

Responsibility Leads the Future



Sinopec Corp. 2015

Communication on Progress
for Sustainable Development



CHINA PETROLEUM & CHEMICAL CORPORATION (Sinopec Corp.)
No. 22 Chaoyangmen North Street
Chaoyang District
Beijing 100728 PRC
Tel: 86-10-59960028
Fax: 86-10-59960386
Website: www.sinopec.com

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Report Information

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 subsid-

aries’ 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.

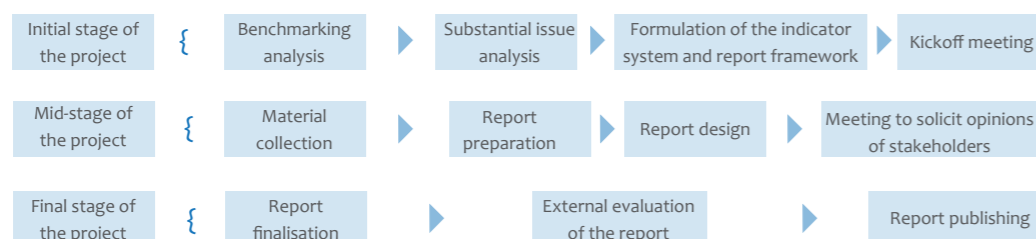
Report Description

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



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.

Reporting System

Annual sustainable development reports



2006 – 2011 sustainable development reports



2012 – 2014 Communication on Progress

Special Reports



2012 Environmental Protection Report

2012 Make Every Drop Count – Sinopec’s CSR Theory and Practice

2014 Shale Gas ESG Report

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.

	2015	2014	2013	2012
Social contribution per share (RMB Yuan/share)	3.542	3.505	3.719	4.81
Social contribution (RMB billion)	428.8	414.6	433.5	417.6

(Calculated according to the definition of Guideline on Environmental Information Disclosure by Listed Companies of SSE.)

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Address from Chairman

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 civilisation 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 whole-heartedly 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 innovative development to help make an excellent future. The Company's sustainable development governance structure continued to improve, and we made further progress in anti-corruption, efficiency supervision and business transparency. We responded to the state's call for Mass Entrepreneurship and Innovation, and we continued to build our



technological innovation systems and mechanisms. Sinopec's efficient and environmentally friendly aromatics package technology was awarded National Special Prize for Progress in Science and Technology, and we cultivated new technological talent and skill masters. We implemented the Made in China 2025 initiative and vigorously promoted integration of industrialisation and information technology. As a result, our subsidiaries made remarkable achievement in building smart plants.

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 continued to support the UNGC Network China in organising the Third China Summit on Caring for Climate, encouraging Chinese enterprises to carry out green and low-carbon development. We enjoyed growth in both the reserve and production of shale gas; our bio-jet fuel was successfully deployed in its first commercial passenger flight; we further upgraded the quality of our refined oil products; and our

management of carbon assets improved continuously. The Company invested RMB 18.87 billion in advancing the Clear Water and Blue Sky Campaign and the Energy Conservation Plan. In 2015, the Company's energy intensity dropped by 1.57% year on year, industrial water consumption dropped by 1.0%, COD in waste water discharge dropped by 4.14%, and sulfur dioxide emissions dropped by 4.84%. We also achieved 100% proper disposal of hazardous chemicals, waste gas, waste water and industrial residue.

We practiced shared 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.

We practiced open development to help make a future where all parties win. We actively supported the One Belt, One Road initiative. China's largest investment project in Saudi Arabia and Sinopec's first overseas refining and chemical project, Yanbu Aramco Sinopec Refining Company Ltd., commenced commercial operations. We also invested in Sibur, Russia's largest natural gas processing and petrochemical company, to expand our overseas business platform. Furthermore, we were actively engaged in public welfare abroad, supported employee localisation, and carried out energy conservation, emission reduction and community construction programmes.

In 2015, the Company had total revenues and other operating income of RMB 2,018.9 billion, paid RMB 327.4 billion in taxes and fees and declared to distribute RMB 18.2 billion dividends to shareholders. Meanwhile, the Company supplied 189 million tonnes of refined oil products and 62.87 million tonnes of chemical products to consumers.

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 civilisation 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.

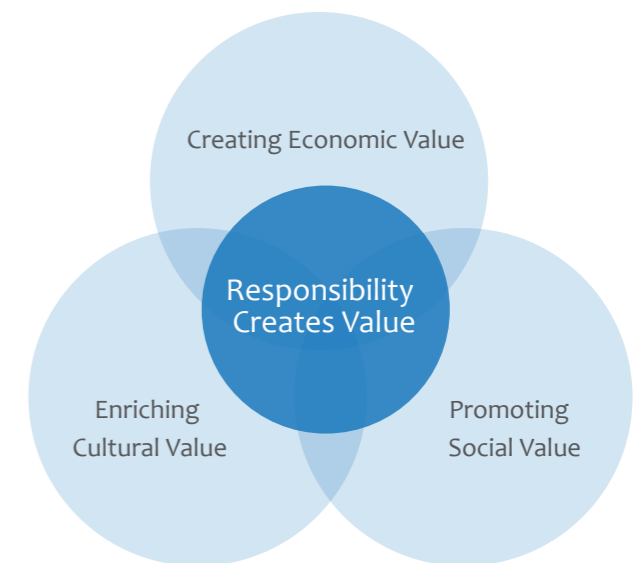
The development of Sinopec is not possible without your care and support. We look forward to joining hands with you to build a beautiful home and a beautiful life.

Wang Yupu
Chairman
March 29, 2016



Responsibility Creates Value

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.

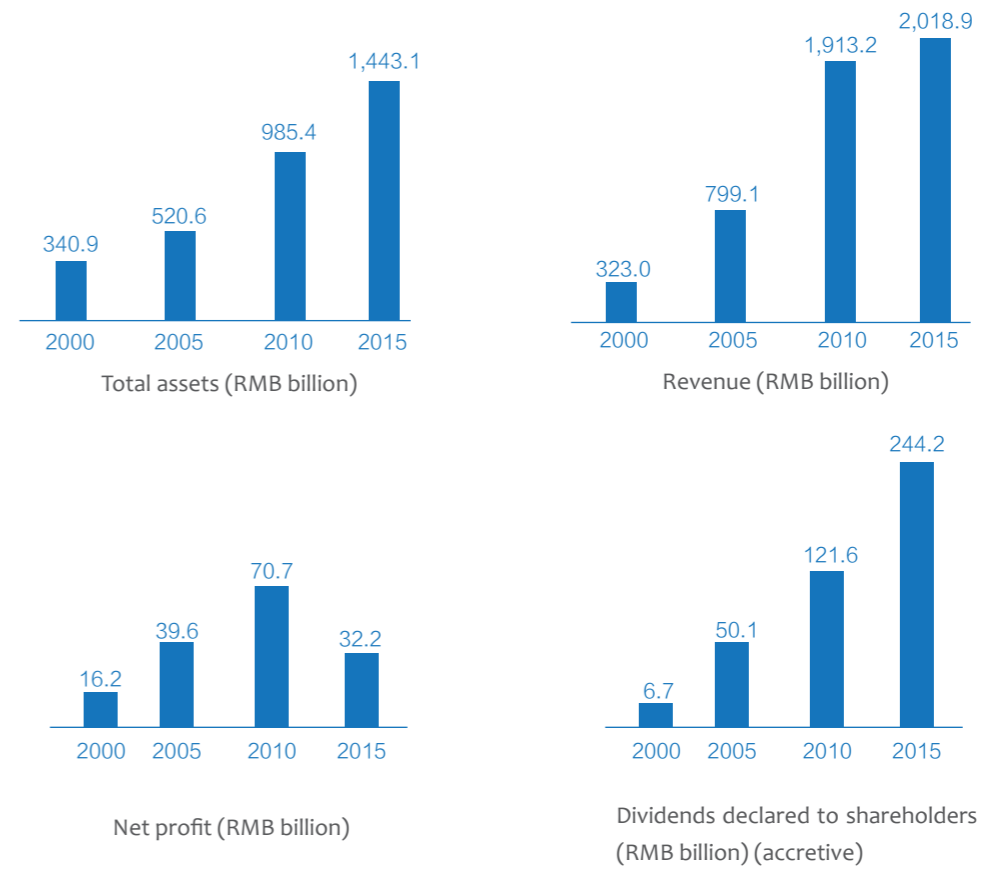
During the 12th Five-year Plan period

Taxes and fees paid (RMB)

1,493.4 billion

Of the country's total cumulative revenues

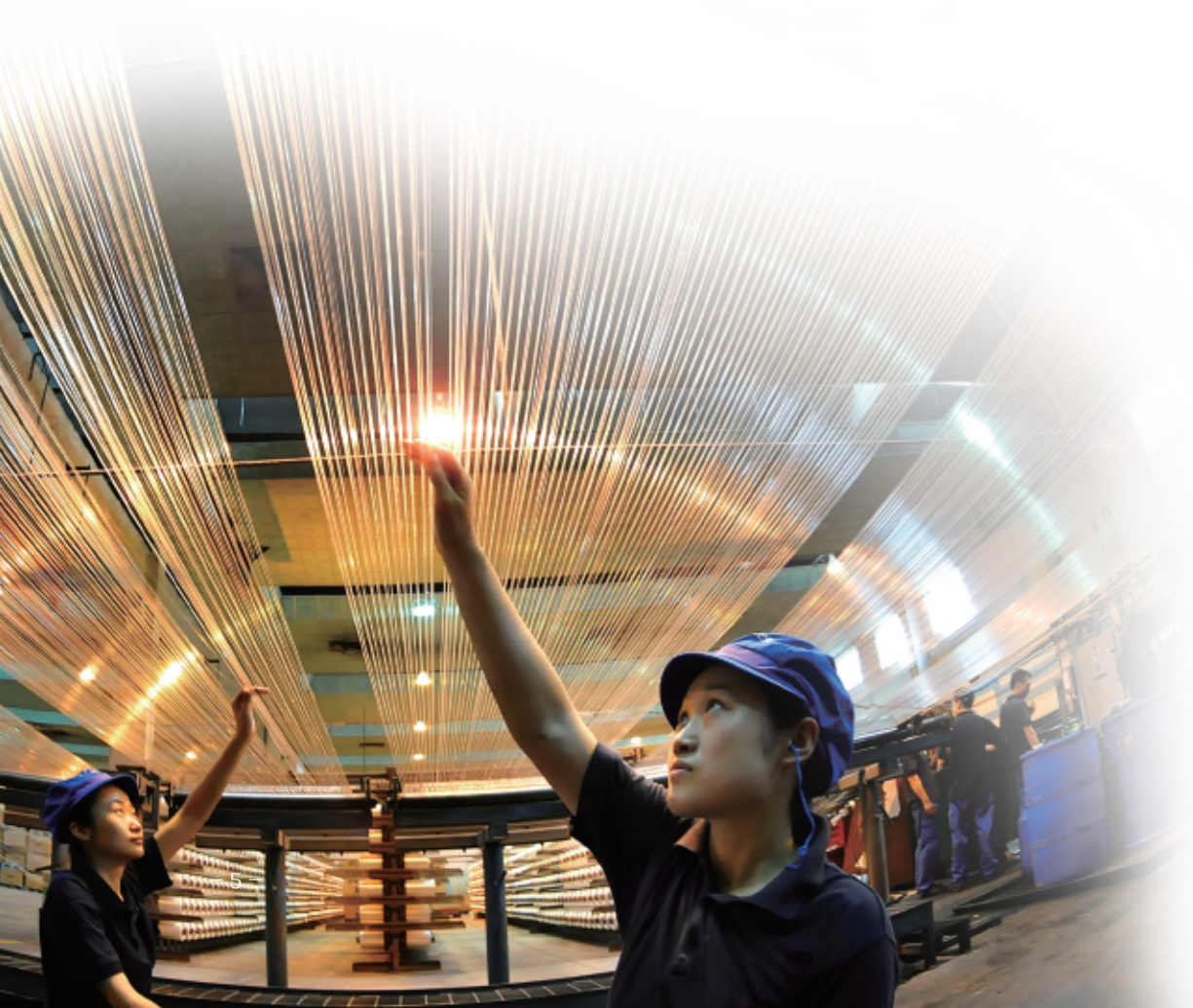
2.32%



Note: From the Company's financial report prepared according to China Accounting Standard for Business Enterprises(ASBE).

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



Promoting Social Value

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, ammoniac 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.

During the 12th Five-year Plan period

The annually average growth of Gross Industrial Output Value of the Company

4.29 %

Rate of increase of the total energy consumption

2.17 %

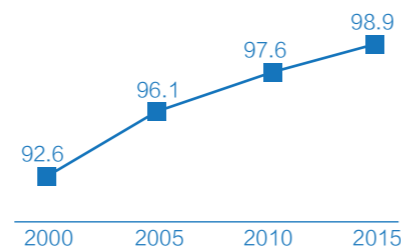
Since IPO

Accumulated donations (RMB)

2.32 billion

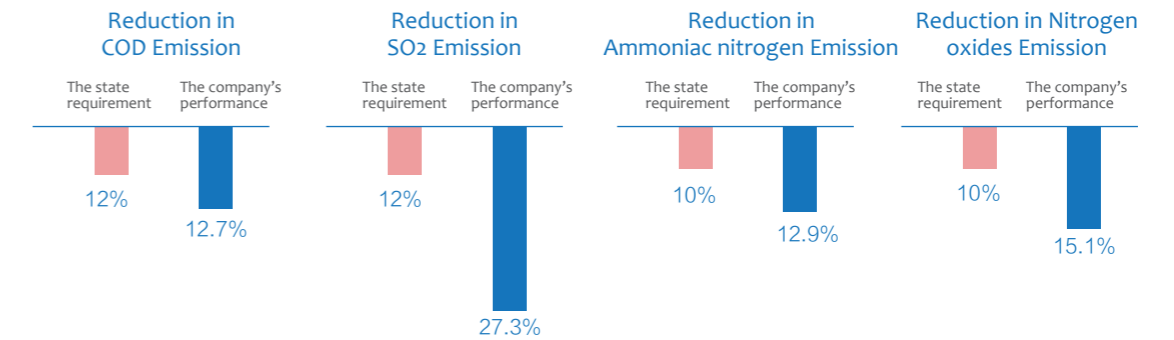
Number of patients cured under the Lifeline Express Programme

34,798



Employee health check-up coverage (%)

During the 12th Five-Year Plan period



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



Enriching Cultural Value

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



- 2000** Sinopec consolidated and restructured quality assets for IPO. We established a modern enterprise system and set up the enterprise's principle of "optimising resources allocation and enhancing the company's market competitiveness domestic and abroad" to drive the enterprise to change its operating mechanism and optimise its governance structure aiming to improve the competitiveness globally.
- 2002** Sinopec established the enterprise principle of "maximising company profit and shareholder return", aiming to reward investors in the process of development.
- 2009** Sinopec changed the enterprise principle to be "developing the enterprise, contributing to the country, rewarding shareholders, returning to the society, benefiting employees", aiming to fulfill social responsibilities in the process of development.
- 2014** Sinopec chose "fueling a better life" as the enterprise mission, "building people-oriented, world first-class energy and chemical company" as the vision, and "people, responsibility, integrity, precision, innovation and shared values" as the core value.
- 2015** Sinopec upheld the outstanding legacy from Chinese oil and petrochemical industry, including full commitment and dedication, together with a positive working style of "Stringent, Meticulous and Solid". We shifted the culture and brand construction from communication-oriented to management-oriented and labelled the principle of "technological innovation driven" in brand positioning. Meanwhile, we upheld the philosophy of "Building the enterprise as employees' family" to advocate the common expectations and build a more cohesive enterprise.

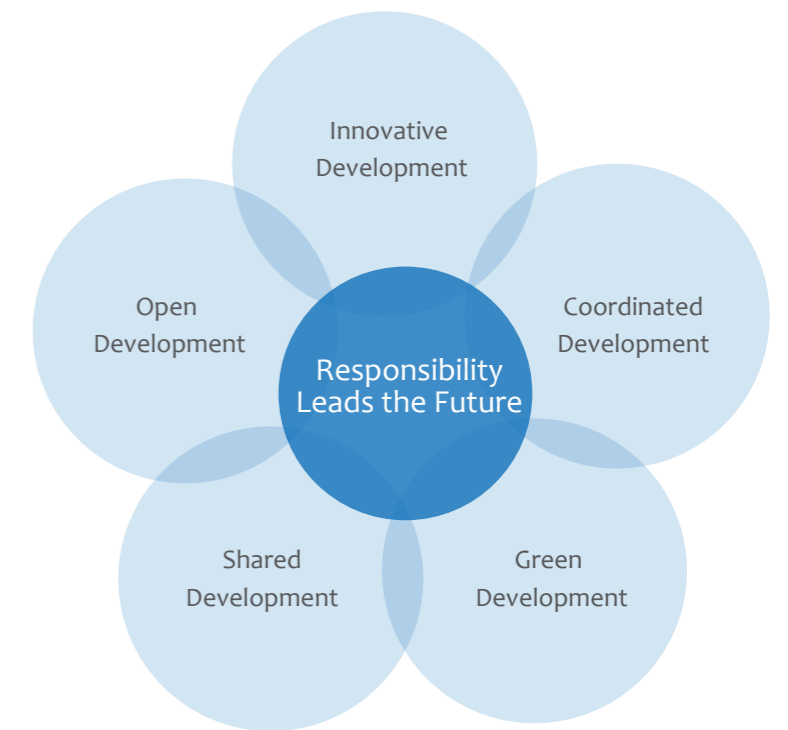
“ The outstanding tradition of the petroleum and petrochemical industry is our cultural gene and our hereditary treasure. This tradition was, is and will be our cultural and spiritual wealth empowering our sustainable development. We must pass on and well utilise this hereditary treasure. ”

--Wang Yupu, Chairman of Sinopec



Responsibility Leads the Future

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!



(I) Innovative Development Leads to an Excellent Future

Innovation is the primary driving force for development

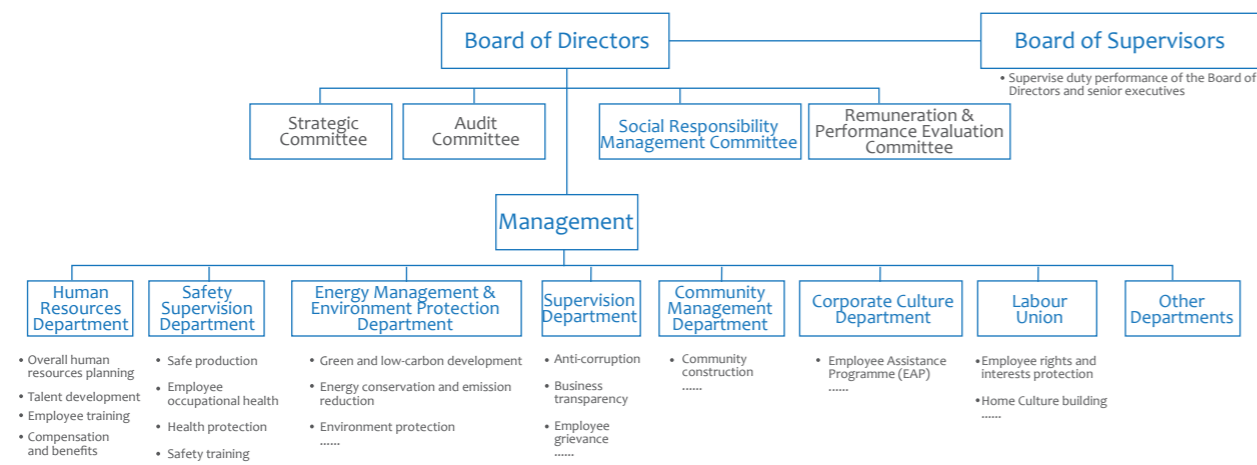
Sinopec Corp. keeps on promoting management innovation to improve corporate governance, prevent risks and facilitate scientific decision-making. Meanwhile we reinforce technological innovation, enhance our systems and mechanisms, drive our technological innovation to conform to the Initiative of Mass 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 Chunguang, and independent director Tang Min. The committee adheres to the green and low-carbon development strategy and advance Sinopec's sustainable development.



• 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 ambient.

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 solid in planning matters
- Be solid in starting undertakings
- Be solid in conducting oneself

In 2015, Sinopec Corp. continued to strengthen risk management. We integrated internal control with ERP to install internal control requirements in the ERP system for automatic online control and execution improvement. Besides, we carried out full risk assessment, and enhanced dynamic monitoring and management of major and important risks to ensure they are under control. In 2015, the company did not find any material or main defects. The internal control system operated soundly and effectively.



Chairman Wang Yupu visited an innovative Studio of a subsidiary

• Practice efficiency supervision and business transparency

In 2015, Sinopec Corp. continued to implement efficiency supervision on 1,438 projects including safety risk management and Clean Water and Blue Sky Campaign. 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.

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.

2. Strengthen technological innovation

• Technological innovation platform and achievement

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.



Graduates from Sinopec Research Institute of Petroleum Processing are ready to embark on their new journey

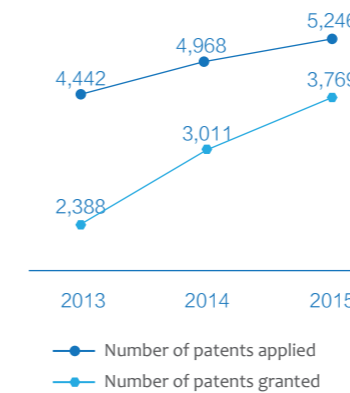
RIPP boasts 274 PhD students and 298 Master students. There are 4 academicians of Chinese Academy of Sciences and Chinese Academy of Engineering, 127 senior engineers with professorship and 508 senior technologists. RIPP has a post-graduate training center, and conducts post-doctoral research

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.

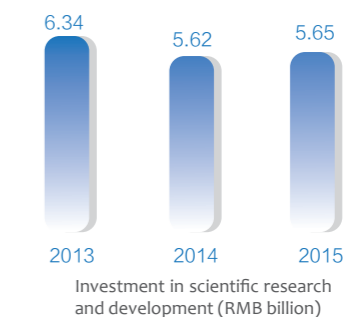
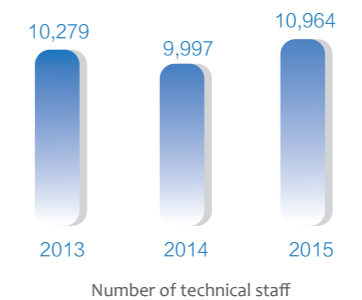
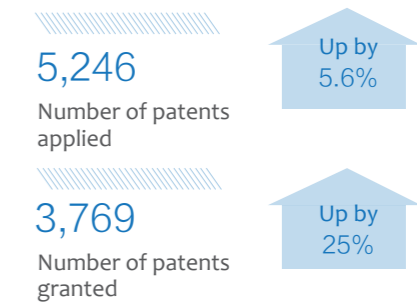
RIPP has developed multiple major technologies that are critical to the green development of China's refining industry:

- 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.



2015





Tian Ming, Sinopec skill master

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 over RMB60 million for the company.

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.

Since 2010, winners of the company’s Technical Innovation Award like Kong Dejin, Tang Jianming, Lin Min, Song Guoqi, Dai Wei, Zeng Daqian, Zhang Shijun 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

“ Models like 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



Zhou Gang, winner of the National May 1st Labor Medal, senior technician of Fibre Bottle Flake Production Center of Yizheng Chemical Company



Zhang Hengzhen, national technical expert, senior operator of the cracking workshop of Sinopec Maoming Company



Dai Xusheng, chief skill master of Shengli Oil Field

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 technology. 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.



National Special Prize for Progress in Science and Technology for Sinopec’s developing and applying high efficient and environmentally friendly Aromatics Package Technology

Five key innovations of the Aromatics Package Technology

- Development of novel green technology for feedstock purification
- Pioneer in development of new molecular sieve for high efficiency conversion and separation of aromatics
- Innovation of integrated control system for the smart control
- Pioneer 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

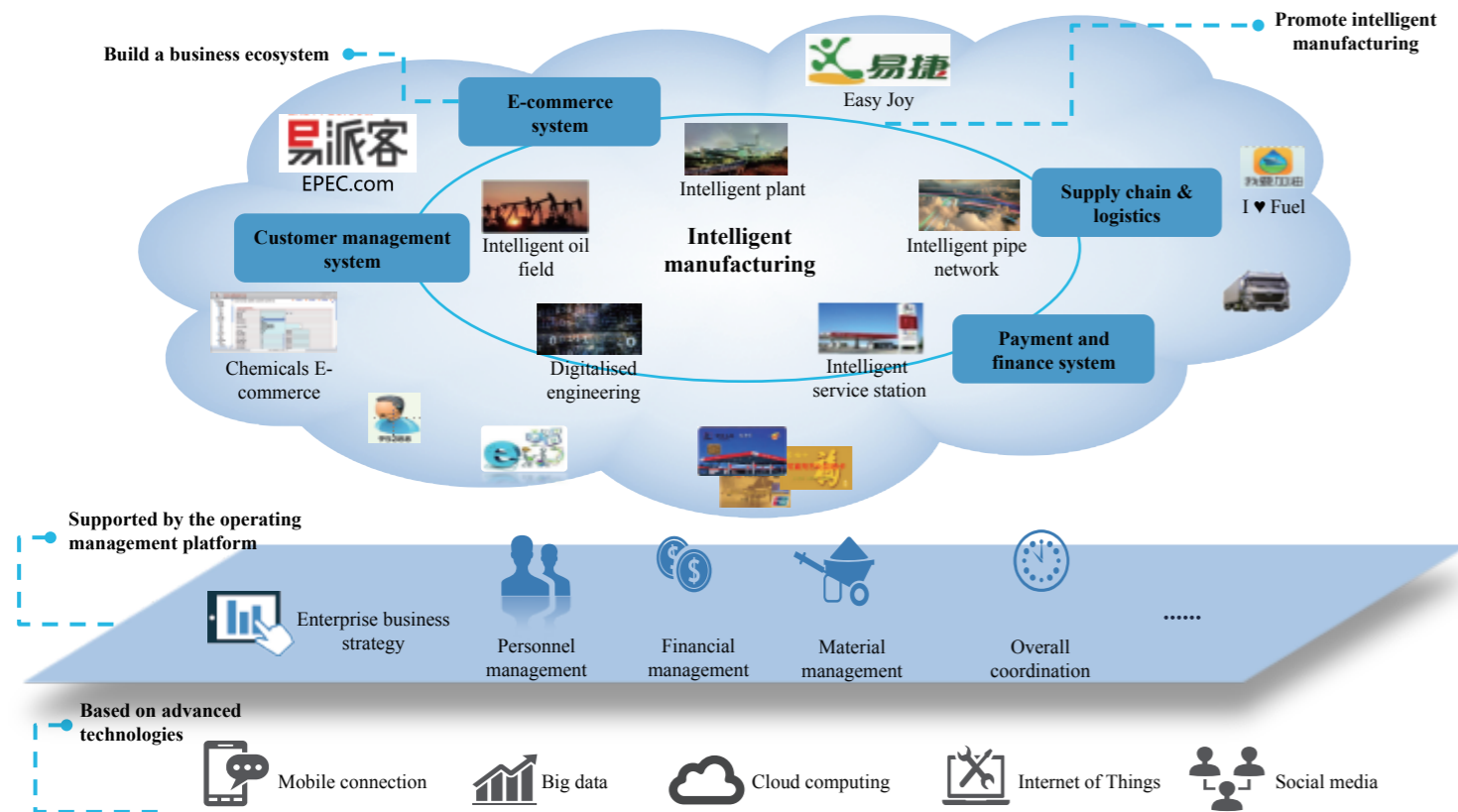
Social benefits from the application of Aromatics Package Technology

- Significantly reduce energy and materials consumption, realise high efficiency and environmental protection. The energy intensity using this technology is 28% 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.

●Promote the IT-based industrialisation

Sinopec Corp. actively responds to the state’s Made in China 2025 strategy and Internet Plus Action Plan. Following the two threads of “accelerating enterprise structural adjustment and achieving transformation development while centering on quality and efficiency improvement of the traditional industry; and promoting the construction of new petrochemical business forms while focusing on customers”, we strive to build the uniform, integrated and shared information platform system to facilitate the IT-based industrialisation of the Company. In this way, we boost innovation in the production mode, management style and service model.

In 2015, 14 enterprises under the Company were selected as “demonstrative enterprise for innovative integration of industrialisation and information technology in Chinese petrochemical industry”, and 25 enterprises were chosen to be among the standard implementation pilot units for the “management system for the integration of industrialisation and information technology” under the Ministry of Industry and Information Technology, eight of which have passed the implementation certification.



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 pilots subsidiaries including Jiujiang Petrochemical Company, Zhenhai Refining & Chemical Company, Maoming Petrochemical Company and Yanshan Petrochemical Company achieved good results in building intelligent plants.

•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%.

•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.

•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.

“ 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

(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.

- 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 214.4 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
- 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 292 million tonnes annually
- Processed 236 million tonnes of crude oil in 2015
- 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
- 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

- 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



Exploration and Production



Refining



Marketing and Distribution



Chemicals



Technology Research and Development



International Trade

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.

The Company owns a team of professionals and expertise engaged in the production of oil & gas, operation of refineries and chemical plants, as well as marketing activities. The Company applies outstanding fine management measures with its remarkable capabilities in management of operations.



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; through continuous and specialised marketing efforts, its capability in international operations 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, petroleum refining, petrochemicals and strategic emerging businesses. The Company's overall technologies have reached the world advanced levels and some of them taking the lead globally.

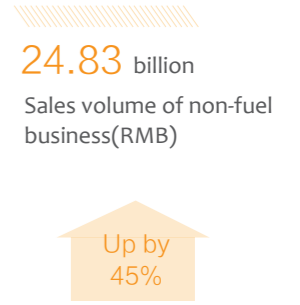
2.Coordinated development of traditional and emerging business

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 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.

- In the marketing and distribution segment, the Company actively developed the market, optimised the marketing network and flexibly adjusted marketing strategy to increase retail volume and single station throughput. We accelerated the transformation from an oil products supplier to a comprehensive service provider by complimenting the rapid development of non-fuel business with fuel business.

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 25,000 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.



The staff of Easy Joy convenience store served the consumer

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 the 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.

(III) Green Development Leads to a Beautiful Future

Green is the prerequisite for sustainable development

Sinopec Corp. is endeavouring to avoid, minimise and mitigate environmental impacts wherever and whenever we do business. We adhere to our green and low-carbon development strategy, and fulfill our environmental responsibility by strengthening environmental management, providing clean energy, conserving energy and reducing emission, and responding to climate change. We strive to build an energy-saving and environmentally friendly enterprise, contributing to the harmonious development between human and nature.

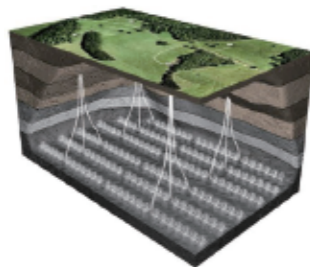
Sinopec Corp. strictly complies with state laws like Law on Environmental Protection, Law on Water Pollution Prevention and Law on the Prevention and Control of Environmental Pollution by Solid Wastes, as well as company policies and rules such as Sinopec's Rules on the Prevention and Control of Waste 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

• Shale gas development and utilisation

In 2015, remarkable progress was made in the development of shale gas. The national shale gas demonstration zone – Sinopec Fuling shale gas oil successfully completed the first phase of 5 billion cubic meters per year capacity construction. This is of great significance to our country's energy structural adjustment, the acceleration of energy conservation, and the prevention and control of air pollution.



The group drilling of Sinopec shale gas field factory in Fuling

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 55 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.

National level

In 2013, the National Energy Administration officially approved Fuling Shale Gas Field to be a national shale gas development demonstration zone.

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.

Commercial development

In March 2014, Sinopec Corp. announced that major breakthroughs were made in the exploration of shale gas, and Chongqing Fuling Shale Gas Field started commercial development ahead of schedule.

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 12 million cubic meters. Sales totaled 2.036 billion cubic meters, supplying to Central China and Eastern China.

First in operation

On December 29, 2015, Sinopec Corp. announced in Chongqing that 5 billion cubic meters per year of capacity construction of Fuling Shale Gas Field was completed, indicating the official operation of China's first large shale gas field.

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

- As evaluated by the Ministry of Land and Resources, the accumulative reserves of Fuling Shale Gas Field total 380.6 billion cubic meters, covering an area of 383.54 square kilometers.
- In 2015, the output of Fuling Shale Gas Field was estimated to account for over 70% of the country's total shale gas output.
- Up to now, Fuling Shale Gas Field has produced 3.888 billion cubic meters of shale gas, with the highest daily capacity reaching 16.2 million cubic meters, able to meet the annual demand of 30 million households.
- Sinopec Corp. is starting up the second phase of capacity construction with annual capacity of 5 billion cubic meters, and will build Chongqing Fuling into a large gas field with capacity 10 billion cubic meters by 2017.

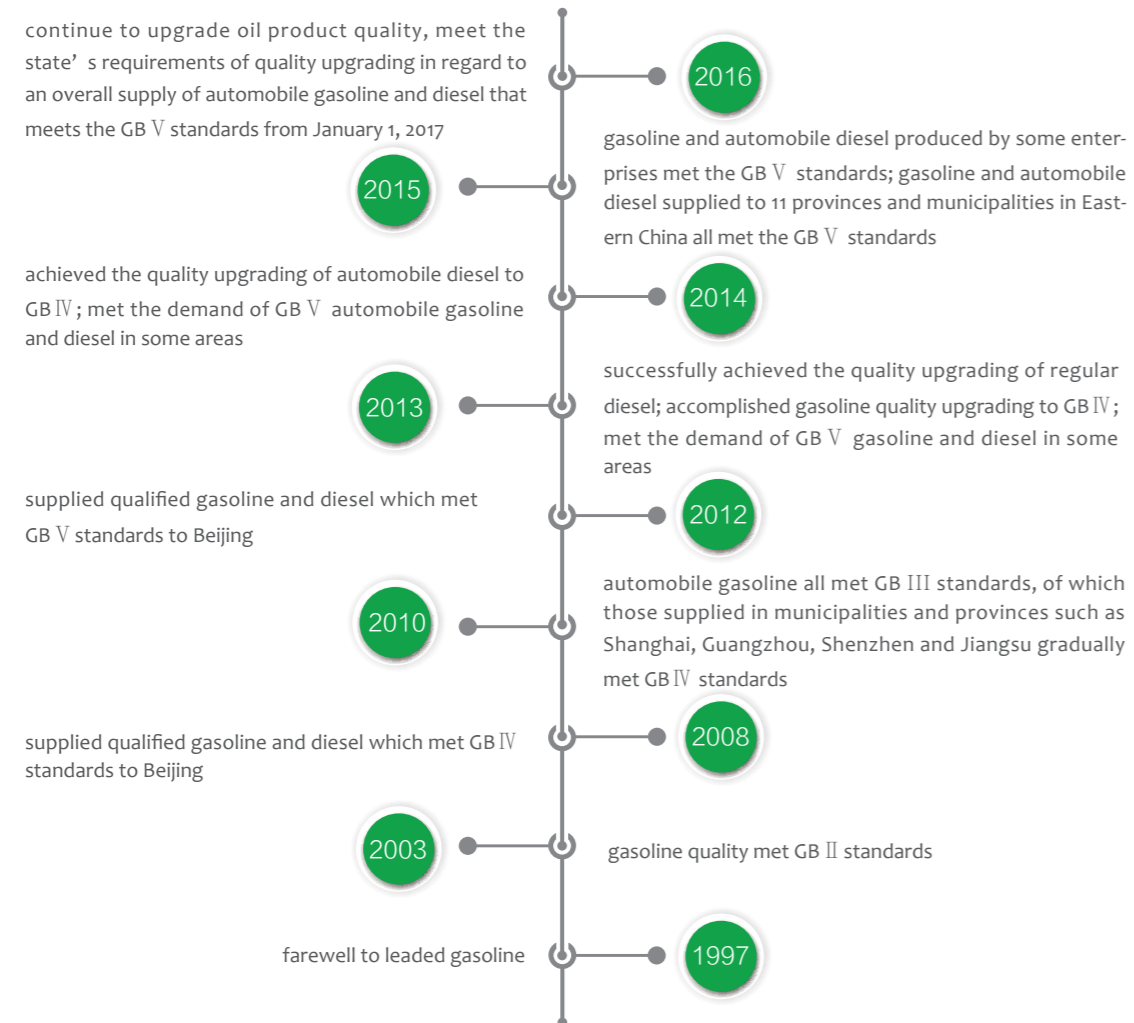
“ The successful completion of the first phase of development indicates that our country has entered a new journey of energy revolution, meaning that our country's natural gas supply structure will change from now on. This is of great significance to alleviating our country's constraints in natural gas 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. ”

-- Weng Jieming, Executive Vice Mayor of Chongqing

• Quality upgrading of refined oil products

Sinopec Corp. persistently upgrades the quality of refined oil products and actively supplies clean energy to the society. The sulfur content in gasoline was reduced from nearly 1,000ppm in year 2000 to current 10ppm. Eleven municipalities and provinces in Eastern China such as Beijing, Shanghai, Jiangsu, Guangdong and Zhejiang have adopted the gasoline standard of GB V, equivalent to European V.

Our footprints in quality upgrading of oil products



National Standards	GB I (unleaded)	GB II	GB III	GB IV	GB V
Sulfur Content	≤800	≤500	≤150	≤50	≤10

• 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:

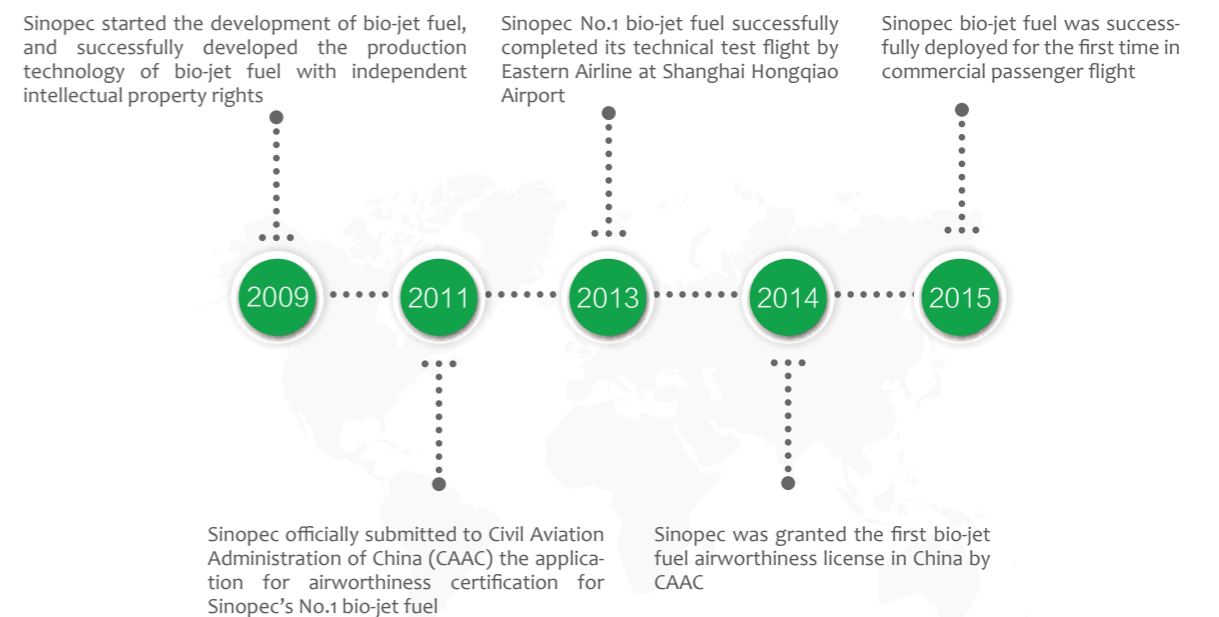
bio-jet fuel is produced with renewable resources as raw materials, mainly made from coconut oil, palm oil, leprosy seed oil, flaxseed oil, algae oil and waste cooking oil. Compared with traditional petroleum-based jet fuel, carbon emission in the entire lifecycle can be reduced by more than 35%, turning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

----- Pu Ming, Captain

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



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, accelerated 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, ammoniac 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 Yangzi 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 mainte-

nance 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 980,000 tonnes of standard coal.

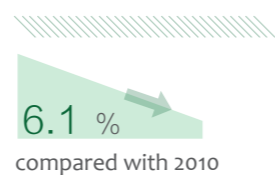
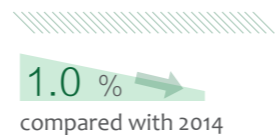
• Contract energy management

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 Guangzhou Branch and Zhanjiang Dongxing 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



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 waster 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.

• 24 enterprises including Maoming Company and Zhenhai Company drove energy conservation and emission reduction through technological innovation. They introduced 16 energy conservation technologies, and implemented 128 projects, saving energy equivalent to 270,000 tonnes of standard coal per year.

• 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 desulfurisation and denitrification modification for coal burner and catalytic cracking devices, enabling subsidiaries to meet the emission 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.



Wildlife environment protection training

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

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.

Support Ecological Civilization & Beautiful Home Caring for Climate China Summit, Contribute to ecological civilisation construction



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 Leadership Summit and Caring for Climate Summit.



In 2014, the 2nd 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 and Ecological Civilization 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 Civilization, and announced our implementation of the Energy Conservation Plan.



In 2015, the 3rd summit had a theme of 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 it to the UN Climate Summit held in Paris. Sinopec Corp. spares no efforts to take green environmental protection actions, and our Energy Conservation plan practice won the Chinese Enterprise Top 10 Green Actions Award.

• 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 RMB54 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.

(IV) Shared Development Leads to a Harmonious Future

Sharing the fruits of development between enterprises and the society

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.



Sinopec Safety Management Manual

Management philosophies:

- Safety awareness roots in designing, management, and responsibility.
- First-asked responsibility system.
- Qualified safety training is mandatory before starting work.
- Everyone has the right to refuse unsafe work and stop unsafe behaviors.
- All incidents can be attributed to management reasons and hence can be prevented.
- Whoever has done due diligence will be exempt from responsibility, and whoever neglects his duty will be held responsible.

Safety policies

life foremost, safe development; prevention first, comprehensive treatment; leader accountability, everyone's responsibility.

Safety targets

zero defect, zero violation, zero incident.

• 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.

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.

In 2015, Sinopec Maoming Petrochemical Company elaborated its safety management system and

• 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, on-site 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.



Sinopec Corp. and Xinjiang Uygur Autonomous Region jointly organised a comprehensive emergency drill for oil tank fire and explosion incident



Sinopec Corp. and Chongqing Municipality jointly organised an emergency drill for shale gas field incident

• 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.

Upgrade regulations standard	<ul style="list-style-type: none"> • Revised Rules on Sinopec Occupational Health Management, and regulated occupational health protection work.
Strengthen risk control	<ul style="list-style-type: none"> • Strengthened project management of the Three Simultaneities for occupational health, and intensified the control over the source of occupational disease hazards; • Fully utilised the safety management information system to strengthen occupational health risk assessment and control; • Conducted occupational health risk detection and treatment, strengthened occupational health hazards monitor, and created a safe and sound working environment; • Carried out employees' occupational health check-up. In 2015, 280,000 person times of occupational health check-up were completed, and diagnosis and treatment for people with abnormal results were arranged.
Enhance health awareness	<ul style="list-style-type: none"> • Enhanced special labor protection for female employees; • Reinforced occupational training and education, improved health protection awareness and ability; • Strengthened Employees Assistance Plan (EAP) to improve employees' physical and mental health. 40% of total employees were benefited from EAP program in 2015. • Published books covering health, psychology and safety etc., and handed to employees.

• 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.

2015

11

Number of people of the State's Thousand Talents Programme

Facilitated the construction of the team of leading experts and young talent

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.

● Caring for Employees

In 2015, Sinopec Corp. continuously developed the construction of its Home Culture by creating conditions for employees' overall development, caring about employees' life, and organising various recreational sports activities. By doing so, Sinopec Corp. increased team cohesion and sense of belonging.



Recreational Sports

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".

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.

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.

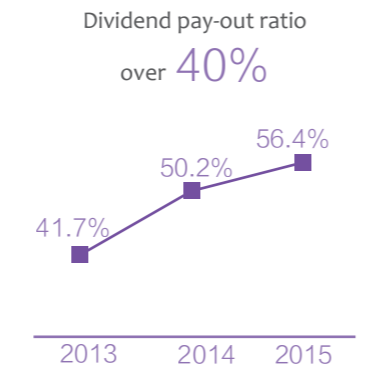
Harmonious home: harmony is precious. The Company is dedicated in setting up a harmonious environment with employees' good morality, by strengthening communication and practicing democratic management. A harmonious family will prosper.

3. Win-win with partners

● Stress communication with and return to investors

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 our sustainable development, which has demonstrated consistency and stability. Dividend pay-out ratio has been over 40% for four consecutive years.



Dividend pay-out ratio (according to ASBE)

● Increase customer value

Based on product quality standards provided in the state's laws and regulations, Sinopec Corp. develops its own more strict enterprise standards throughout the full lifecycle quality management, from product R&D to after-sales service, aiming to provide healthy, safe and satisfying products and quality services to customers and consumers. Through multiple ways like

E-commerce platform, customer service center, online service and customer satisfaction survey, we follow up customer requirements, address complaints, and improve customer satisfaction. At the same time, we improve customer information protection regulations and measures to protect customer privacy and information safety.

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

Segmenting customers, provide considerate service: Sinopec Lubricant segmented customers by categories like vehicle lubricant, industrial lubricant and special product, set up customer identification,

development and maintenance management processes and 5 technical support centers, and provided pertinent lubrication solutions.



Every enquiry and every order from customers will be handled immediately

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.

• 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.

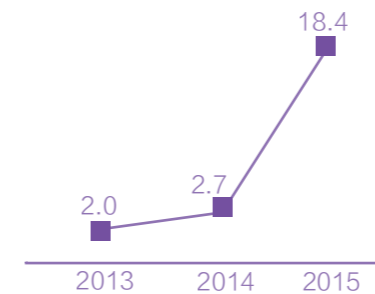
• Improve supplier management

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 & Material 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.



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.



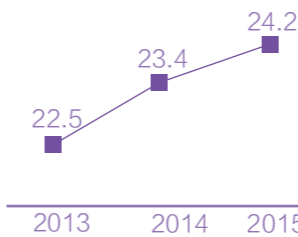
Percentage of suppliers with ISO 18000 OHS certification (%)

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: ISO14000 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.



Percentage of suppliers with ISO14000 certification (%)

Case: Collaborated R&D helps suppliers to develop

Starting from the year of 2011, Sinopec Corp. had co-worked with a domestic steel pipe manufactory on developing 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 oil 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.

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.

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 analysis 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

• 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.



Operator from Sinopec East China Oil & Gas Company tells the local children safety knowledge

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%.



Operator from Sinopec Fuling Shale Gas Company introduced shale gas knowledge to local residents

“ I did a calculation—each shale gas well development will generate RMB200, 000 to 500, 000 income for Jiaoshi Town. This is a good fortune for local people. ”
 ----- Sheng Chaohong, cadre of Jiaoshi Town

• 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 Yingshang County and Yuexi County of Anhui Province, Fenghuang County and Luxi Country of Hunan Province, Yopurga County of Kashi in Xinjiang, and Dongxiang County of Gansu 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 capsizing of the cruise East Star, we immediately took part in the rescue and opened Green Channels in the service stations.

Infrastructure construction

- 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 8,702 people was solved.
- Built village-level well-off homes for the aged in Yingshang 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.

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 RMB3 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, 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 Yuzhen, Teacher of No.2 Middle School in Naqu, Tibet

• Support in the harvest time

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.



Sinopec Lu'an Marketing Company used small oil tankers to deliver oil products to farmer



Sinopec Henan Marketing Company formed a team to help farmers

• 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.



2015 IAAF Beijing World Championships

• Support country's major events

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.

• Public philanthropy

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.

2015

Donations (RMB)
112 million

Person-times of Sinopec volunteer service
(thousand person-times)
420

Total hours of Sinopec volunteer service
(thousand hours)
840

Case: Warm Station with Love –warm your way home

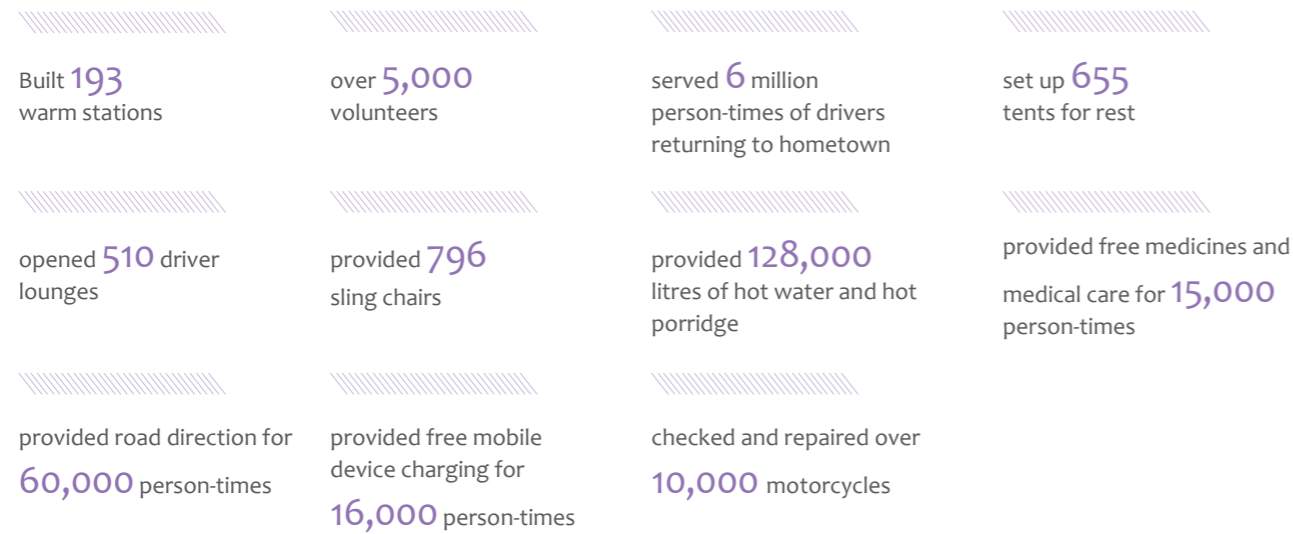
In 2015, Sinopec Corp. continued its efforts in the Warm Station with Love – Care for Migrant Workers Going Home for Spring Festival programme. We built warm stations in 193 service stations in Guangdong and Guangxi provinces, providing free services such as emergency gasoline delivery and lounges for 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 volunteer fueled a motorcycle for free

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

Data with warmth



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 Liangshan 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 SASAC. 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 RMB127 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.

Xinjiang	6,100	Qinghai	2,501
Gansu	567	Henan	1,062
Sichuan	6,331	Guangdong	1,010
Jilin	2,342	Fujian	1,004
Yunnan	2,068	Hubei	1,005
Guangxi	3,575	Shandong	764
Ningxia	1,003	Shanxi	1,232
Tibet	872	Heilongjiang	1,280
Guizhou	995	Nei Mongolia	1,131



“ 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 Longgu Beach in Hong Kong

(V) Open Development Leads to a Win-Win Future

Opening up is the road we must take to the society's prosperous development, and an important way to rejuvenate enterprise

Sinopec Corp. responds to the One Belt One Road initiative, actively integrates itself into the economic globalisation. While promoting overseas business, we fulfill corporate responsibilities abroad in terms of abiding by international norms and upholding human rights, guaranteeing safety, health and environmental protection abroad and serving local economic and social development, driving multi-culture and community integration, and demonstrating company's image of global corporate citizen.

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.



Leaders of China and Saudi Arabia attended the operation launch ceremony of YASREF

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%.

2015

Employee (abroad) localisation rate

67.43%

3. Safety, health and environmental protection abroad

Sinopec Corp. emphasises safety and environmental protection in our operations abroad. We strictly abide by international and local safety and environmental protection standards, and constantly improve safety management. By conducting safety risk assessment and training, occupational health management and overseas public safety protection, we ensure safe business operations abroad, as well as safety of employees and the public. Meanwhile, we enhance

environmental protection awareness abroad, attach importance to energy conservation, emission reduction and ecological environmental protection. In 2015, we organised public safety training for 4,085 people and onsite safety training for 657 person-times abroad. We successfully prevented of Ebola and MERS infection among our employees abroad. Moreover, we compiled health guide manuals, and carried out psychological support programmes for our employees abroad.

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 89%. 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 assistance programmes and establishing Internet for schools, benefiting close to 5,000 students. It also

maintains the Bojaca 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.



Sinopec Russia UDM Project funded outdoor facilities for children in the local community

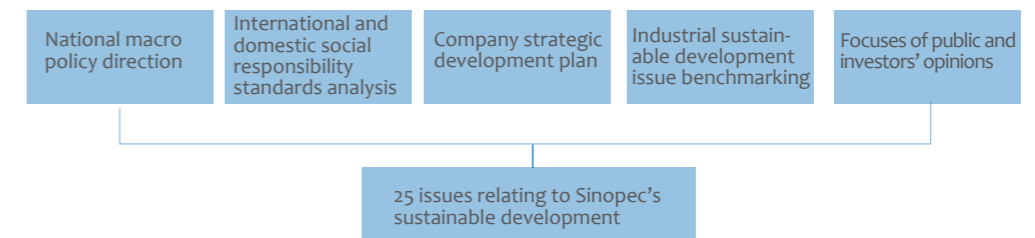
Responsibility Integrated into Management

(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

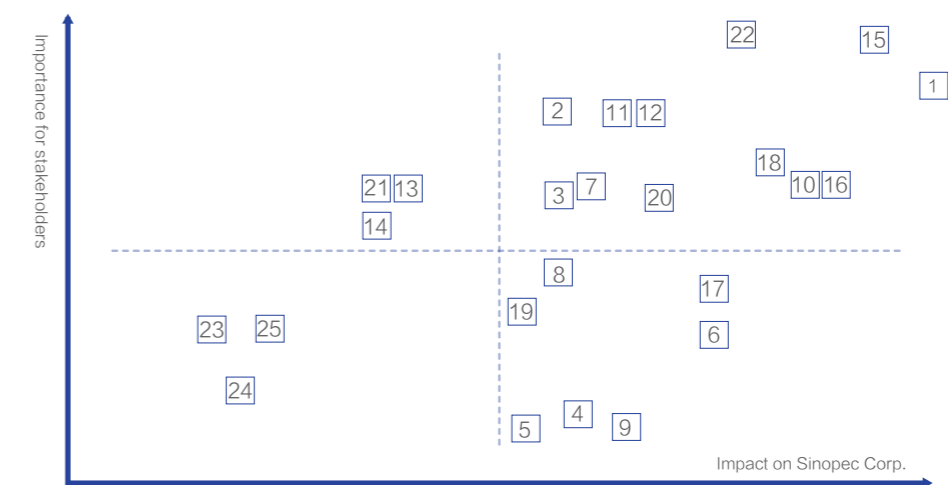
Based on the state's macro policy direction, and social responsibility and sustainable development standards analysis as well as company practices home and abroad, and taking into account concerns of various stakeholders, we identified 25 issues relating to Sinopec's sustainable development.



Issue matrix

Based on the initially identified 25 issues, we developed the Questionnaire on Substantial Issue Analysis for Sinopec 2105 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.



- | | | | | |
|--------------------------------------|--|--|---|---|
| 1 Sustainable development management | 6 Management optimisation and upgrade | 11 Provision of clean energy, energy conservation, emission reduction and response to climate change | 16 Employee rights and interests protection | 21 Supply chain management |
| 2 Stakeholders | 7 Coordinated industrial chain development | 12 Energy conservation, emission reduction and response to climate change | 17 Employee career development | 22 Product quality and service |
| 3 Risk management | 8 Coordinated development of traditional and emerging businesses | 13 Water resources management | 18 Occupational health and safety | 23 Community development |
| 4 Anti-corruption campaign | 9 One Belt One Road and win-win cooperation abroad | 14 Ecological restoration and bio-diversity protection | 19 Employee care | 24 Public welfare and volunteer service |
| 5 Corporate culture construction | 10 Innovative development | 15 Production safety | 20 Attention to investor rights and interests | 25 Social responsibility abroad |

- 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.



Foreign teachers and students visited our subsidiary on the Open-to-Public Day

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 2,700 posts in Micro-blog and WeChat, and boasted 3.5 million stable readers, 15 million netizen interactions and 250 million readings.



Official Micro-blog: <http://weibo.com/sinopec>

Official WeChat public account: woshi_xiaoshitou

Key Performance

(I) Economic Performance

Indicators	2013	2014	2015
Total assets (RMB billion)	1,382.9	1,451.4	1,443.1
Total liabilities (RMB billion)	759.7	804.3	657.5
Revenue (RMB billion)	2,880.3	2,825.9	2,018.9
Net profits attributable to shareholders of the Company (RMB billion)	67.18	47.43	32.21
Dividends declared (RMB billion)	28.01	23.83	18.16
Dividends pay-out ratio (%)	41.7	50.2	56.4
Taxes and fees paid (RMB billion)	296.9	292.3	327.4
Sales volume of refined oil products (million tonnes)	179.99	189.17	189.33
Sales volume of major chemical products (million tonnes)	58.23	60.79	62.87
Rate of customer satisfaction with respect to lubricant sales (%)	79.6	80.8	80.9
Rate of customer satisfaction with respect to chemical sales (%)	92.9	94.3	89.7
Rate of complaints resolved from lubricant customers (%)	100	100	100
Rate of complaints resolved from chemical products customers (%)	100	100	100
Number of patents applied in 2015	4,442	4,968	5,246
Number of patents granted in 2015	2,388	3,011	3,769

(II) Environmental Performance

Indicators	2013	2014	2015
Change of Energy intensity (%)	-2.01	-0.6	-1.57
Compliance rate of wastewater discharge (%)	98.93	99.30	99.77
Change of industrial water consumption (%)	-1.19	-1.1	-1.0
Change of COD in wastewater (%)	-3.85	-2.5	-4.14
Change of SO ₂ emission (%)	-4.71	-8.1	-4.84
Change of Nitrogen oxides emission (%)	-4.08	-3.9	-4.19
Change of Ammoniac nitrogen emission (%)	-4.97	-4.2	-3.97
Carbon trading volume (million tonnes)	—	2.1	1.8

(III) Social Performance

Indicators	2013	2014	2015
Total number of employees	368,953	358,571	351,019
Number of new employees during the reporting period	1,954	2,873	2,633
Employee (abroad) localization rate (%)	71.57	71.73	67.43
Collective contract coverage (%)	100	100	100
Social insurance coverage (%)	100	100	100
Annuity coverage (%)	100	100	100
Percentage of employees affiliated with the labor union (%)	100	100	100
Percentage of employees of ethnic group (%)	2.39	2.44	2.45
Percentage of female employees (%)	29.92	29.66	29.46
Percentage of female managers (%)	26.34	26.41	26.74
Person-times of occupational training	627,986	835,301	712,225
Investment in occupational training (RMB million)	631.86	602.21	580.25
Occupational training coverage (%)	72.67	71.88	72.28
Employee occupational health examination coverage (%)	98.7	98.8	98.9
Health check-up and health file coverage (%)	98.4	98.8	98.9
Number of cases of new occupational disease diagnosed	10	21	6
Total expenditure on employee occupational health training (RMB million)	25.30	29.27	29.34
Total hours of employee occupational health training (hours)	4,087,796	4,344,970	4,889,408
Investment in public safety abroad (RMB million)	5.34	4.99	6.05
Investment in safety training (RMB million)	248.09	277.79	310.45
Total hours of safety training (hours)	1,822,696	1,947,724	3,545,528

(III) Social Performance

Indicators	2013	2014	2015
Safety training coverage (%)	90.6	91.3	100
Number of deaths	18	8	7
Accident mortality rate per 1,000 employees (‰)	0.019	0.0129	0.0086
Donations (RMB million)	245.17	124.90	111.85
Of it: Contributions to designated poverty alleviation programmes (RMB million)	40.78	46.49	45.11
Financial aid to Qinghai and Tibet (RMB million)	21.87	22.50	21.14
Number of aid-to-Tibet programmes implemented	9	6	11
Number of patients cured under the Lifeline Express Programme	3,802	3,006	3,286
Number of students aided	—	8,481	9,421
Contributions to cultural education, community development and medical service (RMB million)	6,754.65	6,753.23	6,753.88
Total hours of Sinopec volunteer service (thousand hours)	760	800	840
Person-times of Sinopec volunteer service (thousand person-times)	380	400	420

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 civilisation construction as well as green, recycling and low-carbon development, and to build a beautiful home with blue sky, green land and clear water!

Rating report on Sinopec Corp. Communication on Progress for Sustainable Development

Upon the request of Sinopec Corp., Chinese Expert Committee on CSR Report Rating invited experts to form a Rating Team. The rating team rated Sinopec Corp. Communication on Process 2015 (hereinafter "COP") as follows:

1. Rating Criteria:

Upon the request of Sinopec Corp., Chinese Expert Committee on CSR Report Rating invited experts to form a Rating Team. The rating team rated Sinopec Corp. Communication on Progress 2015 (hereinafter "COP") as follows:

2. Rating process:

- The process assessment team interviewed members from the social responsibility department of Sinopec Corp.
- The process assessment team viewed the relevant data involving the preparation of the social responsibility report of Sinopec Corp. on site.
- The rating team evaluates the management process of social responsibility report of Sinopec Corp. and the information disclosed in COP.

3. Rating results:

Process Management (★★★★★)

The secretariat to the Board of Sinopec Corp. takes a leading role in setting up a preparation team, the vice president participates in kick-off meeting of the report and views the report repeatedly. The preparation team identifies stakeholders, and consults their advices by questionnaires, teleconference, interviews and open-to-public day. Substantial issues are defined according to material issues of the company, relevant domestic and foreign policies, check-list industrial analysis and stakeholders' survey. It is planned to release the report on the official website and the results announcement conference concurrently with other forms of presentation of the report in simple version, WeChat and micro-blog etc. Thus, the report process management is super excellent.

Materiality (★★★★★)

The report systematically discloses key performance issues on its industries such as "Implement the macro policy", "Quality upgrading of oil products", "Occupational health management", "Safety production guarantee", "Focusing on the technological innovation", "Develop new energy", "Circular economy", "Tackling climate change" etc. with detailed description. The report has super excellent materiality.

Completeness (★★★★★)

The report systematically discloses key information on philosophy, system, campaign and performance in environment, society and governance in 2015 with 75.0% of core indicators disclosed on its industries, the report has excellence completeness.

Balance (★★★★★)

This report discloses negative information on "Number of deaths", "Accident mortality rate per 1,000 employees", "Number of cases of new occupational disease diagnosed" etc. It also gives a brief description of the results of investigation and treatment against the suppliers or contractors who violated the HSE requirements. The report has super excellent balance.

Comparability (★★★★★)

This report discloses data on more than 60 key performance indicators of at least three consecutive years, including "Revenue", "Sales volume of refined oil products", "Carbon trading volume", "Total employees", and "Philanthropic donation", and compared "Refining capacity", "Supply capacity of refined oil products", "Ethylene production" etc. to domestic and foreign data. The report has super excellent comparability.

Readability (★★★★☆)

This report is themed on two sections of "Responsibility Creates Value" and "Responsibility Leads the Future", and describes the content by advancing "Innovative development", "Coordinated development", "Green development", "Open development" and "Shared development", with a clear framework and logic. Pictures, tables and other forms are used to complement the writing. Abundance cases are adopted to describe the social responsibility practices. All of above make this report leading readable.

Innovativeness (★★★★☆)

This report is described following the five concepts of innovative, coordinated, green, open and shared development, focusing on the 13th Five-Year Plan and highlighting the responsibility of central enterprises. Each chapter sets up the stakeholders' testimony strengthening reliability of the report. The advices about the CSR information disclosure from international investors are absorbed. So the report has leading innovativeness.

Overall Rating (★★★★★)

Through evaluation and deliberations, the rating team agreed to rate Sinopec Corp. Communication on Progress 2015 as super excellent by giving five-star rating to it.

4. Suggested improvements

Disclose more core indicators of the industry to improve the completeness of the report.

Rating team

Team leader: Cheng Duosheng, Director of Corporation Innovation

Department of China Enterprise Confederation

Team member: Wei Xiuli, Associate professor of School of Economics and Management of North China University of Technology

Zhang En, Fang Xiaojing and Wang Zhimin, Process Evaluators

Huang Qunhui

Vice chairman of the Chinese Expert Committee on CSR Report Rating

Cheng Duosheng

Team leader of the expert rating team

Appendices

(I) UNGC 10 Principles Checklist

Scope	UN Global Compact's 10 Principles	Sinopec Information Update for 2015
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	P25-32, P33-34, P35-37, P41-46, P47-49
	2. make sure that they are not complicit in human rights abuses.	P35, P48
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	P35
	4. the elimination of all forms of forced and compulsory labor;	P35
	5. the effective abolition of child labor; and	P35
	6. the elimination of discrimination in respect of employment and occupation.	P35
Environment	7. Businesses should support a precautionary approach to environmental challenges;	P25, P47
	8. undertake initiatives to promote greater environmental responsibility; and	P25-32, P48
	9. encourage the development and diffusion of environmentally friendly technologies.	P30
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	P14

(II) GC Advanced Level Criteria Checklist

Scope	Criteria for GC Advanced Level	Sinopec Information Update for 2015
Strategy, Governance and Engagement	Criterion 1: Key aspects of the company's advanced level sustainability strategy in line with Global Compact principles	P13
	Criterion 2: Effective decision-making processes and systems of governance for corporate sustainability	P13
	Criterion 3: Engagement with all important stakeholders	P51
UN Goals and Issues	Criterion 4: Actions taken in support of broader UN goals and issue	P32
Human Rights Implementation	Criterion 5: Robust commitments, strategies or policies in the area of human rights	P25-32, P33-34, P35-37, P41-46, P47-49
	Criterion 6: Effective management systems to integrate the human rights principle	P13, P35
	Criterion 7: Effective monitoring and evaluation mechanisms of human rights integration	P13, P35, P41
	Criterion 8: Key outcomes of the human rights integration	P25-32, P33-34, P35-37, P41-46, P47-49
Labor Principles Implementation	Criterion 9: Robust commitments, strategies or policies in the area of labor	P35-37, P48
	Criterion 10: Effective management systems to integrate the labor principle	P35-37, P48
	Criterion 11: Effective monitoring and evaluation mechanisms of the labor principle integration	P35-37
	Criterion: Key outcomes of the labor principle integration	P35-37, P48
Environmental Stewardship Implementation	Criterion 13: Robust commitments, strategies or policies in the area of environmental stewardship	P25
	Criterion 14: Effective management systems to integrate the environmental principle	P25-32, P48
	Criterion 15: Effective monitoring and evaluation mechanisms for environmental stewardship	P25-32, P48
	Criterion 16: Key outcomes of the environmental principle integration	P25-32, P48
Anti-Corruption Implementation	Criterion 17: Robust commitments, strategies or policies in the area of anti-corruption	P14
	Criterion 18: Effective management systems to integrate the anti-corruption principle	P13, P14
	Criterion 19: Effective monitoring and evaluation mechanisms for the integration of anti-corruption	P14
	Criterion 20: Key outcomes of the anti-corruption principle integration	P14
Value Chain Implementation	Criterion 21: Implementation of the Global Compact principles in the value chain	P37-41
Transparency and Verification	Criterion 22: The COP provides information on the company's profile and context of operation	Report Information
	Criterion 23: The COP incorporates high standards of transparency and disclosure	P57-59
	Criterion 24: The COP is independently verified by a credible third-party	P56

(III) Index of CASS-CSR3.0 Indicators

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Report Information	P1.1–1.5,P2.1	–	
Company Profile	P4.1–4.2	–	
Address from Chairman	P3.1–3.2	P01–02	
Responsibility Creates Value	Creating Economic Value	M1.2, M1.4–1.6 ,P5.2–5.3	P05–06
	Promoting Social Value	S2.27, S4.13, P5.2–5.3	P07–08
	Enriching Cultural Value	G1.1	P09–10
Responsibility Leads the Future	Innovative Development Leads to an Excellent Future	G2.1,G2.3–2.4,S1.1–1.3,M2.16–2.19,M2.21,M3.3	P13–20
	Coordinated Development Leads to a Sustainable Future	P4.2,M3.1,M2.1–2.3,M2.5	P21–24
	Green Development Leads to a Beautiful Future	M2.3,E1.1 ,E2.1–2.2,,E2.17–2.18,E2.23,E2.28 E2.30,E2.32,E2.34–2.36,E2.40,E3.1,E3.3,-4 E4.1–4,E5.1,E5.5	P25–32
	Shared Development Leads to a Harmonious Future	S3.1–3.4,S2.5–2.7,S2.18–20,S2.22–2.23 S2.25–2.26,S2.25–31,M1.1–1.3,M2.6–2.7 M2.9–2.11,M2.13–2.15,M3.4,M3.7,M3.9,G3.2 S4.5,S4.9–4.10,S4.13–4.15	P33–46
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	Environmental Performance	P5.2	P52
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(IV) 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.22 Chaoyangmen North Street,Chaoyang District,Beijing 100728,PRC

Your Information

Name:

Employer:

Title:

Contact Tel:

Fax:

E-mail:

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

Statements	Very good	Good	Average	Poor	Very poor
1. This Report completely and accurately describes the significant impact of Sinopec on the economy, society and environment.					
2. This Report responds to and discloses information about the concerns of stakeholders.					
3. The information, indicators and data disclosed by this Report are clear, accurate and complete.					
4. This Report's logic line, content, text and wording, and layout are well designed.					

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?
