics production complex and a deep processing complex at the Atyrau Refinery, a major action to implement the country's industrial development plan. Contracted by the SEG, the aromatics plant was approved and delivered to its owner in January 2016 and the facility for deep oil refining will be fully completed and begin operation in 2019. The aromatics production at Atyrau Refinery has greatly alleviated the problem of insufficient refined oil supply in the country and applauded by all parties concerned. When all construction work is completed, the industrial transformation of Kazakhstan will speed up as its oil industry expands to the downstream segment.

Before signing the contract, we visited Sinopec's refinery and the trip made us believe that Sinopec is capable of designing and building world-class equipment. Now the first and second phases of the deep processing project at Atyrau Refinery have been completed and delivered to us, which put an end to the situation that most of Kazakhstan's high-octane gasoline is imported. After the upgrading, the Atyrau refinery will have world-leading production capacity.
— Galymzhan Amanturlin, director general of Atyrau Refinery, Kazakhstan

Petrochemicals Storage

In March 2015, the Fujairah Oil Terminal (FOT) was completed and began operation in the UAE as Sinopec's first overseas oil storage joint venture facility. The FOT was invested and built by Sinopec Kantons Holdings Limited, a professional oil storage and logistic service provider, and the project started construction in March 2013. Covering an area of 274,000 square meters, the facility boasts a storage capacity of 1.125 million cubic meters with a total of 34 crude and refined oil storage tanks, further enhancing Sinopec's competitiveness in oil trade in the UAE.

Good Life in Harmonious Community

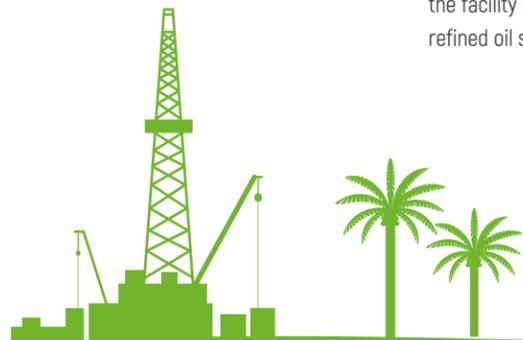
Sinopec is committed to building an open, green and enlightened road of peace, prosperity and innovation. It actively fulfills its corporate social responsibility and serves the local communities in countries where it operates.

- Employment localization and local sourcing. Sinopec endeavors to provide more job opportunities to boost local economic and social development. The ratio of locals to overseas employees is 69.1 percent.
- Good performance in legal compliance. Sinopec paid over US\$13 billion of taxes to countries along the Belt and Road from 2010 to 2015.
- Adhering to the highest international safety, health and environmental standards. Sinopec has been granted the certificate of "4-million Manpower Hours of Safe Production" by projects owners many times.
- Actively promoting green and low carbon development and protecting the local ecology.
- Improving public health conditions. Sinopec sponsored the renovation project of the Mandji Medical Center in Gabon. It helped build a new maternity ward that is capable of receiving 2,000 patients a year and donated medical equipment. It also built a friendship hospital in an oil field in Sudan, which provides local residents with free medical services.
- Close attention to education for vulnerable groups. Sinopec launched charity programs in improving early education for children in rural areas in countries like Zambia, Tanzania and Morocco.
- Participating in fire prevention and disaster relief activities. Sinopec made donations for regions hit by heavy rainfall in Bhutan and provided supplies for people in disaster-stricken areas.
- Improving local infrastructure. Sinopec made long-term investment in the construction, upgrading and maintenance of roads in South Sudan.
- Respecting local traditions and protecting cultural heritage. Sinopec encourages employees to participate in volunteer activities in local communities, which is highly recognized by local governments and residents.

69.1%

Ratio of locals to overseas employees

In December 2014, the SIPC was granted the Best Enterprise for Labor Protection Gold Award by the then President of Kazakhstan Nursultan Nazarbayev in the "Responsibility 2014" event held in Kazakhstan for its outstanding performance in fulfilling corporate social responsibility, labor protection and environmental protection.



Social Responsibility Management

A Corporate Culture of Fulfilling Responsibilities

Sinopec adheres to the corporate mission of "better energy for better living" and regards "people first, responsibility, integrity, precision, innovation and win-win cooperation" as our core values. We are committed to providing more advanced technology and better products and services, promoting green and low-carbon sustainable development and benefiting social development. Sinopec strives to achieve sustainable development of the company, society and the environment by carrying out win-win cooperation and fulfilling its responsibilities for stakeholders including clients, employees, the environment, communities and governments.



A Drop of Responsibility-Value Creation and Corporate Social Responsibility

Substantive Agenda Analysis

Sinopec determines its corporate social responsibility in Saudi Arabia by identifying the substantive issues of the year while taking into consideration the specific situation of its operation in the country.



Communication with Stakeholders

Upholding the Group's principle and management of corporate social responsibility, Sinopec's affiliated enterprises and organizations in Saudi Arabia have made active efforts to strengthen communication with local stakeholders and fulfill their responsibilities in local communities.

Stakeholders	Expectations and requests	Means and content of communication
Clients (project owners)	Fulfillment of contract	Contract execution
	Transparent information	Demand survey
	High-quality products	Daily communication
	High-quality services	Suggestions and feedback
Employees	Safety and health	Labor protection
	Growing together	Education and training
	Secure compensation and benefits	Protection of rights and interests
	Humanistic care	Democratic communication
	Respect to religious beliefs and customs	
Investors	Profits and returns	Increasing profitability
	Protection of rights and interests	Timely disclosure
	Understanding of the company's operations	
Governments	Observing laws and regulations	Compliance management
	Paying taxes according to laws	Paying taxes voluntarily
	Promoting employment	Increasing the proportion of local employees
Partners	Common development	Contracts execution
	Win-win cooperation	High-level exchanges
	Transparent procurement	Multi-channel cooperation
	Keep commitments	Transparent purchase information
	Guarantee of payment	Negotiation and communication
Communities and the public	Promote employment, education and training	Support and guidance
	Charity and community engagement	Training and promotion
	Boosting the development of local industries	Activities promoting communication
	Improving the public services	Charity actions

Recognition from Stakeholders

Below is a list of some of the awards Sinopec has won in recent years:

Award winner	Granted by	Honor
SEG Fifth Construction Company	National Engineering Construction Quality Award Examination Committee of China	Saudi Rabigh world-class integrated petrochemical project
SEG Nanjing Saudi Branch	China's Ministry of Human Resources and Social Security	National Quality Engineering Silver Award for Refining Unit
Li Xihong, chief representative of Sinopec Saudi Representative Office	Chinese Embassy in Saudi Arabia	Outstanding Manager of China-funded Enterprise
Tang Anquan, deputy general Manager of SSC Saudi Branch	Chinese Embassy in Saudi Arabia	Outstanding Manager of Chinese-funded Enterprise
Wu Xiuguo, general manager of Sinopec Zhongyuan Saudi Branch	Chinese Embassy in Saudi Arabia	Outstanding Contribution to China-Saudi Arabia Friendly Cooperation
Chen Xifu, deputy chief representative of Sinopec Saudi Representative Office	Chinese Embassy in Saudi Arabia	Special Contribution Award
Han Zhiyong, secretary of SEG Saudi Arabia Committee of the Communist Party of China	Chinese Embassy in Saudi Arabia	Outstanding Contribution to China-Saudi Arabia Friendly Cooperation
Zhang Lixin, manager of SEG Nanjing Saudi Branch	Chinese Embassy in Saudi Arabia	Outstanding Contribution to China-Saudi Arabia Economic Cooperation Project 2013-2014
Project Department for Public Works Project in Turaif, SEG Nanjing	Chinese Embassy in Saudi Arabia	Outstanding Chinese-funded project
SSC Saudi Branch	Chinese Embassy in Saudi Arabia	Outstanding Chinese-funded Enterprise
Ding Fuliang, deputy general manager of SSC Saudi Branch	Chinese Embassy in Saudi Arabia	Outstanding Contribution to China-Saudi Arabia Friendly Cooperation
YASREF	Platts	Best Energy Project 2015
YASREF	Middle East Economic Digest	Overseas Project of the Year in the Middle East Best Oil and Gas Project 2016 in Persian Gulf
SEG Saudi Arabia	SABIC	20 Million Manpower Hours of Safe Production Award
SEG Saudi Arabia	Ma'aden	Best Business Partner
SSC Geophysical Corporation S62 3D Geophysical Project Department	Saudi Aramco	Safe and Efficient Production Award for seven times
SSC Geophysical Corporation S62 3D Geophysical Project Department	Saudi Aramco	Outstanding HSE Performance 2016
Sinopec Shengli SP103 Drilling Team	Saudi Aramco	Twelve-Year Safe Production Award
Sinopec North China SP105 and SP106 Drilling Teams	Saudi Aramco	Seven-Year Safe Production Award
Sinopec Zhongyuan Drilling Saudi Arabia	Chinese Embassy in Saudi Arabia	Outstanding Chinese-fund Enterprise in Saudi Arabia 2014-2015
Sinopec Zhongyuan Saudi Arabia SINO-18 Team	Henan Province	Model Team in Safe Production 2015

Award winner	Granted by	Honor
Sinopec Shengli SP103 Drilling Team	Saudi Aramco	Twelve-Year Safe Production Award
Sinopec Shengli SP124 Drilling Team	Saudi Aramco	Five-Year Safe Production Award
Sinopec North China SP125 Drilling Team	Saudi Aramco	16" NEW ROP RECORD
Sinopec North China SP125 Drilling Team	Saudi Aramco	Five-Year Safe Production Award
Sinopec North China SP053 Drilling Team	Baker Hughes	Five-Year Safe Production Award
Sinopec North China SP121 Drilling Team	SMITH BITS	16" NEW ROP RECORD
Sinopec North China SP121 Drilling Team	Saudi Aramco	22" Vertical Section
Sinopec North China SP121 Drilling Team	Saudi Aramco	8-1/2" Vertical Section
Sinopec North China SP121 Drilling Team	Saudi Aramco	Five-Year Safe Production Award
Sinopec North China SP121 Drilling Team	Saudi Aramco	An increase of drilling speed by 26 percent and shortening the well construction cycle by 22.4 percent
Sinopec Zhongyuan Saudi Agricultural Project	Saudi Ministry of Agriculture	Letter of appreciation from the Saudi Ministry of Agriculture
SSC Saudi Arabia SWCC Project Department	SWCC ILF	Certificate for High-quality Welding
SSC Saudi Arabia SWCC Project Department	SWCC ILF	Certificate for 40-Million Manpower Hours of Safe Production
SSC Saudi Arabia SWCC Project Department	Sinopec Corp.	Automatic welding of copper liners for large-diameter, long-distance pipelines
Sinopec Shengli JUBAIL 092-C41 Project	Royal Commission	Top 10 Contractors for High Quality
Sinopec Shengli JUBAIL 092-C41 Project	Sinopec Corp.	Certificate for 40-Million Manpower Hours of Safe Production
Sinopec Shengli King AbdulAziz Road Project Department	Al-Ahsa Municipality	Letter of appreciation for good rate of progress and quality of projects in Makkah and Salaheddin
Sinopec Zhongyuan Khamis Mushait Project	Department of Transport of Asir Province, Saudi Arabia	Contribution to Transport Award
Sinopec Zhongyuan Khamis Mushait Project	Khamis Mushait Council	Letter of thanks
Sinopec Zhongyuan Khamis Mushait Project	Khamis Mushait Government	Letter of thanks
Sinopec Zhongyuan Jeddah Project	Governor of Makkah Province Khalid bin Faisal Al Saud	Special Contribution Award
Sinopec Zhongyuan Damman Project	Damman Government	Special Contribution Award
Sinopec Zhongyuan Khamis Mushait Project	Urban and Rural Affairs Office of Asir Province, Saudi Arabia	Brilliant Contribution Award
Sinopec Zhongyuan Saudi Arabia SINO-16	Saudi Aramco	Model Team for Efficient Production 2015

Suggestions and Feedback

To improve Sinopec's performance in fulfilling corporate social responsibility, we are looking forward to your suggestions and feedback to this report and our work.

Your information:

Name: _____ Organization: _____

Tel.: _____ Email: _____

Your feedback:

1. What do you think of this report?

Excellent Good Ordinary Poor Very poor

2. What do you think of the information revealed in this report?

Very sufficient Sufficient Ordinary Insufficient Very insufficient

3. What do you think of the quality of the information revealed in this report?

Excellent Good Ordinary Poor Very poor

4. What do you think of the structure of this report?

Excellent Good Ordinary Poor Very poor

5. What do you think of the design and layout of this report?

Excellent Good Ordinary Poor Very poor

6. Suggestions and advice on Sinopec's performance in fulfilling corporate social responsibility and this report:

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