

2008

Sustainable Development Report



中国石油化工股份有限公司
CHINA PETROLEUM & CHEMICAL CORPORATION



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1 COMPANY OVERVIEW



1.1 ABOUT US

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.

Exploration and production of petroleum and natural gas: Sinopec Corp. is the second largest producer of crude oil and natural gas in China. We produced 296.8 million barrels of crude oil and 293.06 billion cubic feet of natural gas in 2008. By the end of 2008, its proved reserves of crude oil and natural gas were 4,001 million barrels of oil equivalent.

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 2008, its primary refining capacity was 206 million tonnes per year, ranking the third largest in the world.

Marketing & distribution: Sinopec Corp. has a well established sales network of oil products in China. By the end of 2008, there were 29,279 service stations marked with Sinopec logo, of which 28,647 stations were owned and operated by Sinopec Corp., ranking the third in the world.

Chemicals: 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 2008, its ethylene capacity was 6.145 million tonnes per year, ranking the fifth in the world.





1.2 CORE BUSINESSES



1.3 FINANCIAL SUMMARY

	2008	2007	2006	2005
	RMB million	RMB million	RMB million	RMB million
Turnover and other operating revenues	1 452 101	1 204 843	1 061 741	817 048
Other income	50 342	4 863	5 161	9 777
Operating expenses	1 474 320	1 123 842	986 270	758 848
Of which:				
Personnel expenses	23 285	22 745	20 956	19 667
Profit attributable to equity shareholders of the Company	29 769	56 533	53 603	41 354
Earnings per share (RMB/share)	0.34	0.65	0.62	0.48
Cash dividend for the year (RMB/share)	0.12	0.165	0.15	0.13
Share capital	86 702	86 702	86 702	86 702
Total assets	767 827	732 725	610 832	545 153
Donations	104	158	98	203

1.4 SUSTAINABLE DEVELOPMENT CONCEPT

Sinopec Corp. has fulfilled a corporation's responsibility and obligation to promote harmonious and sustainable development among economy, society and environment. Sustainable development effectively helps Sinopec Corp. to improve performance and deliver maximum enterprise value. The performance of Sinopec Corp.'s corporate governance systems, health, safety and environment and community relations provide important indicators to stakeholders about the underlying quality of the Company. Therefore, Sinopec Corp. insist on integrating the fulfillment of social responsibility and promotion of sustainable development into the Company's strategic decision making, daily operation and corporate culture.

Sinopec Corp. advocates and facilitates the sustainable development of enterprises, and endeavors to take the lead in respect of environment protection and sustainable development in the business community. In 1996, Sinopec Corp. joined the World Business Council for Sustainable Development (WBCSD). In addition, the Company advocated, initiated and established the China Business Council for Sustainable Development (CBCSD). Sinopec corp. entered United Nation's (UN) Global Compact in November 2004 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 compilation of Sustainable Development Report etc. While pushing forward sustainable development in the Company itself, Sinopec corp. has encouraged more and more enterprises to make progresses in the field of sustainable development.



2 WELCOME FROM CHAIRMAN



The missions of Sinopec Corp. is developing enterprises, rewarding our shareholders, contributing to the society and benefiting the employees. Over the years, Sinopec Corp. adhered to the approach of scientific development through rapid organic growth, improvement in profitability and competitiveness, fulfilling social responsibilities, operating with creditability, caring for employees, assisting in and taking the lead in driving regional economies, conserving resources and protecting the environment, supporting public welfare and charity programs, and ensuring sustainable mutual development among the company, the society, our employees and the environment.

In 2008, Sinopec Corp. experienced an extraordinary year of turbulence. During the past year, international crude oil price experienced drastic up and down, the domestic refined oil products market experienced from shortage of supply to glut of oil products, moreover both the demand and prices of petrochemical products plummeted harshly. At the same time, South China experienced a natural disaster caused by low-temperature sleet and frost. Furthermore, the earthquake in Wenchuan shocked people across the globe. Facing severe challenges due to sudden market changes and grievous natural disasters, Sinopec Corp. was still able to achieve fairly good performance by strengthening market analysis and prediction, taking advantage of the integration of the business, adjusting production operational strategies, optimizing operations and promote management efficiency, facilitating major projects, continuously promoting technological innovation, carrying out the safety measures and making energy conservation efforts. As a result, the output of oil and natural gas is on the steady rise, refining capacity have been upgraded continuously, quality of refined oil products improved steadily, the strategy of centralized marketing on petrochemical products began to take effects and the cost has been reduced. Particularly, during the periods of disaster relief, agricultural peak seasons and Olympic Games when supply of oil products was tense in some regions, we fulfilled our social responsibilities via taking various measures to ensure sufficient supply in the domestic market, thus contributed to the stable and rapid economic development in China.

In 2008, Sinopec Corp. actively carried out the sustainable development strategy and promoted the development of cleaner energy. Capital expenditure of the year was RMB 107.3 billion, 26.8% of which were contributed to the development and production of cleaner energy. The company accelerated the pace of developing natural gas resources and the construction of Sichuan-East China Gas Project. The Company actively initiated upgrading of oil products quality during the 2008 Beijing Olympic Games, and we produced refined oil products meeting domestic specification similar to EU IV, promoted vapour collection at service stations and achieved remarkable social effect. Thus Sinopec Corp. fulfilled the commitment of “providing cleaner oil products for green Olympic Games”.

In 2008, Sinopec Corp. firmly carried out related national policies regardless of the unusual operational challenges. Particularly in the





first three quarters when oil supply was tense, we made great effects to ensure domestic refined oil products supply through increasing utilization rate of refineries, adjusting product mix, increasing imported volume of oil products, suspending exports, reducing ethylene production and entrusted local refineries for production of oil products. For all that, considering the corporate development requirement, cash flow position and investors' interests, Sinopec Corp. still remained relatively stable dividend payout level. In 2008, Sinopec Corp. paid RMB 107.955 billion in taxes, fees and other charges, cash dividends to shareholders amounted to RMB 12.572 billion.

Sinopec Corp. continued to respect people-oriented employee principles. The Company passed and issued the Employees Code of Conduct with an aim to bolster the level of civilization among employees and promote corporate culture. We have spared no efforts to strengthen the building of teams of operational management, professional and technical talents; created a sound environment for career development for staff at different levels; and encouraged the cultivation of self-motivation and creativity among all staff. The company management cares about every staff member, taking proactive measures to improve workplace environment, and assisted the employees in overcoming difficulties that encountered at work or at home. Over the year, the launch of activities evolving around the theme of "engaging with the masses and promoting harmony, making concerted efforts to promote development", greatly narrowed the gap between the management and staff members, which is conducive to a low turnover of the workforce as a whole. The morale and cohesiveness of the team is further enhanced.

Sinopec Corp. fulfilled social responsibilities and facilitated harmonious development of enterprise, society and environment. We continued to follow the United Nation's Global Compact, focused on sustainable development, further enhanced health, safety and environment management system, reported annual sustainable development status to our stakeholders. We also established and strictly followed Guidelines of Safe Production, put forward energy conservation and provided high quality clean fuel, achieved safe and clean production. During the past three years, the energy intensity, industrial water demand and COD in discharged water decreased by 14.12%, 12.2% and 13.2% respectively. Sinopec Corp. continued to support public welfare and charity programs. We made greater efforts to support Tibet and border areas, sponsor educational and cultural undertakings, organize beneficence and poverty alleviation activities. During the natural disaster caused by low-temperature sleet and frost in South China at the beginning of 2008 and in response to the disastrous earthquake in Wenchuan, particularly during the Wenchuan earthquake, we made donation to the earthquake-stricken areas to support rescue and reconstruction and won high praise from local government and people. The donation amounted to RMB 300 million and effectively supported the reconstruction. We cured more than 30 thousand cataract sufferers in remote areas by supporting the Health Express. We also achieved favorable social effect via participation in charity programs such as "Earth Love Mother Cistern" and Hope schools. As one of the partners of Beijing 2008 Olympic Games, Sinopec Corp. fully supported Beijing 2008 Olympic Games and promoted the harmonious development between corporation and the society.

Looking forward to 2009, as the global economy complicates and the financial crisis spreads, the demand for oil and petrochemical products will slow down thereby intensifying market competition. The Company will face a lot of challenges. However, the Chinese government has announced a series of measures aimed at stimulating domestic demand and driving economic growth and has implemented some stimulus plans for relevant industries including the petrochemical industry, which will provide opportunities for the Company to expand its operations. At the end of December 2008, China implemented the new refined oil products pricing mechanism and we foresee our refining business turn from loss making as we suffered in previous years into profit making. These factors will provide new opportunities for the Company's sustainable development.

I believe that in 2009, under the leadership of the existing and in-coming Board of Directors, supported by management and employees, Sinopec Corp. will adhere to the scientific approach of development and take on the challenges we may face. We are confident we can achieve greater progress and become a competitive international energy and chemical company. We will reward our shareholders and employees and contribute to the society with our remarkable performance and development.

Chairman
Beijing, China
March, 2009



3 STAKEHOLDER COMMUNICATION



Sinopec Corp. attaches great importance to communicate and talk with stakeholders, and obtain stakeholders' advice, focus of attention and solution of problems regarding the sustainable development of the Company, set up a public and transparent communication mechanism, integrate their proposal and requirements into the formulation and practice of corporate policy, strategy and plan. Through effective response, we build up a relationship featured by mutual benefit and trust.

Table 3.1 Stakeholder Communications

Stakeholders	Communication methods	Concerns	Performance Indicators	Goals
Shareholders and creditors	<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 employed Owner interests Dividends, bond interest distribution 	<ul style="list-style-type: none"> Improve disclosure mechanisms Realise fair value of enterprise Improve operation mechanism and investor relationship
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 On-time communications 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 union	<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 Contribution of Social Public Welfare 	<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"> Enhance communication Improve investment in public welfare
Non-governmental organisations (NGOs)	<ul style="list-style-type: none"> Participate regularly in conferences or activities 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



4 CORPORATE GOVERNANCE



4.1 SINOPEC CORP.'S CORPORATE GOVERNANCE VALUES

Good governance is essential to the sustainable development of Sinopec Corp. We commit to balance the obligations between shareholders, customers, employees and stakeholders, and improve the capacity of decision-making and risk prevention to ensure the Company to operate more efficiently, all of which will promote 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 standardized 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. Under the Board of Directors level are three committees: Strategic Committee, Audit Committee and Remuneration and Performance Review Committee. Sinopec Corp. will also exert the roles of the independent directors and continue to strengthen the supervision role of the Supervisory Board; we have established and continue to perfect basic systems and improve management; following international practices we have organized our business in four segments including exploration and production, refining, chemicals and marketing & distribution.

4.2.2 Governance Organisation

Board of Directors

Currently, the Board is made up of eleven members with rich experience in the industry and corporate governance, 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 suggesting the remuneration scheme of directors, supervisors 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 certified resolution of 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 INTERNAL CONTROL

In 2003, adopting the internal control framework recommended in the COSO (Committee of Sponsoring Organizations) Report, and basing upon the Articles of Association and all of the management systems currently in effect, Sinopec Corp. formulated the “Internal Control Manual”, in which the process control was conducted as well as the jurisdiction guide and its rules for implementation were formulated pursuant to the category of business.

The Board of Directors reviews the updated “Internal Control Manual” every year; since 2006, the Board reviewed the Management’s Report of Internal Control.

The management of Sinopec Corp. positively launched training for internal control, and the internal control responsibility was undertaken at all levels, which integrated the internal control into operation and management and cultivated the culture of risk control. Sinopec Corp. conducted the comprehensive internal control review every year, and the implementation of internal control is included into the performance evaluation system, and progressively established the long-term mechanism for internal control.

4.4 OUR PERFORMANCE

4.4.1 Corporate Governance

During the reporting period, Sinopec Corp. continued to commit itself to standard operation, enhance the construction of fundamental system and improve its corporate governance. The company carefully accomplished the subsequent work, and finally formulated the Implementation Report on the Rectification of Corporate Governance of Sinopec Corp.; organized and further enhanced the occupational training for directors and supervisors; amended and improved the “Articles of Association”, the “Working Rules for the Independent Directors”, the “Working Rules for the Audit Committee to Board of Directors” and the “Internal Control Manual ”



4.4.2 Anti-Corruption

In 2008, adhering to the guideline of “seek for temporary and permanent solutions through setting up punitive and preventive systems with an emphasis on prevention of corruption”, following the requirements of corruption prevention campaign through promoting ideological and ethnical standards, using top down approach and setting up models. Sinopec Corp. deeply pushed forward corruption prevention activities and provided powerful support for persistent, stable and harmonious development of the company. These efforts included:

- Launching “promote anti-corruption from the root” activities, deepening the prevention work.
- Establishing and enforcing the working plan for corruption prevention and punishment system 2008-2012, pushing forward corruption prevention and punishment system
- Promoting anti-corruption education to build awareness; combating corruption and building clean governance culture
- Strengthening the “Seven requirements”¹ self-discipline and “Principle of significance”² of collective decision-making system for the leadership, establishing inspection system to supervise the exercise of power.
- Implementing supervision management measures for better internal controls based on the principles of fairness, openness, transparency and all-through supervision; strengthening the supervision of 11 supervision means(try out)
- Continuing to appoint supervisors for key projects, strengthening process monitoring

Note 1: “Seven requirements”

Seven requirements for leadership self-discipline:

- *Must not abuse power to make profit for self or others with specified relationship by way of same business or connected transaction;*
- *Must not provide profit-making business or advantageous condition for one another, family members and others with specified relationship;*
- *Must not abuse privilege to make profit during enterprise assets integration and introduction of strategic investors;*
- *Must not mortgage, guarantee or entrust financing without authorization;*
- *Must not make profit for self or others with specified relationship by way of leaking inside information about listing, listed companies' merging & acquisition, recombination and private placement;*
- *Must not inspire, incite or force accountant to provide false financial statement;*
- *Must not abuse power to decide salary, gain part-time payment, overissue allowance and bonus.*

Note 2: “Principle of significance”

Significant events, significant personnel appointments, significant projects and significant amount of funds allocation should be decided through group decision-making procedure



4.4.3 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 2008, we:

- Carried out self check and self rectification in combination with the national auditing, which further standardized our corporation management.
- Reinforced our efforts on auditing and supervision so as to strengthen our core business. The total gains from increased income and reduced cost was RMB 1.486 billion. We gave prominence to management and efficiency auditing, promoted corporation managerial and administrative expertise, deepened economic responsibility auditing, facilitated leadership to fulfill economic responsibility, reinforced internal control and independent review, corporation control force and executive force; developed project investment auditing, standardized investment management, improved investment return, strictly implemented finance auditing on the inflow and outflow of accounts, improved quality of corporate accounting information.
- Gave prominence to management innovation, pushed forward our auditing management, perfected auditing management system and put auditing management relation in order; we reinforced our efforts on auditing plan management and auditing quality control; we speeded up system institutionalization, standardized our construction pace, and set up over 10 auditing regulations; we also push forward steadily our auditing informationalization and the Audit Information System (AIS) was practiced in 73 enterprises.



4.4.4 Anti-Monopoly Practices

Sinopec Corp. advocates fair competition, observes anti-monopoly codes 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 HSE MANAGEMENT OF SINOPEC CORP.

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 recognizes 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.



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.

Our measures: 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 authorized treatment centres.

Refining: The quality of crude oil varies and the pipeline transportation mixes crude oil from different sources resulting in uncertainties in the quality, which might negatively affect our refining operations. Controlling pollution is therefore a key focus, especially as many of Sinopec Corp.'s plants are close to communities and public service infrastructure.

Our measures: To improve 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 hazardous materials, treated odorous gases, and monitored waste vent gases from our refineries.



Marketing and Distribution: 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.

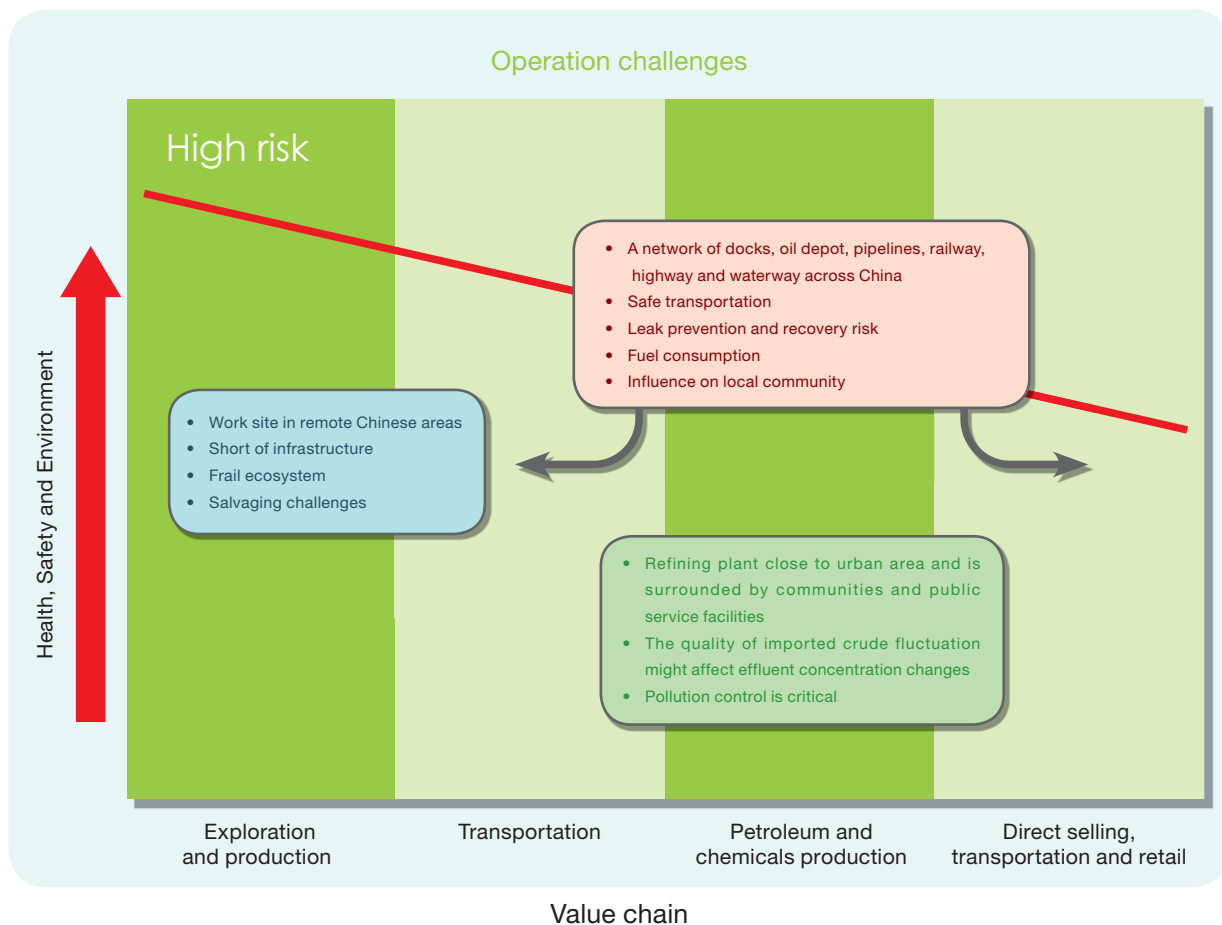
Our measures: To enhance patrols on major facilities to identify hidden hazards, formulate emergency responsive plans, add more environment monitoring facilities and vapour collection facilities, thus reduce emission and pollution to the environment.

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.

Our measures: To improve 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 workrelated accidents has been addressed through the successful implementation of safety guidelines and training programs covering all employees.

Our measures: Strict implementation of safety guidelines and active organization of training programs and activities covering all employees.



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 2008, many subsidiaries under Sinopec Corp. have passed the inspection of the ISO14001 system and have been granted with certifications.

5.3.2 Volatile Oil and Gas Pollution Management

Sinopec Corp. has always endeavoured to reduce the vapour emission. In the 1980s, Sinopec Corp. introduced new technologies to China for vapour collection. We carried out light oil, vehicle loaded light chemical oil and gas recovery industrial demonstration test by way of adopting active carbon absorption, condensation ion film separation, solvent absorption technologies, thus providing basic data for future light oil and chemical installation oil and gas recovery. By the end of 2008, Sinopec Corp. had completed the reconstruction of floating roof tanks for volatile material storage, in this way, the oil product loss is reduced by 650 thousand tons (coarse estimate). We also reduced oil and gas volatilization during transportation process by way of pipeline distribution and transportation reduction through railway, highway and waterway. In 2008, Sinopec Corp. actively answered the national call to ensure urban air quality, carried out energy conservation measures, implemented oil and gas recovery at 14 oil depots, 813 gas stations across Beijing, Tianjin and Hebei provinces.



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 greenhouse gas emissions by improving energy efficiency to minimise the impact of its operations on climate change.

In 2008, Sinopec Corp. followed the Energy-Saving Act, State Counsel Resolution on Strengthening Energy Conservation and State Counsel notification on issuing Comprehensive Energy Conservation Plan, fully implemented the following reconstruction and technologies: conservation of crude oil, electricity grid system revamping, natural gas recovery, waste water recycle, process optimization of the collection and transportation system, low temperature heat utilization, heat combination, electricity and gas conservation, and flue gas desulfurization. We achieved a lot on energy conservation through optimized management and adjustment, comprehensive control, technical advance and more investment. Compared with 2007, the comprehensive energy consumption per RMB 10,000 gross industrial output value has dropped by 5.2%, and 3.29 million tons of coal equivalent have been saved.

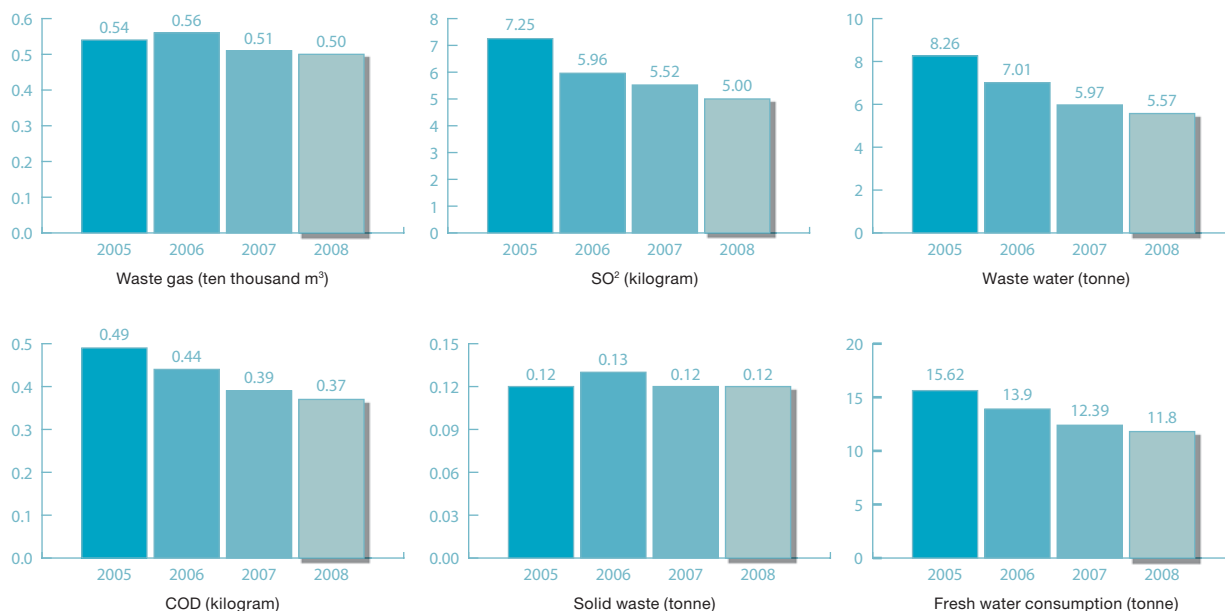
5.4.2 Safety and Cleaner Production

In 2008, the Company adhered to the principle of promoting the HSE management mechanism. The responsibility system of safe production was established and the basic work was emphasised. Every regulation was implemented to the detail. Our safety and environmental protection quality is continuously improving while energy and material consumption per production unit kept decreasing. The Company strictly followed Guidelines 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 1.838 billion in 2008. 741 hidden hazards were removed 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 2008, we evaluated six additional operations of which three were approved as designated cleaner production units. Through the improvement of processes, technologies, equipment and operational management, Sinopec Corp. realized its material and energy conservation and effluent reduction.



Table 5.1 Summary of Discharges and Consumption of Freshwater



Note: Gross industrial output value is calculated through the fixed price in 2005



5.4.3 Occupational Health and Safety Management

In 2008, Sinopec Corp. continued to implement its occupational health and safety programme in compliance with China's regulations.

Safety and Protection Measures

In 2008, 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

Based on the principle of "who is in charge, who takes the responsibility", Sinopec Corp. strictly implemented all employees safety management responsibility. We established and optimized safety supervisory management network, actively organized safety check and supervision, promoted producing and construction site safety management, persistently scrutinized and resolved hidden safety problems, timely eliminated various hidden dangers during production operation process, strengthened education and training, strictly followed Safety Production Ban, which raised safety awareness of employees and standardized operations.

Emergency Management

In 2008, Sinopec Corp. strengthened the emergency rescue ability of two emergency centers in western China and northeastern Sichuan province. In line with regional features, we reinforced seven regional joint defense networks and improved overall rescue ability. After the "5.12" Wenchuan earthquake happened, Puguang Emergency Center in northeastern Sichuan province fulfilled advance emergency programs for destructive earthquakes. They sent rescue team and kinds into earthquake stricken areas in time and made achievements in rescue activities. In 2008, Sinopec Corp. revised and implemented emergency response plans for serious and extraordinarily serious incident, improved our emergency rescue ability. In 2008, Sinopec Corp. made overall environment risk assessment for all operational subsidiaries, supervised and urged them to revise and perfect emergency plans based on the water effluent environment risk prevention and control guideline, defined necessary facilities and equipment, formulated requirements for emergency plan drilling, spent RMB 60 million optimizing key enterprises' water pollution prevention and control installations, thus enhanced their water pollution prevention and control ability.

In 2008, Sinopec Corp. totally experienced eighteen accidents. But none of these accidents were serious enough to trigger our emergency response plan.

Case: "I Safe" program

Over the past few years, Sinopec Corp. has followed the concept of scientific development. We adhered to the principle of "safety first, prevention foremost, comprehensive control", strengthened safety production supervisory management and achieved general safety in production. However, safety misadventures occurred from time to time. Because of the "three violation" (violate regulations, rules, discipline). In order to promote the awareness of employees for safe production and standard operations, to deeply implement the Safe Production Ban and various rules and regulations, to strengthen the "three basic" (basic management, basic unit buildup and basic skill training), to be against "three violation", to turn the passive "be asked safe" behavior into positive "I Safe" behavior, Sinopec Corp. decided to launch "I Safe" program in 2009 so as to further improve safety management and ensure employees life safety and safety production. For details, please refer to figure 5.2 "I Safe" program.

Table 5.2 "I Safe" program

Guiding idea	Under the instruction of scientific development and safety development concept, the program provides prominence to "people-oriented" thought and include all employees to strengthen their safety values and safety responsibility awareness, to their improve safety skills and standardize their safety operations so as to build up a safety culture with Sinopec Corp. characteristics.			
Scope	All the Sinopec Corp. employees and contractors, sub-contractors and operational partners.			
Phases	Promotion	Execution	Development	Assessment
	<ul style="list-style-type: none"> Public discussion on "I Safe" Cultural advertisement of "I Safe" activity All employees review their safety promises 	<ul style="list-style-type: none"> Activities to deepen safety production ban Activities to standardize operation Activities to select "safety guard" 	Checkup: <ul style="list-style-type: none"> Safety awareness Safety institution Safety responsibility Safety know-how Preventing "Three violation" The company decides to put this program into annual safety and environment protection inspection items.	Summarize the program, recommend and sum up good experience and model to establish a safety production long-term mechanism



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 (FRIPP), Research Institute of Petroleum Processing (RIPP), Beijing Research Institute of Chemical Industry (BRICI) and Qingdao Safety Engineering Institute (SSEI). 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, seven 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.

Case:

BRICI actively developed and applied water saving and effluent reduction technology, developed and applied processing technology for epoxides production waste water, catalyst ammonia nitrogen waste water, extractive terephthalic acid refined waste water, thus achieved standard effluent; as for waste water not applying biodegradation, the company developed catalyzed oxidation, electrical flocculation, damp oxidation, fixed micro-chemical processing, effectively improved the biochemistry and biochemical degradation of waste water, reaching standard effluent; as for standard effluent of oil refining and chemical industry, fulfilled effluent recycling by way of optimizing processing methods and technology. In this way, the company not only saved water but also reduced effluent.

FRIPP devoted to catalytic combustion control of organic waste gas from 1990s. The company conducted catalytic combustion control technology test and industrialized application research on various organic waste gases (sewage farm effluvia, polyester waste gas, rubber manufacturing exhaust gas, PTA waste gas, propylene oxide and styrene waste gas). According to the characteristics of different waste gases, the company put forward and implemented patent technologies with catalytic combustion technique as core, refer to table 1.

Table 5.3 Organic waste gas disposal technologies, developed by FRIPP

Object	Waste gas components	Patent technology
Petrochemical industry sewage farm volatilizable organic waste gas	VOCs, sulfide	Desulphurization and total hydrocarbon concentration homogenizing - catalytic combustion
Chemical fiber industry polyester waste gas	Acetaldehyde, 2-methyl-1, 3-dioxane, ethylene glycol, water (dripping) vapor, paraldehyde	Absorption and total hydrocarbon concentration homogenizing - catalytic combustion
Rubber industry SBS waste gas	Cyclohexane, hexane, water vapor	Condensation - catalytic combustion
Chemical plant PTA waste gas	Benzene, p-xylene, acetic acid, methyl acetate, bromine methane, carbon monoxide	Adsorption - concentration - catalytic combustion

FRIPP developed organic waste gas catalytic combustion technology can achieve good processing effect for waste gas with total hydrocarbon concentration between hundreds and tens of thousands mg/m³, reach national standard of effluent discharge; this technology possesses following advantages: low energy consumption, easy operation, excellent processing effect, favorable environmental benefit. Take the rubber exhaust gas catalytic combustion processing installation as example, an installation with 30,000Nm³/h processing capacity can reduce 900 tons of organic waste, among which there are 744 tons of cyclohexane effluent and 156 tons of hexane effluent, greatly improving circumjacent air environment.



30,000Nm³/h rubber exhaust gas catalytic combustion processing installation



3,000Nm³/h sewage farm waste gas catalytic combustion processing installation

5.4.5 Safety Protection Fund

To ensure the safety of our employees and assets, we currently maintain Safety Protection Fund with Sinopec Group Company. 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 2008, we eliminated 631 potential safety hazards, such as lightning protection for offshore petroleum facilities and large sized oil tanks.



6 SOCIETY AND COMMUNITY



6.1 SOCIAL AND COMMUNITY VALUES OF SINOPEC CORP.

Sinopec Corp. follows the concept of people-oriented, integrates the following tenets as one: develop business, serve nation, reward stockholders, dedicate to society and benefit all our employees. In face of the severe sleet and frost disaster happened in South China and the disastrous earthquake pounded the Wenchuan County in Sichuan province, we made great donation to the disaster areas and did whatever we can do to support disaster relief efforts. In the face of domestic finished oil product market going through tense supply and excess of supply over demand, we adjusted production operation strategy, overcame difficulties in production, transportation and marketing, ensured stable domestic supply. As the petrochemical partner of 2008 Beijing Olympic Games, we fulfilled our responsibility and made great contributions for the Games. We shoulder the responsibility of “benefit employees” with actual deeds, care for them heart and soul, improve working and living conditions; combined with the activity of “engaging with the masses and promoting harmony, making concerted efforts to promote development”, we do our best to solve their difficulties and further shaped an united and harmonious atmosphere.

Sinopec Corp. pushes forward the corporate culture development, tamps the foundation for further growth, strengthens corporation soft cultural strength, leads and advances corporation persistent, effective and harmonious development. Based on the long-lasting fine tradition and style, in line with scientific and harmonious development, combining with emerging practice, we will further sum up and enrich corporate culture, endow enterprise spirit, core values and basic code of conduct with more current era factors; implement the Employee's Code of Conduct, strengthen vocational etiquette training, persistently improve cultivated manner and professional competency of employees.



6.2 MAINTAINING HEALTHY LABOUR RELATIONS

Sinopec Corp. follows the labor law, labor contract law and related laws and regulations; we conclude, execute, modify, cancel or terminate labor contract in accordance with law; adhere to people-oriented concept, make great effects to construct harmonious labor relationship.

Most of Sinopec Corp. subordinate enterprises have established Labour Dispute Mediation Board. Based on the principle of “voluntary mediation, democratic consultation”, they implement labour dispute mediation, and fully respect the arbitration and litigation petition right of party in labour controversy.

6.2.1 Labour Union Organisation

All the Sinopec Corp. subordinate enterprises have established Labour Union Committees, Labour Union Fund Auditing Committees, Labour Union Women Workers Committees and Employee Representative Congress. The Labour Union Committees have established relevant agencies and their workshops have setup branches, union teams and have been in fully functional system.

There are four employee representatives supervisors in the Sinopec Corp. Supervisory Board, which are elected by the Congress of Employee Representatives. In dealing with matters that are of interest to employees, such as salary, welfare, safety in production, labour protection and labour insurance, Sinopec Corp. should take into account advice from labour union and employees in line with due process, thus effectively ensure employees' interest.





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.

As for allocation, welfare policies and rules and regulations concerned with employees' rights and interests, conduct it in line with due process.

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 "Sunny Operation" and "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.





6.3 EMPLOYMENT AND NEW JOB CREATION

6.3.1 Employment Conditions

Employment

According to the principles of “Equality, Voluntariness, Consensus”, all employees have signed employment contract approved by the local labor administration department. These contracts are based on legal requirements and cover labor contract duration, duties, location, working hours, holidays, payment, social insurance and welfare, labor protection, labor conditions, professional ethics and labor regulations, conditions for contract modification, cancel, termination, renewal 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. 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 etc.;
- **Protocol** : office behaviour, dress and language;
- **HSE (Health, safety and environment)** : HSE principles, goals and responsibilities; and
- **Keeping secret** : abide by secrecy-keeping regulations and keep 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. In line with the principle of “put stress on profession, enlist according to merits, publicize operation, strengthen supervision”, Sinopec Corp. publicizes its recruitment requirements and has standardized the recruitment process to control the quality of candidates. In recent years, outstanding personnel from domestic and overseas institutions have also joined our team.



6.4 INVESTMENT IN EMPLOYEE EDUCATION AND TRAINING

Sinopec Corp. follows the people oriented principle. 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. Sinopec Corp. has focused on key personnel training programs and development of programs for all its employees. The Company guarantees the training organization, mechanism, expenditure, teachers, courses, base facilities and so on, by which the employees’ comprehensive competence is strengthened.



6.5 RESPECT 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 occupy various positions in different levels of the Company. To assist and empower female employees, Sinopec Corp. established a Women's Labor Union that provides special protection for female employees. Special interest provisions for female employees in labor contract and collective contracts are also considered. Sinopec Corp. organizes 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, get together of employees 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, interview and senior people education, and help them to maintain their roles in our society.

6.6 PAYMENT OF TAXES AND FEES

In 2008, Sinopec Corp. paid RMB 107.955 billion in taxes and fees to central and local government.



6.7 ENSURE SUFFICIENT SUPPLY TO THE MARKET

As the biggest domestic refined oil product supplier, relying on its advantages of network, management and service, Sinopec Corp. plays an important role in the national refined oil product supply system. In 2008, in the face of a number of unusual factors, such as sharp fluctuations in the international crude oil market, the severe sleet and frost disaster in South China and the disastrous earthquake that pounded Wenchuan County in Sichuan province, Sinopec Corp. took measures to stabilize and ensure market supply and successfully ran oil supply missions, to provide earthquake relief, to support the 2008 Beijing Olympic Games, service agricultural peak seasons, and so on.

In the first three quarters of 2008 when oil supply was tight, Sinopec Corp. fulfilled its social responsibility and made great effects to ensure domestic refined oil product supply through capacity utilization management, for instance adjusting structures, increasing imports, curtailing exports, decreasing ethylene production and outsourcing refinery processing. As a result, we helped greatly to relieve refined oil product supply tension and ensure domestic refined oil product market supply.

During the agricultural peak season, we arranged resources in advance, in line with high-summer oil demand and allocated more diesel oil for country areas. We also provided tailored service to support agriculture, established a specialist farming supply channel and supply depots (or refueling positions) exclusively for harvesters, enabling farm machinery to immediately refuel within operating areas. What's more, we established emergency mechanisms to ensure consistent and stable oil supply for throughout summer.

At the beginning of 2008, the severe sleet and frost disaster happened in South China. We immediately triggered an emergency plan, establishing disaster relief and oil supply command centers at all levels of Sinopec Corp. We worked hard to ensure refined oil product market and disaster relief oil supply. In order to increase as much oil supply as possible in minimum time, Sinopec Corp. refineries kept operating at full load to produce more product. Under extremely hard transportation conditions, Sinopec Corp. reinforced retail resources delivery, so that gas stations set no rationing limits and keep in stock. We fully made use of road open times to supply oil product; provided vehicles trapped in traffic jams with refueling services by means of oil distribution vehicles; we ensured supply for vehicles transporting vegetables and fresh and live farm products by way of mobile tankers. Sinopec Corp. employees, particularly those working at the front line of refined oil products supply, rescued stranded vehicles and people with oil product, food and medicine. Sinopec Corp. gas stations acted as disaster relief "rescue units".



To Refuel Vehicles of Earthquake Rescue Teams

Sinopec mobile filling vehicle filled the vehicles of earthquake rescue teams



On 12 May 2008, a disastrous earthquake hit Wenchuan County in Sichuan. Sinopec Corp. immediately triggered its level I emergency program for destructive earthquakes. Sinopec Corp. allocated and transferred resources for disaster-hit areas, including 105.4 thousand tons of refined oil product transported into Sichuan and Chongqing. At the same time, we strengthened oil supply for railways, military forces and civil aviation. We did our best to ensure earthquake relief oil supply, opened a green channel for disaster relief vehicles, transferred personnel from other areas to reinforce the disaster relief and kept gas stations in disaster areas operating around the clock. By means of mobile refueling and manpower delivery, we achieved our ambition to “refuel at any station, any time”, in order that “where there is emergency equipment, there is oil supply”. Sinopec Corp. strengthened oil supply for designated areas and designated customers, ensured oil supply of Orient Steam Turbine Works, Chengdu Railroad Bureau, and the disaster relief motorcade. To meet gas demand in disaster areas, Sinopec Corp. made every effort to resume natural gas production and supply, and ensured gas supply for civil use, CNG gas stations, disaster-relief and equipment manufacturing enterprises. Gas supply for people in affected areas was our priority, with a motto: “where there is settlement, there is natural gas supply”. We put through natural gas for more than 600 thousand people in 185 settlements. Sinopec Corp. also provided 35 thousand tons of styrene for earthquake relief.



As petrochemical partner of the 2008 Beijing Olympic Games, Sinopec Corp. fulfilled the promise of a “cleaner oil product for the green Olympic Games” through more investment, installations reconstruction, flow optimization and clean production. Over two years, Sinopec Yanhua Company spent RMB 2.7 billion on refining installation upgrading. They produced Beijing standard IV oil product up to EU IV effluent standards in June, 2007, and put it onto the Beijing market in March, 2008. During the Olympic games, Sinopec Corp. provided RMB 758,647 million of gasoline, diesel; RMB 4.15 million carpets and curtains; we also provided Hong Kong with 7.423 million HK dollars of oil product. Sinopec Corp. prepared a perfect Olympic Games oil supply plan and established efficient oil supply systems. In line with the Olympic Games service requirement, Sinopec Corp. completed the revamping designated gas stations and the upgrading of 24 service stations designated by the Olympic Committee to provide oil product for the vehicles during the Games. We provided immediate oil supply for emergency generators and light generators in 27 competing stadiums (stadium group) and seven non-competing stadiums during the Olympic and Paralympic Games. During the torch relay, Sinopec Corp. provided convenient and efficient refueling, vehicle cleaning and water filling services along the relay routes. Sinopec Corp. successfully developed flaming retardant seating materials for the National Stadium (the Bird Nest), and completed design, production and installation of 79,557 seats at the end of January 2008. Sinopec Corp. also exclusively developed SBS modified asphalt for the National Stadium, which was



Children, Don't Be Afraid

The Rescue Team of Sinopec Petroleum Engineering Xinan Company successfully saved more than 100 lives from a high school site in Deyang, Sichuan.

5 Hours' Battle, Mr. Li Donghai Was Saved

A 21-year-old Mr. Li Donghai was saved from earthquake ruin after 5 hours' rescue operation by Sinopec Puguang Gasfield Rescue Team.



6.8 PHILANTHROPY

- Sinopec Corp. made every effort to support earthquake relief, donating money and materials for disaster area reconstruction. On 12 May 2008, a disastrous earthquake pounded the Wenchuan County in Sichuan. The next day, Sinopec Corp. immediately issued an emergency notification on earthquake relief work and put forward 10 measures. The disaster areas' oil supply motorcade ensured disaster areas oil demand, providing a strong foundation for earthquake relief efforts. Under the unified command of the state safety production emergency rescue command center, Sinopec Corp. transported more than 100 sets of special jackets, life relief detectors, two way cutters; organized nine professional rescue teams, one expert rescue team, and 23 engineering rescue teams; saved 34 lives; found more than 100 victims; rescued hundreds of wounded people. Since the occurrence of the earthquake on 12 May, 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 in Sichuan, Shanxi, Gansu, Ningxia Chongqing and Dongfang Electric Group. The funds and supplies, donated by the Company and its staff, amounted to RMB 307,604,000;
- In January of 2008, responding to the severe severe sleet and frost disaster in South China, Sinopec Corp. established disaster relief and oil supply services, immediately triggering emergency plan for ensuring finished oil and natural gas supply. On 2nd February, we raised RMB 14 million for disaster areas in Guizhou, Huna, Hubei, Jiangxi, Guangxi and Anhui provinces. On March 7, Sinopec Corp. employees donated RMB 13 million for 13 disaster hit provinces and municipalities directly under the Central Government and autonomous regions.
- We are patrons of the Chun Lei programme to help schoolgirls return to school. Since 2004, Sinopec Corp. has supported China Children and Youth Foundation and Care for Next Generation Committee with this programme, which helps needy schoolgirls in 26 counties across Guizhou, Sichuan, Gansu and Hunan. In support of this programme, Sinopec Corp. carried out first hand investigation in the above mentioned areas, thoroughly studied financial distribution and fulfillment measures. Until now, we have donated RMB 43.146 million to help 30,318 schoolgirls finish their primary school Grade 4-6 and senior high school studies;
- We sponsor Health Express and provide free medical surgery to cataract patients. In 2008, Sinopec Corp. helped 2,338 cataract patients in Xinjiang Kashi and Yunnan Chuxiong county. Sinopec Corp. also donated a train named "Sinopec Illumination Express" for cataract patients which had been put into operation at the beginning of 2009;
- Sinopec Corp. has contributed assistance towards poverty alleviation in Fenghuang and Luxi Counties in Hunan Province, Yingshang and Yuexi Counties in Anhui Province. RMB 12.4 million has been donated to implement 12 poverty alleviation projects, including infrastructure construction, poverty alleviation on education, industry development, and labor service export and training;
- In 2008, Sinopec Corp. assisted Bange County in the Tibet Autonomous Region with RMB 18.47 million. The following nine construction projects were completed: herdsmen comfort housing matching, hardening for some roads and sites in the city proper, a simply built bridge, drinking water provision for people and livestock, solar energy lighting and engineering for herdsmen, and the construction of a village cultural center.

7 ABOUT THIS REPORT



This is Sinopec Corp.'s third Sustainable Development Report which covers the period from 1st January 2008 to 31st December 2008. 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.

This report follows Shanghai Stock Exchange issued the notification on revelation of listed company social responsibility in 2008 and internal control self-assessment report. It covers Shanghai Stock Exchange's basic requirements for social responsibility report of listed company, that is to say, it shows the concerned work to facilitate sustainable development of society, environment, ecology and economy.

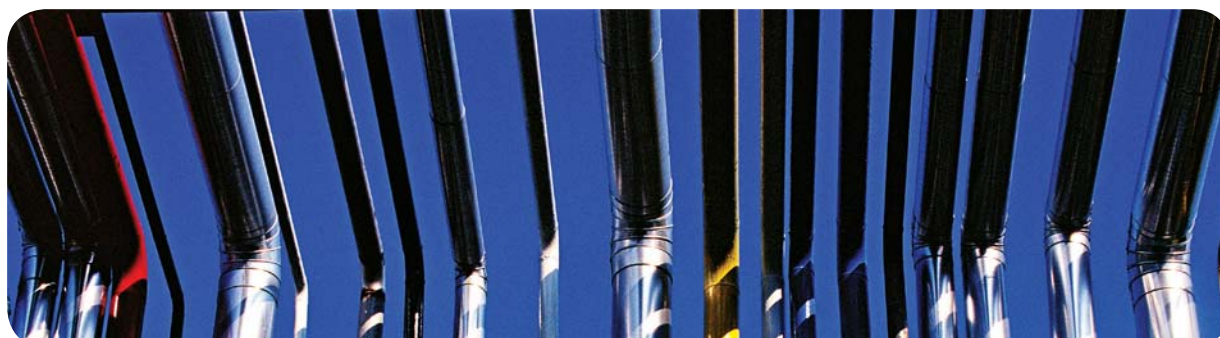
The business and financial data is extracted from Sinopec Corp.'s 2008 Annual Report and accounts. The financial statements, prepared under International Financial Reporting Standards, have been audited by KPMG.

An electronic version of this Report can be obtained from our website www.sinopec.com.

The Report has been submitted to the United Nation's Global Compact Office and Shanghai Stock Exchange via internet.

7.1 THE GLOBAL COMPACT AND OUR REPORT

Global Compact Principles		Related 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	Energy conservation and Climate Change
Anti-corruption Issues			
10	Businesses should work against corruption in all its forms, including extortion and bribery.	4.4	Anti-corruption Issues



7.2 SHANGHAI STOCK EXCHANGE BASIC PRINCIPLES

Shanghai Stock Exchange basic principle	Related reference to these principles in this report
Society	
1 Health and safety protection for employees;	5.4 Occupational Health and Safety Management 6.2 Maintaining Healthy Labour Relations 6.5 Respect Human Right
2 Protection and support for local community;	3 Stakeholder Communication 6.8 Philanthropy
3 Check on production quality.	3 Stakeholder Communication
Environment and Ecology	
4 How to prevent and reduce environmental pollution;	5 Health, Safety and Environment
5 How to protect water resources and energy;	5 Health, Safety and Environment
6 How to protect inhabitation of local community;	5 Health, Safety and Environment
7 How to protect and improve biodiversity in local community.	5 Health, Safety and Environment
Economy	
8 How to create values for customers through production and service;	2 Welcome from Chairman 3 Stakeholder Communication
9 How to create better opportunity and future development for employees;	2 Welcome from Chairman 3 Stakeholder Communication 6.3 Employment and New Job Creation 6.4 Investment in Employee Education and Training
10 How to bring high returns for stockholders.	2 Welcome from Chairman 3 Stakeholder Communication 4 Corporate Governance
Environmental protection information	
11 Environmental protection policy, annual objective and effect;	5 Health, Safety and Environment
12 Annual total resources consumption;	5.4 Occupational Health and Safety Management
13 The company's environmental protection investment and technical development status;	5.4 Occupational Health and Safety Management 5.4 Occupational Health and Safety Management
14 Category and quantity of pollutants;	5.4 Occupational Health and Safety Management
15 The construction and operating status of environmental protection installations;	5.4 Occupational Health and Safety Management 5.4 Occupational Health and Safety Management
16 The processing and disposal of waste created in production and the recovery and comprehensive utilization of rejected products.	5 Health, Safety and Environment



7.3 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 March 2009 and undertakes no obligation to update these statements.

7.4 COMPANY INFORMATION

Name	China Petroleum & Chemical Corporation
Company Registration Date	February 25, 2000
Registered and Headquarters Address	22 Chaoyangmen North Street, Chaoyang District, Beijing, China
Postal Code	100728
Telephone	86-10-59960028
Fax	86-10-59960386
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

China Petroleum & Chemical Corporation
Sustainable Development Report 2008