Responsibility Leads the Future

Sinopec Corp. 2015
Communication on Progress for Sustainable Development

This report is printed on environmentally friendly paper
This Sustainable Development Report or Communication on Progress 2015 (hereinafter referred to as the “Report” or “COP”) covers the relevant information about China Petroleum & Chemical Corporation (hereinafter referred to as “Sinopec Corp.”, “the Company” or “we”) and our subsidiaries’ policies, strategies, performance, and internal control in relation to environment, society and governance in 2015. The Company’s Board of Directors approved this COP at the 5th meeting of the 6th Session of Board held on March 29, 2016.

Report Description
This COP covers the period from January 1 to December 31, 2015 and the information contained herein comes from the official documents and statistical reports of the Company. This COP is published in Chinese and English version. In case any inconsistency arises, the Chinese version shall prevail.

References
This COP is prepared in accordance with Ten Principles of the United Nations Global Compact (UNGC), the criteria of the Global Compact Advanced Communication on Progress, and by reference to Guideline on Environmental Information Disclosure by Listed Companies of Shanghai Stock Exchange (SSE), Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange, and Chinese Corporate Social Responsibility Reporting Guidebook – Petrochemical Industry published by Chinese Academy of Social Sciences (CASS-CSR3.0).

Preparation Process

- Initial stage of the project
  - Benchmarking analysis
  - Substantial issue analysis
  - Formulation of the indicator system and report framework
  - Kickoff meeting

- Mid-stage of the project
  - Material collection
  - Report preparation
  - Report design
  - Meeting to solicit opinions of stakeholders

- Final stage of the project
  - Report finalisation
  - External evaluation of the report
  - Report publishing

Improvement
This COP focuses on two sections of Responsibility Creates Value and Responsibility Leads the Future, introducing how Sinopec Corp. has created economic, social and cultural value through practicing corporate citizenship in the past 15 years since it was listed. It also demonstrates the Company’s concepts, practices and achievements in responding to the expectations and attention of stakeholders in 2015 by promoting innovative development, coordinated development, green development, open development and shared development, as well as the Company’s leadership in creating value for the future.

Routine information disclosure
CSR website: http://www.sinopec.com/environment_society/
Company Profile

Sinopec Corp. is a large scale integrated energy and petrochemical company with upstream, midstream and downstream operations which enables the company with strong strengths. Its principal operations include the exploration and production, pipeline transportation and sales of petroleum and natural gas; the sale, storage and transportation of petroleum products, petrochemical products, coal chemical products, synthetic fiber and other chemical products; the import and export, including an import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products; and other commodities and technologies; and research, development and application of technologies and information.

The Company is a large producer of oil and gas in China. Its refining capacity ranks first in China and second globally. Equipped with a well developed refined oil products sales network, the Company is the largest supplier of refined oil products in China. The Company’s ethylene production capacity ranks first in China and fourth in the world, and it has built a well-established marketing network for chemical products. The Company upholds the sustainable development philosophy, executes green and low-carbon development strategies, and attaches great importance to fulfilling social responsibilities. While realising our own growth, we share our development achievements with stakeholders.

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<thead>
<tr>
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<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
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<tbody>
<tr>
<td>Social contrib. per share (RMB Yuan/share)</td>
<td>3.542</td>
<td>3.505</td>
<td>3.719</td>
<td>4.81</td>
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<tr>
<td>Social contrib. (RMB billion)</td>
<td>428.8</td>
<td>414.6</td>
<td>433.5</td>
<td>417.6</td>
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(Calculated according to the definition of Guideline on Environmental Information Disclosure by Listed Companies of SSE.)
Dear Friends,

First of all, on behalf of the Board of Directors of Sinopec Corp., I would like to express my heartfelt thanks to shareholders and people from all sectors of society for their attention and support.

The past year witnessed Sinopec’s further efforts to promote sustainable development. The United Nations adopted the 2030 Agenda for Sustainable Development, which defines 17 post-2015 objectives. A new, generally binding climate agreement was reached at the Paris Conference on Climate Change, and China has committed to the international community its intended nationally determined contributions. China has also adopted stricter environmental protection laws, and will accelerate its commitment to create an ecological civilization as part of its 13th Five-Year Plan. At the same time, the economic and social demand for clean energy such as natural gas and high-end petrochemical products grew quickly, increasing the urgency for Sinopec to achieve sustainable development.

In 2015, we continued to perform our responsibilities as a corporate citizen by serving the people and society wholeheartedly according to the Ten Principles of the UNGC, the criteria of the Global Compact Advanced Communication on Progress, and China’s low-carbon development requirements. We increased our emphasis on deepening reforms, integrating resources and controls, driving innovation and creating value. And as we continued to practice innovative and coordinated development, we joined with stakeholders in seeking opportunities for green, open and shared development. As a result, we made new progress in achieving sustainable development.

We practiced coordinated development to help make a sustainable future. In an environment of weak oil prices, we coordinated the development of our integrated businesses, achieving rapid growth in the refining and petrochemical business, steady development of the marketing segment, and advances in both the emerging and traditional oil and gas business, demonstrating our strong ability to resist risk and sustain profitability.

We practiced green development to help make a beautiful future. As a lead participant of the UNGC, we co-ordinated the development of our integrated businesses, achieving rapid growth in the refining and petrochemical business, steady development of the marketing segment, and advances in both the emerging and traditional oil and gas business, demonstrating our strong ability to resist risk and sustain profitability.

We practiced open development to help make a harmonious future. Within the Company, we implemented measures to increase production safety, to respect and protect employees’ rights and interests, to create career development paths for our employees, to ensure occupational safety, to develop our corporate culture, and to create a happy work environment. In the industrial chain, we fulfilled our responsibilities as a partner, strengthened the management of our contractors and implemented responsible procurement practices while building a healthy supply-chain culture. In addition, we continued to support community development, actively contributed to society, and participated in public welfare activities including poverty alleviation, disaster relief, aid to Xinjiang and Tibet and the Lifeline Express programme etc.

At present, guided by the concepts of innovative, coordinated, green, open and shared development, our Board of Directors and management are executing our five key development strategies: value-oriented development; innovation-driven development; resources planning; open and cooperative development; and green and low-carbon development, with the aim of facilitating higher-quality development that is both more beneficial and more sustainable. Looking ahead, as one of China’s largest listed companies, a lead member of the UNGC and a signatory of the Caring for Climate initiative, with a long-term perspective and a practical approach, Sinopec will vigorously work to build an ecological civilization and promote the principles of green and low-carbon development. In so doing, we will develop and utilise resources to provide energy and high-quality products and services for society and our people, leading the way with responsibility and creating a bright future for the next generations.

The development of Sinopec is not possible without your care and support. We look forward to joining hands with you to build a beautiful home and a beautiful life.

Wang Yupu
Chairman
March 29, 2016
Sinopec Corp. performs its responsibilities as a corporate citizen by serving the people and the society whole-heartedly. The Company is committed to value creation and improvement throughout the complete process of corporate reform and development, production and operation, as well as corporate management, which comprises of economic, social and cultural values. Economic value creation means performance accretion, which will bring long-term sustainable value addition in corporate capital and assets. To promote social value is to assume the role of a corporate citizen and be committed to safe production, environment protection and social responsibilities to promote green, low-carbon, healthy and sustainable growth. To enrich cultural value is to promote the honorable legacy from China oil and petrochemical industry, including full commitment and dedication, together with a positive working style of “Stringent, Meticulous and Solid”. Value in economic, social and cultural aspects will be supportive to each other and collectively promote the progress of both the Company and the society.
Creating Economic Value

In 2000 and 2001, Sinopec Corp. was listed in Hong Kong, New York, London and Shanghai, starting the Company’s fast growth. The Company endeavours to promote the preservation and increase of values by enhancing quality and efficiency to realise performance accretion, to serve the social development and the improvement of people’s living standards by providing the society with energy and chemical products. The Company’s endeavours support the stable operation of the society and the industrial development.

During the 12th Five-year Plan period

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<th>Taxes and fees paid (RMB)</th>
<th>Of the country’s total cumulative revenues</th>
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<td>1,493.4 billion</td>
<td>2.32%</td>
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Honors 2015

- Sinopec Group with Sinopec Corp. as its core assets, advanced to No.2 in Fortune 500 Companies
- No. 1 in China Top 500 Enterprises for 11 consecutive years
- Best Listed Company Golden Bauhinia Award
- No. 17 in Global Top 50 Companies in terms of Investor Relations by IR Magazine
- China’s Top Ten Global Competitive Brands and Most Sustainable Competitive Brand by International Data Group (IDG) for 6 consecutive years

Note: From the Company’s financial report prepared according to China Accounting Standard for Business Enterprises (ASBE).
While the business keeps growing and profit accreting, Sinopec Corp. sticks to safety production, energy saving and environment protection, takes care of employees, proactively participates in public welfare and philanthropic activities, creates social values, and realises the harmony between enterprise, employees, environment and society, hence creating a friendly environment for human life and promoting the construction of ecological civilisation. The Company has achieved 100% collective contract and social insurance coverage, and the employee health examination coverage is gradually increasing. The Company sticks to green operations by providing clean energy to the society and continuously improving the quality of refined oil products with the sulfur content in gasoline reduced from nearly 1000 ppm in 2000 to present 10 ppm. During the 12th Five-Year Plan period, the annually average growth of Gross Industrial Output Value of the Company was 4.29%, but the total energy consumption only increased by 2.17% annually on average even with the quality upgrading of refined oil products, the more stringent environmental standards and the operation of new plants. Compared with 2010, the Company’s energy intensity dropped by 8.3%, and industrial water consumption dropped by 6.1%. The emission decline of four major pollutants, including chemical oxygen demand (COD), SO2, ammonia nitrogen and nitrogen oxides was better than the state requirements. Meanwhile, the Company has been actively engaged in philanthropic activities, helping to build a harmonious society. Since its IPO, the Company has made donations of RMB2.32 billion to the society and helped cure 34,798 patients in the Lifeline Express Programme accumulatively.

Promoting Social Value

During the 12th Five-Year Plan period

- The annually average growth of Gross Industrial Output Value of the Company: 4.29%
- The rate of increase of the total energy consumption: 2.17%
- Reduction in COD Emission: The state requirement 12%, The company’s performance 12.7%
- Reduction in SO2 Emission: The state requirement 12%, The company’s performance 7.3%
- Reduction in Ammoniac nitrogen Emission: The state requirement 10%, The company’s performance 12.9%
- Reduction in Nitrogen oxides Emission: The state requirement 10%, The company’s performance 15.1%
- Accumulated donations (RMB): 2.32 billion
- Number of patients cured under the Lifeline Express Programme: 34,798

Since IPO

- Rate of increase of the total energy consumption: 2.32 billion
- Employee health check-up coverage (%): 98.9

Honors in 2015

- Sinopec’s Energy Conservation Plan was awarded Top 10 Green Actions of Chinese Enterprises granted by UNGC Network China
- Sinopec’s Clean Water and Blue Sky Campaign was awarded Enterprise with Best Environmental Responsibility at the 2015 China Environmental Protection Summit Forum
- China Model of Low-Carbon Development 2015 by China News Service and China Newsweek for 5 consecutive years
- Sinopec Lifeline Express was granted Special Contribution Award by Lifeline Express Council for 11 consecutive years, and won Excellent Volunteer Service Project by an SOE by the SASAC
- Sinopec’s Warm Station with Love Programme won Gold Award of Corporate Responsibility of Global Brand and Reputation Outstanding Achievement Award
- China Children Philanthropic Award- Spring Blossom Programme by the All China Women’s Federation and the China Children and Teenagers Foundation
- Enterprise with Best Overseas Image at the 3rd Chinese Enterprise Overseas Image Summit Forum
Sinopec Corp. creates the enterprise’s culture originating in the honorable legacy from Chinese oil and petrochemical industry to guide our employees to pursue excellence and help the Company more cohesive and consolidated which is the basis of an enterprise. Meanwhile, through cultural communication and education, serving for community development and upgrading the standards of local medical and health care, we promote the cultural development of the places where we do business, contributing to social progress.

Since IPO
Accumulated contributions to cultural education, community development and medical service (RMB )
49.44 billion
Sinopec Corp. bears in mind the responsibilities of serving the people and the society whole-heartedly. While striving for innovative development and coordinated development, we join hands with various stakeholders in seeking opportunities for green, shared and open development. And together we contribute to constructing a beautiful China, safeguarding global ecological safety, building a harmonious society, and making a better future!
Innovative Development Leads to an Excellent Future

Innovation is the primary driving force for development. Sinopec Corp. keeps on promoting management innovation to improve corporate governance, prevent risks and facilitate scientific decision-making. Meanwhile we reinforce technological innovation, enhance our systems and mechanisms, drive our technological innovation to conform to the Initiative of Mass Entrepreneurship and Innovation, and facilitate industrialisation and information technology development.

1. Promote management innovation
   - Attach importance to the top-level design of social responsibility
   - Sinopec Corp. set up the Social Responsibility Management Committee of the Board of Directors in 2012, responsible for corporate social responsibility management strategies and plans, and the annual social responsibility planning, and for making recommendations to the Board. In May 2015, the Company’s shareholders’ meeting elected the 6th Session of the Board of Directors, and re-appointed the members of the Social Responsibility Management Committee. The committee consists of Chairman Wang Yupu, director and President Li Changle, and Independent director Tang Min. The committee adheres to the green and low-carbon development strategy and advance Sinopec’s sustainable development.

2. Strengthen anti-corruption and risk management
   - In 2015, Sinopec Corp. strictly complied with the state’s anti-corruption requirements and formulated related policies which playing a positive role in building a transparent and clean Sinopec. We carried out anti-corruption education and publicity to improve employees’ sense of discipline and regulate their behaviors. We also conducted a special training in “Three Stricts and Three Solids”, laying a solid foundation for creating ethical and healthy enterprise management environment.

   - Three Stricts and Three Solids
     - Be strict in cultivating one’s moral character
     - Be strict in preventing abuse of power
     - Be strict in self-disciplining
     - Be strict in starting undertakings
     - Be strict in planning matters
     - Be solid in conducting oneself

   Case: Improve management by addressing problems found

   In April 2015, the Company’s online inspection found that the contract unit price of solenoid valves purchased by a subsidiary was much higher than that of other subsidiaries. Through investigation it was found that the supplier inflated the price and internal verification was not done properly. Based on the Company’s audit opinions, the subsidiary took disciplinary action against relevant people and imposed economic penalty; it removed the supplier from Sinopec’s supplier list, and enhanced the supervision and management in the receiving, delivery from warehouse and use of purchased materials, implementing trace management in the entire process of declaration, delivery from warehouse, inspection, application and use.

In 2015, Sinopec Corp. continued to implement efficiency supervision on 1438 projects including safety risk management and Clean Water and Blue Sky Campaigns. We assigned Inspectors to the Zhongtian Hechuang Coal Chemicals project, and enhanced supervision over key projects including LNG projects in Guangxi and Tianjin and the Fuling shale gas field 5 billion cubic meter surface engineering and construction project.

We furthered our efforts in business transparency in 2015 by covering all the units with our business transparency information system, while conducting online inspection of irregular behaviors through the system. We also organised business transparency survey and training for improvement.

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2. Strengthen technological innovation

Sinopec Corp. considers technological innovation the core of the company’s development. We have eight subordinate research institutes with a strong scientific research and development team covering complete industries, hence forming four technology platforms of oil and gas exploration and production, petroleum refining, petrochemicals and strategic emerging businesses.

In 2015, in response to the state’s call for Mass Entrepreneurship and Innovation, we further strengthened the technological innovation system and mechanism construction, released Sinopec Implementation Plan for Carrying out the Innovation-driven Development Strategy, and provided a system guarantee for innovative development. Sticking to the principle of market-orientation, enterprises playing the leading role, and combined efforts of enterprises and research institutes, we compiled Sinopec Technological Advancement Plan during the 13th Five-Year Plan Period, placing an emphasis on major projects’ R&D and improving technological innovation capabilities.

Case: Sinopec Research Institute of Petroleum Processing: Cradle of Science and Technology Innovation

Research Institute of Petroleum Processing (RIPP), established in 1956, is the location of National Key Laboratory of Catalyst Materials and Reaction Engineering of Petroleum and Chemical Industry, National Research Center for Petroleum Refining Technology, National Engineering Research Center for Petroleum Refining Technology and Catalyst, Sinopec Key Laboratory of Bio-Liquid Fuel, Sinopec Key Laboratory of Heavy (Inferior) Crudes and Unconventional Oil and Gas Refining Technology.

RIPP boasts 274 PhD students and 298 Master students. There are 4 academicians of Chinese Academy of Sciences and Chinese Academy of Engineering, 127 senior engineers with professorship and 508 senior technologists. RIPP has a post-graduate training center, and conducts post-doctoral research programme, is authorised by the state to confer PhD degrees in chemical technology and applied chemistry as well as Master’s degrees in chemical technology, and industrial catalysis etc., cultivating qualified personnel for Chinese petrochemical industry.

RIPP has developed multiple major technologies that are critical to the green development of China’s refining industry:

- High efficient and environmentally aromatics package technology provides important guarantee for textile material supply
- New super-stable molecular sieve catalyst can improve oil output by over 6%
- Bio-jet fuel has been successfully adopted in passenger flights

At the same time, the Company’s own technological platform has trained a large number of technical talents and skill masters, who in turn facilitate the technological development of Sinopec with their innovation results. In 2015, we achieved rich accomplishments in patents, and major technological results. We applied for 5,246 patents, up by 5.6% year on year, and we were granted 3,769 patents, up by 25% year on year.

Graduates from Sinopec Research Institute of Petroleum Processing are ready to embark on their new journey.
Case: The “soil” of Mass Entrepreneurship and Innovation cultivates technical talents, contributing to the development of Sinopec

Sinopec Corp. creates an environment of Mass Entrepreneurship and Innovation, “nurtures” talents, and motivates employees to contribute their endless wisdom and strength. Skill masters, labor models and technical talents keep emerging every year in Sinopec.

Tian Ming, who has worked in Jiangsu Oil Field for 30 years, has grown from an ordinary worker in the downhole operation department to a national technical expert and Sinopec skill master. He has completed 92 technical innovations, 44 of which won awards. He also won a second-class award of the State Scientific and Technological Progress Award, generating economic benefits of about RMB60 million for the company.

Since 2010, winners of the company’s Technical Innovation Award like Kong Dejin, Tang Jianmin, Lin Min, Song Guoqi, Dai Weil, Zeng Daqian, Zhang Shijuan and Wang Zenglin have become the backbone of Sinopec’s technical team, providing endless power for Sinopec’s improvement of technological innovation capabilities.

“Naming a labor model studio with my name means honor and recognition, but it is more responsibility and challenge to me. It inspires me to make more efforts to study professional knowledge, and carry out technical innovations based on the company’s production. I will progress from the learning, make breakthroughs in practice, and continuously improve my problem-solving ability. Meanwhile, I will carry forward the mentoring tradition to grow and improve together with my colleagues so as to make more contributions to the company’s development.”

——Tian Ming

Dai Xusheng is the chief skill master of Shengli Oil Field. In his work life of 40 years, he has grown from an ordinary worker with junior high school education to a skill master, completing close to 90 technical innovations, one of which won a second-class award of the State Scientific and Technological Progress Award, and creating economic benefits of about RMB100 million.

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“Tian Ming are not only the spiritual backbone of Sinopec but also outstanding representatives of all the SOEs. Their deeds and spirit will always encourage us to march forward.”

——Lu Weidong, Director of SASAC Bureau of Publicity

Case: Sinopec won National Special Prize for Progress in Science and Technology for developing high efficient and environmentally friendly Aromatics Package Technology

The development of Aromatics Package Technology is the dream for generations of Sinopec people, which is also the fruit of the joint efforts of all the people who have participated in the project. On Jan. 8, 2016, Sinopec was awarded National Special Prize for Progress in Science and Technology in 2015 for developing high efficient and environmentally friendly Aromatics Package Technology.

This indicates that China has become the world’s third country owning this technolo-gy. Aromatics are the pillar of chemical industry. They are extensively applied in three major synthetic materials and other fields as medicine, national defense, pesticides and construction materials, etc. Para-xylene is one of the highest consumption aromatics, which is closely related to our daily lives.

Five key innovations of the Aromatics Package Technology

- Development of novel green technology for feedstock purification
- Pionier in development of new molecular sieve for high efficiency conversion and separation of aromatics
- Innovation of integrated control system for the smart control
- Pionier in development of new process for energy deep integration in the aromatics complex
- Achieving “China Invention” of key equipments through innovative design and manufacturing process

Social benefits from the application of Aromatics Package Technology

- Significantly reduce energy and materials consumption, realize high efficiency and environmental protection. The energy intensity using this technology is 283 lower than that of other domestic units started up at the same period, while the environmental monitoring indexes are more superior to the latest national standards.

- Benefit the development of chemical and manufacturing industry. Through technology innovation, 95% of the equipments of the project are designed and manufactured domestically. Moreover, the technology can promote the manufacture of adsorbents, catalysts and chemical facilities and create new job opportunities.

- Ensure the supply of textile raw materials, the integrity of industrial chain and the security of economic structure. Chemical fibers from para-xylene in the aromatics complex can replace the cotton from 37.89 million acres of farmland annually.
Sinopec Jiujiang Petrochemical Company has attained an interconnected production environment, intelligent operations, synergised production management, and agile information technology infrastructure. Consequently, an intelligent chemical plant integrating green operation, high efficiency, safety and sustainable development has taken shape.

— Miao Wei, Minister of Industry and Information Technology

In 2015, Sinopec’s four pilot subsidiaries including Jiujiang Petrochemical Company, Zhenhai Refining & Chemical Company, Maoming Petrochemical Company and Yanshan Petrochemical Company achieved good results in building intelligent plants.

Case: Sinopec’s four pilot enterprises achieved good results in building smart plants

“Made in China 2025” is a plan to accelerate the integration of the new generation information and communication technology and the manufacturing industry. It develops nine strategic tasks and priorities relating to improving the innovation capabilities of China’s manufacturing industry, promoting the integration of information technology and industrialisation, and enhancing basic industrial capacity, and defines five major projects including intelligent manufacturing and green manufacturing.

In 2015, Sinopec’s four pilot subsidiaries including Jiujiang Petrochemical Company, Zhenhai Refining & Chemical Company, Maoming Petrochemical Company and Yanshan Petrochemical Company achieved good results in building intelligent plants.

1. Automation, visualisation and digitalisation in plant operating management have significantly improved. Utilisation rate of the advanced control system is over 90%, the rate of automatic production data collection is over 95%, the operation pass rate reaches 100%, and productivity has increased by more than 10%.

2. Production optimisation has switched from partial optimisation to integrated optimisation and online optimisation; visualisation and online optimisation have been achieved for energy management; and 100% real-time monitoring, analysis and early warning for key environmental discharge points is now in place.

3. The pilot construction of intelligent plants has promoted the change in enterprise production mode and control model. It has also improved safety, environmental protection, cost reduction, efficiency, and green and low-carbon level, and labor efficiency and production results. In addition, Sinopec Jiujiang Petrochemical Company was selected as the state’s “Intelligent Manufacturing Pilot Demonstrative Project”, the only one in the country’s petrochemical industry.

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— Miao Wei, Minister of Industry and Information Technology
Coordinated Development

(II) Coordinated Development Leads to a Sustainable Future

Coordination is the inherent requirement of sustainable development

Sinopec Corp. focuses on optimising resources among business segments to promote the coordinated development in the upstream, midstream and downstream of the industrial chain. Furthermore, we drive the coordinated development of traditional and emerging businesses, enhancing the company’s overall capabilities and competitiveness.

In respect of refining capacity, it ranks first in China and second globally
At the end of 2015, the primary distillation capacity of crude oil was 291 million tonnes annually
Processed 236 million tonnes of crude oil in 2015

In respect of ethylene production capacity, it ranks first in China and fourth globally
Produced 11.12 million tonnes of ethylene in 2015
Petrochemical products supply people with basic necessities of daily life

Large oil and gas supplier in China
At the end of 2015, proved reserves of petroleum and natural gas were 2,244 million barrels and 314.4 billion cubic meters respectively
The national shale gas demonstration zone – Sinopec Fuling shale gas field successfully completed building an annual production capacity of 5 billion cubic meters in its first phase

Equipped with a well-developed refined oil products sales network
At the end of 2015, there were 30,560 service stations with Sinopec brand

Ability to build refining facilities at the ten-million tonnage level with in-house technology
Ability to build ethylene facilities at the million tonnage level with in-house technology
A number of strategic and applicable R&D achievements have been made in the industrial chain covering upstream, midstream and downstream

13 wharfs of over 200,000 DWT, with total discharging capacity of 280 million tonnes; imported 197 million tonnes of crude oil in 2015
Much progress has been made in the overseas business
1. Coordinated development in the entire industrial chain
The business of Sinopec Corp. covers the entire petroleum and chemical industrial chain, from oil and natural gas exploration and production, refining to petrochemicals and sales, which is supported by our strong research and development capability and international trade.

- The Company's integrated business structure helps generate synergies among our business segments, hence enabling the Company to continuously tap potentials in attaining an efficient and comprehensive utilisation of the resources, and endowed the Company strong resistance against risks and remarkable capabilities in delivering stable profitability.

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- The Company enjoys a favorable location which is close to the consumer markets. Along with the steady growth in the Chinese economy, sales volume of both oil products and chemical products by the Company has been increasing steadily over the years; and market expansion has been further enhanced.

- The Company has formulated a well-established technology system and mechanism, and four technology platforms have taking shape, which include exploration and development of oil & gas, operation of refineries and chemical plants, as well as marketing activities. The Company applies outstanding fire management measures with its remarkable capabilities in management of operations.

2. Coordinated development of traditional and emerging business

- The traditional business: In 2015, in an environment of weak oil prices which severely impacting on the company's oil and gas exploration and development segment, the Company optimised and adjusted its industrial structure, improved the profitability of the refining and chemical businesses, and achieved good operation results, which demonstrates our integration advantages.

  - In the exploration and production segment, facing the impact of low crude oil price, the Company effectively reduced costs and expenditures, set up flexible investment decision making mechanism and kept exploration pace in domestic and the Fuling shale gas project attained achievement both in reserves and production.

  - In the refining segment, the Company adjusted the product slate to increase the yield of gasoline and jet fuel, optimised resources allocation and controlled the unit cost. Meanwhile, we took advantages of our dedicated marketing network which helped promote the products profitability. The performance of the refining segment recorded remarkable increase in 2015.

  - In the chemical segment, the Company further optimised feedstock and product mix to achieve better cost efficiency and actively produced marketable high value-added products. Meanwhile, we took advantages of our marketing network and implemented differentiated marketing strategy. The chemical segment achieved better performance in 2015.

- The emerging business: the Company actively adjusts business management and development model, fully utilises the traditional advantages in the area of refined oil product sales, and develops non-fuel business through business model innovation. Based on the Easy Joy stores across the country, we explore businesses of different areas and drive physical products and industries, including potable water, environmental products, advertisements and expressway service areas, achieving rapid development, which also helps the Company transform from an oil product supplier to a comprehensive service provider and provide convenient and one-stop shop service for the customers. In 2015, the revenue from our non-fuel business reached RMB24.83 billion, up by 45% year on year.

Case: Easy Joy makes life more convenient

At the end of 2015, Sinopec Corp. had set up 25,400 Easy Joy convenience stores in service stations across China. Closely centering on the needs of “people and vehicles”, the Company endeavored to build the stations into “comprehensive service stations” and “life stations for vehicles” by integrating businesses like fuel charging, gas charging, convenience store, automotive service and fast food, as well as added-value service like credit purchase or bill payment for mobile phones. The aim is to provide convenient and one-stop-shop service.

In 2015, the Company set up an Easy Joy Life Experience Hall, carrying over 1,500 kinds of commodities involving more than 400 brands. Recreational activities including living tips and consumer knowledge lectures are organised from time to time in the hall and pre-sale of new products and promotions are conducted through the WeChat account. The experience that integrates shopping, leisure and O2O new consumption mode is our new experiment based on business model of traditional convenience stores, aiming to provide more convenient, fast and quality consumption experience for consumers.

Case: Building online and offline ecosystem

Sinopec Guangdong Marketing Company promoted the integration of Internet and business. It invited experts in the leading Internet enterprises to train employees and established WeChat platform of 3.7 million vehicle owners. Meanwhile, the retail department promoted online customer service and the non-fuel department set up Easy Joy WeChat shop and employees made video or PPT through WeChat to promote products and service.
Green Development

Green is the prerequisite for sustainable development

Sinopec Corp. strictly complies with state laws like Law on Environmental Protection, Law on Water Pollution Prevention and Law on the Prevention and Control of Environmental Pollution by Solid Wastes, as well as company policies and rules such as Sinopec’s Rules on the Prevention and Control of Waste Water Pollution and Sinopec Rules on Environmental Protection. We drive environmental protection through clean energy production, energy conservation and emission reduction, building a comprehensive integrated management system for emission and carbon reduction.

1. Supply clean energy

Case: About China’s first large shale gas field

Shale gas is clean energy

Shale gas is an unconventional natural gas in the form of adsorption or dissociation existing in the clay shale and its interlayers. It is a clean and efficient energy resource able to drastically improve the energy consumption structure. The completion of first phase development of Fuling shale gas can reduce 6 million tonnes of carbon dioxide emission per year, equivalent to planting almost 75 million trees, taking up to 4 million economy cars off the road for one year. Meanwhile, it can reduce the emission of 150,000 tonnes of sulfur dioxide and 50,000 tonnes of nitrogen oxides.

The “growth story” of Chongqing Fuling shale gas field

The first well

On December 28, 2012, the first shale gas well Jiaoye 1HF drilled high yield shale gas, starting a new era of China’s shale gas development.

Construction of the demonstration zone

In November 2013, Sinopec Corp. started the development of the demonstration zone. By the end of that year, 21 test wells had been completed, building an annual shale gas capacity of 600 million cubic meters.

Supplied to Central China and Eastern China

In 2015, Sinopec Fuling Shale Gas Field produced accumulatively 2.124 billion cubic meters of shale gas, with a daily production capacity reaching 10 million cubic meters. Sales totaled 2.036 billion cubic meters, supplying to Central China and Eastern China.

Chongqing has become the main place for commercial shale gas development, and Fuling has become the largest shale gas field in the world outside North America

The successful completion of the first phase of development indicates that our country has entered a new journey of energy revolution, meaning that our country’s natural gas supply structure will change from now on. This is of great significance to alleviating our country’s constraint in natural gas supply, reducing our external dependence, improving our guarantee capabilities, upgrading people’s livelihoods, facilitating energy conservation and emission reduction, and preventing and controlling air pollution.

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Wang Jieyuan, Executive Vice Mayor of Chongqing
Commercial application of bio-jet fuel

In 2015, bio-jet fuel independently developed by Sinopec Corp. was successfully deployed in its first commercial passenger flight, making China one of the few countries in the world that own self-developed production technology of bio-jet fuel which successfully achieved commercialisation.

Case: Bio-jet fuel independently developed by Sinopec Corp. was successfully deployed for the first time in commercial passenger flight

In March 2015, Flight HU7604 of Hainan Airline filled with Sinopec No.1 bio-jet fuel took off at 8:20 from Shanghai Hongqiao Airport with 156 passengers and 8 crew members on board. After a flight of two and a half hours, it landed in Beijing Capital Airport steadily.

Tips:
Bio-jet fuel is produced with renewable resources as raw materials, mainly made from coconut oil, palm oil, leprosy seed oil, flaxseed oil, algae oil and waste cooking oil. Compared with traditional petroleum-based jet fuel, carbon emission in the entire lifecycle can be reduced by more than 35%, turning waste cooking oil into a benefit.

"Today’s flight went very well. There was no difference in the flying experience. I am happy that I had chance to fly this flight to witness the historic moment in China’s civil aviation history and the environmental protection case."

-------- Pu Ming, Captain

Chronicle of Sinopec’s development and application of bio-jet fuel

Sinopec started the development of bio-jet fuel, and successfully developed the production technology of bio-jet fuel with independent intellectual property rights

Sinopec No.1 bio-jet fuel successfully completed its technical test flight by Eastern Airline at Shanghai Hongqiao Airport

Sinopec bio-jet fuel was successfully deployed for the first time in commercial passenger flight

Sinopec officially submitted to Civil Aviation Administration of China (CAAC) the application for airworthiness certification for Sinopec’s No.1 bio-jet fuel

Sinopec was granted the first bio-jet fuel airworthiness license in China by CAAC

Our footprints in quality upgrading of oil products

continue to upgrade oil product quality, meet the state’s requirements of quality upgrading in regard to an overall supply of automobile gasoline and diesel that meets the GB V standards from January 1, 2017

achieved the quality-upgrading of automobile diesel to GB IV; met the demand of GB V automobile gasoline and diesel in some areas

supplied qualified gasoline and diesel which met GB IV standards to Beijing

automobile gasoline all met GB III standards, whichthose supplied in municipalities and provinces such as Shanghai, Guangzhou, Shenzhen and Jiangsu gradually met GB IV standards

supplied qualified gasoline and diesel which met GB IV standards to Beijing

gasoline quality met GB II standards

2003

1997

1993

2013

2014

2015

2016

2008
2. Green and low-carbon development

Clean Water and Blue Sky Campaign

In 2015, Sinopec Corp. continued to advance the Clean Water and Blue Sky Campaign, accelerating project approval and construction, and conducted follow-up audit of projects’ execution and supervision of key projects. As of the end of 2015, all the projects of the campaign had been approved, of which 512 projects had been completed and put into operation. The Company’s ability to meet emission standards was constantly improved. The total emission of four major pollutants, known as COD, sulfur dioxide, ammonia nitrogen, nitrogen oxide, had all achieved the emission reduction targets which were signed in the responsibility agreement at the beginning of the year.

Case: Sinopec Yangzi actively participates in the Clean Water and Blue Sky Campaign

Sinopec Yangzhi Petrochemical Company invested RMB1.38 billion in the Clean Water and Blue Sky Campaign. It has implemented 12 environmental improvement projects, including water body protection and reuse, air treatment, leak detection and maintenance as well as monitoring and early warning. In 2015, the company’s wastewater reuse device with capacity of 850 tonnes/hour was successfully put into operation and produced qualified reusable water; its capacity amounted to 7 million tonnes/year.

The Energy Conservation Plan

In 2015, Sinopec Corp. fully carried forward the Energy Conservation Plan. We reinforced management team to implement the plan, included the assessment result into annual performance appraisal. We also promoted mature and applicable energy conservation technology by organising expert teams to offer technical services for our subsidiaries. We completed 484 projects during the year with an investment of about RMB1.5 billion, and saved energy equivalent to 500,000 tonnes of standard coal.

Contract energy management

In 2015, Sinopec Corp. revised Rules of Sinopec Contract Energy Management Projects, further optimised project management procedures. We carried out 47 contract energy management projects and saved energy equivalent to 49,000 tonnes of standard coal. Of which, Sinopec Maoming Branch, Sinopec Guangshou Branch and Zhenhai Dongping Petrochemical Company replaced 2,484 outdated motors by adopting the contract energy management approach.

Water resources management

Sinopec Corp. spares no efforts in using municipal reclaimed water and desalinated seawater as its industrial water. We place an emphasis on water resource protection, enhance measures to wastewater treatment and recycling in various business segments, and improve the utilisation rate of water resource.

2015 Industrial water consumption

1.0% compared with 2014

4.5% compared with 2010

Exploration and Production segment

- Taking measures including optimising development programmes, conducting reservoir reconstruction, optimising injection formation, using reclaimed water, and building advanced treatment facility for produced water in oil production to improve injection efficiency;
- Enhancing the treatment capacity of drilling sewage and fracturing liquid to meet the water injection quality standard, and improving injection rate.

Refining and Chemical segments

- Taking chance of the wastewater treatment plant upgrading, deeply exploring the reclaimed water potential, building water reuse facilities by phases, and constantly improving the operation load of the reuse water facilities to reduce fresh water;
- Using unconventional water resources such as water from the municipal wastewater treatment plant, seawater and brackish water.

Case: Sinopec Tianjin introduced municipal reclaimed water and desalinated water as supplement of circulating water

Starting from 2010, Sinopec Tianjin Petroleum Company has used desalinated seawater as supplement of circulating water, and accumulative usage reached 10 million tonnes by 2015, yielding good results in water saving. In particular, the million-tonnage ethylene project of Sinopec Tianjin mainly uses desalinated seawater as its water source, making it the largest desalinated seawater user in Tianjin city. In 2015, the company for the first time successfully introduced the municipal reclaimed water as the water source for preparing chemical water, using more than 4 million tonnes of municipal reclaimed water. At the end of 2015, the company total output (calculated based on the constant price of 2010) had increased by close to 4 times, while total fresh water usage had reduced by 50%.

- Energy conservation and emission reduction

In 2015, Sinopec Corp. actively took measures to conserve energy and improve resource utilization rate.

• We drove integrated management assessment system for energy and environment, planned the work of energy conservation and emission reduction as a whole, and intensified the measures and assessment of consumption indicators of combustion energy.

• We formulated Sinopec Energy Conservation Forerunner Action Plan, encouraging enterprises to learn from the “forerunner” and continuously improve energy conservation and emission reduction.

• We strictly regulated the temporary storage and processing of solid wastes especially hazardous wastes, and the proper disposal rate of solid waste approached 100%. We carried out desulphurisation and denitrification modification for coal burner and catalytic cracking devices, enabling subsidiaries to meet the emissions standards of waste gas pollutants.

Case: Can oil sludge be reused?

In 2015, the first set of oil base rock cuttings treatment device independently developed by the Company was officially put into operation in Chongqing Fuling Shale Gas Field. Oil base rock cuttings can now be properly collected without dropping to the floor, and stored without permeation; furthermore, the treatment process is innocuous and can meet the strict discharge standard. The cuttings can be recycled for construction materials like cement and bricks. This fills the gap in large-volume innocuous treatment technology for oil base rock cuttings in the development of shale gas. Currently, the device’s treatment capacity is 15,000 cubic meters a year.
• Biodiversity protection
Sinopec Corp. attaches great importance to the protection of the surroundings of our plants and take various measures to ensure ecological safety as well as to create a healthy and harmonious ecological homeland.

Case: Protect animals and plants, maintain ecological balance
Sinopec Mansarovar Energy Colombia Ltd., places an emphasis on protecting animals, plants and the natural ecological environment. The company identifies highly sensitive ecological areas and protection areas, and forbids oil and gas exploration and operation in these areas. They work closely with the local government, and task the company’s dedicated safety and environment professionals with special protection of wild animals. The company also held wild animal photography competition to call for the local people to protect wild animals and the ecological environment, especially the endangered species. In addition, the company conducts special training of animal protection in the local community to increase the awareness and ability of local people in protecting animals.

Case: Improve marine ecosystem
Sinopec Zhanjiang carried out Restocking for Enhancement of Fish Resources Activity to protect the marine ecological environment. They planned to release 50 million fish seedlings every year for the recovery of fisheries population and the protection of biodiversity, improving marine ecosystem and promoting the sustainable development of fishery industry.

3. Tackle climate change
• Caring for Climate China Summit
Promoting energy conservation and emission reduction and tackling climate change require the joint efforts and active participation of the entire society. As a leading enterprise of the UNGC, Sinopec Corp. continued to support activities organised by the Support Ecological Civilisation & Beautiful Home Caring for Climate China Summit, Contribute to ecological civilisation construction

In 2015, the 3rd summit themed on Embracing Children. A collection of case studies of Sinopec and other leading enterprises with the title of Build a Beautiful World – 2014 China Practice in Caring for Climate & Ecological Civilisation was released and submitted to the UNGC Organisation and the UN Climate Summit. Sinopec Corp. bought four children’s paintings on environmental protection in the philanthropic auction. We won the title of Pioneer Enterprise of Caring for Climate & Ecological Civilisation, and announced our Implementation of the Energy Conservation Plan.

In 2014, the 2nd summit themed on The Power of Action. It released a collection of case studies of Sinopec Corp. and other leading enterprises titled Caring for Climate – China in Action, and submitted relevant achievements to the UNGC Leadership Summit and Caring for Climate Summit.

In 2013, in the 1st summit, Sinopec Corp. joined hands with 60 Chinese enterprises to sign the Initiative of China’s Business Community on Caring for Climate. We officially launched Sinopec Clean Water & Blue Sky Campaign and submitted relevant achievements to the UNGC China Network in 2015. We actively participated and organised the Ecological Civilization & Beautiful Home Caring for Climate China Summit, leading Chinese enterprises to pay attention to climate change.

• Carbon Asset Management
In 2015, Sinopec Corp. published policies including Sinopec Rules for Carbon Asset Management (Trial implementation) to enhance carbon asset management. We set up a greenhouse gas emission statistics, monitoring and management system, and further improved the function module construction of carbon asset management information system. Moreover, we conducted relevant studies, and determined the study method for the carbon footprint of petrochemical products.

Carbon accounting
Sinopec Corp. further carried out carbon accounting. According to ISO14064, we have conducted greenhouse gas accounting in the petrochemical units and service stations of our subsidiaries for five consecutive years, which all passed the verification by the third-party international verifiers.

Carbon capture
Our subsidiaries including Zhongyuan Oil Field actively conducted carbon dioxide capture, storage and utilisation test studies to increase recoverable reserves and oil recovery efficiency. As of the end of 2015, they had injected 2.7 million tonnes of carbon dioxide and increased oil production of 235,000 tonnes. Meanwhile, methane recovery and utilisation technology was applied among oil field enterprises, recovering about 200 million cubic meters of methane in 2015, and reducing greenhouse gas emission by 3 million tonnes of carbon dioxide equivalent.

Carbon trading
In 2015, Sinopec Corp. continued to participate in carbon trading. Pilot carbon trading enterprises all met carbon quota and trading targets, with a carbon trading volume of 1.80 million tonnes and a turnover of RMB154 million. As of the end of 2015, our trading volume had reached 3.90 million tonnes with a turnover of RMB140 million, accounting for roughly 8% of the total domestic trading volume and turnover.
Sinopec Corp. understands that the enterprise’s sustainable development is not possible without support and engagement of stakeholders. By practicing safety production, protection of rights and interests, and public welfare, we take care of our value chain partners including our employees, investors, consumers and suppliers, as well as communities where we operate. We strive to share the fruits of our development with our stakeholders and society.

1. Guarantee safety production

In 2015, Sinopec Corp. issued Sinopec Safety Management Manual and revised 10 regulations related to safety management to standardise and further strengthen its safety production.

Sinopec Safety Management Manual is a practical and performance-oriented guideline including 19 modules of safety organisation and safety responsibility, as well as 61 management elements. It outlines the overall requirements, management philosophies, policies and targets of Sinopec safety production.

- **Safety hazards detection and treatment**

  In 2015, Sinopec Corp. increased efforts in detecting and treating safety hazards through enhancing hazards treatment and rectification in oil and gas pipelines and launching hazards treatments in intro-plant pipelines and tank fields. As of December 2015, all hidden hazards found in enclosed spaces were treated.

- **Case: Safety Production, Everyone’s Responsibility – “I make a diagnosis on safety hazards”**

  Sinopec Corp. regularly conducts a long-term program of “I make a diagnosis on safety hazards”, which encourages employees to diagnose unsafe factors around them, and opens a green channel for employees who proactively offering suggestions regarding safety management in order to eliminate hidden hazards as early as possible.

  In 2015, Sinopec Maoming Petrochemical Company elaborated its safety management system and mechanism into following feasible solutions: allocated three-level safety supervisors and two-level inspection teams, optimising the controlling mechanism among responsibility, regulations, procedures and direct operations, differentiating the reward systems which rewards staffs under ten circumstances such as aloft equipment and pipeline inspection, night inspection and bad weather inspection. By putting its implementation of safety management system and mechanism in place, no incident occurred in 2015.

- **Safety production emergency management**

  In 2015, Sinopec Corp. revised its regulations including Rules on Sinopec Safety Production Emergency Management, optimising the organisational structure and duties and the rules on information receipt and report, emergency response, onsite emergency command and special plan onsite handling, to reinforce the emergency system. Each subsidiary completed their own emergency plans correspondingly and conducted emergency drills in various ways targeting areas where production incidents were prone to happen as well as emergency management focuses.

  - **Safety production training and education**

    In 2015, Sinopec Corp. revised Rules on Sinopec Safety Training Management, in which it classified training levels and increased the awareness of safety and responsibility of employees at all levels. The Company’s total investment in safety training for the year 2015 was about RMB310 million and total on-site employees were required to be trained qualified.
2. Adhere to people-orientation

- Respect and safeguard employees’ rights and interests: Sinopec Corp. respects and safeguards internationally recognised human rights, and consciously resists any actions of disregarding for human rights or human rights violation. We strictly comply with state laws and regulations like Labor Law, as well as corporate policies such as the Recommendations of Sinopec on Strengthening Labor and Employment Management. We forbid gender, area, religion or nationality discrimination regarding recruitment, training and promotion, treat all employees equally, and forbid the use of child labor or forced labor. We adhere to the principles of equality and consensus through consultation, and sign labor contracts with employees. We protect employees’ privacy, pay social insurances for employees, provide reasonable compensation and benefits, as well as holidays and paid leave as required by the state.

- Guarantee occupational health

In 2015, Sinopec Corp. strictly adhered to the state’s occupational health & safety standards for employees in the energy and chemical industry, revised Rules on Sinopec Occupational Health Management, and integrated the supervision on OHS to enhance employees’ health management and ensure employees’ physical and psychological health.

- Facilitate career development

In 2015, Sinopec Corp. formulated Recommendations on Improving Talent Growth Channel Construction to optimise the talent selection, assessment and motivation mechanism and make the talent development channel more suitable for career development requirements, talent growth rules and talent management characteristics.

We build a talent pool according to the Company’s Medium and Long term Plan for Talent Team Construction (2010-2020). In 2015, we enhanced the overall training design, explored to develop a position training course system for operations and management personnel, and developed a series of leadership training programmes with an aim to improve comprehensive qualities and capabilities. At the same time, we organised Youth Backbone Innovation Ability Training Class to nurture and select young talents, developed and improved training information management platform and training resources sharing platform to manage the operations of training programmes online.

- Upgrade regulations standard

- Strengthen risk control

- Enhance health awareness

2015

- Carried out the selection of excellent talents. 100 people were honored as Sinopec Experts with Outstanding Contributions, and 200 people won “Min Enze Science & Technology Awards for Young Talents”. Sinopec Corp. recommended 3 national candidates for the state’s “Talents Project”, 2 candidates for “Li Siguang Geological Science & Technology Awards”, 2 candidates for “Sun Yueqi Youth Award” and 5 candidates for “Youth Geological Awards”.

- 282 people were awarded the professorship title, and 4,910 people were awarded the senior title.

- Sinopec Corp. organised technical contests in 8 specialties and occupational skill contests in 6 fields. Approximately 120,000 people participated in job training, internal selection and intensified training activities.

At the end of 2015

- Sinopec had 5 chief experts, 140 senior experts, and 75 chief experts and 1,360 experts working in its subsidiaries.

- One person was awarded the title of national technical expert, and 107 people were awarded the title of Sinopec technical experts.

- Sinopec had 17 technical specialists, 90 chief technicians and 818 principal technicians.
In 2015, Sinopec Corp. enhanced communications with investors by attending 27 capital market conferences held at home and abroad, holding 195 one-on-one and group meetings, arranging over 100 investor visits at Sinopec Head Office, and paying visits to over 60 investors abroad. We developed more channels for communications with investors, and increased their understanding of Sinopec Corp. by providing replies to issues investors concerned through performance announcement, analysts and media meetings, hotlines and SSE E-platform.

The Company’s profits distribution policy took into consideration both shareholders’ interests and sustainable development, which has demonstrated consistency and stability. Dividend pay-out ratio has been over 40% for four consecutive years.

Well-established management system bringing together multiple standards: Sinopec Lubricant established a management system incorporating quality, safety and environmental standards, hence ensuring standardised control over the entire process from product R&D, manufacturing, marketing to after-sale services. The company has adopted ISO9001 as its basic quality management system, and obtained TS16949 quality management system certification for its automotive customers. Similarly, its Chongqing Branch has obtained AS9100 quality management system certification for its aviation and aerospace users, while Binhai Branch has added VDA6.1 quality management system certification to satisfy customers’ needs for exporting products to Europe.

Dividend pay-out ratio over 40%

Sweet home: the Company shall create for the employees clean, comfortable and dignified working and life conditions, and care for employees’ spiritual and cultural needs.

Peaceful home: the employees shall know what can be done and what cannot be done, conduct business with integrity, and abide by laws, regulations and rules.

Harmonious home: harmony is precious. The Company is dedicated in setting up a harmonious environment with employees’ good morality, by strengthening communication and practicing democratic management. A harmonious family will prosper.

Progressive home: core value is responsibility. The Company shall communicate its vision and goals to employees, and provide a platform to learn and grow for employees; meanwhile, employees shall contribute their talents and intelligence for the growth of the Company.

Value orientation: “people oriented”.

Core concepts: “I rely on my company for growing; my company relies on me for development”.

Content: build a “sweet home, peaceful home, progressive home, harmonious home”.

Code of conducts: “integrity, discipline, fraternity, accomplishment, responsibility”.

Case: Home Culture construction of Sinopec Corp. Marketing Company

Value orientation: “people oriented”.

Core concepts: “I rely on my company for growing; my company relies on me for development”.

Content: build a “sweet home, peaceful home, progressive home, harmonious home”.

Code of conducts: “integrity, discipline, fraternity, accomplishment, responsibility”.

Case: Sinopec Lubricant Company develops customer value and upgrades service quality

3. Win-win with partners

Stress communication with and return to investors

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The Company’s profits distribution policy took into consideration both shareholders’ interests and sustainable development, which has demonstrated consistency and stability. Dividend pay-out ratio has been over 40% for four consecutive years.
**Strengthen the Contractor management**

In 2015, Sinopec Corp. revised its regulations including Rules on Bidding and Tendering for Sinopec Construction Projects, and Rules on Sub-contracting and Outsourcing of Sinopec Construction Projects. We conducted contractor safety management in eight areas to improve the management level, namely, identifying the owner’s primary responsibility in a project, setting up and optimising rules and regulations, strictly implementing the criteria for HSE qualification, regulating contractor safety training and education, strictly implementing requirement of project commencement, strengthening HSE process supervision etc., and disciplining the performance appraisal of contractor etc.

**Improve supplier management**

With the spirits of Law-abidingness, Compliance, Fairness and Integrity, Sinopec Corp. strictly complies with the State’s laws and regulations like Law on Bidding and Tendering, and the Company’s specific regulations like Rules on Equipment & Materials Procurement Tendering and Bids Evaluation. We optimised supplier tendering and assessment mechanism, promoted the construction of the integrity system, implemented further transparent procurement, and built a healthy procurement culture.

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**Case: Sinopec Maoming Company implemented contractor violation scoring appraisal**

In 2015, Sinopec Maoming Petrochemical Company carried out comprehensive contractor safety management to classify the severity of the site violations and incidents of the contractor, and adopted accumulative scoring appraisal. The contractor or individuals whose accumulative scoring exceeded a predefined criterion would be blacklisted or disqualified. In October, the company investigated and fined the contractor with violation behaviors, and two individuals with severe violating behaviors were expelled and blacklisted.

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**Achieve supply chain collaboration**

Sinopec Corp. fully utilises technologies such as the internet, big data and cloud computing and develops an EPEC E-commerce platform for industrial products procurement. The Company transforms its development model from solely Equipment and Materials supply and procurement management within Sinopec business area to provide procurement service and trans-boundary operations, which provides value-added services including the third-party procurement and tendering service, supply chain finance, the third-party payment, big data analysis, credit rating and marketing, etc. for the whole society. By means of innovative combination between the Internet and Supply Chain, Sinopec Corp. aims to achieve a win-win supply chain collaboration and provide a growth impetus for reform of the supply front.

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**Promote procurement with social responsibility**

In 2015, Sinopec Corp. kept on promoting procurement with social responsibility, and incorporating relevant certifications of green and low-carbon enterprises into the tendering evaluation criteria. We further improved the supplier evaluation system, and included the following criteria into the evaluation system: ISO18000 certification and ISO 18000 OHS certification, Emergency Management System of Safety Production, Labor Protection Measures, Social Responsibility Fulfillment, and Discharge and Waste Disposals.

**Lead the development of suppliers and the supply industry**

Sinopec Corp. paid much attention on training of suppliers, led the development of suppliers and the supply industry, and eventually improved suppliers’ high value-added manufacturing capability.

**Case: Collaborated R&D helps suppliers to develop**

Starting from the year of 2011, Sinopec Corp. had co-worked with a domestic steel pipe manufacturer on the development of the application of titanium alloy materials in the acid gas field with complex geological conditions. After four years of joint efforts, multiple core technical bottlenecks were overcome. On May 17th, 2015, Sinopec Southwest Oil and Gas Company successfully used the first batch of titanium alloy pipes with a large-scale industrial production, in Yuanba 205-2 Well located in Langzhong Sichuan province. The pipes reached a depth of 6,448 meters. This is the first successful experience of titanium alloy petroleum special pipes putting into practice in the super-deep high sulfur content oil and gas field in the world.
Case: Sinopec EPEC helps to build a supply chain collaboration

EPEC is an E-commerce platform integrating procurement and sales functions built by Sinopec Corp. based on its years of experience in equipment and material procurement and supply, and supported by various technologies like the Internet, cloud computing and big data.

It uses the cloud computing architecture, which can uphold nearly 1,000 billion database inquiries.

It can analyse customer basic information, trading information and behavioral information generated by big data to understand the type and structure of customers.

It can conduct supply chain finance business to support supplier development. Based on contracts and accounts payable data between Sinopec Corp. and suppliers, EPEC can assist suppliers to apply for bank financing.

4. Contributions to the society

4.1 Support community construction

In 2015, Sinopec Corp. kept on supporting the development of communities where we operate. Through improving community infrastructure, supporting local culture and environment development, we increased the happiness of community residents. Meanwhile, we fully utilised our own industrial advantages to create more jobs, promote development of local enterprises and boost economic growth. We input totally RMB6.754 billion investment in culture and education, community service and medical care in 2015.

Sinopec Corp. focused on communication with community residents, actively handled the community grievance and prepared environmental impact reports for all major projects, in which introducing the project information, possible impact on environment, precaution measures to prevent or mitigate the adverse impact on the environment. We took local residents’ opinions seriously and responded their concerns in the environmental impact reports.

Case: Handle community grievance and enhance communications between enterprise and communities

During the modification and expansion process of the 15 million tonnes per year integrated refining and chemical project, Sinopec Zhenhai Refining & Chemical Company provided to the public with the environmental impact report, Q&A about the environmental assessment technology, and scientific knowledge about petrochemical. In addition, the company holds Open-to-Public Day and communicates with residents of the area surrounding the project to achieve better understanding. From 2013 to now, over 3,000 public representatives have attended 62 Open-to-Public Day events.

Case: Fuqi (Fuling gas) brings good fortune (homonyms of Fuqi in Chinese)

Fuling shale gas field provides gas to local enterprises and gas companies. While contributing to the local gas supply, it also provides good fortune to Central China, Eastern China and Southern China through Sinopec Sichuan Eastern China gas pipeline, delivering Fuqi for the green development of Chongqing city and provinces and cities along the way. The development and processing of shale gas and pipeline construction also bring new business opportunities for local enterprises. Sinopec Corp. had established joint ventures with local government, and introduced 25 local suppliers to participate in production and construction, which offered more job opportunities for local residents. According to the statistics of the local government, Fuling shale gas field has contributed to the increase of the GDP in Fuling district by 1.5%.

“ I did a calculation—each shale gas well development will generate RMB 200,000 to 500,000 income for Jiaoshi Town. This is a good fortune for local people.

——— Sheng Chaohong, cadre of Jiaoshi Town

4.2 Poverty alleviation and disaster relief

Sinopec Corp. actively supports the development of poverty-stricken areas in China through combining poverty alleviation with development, and striving to improve the self-development ability of the poverty areas. In 2015, we undertook poverty alleviation work in Yingjiang County and Xuanli County of Anhui Province, Fenghuang County and Luxi County of Hunan Province, Yopurga County of Kashi in Xinjiang, and Dongxiang County of Cansu Province, and Implemented 41 projects with an input of RMB 45.11 million. At the same time, we dedicated to improving the local living conditions of Qinghai and Tibet and Input RMB 21.14 million to support the development of these places.

Sinopec Corp. spares no efforts in participating in emergency rescue and disaster relief. In 2015, during the explosion in Binhai New District of Tianjin and the capsising of the cruise East Star, we immediately took part in the rescue and opened Green Channels in the service stations.

2015

Contributions to poverty alleviation programmes (RMB)

45.11 million

Financial aid to Qinghai and Tibet (RMB)

21.14 million

Infrastructure construction

53

Input early RMB 50 million to Blenheim Valley Drinking Water Project.,

Input RMB 2.65 million to built 9 drinking water projects in Fenghuang and Luxi County in western Hunan. Drinking water problem for 8,703 people was solved.

Built village-level well-off homes for the aged in Yingjiang County with an input of RMB 3 million and helped build 9 cement village roads with a total length of 23.4 kilometers.

Built 16 village-level cultural activity rooms in Yopurga County in Xinjiang.
In 2015, over 40 teenagers from Naqu Tibet attended the event of Sinopec Lubricant-Chinese Astronauts Experience Camp. To the end of 2015, Sinopec Lubricant had organised 8 Chinese astronauts experience camps which helped over 400 teenagers from around the country experience becoming astronauts.

I believe that such event will inspire the children to embrace the future, motivating them to overcome obstacles and acquire knowledge persistently.

——Luo Yunhen, Teacher of No.2 Middle School in Naqu, Tibet

Industrial support
Sinopec Corp. supported industrial development in poverty-stricken villages to increase the income and development ability of villagers. During 2014-2015, we helped develop and plant 209 acres of red kiwi in Fenghuang, Luxi and Yuexi.

Aid to education
In 2015, Sinopec Corp. input RMB 5 million to help developing education in poverty-stricken areas. We provided RMB15 million education development funds to Dongxiang County of Gansu, supporting 75 schools and 8,497 students. We continuously provided assistance to students from poor families to complete their study. Since the establishment of Sinopec scholarship in 2008, 9,421 students in four designated poverty-alleviation counties in Anhui and Hunan had received financial aid.

In 2015, during the harvest time of spring ploughing, summer planting, harvesting and field management and autumn harvesting, sowing and ploughing, Sinopec Corp. continued to provide services for farmers by supplying free diesel, driving fueling trucks to the field, and arranging employees to help farmers with their farm work.

Support in the harvest time
In 2015, Sinopec Corp. actively engaged in social donations, and executed many public philanthropic activities like the Lifeline Express Programme, Warm Station with Love, and volunteer services. We donated RMB112 million and offered volunteer services for 420,000 person-times, totaling 840,000 hours of services.

In the 70th Anniversary of the Victory of the Chinese People’s War of Resistance Against Japanese Aggression and the World Anti-Fascist War held on September 3rd, 2015, Sinopec Corp. provided gasoline, jet fuel and diesel oil for the military parade and made a remarkable contribution to the parade, to remember the history, muse over the revolutionary martyrs, and cherish peace together with people around the world.

Support the sports undertakings
Sinopec Corp. actively supports sports undertakings, and has become an official partner of IAAF since 2010. In 2015, we continued to support IAAF Beijing World Championships in Athletics and set up Sinopec Better Life Exhibition outside the stadium, receiving 5,000 person-times of visitors daily on average. The Exhibition demonstrated the combination of energy, sports and better life with technological concepts, user-friendly design and rich content.

Support country’s major events
In 2015, Sinopec Corp. were actively engaged in social donations, and executed many public philanthropic activities like the Lifeline Express Programme, Warm Station with Love, and volunteer services. We donated RMB112 million and offered volunteer services for 420,000 person-times, totaling 840,000 hours of services.
Case: Warm Station with Love – warm your way home

In 2015, Sinopec Corp. continued its efforts in the Warm Station with Love – Care for Migrant Workers Going Home for Spring Festival programme. We built warm stations in 193 service stations in Guangdong and Guansui provinces, providing free services such as emergency gasoline delivery and lounges for car drivers; supplied 10,000 motorcyclists a free tank of gasoline in Guangdong Province, as well as warm-keeping kneepads and safety vest to keep them warm on their way home.

Sinopec’s Warm Station with Love programme was awarded 2015 Global Brand and Outstanding Reputation Achievement Award – Corporate Responsibility Golden Award.

Data with warmth

- Built 193 warm stations
- Opened 510 driver lounges
- Provided 796 sling chairs
- Provided road direction for 60,000 person-times
- Over 5,000 volunteers
- Provided free mobile device charging for 16,000 person times
- Served 6 million person-times of drivers returning to hometown
- Provided 128,000 litres of hot water and hot porridge
- Checked and repaired over 10,000 motorcycles
- Set up 655 tents for rest
- Provided free medicines and medical care for 15,000 person times

Case: Sinopec Bright Lifeline Express – a public philanthropic train that will never stop

In 2015, Sinopec kept on inputting RMB9 million to support the Lifeline Express Programme, which entered Enshi of Hubei, Qiqihar of Heilongjiang, and Lanzhou of Sichuan, carrying out free operations for 3,286 poor cataract patients, and helping them to regain their confidence in a good life. The programme is a philanthropy that will never end.

For 11 consecutive years, Sinopec’s Lifeline Express Programme has won Special Contribution Award granted by the Council of Lifeline Express Programmes. The programme was also awarded Outstanding Volunteer Service Project among State-Owned-Enterprises granted by SASSAC. In addition, the programme was among the five-star public philanthropic programmes selected by Chinese Academy of Social Sciences listed in the Enterprise Public Philanthropic Blue Book. It was one of the 10 enterprise public philanthropic brand programmes and won the honorary title of Public Philanthropic Model, Best Practice.

During 2004-2015, with a donation of total value of RMB177 million, Sinopec Lifeline Express had travelled 18 provinces, autonomous regions and municipalities, where more than 30,000 cataract patients had been cured, 14 cataract treatment centers and 1 microscopically ophthalmological treatment & training center had been built with donations from Sinopec, and 1 train had been named Sinopec in the programme.

<table>
<thead>
<tr>
<th>Province</th>
<th>Service Times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xinjiang</td>
<td>6,500</td>
</tr>
<tr>
<td>Gansu</td>
<td>500</td>
</tr>
<tr>
<td>Shanxi</td>
<td>6,331</td>
</tr>
<tr>
<td>Jilin</td>
<td>5,345</td>
</tr>
<tr>
<td>Heilongjiang</td>
<td>1,090</td>
</tr>
<tr>
<td>Fujian</td>
<td>2,018</td>
</tr>
<tr>
<td>Taiwan</td>
<td>1,068</td>
</tr>
<tr>
<td>Guangxi</td>
<td>3,079</td>
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<tr>
<td>Shaanxi</td>
<td>789</td>
</tr>
<tr>
<td>Beijing</td>
<td>1,042</td>
</tr>
<tr>
<td>Tibet</td>
<td>1,173</td>
</tr>
<tr>
<td>Hainan</td>
<td>1,280</td>
</tr>
<tr>
<td>Guangdong</td>
<td>995</td>
</tr>
<tr>
<td>Neimenggu</td>
<td>1,311</td>
</tr>
</tbody>
</table>

“Thanks to Sinopec Bright Lifeline Express for recovering my eyesight, I can work and make a living after I recover.”

--Marelaer, 23 year-old young man of the Yi nationality

Case: Sinopec Hong Kong Beach and Country Park Concerning Group

Sinopec Hong Kong employees and their families voluntarily set up Sinopec Hong Kong Beach and Country Park Concerning Group to clean the beach and the park.

- Cooperated with governmental departments including Hong Kong Environmental Protection Department and Agriculture, Fisheries and Conservation Department, and facilitated the government to set up the Coast Cleaning team and an official website to release information on beach cleaning activities of various environmental protection organisations, and share environmental concepts.
- Established a routine communication mechanism with experts, scholars and schools in the environmental protection community, and strived to conduct activities in a more professional, systematic and scientific manner.
- Actively and continuously cleaned the beach and the parks, and shared environmental protection concepts. Up to date, over 30 cleaning activities have been organised with more than 600 person-times of participants, including personnel from government organs, philanthropic groups, automotive industry associations and schools, in addition to Sinopec own employees.

Sinopec volunteers cleaned trash on Lantau Beach in Hong Kong
1. One Belt One Road and overseas business

Sinopec Corp. upholds the principles of amity, sincerity, mutual benefit and inclusiveness and consultation, cooperation and sharing. Making full use of company’s advantages in segments of petroleum and natural gas, refining and chemicals, warehousing and logistics, trade, and technologies, etc., we enhance cooperation with countries along the One Belt One Road in Middle East and Central Asia, and achieve mutual benefit.

In 2015, Yanbu Aramco Sinopec Refining Company Ltd (YASREF), Sinopec’s first refining project abroad started commercial operation. This is the China’s biggest investment project in Saudi Arabia. We also invested in Sibur, Russia’s largest natural gas processing and petrochemical company, hence expanding our business platform abroad.

**Case: Sinopec’s first refining project abroad—YASREF put into operation, promoting mutual benefit between China and Saudi Arabia**

YASREF, a joint venture between Sinopec Corp. and Saudi Aramco Company, is one of the world largest factories that produce ultra-low sulfur oil products through single-series configuration. The refinery is equipped with advanced technologies, rational processes and high automation level. The high quality diesel and gasoline it produces meet the quality standards of Europe and North America respectively.

Being China’s first refining joint venture abroad, YASREF is an important step for Sinopec in following China’s One Belt One Road Initiative, giving play to our advanced technologies and management advantages in refining and petrochemical segments, and promoting and expanding our business experience abroad. The project has become a model of economic cooperation between China and Saudi Arabia.

2. Employee localisation and diversification

In our operations abroad, Sinopec Corp. strictly adheres to a management model of talent internationalisation and employee localisation, and sticks to an equal, free and non-discriminating employment policy, providing jobs for countries where we invest in. We safeguard employee’s legal rights, interests and safety, provide professional skill training, and promote the development of local economy. We encourage employees of different cultural backgrounds to respect each other’s religions, local customs and personal hobbies, and to be friendly to each other. In 2015, Sinopec’s employee localisation abroad reached 67.43%.

**Case: We have been working on environmental protection abroad**

Sinopec Kazakhstan CIR Project took actions to conserve energy and reduce emission, mitigating environmental impact from operations:

- Set up environmental monitor stations in residential areas around the oil field to monitor atmospheric condition.
- Used gas turbine equipment to reduce air emission pollution.
- Introduced environmental protection equipment to reduce wastes generated in production activities, and treated household garbage.
- Introduced wastewater treatment equipment for seawater logging protection.
4. Serving local economic and social development

In our business operations abroad, we persist in localised purchase to stimulate the development of local enterprises and promote local employment. We provide aid to improve local infrastructure, improve the level of cultural life of communities where our businesses are located, actively carry out public welfare activities, and support local social development.

Case: Join hands to build happy communities

Sinopec Mansarovar Energy Colombia Ltd. adheres to the local purchasing policy, and the local purchase reaches 80%. The company provides technical support to local small and medium-sized companies to facilitate their development, and supports local education through 7 programmes including carrying out student assistant programmes and establishing Internet for schools, benefiting close to 5,000 students. It also maintains the Bojacá Port Highway builds or improves recreational and sports facilities like basketball courts and libraries in the oil field communities, hence benefiting more than 4,000 people. Furthermore, the company builds community lounges and waste recycling centers to improve living condition and residents’ life quality, and create job opportunities.

Responsibility Integrated into Management

(I) Substantial issue identification

In order to improve the relevance and responsiveness of this Report, Sinopec Corp. conducted a sustainable development substantial issue analysis survey in 2015, and identified the most substantial critical issues for the year.

• Sources of issues

Based on the state’s macro policy direction, and social responsibility and sustainable development standards analysis as well as company practices home and abroad, and taking into account concerns of various stakeholders, we identified 25 issues relating to Sinopec’s sustainable development.

• Issue matrix

Based on the initially identified 25 issues, we developed the Questionnaire on Substantial Issue Analysis for Sinopec 2015 Communication on Progress for Sustainable Development, and conducted the survey among internal and external stakeholders including government agencies, investors, partners, enterprise employees, consumers, non-governmental organisations and media. According to the survey results, we established a substantial issue analysis matrix based on the following two dimensions of “Impact on Sinopec’s sustainable development” and “Importance to stakeholders”, and set a priority order for the issues.

Image of the substantial issue analysis matrix with issue icons and priority indicators.
• Issue validation
We reviewed the selected issues relating to social responsibility and sustainable development to determine substantial issues.

• Communication on issues
We moved forward based on the substantial issues, and communicated with stakeholders regarding the issue practice by means of WeChat, websites and regular reports, increasing the transparency of our operations.

(II) Communication with Stakeholders
The trust and support of stakeholders is a fundamental element for Sinopec’s sustainable development and steady growth. We actively build mutually beneficial and win-win cooperative relationship with stakeholders, and drive balanced sustainable development featured with economic growth, friendly environment and harmonious society.

Stakeholders
governments and regulators, shareholders and creditors, employees, customers, business partners, communities and the public, media, non-governmental organizations

Diversified channels for social responsibility communication
By carrying out activities like Open-to-Public Day and Social Supervisors, and fully utilising traditional and new media including China Petrochemical News, sustainable development reports, Micro-blog, WeChat and official websites, Sinopec Corp. strengthened communication and exchange with stakeholders.

• Social Supervisors:
Sinopec Corp. has engaged social supervisors for five consecutive years. We hold symposiums regarding issues the public are concerned with, where supervisors candidly make their recommendations.

• Open-to-Public Day:
in 2015, 62 subsidiaries of Sinopec Corp. held Open-to-Public Day, inviting community residents, school teachers and students as well as industrial experts to visit the enterprises to get a flavor of what modern energy enterprises are like, and enhancing the public’s understanding of the enterprises.

What Sinopec Has to Say:
What Sinopec Has to Say is Sinopec’s official Micro-blog and official WeChat account. Through a cartoon character Little Stone, we communicate with netizens, release news, comment on current events, and disseminate scientific knowledge relating to petrochemicals. Throughout 2015, What Sinopec Has to Say released over 3,700 posts in Micro-blog and WeChat, and boasted 3.5 million stable readers, 15 million netizen interactions and 350 million readings.

Key Performance

(I) Economic Performance

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (RMB billion)</td>
<td>1,382.9</td>
<td>1,451.4</td>
<td>1,443.1</td>
</tr>
<tr>
<td>Total liabilities (RMB billion)</td>
<td>759.7</td>
<td>814.3</td>
<td>667.5</td>
</tr>
<tr>
<td>Revenue (RMB billion)</td>
<td>2,880.3</td>
<td>2,925.9</td>
<td>2,018.9</td>
</tr>
<tr>
<td>Net profits attributable to shareholders of the Company (RMB billion)</td>
<td>67.18</td>
<td>47.43</td>
<td>32.21</td>
</tr>
<tr>
<td>Dividends declared (RMB billion)</td>
<td>28.01</td>
<td>23.83</td>
<td>18.16</td>
</tr>
<tr>
<td>Dividends pay-out ratio (%)</td>
<td>41.7</td>
<td>50.2</td>
<td>56.4</td>
</tr>
<tr>
<td>Taxes and fees paid (RMB billion)</td>
<td>206.9</td>
<td>292.3</td>
<td>327.4</td>
</tr>
<tr>
<td>Sales volume of refined oil products (million tonnes)</td>
<td>179.99</td>
<td>199.17</td>
<td>185.33</td>
</tr>
<tr>
<td>Sales volume of major chemical products (million tonnes)</td>
<td>58.23</td>
<td>60.79</td>
<td>62.87</td>
</tr>
<tr>
<td>Rate of customer satisfaction with respect to lubricant sales (%)</td>
<td>79.6</td>
<td>80.8</td>
<td>80.9</td>
</tr>
<tr>
<td>Rate of customer satisfaction with respect to chemical sales (%)</td>
<td>92.9</td>
<td>94.3</td>
<td>89.7</td>
</tr>
<tr>
<td>Rate of complaints resolved from lubricant customers (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Rate of complaints resolved from chemical products customers (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Number of patents applied in 2015</td>
<td>4,442</td>
<td>4,968</td>
<td>5,046</td>
</tr>
<tr>
<td>Number of patents granted in 2015</td>
<td>2,388</td>
<td>3,011</td>
<td>3,769</td>
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</table>

(II) Environmental Performance

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change of Energy intensity (%)</td>
<td>-2.91</td>
<td>-0.6</td>
<td>-1.57</td>
</tr>
<tr>
<td>Compliance rate of wastewater discharge (%)</td>
<td>98.93</td>
<td>99.30</td>
<td>99.77</td>
</tr>
<tr>
<td>Change of industrial water consumption (%)</td>
<td>-1.19</td>
<td>-1.1</td>
<td>-1.0</td>
</tr>
<tr>
<td>Change of COD in wastewater (%)</td>
<td>-3.85</td>
<td>-2.5</td>
<td>-4.14</td>
</tr>
<tr>
<td>Change of SO2 emission (%)</td>
<td>-4.71</td>
<td>-8.1</td>
<td>-4.84</td>
</tr>
<tr>
<td>Change of Nitrogen oxides emission (%)</td>
<td>-4.68</td>
<td>-3.9</td>
<td>-4.19</td>
</tr>
<tr>
<td>Change of Ammoniac nitrogen emission (%)</td>
<td>-4.97</td>
<td>-4.2</td>
<td>-3.07</td>
</tr>
<tr>
<td>Carbon trading volume (million tonnes)</td>
<td>—</td>
<td>2.1</td>
<td>1.8</td>
</tr>
</tbody>
</table>
## (III) Social Performance

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>368,953</td>
<td>358,571</td>
<td>351,019</td>
</tr>
<tr>
<td>Number of new employees during the reporting period</td>
<td>1,954</td>
<td>2,873</td>
<td>2,633</td>
</tr>
<tr>
<td>Employee (abroad) localization rate (%)</td>
<td>71.57</td>
<td>71.73</td>
<td>67.43</td>
</tr>
<tr>
<td>Collective contract coverage (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Social insurance coverage (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Annuity coverage (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Percentage of employees affiliated with the labor union (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Percentage of employees of ethnic group (%)</td>
<td>2.39</td>
<td>2.44</td>
<td>2.45</td>
</tr>
<tr>
<td>Percentage of female employees (%)</td>
<td>29.92</td>
<td>29.66</td>
<td>29.46</td>
</tr>
<tr>
<td>Percentage of female managers (%)</td>
<td>26.34</td>
<td>26.41</td>
<td>26.74</td>
</tr>
<tr>
<td>Person-times of occupational training</td>
<td>627,986</td>
<td>835,301</td>
<td>712,225</td>
</tr>
<tr>
<td>Investment in occupational training (RMB million)</td>
<td>631.86</td>
<td>662.21</td>
<td>580.25</td>
</tr>
<tr>
<td>Occupational training coverage (%)</td>
<td>72.67</td>
<td>71.88</td>
<td>72.28</td>
</tr>
<tr>
<td>Employee occupational health examination coverage (%)</td>
<td>98.7</td>
<td>98.8</td>
<td>98.9</td>
</tr>
<tr>
<td>Health check-up and health file coverage (%)</td>
<td>98.4</td>
<td>98.8</td>
<td>98.9</td>
</tr>
<tr>
<td>Number of cases of new occupational disease diagnosed</td>
<td>10</td>
<td>21</td>
<td>6</td>
</tr>
<tr>
<td>Total expenditure on employee occupational health training (RMB million)</td>
<td>25.30</td>
<td>29.27</td>
<td>29.34</td>
</tr>
<tr>
<td>Total hours of employee occupational health training (hours)</td>
<td>4,087,796</td>
<td>4,344,070</td>
<td>4,889,408</td>
</tr>
<tr>
<td>Investment in public safety abroad (RMB million)</td>
<td>5.34</td>
<td>4.99</td>
<td>6.65</td>
</tr>
<tr>
<td>Investment in safety training (RMB million)</td>
<td>248.09</td>
<td>277.79</td>
<td>310.45</td>
</tr>
<tr>
<td>Total hours of safety training (hours)</td>
<td>1,822,696</td>
<td>1,947,724</td>
<td>3,545,528</td>
</tr>
</tbody>
</table>

## (III) Social Performance

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety training coverage (%)</td>
<td>90.6</td>
<td>91.3</td>
<td>100</td>
</tr>
<tr>
<td>Number of deaths</td>
<td>18</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Accident mortality rate per 1,000 employees (%)</td>
<td>0.019</td>
<td>0.0129</td>
<td>0.0096</td>
</tr>
<tr>
<td>Donations (RMB million)</td>
<td>245.17</td>
<td>124.00</td>
<td>111.85</td>
</tr>
<tr>
<td>OFIT: Contributions to designated poverty alleviation programmes (RMB million)</td>
<td>40.78</td>
<td>46.49</td>
<td>45.11</td>
</tr>
<tr>
<td>Financial aid to Qinghai and Tibet (RMB million)</td>
<td>21.87</td>
<td>22.56</td>
<td>21.14</td>
</tr>
<tr>
<td>Number of aid-to-Tibet programmes implemented</td>
<td>9</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Number of patients cured under the Lifeline Express Programme</td>
<td>3,802</td>
<td>3,006</td>
<td>3,296</td>
</tr>
<tr>
<td>Number of students aided</td>
<td>——</td>
<td>6,481</td>
<td>9,421</td>
</tr>
<tr>
<td>Contributions to cultural education, community development and medical service (RMB million)</td>
<td>6,754.65</td>
<td>6,753.23</td>
<td>6,753.88</td>
</tr>
<tr>
<td>Total hours of Sinopec volunteer service (thousand hours)</td>
<td>769</td>
<td>800</td>
<td>840</td>
</tr>
<tr>
<td>Person-times of Sinopec volunteer service (thousand person-times)</td>
<td>381</td>
<td>400</td>
<td>420</td>
</tr>
</tbody>
</table>
Looking Forward

The year 2016 marks the beginning of the decisive phase in the national effort to build China into a comprehensive moderately prosperous society. Sinopec Corp. will uphold the concept of innovative, coordinated, green, open and shared development, and implement development strategies of value-oriented development, innovation-driven development, overall resources planning, open-up and cooperation, and green and low-carbon development. By vigorously driving structural adjustment and transformation, enhancing the structural adjustment of the supply side, and providing cleaner products and higher quality services for the society, we will better meet people’s needs, and build a world-class energy-saving and environmentally friendly enterprise.

As a lead participant of the Global Compact and an enthusiastic advocate of sustainable development, in 2016, Sinopec Corp. will work with cooperative partners and stakeholders to jointly advance ecological civilization construction as well as green, recycling and low-carbon development, and to build a beautiful home with blue sky, green land and clear water!
Appendices

(I) UNGC 10 Principles Checklist

<table>
<thead>
<tr>
<th>Scope</th>
<th>UN Global Compact’s 10 Principles</th>
<th>Sinopec Information Update for 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Rights</td>
<td>1. Businesses should support and respect the protection of internationally proclaimed human rights; and</td>
<td>P25-32,P33-34,P35-37,P41-46,P47-49</td>
</tr>
<tr>
<td></td>
<td>2. Make sure that they are not complicit in human rights abuses.</td>
<td>P35,P48</td>
</tr>
<tr>
<td>Labor</td>
<td>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</td>
<td>P35</td>
</tr>
<tr>
<td></td>
<td>4. The elimination of all forms of forced and compulsory labor;</td>
<td>P35</td>
</tr>
<tr>
<td></td>
<td>5. The elimination of child labor; and</td>
<td>P35</td>
</tr>
<tr>
<td></td>
<td>6. The elimination of discrimination in respect of employment and occupation.</td>
<td>P35</td>
</tr>
<tr>
<td>Environment</td>
<td>7. Businesses should support a precautionary approach to environmental challenges;</td>
<td>P25,P47</td>
</tr>
<tr>
<td></td>
<td>8. Undertake initiatives to promote greater environmental responsibility; and</td>
<td>P25-32,P48</td>
</tr>
<tr>
<td></td>
<td>9. Encourage the development and diffusion of environmentally friendly technologies.</td>
<td>P38</td>
</tr>
<tr>
<td>Anti-Corruption</td>
<td>10. Businesses should work against corruption in all its forms, including extortion and bribery.</td>
<td>P14</td>
</tr>
</tbody>
</table>

(II) GC Advanced Level Criteria Checklist

<table>
<thead>
<tr>
<th>Scope</th>
<th>Criteria for GC Advanced Level</th>
<th>Sinopec Information Update for 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy, Governance and Engagement</td>
<td>Criterion 1: Key aspects of the company’s advanced level sustainability strategy in line with Global Compact principles.</td>
<td>P13</td>
</tr>
<tr>
<td></td>
<td>Criterion 2: Effective decision-making processes and systems of governance for corporate sustainability.</td>
<td>P13</td>
</tr>
<tr>
<td></td>
<td>Criterion 3: Engagement with all important stakeholders</td>
<td>P51</td>
</tr>
<tr>
<td>UN Goals and Issues</td>
<td>Criterion 4: Actions taken in support of broader UN goals and issue</td>
<td>P32</td>
</tr>
<tr>
<td></td>
<td>Criterion 5: Robust commitments, strategies or policies in the area of human rights</td>
<td>P25-32,P33-34,P35-37,P41-46,P47-49</td>
</tr>
<tr>
<td>Human Rights Implementation</td>
<td>Criterion 6: Effective management systems to integrate the human rights principle</td>
<td>P13,P35</td>
</tr>
<tr>
<td></td>
<td>Criterion 7: Effective monitoring and evaluation mechanisms of human rights integration</td>
<td>P13,P35,P41</td>
</tr>
<tr>
<td></td>
<td>Criterion 8: Key outcomes of the human rights integration</td>
<td>P25-32,P33-34,P35-37,P41-46,P47-49</td>
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(V) Feedback

Respected Readers:
Thank you for reading this Report. Your opinions and suggestions are important for us to continuously improve the preparation of the Report. Please help us to complete the following Feedback Form and send it back to us to the following address:

Secretariat of the Board  
China Petroleum & Chemical Corporation  
No.21 Chaoyangmen North Street,Chaoyang District,Beijing 100728,PRC

Please give rating in respect of each statement below (please tick your choice).

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<td>1. This Report completely and accurately describes the significant impact of Sinopec on the economy, society and environment.</td>
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Open-ended questions
1. What do you find most satisfying in this Report?
2. What other information do you think should be included in this Report?
3. What suggestions do you have for our preparation of the sustainable development progress report in the future?