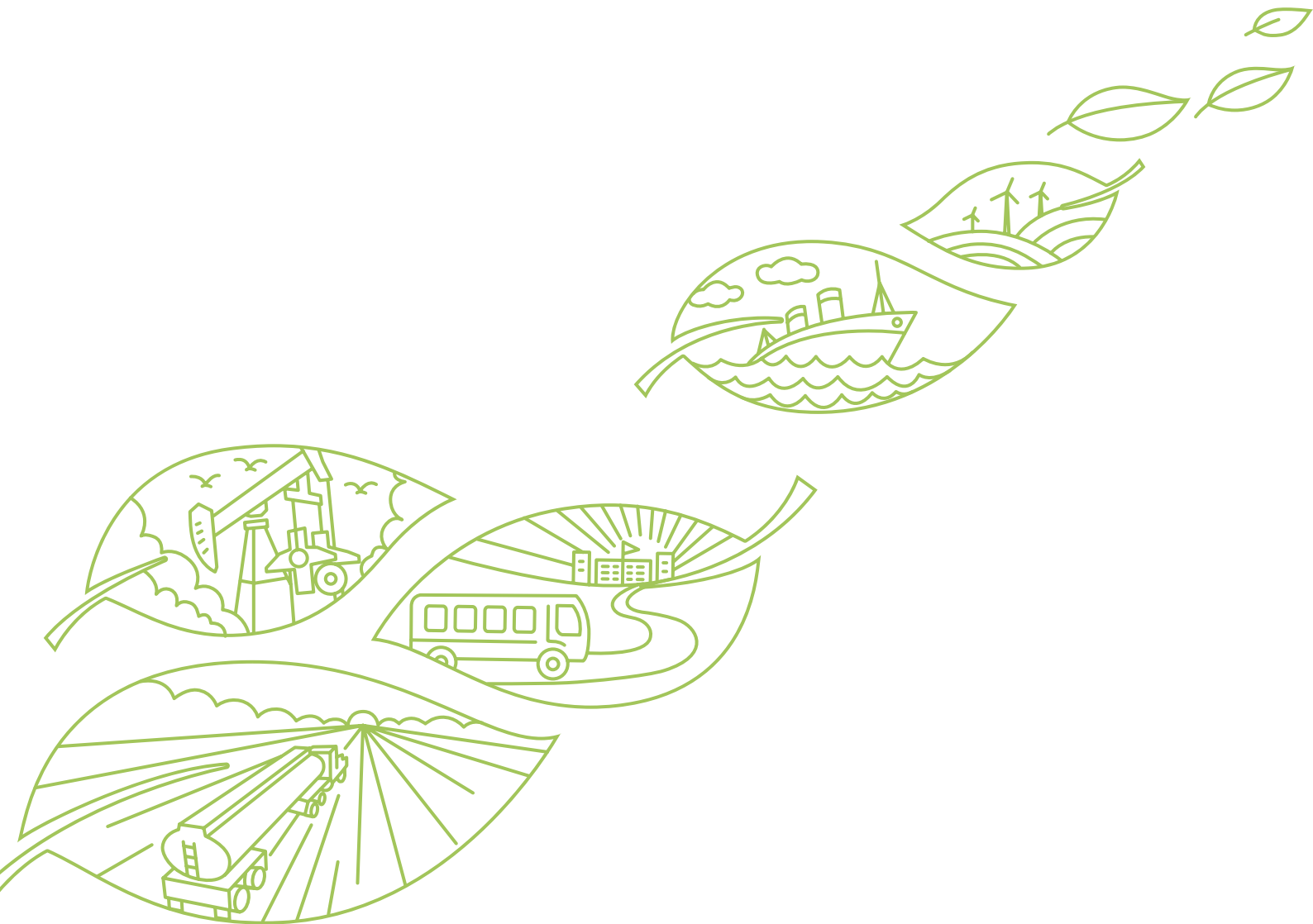


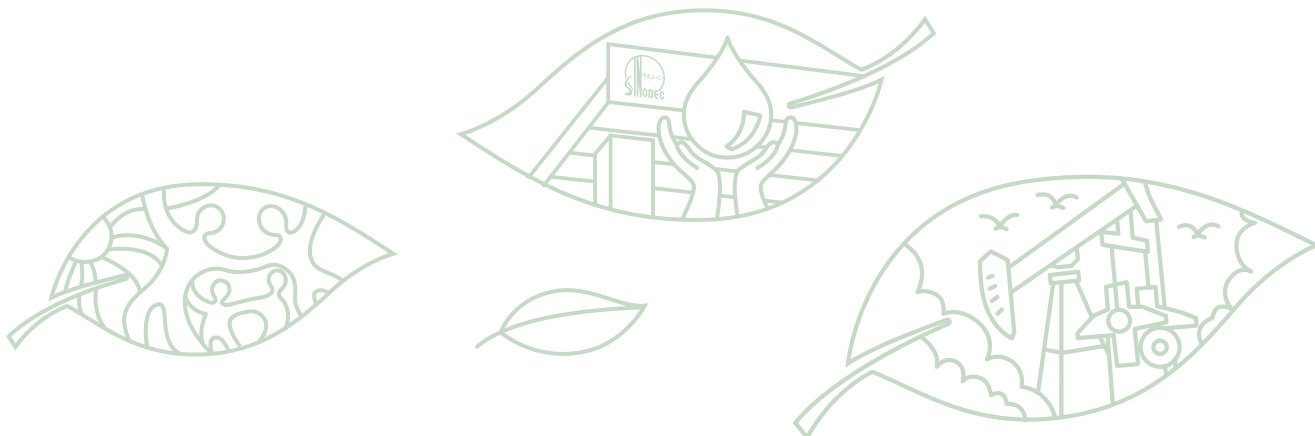


2011

SUSTAINABLE DEVELOPMENT REPORT



SINOPEC CORP.



Company Profile

China Petroleum and Chemical Corporation (hereinafter referred to as "Sinopec Corp." or "the Company") is an integrated energy and chemical company with principal businesses of exploration, development, production and trading of petroleum and natural gas; refining, marketing and distribution of petroleum products, as well as production and marketing of chemicals.

• Exploration, Development and Production of Petroleum and Natural Gas

Sinopec Corp. is the second largest producer of crude oil and natural gas in China. The Company produced 321.73 million barrels of crude and 517.07 billion cubic feet of natural gas. By the end of 2011, the proved reserve of oil and gas was 3,966 barrels of oil equivalent.

• Refining

Sinopec Corp. is the largest refiner in China. The Company produces gasoline, diesel, aviation fuel, lubricant, fuel oil as well as various chemical feedstock and other petroleum products. By the end of 2011, the Company's refining capacity was 230 million tons per annum with 217 million tons of crude processed.

• Marketing and Distribution of Petroleum Products

Sinopec Corp. has a well established network to market and distribute petroleum products in China. By the end of 2011, there were over 30,000 service stations operating under Sinopec logo and serving 20 million customers. The retail sales volume in 2011 exceeded 100 million tons.

• Chemicals

Sinopec is the largest producer and distributor of chemical products in China. The Company's major chemical products include ethylene, synthetic resins, monomers and polymers for synthetic fibers, synthetic fibers, synthetic rubbers. In 2011, the Company's ethylene capacity was 9.425 million tons per annum. The annual sales volume of chemical products exceeded 50 million tons.

• International Trade

Sinopec is engaged in the supply and trading of crude oil, refined oil products, chemicals, equipment and materials. In 2011, the Company's total trading volumes of crude and refined products were 234 million tons and 50 million tons respectively. The Company witnessed rapid growth in trading chemicals, equipment and materials. Progress was also made in LNG purchase discussions.

• Research and Development

Sinopec leverages the research and development strengths across the integrated business value chain. We focus on R & D of core technologies and proprietary technologies, pursuing breakthroughs in new business spectrums while supporting conventional portfolios. With 20 members of Chinese Academy of Sciences and Chinese Academy of Engineering as well as 28,000 full-time research and development staff by the end of 2011, Sinopec had applied for 15,963 domestic and international patents, of which a total of 7,628 patents were granted. Meanwhile, the Company had accumulatively obtained one National Top Science & Technology Award, 47 National Technology Invention Awards and 300 National Science & Technology Progress Awards.



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Address from Chairman

Dear friends,

Sinopec delivered good operational results in 2011. On behalf of the Board and all Sinopec employees, I would like to express our sincere gratitude for your care and support.

Sinopec is an integrated energy and chemical company featured with large scale, complete value chain and rich resources. Upholding the principles of "Develop the Enterprise, Contribute to the Country, Reward Our Shareholders, Serve the Society and Benefit Our Staff", we support the national economic growth, industrial progress and energy supply as well as premium services in every aspect of people's life, including clothing, food, housing and mobility. In 2011, we clearly set our vision to become a world-leading energy and chemical company. In addition to the resource strategy, market strategy, integration strategy and international strategy, we added the differentiation strategy and green and low-carbon strategy, thus enriching Sinopec's unique way of development.

Thanks to the concerted efforts of all Sinopec employees, we achieved good momentum in all-round businesses. In 2011, total turnover has grown by 31% to RMB 2.5057 trillion. Net profits attributable to the Parent grew by 1.4% to RMB 7.17 billion. Payment on tax and fees paid to the central government and regional authorities reached RMB 283.8 billion. Dividend payout was RMB 26 billion. Total asset of the Company has risen by 14.7% to RMB 1.1301 trillion. In 2011, we supplied 162 million tons of petroleum products and 50.80 million tons of chemicals to support the national economic growth, create shareholder values and meet customer demand.

In 2011, we launched a discussion campaign within the Company on how to become a "highly responsible and highly respected company". Keeping in mind the corporate image in the public, we further heightened the sense of responsibility and contribution

among our employees, translating the corporate image into our core competitiveness. We actively carried out company-wide campaign to "Serve the People and Pursue Excellence" and announced "Five Commitments" to the public and customers as well as "Six Commitments" to employees. We are committed to make continued efforts for better services, public image and customer satisfaction.

We have given top priority to ensuring national energy security and stable market supply. In terms of domestic exploration and production, we have achieved stable reserve and volume growth. We supplied energy to support economic growth and social progress by expediting overseas activities, diversifying international trade, operating facilities at high unitization rate and continuously upgrading product quality. In spite of domestic supply tension, insufficient fuel pricing regime and massive refinery losses in Q4, we maintained full-load refinery operation reduced product exports and expanded imports to ensure domestic market supply.

We remain committed to the supply of clean fuels, premium petrochemicals and customer-focused services. We spare no effort in delivering our promise in good product quality, sufficient quantity and customer satisfaction. Our fuels supply is available to over 20 million customers at 30,000 Sinopec service stations based on extensive marketing and distribution network. In 2011, we completed the quality upgrading program for gasoline to meet domestic requirements, cutting 260,000 tons of sulfur dioxide emission per annum. Driven by technology innovation, we further optimized product slate in more variety and better quality, thus contributing to a better life for people.

We have laid strong emphasis on work safety, environmental protection and resource conservation. By carrying out "I Safe" campaign for three consecutive years, we have achieved



Chairman Mr. Fu Chengyu

generally safe production under complex operating conditions. Massive efforts have been made to optimizing energy structure, upgrading industrial configuration, conserving energy, reducing emission, increasing resource efficiency and promoting low-carbon development. While expanding production and operation, we achieved remarkable emission reduction. The energy consumption per unit of GDP, the industrial water use, the COD in waste water and sulfur dioxide emission were lowered by 0.7%, 2.0%, 16.9% and 9.8% respectively. We have saved 540,000 tons of standard coal equivalent in energy consumption, equaling a reduction of CO₂ emission by 1.33 million tons or reduction of water consumption by 19.95 million tons.

We remain committed to putting people first and caring for our employees. We made massive efforts in accelerating career development and talent training programs, helping the employees living in difficulties, and providing support and care for female workers and retirees. We respected cross-culture differences between Chinese and foreign employees and encouraging their career development together with the growth of the company.

We played an active role in promoting social harmony and stability by engaging in public welfare undertakings. We ensured fuels supply during summer and autumn peak farming seasons. We provided disaster-relief support in poverty-stricken regions. In Tibet, we put into operation a number of infrastructure projects for the wellbeing of the Tibetans. We built in 2011 a Sinopec Hope School for primary students at high altitudes in Tibet. We gave donations to Lifeline Express program, treating cataract patients in over 3000 poverty-stricken households for free at Sinopec "Lifeline Express" mobile train hospitals. In 2011, we received "2011 China's Outstanding Enterprise in Corporate Social Responsibility" awarded by Xinhua News Agency and "China Philanthropy Prize" awarded by the Ministry of Civil Affairs.

As a member of United Nation Global Compact (UNGC), Sinopec upholds the sustainable development philosophy and engages in various UNGC activities. We call for the business community to work more closely, jointly address the difficulties and challenges facing the world, and contribute to the environment and social progress along with corporate growth.

Dear friends,

Year 2012 ushers in a new voyage for Sinopec to become a world-leading energy and chemical company. We remain committed to observing UNGC's Ten Principles. We uphold the operating principles of "Develop the Enterprise, Contribute to the Country, Reward Our Shareholders, Serve the Society and Benefit Our Staff". We are determined to ride a balanced and sustainable development path and transform the growth pattern of the Company. We will continue to forge ahead with our six strategies. We are ready to fulfill our CSR by securing energy supply, providing even better services and premium products, focusing on HSE management and low-carbon growth, caring for employees and rewarding the public. We aim to sharpen our competitiveness and achieve sustainability as a highly responsible and highly respected company.

We look forward to your valuable advice and continued support. Together we work for joint development and march towards a glorious future.

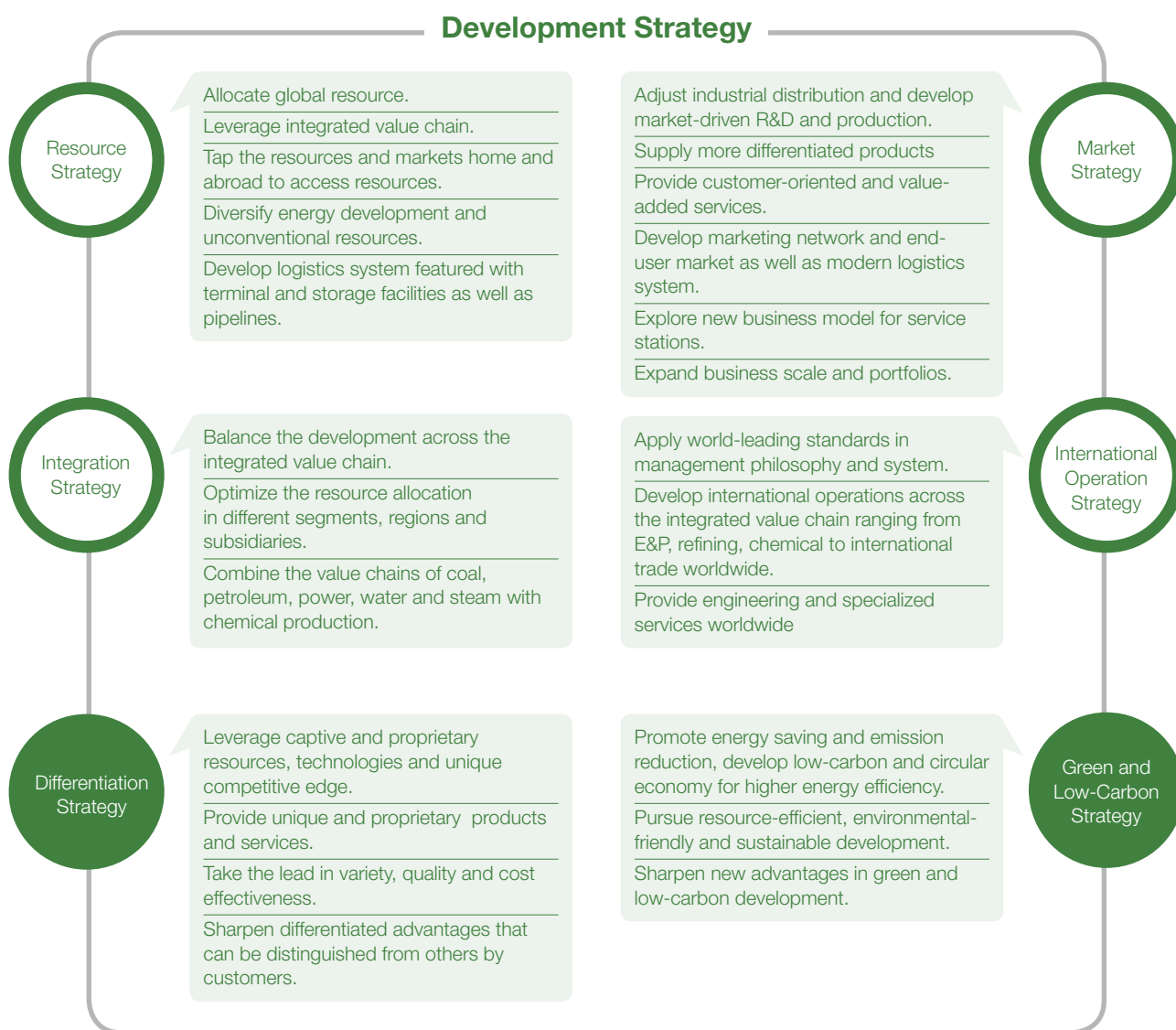
A handwritten signature in black ink, appearing to read 'Fu Chengyu', written in a cursive style.

Mr. Fu Chengyu
Chairman
Sinopec Corp.
March 23rd, 2012

Build a World-Leading Energy and Chemical Company

In 2011, Sinopec set the development vision of building a world-leading energy and chemical company to address the fast changes, the mega-trend and the new requirements home and abroad. The company has also fine-tuned the development strategies. In addition to the previously announced resource strategy, market strategy, integration strategy and international strategy, we added the differentiation strategy and green and low-carbon strategy.

Guided by the new vision and strategies, we will expedite the shift of growth pattern, corporate restructuring, reforms and innovation, focusing on quality growth and efficiency, research and development, low-carbon growth, putting people first, resource efficiency, environmental friendliness and sustainable development.



• Sinopec: a Highly Responsible and Highly Respected Company

In 2011, a hot discussion was prevailing within Sinopec among executives and employees. The discussion topics include what is responsibility and how to become a responsible and respected company. Through the discussion, all Sinopec employees come to the consensus that only by heightening the sense of responsibility and contribution and through hard work and austerity can Sinopec become a highly responsible and highly respected company.

• Serve the People and Pursue Excellence

The "Serve the people and pursue excellence" campaign was launched in 2011 to improve the service quality and customer as well as employee satisfaction. This campaign helps to address the needs of employees, resort to their advice, announce the "five commitments" to the public and "six commitments" to employees.

1 Make every drop of oil count. Strict control on and compliance in product quantity, quality and price.

2 Promote energy saving and emission reduction. Develop low-carbon economy and provide safe, healthy and clean products as well as quality services.

Five Commitments to the Public and Customers

3 Ensure our employees to provide efficient, customer-focused and standard services through guidance, training, oversight and performance assessment.

4 Achieve win-win relation with customers through Customer Value Creation campaign.

5 Make continuous improvement. Raise public and customer satisfaction based on all-round supervision and evaluation.

Hot Topic at Sinopec: Build a Highly Responsible and Highly Respected Company



"Doing a good job for today, doing a good job every day. That is what we mean by being responsible and respectable."

Chen Jianhua,
Sinopec Shengli Oilfield



"It's important that everyone at Sinopec have the sense of responsibility and improve proficiency."

Zhan Qiang,
Sinopec Guangzhou Company



"The corporate leader takes responsible care of employees. The employees provide customer-focused services. And the customers and the business have mutual trust with each other".

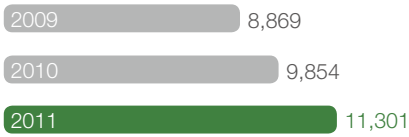
Liu Yao,
Sinopec Beijing Oil Products Company



• Performance Highlights

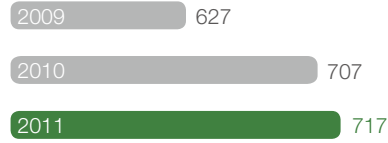
Total Assets

RMB100 million



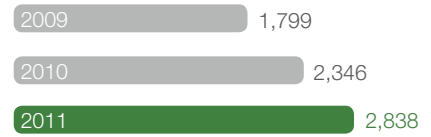
Net Profit Attributable to the Parent

RMB100 million



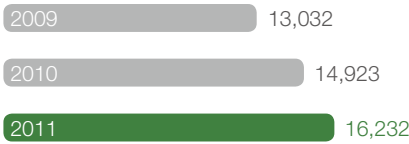
Taxes Paid to Central Government and Regional Authorities

RMB100 million



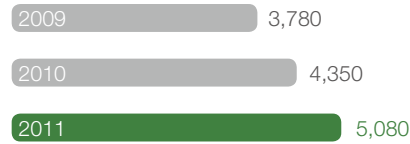
Sales Volume of Refined Oil Products

10,000 tons



Sales Volume of Major Chemical Products

10,000 tons



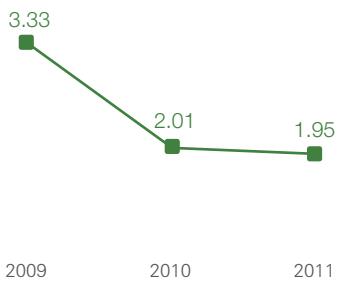
Total Number of Employees

10,000 persons



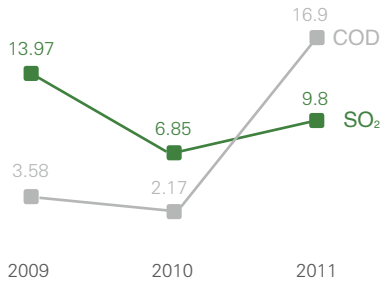
Decline Rate of Industrial Water Use

%



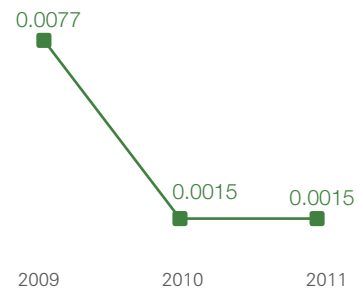
Decline Rate COD/SO₂ Discharge

%



Fatality Rate per 1,000 Workers

‰



Our Practice in Corporate Social Responsibilities

We made all-round CSR achievements in 2011 by taking "every drop counts" principle as the core. We strengthened corporate governance to provide institutional guarantee for CSR activities. We further engaged our stakeholders' advise and support us on day-to-day operations through a better communication system.

■ Foundation of CSR Management

We have been paying close attention to the impact of corporate operation on economy, society, environment, resources and culture, making continuous improvement in value creation and core competitiveness.

■ 2011 CSR Progress

We have carried out assessment on and veto power to the subsidiaries where challenges and non-conformance were to occur, so as to ensure safe and clean production as well as stability of the company.

■ Foundation of CSR Management

Good communication is vital to promote our CSR management. We engaged our stakeholders participate in corporate operation. Hence their demands and interests are well understood and carefully taken into consideration. We also shared good practice with and encouraged our partners to jointly fulfill CSR commitment, promoting win-win results with our stakeholders while developing the company.

■ 2011 CSR Progress

We make great efforts to promote advocacy of CSR by issuing CSR report, setting up online CSR columns and internal audiovisual trainings, giving lectures in universities and hosting site visits by journalists. This enables our shareholders, employees, customers, partners, government, media and the general public to understand and monitor the implementation of our social responsibility work. Meanwhile we also solicited inputs from our customers.

■ Foundation of CSR Management

The slogan of "Making Every Drop Count" is initiated to ensure CSR embedded into our corporate strategy, operation, corporate culture and social practices.

■ 2011 CSR Progress

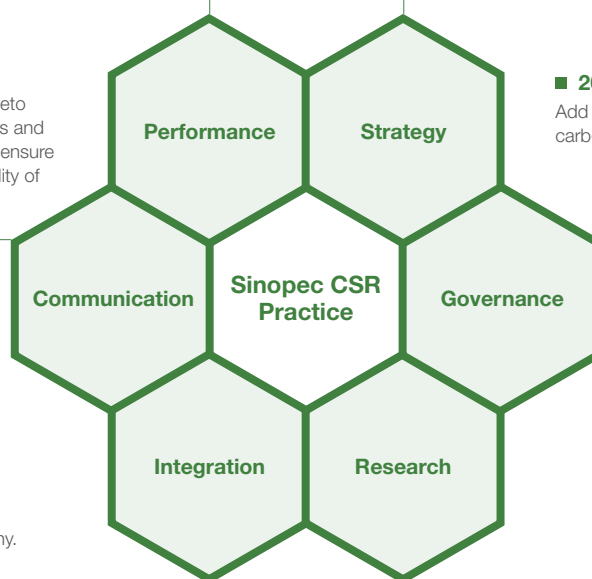
Through internal training across Sinopec, the CSR philosophy was further integrated with the business operations home and abroad. Discussions were launched within the company on "how to build a world-leading energy and chemical company" and "to become a highly responsible and highly respected company", clearly defining the mission and responsibilities of Sinopec.

■ Foundation of CSR Management

We better understand the needs of our stakeholders. Focusing on 6 core CSR subjects: energy supply, customer services, HSE, climate change, employee development and social welfare.

■ 2011 CSR Progress

Add differentiation strategy and green and low-carbon strategy to the existing strategies.



■ Foundation of CSR Management

We have initially established the organizational system, institutional system and responsibility system for CSR management.

In 2009, we established Sinopec CSR Work Leading Group to ensure social responsibility concepts thoroughly implemented in our day-to-day businesses. Sinopec General Office is authorized to address CSR management issues.

■ 2011 CSR Progress

The organization system for CSR management was further developed. A designated department office and staff were put in place to manage CSR issues.

■ Foundation of CSR Management

We actively put forward CSR research work through a variety of methods. We have established a research base with the CASS Research Center for Corporate Social Responsibility.

We analyzed the medium and long term development trend in economy, society, technology and industrial sectors home and abroad, studying the future CSR direction among international organizations and companies, providing sensible guidance for our CSR practice.

■ 2011 CSR Progress

- Research and write articles and books on "Making Every Drop Count-Sinopec CSR Practice"
- Study the macro-economic development in China and the world.
- Study the status-quo, challenges and opportunities regarding energy saving and emission reduction.
- Study our development environment in next five to ten years.
- Study overseas shale gas development

"Demonstration Base for Corporate Social Responsibility"

The event of "Entering Sinopec—Press Conference of Social Responsibility Report and Open Day" was held in Sinopec Beijing Yanshan Company on May 31. Sinopec Beijing Yanshan Company was awarded Sinopec's first "Demonstration Base for Corporate Social Responsibility". The unveiling ceremony of the award was also held on the press conference.

In recent years, Sinopec Yanshan has been working closely with the local government to improve the environment of its production site, developing an environmental livable town for its neighboring residents and contributing a lot to the development of local community. Sinopec Yanshan spent ten years completing its petroleum product upgrading program which used to require twenty years in developed countries. During the 11th five-year program period, its crude throughput rose by 38%. The energy consumption per unit GDP dropped by 26%. Water use dropped

by 67% and total SO₂ discharge lowered by 46%. Sinopec Yanshan has maintained on-spec air quality both in the production site and living areas.



Sinopec Yanshan Petrochemical Company

UN Global Compact Fulfillment: We Are Taking Actions.



Sinopec support, promote and strive to be a business leader in environmental protection and corporate sustainable development. For many years, the Company supports and implements the advocacy and conventions by UN Global Compact (UNGC).

Since signing up with UNGC in November, 2004, Sinopec has incorporated corporate sustainability into corporate strategies and decision makings.

Since 2005, we have set up CSR system in consistence with UNGC Ten Principles, including human rights, labor, environment and anti-corruption, etc.

Since 2006, we have compiled annual sustainable development report to submit to UNGC and issue to the public.

In June 2011, Chairman Fu Chengyu attended UNGC Board meeting as the newly appointed Board director. Speaking on behalf of business leaders, Mr. Fu called on the business community to strengthen cooperation and step up effort to combat global issues and challenges. In November, Sinopec became the holder of UNGC China Network's first rotating presidency, and Mr. Fu Chengyu was elected the first rotating president of the Network's presidium.

In the meantime, we work with our partners to carry out CSR 1+3 program. Through this program launched in April, 2007, one company calls on three other companies across their supply chain to be engaged in CSR activities. Thus more and more businesses get involved and make joint contribution to the sustainable development in economy, society and environment.



Chairman Fu Chengyu at UNGC Board Meeting

Corporate Governance

Good corporate governance is the cornerstone for Sinopec's sustainable development and provides a solid foundation to deliver corporate growth target.

We are committed to improving corporate governance and safeguarding and balancing the interests of all the stakeholders, including the shareholders, customers, employees and the public. While creating social wealth, we are determined to fulfill our CSR commitment and adhere to business ethics, devoted to build a energy-efficient and environmental friendly company, strengthening decision-making capability and risk resilience, and ensuring effective operations and sustainable development.

We have defined the respective responsibilities, by-laws and work-flows for shareholder meetings, Board of Directors, Specialized Committees, Board of Supervisors and executive management team, which are under the scrutiny of the capital market and social public. In 2011, we held three shareholder meetings, six Board meetings, four Audit Committee meetings, one Development Strategy Committee meeting, and one Remuneration and Performance Evaluation Committee meeting. In April 2011, Mr. Su Shulin tendered his resignation as chairman and director of the

Board due to new working arrangement. Mr. Fu Chengyu has been elected as Chairman and director of the Board of Sinopec Corp. at the Board meeting and shareholder meeting in May. The Board directors, members of the Supervisory Board and management executives all attended on-job and follow-up training programs. The independent director played an important part in communicating with chairman of the Board, the management executives as well as the external and internal auditors, paying the observation visits to Sinopec subsidiaries, providing advisory for corporate development and contributing to the basic system building in line with the changes of the capital market. The Company has promulgated the Working Rules for the Board Secretary and Insiders' Registration System for the Inside Information of China Petroleum and Chemical Corporation. Regarding the information disclosure and investor relations, the Company further channeled the communication with investors, increasing the information transparency, giving priority to investor return and maintaining the interests of the investors.

In 2011, Sinopec was recognized by the capital market to receive a number of awards, including China Securities "Golden Bauhinia Award, the Most Popular Company Listed in China", and the Best Brand Awareness Company listed in China"

Shareholder Meeting(s)

3

Board Meeting(s)

6

Audit Committee Meeting(s)

4

Development Strategy Meeting(s)

1

Remuneration and Performance Evaluation Committee Meeting(s)

1

• Members of the Board of Directors

Name	Job Title at Sinopec
Fu Chengyu	Chairman
Wang Tianpu	Vice Chairman and President
Zhang Yaocang	Vice Chairman
Zhang Jianhua	Board Director and Senior Vice President
Wang Zhigang	Board Director and Senior Vice President
Cai Xiyou	Board Director and Senior Vice President
Cao Yaofeng	Board Director
Li Chunguang	Board Director
Dai Houliang	Board Director and Senior Vice President
Liu Yun	Board Director
Li Deshui	Independent Non-Executive Director
Xie Zhongyu	Independent Non-Executive Director
Chen Xiaojin	Independent Non-Executive Director
Ma Weihua	Independent Non-Executive Director
Wu Xiaogen	Independent Non-Executive Director

• Members of the Board of Supervisors

Name	Job Title at Sinopec
Wang Zuoran	Chairman of the Board of Supervisors
Zhang Youcai	Vice Chairman of the Board of Supervisors, Independent Supervisor
Geng Limin	Member of the Board of Supervisors
Zou Huiping	Member of the Board of Supervisors
Li Yonggui	Independent Supervisor
Zhou Shiliang	Employee-Representative Supervisor
Chen Mingzheng	Employee-Representative Supervisor
Jiang Zhenying	Employee-Representative Supervisor
Yu Renming	Employee-Representative Supervisor

• Other Senior Executives

Name	Job Title at Sinopec
Wang Xinhua	Chief Financial Officer
Zhang Kehua	Vice President
Zhang Haichao	Vice President
Jiao Fangzheng	Vice President
Lei Dianwu	Vice President
Ling Yiqun	Vice President
Chen Ge	Secretary to the Board of Directors

Winner of 2012 Best Managed Company in China

In 2012, Sinopec won the following award in Euromoney's Best Managed Companies in Asia 2012 Best managed company in China.

On February 2nd, 2012, Mr. Neil Osborn, Chief Executive of Euromoney presented the Best Managed Company in China Award to Sinopec. Mr. Fu Chengyu, Chairman of Sinopec, attended the awarding ceremony. Mr. Osborn gave high praises to Sinopec for the remarkable performance in corporate governance, corporate social responsibility fulfillment, international operations and green and low-carbon development.

Fu Chengyu, Chairman of Sinopec said, "Sinopec will remain committed to do a better job in corporate governance, international operations, promoting green and low-carbon growth with the principles of 'Develop the Enterprise, Contribute to the Country, Reward our Shareholders, Serve the Society and Benefit our staff'. We are determined to make Sinopec world-leading energy and chemical company."

Sinopec has received the Best Managed Company in Asia issued by Euromoney for two consecutive times. In 2010, Sinopec was awarded the Best Managed Energy Company in Asia.

• Achievements in Corporate Governance for 2011

Compliance

- We issued copies of booklet "Learning from Practice: Laws and Regulations on CS" and deepened the understanding among over one million employees across the Company.
- We issued 220 standard sample contract versions for 7 domestic businesses, defining in the contract such items relating to HSE, quality, anti-corruption, etc. and requiring CSR be indicated in the contracts with contractors, suppliers and procurement managers.
- We developed and put on line the information system for contract management in 87 subsidiaries, ensuring compliance is under the scrutiny of our information system.

Audit

- With a focus on management and efficiency, we carried out specific audit and investigations to ensure honest operation, risk control and management efficiency.
- Sinopec Audit Department has carried out its work on 1121 audit items while auditing 5506 items, including the engineering budget and settlement, bidding process and contracts as well as agreements. The proposed and accepted audit results totaled 1466.
- Focusing on the critical links throughout our production and operation, we conducted 227 audits on management and efficiency to prevent risks, checking defects and share experience.
- We completed 138 audits on economic responsibility, deepening the sense of operational compliance at executives level, ensuring them to carefully fulfill economic responsibilities and properly exercise their powers.
- We strengthened independent audit on business process, making thorough checks on 2100 control points. We did audit and assessment on some subsidiaries so that they achieved compliant and standard operations.
- We did 335 audits on fixed asset investment, analyzing the roots for existing problems, imposing accountability system and urging corrections and rectifications.

Anti-Monopoly

- We advocated fair competition and combat market monopoly, abiding by Chinese laws and regulations on anti-monopoly and anti-unfair competition.
- We unswervingly held the principles of honest operation and fair competition, giving respect to competitive peers, intellectual property right, consumer rights, and anti-monopoly laws and regulations of any investment destination country, trading partner country and service target country so as to reach a win-win result and protect interests of each stakeholder.

Internal Control

- We have developed a company-wide internal control system, which is amended and updated annually in light of the changes of external supervision and internal management.
- We developed the information system for internal control management.
- We conducted risk assessment based on a set of risk management standards, formulating risk management strategies and solutions accordingly, and issuing risk management report. As a result, risk management is integrated with internal control system.

Discipline Investigation and Supervision on Open Business Management

- We better monitored the implementation of key corporate decision-making. We carried out special projects to address serious problems arising from engineering and construction sector and achieved remarkable results.
- We standardized an open business information platform and put it available online for 25 subsidiaries. In 2011, we put 4.45 million pieces of business information online while strictly supervising business ethics in case of malpractice.
- We launched 457 efficiency supervision programs and completed 342 ones. We provided 4215 management proposals and formulated 1728 rules and regulations. We amended 15 supervision standards for important businesses, preventing and saving economic losses or adding economic values with a total amount of RMB 675 million. We dispatched supervision team to monitor the important projects, promoting the "Sunshine Project" process featured with high transparency, good quality and high efficiency. We imposed stricter supervision on supplier management to prevent malpractice and violations.

Anti-Corruption

- We further developed punitive and anti-corruption system. According to "2008—2012 Work Plan on Punitive and Anti-corruption System Construction", we implemented 54 tasks and inspected 5469 units on their implementation of responsibility system.
- Base on the new situation and new features, we newly-built 1447 systems on anti-corruption and revised 3708 items.
- We insisted on inspection tour system, highlighted supervision and restriction on power. We worked out and perfected 13 inspection tour systems, which has helped in problem solving, management improvement and leaders' qualities enhancement.
- We strengthened education and supervision on anti-corruption. 11,000 person-times have participated in anti-corruption courses, 23,000 person-times have listened to thematic reports and video reports about anti-corruption models, 74,000 person-times have given commitment on anti-corruption and self-discipline.

Online Procurement, a Sunshine Project

In recent years, we used e-commerce system with unified and standard business process so that timely recorded procedure and result info can be checked whenever the internal dept or client needed. It has met and conducted requirements of scientific decision-making, transparent operation, controllable process, whole-process record, and permanent traceability. In 2011, the Company's online procurement value totaled over RMB 250 billion, and above 95% of the production materials were procured online. Accumulatively, the online procurement value has surpassed RMB 1.2 trillion.

**Online Procurement Value in 2011
Exceeded (RMB 100 million)**

2,500

**Production Materials Procured
Online Exceeded**

95%

**Accumulate Online Procurement Value
Exceeded (RMB 100 million)**

12,000

No One in Sinopec Can Be Isolated from System Regulation

On April 13th, Xinhuanet.com and other media have reported that Sinopec Guangdong Oil Products Company purchased high price liquor and aroused hot discussion in the public. The parent company attached great importance to this incident, organized a specialized meeting and investigation team to do detailed survey only one day after. At the same time, the direct responsible person, Guangdong Company's President LU Guangyu, was required to suspend his work and closely cooperated with the investigation. From April 15th to April 23rd, Sinopec joint investigation team visited Guangdong, Jiangsu, Shandong and other provinces to collect evidences, such as receiving & paying vouchers, sales invoice, etc. Later on April 25th, Sinopec held press conference to inform the investigation result, which was to depose the relevant responsible persons' positions and punish them by economic penalties. When meeting the press, Chairman Fu Chengyu pointed out that no one in Sinopec can be isolated from system regulation; this incident did not only ruin the Company's interests and image, but also severely hurt feelings of the public and employees those who always care for and support Sinopec's development and growth. The Company seriously learned lessons from this incident, and convened internal investigation and discussion, to find problems and solve them immediately through self-examination and self-correction. Meanwhile, by perfecting the internal management systems, the Company further strengthened management, auditing, inspection and supervision, which has delivered a good result.



Our Stakeholders

Our stakeholders include government, employees, shareholders & creditors, customers, business partners, community & the public, NGOs and other relevant organizations. The trust and support from them are essential to our sustainable development and steady growth. We established with them mutually-supportive and mutually-beneficial relations for win-win cooperation, jointly promoting economic growth, environmental protection and social progress.



We are bold to be creative in social responsibility management and have established a communication mechanism with public supervisors. In order to improve our daily work and strengthen communication with our stakeholders, we have hired 13 external public supervisors, such as university professors, social commentators, network elite, security analyst, consumer representative, etc.

Our Public Supervisors Are Entitled to :



Sinopec's Symposium with Public Supervisors



On April 25th, 2011, Sinopec published "The decisions on welcoming public supervision", in which Sinopec decided to hire public supervisors and regularly invite all circles of the society to visit Sinopec and learn more about it. Besides, we made public the hotline for the press, 010-59969810.

On April 31st, 2011, Sinopec for the first time hired public supervisors. We are more open-minded to embrace supervisions from the whole society, promoting corporate growth to better serve the society.

On August 1st, 2011, Sinopec held a symposium with its public supervisors at the headquarters. Chairman Fu

Chengyu gave an introduction about the company's operation and management to the 7 supervisors, while the latter expressed their own opinions in terms of opening information to the maximum, closing communication with the public, adapting development of new media, exploring communication ways, replying to public concerns, strengthening internal management, advancing corporate reform, increasing market competitiveness, etc.

On behalf of Sinopec, Chairman Fu Chengyu extended sincere gratitude to the supervisors. He emphasized that Sinopec is ready to accept public supervision all the time, keep improving its work, increase ability in serving the society and customers, strive for a perfect communication mechanism so that it can play an accelerator role to sound and rapid corporate development.

In 2011, we made continued efforts to strengthen investor relations by hosting their visits to Sinopec or paying visits to investors. We held 34 capital market meetings and 222 one-to-one meetings, hosting 169 investor visits to Sinopec and inviting the international fund management institutions to visit Sinopec subsidiaries.

Capital Market Meeting(s)


34

One-to-One Meeting(s)

222

Visit(s) Hosted for Investors

169

 Getting Close to Sinopec—Media Tour



In 2011, on the purpose of making more people learn about Sinopec's industrial chain and operation situation, we invited some journalists with domestic media to visit Guangdong Oil Products Company, Guangzhou Petrochemical Company, Xinjiang Northwest Oilfield, Tahe Company, and Xinjiang Oil Products Company. Trough on-site visit at oilfields, refineries, service stations and oil depots, friends from the press have formed direct and comprehensive image about Sinopec.

When they climbed up the drilling platforms, stepped into refinery operation rooms, walked around the service stations and oil depots, they watched production process in-person and witnessed spirit of the front-line workers. The journalists actively communicated with the workers, asked them about the Company's development and changes.

Deputy Director of Economic New Center, Nanfang Daily, Jiang Yulong said, "Spirits of petrochemical workers have encouraged generations of people, and their dedicated spirits still deserve our due care." Li Xiusheng, Assistant Director of News Center, Guangdong TV station, wrote 6 poems on-site and promised to prepare special reports about workers in service stations and oil depots for their hard-working spirits.

 Enhance Understanding between Investors and Sinopec



We attach great importance to investor relations, and maintain an active communication with market and our investors. We strive for stronger mutual understanding, keeping the Company's info open and transparent, which has won appreciation from investors and market, establishing a good corporate image in the capital market. Chairman Fu Chengyu took questions from investors about corporate production, operation, development strategy, etc.

On December 15, 2011, Sinopec held the 2nd extraordinary general meeting of the Board for the year.

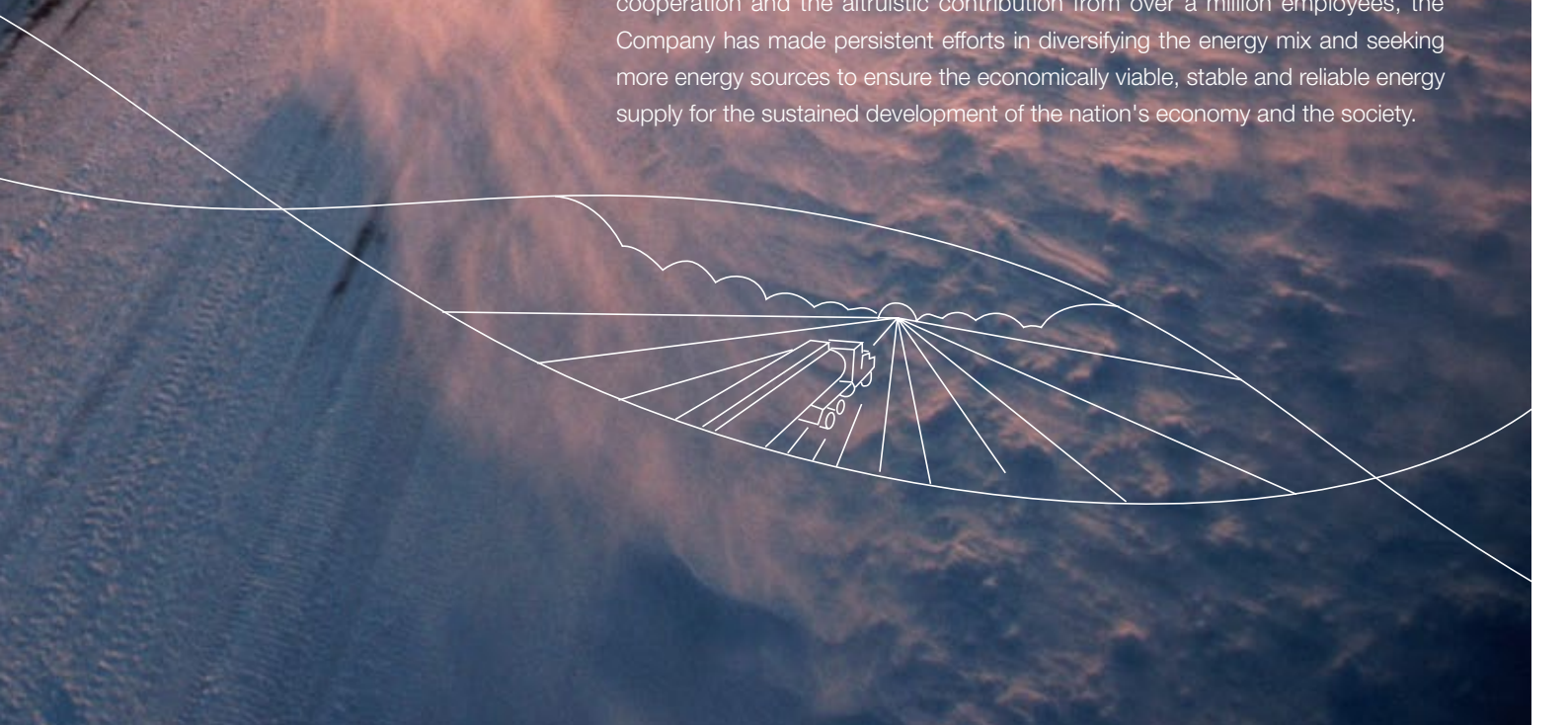


Continuous Energy Supply

Energy serves as the driving force to support socio-economic development. The energy demand is expected to increase continuously. Petroleum, natural gas, coal will continue to play an integral part in energy supply, with burgeoning renewable energy as important alternative energy.



As China's largest energy and chemical company, Sinopec shoulders the responsibility to guarantee the nation's energy security. Thanks to innovation, cooperation and the altruistic contribution from over a million employees, the Company has made persistent efforts in diversifying the energy mix and seeking more energy sources to ensure the economically viable, stable and reliable energy supply for the sustained development of the nation's economy and the society.



1.1 Strengthening the Resource Basis

In recent years, Sinopec has been continuously increasing the investment into the energy sector to accelerate development at home and abroad. By doing so, we have gained access to not only more oil and natural gas resources, but unconventional and renewable resources as well, thus increasing the gross amount of resources and optimizing the energy mix.

◎ Constantly Expanding Investment

Energy development requires consistent and substantial capital input. The past few years have witnessed constantly increasing investment made by Sinopec in the exploration and production of hydrocarbon resources. Our investment in 2011 reached RMB 71.8 billion from RMB 39.4 billion in 2006, with the aggregate investment from 2006 to 2011 exceeding RMB 366.7 billion.

Investment in Exploration and Production (RMB 100 million)



2006–2011 the Total Number of Investment in Exploration and Production (RMB 100 million)

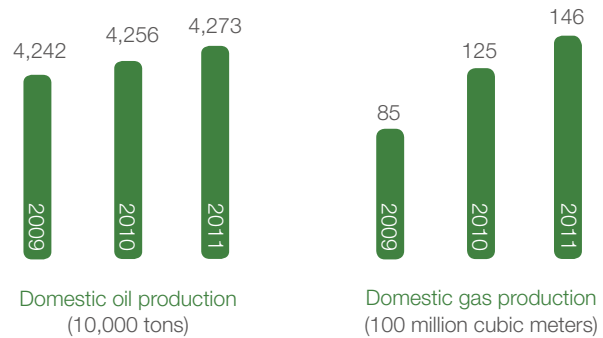
3,667

◎ Making Efforts to Expand Reserves and Production

In 2011, Sinopec continued to implement the resource strategy of "stabilizing output in eastern fields, expanding production in western areas, accelerating development in southern blocks, pushing forward offshore exploration and development, making breakthrough in unconventional resource development, depending on technologies and building up upstream strength". Great efforts were made to increase the hydrocarbon reserves and output in Shengli, Erdos, Sichuan, Tarim and unconventional resources. Relying on innovation in theories, technology and management, we achieved high quality development with good economic benefits.

In 2011, we made 5 breakthroughs, 8 important progresses, 4 significant discoveries and 10 major results. Measured geological reserves added by 39.23 million tons and that of natural gas added by 22.1 billion cubic meters, both registering substantial growth and strengthening the resource basis for Sinopec. Hydrocarbon production in 2011 amounted to 407.91 million barrels.

In 2011, Sinopec produced 42.73 million tons of crude oil and 14.6 billion cubic meters of natural gas in China while the oil production from the western region increased to 8.466 million tons.



The beautiful scenery of Ningdong oilfield



Great Plutonio offshore platform, Angola, Sinopec

From Victory to Victory, Sinopec Shengli Oilfield Produced 1 Billion Tons of Oil in the Past 50 Years

Shengli Oilfield is Sinopec's biggest oilfield and the second largest in China. In the past 50 years, the measured geological reserves of Shengli had been maintained more than 100 million tons for 28 consecutive years and the aggregate measured geological reserves amounted to 5 billion tons. The annual oil production averaged at 27 million tons for 15 years in succession and total oil production reached 1 billion tons, accounting for 20% of the national total from 1961 to 2011.

The development of Shengli Oilfield represents the history of pioneering which witnesses the hardships and indomitable spirit of several generations of petroleum workers, represents the history of overcoming difficulties which is achieved through technology progress and management innovation, represents the history of contribution which promotes loyalty to the motherland and giving back to the society and represents a history of talent development in which numerous talents were developed.

© Accelerating the Import of Overseas Resources

Faced with the unstable situation in the Middle East and North Africa, Sinopec has pressed ahead with the diversification of its crude import, strengthened international cooperation, explored more sources and mitigated supply risks. We have adopted multiple trade patterns, optimized logistics and transportation and expanded the gross volume of international trade, therefore guaranteeing the stable supply of oil and gas to the domestic market.

In 2011, the gross volume of Sinopec's crude trade reached 234 million tons, up by 25.8% on yearly basis. Meanwhile, Sinopec accelerated the import of overseas natural gas and signed the 6.3 million-ton/year LNG long-term procurement agreements with relevant suppliers.

© Diversifying the Energy Mix

Sinopec has placed emphasis on the development and utilization of new types of energy, including the development of unconventional hydrocarbon resources (CBM, shale gas and shale oil etc.) and biomass energy (bio-diesel and bio-jet fuel) and the clean utilization of coal.

In 2011, Sinopec achieved significant progress in the exploration of unconventional resources. CBM discoveries were made in Yanchuannan, Zhijin and Heshun blocks while shale gas was found in Jiannan (the west of Hubei and the east of Chongqing) and Yuanba (northeast Sichuan). The first horizontal well for shale oil was drilled in the deeply depressed zone in Biyang Depression in Henan Oilfield.

With the successful commercial scale-up of the in-house developed bio-jet fuel technology in 2011, Sinopec became the first company in China which is in possession of the proprietary bio-jet fuel production technology and capable of large scale production.

By 2020, Sinopec is expected to have more than 30 billion tons of coal resources with 40 million to 45 million tons of equity coal production, 4 million tons of oil equivalent of biomass energy production and 4 million tons of oil equivalent of unconventional oil and gas production.

1.2 Shaping an Integrated Value Chain

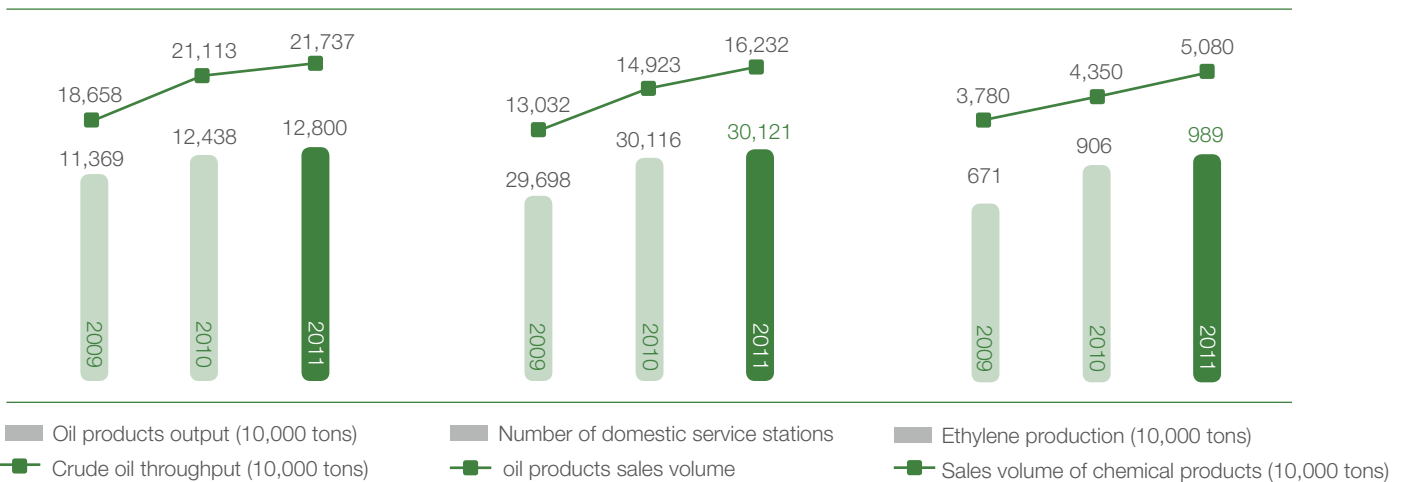
Before being used in people's daily life or as the feedstock for further production, oil and gas needs to be processed in refineries and petrochemical plants. While constantly strengthening the resource basis, Sinopec also focuses on research, production, distribution and marketing. With its unique integrated upstream and downstream businesses along the oil and gas value chain, Sinopec is able to provide energy and premium services for the clients.

Sinopec is the largest refiner in China and the second largest in the world. With the three refining and petrochemical bases in the Bohai Bay region, Yangtze River delta and Pearl River delta, Sinopec has constantly fueled the robust economic growth in China. In 2011, Sinopec's refining capacity of crude oil reached 230 million tons per year with 217 million tons of crude throughput, up by 3.0% year on year.

Sinopec has the most extensive service station network, the largest storage capacity and the longest pipelines for oil products, fueling all types of vehicles including cars, trucks, motorcycles, ships and agricultural vehicles. By the end of 2011, the number of Sinopec-branded service stations reached 30,121, the storage capacity of oil product depots 14.75 million cubic meters, the total length of oil product pipelines 8,681 kilometers and the total handling capacity of crude oil jetties (with the capacity of each above 250,000 tons) 256 million tons per year. In 2011, domestic oil products sales volume was 162 million tons, up by 8.8% year on year. Retail volume exceeded 100 million tons for the first time, up by 14.4% year on year.

Sinopec is the largest producer and supplier of chemical products in China. In 2011, Sinopec's ethylene output reached 9.894 million tons, up by 9.2% year on year. Sales volume of chemical products increased by 16.8% on yearly basis to 50.8 million tons.

Sinopec Value Chain



1.3 Pursuing Cutting-Edge Technologies

The innovation of science and technology, together with management innovation and the higher quality of its workforce are of strategic significance to the development of Sinopec. With the synergy of its integrated businesses, Sinopec has pressed ahead with the research and development of application, fundamental and forward-looking technologies and provided our clients with diversified products with high performance.

© R&D Strategy

Sinopec implements the R&D strategy of "Self-innovation, Key technology breakthroughs, Pioneering new technologies, Differentiation, Green and Low-carbon and Supporting the world-leading performance". Intensified efforts have been made to develop internationally advanced technologies for new energy, new materials, energy conservation and environmental protection, and by doing so, the Company not only consolidates its leading position in the emerging industries with strategic importance, but also achieves leapfrog growth. At the same time, Sinopec has persistently enhanced the technology capacity for its core businesses including E&P, refining and chemical production, and strengthened fundamental and forward-looking research to improve the indigenous innovation ability and ensure sustainable development.

© R&D System

The innovation of the management mechanism is critical to technology innovation. Through internal integration and the reform of the R&D system, Sinopec has preliminarily set up the R&D management mechanism of "One entity, Three platforms, Unified

planning and Integrated development". Meanwhile, with the close collaboration with our industry peers and clients, we have sharpened the R&D capabilities, achieved better research results and realized common development with our partners and clients.

© R&D Achievements

Sinopec has developed a crop of internationally competitive core technologies and proprietary technologies for our businesses along the oil and gas value chain. Technology research and development has played an important role in the discovery, development and utilization of energy resources, oil product quality upgrading, optimization of chemical products mix, energy conservation, emission cut and the fight against climate change.

In 2011, Sinopec has successfully commercialized a number of world-class proprietary technologies, including CO₂ capture and reutilization, MTO, PX adsorption and separation, and the liquid-phase recycling hydrorefining for diesel production. Progress was also made in the research and development of forward-looking technologies for bio-mass fuel and carbon capture and reutilization, etc.

In 2011, Sinopec filed 3732 patent applications, 42.8% higher year on year, with 1,290 patents granted, up by 53% year on year. The Company won 13 National Technology Invention Awards and National Science & Technology Progress Awards, including the First Prize of the National Science & Technology Progress Award for "The Research, Development and Commercialized Application of the Production Technology for High-end Products from Naphthene Base Viscous Oil". Sinopec also won the Gold Prize of the 13th China Patent Awards for "The Preparation and Application of Fully Vulcanized Powdered Rubber with Controllable Particle Diameter" and 6 China Patent Awards of Excellence.

The Granted Patents by end 2011

7,628

National Science and Technologies Award

1

Technology and Invention Award

47

Science and Technology Progress Award

300

Sinopec Discovered Yuanba Gas Field, the Deepest Large Marine Gas Field in China



Yuanba gas field is the second marine gas field with over 100 billion cubic meters of reserves that has been discovered in the northeast Sichuan after Puguang. With depth over 7,000 meters, Yuanba is also the deepest marine gas field in China. Through the unremitting efforts over a decade, Sinopec achieved the significant discovery of this large gas field which has been buried deeply underground for hundreds of millions of years.

Sinopec successfully carried out exploration in the high-temperature, high-pressure, high-yield, high sulfur content, ultra deep and subtle gas reservoir. During the exploration, Sinopec accomplished 11 of the National Science and Technology Key Projects, 24 of Sinopec's Science and Technology Key Projects and over 100 other technology R&D projects. A number of key technologies have been developed

and improved, enhancing Sinopec's technology capacity for the exploration in ultra deep, high sulfur content and complex reef gas reservoirs.

The measured geological reserves of natural gas of Yuanba, stated in the report submitted to the state authorities was verified and approved on 16 September 2011. According to relevant experts, the discovery of Yuanba gas field is a milestone in oil and gas exploration and an important achievement of the innovation of mindset, theories and technologies. From 14 to 17 September 2011, 25 correspondents from 18 media including People's Daily, Xinhua News Agency, CCTV, Xinhuanet and People's Daily Online etc. went to Yuanba and reported on the exploration and discovery of the gas field.

CO ₂ capture & flooding technology	CO ₂ capture technology was developed and applied in the demo unit. Good result was achieved in CO ₂ flooding experiment in which crude output increased by 12,900 tons with 62,400 liquid CO ₂ injected.
Multi-stage fracturing technology for horizontal wells	Progress was made in the experiments of the staged fracturing technology for horizontal wells, the horizontal section reaching 1,200 meters from 500—600 meters, the number of fractured stages increasing to 12 from 3—5 and the single well output remaining at 10.6 tons per day.
New S-Zorb technology	Proprietary process package was developed and successfully applied in 7 refineries, providing technology support for the quality upgrading of oil products.
Catalytic oxidative treatment technology for PO/SM off-gases	New catalyst was developed for the catalytic oxidative treatment technology for PO/SM off-gases and solved the problem of PO/SM off-gases emission with this internationally advanced technology.
Packaged technology for ethylene	The start-up of the two 1 mtpa ethylene units in ZRCC and Tianjin succeeded at the first attempt, marking the ethylene technology, engineering design, equipment and construction reaching new levels.
PX adsorption and separation technology	The 30 ktpa demo unit produced on-spec products with the recovery rate above 97% and product purity reaching 99.7%. This signifies that Sinopec has mastered the whole technology for aromatics production including the technology design, the construction of the plant, and the production of highly effective adsorbents. Sinopec becomes the third company in the world that owns the intellectual property for its aromatics technology.
S-MTO technology	The 600 ktpa demo unit which uses the self-developed S-MTO technology came on stream successfully at the first attempt. The world-class S-MTO technology can achieve nearly 100% conversion of methanol and over 80% of the combined selectivity of ethylene and propylene.

MTO Project Successfully Came on Stream in Sinopec Zhongyuan Petrochemical, Making a Crucial Step Forward in the Coal-Based Chemical Development

Coal takes up 94.3% in China's proved energy reserves while oil and gas account for only 5.7%. "Being coal-rich and short of oil and gas" is the basic reality in China. However, the olefins which consume much hydrocarbon resources are the world's most important chemical commodities and one of the basic chemical feedstock fueling the economic development in China. Capitalizing on the advantage of its refining and chemical technologies, Sinopec has given priority to the development of coal-based chemical and fully tapped the abundant coal resources.

Sinopec Zhongyuan Petrochemical's 600 ktpa demo unit, using self-developed S-MTO technology started up successfully at the first attempt on October 10, 2011. The S-MTO technology can achieve nearly 100% conversion of methanol and over 80% of the combined selectivity of ethylene and propylene. This marks that Sinopec's self-developed methanol-to-olefin technology has borne fruit in commercial use and also represents a crucial step in the development of coal-based chemical.

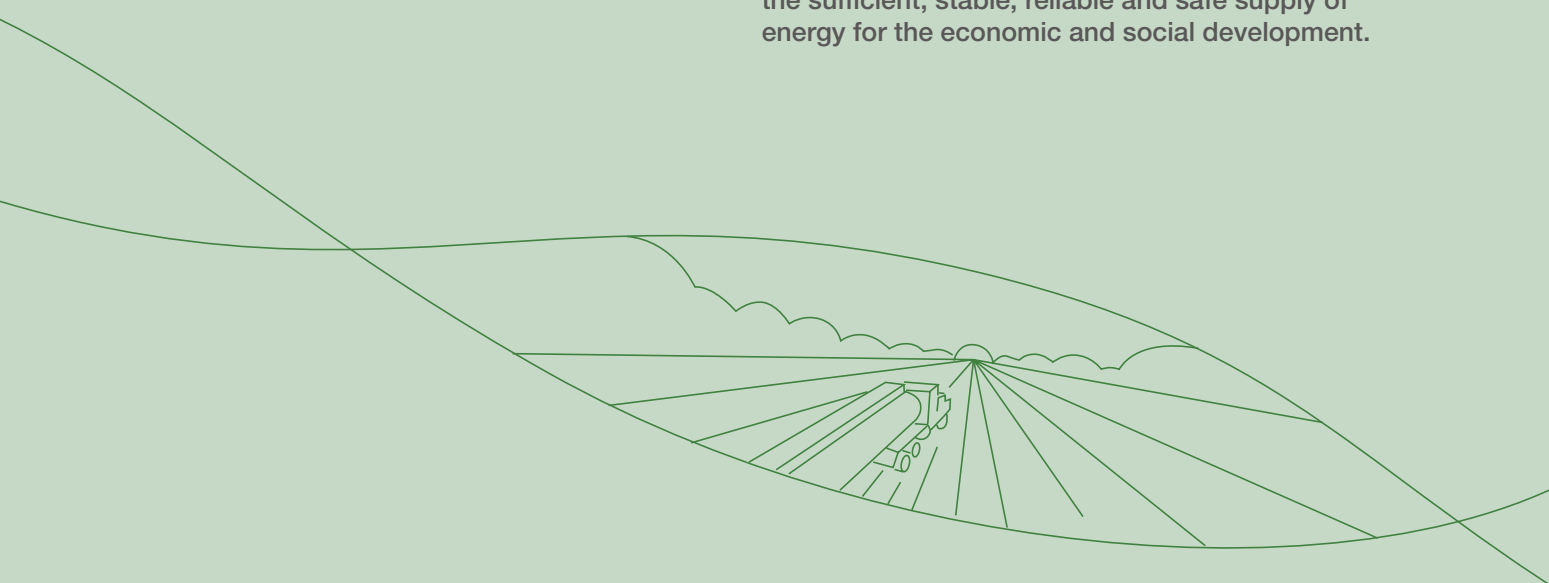




Conclusion

Guaranteeing the national energy security is our glorious mission. With the persistent efforts of our employees and relying on technology progress, sophisticated management and cooperation, Sinopec has been pressing ahead with the diversification of energy mix and sources as well as further improving its service network to enhance the capability of energy supply.

Oil and gas resources are limited, whereas human potentials are unlimited. We will make utmost efforts to discover more resources and ensure the sufficient, stable, reliable and safe supply of energy for the economic and social development.





Premium Customer Services

As the pillar in the national economic development, petroleum and petrochemical industries serve many other industries such as the automobile, textile, dyeing and printing, electronics, construction, packaging, transportation, agriculture and the aerospace industry. With the development of science and technology, the petrochemical products are used more and more broadly and serving all aspects of our lives.



As China's largest energy and chemical company, Sinopec adheres to the principle of "Being a leader in quality management" and the goal of "Excellent quality and sufficient quantity for customer satisfaction". With the convenient and well-established service system, Sinopec not only provides quality, sufficient and diversified products as well as thoughtful and caring services, but grows with the clients as well.





2.1 Diversified Products, Colorful Life

Sinopec's products include natural resources like crude oil and natural gas, refined oil products like gasoline, diesel, jet fuel, lubricant, bitumen and thousands of other petrochemical products. Some of these products are used in our everyday lives and some are materials used in construction, transportation, pharmaceutical, agriculture and the aerospace industry. Together we are building our beautiful home.

In order to make the full use of petroleum and petrochemical products and better serve the customers, Sinopec has been consistently seeking technological breakthroughs, researching and developing new products, broadening product functions and boosting the upgrading of relevant downstream industries through the optimization of the Company's own product mix and the upgrading of its own industrial structures. In the past five years, Sinopec has been continuously pushing for products' quality improvement and has launched high-end gasoline products ahead of its industry peers into the market; over ten new synthetic resin products have been launched every year; the output and proportion of synthetic resin compounds has continuously increased; and the differentiation rate of chemical fibers has continuously increased to over 63%.

New Application of Chemical Products



Construction – Nowadays people are already trying to reduce the use of rare materials as much as they can to build energy-saving homes. The materials such as EPS board are replacing the wood, sand and stone materials in the construction industry. The decorating and painting materials used on the floor and wall is more environmentally friendly.



Healthcare – The non-phosphorus cleaner is replacing the phosphorus cleaner and the use of soap, cleaner, washing liquid and anti-bacteria products has created a clean environment; the plentiful make-up products are meeting people's various demands as well.



Transportation – Nowadays the environment-friendly cars use a lot of plastic products. These polymers are strong and light and can be easily shaped, recycled and reused. The other chemical technologies that have largely benefited the development in the modern automobile industry includes new generations of batteries, the insulating layer of the electric wire and cable, durable tyre rubber and anti-corrosive treatment of the metal surface, etc.



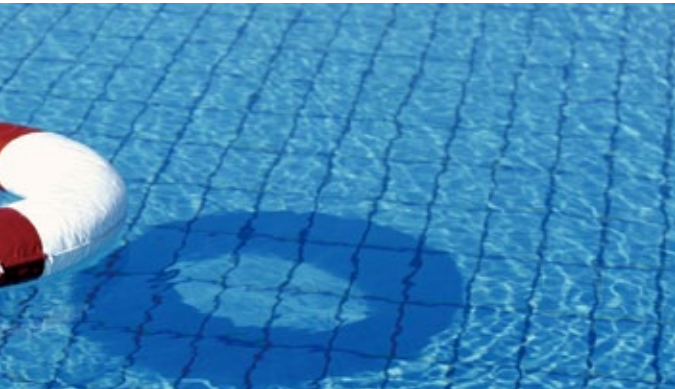
Agricultural production and processing – Chemical fertilizer has eased the pressure on food production caused by the world's population growth; new film packaging materials have enabled longer conservation period of food.



Pharmaceutical – Provides the pharmaceutical enterprises with the necessary raw materials to make medicine; provides high-quality, biocompatible high performance polymer for the production of artificial organs such as artificial limbs and blood vessels; provides medical X-ray film and its treatment liquid, improves the image development quality and reduces the radiation to human bodies.



Science and technology research – Provides the necessary basic materials for the research in modern heredity and molecule structure, and the experiment in organic synthesis, aeronautics and astronautics.



2.2 Leading Quality, Common Growth

Sinopec always regards the product quality as the life of the enterprise and strives to ensure the high quality and sufficient quantity of its products through strict management. At the same time, Sinopec has never been satisfied with its past success in quality management and under the guidance of "Being a leader in quality management", the Company perseveres in strengthening scientific research and improving the system and services, in order to become a leader in quality and grow with the customers.

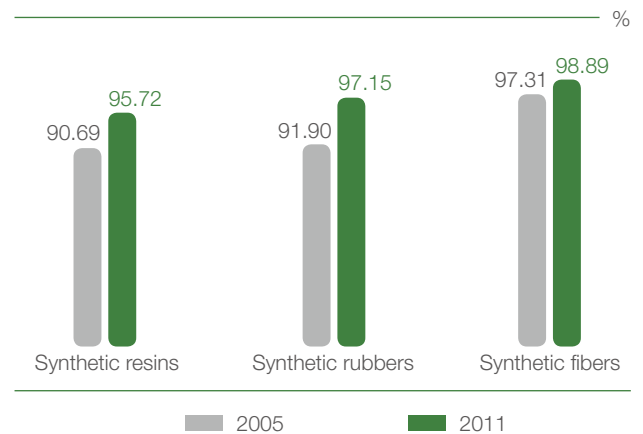
◎ Improving the Quality Assurance System

In 2011, Sinopec revised and published the new "Quality Management Measures" and "Quality-related Accident Management Regulation", adding relevant regulations and the detailed quality management methods with clearly defined rights and responsibility.

- Strengthen the quality-oriented mindset and incorporate quality, goal and social responsibility into the corporate culture.

- Intensify efforts in training and increase the accuracy in quantitative and quality data.
- Regulate accident management and require timely report, investigation and settlement of quality-related accidents.

The Proportion of First-Grade Products in Synthetic Resins, Rubbers and Fibers



Supervision Across the Supply Chain of Outsourced Petroleum Products



◎ Seeking Leading Quality

On the basis of improving quality assurance system, ensuring good quality and sufficient quantity, Sinopec keeps up with the development of the economy, society and relevant sectors, fully utilizes its comprehensive strength, strengthens the external cooperation, continuously develops better products and grows together with the customers.

Sinopec Great Wall Lubricant Facilitates the Successful Docking of the Shenzhou-8 Spacecraft with Tiangong-1

At 01:36am, November 3rd, 2011, Shenzhou-8 successfully docked with the already orbiting Tiangong-1, which made China the 3rd country that masters the rendezvous and docking technology, after the US and Russia. From assisting with Shenzhou-8's orbit transfers to the precise control of the distance, speed and condition of the two spacecrafts, and finally to the successful docking, Sinopec Great Wall Lubricant has provided the safest and most precise lubrication and sealing system, which again contributes to the development of China's aeronautics and astronautics industry.

Sinopec's lubricant business enjoys a leading position in the research and development capability, standard formulation, product mix, reliability and application. The Great Wall Lubricant is one of the signature products representing Sinopec's quality and technology.

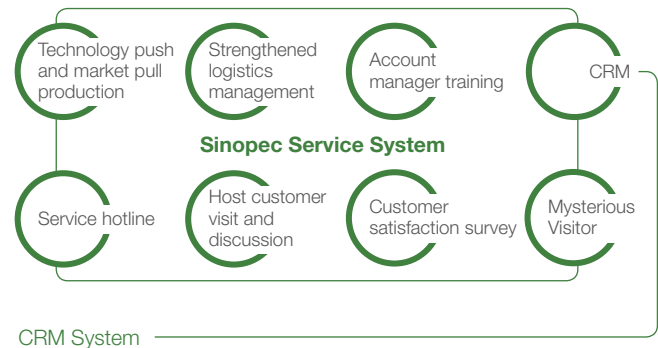


Customers Are Partners. Cooperation Leads to Win-Win Result

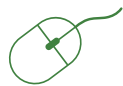



In order to meet the customers' demands and better support their development, Sinopec has attached great importance to the exchanges and cooperation with the downstream enterprises. Sinopec has established a biannual technology exchange mechanism with Midea Group which helped Sinopec's High MI and Impact Copolymer PP enter the raw material procurement list for Royalstar and Little Swan washing machines. The cooperation with China FAW to develop the material for large roto-molded fuel tank has made breakthrough and entered the performance assessment stage after shaping experiment finished. We have also partnered with Milliken to upgrade the transparent polypropylene and develop the new generation of raw materials with premium safety performance.

2.3 Providing Caring Services

Sinopec adheres to the management principle of "meeting customer demands and creating value for customers" and consistently improves the service system, innovates in the service model, raises the service standard and creates higher value for the customers.



CRM System

-  Click the mouse to submit plan, check orders and accounts.
-  Free Service Hotline is open for customers to check their orders and delivery and send feedbacks.
-  Host customer visit and discussions to understand their demand, enhance customer satisfaction and provide specialized market consultancy.
-  Send customer surveys on regular basis to check the weak links of management in customer services.

© **Multi-Functional Non-Fuel Businesses that Enable Customers to Enjoy Convenient and Premium Services in Our Stations**

In order to provide broader and more caring services, Sinopec has taken the advantage of its extensive retail network and is building a comprehensive, one-stop and multi-functional service platform that combines fueling, shopping, dining and car services, and turning the traditional petroleum stations into comprehensive service stations. By the end of 2011, Sinopec has 19,000 Easy Joy convenient stores, 3000 more than that in 2010.

Sinopec Is Dedicated to Building a Warm and Convenient Shopping Environment

Wide drive lane, neat layout, distinct sign and passionate service is what makes customers feel comfortable every time they come to our service stations.

Sinopec service station's image and design standard is based on the internationally advanced service station image standard, and has taken into consideration other elements like the safety management and energy saving requirement. The newly established service stations are all built according to the new standards and the existing service stations are being refurbished and transformed in turns, and right now there are almost 8,000 service stations with the new image. We are also refurbishing the direct sales offices, lubricant stores and Easy Joy convenient stores. At the same time, in order to control the air pollution caused by the evaporation of the fuel, we are speeding up the vapor recovery reconstruction to fundamentally reduce the vapor density in the service stations and to create a greener shopping environment for the customers.



New image service station

Sinopec Partners with Top Fast Food Restaurants to Provide One-Stop Quality Services

McDonald's and KFC's Drive-Through allows customers to order, pay and get the food without leaving the car. Since 2006, we have introduced McDonald's and KFC into our service stations and by the end of 2011, we had completed 29 cooperation projects with the international fast-food tycoons in 15 provinces and cities such as Beijing, Shanghai, Tianjin, Guangdong, Shandong, Zhejiang, Fujian and Liaoning, and have provided customers with a whole new dining experience.

© **The Value-Added Services of the Fuel Cards and Self-Service Stations Are Enriching Customers' Shopping Experience.**

Sinopec has issued more than 60 million fuel cards by far and over 30% of the fueling consumption is paid with the fuel cards.

In order to meet the customers' diversified demands, Sinopec has opened the self-service stations timely to create a fresh customer experience. At the end of 2011, there were altogether 1,227 self-service stations in operation.

The Value-Added Services of the Fuel Cards

- Improving the fuel card system, including enhancing the system's functionality so the customers can experience more efficient and convenient services
- Broadening the types of services such as topping up the card outside of the city where it is issued, micro-refund, affiliated card application, etc. to increase service efficiency
- Establishing cooperation with third parties such as banks, Alipay, telecom companies etc. to meet the demand of topping up cards in numerous ways
- Upgrading the customer service system to include voice service, on-line service, multi-media service to improve efficiency
- Providing the text message notice service to facilitate the smooth communication with customers and increase their satisfaction



Sinopec opens self-service station on North 2nd Ring Road, Kunming, Yunnan Province

Strive to Be a Leader in the "Serve the People and Pursue Excellence" Campaign

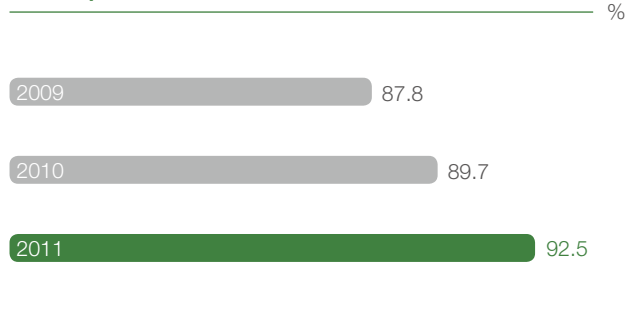
On Dec 9th, the inspecting group led by Mr. Gao Xuanmin, member of the leading group of the Central SOE "Serve the people and pursue excellence" campaign and the Director General of the Organization Department of the CPC Central Committee, visited two service stations of the Sinopec Beijing Oil Products Company. They inspected how the services are improved in the campaign, how the development of party organizations is strengthened and how the public satisfaction is raised. The group was deeply impressed by the service stations' self-service fueling, Easy Joy convenient store, staff's kitchen, activities organized by the party branches and the passion and attentive services of the staff. The inspection group highly recognized what Sinopec had achieved and required that Sinopec should continue to make efforts and become a leader in the campaign.

◎ Listen to Customers and Increase Customer Satisfaction

Sinopec adheres to the principle of "customer comes first" and keeps improving the service capability, customer satisfaction and loyalty. From the routine customer visit, providing technology services, opening telephone and internet information platforms to developing strategic cooperation, maintaining the profit margin of the downstream industry and conducting customer satisfaction survey, Sinopec is always making sure that the customers buy and use with confidence and assurance.

A survey carried out by an independent third-party organization shows that the overall customer satisfaction score of Sinopec's chemicals sales in 2011 is 92.5, 2.8 points higher than 2010 and 6.9 points higher than industry benchmark. The customer loyalty rate is 98.7%, 0.3 percentage points higher than 2010 and 8 percentage points higher than industry benchmark.

Customer Satisfaction Score for Sinopec Chemical Sales



Sinopec Collects Customers' Opinions and Suggestions with Awards



On September 15th, Sinopec oil products sales companies started collecting the customers' opinions and in nearly a month's time, more than 30,000 valid questionnaires had been collected.

Many people have written favorably about the service of Sinopec's service stations and the quality of its oil products. A netizen in Lishui, Zhejiang comments: I often go to the Sinopec service station in Jingning County and the staff there takes the initiative to guide the cars efficiently and make the reasonable arrangement to shorten the clients' waiting time. A netizen in Baoding, Hebei says: I've been using Sinopec's gasoline for 4 years and I think it's very reliable with good quality and sufficient quantity.

Some people have given valuable suggestions, some of which have been taken, such as increasing the number of card-issuing outlets and the service stations where cards can be used, and prolonging the business hour of card sales. Some other suggestions, such as increasing the number of fuel card top-up outlets, broadening the functions of fuel have become the next targets for the further improvement of our service.

◎ Chemicals Sales: Promoting High-Quality, Easy and Value-Added Procurement

In order to satisfy the customers, Sinopec proactively promotes high-quality, easy and value-added procurement.

High-quality procurement is to control the four key elements in procurement and sales: supplier access, resources procurement, logistics and transportation, delivery and measurement. It is also being market-oriented and partnering with manufacturing companies to produce high-end, differentiated and special products customized to clients' needs.

Easy Shopping is to make shopping more convenient by enhancing the construction of the information system platform and sales network. Nowadays our 5,400 customers can easily send proposals, place orders and check accounts through the CRM system with a simple click. Filing a complaint, consulting and providing feedback can be done via a phone call. Moreover,

customers can pay bank's acceptance bill and check the status of the order by going on-line. The 26 sales outlets all over the country make the procurement process very easy and provide before-sales, while-sales and after-sales services within the shortest distance, which gives customers the greatest convenience.

Value-added procurement is to proactively develop new products for customers based on their demands. It means more visits to customers, technology service, complaint handling, product delivery and continuously reducing customer procurement cost; making great efforts to ensure the supply to customers through the use of inventory when there is a shortage of resources; adjusting the price sensibly to keep reasonable margin when the market is slowing down; delivering technology services to customers when they are experiencing difficulties using our products.

2009

Year of Service
Foundation



2010

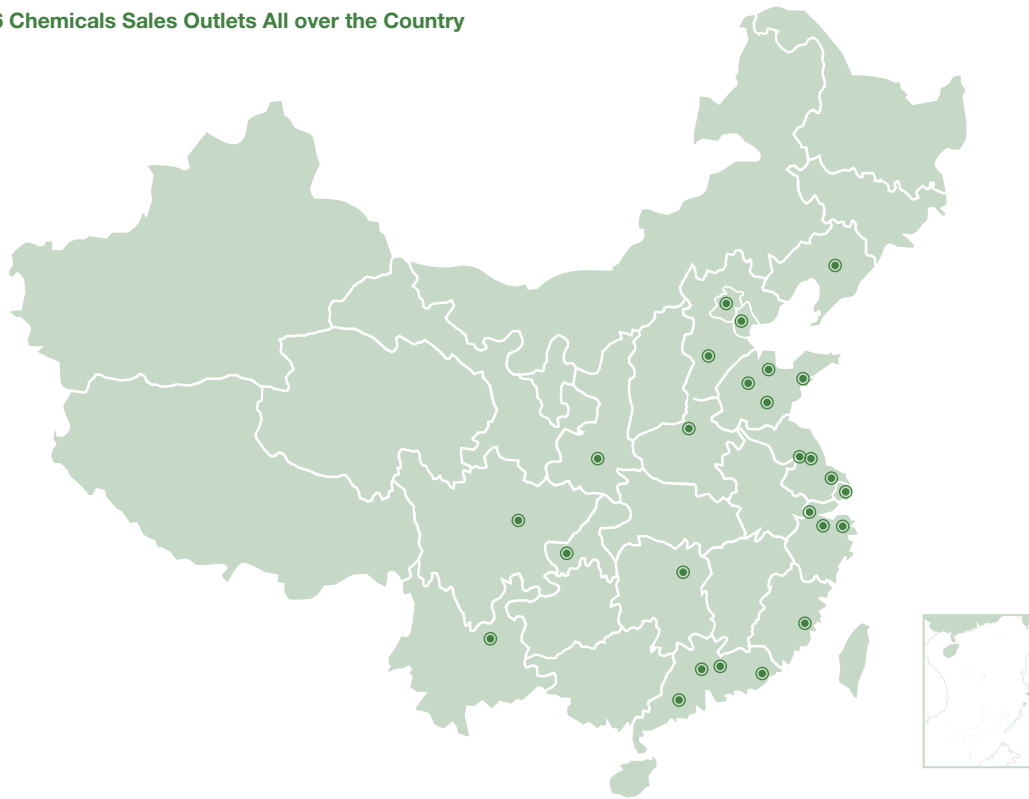
Year of Service
Enhancement



2011

Year of Service
Effectiveness

Sinopec's 26 Chemicals Sales Outlets All over the Country



© Natural Gas, Proving the "Essence Gas" to Customers

In natural gas sales, pipeline operation and engineering construction, Sinopec reinforces the service and "essence" mindset, promotes the sophisticated management, makes great effort to build the Sinopec natural gas brand to make every cubic meter of natural gas the "essence gas" and provide high quality, rightly measured and priced clean energy for the public and our clients.



Puguang Gasfield

2.4 Going Through Special Times Hand-in-Hand

The peak farming seasons, the change of climate, price fluctuation and natural disasters will all cause dramatic change to the demand of oil products, and it's very difficult to adjust production at any time due to the characteristics of the petroleum and petrochemical industrial process. Hence, Sinopec continuously improves the emergency response system, plans ahead and prepares meticulously and has effectively eased the intensity between supply and demand, and contributed greatly to the stable economic growth and people's lives.

◎ Harness Hope in The Peak Farming Season

During the peak planting and harvesting seasons of Summer and Autumn, Sinopec plans ahead and sets up the leading groups in Hebei, Shanxi, Shandong, Henan, Jiangsu, Anhui and Hubei, and formulates the service and emergency response plans to ensure the supply of oil products for the agricultural vehicles. Through strengthening resource allocation, opening service stations and express channels exclusive for agricultural vehicles, organizing oil products delivery teams and opening a 24-hour hotline, the supply of oil products to the agriculture vehicles is ensured.

Besides, Sinopec also offers free services such as providing drinking water, medicine and repair tools, allocating rooms for people to rest in the service stations and giving out gift bags consisting of daily necessities, to provide more convenience to farmers.



Sinopec delivers oil products to farmlands

◎ Join Hands to Tide over Disasters

To prepare for natural disasters and ensure the sufficient supply, all the sales subsidiaries of Sinopec have emergency response plans that involve resource allocation and transportation, duty arrangement, oil depot, service station supply etc. and exercises are carried out every year. In 2011, in the fights against snow, rain, frost, earthquake, drought and flood, Sinopec launched the emergency response plans quickly and took all possible measures such as opening express channels, fueling on the move and manually delivery, etc. to successfully ensure the sufficient supply of oil products.

Sinopec attaches great importance to the supply of oil products in Southwest China in winter time and increases the supply in the respective area every January. In January 2011, the supply of oil products in Guizhou, Hunan and Chongqing was 755,000 tons, a 13.5% year-on-year increase, and the supply could be increased anytime depending on the situation of the disaster.

**The Supply of Oil Products
in Guizhou, Hunan and
Chongqing (10,000 tons)**

Year-on-Year Increase

75.5 13.5%

◎ Making Every Effort to Ensure the Supply of Diesel

Since October, 2011, oil products supply, diesel supply in particular, has lagged far behind demand in the domestic market, due to a number of factors including the international oil price rebound, seasonal consumption demand increase, lower capacity utilization in some refineries and less products available from independent refineries. In light of the refining loss and diesel supply tension in domestic market, Sinopec conscientiously abode the principle of "Full-load production, Adjusting product mix, Tapping inventory, Decreasing export and Increasing Import", and took various measures to increase the output and supply of oil products to solve the problem as quickly as possible. Since October, Sinopec's average daily sales volume has been increasing significantly and hit record high.



Conclusion

A smile of satisfaction from customers is our biggest gain. In 2011, we have been staying with our customers regardless of the market situation and have gone through all the difficulties to deliver good performance.

In 2011, Sinopec further acted on the principle of "Being a leader in quality management" and "Excellent Quality and Sufficient Quantity for Customer Satisfaction". Everyone in Sinopec takes quality as importantly as one's own life and we strive to create a better tomorrow together with our customers.



Safe and Stable Operation

Safe and stable operation is a prerequisite to steady growth and profitability for the company, directly linking with the company's long-term development. Since the establishment of Sinopec, safety has been a top priority. Sticking to the concept of "Safety foremost and human life valued most", we constantly improve HSE management to ensure safe and stable operation.



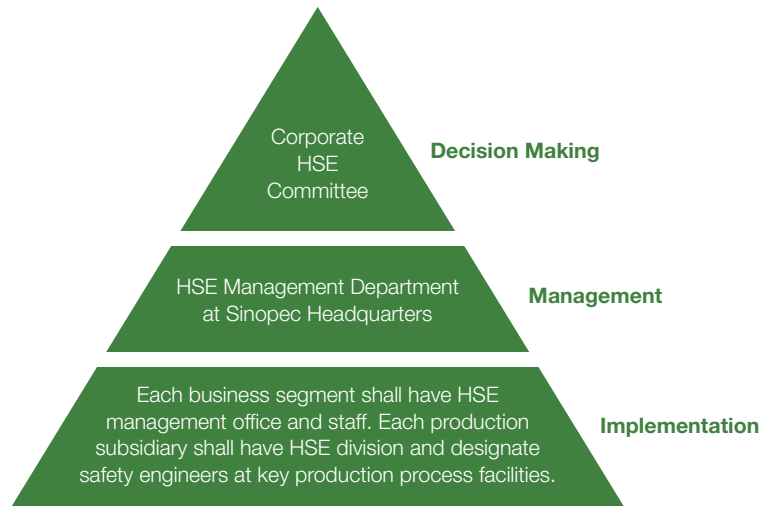


3.1 HSE Management System

We attach great importance to HSE and implement the HSE management system throughout the company.



Sinopec HSE Objective



Sinopec HSE Management System

We keep improving the HSE management system that covers the whole production process and everyone from top management to grassroots operators. The person at the post, who is required to sign a letter of commitment, answers for safe operation of the post. We organize annual HSE examination and ad-hoc inspection to review HSE performance of key subsidiaries.

In 2011, we developed and implemented four regulations including management onsite guidance. We put into practice "Seven Remembers and Seven Don'ts" for site operations, invited foreign HSE experts to help identify safety problems and work on solutions, and sent expert groups to subsidiaries that were newly-established or weak in HSE management, to provide tailor-made support and advice.

Annual HSE Examination and Ad-Hoc Inspection. HSE of Joint Ventures Audited for the First Time

Sinopec's 2011 annual HSE examination and ad-hoc inspection on well control and offshore operations cover 62 tier-1 companies, 449 tier-2 companies of key projects and 1,563 grassroots affiliates. The inspected companies were required to address identified risks and take measures to prevent them from happening. In 2011, there were very few serious accidents, and the number of reported accidents dropped considerably.

We made efforts to enhance HSE supervision of joint ventures by auditing for the first time JVs including Shanghai SECCO Petrochemical Company, BASF-YPC Company, Fujian Refining & Petrochemical Company and Yangzijiang Acetyl Chemical Company, who were urged to strictly follow Chinese laws and regulations on safety production, environmental protection and occupational health.

Seven Remembers and Seven Don'ts

<i>Safety rules</i>	<i>Don't do if there is violation of rules</i>
<i>Safety risks</i>	<i>Don't do if you does not know the risks</i>
<i>Safety measures</i>	<i>Don't do if there is no safety measures</i>
<i>Checking work environment</i>	<i>Don't do if the work environment is not safe</i>
<i>Safe operating skills</i>	<i>Don't do if you are not qualified in skills</i>
<i>Making in place safety goods</i>	<i>Don't do if there is no sufficient safety goods</i>
<i>Safety confirmation</i>	<i>Don't do if the safety is not confirmed</i>

3.2 Intrinsic Safety

For high risk industries like energy industry, any neglect of work, irregular operation, potential hazard might cause accidents, leading to lose of properties or even people's lives. We have made enormous efforts to enhance safety awareness among staff, site safety management and potential hazard control, in order to develop into an intrinsically safe company. In 2011, there were 6 reported accidents, one fewer than last year and there was one death, the same as last year. There were no accidents that needed to be reported to State Administration of Work Safety, Ministry of Environmental Protection or State-owned Assets Supervision and Administration Commission of the State Council.

© "I Safe"

People are the most critical link in production and operation. Focusing on forging a safety-oriented corporate culture, we make major efforts to motivate staff involvement in ensuring safe production.

The year of 2011 is the third year of "I Safe" campaign. We compiled a collection of good examples during the past three years for every employee to follow, and encouraged searching of weak links, with 170,000 weak links found out and nearly 120,000 pieces of advice given. By participating in "I Safe" activities, staff's safety awareness has been enhanced, their sense of responsibility sharpened, and unsafe behavior enormously reduced. In 2011, the number of reported accidents and that of reported deaths fell by 38.9% and 57.1% respectively compared with 2008.

Reported Accidents in 2011, Compared with 2008

➔ **38.9%**

Reported Deaths in 2011, Compared with 2008

➔ **57.1%**

🌿 "Safety Penetration" Activities

Sinopec Shanghai Petrochemical Company carries out "Safety Penetration" educational activities, which require staff to recite and pass the test of safety rules, and learn safety rules in groups, from good examples and through media. In this way, every employee is brought home to the concept of "being safe every second on duty". In 2011, the company's ethylene glycol combined unit team was awarded the Top Prize for National Excellent Safety Construction and Management Team.

© On-Site Safety Management

After analyzing past accidents, we have found out that command and operation against rules and violation of labor discipline are the primary causes of accidents, and most accidents take place in direct operations. To address these problems, we have developed and put into practice Sinopec Ban on Irregular Behavior in Production. We strictly follow regulations on operation license and safety checking, and have taken concrete measures to guard against occurrence of accidents.

In 2011, we continued to strengthen site supervision of key facilities and locations during special period and special operations. In refining and petrochemical subsidiaries, we set 240 positions of grassroots safety supervisors. Requirements of "Seven Remembers and Seven Don'ts" were introduced to site operations. The emphasis of safety management shifted to the grassroots level. Efforts were made to ensure thorough investigation and proper handling of accidents. Two heads of subsidiaries were held accountable for accidents.

🌿 Safety Checklist form

In Sinopec Henan Oilfield, operators are reminded to be cautious all the time by the safety checklist form which applies to every post, every equipment and covers potential risks of every hazard installation.



Workers discussing safety work on the site at Sinopec Jiujiang Company

◎ Potential Hazard Control

Potential hazards, if happening, could undermine safe production. Therefore, potential hazard control is one of our principal ways to lower accident rate. We always ensure funding for potential hazard control in making the annual budget. We have formulated Regulations on Potential Hazard Control Project and strictly follow it in daily work. We apply 4W management to potential hazard control projects, which means to define what to be done to improve safety management, where the fund comes from, who is in charge and when the project should be completed. With many years of input of manpower and funding, all production facilities have realized safe, stable, longtime and optimal operation, and we have achieved a higher level of intrinsic safety.

In 2011, the focus of potential hazard control was placed upon well control devices, liquid hydrocarbon spheres, instruments, emergency response system, tank depot fire-fighting system, thermal oil pump sealing, loading of light oil and chemical products, and long-distance pipelines.

In 2011, We Invested a Total of RMB (billion)

Potential Hazard Control Projects

157.7 622

Shengli-9 Platform upgraded and undocked

Shengli-9 platform upgrading project, Sinopec's key potential hazard control project, was put into a successful trial operation and is currently going through the rounding-off phase. Ageing key parts of this 32-year-old platform like the derrick and steel structure got replaced.



◎ R&D

In 2011, we completed phase one of HSE management system pilot project, and the model of HSE information system of main business segments began to take shape. Study has started on high risk chemical transportation, real-time tilt monitoring of mobile offshore platform, and long-distance pipeline safety.

3.3 Safety Management of the Supply Chain

Safety management of the supply chain can generate synergy with that of production and helps to reduce accidents. That is why we extend safety management from inside the company to the supply chain.

◎ Suppliers

To realize safe production, it is important to purchase high quality materials. We have implemented online procurement in an all-round way, and keep tight control of suppliers with a mechanism of supplier admittance, assessment, alternation and disqualification.

Dynamic and Quantitative Assessment of Suppliers

Sinopec Maoming Company adopts a supplier rating system based on dynamic and quantitative assessment that is conducted every year. Changes of the rating will lead to elimination of disqualified suppliers or introduction of new qualified ones. The assessment results are the basis for selecting suppliers with excellent performance and sound reputation and for building up a pool of loyal and high-quality suppliers.

◎ Contractors

Contractors are covered by Sinopec HSE management system. We used the concept of "Three Unified" to regulate contractors' behavior, which means unified management, unified standards and unified requirements for contractors. In 2011, we organized HSE training for heads of contractors. Group President Wang Tianpu's lecture that detailed Sinopec HSE concept and management has greatly motivated contractors to voluntarily get involved in the system.

We exercise closer and stricter supervision of contractors' HSE performance, following the principle that "he who lets the contract will be held responsible for the contractor's behavior". Jointly liability is applied to accident settlement. No contractors are allowed access to the construction site without safety education. Based on the principle that the employer answers for behavior of the employed, we keep intensifying HSE management of labor force of all kinds.

In 2011, the number of accidents and deaths of contractors dropped by 42.9% and 47.1% respectively.

In 2011, the Number of Accidents Dropped by

42.9%

In 2011, the Number of Deaths of Contractors Dropped by

47.1%



Sinopec Zhanjiang Dongxing Refining and Chemicals

Personal Record Management System Applied to Contractors

Sinopec Yangzi Petrochemical Company uses a personal record management system to make better safety control of contractors. Each construction worker, after safety training, is issued a personal information magnetic card upon access into the construction site. Via this card, the system can record and score a worker's every act of violation. If his total points exceed a certain level, the worker will be removed from the site. Since application of the system in 2010, contractor violation went down to 14% from 42%. In 2011, there were no accidents that caused major casualties, fires or blasts in Yangzi Petrochemical's 76 construction projects.



© Logistics Providers

We have established a logistics provider admittance and management system. All logistics providers are encouraged to deepen awareness of intrinsic safety and develop complete operation procedures and emergency plans. Key and strategic logistics providers are required to develop HSE management system in accordance with ISO14000 and OHSAS 18000 standards. Safety examination and certification system and operation site safety inspection standards have been set for vehicles carrying hazardous chemicals and chemical vessels to ensure safe chemical logistics.

3.4 Emergency Response

We have developed a unified emergency command system with focus on prevention. In 2011, we revised the emergency plans for major accidents and finished the inspection and record-keeping of 1,038 emergency plans of 83 affiliates. We have also improved emergency management, fire control, regional collaboration, and set up the fire emergency management system.

Based on the principle of sharing and well allocating resources of our own and the society, we have built up an effective emergency response system and professional multifunctional rescue teams. In 2011, we expanded offshore oil spill and emergency rescue teams. We invested almost RMB 200 million in improving fire control equipments of some subsidiaries. Besides the existing seven regional emergency collaborative teams, we added two fire control collaborative teams in northeast and northwest of Sichuan Province. All teams organized joint fire drills on a regular basis to enhance the level of collaboration among subsidiaries in geographical proximity.

Collaborative Emergency Response Mechanism of the Three Oil Giants

In November 2011, Sinopec, CNPC and CNOOC launched collaborative emergency response mechanism. A coordination group was jointly set up by three companies and collaboration plans were developed that covered fire control, hazardous chemicals, long-distance pipelines, well control, maritime rescue and contamination prevention.

Joint Emergency Drill by Sinopec's Branches and Local Government

In December 2011, an emergency drill was jointly organized in Well Yuanba-273 by Sinopec Exploration Southern Company, Sinopec Shengli Oilfield and the government of Cangxi, Sichuan. In the drill, advanced devices such as emergency vehicles with wireless remote control, H₂S shelters and enduring reciprocators were used for the first time.





3.5 Public Security

Our HSE management system is characterized by the alignment of target deployment, inspection and assessment inside and outside China on regular basis.

Inside China, HSE is focused on oil and gas fields and pipelines. In 2011, we developed and sent out Notification of Building Secure Oilfields and Notification of Building Secure Pipelines, and worked out anti-terrorist guidelines. Oil-related criminal cases went down by 20.5%. Cases of drilling into pipelines to steal oil and to steal fuel products fell by 8.3% and 71.6% respectively.

Outside China, we are constantly improving overseas safety management system. In 2011, we formulated regulation on overseas HSSE management, and revised regulations on overseas public security management and training. We designated organizations in charge of public security in 52 countries and regions. We continued to keep high attention on and make study of the security situation in high risk regions, promulgate risk assessment reports and HSSE bulletins. There were no incidents outside China that caused loss of human life.



Women employees on well and pipeline patrol in foggy weather, Sinopec Shengli Oilfield



Sinopec employees discussing dryer maintenance issues

Conclusion

The importance of safety can never be emphasized too much. It is both our duty and objective to ensure safe and stable operation. We will keep safety as top priority and continue to improve safety management.





Green and Low-Carbon Growth

Green development is one of the important dimensions of a company's core competitiveness. In August 2011, Sinopec officially made green and low-carbon growth one of its corporate strategies.

Relying on technology innovation and application, we use less energy, give out less GHG, cause less impact on the environment, and make greener and cleaner products. It is our aspiration to develop into a resource-efficient and environment-friendly company.

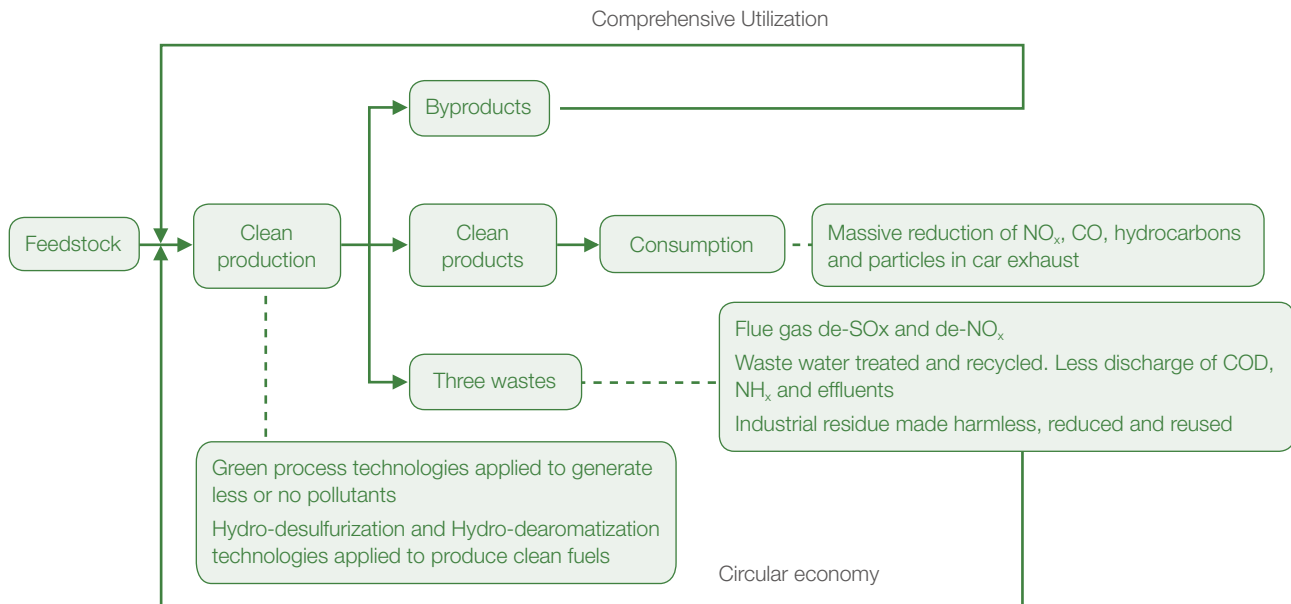




4.1 Green Operation

As a responsible energy and petrochemical company, we pay great attention to environmental protection. With a clean management system covering the whole process from production to consumption, we keep striving to achieve green growth and contribute to clear waters, green land and a blue sky.

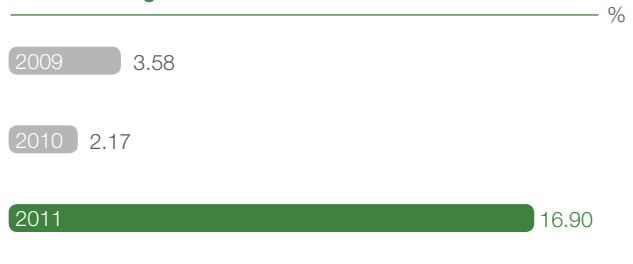
Sinopec's Whole Process Clean Management System



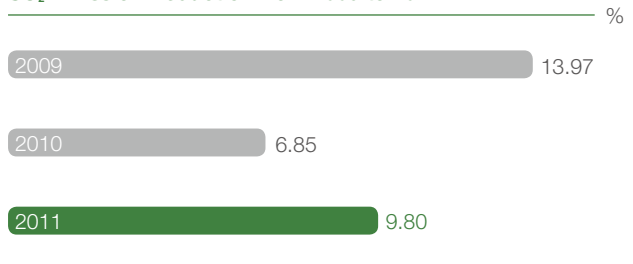
In 2011, we signed responsibility documents of major pollutants discharge reduction target with the government and delegated the target among our subsidiaries. We also developed the 12th Five-Year Plan for Sinopec environmental protection work, which deploys key environment-related tasks in the future.

In 2011, we continued to improve environmental protection regulations and tighten environmental performance assessment. We carried out serious EIA for all projects, strictly followed the regulation that HSE facilities and the main project are synchronized in terms of design, construction and commissioning, and made major efforts in promoting clean production and comprehensive utilization of resources. Pollution control was intensified and positive outcome was achieved. Compared with last year, industrial effluent discharge dropped by 8.7%, on-spec rate of discharged waste water went up by 0.4 percentage points, and COD discharge fell by 16.9%. SO₂, NO_x and NH_x emissions went down by 9.8%, 3.4% and 34.9% respectively.

COD Discharge Reduction from 2009 to 2011



SO₂ Emission Reduction from 2009 to 2011



NH_x Emissions Reduction Compared with Last Year

34.9%

NO_x Emissions Reduction Compared with Last Year

3.4%

© **Clean Production and Pollution Reduced from the Source**

Sinopec lays particular emphasis on clean production in the whole process and strives to control formation of pollutants from the source.

We continued to tighten control of potential environmental hazards. In 2011, Sinopec invested RMB 425 million for 125 potential hazard control projects. Key projects are those that aim at controlling oily sand, waste water in oil and gas production, aquifer pollution, biochemical sludge/bottom sludge/top scum, air pollution, water body risk and at improving environment monitoring system.

We continued to recover gasoline vapor. In 2011, we added gasoline vapor recovery facilities in four oil tank depots and 313 service stations. By far, we have done the same to 41 oil tank depots and 2,961 service stations in Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang and Guangdong.

We intensified key technology R&D. We made a new round of efforts to integrate R&D capacities of the company, carried out four waste gas control projects and five flagship R&D projects focusing on waste water treatment. We made conspicuous progress in PO/SM waste gas control project. Odor control projects of refineries and chemical plants, FCC regenerator flue gas de-SO_x, de-NO_x and dust removal projects and waste water control projects of key plants are going on very well.

In 2011, we started a new round of clean production inspection and assessment of production subsidiaries including six tier-2 subsidiaries like Sinopec Qingdao Oil Refining & Chemical Company. By the end of 2011, 21 refining and chemical subsidiaries, or 52.5% of total in Sinopec, passed the inspection.

 **Sinopec Guangzhou Petrochemical Credited as Contributor to Green Universiade**

The 26th Universiade was held between 12 and 22 August 2011 in Shenzhen, Guangdong. During the Universiade, Sinopec Guangzhou Petrochemical ensured supply of clean oil products for Pearl River delta area and contributed to a Green Universiade by improving facility management, optimizing product slate and strengthening monitoring on environment-related facilities.



Sinopec Guangzhou Petrochemical Company

Facts and Figures of Clean Production from 2005 to 2011

Number of clean production plans	4,684
Investment deployed	RMB 1,434.64 million
Waste water reduced by	39,880 ktpa
COD in waste water reduced by	4.341 ktpa
Waste gas reduced by	871.3 million m ³
SO ₂ in waste gas reduced by	23.229 ktpa
Industrial residue reduced by	18.341 ktpa



Sinopec Shanghai Petrochemical Company

◎ Making Clean Products and Reducing Pollution in Consumption

We also pay high attention to making clean products, and discharging fewer pollutants in downstream business and consumption.

Steady improvement has been made in oil product quality upgrading. All gasoline products met GB III standards in 2010. Since July 1st, 2011, Sinopec has started to supply the diesel products on GB III standards.

Sinopec's Environment-Friendly Rubber Opens up EU Market.

According to EU's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) effective in end 2006, oil extended rubber made in China was not allowed for export to EU market due to environmental reasons.

To retain the second largest market for tyres made in China, Sinopec took the following measures to guarantee supply of environment-friendly oil-extended SBR to major tyre producers.

On the one hand, Sinopec refineries and rubber plants imported environment-friendly rubber process oil from international market and carried out industrial production tests of rubber process oil.

On the other hand, production, marketing and R&D are well integrated and coordinated to make breakthroughs in environment-friendly aromatic oil processes and industrial production. In November 2010, we succeeded in producing environment-friendly aromatic rubber process oil and obtained the certification by authoritative institutions in April 2011.

We sold 10689 tons of environment-friendly oil extended rubber in 2011.

◎ Three Wastes Treatment Improved and Emission/Discharge Standards Met

We attach great importance to the treatment of waste gas, waste water and industrial residue (three wastes), try our best to meet emission and discharge standards, and mitigate their impact upon the environment to the minimum.

In 2011, we set up process, equipment and environmental protection expert groups, who made EIA and follow-up assessment of many subsidiaries, helped them identify main problems and put forward solutions.

In June 2011, an environmental protection conference was organized and requirements were made in terms of meeting waste water discharge standards and disposal of process waste gas, dust and hazardous solid wastes.

Sinopec Qilu Company Directed 47 Local Plants to Meet Environmental Standards

On 28 September 2011, Waste Water Treatment Plant of Sinopec Qilu Company hit a historical high of 340 successive days of meeting discharge standards. 10% of the industrial effluents discharged by the company came from the adjacent 47 chemical plants.

Before that, the 47 plants were frequently given punitive warnings by local environmental protection authorities.

Since the second half of 2007, Qilu has started to collect and treat waste water generated by adjacent chemical plants, and made random inspection of the 47 plants, and provided visiting instruction and technical training on a regular basis. More investment was made to improve the facilities in the plant.

Zeng Shaohua, Vice President of Zibo Lingzhi Chemical Company, one of the 47 plants, said, "There were few cases of exceeding discharge standards since 2009. With the help of Sinopec Qilu Company's technicians, we discharge much less waste water—from 2300 tons to 700 tons every month, and use much less water. We are now enjoying a much better environment."



Waste Water Treatment Plant, Sinopec Qilu Company

© Developing Circular Economy and Turning Waste to Worth

Sinopec is active in developing circular economy, increasing resource efficiency and level of recycling, and promoting comprehensive utilization of byproducts, with the goal of low energy consumption, low emission and high efficiency.

100% Reusing of Oily Waste Water in Sinopec Tianjin Company

Relying on technology improvement, Sinopec Tianjin Company is able to save a larger amount of water by treating more than ten million tons of waste water and producing 2.25 million tons of reused water. All oily waste water is reused to provide 140,000 tons of water for refining facilities every month. 80% of COD is removed with optimized anaerobic units that use new technologies.



Waste water treatment plant, Sinopec Tianjin Company

Comprehensive Utilization of Associated Gas in Sinopec Northwest Oilfield Company

With an associated gas collection, transportation and desulfurization system, Sinopec Northwest Oilfield Company is able to produce 400,000 m³ of associated gas per day with H₂S content down to less than 20mg/m³, produces high value-added LPG and stable light hydrocarbons, reduces discharge of pollutants, and helps to ensure clean waters and a blue sky for the Tarim River.



Tahe Oilfield, Sinopec Northwest Oilfield Company

© More Efforts to Protect and Restore Ecology

Oil and gas E&P and pipeline construction may impact the ecology and environment. Sinopec pays high attention to eco-environment restoration in areas around abandoned wells and along the pipelines, and tries to keep the impact at the minimum level.

Green Development in Sinopec Zhongyuan Oilfield

Holding a highly responsible attitude, Sinopec Zhongyuan Oilfield is devoted to a balance between land development and environmental protection. By means of advanced and environment-friendly drilling technologies and land rehabilitation technologies, there is less pollution caused to the soil in surface operations, and rehabilitation is timely made to the contaminated land. With strong awareness to preserve the environment, every employee is committed to being a messenger of green development who cares about the environment in his daily work.



Picking cucumbers in the rehabilitated land



Helping farmers to transplant rice seedling in the rehabilitated land

4.2 Fighting against climate change

Climate change is a major global issue for all humankind. As a responsible energy and petrochemical company, Sinopec regards it as its due responsibility to fight against climate change. We make efforts to shift the pattern of growth, optimize energy structure, develop and utilize low-carbon energy resources and promote energy saving and consumption reduction. We are speeding up study on commercial test of CO₂ recovering, in order to reduce GHG emissions and better prepare to combat climate change.

© Industrial Restructuring and More Efficient Use of Energy Resources

We continued our efforts in industrial restructuring and integrating production capacities and operations. Energy and material consumption went down considerably and there were less CO₂ emissions.

On the one hand, we increased and integrated production capacities by building up new facilities and expanding and upgrading existing ones. In 2011, the Changling Chemical revamping project came on stream. By the end of 2011, we have 10 1-MM tpa ethylene production sites.

On the other hand, we increased average production capacities and cut down consumption by phasing out small and inefficient capacities. From 2006 to 2011, we shut down and phased out small and less environment-friendly refining capacities by 16.2 million tpa. Dozens of small chemical facilities and oil-fired boilers were closed. Optimization and volume adjustment were made to more than 500 oil tank farms.

With the above parallel measures, average capacity of our refineries rose by 25.7% and that of ethylene facilities went up by 13.2% from 2006 to 2011.

From 2006 to 2011, Average Capacity of Our Refineries Rose by

25.7%

From 2006 to 2011, Average Capacity of Ethylene Facilities Rose by

13.2%

© Saving Energy and Cutting CO₂ Emission

Saving energy is the most immediate and effective way to reduce CO₂ emission at present. Giving priority to conservation, we try to develop into a resource-efficient enterprise.

For many years, while the production capacities kept growing, Sinopec achieved good results in energy saving and consumption cut with enhanced management, new technologies and equipment, and special emphasis on energy saving in production process. In 2011, energy intensity of refining and ethylene production went down respectively by 2.0% and 4.3%. We save 540,000 tons of standard coal equivalent, which equals cutting 1.33 million tons of CO₂ emissions or planting 12 million trees (a thirty-year-old fir absorbs 111 kg of CO₂).

In 2011, Refining Energy Intensity Dropped by

2.0%

In 2011, Ethylene Energy Intensity Dropped by

4.3%

In 2011, we saved standard coal equivalent (10,000 tons)

54



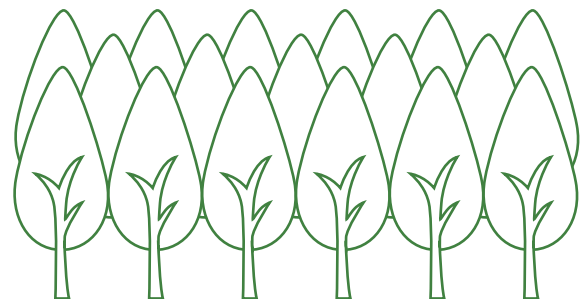
Equals Cutting CO₂ Emissions (10,000 tons)

133



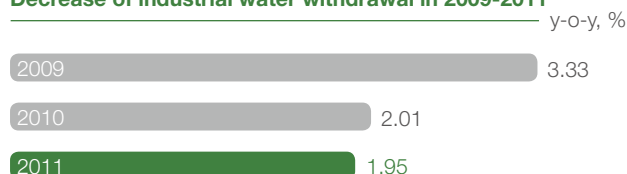
Equals Planting Trees

12,000,000

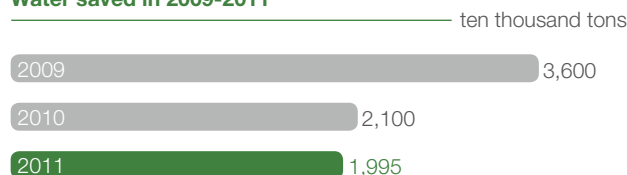


We made important progress in water saving with measures for leak checking and fixing, condensate recovery, utilization of low temperature residual heat and reuse of waste water. In 2011, Sinopec continued to promote water conservation and emission reduction. Major indicators were included in economics accountability assessment. Compared with last year, industrial water withdrawal went down by 1.95%, and water withdrawal per tonne of crude oil processed dropped by 7.69%. In 2011, we saved a total of 19.95 million tons of water, which is 1.4 times of the volume of the West Lake (14.29 million m³).

Decrease of industrial water withdrawal in 2009-2011



Water saved in 2009-2011



Sinopec Yangzi Company Fulfilled the Annual Target of Saving 200,000 Tons of Coal Equivalent in Advance.

Energy intensity is the most important factor in production, coming second only to feedstock. Through effective management and technology application, Sinopec Yangzi Company reduced both energy intensity and pollutant discharge and CO₂ emission.

The company saved up to more than 200,000 tons of standard coal equivalent, which equaled reducing 500,000 tons of CO₂ emission, meeting the year's target three months ahead of schedule.

© Developing Low-Carbon Energy and Optimizing Energy Structure

Sinopec is active in developing low-carbon energy and improving energy structure. A complete low-carbon energy business chain covering R&D, industrial production and marketing has taken shape. Our plan is to build up low-carbon energy capacities by 2020 that can supplement main business operations and contribute to long-term and sustainable development of the company.

We strive to increase natural gas production and facilitate LNG import. In 2011, we produced 15.6 billion m³ of natural gas at home and abroad, signed new LNG procurement agreements totaling 4.3 million tpa, started construction of Shangdong LNG project, and kicked off initial work of LNG projects in Guangxi, Tianjin, Lianyungang, Wenzhou and Huangmao Island.

We make great efforts in developing coal-bed methane (CBM) and shale gas. In 2011, we made firm progress in shale gas E&P, and fixed capacity building locations for CBM.

We devote major efforts in producing natural gas from coal. We are speeding up preliminary work for coal to natural gas and pipeline projects in Xinjiang. We have also started the first phase of the coal-electric power-chemicals integrated project in Zhijin, Guizhou.

Bioethanol consumption and sales are expanding. In 2011, we used 910,000 tons of modified fuel ethanol and sold 9.1 million tons of ethanol gasoline.

Since November 2010, we have started pilot sales of B5 biodiesel in Chengmai County and Lingao County, Hainan Province. In 2011, we sold 4,000 tons of B5 biodiesel and used 200 tons of B100 biodiesel.

E-power service station. We plan to establish refilling and recharging service networks in 13 provinces and cities for both regular autos and electric autos. By far, we have built up 2 recharging stations in Beijing and Shenzhen, and 6 refilling and recharging demo stations in Shanghai and Anhui.



Jintang refilling and recharging station, Sinopec Beijing Oil Products Company

◎ More Efforts in R&D to fight against the Climate Change

Our objective is to enhance our ability of low-carbon growth by reinforcing our mid-term and long-term strategic low-carbon technology preparation. We plan to focus on R&D of technologies that help with energy saving and efficiency improvement, development of renewable and alternative energy sources, emission control, treatment and utilization of GHG like CO₂ and CH₄, biological and engineering carbon sequestration, clean and efficient development and utilization of coal, oil and natural gas, CO₂ capturing and sequestration, CO₂ flooding, comprehensive utilization of high purity CO₂ and fuel production via microalgal CO₂ fixation.

Sinopec's World-Leading CO₂ Capturing Technologies

Sinopec's self-developed CO₂ capturing technologies account for 90% of the market shares in China. Following the successful start-up and operation of a 30 ktpa demo unit, we have developed CO₂ capturing process package up to 1 mtpa.

We also succeeded in test of CO₂ usage in enhanced oil recovery (EOR). Sinopec Shengli Oilfield has injected a total of 62,400 tons of liquefied CO₂ and enhanced oil recovery by 12,900 tons. The 100 ktpa CO₂ capturing project in the coal-fired power plant of Huaneng Shanghai Shidongkou Power Generation Company, of which we are the EPC contractor, have come on steam.

We will continue our efforts on CO₂ capturing, purification and application technologies, develop cost-effective supporting technologies, and build up 1 mtpa CO₂ capturing and application projects.

◎ Low-Carbon Lifestyle

To preserve and ameliorate the environment is regarded by Sinopec as an important social responsibility and a major way to improve production and living conditions for employees. Aiming to build up a garden-like energy company, we motivate our staff to take part in activities for public good like national mandatory tree-planting campaign. In 2011, 520,000 person times in Sinopec took part in the campaign, planted 1.56 million trees, and thus 90% of our tree-planting obligations fulfilled.

We spread information about climate change among employees, consumers, suppliers, contractors and other stakeholders, calling for changes in mode of production, way of life and habit of consumption, and for stronger sense of social responsibility and keener awareness to protect the environment.

We only purchase materials and equipments in conformity with green, energy-saving and low-carbon standards. In this way, we are trying to lead our suppliers and contractors on the right track of green and low-carbon growth.



Conclusion

The concept of green and low-carbon growth is now deeply rooted in all Sinopec employees and reflected in their daily life. To be environment-friendly and low-carbon-oriented is our mission, responsibility and the cornerstone of balanced and sustainable development.

Many years of experience show that it is sound environment management that can win us new competitive edges and customers' trust, and secure a sustainable development in a complex and changing world.





Care for Employees





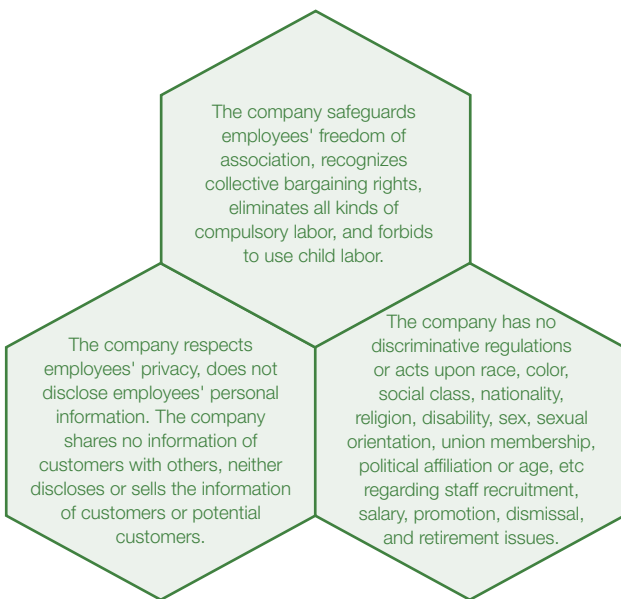
We feel lucky to meet together and cherish each other as the most precious treasure; and we support each other and go ahead hand in hand.

We devote to secure employees' legitimate rights and interests, assist employees' career development, care employees' life, and try to benefit each employee from corporate development, make each employee happy during the work span.

The sustainable development of Sinopec is supported by the united, dedicated, pragmatic and innovative employees, who are the inexhaustible driving force to forge Sinopec into a "highly responsible and highly respected" corporate citizen. In 2011, Sinopec had 690,000 employees with the turnover rate of 0.91%, while over 5351 fresh graduates joined the Sinopec family.

5.1 Hand in Hand, We Share Rights and Respect

We strictly adhere to international and domestic conventions, laws and regulations, respect and safeguard all human rights recognized by international community, consciously resist the disregard or violation of human rights. Meanwhile, we actively advocate that our partners, suppliers and contractors should be in compliance with relevant regulations.



◎ Equality: Different Eyes, Same World

Sinopec strictly complies with laws and regulations relative to labor and employment, treats different type of employees on an equal footing, standardizes labor and employment management, actively establishes harmonious and stable labor relations. We actively promote and improve collective bargaining mechanism, which covers all staff; based on the principal of "equal, voluntary, and consensus", the company has signed written labor contract with each employee; the company has established "five insurance, one fund" system, of which the insurance rate and contribution rate both reach 100%; the company also continues to improve the enterprise annuity system, which covers all the employees. In 2011, we carried out examination and evaluation for labor and employment management, organized comprehensive self-check of all subsidiaries, and selected some subsidiaries for detailed examination. At the same time, we adjusted the contracted workers' employment format, transferred those best qualified contracted workers to formal employees, established long-term mechanism, and further reinforced the standardized management of different types of employment.

Sinopec female employees are working in different levels and various positions. We strictly stick to the laws and regulations on female employees, safeguard their rights and interests from the source. We establish Women's Committee in different levels of union, pay close attention to the difficulties female employees meet in their work and life, continue to improve their working condition, implement vacation and regular health inspection mechanism during the maternal and lactation period, care the physical and mental health of female employees.

Sinopec Personnel Structure in 2011





A female employee is checking the operation condition of staple production line.

© Health: Physical and Mental Pleasure, Feeling Happy to Work

Only if people are healthy, could they have time and resources to pursue happiness and other forms of self-improvement. Physical and mental health of employees is not only basic personal rights and interests, but also the source and foundation of Sinopec's development. For long, we continue to enhance the health and welfare of employees including physical and mental health.

Aiming at enhancing and maintaining employees' good health condition, we always try to reduce the negative effects of working environment to our employees. We control the occupational health hazards from the source through monitoring occupational health hazards at working places, monitoring employees' occupational health, providing labor protection articles, offering occupational health education and training, etc.

We earnestly implemented the medical check-up, employee health archive management, health care and vacation systems. Over 340,000 persons had medical check-ups. 98.8% employees had occupational health check. The supervision rate for occupational hazards maintained at above 92%. There has been no such acute occupational poisoning accident as incurring on more than 3 persons. There were five new occupational disease cases. The morbidity was controlled below 0.002%.

Active and stable mental state is the basic pre-condition for employees to work happily. We not only care about the working efficiency of employees, but care more about their happiness. In 2011, through psychological consultation, establishment of health records, health lectures, guidance materials, etc., we reinforced humane care and psychological counseling so as to achieve the goal of "Active working, Happy life".

Working in Desert with Oasis in Heart

This is the site of a monthly psychological counseling in No.1 production team of the Tahe No. 2 production plant of Sinopec.

No. 1 production team is in charge of over 200 production wells scattered in over 800 square kilometers at the northern edge of the Taklimakan Desert, where is sparsely populated. In this team, over 90% are young people with active minds. However, they are always at a lonely and tense state due to the far distance from cities and the desolate desert. Therefore, No. 1 production team sent psychological counselors to Urumqi for training, so as to know the mental problems of employees through various means, discover and counsel in time, and ensure the employees' mental health.



A doctor of psychology is lecturing on "sunshine mind state" for health care workers.



◎ Communication: Listening and Understanding, Starting from the Heart

We stick to the protection of employees' democratic rights and interests, make full play of employees' democratic management and supervision, and actively create a fair, democratic, pragmatic, harmonious environment. With all the employees joining in the Union, we let employees fully understand the corporate development and participate in the corporate management through employees' representative conference, open business, petition system. In this way, we protect the employees' right to know and right of supervision.

5.2 We Care about Employees' Development

◎ Reinforce Training for Employees, Assist and Promote Their Growth through Practice

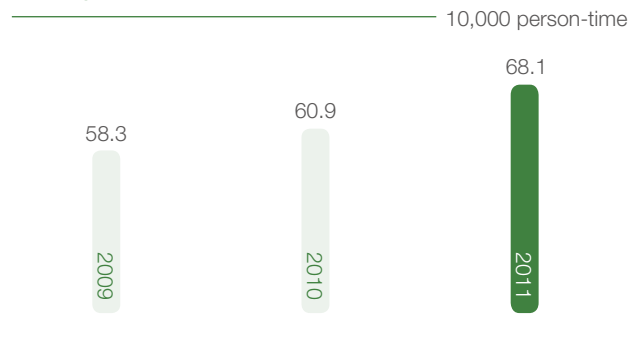
Every year, 2.5% of the total wages is spent on employees' training. We constantly improve the training management system with Sinopec's distinguishing feature, make training an indivisible part of employees' whole career, combine the corporate development with employees' growth demand, enrich training content, innovate training mode, devoting unremitting efforts to the growth and development of employees.

"Practice is the best training, work is the best teacher". Sinopec regards on-the-job training as an important way for personnel training, creates a strong "coaching, assisting and guiding" atmosphere during the practice, so as to stimulate healthy growth of all kinds of talents. At the basic level, we extensively carry out on-the-job training, competition of special techniques and vocational skills, establish a broad platform for all kinds of talents to show their talents, exchange techniques and make progress together. As for the training for those young talents, we expand their working platform through the establishment of talents' workshop, technician workshop, technological innovation team, post-doctoral station, and build a solid foundation for training of high-level technological talents through key construction projects, key R&D programs and market expansion.

In 2011, we trained 681,000 person-times in full-time training program and put remote training system into operation with over 600

courses available on-line. Based on the all staff training, we put more focus on key talents training. In 2011, we organized various key talents training for 3248 persons.

Person-Time Number of the Full-Time Training for Employees



Closing Ceremony of 2011 Employee Vocational Skill Contest



Training on standard service gestures and polite expressions

◎ Passage to Growth Expanded and Development Benefits Employees

Guided by the modern talents' development theory, we are engaged in changing the "management-oriented promotion" to a diversified personal development featuring "career development". In 2011, based on the two-year pilot test, we fully implemented the establishment of passage to growth for talents, unified and standardized position sequence and development passage within the company. At the same time, we tried the competitive selection of management team and organized open recruitment for 5 senior management positions of the subsidiaries.

We insist on our pursuit to provide employees with stable and competitive salary, which is the base for their survival, gaining respects and self-satisfaction. We stick to the stable growth of salary along with the growth of the company profit, endeavor to improve and establish a just and rational income distribution mechanism. In 2011, we unified the basic salary system within the company, improved the income growth mechanism, and encouraged subsidiaries to adopt various distribution forms, which were favorable to talents in R&D, production, marketing, and key positions.

Build Up "Pool" for Highly Skilled Talents

Rivers will flow into the sea. If those highly skilled talents are rivers with rolling waves, then the technician stations are the deep seas which will embrace them. "When you encounter technical difficulties, when you want to learn techniques, when you try to do research project, you should refer to the technician station", that is the real thought of employees of No.4 production plant of Sinopec Zhongyuan Oilfield. In the recent two years since its establishment, this technician station has achieved 52 items of technological innovation, generated over RMB 20 million of benefit. 7 employees of the station have won a number of corporate or oilfield competition awards and national prizes. This technician station has become a pool of highly skilled talents.

◎ Scientific Performance Assessment and Effective Motivation

Performance assessment reflects the corporate values. Professional performance assessment system will give positive guidance to employees' behaviors, effective motivation, and improvement of employees' satisfaction. We have set up an assessment system for technical talents focusing on morality, knowledge, competence and performance, and an assessment system for highly skillful operating talents focusing on skill, performance and onsite recognition.

The results of the assessment will be taken into consideration for professional title appraisal, professional skill appraisal and talent selection.

In 2011, we did a good job in selection and recommendation of national experts of various kinds, carried out selection and commanding of corporate experts of outstanding contribution and "Min Enze" young technological talents. In the reform of

professional title appraisal, we put more weight on the first-line staff. More middle and senior professional titles were granted to first-line employees. We continue to strengthen professional skill appraisal work, improve the evaluation method of highly skilled talents, further perfect the performance assessment mechanism, apply the assessment to all employees focusing on performance and competence, and take performance as an important content for talents evaluation. Therefore, we can make excellent employees feel more recognition, make ordinary employees feel more pressure, make behindhand employees feel more sense of urgency, and stimulate innovation of the talents.

5.3 Soul of Corporate Culture, Care with Action

For decades, our corporate culture has been guiding our staff to realize every core value of the company in their daily work. We have a enterprise mission of "Develop the Enterprise, Contribute to the Country, Reward Our Shareholders, Serve the Society and Benefit Our Staff", a corporate spirit of "Contribute to Chinese Society and Invigorate the Petrochemical Industry", a working style of being "Delicate, Precise, Practical and Innovative", and business principles of "Integrity, Compliance, Cooperation, Win-Win".

◎ Faith in Corporate Culture

Corporate culture is the collection of values and norms that are formed over time and shared by all members of a company. Sinopec has developed its own culture which is firmly recognized by and shared among all the staff. It is this culture that underlies sustainable development and leads the company to excellence.

To be a Tall and Straight Populus Euphratica

There is a road in the desert connecting Korla City and Luntai County in Xinjiang. The towering Tianshan Mountain is on the one side of the road, while a forest of Populus euphratica on the other side. Whoever sees Populus euphratica, which is green in summer and golden in autumn, he or she will like the tree. "No matter in gobi or desert, as long as there is water, Populus euphratica will always straight up its body and live the best of its life", Yang Sen expressed the reason he likes the tree, a drilling worker who has been working in the desert for 21 years. His colleagues and friends say Yang Sen is just like a straight Populus euphratica, tough, simple and never gives up. "Though life is difficult in the west, I still can survive and do a good job."



© Unlimited Cares for Employees

Sinopec is always ready to lend a helping hand to employees in need. In 2011, we helped over 180,000 person-times with relief funds over RMB 100 million (including relief supplies). We care for employees' life and their concerns, constantly improve working condition and living standard, and secure their physical and mental health. In addition, we organize singing competitions, painting exhibitions, photography shows and offer networking opportunities to keep up morale and health, and enrich their lives.



Raining Ally in the Small Town, written, directed and acted by Sinopec employees

© Care for the Retirees and Overseas Employees

Retirees have won colleagues' respect and recognition with their integrity, hard work and contributions to the company in the history of Sinopec. We are doing what we can to care for their living and health condition, add comfort and joy to their life, such as visiting them from time to time. By the end of 2011, in Sinopec, the accumulative number of retirees has reached 184,000.



Retirees practising Tai Chi

Overseas employees form a key part of Sinopec staff which support the international development strategy of the company. Now, there are more than 1000 overseas employees in our company. We care for their career development, training, health and safety, push forward the "internationalization and localization" of overseas employees. More and more foreign employees have become very important part of Sinopec talents and are playing a more significant role in our international operation.



Sinopec's overseas employees



Conclusion

Company is an orderly mix of people, a way of survival as well as a way of living. People in the company are the most vigorous and precious resource with great potential. They are creators of values and inheritors of noble spirits.


The growth of Sinopec is a great epic created by millions of its employees with their hard toils. Looking back, we share the footprint of the growth; looking forward, we share the glory of success.





Reward the Society



A photograph of a family of three walking through a dense bamboo forest. The woman on the left is wearing a black and white striped shirt and a red scarf. The man in the middle is wearing a black jacket. The child on the right is wearing a dark jacket. They are all holding hands and smiling. The bamboo stalks are tall and green, creating a natural archway over the path. The ground is covered with fallen bamboo leaves.

For many years we have promoted the organic unity of the Company's economic, social and environmental responsibilities. While accelerating the pace of development, we also conscientiously fulfill the corporate social responsibilities, and actively push forward the harmonious development of both the company and the society, so as to build a "highly responsible and highly respected" company.

In 2011, Sinopec has made positive contributions in a number of areas: building harmonious communities, disaster relief, poverty alleviation and aiding Tibet, health care, donation for education and supporting poor students, and helping to develop national sports and promoting health. In 2011, we donated a total of RMB 150 million. Sinopec was awarded the "China Philanthropy Prize" in 2011 and the "Special Prize for Brightness Service" in 2010 and 2011.

Sinopec Was Awarded the 6th "China Philanthropy Prize"

On July 15th, 2011, Sinopec together with other 36 companies were awarded the "China Philanthropy Prize" which is the highest governmental prize for charity. This was the second time for Sinopec to win the prize, the first time was in 2008.



6.1 Community Building

Adhering to the philosophy of "localization, development upon surrounding advantages, and win-win cooperation", Sinopec has signed strategic cooperation agreement with a number of provinces and cities in 2011. Sinopec has actively participated and promoted local employment and company development. For example, some oilfield subsidiaries carried out activity of "Building harmonious and civilized community", made great efforts to create a safe, convenient, clean and beautiful environment and healthy cultural atmosphere for community residents, which was recognized by local government and people.

Care for the Welfare, Build Home Hand in Hand

Sinopec Jiangnan Oilfield made strenuous efforts to create a healthy and environmental-friendly working condition, civilized and comfortable living environment, clean and beautiful mining site, healthy and positive cultural atmosphere. The service functions of community have been further improved, while the urbanization level has been promoted. In addition, due to the constant volunteer-planting, mining site has been built into a beautiful eco-garden with 37.9% of green coverage. Jiangnan Oilfield was awarded as the "National Advanced Model of Green Project".

Jiangnan Oilfield carried out various activities to promote harmonious community. For example, the "Neighbors' Day" helped to build up a closer connection between residents and neighbors. Such activities not only strengthen the recognition and sense of belonging of the residents, but also help to set up a unifying, mutual helping, equal and friendly, inclusive and harmonious community environment.

We have continuously supported domestic and international sports and cultural undertakings. In 2011, we arranged RMB 36 million for sports and cultural undertakings, including Paralympics and Peasants Sports Game in China and various IAAF sports games.

Our New Home—Qidu Community

While developing the Puguang gasfield, Sinopec actively shouldered social responsibilities: we have compensated 2500 residents who have to move according to relevant standards, and built Qidu Community. Today, we can see houses row upon row in Qidu Community which is facilitated with natural gas pipelines and all utilities. Meanwhile, we helped to build Puguang school in Xuanhan County, Tuzhu branch of Xuanhan Hospital, Mingyuejiang Bridge to improve the living condition of the residents. We also supported the construction of local factories for the production of bricks, tolls and stone materials to help the local employment.



New life of Luo Weiyuan family in Qidu community of Puguang County: the family has moved into a 100 m² apartment with three bedrooms and two living rooms. Luo takes care of 10 Mu of crops, his son works in the brick factory built by Sinopec, and his grandson studies in Puguang school of Xuanhan County which is also built by Sinopec. At their leisure time, the family members will gather together and take a walk at the Leisure Square of Qidu Community. What a life!



6.2 Aid Those in Need, Help Those in Difficulty

Aiding those in need and helping those in difficulty will improve the unity and harmony of the society. By 2011, Sinopec has carried out designated poverty alleviation program for 23 consecutive years, has implemented aiding program for Tibet for 9 years, and has sponsored Lifeline Express Project for 8 years. All these programs effectively improve the production and living condition of local people, and stimulate the economic growth of local society. In 2011, Sinopec also assisted the reconstruction of disaster-hit regions and drought-resistance in Guizhou Province.

◎ Assisting Poverty-Hit Counties

Sinopec has strengthened aids to the four state-designated poverty-hit counties including Yinshang and Yuexi counties in Anhui Province and Luxi and Fenghuang counties in Hunan Province, improving infrastructure construction, labor skill training and education. In 2011, Sinopec has invested RMB 12.8 million to the four designated counties, implementing 15 poverty relief projects. Those projects include building 11 cement roads connection villages, with a length of 52 kilometers, completion of 1800 labor forces training, aiding 1257 poor university and high school students, construction of bridges, drinking water projects and vegetable greenhouses.



Road built by Sinopec in poverty-hit county

Sinopec aids to designated poverty-hit counties since 2006

Location	Project
Yinshang county in Anhui Province	Implementing village promotion program, which gathered residents to live in communities. The Hongxing Village project has been awarded as the Model Village of Anhui Province.
Yuexi county in Anhui Province	Strengthening labor skill training programs, which accumulatively trained 2700 people.95% of the trainees have been recruited and their incomes have been increased by RMB 30 million every year.
Luxi county in Hunan Province	Annual investment of RMB 1 million to support 10,000 <i>mu</i> of citrus plantation. Currently, Luxi has developed over 200,000 <i>mu</i> of citrus with total output value of RMB 160 million, which becomes the pillar industry and key means of poverty alleviation.
Fenghuang county in Hunan Province	Accumulative investment of RMB 6.4 million and building Qianma Road which solved the transportation problems of 11 poor villages and over 10,000 people, helped the local industry and tourism development, rapidly increased income of local people.
Summary	Sinopec has accumulatively invested RMB 75.44 million since 2006, and achieved significant results.

◎ Aiding Tibet

Sinopec places great emphasis on and further strengthens the work of aiding Tibet. During the 9 years of Sinopec's aiding efforts to Bange County, we have sent 12 cadres to Bange, accumulatively invested RMB 184 million (RMB 27.86 million in 2011), implemented 80 aiding projects (9 in 2011), and significantly improve the Bange's economic growth and well-being of local people. In 2010, the GDP of Bange County reached RMB 314 million, increased by 147% compared with 2002 before the aiding efforts; the fiscal income reached RMB 6.13 million, grew by 308%, while the annual per capita income of herdsmen increased to RMB 3,515, up by 142%.

Infrastructure construction is the key to aiding-Tibet work. Jijiangzhaxi road and Xingfu road built by Sinopec are just like two jade belts going through the town of Bange County. A series of people-benefiting projects such as housing project have improved the living standard of herdsmen. By now, 5863 households have moved into safe and comfortable houses, while over 6000 households are equipped with safe and environmental-friendly solar lighting system. In addition, we helped to build places of recreation and Bange Sinopec Primary School for grade 4 to grade 6 students. So far, it is the highest aiding-Tibet primary school above sea level.

Training improves the local self-reliance capacity of poverty-hit regions. Sinopec carried out training focusing on competence development with market-orientation and special feature. With the combination of aids and self-development, we achieve better effects of the poverty alleviation work. In 2011, we invested RMB 500,000 for skill training of health care, education, veterinarian, and education of comprehensive development for government officials.

For long, Sinopec's aiding-Tibet efforts have been highly recognized by the society. Bata, Party Secretary of the Bange County, said: "in the recent 9 years, Sinopec's aids help Bange County to achieve fast and sound economic growth, improve well-being and living

standard of the people, promote the development by leaps and bounds and long-term stability.

◎ Aiding Qinghai

Sinopec started to aid Qinghai Province in 2011 with a total investment of RMB 4 million for the year. We helped to build an 8,008 m² market in Wenhua road, Mangya Administration of Qinghai Province. The market is expected to be put into use in 2012, with total investment of RMB 21.2 million. This is the Sinopec's first aiding-Qinghai project, which set up a solid foundation for more of its kind.

Offer Children a Bright Future

On Aug 14, 2011, Tibet "Bange Sinopec Primary School" was officially opened. This school, with the highest elevation above sea level, was built by Sinopec. 200 Tibetan children attended the opening ceremony. Bata, Party Secretary of Bange County, believes the school is the best project in Bange or even in Naqu region. Teachers think a good environment at school will help children to study better. Children say they have never seen such a beautiful school, and it must be very happy to study there.



◎ "Lifeline Express" Brightness Tour

Eyes are the windows of soul. To cure the cataract patients, Sinopec constantly devoted to the "Lifeline Express" project, and achieved good accomplishment.

We can summarize Sinopec's efforts to "Lifeline Express" project since 2004 with "one train, 20,000 patients, one training center and three treatment centers". We donated a "Lifeline Express" which is worth RMB 30 million and equipped with most advanced medical equipment. This "Lifeline Express" has traveled to poverty-hit regions in Xinjiang, Gansu, Yunnan, Inner Mongolia, Qinghai, Sichuan, Tibet, Guizhou, Jilin, Guangxi, Henan, etc, and cured over 21,000 poor cataract patient for free, and will continue its journey of "brightness". In addition, we helped to build a training center of ophthalmic microsurgery and three cataract treatment centers.



🌿 "Very Good", Thank Sinopec

Liu Xiaofeng is a cataract patient from Jintang Village, Yuanyang County, Xinxiang City in Henan Province. All his family was dependent on his wife to look after the several *mu* of crops. When he knew he could have free cataract surgery on the "Lifeline Express" sponsored by Sinopec, he cried holding his child in arms. After the surgery, Liu Xiaofeng said: "the surgery is very good, living condition is very good, the doctors are very good!" when he was asked about the surgery condition on the train. "I know all these are provided by Sinopec, thank you very much!" Liu Xiaofeng expressed his excitement and appreciation.



◎ Aiding Disaster Area

Provide aids for reconstruction after disaster. Three years ago, after the Wenchuan Earthquake, Sinopec made its commitment to supply natural gas to each settlement place and provide gasoline and diesel to each machine for reconstruction no matter where they are. In the recent 3 years, Sinopec reinforced its exploration and production, built pipelines to send gas and oil products to where they are most needed. We donated RMB 308 million and supplied 7.823 billion cubic meters of gas to the disaster-hit area. We fulfilled our commitment with action, bring warmth to tens of thousands of Sichuan people, and contribute a lot for the reconstruction and local economic growth.

Provide aid to drought-region in Guizhou. In 2011, Sinopec Guizhou company provided 2000 liters of diesel to Qianxi County and Dafang County which were severely hit by the drought. In 2011, Sinopec donated RMB 7 million to Guizhou provincial government for the drought relief work, which is sincerely appreciated by the local government.



In May, in order to secure the gas supply to Beichuan, Sinopec South-west Petroleum Company started Deyang-to-Xinbeichuan gas pipeline project in Tashui Village, AN County, Mianyang City.



Where there is oil, there is water—Sinopec drought relief team in Guiyang supplied oil to farming site.

6.3 Funding Educational Programs

"Never let a single child drop out of school because of poverty", this is Sinopec's commitment to employees, and also a hope to all the children who dropout due to poverty. On the one hand, Sinopec actively aid to build the "Hope Primary School". On the other hand, we set up funds and carry out various donations for poor children.

◎ Funding the Construction of "Hope Schools"

Sinopec regards funding the construction of "Hope Schools" as a long-term charity commitment. Since 2005, we have donated and built 338 Hope Primary Schools.



Before the Children's Day, Staff of Sinopec Jiangxi Oil Products Company brought bookcases and books to Sinopec Xianghu Hope Primary School, Shangfu Hope Primary School and Maopai Hope Primary School to convey their best wishes to the children.

◎ Funding "Spring Blossom" Female Students

Sinopec "Spring Blossom" project supporting female students was started in 2004 and carried out in 68 counties and 34 cities in Sichuan, Guizhou, Gansu and Hunan Provinces, and has already been very fruitful. In 2011, Sinopec once again allocated RMB 1.992 million to fund the high-school education of 3320 "Spring Blossom" female students from poor families. In June, 2011, they took part in the college entrance examination and 2700 "Spring Blossom" students were admitted by universities across the country.

By 2011, Sinopec has donated RMB 55.098 million in total, funding 20,358 "Spring Blossom" students to finish elementary education, 9960 "Spring Blossom" students for high-school education among which 6539 were admitted by universities.

◎ Funding for Impoverished Students

Sinopec also strengthened poverty relief work at the location of its subsidiaries and provided funds for children in impoverished families.

Sinopec Zhongyuan Oilfield carried out "Fund for Education in Autumn" project since 1995, aided 10,769 student in poverty with total a funding of RMB 10 million. Zhongyuan Oilfield was awarded "Advanced Unit of Education Aid" in Henan Province for many years. Henan Oilfield has funded 3261students in 12 years with total a funding of RMB 5.03 million. 496 of them finished their university studies.

According to statistics, in 2011, Sinopec subsidiaries invested RMB 2 million to help 1257 excellent university and high school students in poverty, among which 226 were freshmen and 1031 were high-school students, and received hundreds of appreciation letters. Long Mingxian, a Tsinghua University student from environment science and engineering department aided by Sinopec, said: "Sinopec not only funded my study expense, but also made me realize that despite of self-development, self-improvement and personal pursuit, a person should also shoulder social responsibilities and contribute to the social progress."



On the TV ceremony of "Fund for Education in Autumn" in 2011 by Sinopec Zhongyuan Oilfield, part of the students aided by Sinopec presented singing, dancing and poem reciting performance to express their aspiration to reward the society.



Conclusion

Being grateful is a traditional virtue of Chinese. "The favor of a drop of water has been rewarded with the gratitude of a fountain of water", this tradition of appreciation has taught Chinese people generation by generation and also engraved into Sinopec's value of development.

In its 30 years of development, Sinopec always bears in mind the concept of rewarding society, and starts doing good deeds from minor things. We manage to stay strong in times of difficulty and choose to reward the society when capable.

In the future, Sinopec will continue to hold the torch of love, bringing warmth to everyone's heart.





2012 Outlook

In 2012, the instability and uncertainty of the world economic recovery is escalating. International oil prices will continue to fluctuate at a high level. China's economic growth will slow down with intensifying constraint on resources and environment. We will face a more sophisticated and rigorous environment for operation and development, in which co-exist risks, challenges and developmental opportunities. While strengthening risk prevention for operation, we should grasp the opportunities, take the challenges, accelerate the reform of a harmonious state-owned enterprise and continue to fulfill our responsibilities and missions.

We have set our strategic development goal as to "become better and stronger, and build a world-leading company". We will optimize our business structure and keep being motivated by reform and innovation. We will focus on development quality and economic return, technological progress, green and Low-Carbon development as well as putting people first. We will strive to hit on a new voyage to build a world-leading energy and chemical company, continuously enhance the overall corporate strength, global competitiveness and sustainability, and make greater contributions to the economic and social development of the country.

◎ Continuous Energy Supply

We will cope with tougher challenges. In 2012, we will continue to implement our resource strategy, enhance theoretical, technical and management innovation, optimize investment portfolio, strengthen cost control, launch five key campaigns to increase domestic oil and gas reserves and output, actively promote international oil and gas cooperation, press ahead the natural gas development, and make greater contribution to ensuring national energy security and promoting the steady and rapid growth of the national economy.

◎ Premium Customer Services

There is no finishing line for upgrading product quality and improving service standard. In 2012, Sinopec will consolidate and give full play to the current advantages, continue to upgrade product quality, improve distribution networks, propel business model innovation, enhance brand-building, expand international trade, further strengthen process control and fine management, and eventually provide the customers with better and greater value-added service.

◎ Safe and Stable Operation

In 2012, we will continue to pursue the HSE target of "Maximizing the possibility of no accident, no harm to people and the environment to make world-leading HSE performance" and the HSE theme of "Health, Safety, Environmental Protection, Stability, Harmony and Development". By relying on solid and effective work, strict and detailed management as well as advanced and mature technologies, we will keep stabilizing HSE status quo, strengthening intrinsic safety in order to lay solid foundation for the sustainable development of the company.

◎ Green and Low-Carbon Growth

In 2012, we will uphold the concept of green and low-carbon development and accelerate the progress of science and technologies. We will continue the adjustment and optimization of the energy and industrial structure, products slate and service model, expedite the improvement of energy utilization and efficiency, intensify clean production management, enhance R&D of low-carbon technologies and actively address the climate change.

◎ Care for Employees

Our workforce is the precious resources for the development of the company. In 2012, we will give full play to the advantages of human resources, deepen the reform, further developing talent selection, talent training, talent deployment and talent pooling through institutional improvement. We expect to incentivize more employee professionalism and creativity. We are committed to enhance corporate culture, give responsible care and promote harmonious development of the employees and the company.

◎ Reward the Society

As a corporate citizen, we will continue to play an active role in fulfilling social responsibilities, providing strong support for public welfare and enabling more people to share the benefits of the Company's development. We will continue to help impoverished areas with their economic and educational development and improve their self-developing capabilities. We will actively respond to the call of the government, making more efforts in building harmonious communities.

Comments from the Public

January

- Sinopec received the annual "People's Social Responsibility Award"(hosted by People's Daily Online).
- Wang Wenqing, Head of Zhengyi service station of Yangzhou Branch of Sinopec Jiangsu Oil Products Company, was elected as the annual internet figures of "China's Internet World • Touching 2010" (hosted by Xinhua Net).
- Sinopec Shijiazhuang Petrochemical Company won "Grand Award of the Enterprise with the Most CSR" by Shijiazhuang Municipality.
- At the 2010 National Science and Technology Awards Ceremony, Sinopec won 12 awards, including one First Prize of National Science and Technology Progress, ten Second Prize of National Science and Technology Progress and one Second Prize of National Technology Invention.

February

- Sinopec won "SOE's Outstanding Contribution to 2010 Shanghai EXPO Award" during a ceremony held by SASAC.
- Sinopec Luoyang Petrochemical Company won "First Prize of Enterprise's Outstanding Contribution for the Year 2010" by Luoyang Municipality.

March

- 9 products of Sinopec Yangzi Petrochemical won the Title of "Provincial Famous Brand" again, among which the PTA product alone enjoys the highest domestic honor of "The Most Satisfactory Product".

May

- All the Sinopec subsidiaries based in Jiangsu Province have become "Safe Enterprise" at provincial level.
- Sinopec Beijing Yanshan Petrochemical won the title of A-Level Enterprise for Tax-Paying Credit of Beijing 2011—2012".
- Sinopec Guangzhou Oil Products Company won the title of "Advanced Collective of the Asian Games and Asian Paralympics" granted by Guangdong Provincial Party Committee and the provincial government.

June

- 10 subsidiaries of Sinopec were rated by SASAC as "Advanced Enterprise in Maintaining Industrial Safety".
- Fu Chengyu, Chairman of Sinopec was elected as Board Member of the UN Global Compact.

July

- Sinopec won "China Philanthropy Award", the highest government charitable award granted by the Ministry of Civil Affairs.
- The 24th Awards of U.S. Hart Energy recently announced that Sinopec won the Excellence Award of International Refining Companies.
- Sinopec Jiujiang Petrochemical Company was named as Jiangxi's Advanced Industrial Energy Efficiency Enterprise.

August

- Sinopec was awarded "China's Low Carbon Example" Award (hosted by China News Agency, and China Newsweek).

- Six Sinopec subsidiaries were awarded the Example Companies in Labor Relations and Social Harmony. These subsidiaries are Zhongyuan Oilfield, Jiangnan Oilfield, Tianjin Petrochemical Company, Shanghai Petrochemical Company, Zhenhai Refinery and Chemical Company and Luoyang Engineering Company.
- Sinopec Hebei Oil Products Company won the "Most Socially Responsible Award • Hebei Top Ten Enterprises".

September

- Sinopec Cangzhou Refinery was named as the Outstanding Enterprise for Energy Saving of Hebei Province.

October

- In 2010 "Ankang Cup" Contest carried out by the China Federation of Trade Unions and State Administration of Safe Production and Supervision, Sinopec Maoming Petrochemical Company was named National Security Contest Winning Enterprise for six consecutive years.
- Sinopec was awarded the "Bright Achievement Award" by the Foundation for Lifeline Express.

November

- Sinopec ranks the 5th in terms of social responsibility development indexes, according to the bluebook Corporate Social Responsibility (2010) issued by Chinese Academy of Social Sciences
- Sinopec Great Wall Lubricant is awarded with the "Golden Finger Award for High-quality Lubricant Suppliers".

- China Enterprise Culture Improvement Association awarded Sinopec Baling Petrochemical Company "Top 100 Organizations" in corporate culture construction.
- Sinopec Lubricant Company Beijing Branch received award from Beijing Development and Reform Commission regarding its energy saving achievement.
- Two scientific achievements by Sinopec Zhongyuan Oilfield won First Prize of China Petroleum Society.
- Sinopec South Exploration Co. won First Prize of the Annual National Energy Science and Technology Progress Award.
- Sinopec was named as the Advanced Group of the National Poverty Alleviation and Development by the Leading Group Office of Poverty Alleviation under the State Council.

December

- Sinopec Oil Products Sales Company received the Award of 2011 Best Oil Supplier of China Automobile Circulation (hosted by Sohu.com)
- At the Fourth International Symposium of China Corporate Social Responsibility Reporting jointly organized by the WTO Guide and China Business Council for Sustainable Development, Sinopec won the "Golden Bee 2011 Outstanding Corporate Social Responsibility Report • Innovation Report Award".
- Sinopec won the "Outstanding Enterprise of CSR in China" Award (hosted by Xinhua.com).
- 9 subsidiaries of Sinopec were awarded as the National Civilized Units at the National Spiritual Civilization Construction Working Conference.
- The 2011 Blue Book on Listed Companies compiled by the Chinese Academy of Social Sciences (CASS) was issued. Sinopec topped the ranking for non-financial information disclosure among all Chinese listed companies.

2011 CSR Chronicles

January

- Sinopec made multiple measures to increase supply of oil products during the heavy rain and snow that hit southern China, including Jiangxi, Hunan, Chongqing and Guizhou.

February

- Sinopec set up more than two thousand service stations especially for drought-relief in North China and Huanghe River—Huaihe River area where winter wheat is produced.
- Sinopec Qilu Petrochemical Company kept the production of diesel in highest level in three consecutive months during the period of drought, increasing 60,000 tons of diesel in total.

March

- Sinopec Henan Oil Products Company strived every effort to satisfy the need for oil to fight drought, promising it will supply and send oil to places in need, despite of amount or distance.
- Sinopec strictly abided by principle of producing quality oil and protect rights of consumers.

April

- Sinopec increased diesel supply for agriculture use and ensured the market supply.
- Sinopec Zhongyuan Oilfield awarded foreign employees as "Excellent Employees" for the first time.
- "House for Clients of LPG" of Sinopec Guangzhou Company was put into operation.
- The petrochemical plant of Sinopec Zhongyuan Oilfield received no complaints in oil products quality for 24 years.
- Sinopec Hebei Oil Products Company opened special access for oil supply to fight drought, ensuring stable supply of oil for spring ploughing 24/7.

- Sinopec sponsored the Ninth National Minority Games.
- Sinopec carried out wide discussions among employees on the theme of "Building a Highly Responsible and Highly Respected Company".

May

- Sinopec released the 2010 Social Responsibility Report and established the first Public Open day, inviting 13 social supervisors from all walks of life to supervise the operation of the company.
- Sinopec Beijing Yanshan Petrochemical was honored with the title of the first "Demonstration Base of Corporate and Social Responsibility" within the corporation.
- Sinopec made 5 solemn commitments to guarantee the oil products supply during peak farming season in summer.

June

- The Summary & Awards Ceremony marking the 1 billion tons of crude production of Shengli Oilfield on its 50th discovery anniversary was held.
- Lifeline Express 2011—Sinopec's Brightness Trip to Qinghai & Opening Ceremony of Treatment was held in Ledu County, Qinghai Province. During the three months of treatment activity, more than 1000 cataract patients regained their sight.
- Chairman Fu Chengyu attended and addressed UN Global Compact Board Meeting. He said that Sinopec would keep making progress in saving energy and reducing emissions, developing clean and alternative energy and making innovation in science and technology to promote regional green economic development.

July

- Sinopec successfully fulfilled the oil products supply task in Summer by providing oil for nearly 90% of the mechanical harvesting area of summer crops, delivering oil to the countryside 20,000 times and sending over 30,000 tons of diesel directly to the fields.

August

- Sinopec held the Social Supervisors Forum.
- Sinopec started "Serve the People and pursue excellence" campaign. With "5 commitments" to the public and "6 commitments" to the employees, Sinopec made great effort to ensure the satisfactory of both the customers and the employees.
- Sinopec Tibet Bange Primary School, one of the world's highest primary schools in altitudes, was officially opened under the support of Sinopec.
- Sinopec announced to become a world-leading energy and chemical company, constructing a highly responsible and highly respected corporate image.
- Sinopec subsidiaries in Guangdong started "Media's Fact Finding Journey with Sinopec" activity, inviting reporters from the central media and the mainstream media in Guangdong to visit Guangdong Oil Products Company, Guangzhou Petrochemical and other units, providing the reporters with the opportunity to know more about Sinopec.
- Sinopec fuel card started a new round of free roadside assistance activities.

September

- SINOPEC made donation to support drought relief work in Guizhou.
- As the first Chinese enterprise of international cooperative partner of IAAF, the brand of SINOPEC for the first time showed in the World Track and Field Championship.
- Sinopec service stations started the project of inquiring clients' advices nationwide, and invited clients to join in the field management.
- Sinopec had discovered the deepest marine gas field—Yuanba Gas Field.

October

- Lifeline Express 2011—Sinopec's Brightness Trip to Xixiang City in Henan Province has helped more than 1000 impoverished cataract patients to receive operations for free.

- Sinopec Yangzi Petrochemical outperformed the energy-saving indexes of 200,000 tons of standard coal three months in advance.
- Tahe Oilfield of Sinopec Northwest Oilfield Company, China's biggest carbonate marine gas field pays great attention to low carbon and environmentally-friendly development during exploration and production. At present, 100% of the waste water has been reinjected through wellhead, and 100% of the waste liquid could be recycled and reused and the comprehensive utilization of natural gas has reached over 95%.
- Sinopec had mastered the completed set of aromatics technology, which made it the third in the world to possess the independent intellectual property rights of the technology.
- The MTO project commissioned successfully, marking that the self-developed MTO technology has entered into the industrialization stage.

November

- The Great Wall Lubrication Oil invented by Sinopec contributed to the docking of the Tiangong-1 and Shenzhou-8 spacecrafts.
- Sinopec signed a national cooperation framework agreement with Yum Group, further perfecting the service station's multifunctional, comprehensive and integrated services.
- Lifeline Express 2011—Sinopec's Brightness Trip to Dali of Yunnan Province, cured over 800 local cataract patients.
- UN Global Compact China Network was established. Sinopec has become the first rotating presidency. Mr. Fu Chengyu was elected as the first rotating president of UN Global Compact China Network

December

- Sinopec's retail volume of oil products exceeded 100 million tons for the first time, symbolizing the competitive market advantages of Sinopec began to take shape.
- For seven years, Sinopec has donated RMB 55.098 million to support 20,358 female primary school students and 9,960 female high school students under the charity program of "Spring Blossom".

Third-Party Assessment

Rating Report on Sinopec Corporation Sustainability Report 2011

Upon the request of China Petroleum & Chemical Corporation (hereinafter "Sinopec Corp."), CSR Research Center of Economics Division of Chinese Academy of Social Sciences invited experts from Chinese Expert Committee on CSR Report Rating to form Sinopec Corp. Sustainability Report 2011 Rating Team. The rating team rated Sinopec Corp. Sustainability Report 2011 ("report") as follows.

1. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 2.0) published jointly by the aforesaid Center, China Enterprise Confederation, China Petroleum and Chemical Industry Association, China Light Industry Federation, the Sino-German Corporate Social Responsibility Project, China WTO Tribune and China Committee of Corporate Citizenship.

2. Rating Results

Completeness (★★★★★)

The Report discloses information on corporate responsibility practices for Oil & Gas Exploration Industry in terms of corporate governance, environment and social performance. With 69.73% of Key Performance indicators being disclosed, the report has excellent completeness.

Materiality (★★★★★)

The Report discloses nearly all the material issues for Oil & Gas Exploration Industry including energy supply issue, "HSE" issue, Climate Change issue etc, the report has excellent materiality.

Balance (★★★★☆)

This report discloses negative information on work-related causalities, number of reported incidents, injuries and causalities by contractors etc. The company reflects on the controversial issue of luxury wine consumption by Guangdong Branch. Therefore bears considerable balance.

Comparability (★★★☆☆)

This Report discloses data on 21 key performance indicators of three consecutive years. The indicator "consumer satisfaction", "consumer loyalty" is compared with industrial average level. The report has considerable comparability.

Readability (★★★★☆)

This report has a clear structure, concise and fluency language and solid contents. The report illustrates the technical terms separately in the Annex. All of which makes this report very

readable.

Creativity (★★★★☆)

This report design is very appealing by using diverse and representative pictures, which illustrates the corporate sustainability practice. Each Chapter begins with short description of corporate commitment and perception on the issue, and ends with future prospects for the issue. Therefore bears considerable creativity.

Overall rating (★★★★★)

Through evaluation and deliberations, the rating team agreed to rate Sinopec Corp. Sustainability Report 2011 as extraordinary by giving a five-star rating to it.

3. Suggested Improvements

1. Improve the completeness by disclosing more indicators on health and safety issues, e.g. trainings and investment on HSE issue.

2. Improve the comparability by disclosing more comparative indicators for several consecutive years.

4. Rating Team

Team leader: Peng Huagang, Vice president of executive council of the Center and director general of Research Bureau, SASAC.

Team members:

Chen Yuanqiao, Research Fellow of China National Institute of Standardization, Secretary General of ISO26000 CSR Special Working Group

Zhang Junfeng, Vice director of Labor Security Research Institute, Ministry of Human Resources and Social Security

Zhong Hongwu, Director of CSR Research Center, Economics Division, Chinese Academy of Social Sciences

Zhang En, Deputy executive director of CSR Research Center, Economics Division, Chinese Academy of Social Sciences

Chen Jiagui

Chairman of rating expert panel

Standing committee member of NPC

Acting chairman of Presidium of Divisions,
Chinese Academy of Social Sciences

陈佳贵

Peng Huagang

Head of the rating team

Vice president of executive council of the Center

Director general of Research Bureau of SASAC

彭华岗



中国企业社会责任报告
专家评级委员会
Chinese Expert Committee on CSR Report Rating

About this Report

Dear readers, this is the Company's sixth Sustainable Development Report which covers the period from 1 January 2011 to 31 December 2011. The Report objectively and thoroughly describes Sinopec's sustainable development concept and practices through which the Company fulfilled its corporate social responsibilities in 2011. Before compiling the Report, we had a number of meetings to seek advice and opinions from all social sectors on the Report compilation and how to improve the Company's corporate social responsibility practices. We also invited the Company's relevant departments and people outside the Company to join in the compilation of the Report. We hope that the Report will serve as a platform of information exchange and enable us to hear the voices of all stakeholders. This Report follows the four reporting principles of Global Reporting Initiative's (GRI) G3 Guidelines.

This Report follows the four reporting principles of Global Reporting Initiative's (GRI) G3 Guidelines, namely materiality, stakeholder inclusiveness, sustainability context and completeness, along with its defining principles of balance, comparability, accuracy, time efficiency, clarity and reliability. However, the Report does not

include all relevant indicators. Please refer to www.globalreporting.org for details of GRI.

This report follows the 2008 Notification on Listed Companies' Disclosure of Social Responsibility Report and Internal Control Self-assessment Report released by Shanghai Stock Exchange. It covers Shanghai Stock Exchange's basic requirements for social responsibility report of listed company, whereby the listed company shall disclose its efforts to facilitate the sustainable development of society, environment, ecology and economy.

The business and financial data is extracted from the Company's 2011 Annual Report. The financial statements, prepared under the PRC Accounting Standards, have been audited by KPMG.

An electronic version of this Report is available on our website www.sinopec.com.

The Report has been submitted concurrently to the United Nation's Global Compact Office and Shanghai Stock Exchange and will be made public on their websites.

The Global Compact and Our Report

The Global Compact Principles		Corresponding Chapters in the Report
Human Rights		
1	Businesses should support and respect the protection of internationally proclaimed human rights.	5.1 Hand in Hand, We Share Rights and Respect 6.1 Community Building 6.2 Aid Those in Need, Help Those in Difficulty 6.3 Funding Educational Programs
2	Business should make sure that it is not complicit in human rights abuse.	5.1 Hand in Hand, We Share Rights and Respect
Labor		
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.3 Soul of Corporate Culture, Care with Action
4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	5.1 Hand in Hand, We Share Rights and Respect
5	Business should uphold the effective abolition of child labor.	5.1 Hand in Hand, We Share Rights and Respect
6	Business should uphold the elimination of discrimination in respect of employment and occupation.	5.1 Hand in Hand, We Share Rights and Respect
Environment		
7	Businesses should support a precautionary approach to environmental challenges.	Address from Chairman 3.2 Intrinsic Safety
8	Business should undertake initiatives to promote greater environmental responsibility.	4.1 Green Operation
9	Business should encourage the development and diffusion of environmentally-friendly technologies.	4.1 Green Operation 4.2 Dealing with Climate Change
Anti-Corruption Issues		
10	Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance

Shanghai Stock Exchange and Our Report

Shanghai Stock Exchange Basic Principle		Corresponding Chapters in the Report
1	Health and safety protection for employees;	Address from Chairman 3.2 Intrinsic Safety 5.1 Hand in Hand, We Share Rights and Respect
2	Protection and support for local community;	Address from Chairman Our Stakeholders 6.1 Community Building 6.2 Aid Those in Need, Help Those in Difficulty 6.3 Funding Educational Programs
3	Check on production quality.	Our Stakeholders 2.2 Leading Quality, Common Growth 4.1 Green Operation
Environment and Ecology		
4	How to prevent and reduce environmental pollution;	4.1 Green Operation
5	How to protect water resources and energy;	4.1 Green Operation 4.2 Dealing with Climate Change
6	How to protect inhabitation of local community;	4.1 Green Operation 4.2 Dealing with Climate Change
7	How to protect and improve biodiversity in local community.	4.1 Green Operation 4.2 Dealing with Climate Change
Economy		
8	How to create values for customers through production and service;	Adress from Chairman Our Stakeholders 2.1 Diversified Products, Colorful Life 2.2 Leading Quality, Common Growth 2.3 Providing Caring Services 2.4 Going through Special Times Hand-in-Hand
9	How to create better opportunity and future development for employees;	Adress from Chairman Our Stakeholders 5.2 We Care about Employees' Development
10	How to bring high returns for shareholders.	Company Profile Adress from Chairman Corporate Governance Our Stakeholders
Environmental Protection Information		
11	Environmental protection policy, annual objective and effect;	4.1 Green Operation
12	Annual total resources consumption;	4.1 Green Operation 4.2 Dealing with Climate Change
13	The company's environmental protection investment and technical development status;	4.1 Green Operation 4.2 Dealing with Climate Change
14	Category and quantity of pollutants;	4.1 Green Operation 4.2 Dealing with Climate Change
15	The construction and operating status of environmental protection installations;	4.1 Green Operation 4.2 Dealing with Climate Change
16	The processing and disposal of waste created in production and the recovery and comprehensive utilization of rejected products.	4.1 Green Operation

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Glossary

◎ Occupational Diseases

Diseases that workers suffer during production activities due to exposure to occupational hazards.

◎ Occupational Health Supervision

Occupational health supervision is a series of health examination measures taken to protect working people from occupational hazards and improve their healthiness. It mainly consists of occupational health examination, and occupational health supervision file management and other relevant activities.

◎ Occupational Health Checkup

Physical examination conducted on workers exposed to occupational hazards. The scope and cycle of occupational health checkup should be determined according to the categories of occupational hazards involved and the provisions of Occupational Health Checkup Scope and Cycle. Occupational health checkup comprises health examination of employees before and during work, at the time of separation and in case of emergency.

◎ Coverage of Occupational Health Checkup

The proportion of employees exposed to occupational hazards and subjected to occupational health checkup to the total number of employees that are required to undergo occupational health checkup on an annual basis.

◎ Coverage of Workplace Inspection

The proportion of workplaces involving occupational hazards that are examined to the total number of workplaces required to be examined on an annual basis.

◎ Accident

An incident that causes casualties or property loss.

◎ Per Million Man Hours

Per million man hours approximately equal the total work-hours of 500 workers in a year. Total work hours include training and overtime, but exclude vacations, sick leaves, and time of other absences from duty.

◎ Environment

The combination of all living substances, lifeless substances and their interrelations. .

◎ Environmental Impact Assessment

Evaluation of the impact of a construction project on the environment before the project is planned or implemented.

◎ Chemical Oxygen Demand (COD)

The quantity of a strong oxidizer consumed when a water sample is treated using such oxidizer under certain conditions. It is a composite parameter used to measure the pollutants discharged into water body and the potential impact of such discharge on the natural environment. The higher the value of COD, the more seriously polluted the water body would be by reducing substances.

Disclaimer

This report includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects or anticipates will or may occur in the future (including but not limited to projections, targets, and other estimates and business plans) are forward-looking statements. The Company's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties. The Company makes the forward-looking statements referred to herein as at March 2012 and undertakes no obligation to update these statements.

Company Information

Name	China Petroleum & Chemical Corporation
Company Registration Date	February 25, 2000
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Post Code	100728
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Website	http://www.sinopec.com
Places of Listing of Shares	Shanghai, Hong Kong, New York and London
Stock Name	SINOPEC CORP.
Stock Code	Shanghai: 600028, Hong Kong: 0386, New York and London: SNP





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Enterprise Mission

Develop the Enterprise, Contribute to the Country, Reward Our Shareholders, Serve the Society and Benefit Our Staff

Enterprise Vision

Build a World-Leading Energy and Chemical Company

Enterprise Spirit

Contribute to Chinese Society and Invigorate the Petrochemical Industry

Enterprise Style

Delicate, Precise, Practical and Innovative

Operation Concept

Integrity, Compliance, Cooperation, Win-Win



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