

2007

Sustainable Development Report



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I SINOPEC CORP. AT A GLANCE



I.1 CORE BUSINESSES

China Petroleum & Chemical Corporation (“Sinopec Corp.” or “the Company”) is an integrated energy and chemical Company with principal businesses of exploration, production and trading of petroleum and natural gas, refining and sales of petroleum products and production and sales of chemical products. The major assets of the Company are mainly in eastern and southern districts of China, which are enjoying the fastest economic growth in China.

Since its listing, Sinopec Corp. has been expanding its operating scale, improving its assets quality and enhancing profitability through continuous reforms.

• Exploration and Production

Sinopec Corp. is the second largest producer of petroleum and natural gas in China. By the end of 2007, its proved reserves of crude oil and natural gas were 4,079 million barrels of oil equivalent. We produced 29.2 million barrels of crude oil and 282.6 billion cubic feet natural gas in 2007.

• Refining

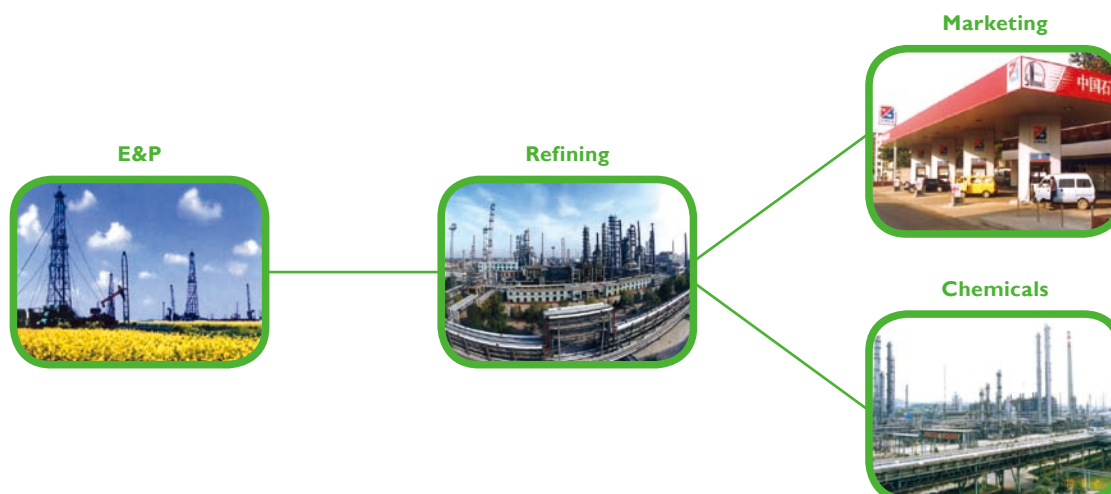
Sinopec Corp. is the largest oil refiner in China, producing gasoline, diesel, kerosene including jet fuel, lubricant, fuel oil, chemical feedstock and other petroleum products. By the end of 2007, its primary refining capacity was 190 million tonnes per year, ranking the third largest in the world.

• Marketing and Distribution

Sinopec Corp. has a well established sales network of oil products in China. By the end of 2007, there were 28,405 service stations owned and operated by the Company, ranking the third in the world.

• Chemical

Sinopec Corp. 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 fiber, synthetic fiber and synthetic rubbers. By the end of 2007, its ethylene capacity was 6.15 million tonnes per year, ranking the fifth in the world.





1.2 FINANCIAL SUMMARY

	2007	2006	2005	2004
	RMB million	RMB million	RMB million	RMB million
Turnover and other operating revenues	1 204 843	1 061 741	817 048	617 951
Other income	4 863	5 161	9 777	-
Operating expenses	1 123 842	986 270	758 848	555 003
Of which:				
Personnel expenses	22 745	20 956	19 667	18 952
Profit attributable to equity shareholders of the Company	56 533	53 603	41 354	35 289
Earnings per share(RMB/share)	0.65	0.62	0.48	0.41
Cash dividend for the year (RMB/share)	0.165	0.15	0.13	0.12
Share capital	86 702	86 702	86 702	86 702
Total assets	732 725	610 832	545 153	481 591
Donations	158	98	203	291

1.3 LOOKING AHEAD



Looking forward, we are faced with opportunities provided by the rapid economic growth of China and various challenges. We are confident of our ability to cope with these challenges, based on our strengths in upstream oil and gas exploration and development, oil refining and marketing, and international trade. We will also take advantage of the strengths of our controlling shareholder, China Petrochemical Corporation, in its engineering services of oil and petrochemical business and in its overseas assets, which may bring synergy effects for Sinopec Corp.. We will optimise and implement our strategies in oil and gas resources expansion, product marketing, integration and globalisation, as well as optimise our operations and promote management efficiency. In the meantime, Sinopec Corp. will remain committed to technological innovation, environment protection, energy conservation, and effluent reduction. We believe that this will lead to improvements in our risk management and profitability, in response to market developments. For the upstream, we will enhance exploration and development efforts, particularly to facilitate the construction of Sichuan-East China Gas project. We expect these to generate new sources of profit growth. We also plan to improve the geographic positioning of our refining capacity, improve product structure and increase production volume of high value-added products. We are also working towards a modern logistics system for marketing our refined oil and chemical products. Our reforms will focus on innovation to create a management model tailored to our own features to provide a sustainable platform and for future development which is aiming at growing up to a multinational energy and chemical corporation with strong competitiveness.

2 WELCOME FROM CHAIRMAN



Over the past few years, Sinopec Corp. has followed the concept of scientific development through providing reliable energy and creating value for the society, implementing social responsibility as a large corporation, and ensuring harmony between production and safety, energy consumption and environment protection, company, employees, and the society.

As a member of the United Nation's Global Compact we produced our first sustainable development report in June 2007 and disclosed our progress in implementing the Global Compact's ten principles. These relate to human rights, labour relations, environment protection and anti-corruption and are a way to realise sustainable development. We continue to maintain these principles, and have cared for employees. In addition, we have applied energy conservation, work safety and cleaner production principles. We have also enforced our auditing efforts for supervising procurement, sales, public bidding and corporate activities, as well as strengthened our anti-corruption systems to promote the company's stable and harmonious development.

In 2007, Chinese economy continued to grow rapidly, leading to a growth in domestic demand for oil and petrochemical products. Under severe market conditions featured by the soaring crude oil price and domestic pricing restrictions over oil products, we were still able to achieve fairly good performance. We did this by optimising our operations, improving management, pushing forward technological advancements, and carrying out the safety measures and energy conservation efforts. Particularly, since the fourth quarter in 2007 when oil supply was tense in some regions, we fulfilled our social responsibility via taking various measures to ensure sufficient supply in the domestic oil products market, thus contributed to the stable and rapid economic and social development in China. During 2007, our crude oil production reached 41 million tonnes, natural gas production were 8 billion cubic meters, refinery throughput was 156 million tonnes and domestic sales volume of oil products amounted to 119 million tonnes, chemical products sales volume amounted to 29.85 million tonnes. Capital expenditure was RMB 109.3 billion, which contributed to our sustained development, and the development of national prosperity and progress. In 2007, we paid RMB 103.768 billion in taxes, fees and other charges, and cash dividends to shareholders amounted to RMB 14.306 billion.



Sinopec Corp. always takes safety and environment protection as its first priority. In 2007, we further enhanced our health, safety and environment management system and implemented a corporate safety and environment protection responsibility mechanism to identify and avoid potential risks and accidents. This included increased investment for the year that focused on potential safety and environmental issues. We implemented 10 bans of the performances not good for work safety so as to improve employees' awareness and ensure the safe operation of our facilities under high load. Additionally, whilst expanding our production, we cut water consumption and COD discharge by 4.3% and 5.4% respectively against year 2006 levels.

Sinopec Corp. has promoted the development of cleaner energy and more environmentally-friendly products. To do this we have enhanced our efforts to make Sinopec Corp. a more environmentally-friendly and resources-saving organisation. In 2007, we were able to bring more natural gas to the domestic market, through on-going development of our gas reserves and accelerated the construction pace of Sichuan-East China Gas project. At present, we are able to produce gasoline and diesel meeting Euro IV standards. We have achieved great progress in new energy and alternative energy development, such as syngas-to-oil and bio diesel. We have also achieved energy conservation and emission reduction through scientific and technological innovation, structural adjustment and better management. Our energy intensity has dropped by 6.1% from the 2006.

In 2007, Sinopec Corp. continued to respect people-oriented employee principles. We improved and issued the Employees Code of Conduct to discipline the behaviour of our staff and to create a better working environment. We also provided our employees with vocational training and supported their career development. We improved the working environment, reinforced tracking efforts of occupational health conditions of the staff and helped employees with living difficulties.

We continue to support social welfare and charity programmes by sponsoring educational and cultural undertakings. During the severe weather disaster in South China at the beginning of 2008 and in response to the super-strong earthquake registering 8.0 on the Richter scale pounding the Wenchuan County in Sichuan on 12 May 2008, we made donation to the disaster areas to support rescue and rebuilding. For the past years, we donated to poverty stricken and ethnic regions, as well as to disabled groups. We supported schoolgirls via donations under the Chun Lei Programme, assisted cataract sufferers by supporting the Health Express and helped the Tibet Autonomous Region improve local living and educational standards. We also proactively supported the 2008 Beijing Olympic Games, to promote the harmonious development between corporation and the society.

Sinopec Corp. will continue to follow the Global Compact and improve awareness of corporation responsibility. By following the principle of scientific development, leveraging the advantages of our business synergy, optimising operations, improve management, and promote scientific and technological innovation, as well as energy conservation and environmental protection, we We will continue to contribute to the construction of a harmonious society, and work for the benefit all our stakeholders.

President
Beijing, China
June, 2008



3 SUSTAINABLE DEVELOPMENT IN SINOPEC CORP.



3.1 DELIVERING OUR COMMITMENT

Advocating and facilitating corporate sustainability has always been at the heart of what we do. With this in mind we target at being a business leader in environment protection and sustainable development. In 1996, Sinopec Corp. joined the World Business Council for Sustainable Development (WBCSD) as its first Chinese council member. We advocated, initiated and established the China Business Council for Sustainable Development (CBCSD), providing support to CBCSD from the aspects of human resources, material resources, financial support, project assistance etc. in a systematic and comprehensive way, carrying out Projects in Corporate Social Responsibility (CSR), Work Safety, Environment Protection, Recycling Economy, Energy Conservation and Emission Reduction, Energy and Climate Change as well as the development of Sustainable Development Report etc. Sinopec Corp. has also played an important role in promoting CSR and corporate sustainability. Sinopec corp. entered United Nation's (UN) Global Compact in November 2004 and integrated sustainable development into its strategic development. While pushing forward sustainable development in Sinopec corp. itself, we have brought along more and more enterprises to make progresses in this field. CSR "1+3" Action Plan, meaning each company engages three other enterprises along its supply chain in CSR activities, has not only integrated CSR into the enterprises' long-term strategic development goal and operation guidelines, but also promoted CSR to all sectors and partners, so as to jointly facilitate the harmonious development of economy, society and environment.



3.2 DRIVERS FOR SUSTAINABLE DEVELOPMENT

Sustainable development helps Sinopec Corp. to drive performance and deliver business value. The quality of Sinopec Corp.'s corporate governance systems, health, safety and environment performance and community relations provides important indicators to an increasing range of stakeholders about the underlying quality of the Company. For instance, investors looking for financial returns, potential employees looking for careers, and customers selecting products will use this information to differentiate Sinopec Corp. from its peers or competitors. It is critical, therefore, that the Company strives to continually improve these aspects of the business. In return, Sinopec Corp. remains better positioned to attract investors and talents, all of which helps grow the Company and ensures its future development which is aiming at growing up to a multinational energy and chemical corporation with strong competitiveness.

Figure 3.1 Sinopec Corp.'s Drivers for Sustainable Development





3.3 STAKEHOLDER COMMUNICATION

Successful stakeholder relationships that deliver mutual benefits are necessary to Sinopec Corp's business. Recognising that our business activities can affect the person around us, Sinopec Corp. works to maintain a dialogue with those who have an interest in what we do.

Table 3.1 Stakeholder Communications

Stakeholders	Communication methods	Concerns	Performance Indicators	Goals
Shareholders and creditor	<ul style="list-style-type: none"> Financial reports Company announcements Road shows One-on-one meetings 	<ul style="list-style-type: none"> Investor returns Accuracy and timeliness of disclosure 	<ul style="list-style-type: none"> Profit attributable to shareholders Return on capital Owner interests Dividends 	<ul style="list-style-type: none"> Improve disclosure mechanisms Realise company value
Customers	<ul style="list-style-type: none"> Customer meetings Routine customer communications Customer feedback Hot-line service On-line services 	<ul style="list-style-type: none"> Speed of response Service quality Special requirements Complaint processing 	<ul style="list-style-type: none"> Customer satisfaction Processing rates 	<ul style="list-style-type: none"> Meet customer demands Undertake market analysis Develop and implement marketing plan and program Improve product and process activities
Employees	<ul style="list-style-type: none"> Suggestions and complaint mailbox Employee conversations 	<ul style="list-style-type: none"> Professional development programs Employee welfare Complaint processing 	<ul style="list-style-type: none"> Employee training Customer feedback Rate of employee retention Rate of complaints closed 	<ul style="list-style-type: none"> Meet employee demands Undertake effective communications Improve employee training Improve employee welfare Improve human resource management
Suppliers	<ul style="list-style-type: none"> Contract negotiation Real-time exchange Tender conferences 	<ul style="list-style-type: none"> Product and price Distribution and service quality Timely payments Long-term partnerships 	<ul style="list-style-type: none"> Cost and payment contract 	<ul style="list-style-type: none"> Confirm service requests Develop and implement supplier selection criteria and evaluation
Financial and insurance companies	<ul style="list-style-type: none"> Contract negotiation Routine business communications 	<ul style="list-style-type: none"> Financial cost reduction Risk reduction Timely payments 	<ul style="list-style-type: none"> Payment schedule Compensation rates 	<ul style="list-style-type: none"> Implement finance and insurance policy Reduce finance risks aligned with company strategy
Labour unions	<ul style="list-style-type: none"> Collective bargaining Regular communication Congress of Employee representatives 	<ul style="list-style-type: none"> Employees' rights and interests Democratic management Transparency of business operations 	<ul style="list-style-type: none"> Congress of employee representatives Establishment of grass-root labour union organisations Rate of signing collective contracts Disclosure of business operations 	<ul style="list-style-type: none"> Strengthen communications Improve democratic management
Business partners	<ul style="list-style-type: none"> Contract negotiations Regular conferences High level meetings Communication exchange Routine business communications 	<ul style="list-style-type: none"> Profit distribution Information exchange Good faith and mutual benefit 	<ul style="list-style-type: none"> Revenue Return of capital Market share 	<ul style="list-style-type: none"> Undertake market analysis of industry and peer company Establish effective business partnerships
Government	<ul style="list-style-type: none"> Laws and regulations Visits and exchange 	<ul style="list-style-type: none"> Safety, environment and compliance Supply security Employment opportunities Development of local economies 	<ul style="list-style-type: none"> Taxation Creating jobs Rate of industrial accidents Social contributions 	<ul style="list-style-type: none"> Ensure regulatory compliance Implement development strategy Improve internal management.
Community	<ul style="list-style-type: none"> Public welfare agreements Volunteer activities Regular conferences 	<ul style="list-style-type: none"> Environmental protection Harmonious communities 	<ul style="list-style-type: none"> Pollution complaint cases Social welfare spending 	<ul style="list-style-type: none"> Institutionalize communication exchange Improve investment in public welfare
Non-governmental organisations (NGOs)	<ul style="list-style-type: none"> Membership contributions Participate in conferences Routine communications 	<ul style="list-style-type: none"> Initiate sustainable development in partnership Resources for establishing industrial standards 	<ul style="list-style-type: none"> Promotion of the Company's business 	<ul style="list-style-type: none"> Strengthen communication information Establish effective partnerships





3.4 IDENTIFYING KEY ISSUES AND PRIORITIE

On-going communications with our stakeholders has re-affirmed Sinopec Corp.'s commitment to sustainable and harmonious development. In consideration of our stakeholders' views our strategic goals are described below.

3.4.1 Improving Corporate Governance

Good governance is essential to the sustainable development of Sinopec Corp. The Company is committed to protect and balance the interests of the stakeholders, who include our shareholders, customers, employees and the society etc.; exert the roles of the strategic, audit and remuneration committees as well as the independent non-executive directors, which help to improve the decision-making ability of the Board. Sinopec Corp. will also continue to strengthen the supervision role of the Supervisory Board's; optimise the internal control system and progressively improve corporate information disclosure and investor relations.

3.4.2 Innovation and Efficiency

Sinopec Corp. takes the application of scientific and technological advancement as a key means of maximising the value of the Company. In particular, the key proprietary technologies will focus on crude oil and natural gas exploration and production, resources utilisation, new product development, energy conservation and consumption reduction, and environmental protection. In order to strengthen the sustainability of the Company, Sinopec Corp. is also actively involved in researching and developing new energies and alternative energies.

3.4.3 Human Resources

Sinopec Corp. believes that employees are its most important resources for sustainable development. The Company will continue to focus on the development of employees, and provide effective human resources development and healthy environment for career advancement. We will also encourage and support talented professionals with management skills, special techniques and operation craftsmanship and strengthen our human resources management capacity.

3.4.4 Improving Health, Safety and Environment (HSE) Management

Sinopec Corp. will continue to implement HSE management system, pay attention to saving resources and protecting the environment. The Company promote clean production with technical improvement. Sinopec Corp. will also reinforce its management in resource conservation and utilisation to develop a recycling economy, in order to build the Company into a low-consumption, low emission, high efficiency, resource saving and environmental friendly enterprise.



3.4.5 Enhancing Customer Relations

In 2007, Sinopec Corp. developed its *Customer Relationship Management System* to help us promote development of chemical products sales and serve our customers effectively.

These goals are summarised in *Figure 3.2*.

Figure 3.2 What Sustainable Development means to Sinopec Corp.



4 CORPORATE GOVERNANCE



4.1 SINOPEC CORP.'S CORPORATE GOVERNANCE VALUES

Good governance helps Sinopec Corp. balance its obligations between stakeholders, and allows Sinopec Corp. to operate more efficiently with a capacity for improved decision-making and risk prevention, all of which will improve the sustainable development of the Company.

4.2 MANAGEMENT STRUCTURE AND GOVERNANCE

4.2.1 Management Systems

Sinopec Corp. has established a coordinate, effective and standardised corporate governance structure which enables it to adapt well to the market economy. The corporate systems consist of the Shareholders' Meeting, the Board of Directors, the Board of Supervisors and the Team of Presidents. Following international practices we have organised our business in four segments including exploration and production, oil refining, chemicals and marketing & distribution.

4.2.2 Governance Organisation

Board of Directors

The Board of Directors is responsible for decision-making of the operation of the Company. Currently, the Board is made up of eleven members, including three independent non-executive directors.

Table 4.1 Sinopec Corp.'s Board of Directors

Name	Position in the Board of Directors
Su Shulin	Chairman
Zhou Yuan	Vice Chairman
Wang Tianpu	Director
Zhang Jianhua	Director
Wang Zhigang	Director
Dai Houliang	Director
Liu Zhongli	Independent Non-executive Director
Shi Wanpeng	Independent Non-executive Director
Li Deshui	Independent Non-executive Director
Yao Zhongmin	Director
Fan Yifei	Director

Under Board level are three committees: Strategic Committee, Audit Committee and Remuneration and Performance Review Committee.

1. Strategic Committee:

The Committee is chaired by director Wang Tianpu and consists of directors Li Deshui, Zhang Jianhua, Wang Zhigang, Yao Zhongmin and Fan Yifei. The committee is responsible for conducting research in long-term development strategies, including sustainable development, major investment decisions, and providing business proposals.

2. Auditing Committee:

The Committee is chaired by director Liu Zhongli and consists of directors Shi Wanpeng and Li Deshui. The committee is responsible for providing recommendation of external auditors, review of the company's financial statements in annual reports, interim reports, quarterly reports and internal control systems.

3. Remuneration and Performance Review Committee:

The Committee is chaired by director Shi Wanpeng and consists of directors Liu Zhongli, Li Deshui and Dai Houliang. The committee is responsible for researching and suggesting the remuneration scheme of directors and senior management.



Board of Supervisors

The Supervisory Board's primary role is to supervise corporate finances and performance of directors and senior management. As such, it upholds the legal rights and interests of the Company and its shareholders. Currently, the Board is made up of nine supervisors, of which, two are independent and four are employee representatives.

Table 4.2 Sinopec Corp.'s Board of Supervisors

Name	Position in the Board of Supervisors
Wang Zuoran	Chairman
Zhang Youcai	Vice Chairman, Independent Supervisor
Kang Xianzhang	Supervisor
Zou Huiping	Supervisor
Li Yonggui	Independent Supervisor
Su Wensheng	Employee Representative Supervisor
Zhang Jitian	Employee Representative Supervisor
Cui Guoqi	Employee Representative Supervisor
Li Zhonghua	Employee Representative Supervisor

Senior Management

Sinopec Corp.'s President reports to the Board of Directors. The President presides over the company's operations and is responsible for implementing operational and investment plans agreed by the Board of Directors. The other senior management assist the President with daily work.

Table 4.3 Sinopec Corp.'s senior management

Name	Position
Wang Tianpu	President
Zhang Jianhua	Senior Vice President
Wang Zhigang	Senior Vice President
Cai Xiyou	Senior Vice President
Dai Houliang	Senior Vice President, Chief Financial Officer
Zhang Kehua	Vice President
Zhang Haichao	Vice President
Jiao Fangzheng	Vice President
Chen Ge	Secretary to the Board of Directors





4.3 OUR PERFORMANCE

4.3.1 Corporate Governance

In 2007, Sinopec Corp. conducted a comprehensive review on its corporate governance systems, formulated the Rules of the Company's Shares Transactions by Directors, Supervisors and Senior Management and the Working Rules for the Independent Directors, and amended Information Disclosure Rules. The Company also optimised internal control processes and fully utilised the online controls of the ERP (Enterprise Resource Plan) information system to improve internal controls.

4.3.2 Anti-Corruption

In 2007, we attached great importance on the punishment, prevention and system formulation in place to eliminate corruption and promote a healthy, stable and harmonious organisation. These efforts included:

- Promoting anti-corruption education to build awareness;
- Implementing supervision management measures for better internal controls based on the principles of fairness, openness, transparency and all-through supervision;
- Implementing a performance review and inspection system to strengthen company management supervision;
- Enforcing a prevention system; and,
- Operating an anonymous anti-corruption reporting hotline. We also have in place a periodical checking system.



Box 4.1 Interview with Mr Liu Changwei, Director, No. 1 Chemical Factory, Yanshan Petrochemical Company, Sinopec Corp.

1. What measures did your company take in 2007 to improve the awareness of anti-corruption?

To prevent corruption and improve anti-corruption awareness, we:

- Initiated several major educational programmes. All employees were shown educational movies showing the benefits of outstanding, clean and diligent leadership;
- Unified the strength of the inspection and auditing systems. Supervision, management and inspection systems are effectively demarcated;
- Assigned the principals on the scene as the first responsible person; and
- Carried out project supervision and contractors evaluation.

2. Does your company work with any other organisations, industry peers or other stakeholders to prevent corruption?

We adopt many measures to cooperate with other relative parties. For example, we invite the Fangshan District Procuratorate to share specific cases with the factory, and also communicate with other companies via website.



4.3.3 Auditing

Sinopec Corp. attaches great emphasis to manage auditing activities under a standard auditing system. We have established an auditing department, which is responsible for planning, organising, implementing and checking our internal auditing system.

As part of our on-going efforts to strengthen our auditing systems, in 2007, we:

- Reformed our auditing system to establish four regional auditing offices under a central auditing department. Consequently, there has been an effective demarcation between auditing activities and auditing administration;
- Further reinforced our accounting supervision system. We have promoted economic responsibility auditing and financial auditing, management and performance auditing, and implemented project investment auditing to enhance the enforcement of internal controls and ensure senior managers accountability; and
- Promoted the auditing system construction in an orderly way to enhance information building.

4.3.4 Anti-Monopoly Practices

Sinopec Corp. advocates fair trade principles, observes anti-monopoly codes and insists on fair competition, adheres to China's anti-monopoly and competition legislation and participates in the development of China's anti-monopoly laws.

We do not resist fair competition from competitors and do not participate in slander that could harm to the reputation of others. We also do not adopt illegal means to obtain business secrets and do not harm consumer interests by taking advantage of our market position. Sinopec Corp. complies with the anti-monopoly legislation in all of the countries where it conducts business, and works on a win-win co-operative basis to protect stakeholders' rights.

5 HEALTH, SAFETY AND ENVIRONMENT (HSE)



5.1 SINOPEC CORP.'S HSE MANAGEMENT VALUES

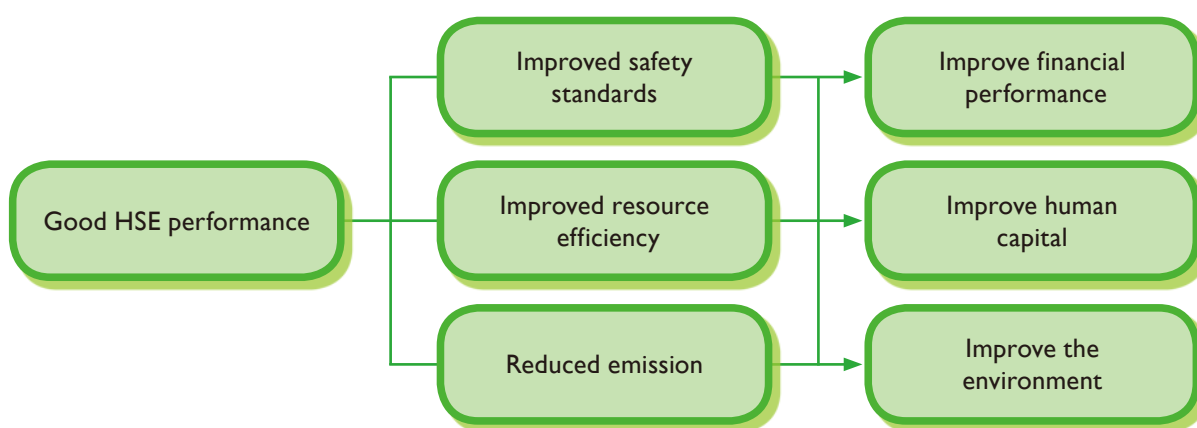
Sinopec Corp.'s policy is: *safety first, prevention foremost, participation of all employees, comprehensive treatment, environmental improvement, health protection, scientific management and sustainable development.* In practice this means that Sinopec Corp. commits to the following:

- Senior management accountability for HSE, with all employees sharing the same commitment;
- Observing the laws and regulations, and respecting the culture and customs, of all locations where we operate;
- Taking HSE performance as an important criteria when hiring or awarding employees and selecting contractors;
- Protection of the natural environment, promotion of cleaner production, and realization of sustainable development goals;
- Provision of HSE performance information to our stakeholders, as well as soliciting their opinions; and
- Provision of adequate human and financial resources to ensure that the Company's goals are met.



Sinopec Corp.'s Management recognises that many of our employees work in environments which have potential health and safety risks. The Company's HSE commitments help us strive to avoid accidents, reduce risks and avoid harm to human health whilst providing society with high quality products. Sinopec Corp. attached great importance to environmental protection. By utilising resources efficiently and implementing HSE management controls, the Company aims to ensure that its production processes become cleaner, thus reducing emissions to the environment and reducing financial risks.

Figure 5.1 Why HSE is important to Sinopec Corp.





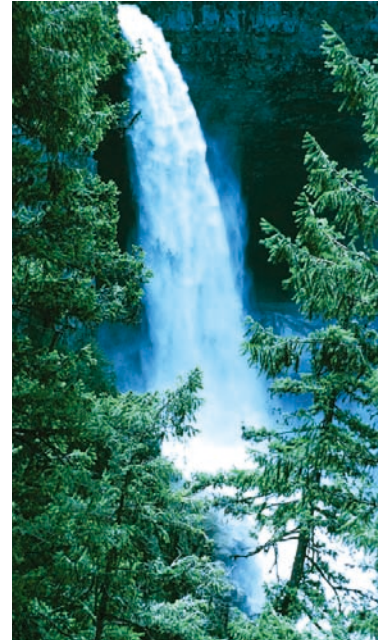
5.2 KEY HSE CHALLENGES

Exploration and production: Sinopec Corp. typically works in remote areas of China exploring for potential reserves. These areas are often in lack of infrastructure, which presents challenges in the collection and treatment of wastes.

To address these challenges in 2007 we focused on improving two specific measures to strengthen our existing practices:

- To treat wastewater generated during exploration and production so discharged waste water can meet requirements; and
- To treat solid wastes, all wastes are now collected centrally onsite and disposed of at authorised treatment centres.

Refining: The quality of crude varies and the pipeline transportation mixes crude from different sources resulting in uncertainties in the crude quality, which might negatively affect our operations. Controlling pollution is therefore a key focus, especially as many of Sinopec Corp.'s plants are close to communities and public service infrastructure. To address this we improved our appraisal of oil resources, we improved our equipment controls at our oil refineries, enhanced our management and maintenance controls, strengthened our handling procedures for the handling of hazardous materials, treated odorous gases, and monitored waste vent gases from our refineries.



Marketing and Sales: Our terminals and service stations spread across China, to prevent leakage from pipelines, oil tanks and control the emissions of vapour in city areas are therefore major challenges.

Our measures are: enhance patrols on major facilities to identify hidden hazards, formulate emergency responsive plans, add more environment monitoring facilities and vapour collection facilities, thus reduce emission and pollution to the environment.

Transportation: Sinopec Corp. transports energy through a complex network of pipelines, railways, roads, waterways across China. Preventing leakage from this transport and storage network is a major challenge.

To address this challenge in 2007 we improved our pollution control measures by strengthening our engineering systems to prevent environmental pollution at the moment of accident. We also improved our routine audit patrols to identify potential leakage risks before leakage occurs.

Employee safeguards: With a large number of employees exposed to potential hazards spread over a wide geographical area, a major challenge in minimising work-related accidents has been addressed through the successful implementation of safety guidelines and training programs covering all employees.



Box 5.1 Interview with Mr Chen Jian, Deputy Manager, Zhenhai Refinery of Sinopec Corp.

1 Chinese HSE legislation is continually being updated, how does Zhenhai keep up to date with HSE regulations?

Zhenhai maintains a corporate management division dedicated to keeping our operations up to date with new laws and regulations affecting our operations. To make certain new requirements are effectively operationalised we conduct a compliance assessments twice a year in June and December.

2 How does Zhenhai assess HSE risks when it develops new projects?

We conduct internal HSE assessments of new development projects before reporting to the China petrochemical Corporation.

3 How does Zhenhai deal with community concerns which may arise as a result of the company's activities?

Zhenhai deals with this issue via the following measures:

- We disclose our company's developments to affected communities;
- We work to maintain a good relationship with communities for better mutual understanding; and
- We inform the community in advance of any significant activities that may cause community concerns.

4 Improving management accountability and employee awareness of HSE is a key goal of Sinopec Corp.. What challenges has Zhenhai faced to achieve this goal and how were they overcome?

The central challenge is how to improve employees' awareness. We address this by taking the following measures:

- Employees training provided by experts
- Organising related HSE awareness building activities during our dedicated 'Work Safety Month', which occurs in June every year;
- Implementing the Three Synchronies system, which requires pollution controls to be effectively implemented as projects are developed; and
- Performance assessment of management staff.

5 Why is cleaner production important to Sinopec Corp.?

Both sustainable development and cleaner production are important for Sinopec Corp. given the fact that we are an energy consumer, as well as producer. As energy resources are limited it is our responsibility to use them efficiently. We realise cleaner production also demonstrates the broader management capabilities of a company, so this is part of our drive to create a better financial return for our owners. Also importantly, cleaner production, or energy conservation and emission reduction as advocated by the Chinese government, is consistent with the company's development goals.

6 What have been the key HSE management accomplishments in 2007?

For the Zhenhai Refinery Branch Company, the achievements can be seen from two aspects:

- Improved employee awareness;
- Improved management capability.



5.3 MANAGEMENT SYSTEMS

5.3.1 HSE Management Systems

Sinopec Corp.'s HSE management system outlines management responsibilities, and provides prevention and control measures designed to reduce the risk of injury, property damage and pollution. By the end of 2007, many subsidiaries under Sinopec Corp. have passed the inspection of the ISO14001 system and have been granted with certifications. In December 2007, Sinopec Corp. has been approved of the environmental performance assessment by the State Environmental Protection Administration, which is required as a listed company.

5.3.2 Vapour Collection

Sinopec Corp. has always endeavoured to reduce the vapour emission from its storage tanks and service stations. In the 1980s, Sinopec Corp. introduced new technologies into China for vapour collection. This commitment continues. In 2007 Sinopec Corp. started to upgrade its 13 storage facilities and over 800 service stations in Beijing, Tianjin and Hebei and now the vapour collection facilities at two oil tank farms and 400 service stations were put into operation. By the end of 2007, we are ready to supply cleaner fuels equivalent to Euro IV standards to the cities hosting 2008 Olympic Games.



5.4 OUR PERFORMANCE

5.4.1 Energy conservation and Climate Change

Sinopec Corp. recognises climate change as a global issue and works to reduce its greenhouse gas emissions by improving energy efficiency to minimise the impact of its operations on climate change.

In 2007, to support China's national initiative to address energy conservation, Sinopec Corp. established a raft of energy conservation and effluent reduction management measures. Specific projects included coal-gasification, substitution of oil with natural gas, power grid upgrading, water injection adjustment and heat recovery. Compared with 2006, our overall energy intensity dropped by 6.1%.

In terms of the Clean Development Mechanism (CDM) in Kyoto Protocol, Sinopec Corp. cooperates with overseas partners, such as Arreon Carbon Corporation, for emission reduction project. This project will reduce 1,400 tonnes of N₂O emission per year, which is equivalent to 434 thousand tonnes of CO₂.

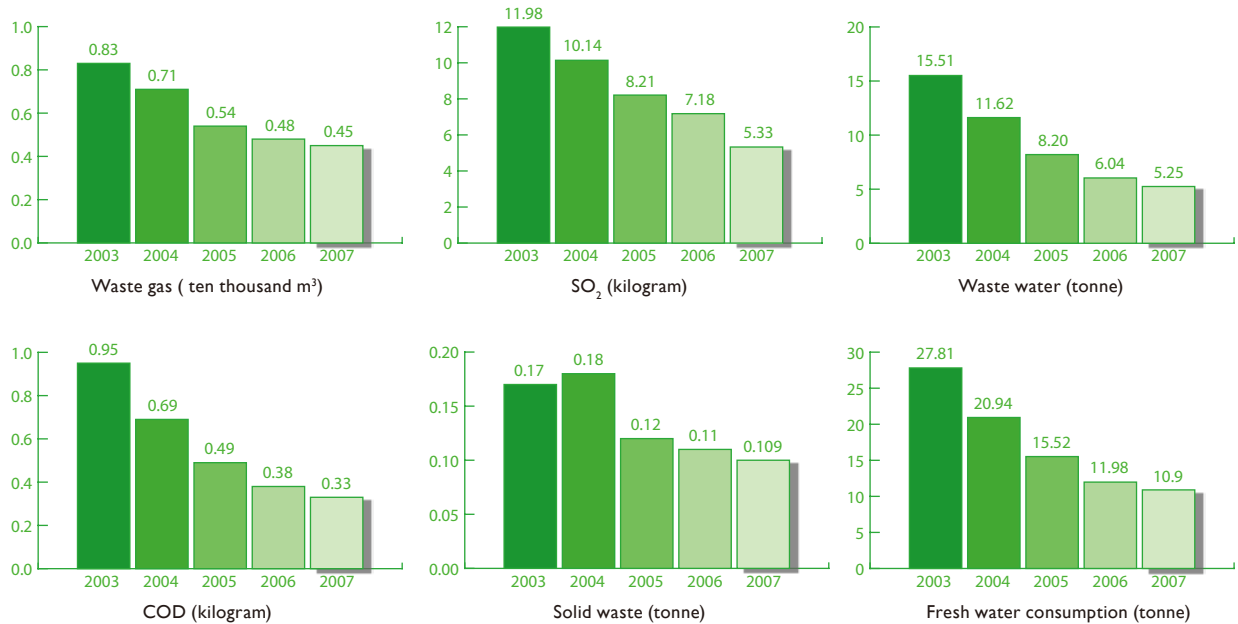


5.4.2 Safety and Cleaner Production

In 2007, the Company adhered to the principle of promoting the HSE management mechanism. The responsibility system of the safe production was established and the basic work was emphasised. Every regulation was implemented to the detail. Our safety and environmental protection status is continuously improving and energy and material consumption per production unit kept decreasing. The Company enhanced and strictly followed Rules of Safe Production, which raised the awareness of the employees for safe production and standard operations. While maintaining full-load and longer cycle production, the safety of production achieved an overall steadiness and HSE management on environment protection made continuous progress. Total investment in HSE aspects were RMB 2.27 billion in 2007. 1,100 hidden troubles were eliminated so that the safety of operation units achieved overall steadiness.

In recent year, we have promoted clean production process and operations. We have established government approved cleaner production operations in 59 production units and 13 subsidiaries. In 2007, we evaluated four additional operations of which three were approved as designated cleaner production units. Through the improvement of processes, technologies, equipment and operational management, Sinopec Corp. realised its material and energy conservation and effluent reduction. More specifically, Sinopec Corp. reduced the chemical oxygen demand (COD) in its discharged wastewater by 5.4% and its industrial water consumption by 4.3% from 2006 levels. Zhenhai Refining and Chemicals Company, one of Sinopec Corp.'s subsidiaries, is on the top level with lowest energy consumption, material consumption and waste effluent indicators around the same industry. In 2007, it received the national award in environment protection, being the one only company in petroleum and petrochemical industry.

Table 5.1 Summary of Discharges and Consumption of Freshwater (per ten thousand RMB of production)



5.4.3 Occupational Health and Safety Management

In 2007, Sinopec Corp. continued to implement its occupational health and safety programme in compliance with China’s regulations.

Safety and Protection Measures

In 2007, Sinopec Corp. enacted safety training system for all employees and safety qualification system for special operators. Over 2,000 employees participated in our special safety training program. A broader safety training programme was also provided to all staff throughout the company. The Company provided employees with personal protection equipment for preventing occupational accidents.

Occupational Health

The Company continued to build its employee occupational hygiene record, occupational health record, personal protection equipment record and occupational health education record. We provide health examinations, and introduce occupational health knowledge for decreasing incidence of occupational disease. We also set up infirmaries in relatively mass work place.



Safety Management

We undertake regular safety inspections to track and assess our safety activities. In 2007, we organised two company-wide safety inspections, and numerous safety supervisions, which all resulted in the timely elimination of potential safety hazards. Every June, we conduct a month-long safe production program across the corporation.

Emergency Response

In order to handle emergencies, we have established two rescue centres in western China and Sichuan Province. We also have seven other joint response networks to deal with emergencies. In 2007, we undertook assessments of surface water pollution emergency response plans for our operations along the Yangze River and Yellow River. In 2007, Sinopec Corp. totally experienced ten accidents. But none of these accidents were serious enough to trigger our emergency response plan.



5.4.4 Environment Protection Research and Technologies

We have dedicated environment protection or water treatment research division in our Fushun Research Institute of Petroleum and Petrochemicals; Research Institute of Petroleum Processing; Beijing Research Institute of Chemical Industry. We also have a Clean Production Technology Center, a Flue Gas Desulphurization Technology Center and two Environment Protection Technology Centers in Shanghai and Beijing. In addition, five of our subsidiaries have “Grade A” environment impact evaluation certificates. They provide strong technical support for environment protection and effluent treatment. Our experts and technicians work together in the following areas: clean production, treatment of process effluents, environment management and monitoring, and the recycling of wastes.

5.4.5 Safety Protection Fund

To ensure the safety of our employees and assets, we currently maintain with China Petrochemical Corporation a Safety Production Insurance Fund. Based on the evaluation of risks and hazard, we use this fund in elimination of potential hazard and safety training of our employees, and achieved good results. In 2007, we eliminated 1,003 potential safety hazards, such as lightning protection for offshore petroleum facilities and large-sized oil tanks.



6 SOCIETY AND COMMUNITY



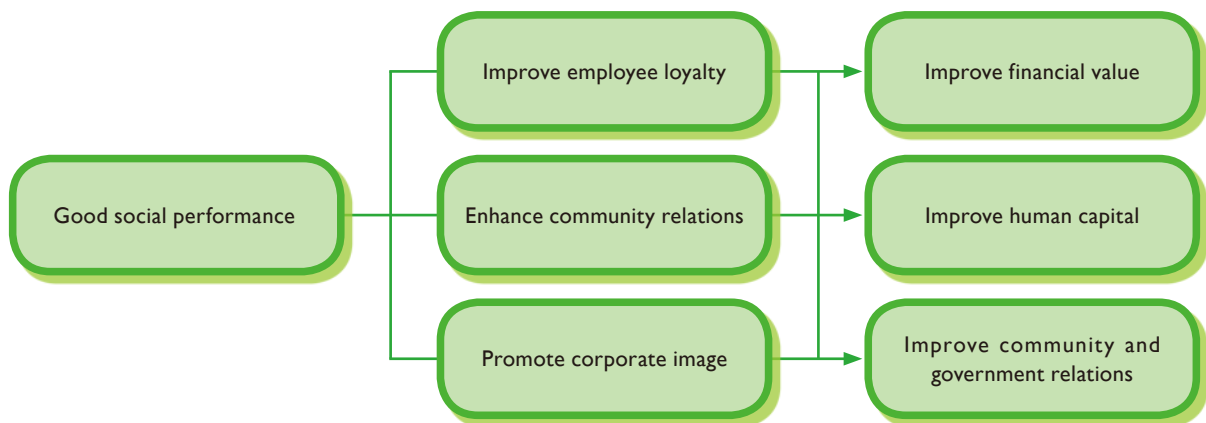
6.1 SINOPEC CORP.'S SOCIAL AND COMMUNITY VALUES

Sinopec Corp. believes that we should play an important role in helping society and the local communities where we operate. We have made important contributions via the following:

- Maintaining healthy labour relations;
- Employment and new job creation;
- Investment in employee education and training;
- Respect human rights;
- Payment of taxes;
- Ensure sufficient supply to the market; and
- Philanthropy.

Sinopec Corp. believes that these contributions strengthen its partnership with society.

Figure 6.1 Why Society is important to Sinopec Corp.





6.2 MAINTAINING HEALTHY LABOUR RELATIONS

6.2.1 Labour Union Organisation

We have established the Employee Representative Congress and Labour Union system. We also have Labour Union Fund Review Committee and Labour Union Female Staff Committee, in line with Union regulations. The Labour Union at all of our subsidiaries has obtained legal person status once it is qualified. The Labour Union Chairman is the legal representative. The Labour Union Committee has established relevant Agencies and Branches, Union Teams and Union Representatives.

There are four employee representatives supervisors in the Supervisory Board, which are elected by the *Congress of Employee Representatives*.

6.2.2 Collective Bargaining

In dealing with matters that are of interest to employees, bargains are made based on legal principles and considering equality, harmony and stability. Through collective bargaining, Sinopec Corp. continues to build consensus on issues to protect the rights and interests of employees, as well as developing good labour relations.

With this bargaining process we determined actions for employment and wages, working hours, vacation allowance, insurance benefits, labour health and safety, redundancy arrangements, and signed collective contract which included terms of service, lifting, suspension and termination, the rights and obligations of parties for the implementation of contracts, supervision and labour dispute mediation, and default liabilities, etc.

The introduction of welfare policies, rules and regulations affecting the interests of employees can only come into effect after negotiations with the Labour Union and the approval of the *Congress of Employee Representatives*. In the case of labour disputes, the Labour Union will be commissioned by employees to mediate or provide legal services.

6.2.3 Democratic Management

Employees participate in democratic management and supervision. Business operations provide access to information based on employees' right to know. Their participation is welcomed as a way to improve scientific and rational decision-making. We also promote employee involvement in the management of operational affairs; as part of our "*Transparent Management*" principles. we provide access to procedures of investment decision-making, project tendering and bidding, finance management for employees.

The Congress of Employee Representatives is the main body through which operational affairs are transparent. The Congress also assists the company for the appraisal of management and provides access relating to hospitality arrangement, management integrity and collective contract implementation. The congress also elects employee representatives and supervisors, to ensure that employee's rights are implemented effectively.





Box 6.1: Interview with Mr Liu Changwei, Director, No. 1 Chemical Factory, Yanshan Petrochemical Company of Sinopec Corp..

1. Why are good labour relations important at your company?

We think that good labor relationship is the basis for a company’s future development. Our company aims to build up an innovative labor relationship by closing the gap between management and employees, consequently we emphasise that our managers treat all employees in the manner of “*servicing, communicating and listening*”. We also believe good labor relationship as an important management tool to improve productivity.

2. What activities did the Labour Union initiate in 2007?

Working with the management team, the Labor Union in our company organised a contest of *Good Performance on Energy Conservation and Emission Reduction* among our work units. The Union also undertook a survey of employees about how to improve company management. Additionally, employees were encouraged to contribute innovations and ideas to enhance our operational processes. Those ideas which we accepted were named after the employee who provided them to emphasise their contribution to the company and our appreciation.



6.3 EMPLOYMENT AND NEW JOB CREATION

**6.3.1 Employment Conditions
Employment**

According to the principles of “Equality, Voluntaryness, Consensus”, all employees have signed employment contract approved by the local government labour bureau. These contracts are based on legal requirements and cover labour contract duration, work duties, labour protection, labour conditions, wages, labour regulations, conditions for contract termination, and responsibilities in the event of contract violation.



The Employee's Code of Conduct

In keeping with Sinopec Corp.'s corporate values, the Employee's Code of Conduct has been enforced in 2007. This is a key strategic document which promotes employee's awareness of law observance and honesty. An harmonious and orderly working atmosphere is being formed, which supports the unity and progress of the working team and intensifies the Company's cohesion in pursuit of its strategic goal.

Sinopec Corp.'s Employee's Code of Conduct

- Moral education: loyalty, honesty, endeavour and compliance;
- Performance: discipline, employee relationships, education and training, company resources, business activities, and self-discipline;
- Protocol: office behaviour, dress and language;
- Health, safety and environment: HSE principles, goals and responsibilities; and
- Keeping secret: secrecy-keeping regulations and keeping away from violation of intellectual property and secrecy-keeping regulations.

6.3.2 Recruitment

Recruiting the best available talent is a crucial part of Sinopec Corp.'s strategy for growth. Sinopec Corp. is broadening its talent search to become more open and competitive. The Company also publicises its recruitment requirements and has standardised the recruitment process to control the quality of candidates. In recent years, outstanding personnel from domestic and overseas institutions have also joined our team. In 2007, the Company recruited 6,600 new employees.

Box 6.2 Interview with Mr Liu Changwei, Director, No. 1 Chemical Factory, Yanshan Petrochemical Company of Sinopec Corp.

1. Why is recruitment so important to your company?

We advocate a slogan "I am important in the factory". We believe that people is the primary resource for a company, and fully relies on the employees to develop the company.

2. How does your company attract and retain talented people?

Our company takes the following measures to attract and retain talented people:

- To help employees understand our company culture by orientation training to enhance their understanding of the company's unique heritage and awareness of their responsibilities;
- To strictly follow the principle of people as the first resource by integrating employee's career development goals with the company's development; and
- To care for employees in their daily lives and well-being by regular conversations, training and organised entertainment activities.



6.4 INVESTMENT IN EMPLOYEE EDUCATION AND TRAINING

Employees receive educational and training courses throughout their career development. Occupational qualification training, on-the-job training and continuous education are conducted in different levels, and oriented for teaming up management talents, professional talents, skilled worker talents and international business talents. The Company guarantees the training organisation, mechanism, expenditure, teachers and so on, by which the employees' comprehensive competence is strengthened.





6.5 RESPECT HUMAN RIGHTS

Sinopec Corp. understands that its work can result in potential impacts to local communities which may affect human rights. Sinopec Corp. is therefore committed to supporting and respecting the protection of human rights and avoiding their abuse. In addition to its commitments to employees, customers and communities as described elsewhere in this report, this means that Sinopec Corp. is committed to:

- Abiding by international and domestic law on the prohibition of the employment of child labour, which includes working with business partners to abide by these requirements;
- Respecting the privacy of employees and customers and not divulging or selling personal customer information. No complaint for privacy violations have been received in years; and
- Opposing discrimination in any form and incorporating human rights considerations into investment and procurement decisions. On issues such as staff recruitment, wages, promotion, dismissal and retirement, the Company has no discrimination provisions on race, class, nationality, religion, physical disability, gender, sexual orientation, union membership, political affiliation or age.

Female employee protection

Sinopec Corp. works hard to build diversity in the workplace. Female employees and people from ethnic groups have various positions in different levels of the Company. To assist and empower female employees, Sinopec Corp. established a Women's Labour Union that provides special protection to female employees. Special interest provisions for female employees in labour contract and collective contracts are also considered. Sinopec Corp. organises health and safety supervision and inspections to improve the working environment for female employees. The Company has also implemented maternity leave provisions and provides regular health checks.

Improve working conditions

The Company strives to resolve the problems the employees really care about, and implement the vacation and holiday systems for its employees. The Company continues to improve its catering service and community environment, creating good conditions for its employees.

Cultural life

Sinopec Corp. provides opportunities for sports, singing, photography and other cultural activities. The Workers' Union also provides cultural and sporting activities to build teamwork and enhance the cohesion of our business.

Retired workers

Sinopec Corp. provides a wide range of recreational and sporting activities, and help them to maintain their roles in our society.



6.6 PAYMENT OF TAXES AND FEES

In 2007, Sinopec Corp. paid RMB 103.768 billion in taxes and fees to central and local government.

6.7 ENSURE SUFFICIENT SUPPLY TO THE MARKET

In 2007, China's economy continued to grow rapidly, leading to a growth in domestic demand for oil and petrochemical products. Under severe market conditions featured by the sharp rise in international crude oil prices and increasing pressure due to domestic price control for refined oil products, our refineries operated at full capacity in 2007, and we witnessed steady growth in sales of refined oil and chemical products. Since the fourth quarter of 2007, the Company took various steps to ensure supply when refined oil products were in short supply in some parts of China. These actions reflected our corporate commitment to social responsibility and supporting stable economic growth in China. Our commitments have been recognised by the government and customers.



6.8 PHILANTHROPY

Sinopec Corp. acknowledges its responsibility to support those in need. The following are examples of Sinopec Corp.'s contributions to disadvantaged communities:

- Health Express provides free medical surgery to cataract patients. Over the last three years, Sinopec Corp. has helped 9,105 patients in nine regions of China, including Gansu, Yunnan, Inner Mongolia, Qinghai, Sichuan, Tibet and Guizhou provinces. For four years, Sinopec Corp. donated a sum of RMB 61.8 million to Health Express;

Also in 2007, Sinopec Corp. donated RMB 11 million to 3,371 poor cataract patients in Sichuan, Inner Mongolia and Guizhou provinces, as well as helping to establish a training centre for eye operations in the Xinjiang Uyghur Autonomous Region. Sinopec Corp. also committed RMB 30 million to launch another modernised Health Express, named Sinopec Illumination Express, to help more people;



Sailimuhan Shimayi, a farmer in Xinjiang who lost eyesight for 8 years, received her eye surgery for free in Sinopec's Health Express and her eyesight recovered to over 1.0. To express her gratitude, she wrote a poem although she only finished primary school education:

*Spring brings new lives
Carrying the warmth of Sinopec
Hong Kong "Health Express" reaches the old city
The nurses and doctors with their advanced skills
Enable us to see brightness
From deep in our hearts we wish to give our thanks
Remembering forever your loving-kindness
"May the Communist Party Live Forever! May the Motherland Live Forever!"
These are the heartfelt wishes of we patients who have returned to life*

——Sailimuhan Shimayi, a farmer in Xinjiang

شەپقەتچىگە ھەشقاللا

پاھار كەلدى بۇرۇنغا،
پاشاردى كەڭ تەبىئەت.
مەھىر - شەپقەت يۈپەيى،
قەلدى بەزگە شاپالەت.

ئۇنىۋېر قانماي، پارتىيە،
بىز كەلەر ھەردىنى.
ئانا قەلدى بۇرۇنلۇق،
خۇشال قەلدى ھەممىنى.

كەچەر قەلغەچ دۇخۇنلار،
كۆزۈڭ بۇرۇق دۇنيانى.
بۆلگە بولغاچ پارتىيە،
بەھەمۇق مۇشكۈل - جاپالى.

قېتىساق - قېتىساق تۈگەپەن،
دۇخۇنلارغا ھەشقاللا.
بىزگە نەمەخۇرئۇق قىلغان،
قېتىس - خەيچىگە ھەشقاللا.

بۇ ئۆزۈڭ بىلىنچىلەرگە رەھبەت،
سەككەلار پويۇزغا رەھبەت.
بۇ ئۆزۈڭ ئانا قىلغان،
بۇ ئۆزۈڭ سېستىرلارغا رەھبەت.

سەك ھەشقاللا مەركەزگە،
پارتىيەنى ياشىسۇن!
كەسەلارغا ئۆز بەرگەن،
ھۆكۈمىتىمىز ياشىسۇن!

بەھەر ئاھ - شەپقەت بۇرۇنغا - كەتتە - كەتتە - كۆزۈڭنى،
سەيىمىنى تىلەپەن



- Sinopec Corp. has contributed assistance towards poverty alleviation in Fenghuang and Luxi Counties in Hunan Province, Yinshang and Yuexi Counties in Anhui Province, Bange County in the Tibet Autonomous Region. In 2007, RMB 10.6 million was donated to Hunan and Anhui province and RMB 19.8 million to Tibet for poverty relief. The Company has also helped these counties establish infrastructure facilities, township enterprises and supported disaster relief activities;
- Sinopec Corp. sponsors Hope Schools. In 2007, Sinopec Corp. has donated RMB 20 million to support rural compulsory education in Anhui Province, and a further RMB 5 million was donated for educational development in Qingyang, Gansu province;
- In 2007, Sinopec Corp. donated RMB 60 million to the disaster areas. Since the occurrence of the super-strong earthquake in Wenchuan on 12 May 2008, the Company and its staff have shown their care by actively donating funds and supplies and supporting rescue and relief as well as home rebuilding in the disaster areas. As at 11 June, funds and supplies donated by the Company and its staff amounted to RMB307,604,000;
- Sinopec Corp. provides Earth Love, Mother Cistern fund donations, which has been used for the construction of ten small water supply works and provided drinking water for local households in Guizhou Province. In 2007, Sinopec Corp. donated RMB 10 million for the cistern project and 2 million for China Mother, Relief Action; and
- The Chun Lei programme helps schoolgirls return to school, where they are otherwise unable to attend. In support of this programme, Sinopec Corp. donated RMB 43.15 million from year 2004 to 2007. Between September 2006 and December 2007 Sinopec Corp. donated RMB 8.8 million to help 3,320 schoolgirls, and 30 computers were provided to two schools in Guizhou Province.



7 SINOPEC CORP. AND THE BEIJING 2008 OLYMPIC GAMES



北京2008石化合作伙伴
PETROCHEMICAL PARTNER OF BEIJING 2008

Sinopec Corp. supports important sporting and cultural events. Most recently the Company became a co-partner of the Beijing 2008 Summer Olympic Games, supplying an endowment and providing services to help Beijing to host the Games.

- **High quality products**

Utilising its technology and service capabilities, Sinopec Corp. provided the seating materials, including material research and development, design, production and installation for the Beijing National Stadium (the Bird Nest), as well as, provision of asphalt supply for the 2008 Olympic Games.

- **Value in kind supplies**

Sinopec Corp. will provide the gasoline and diesel products and distribution services for 2008 Olympic Games. The assignment includes: the upgrade of 24 service stations designated by the Olympic Committee to provide oil products for the vehicles during the Games; the provision of the necessary oil products for power generators during the Games; and the supply of oil products for the sports boats and motor boats during the Games.

- **Environmental Protection**

Sinopec Corp. will provide Euro IV equivalent gasoline and diesel during the Beijing Olympic Games. In 2007, Sinopec Corp. began operations at the Yanshan Petrochemical Company which is the first refinery in China to produce Euro IV products. Sinopec Corp. has been supplying these new oil products in Beijing since 2008, which will help reduce pollution emissions from automobiles in Beijing.



Mr. Ding Yeming, a labour model of Sinopec, participated in the Olympic Torch Relay.



8 ABOUT THIS REPORT

This is Sinopec Corp.'s second Sustainable Development Report which covers the period from 1st January 2007 to 31st December 2007. The Report describes our efforts towards sustainable development and the implementation of the Global Compact for the benefit of our stakeholders, who include our shareholders, creditor, employees, customers, suppliers and contractors, peer businesses, partners, governments, communities, as well as the general public.

Although the Global Reporting Initiative's (GRI) G3 Guidelines have not been applied to this Report, Sinopec Corp. has strived to apply its reporting principles, namely materiality, stakeholder inclusiveness, sustainability context, and completeness, along with its defining principles of balance, comparability, accuracy, timeliness, clarity and reliability. However, the Report does not include all the core indicators, which will be provided in our future reports. Please refer to www.globalreporting.org for details of GRI.

The business and financial data is extracted from Sinopec Corp.'s 2007 Annual Report and accounts. The financial statements, prepared under International Financial Reporting Standards, have been audited by KPMG.

An electronic version of this Report can be obtained from our website <http://www.sinopec.com>.

The Report has been submitted to the United Nation's Global Compact Office.

8.1 THE GLOBAL COMPACT AND OUR REPORT

Global Compact Principles		Where can I find reference to these principles in this report?
Human Rights		
1	Businesses should support and respect the protection of internationally-proclaimed human rights.	6.5 Respect Human Right 6.8 Philanthropy
2	Business should make sure that it is not complicit in human rights' abuse.	6.5 Respect Human Right
Labour		
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	6.2 Maintaining Healthy Labour Relations
4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	6.5 Respect Human Right
5	Business should uphold the effective abolition of child labour.	6.5 Respect Human Right
6	Business should uphold the elimination of discrimination in respect of employment and occupation.	6.3 Employment and New Job Creation 6.5 Respect Human Right
Environment		
7	Businesses should support a precautionary approach to environmental challenges.	2 Welcome from Chairman 5 Health, Safety and Environment
8	Business should undertake initiatives to promote greater environmental responsibility.	2 Welcome from Chairman 5 Health, Safety and Environment 5.4 Energy conservation and Climate Change
9	Business should encourage the development and diffusion of environmentally-friendly technologies.	2 Welcome from Chairman 5 Health, Safety and Environment 5.4 Environmental Protection Research and Technologies
Anti-corruption Issues		
10	Businesses should work against corruption in all its forms, including extortion and bribery.	4 Corporate Governance 4.3 Our performance





8.2 LEGAL 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 July 2007 and undertakes no obligation to update these statements.

8.3 COMPANY INFORMATION

Name	China Petroleum & Chemical Corporation
Company Registration Date	February 25, 2000
Registered and Headquarters Address	Beijing, China
Postal Code	100029
Telephone	86-10-64990060
Fax	86-10-64990022
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

