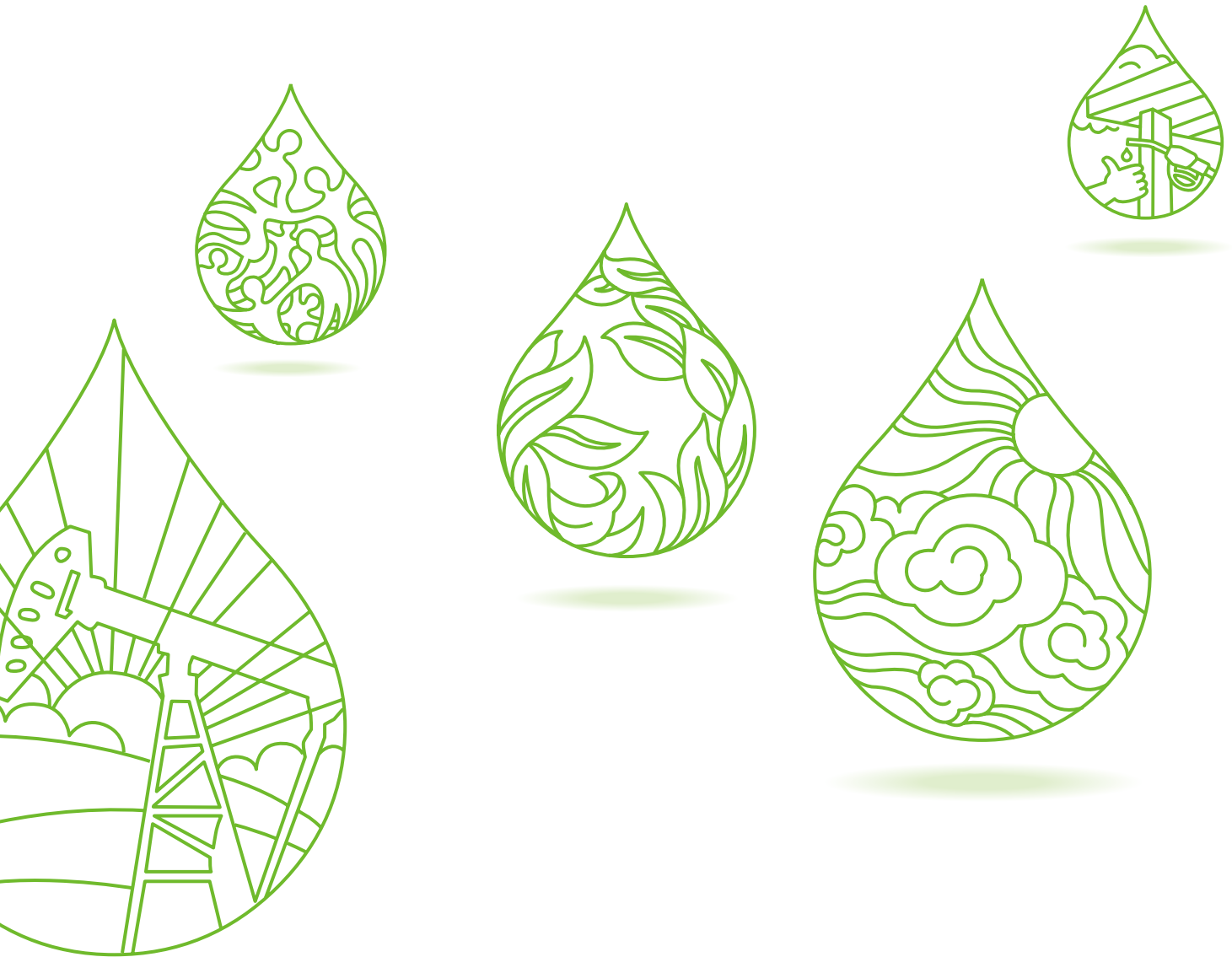




MAKING EVERY DROP COUNT

2010

Sustainable Development Report



Company Profile

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

Exploration, Development and Production of Petroleum and Natural Gas

Sinopec Corp. is the second largest producer of crude oil and natural gas in China. The Company produced 327.85 million barrels of crude oil and 441.39 billion cubic feet of natural gas in 2010. By the end of 2010, its proved reserve of oil and gas was 3,963 million barrels of oil equivalent.

Refining

Sinopec Corp. is the largest refiner in China. The Company produces gasoline, diesel, jet fuel, lubricant, fuel oil as well as various chemical feedstock and other petroleum products. By the end of 2010, the Company’s refining capacity was 222 million tons per annum, ranking the second largest in the world.

Marketing and Distribution of Refined Oil Products

Sinopec Corp. has a well established network to market and distribute refined oil products in China. By the end of 2010, there were 30,116 service stations operating under “Sinopec” logo, of which Sinopec Corp. owns and operates 29,601 stations, ranking the second place in the world in terms of the total number of service stations.

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 fibers, synthetic fibers and synthetic rubbers. By the end of 2010, the Company’s ethylene production capacity reached 9.32 million tons per annum, ranking the fourth largest in the world.

International Trade

Sinopec Corp. is engaged in the supply and trading of crude oil, petrochemicals, equipment and materials. In 2010, the Company’s total trading volumes of crude and refined products were 186 million tons and 20 million tons, respectively. The Company witnessed rapid growth in trading chemicals, equipment and materials. Negotiations on LNG trade have been well underway.

Research and Development

Sinopec Corp. leverages the research and development strengths across the integrated business value chain. The Company’s R & D focuses on core technologies and proprietary technologies, pursuing breakthroughs in the field of new business spectrums while supporting conventional portfolios. By the end of 2010, the Company owned 25,000 full-time R & D staff and applied for 19,001 domestic and international patents, of which 10,587 patents were granted, 742 out of 1584 submitted international patents were granted. Meanwhile, the Company had accumulatively obtained one top national prize for science and technology, 45 national prizes for technology invention and 289 national prizes for progress in science and technology.



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ADDRESS FROM CHAIRMAN

Su Shulin
Chairman of the Board



In 2010, Sinopec holds true to its mission of “Enterprise Development, Contribution to the Country, Shareholder Value Creation, Social Responsibility and Employee Wellbeing”. We have implemented corporate social responsibility (“CSR”) effectively, while advancing corporate reform and growth. We took solid steps in our CSR commitment of “Making Every Drop Count” - the Company’s CSR slogan. And all yielded positive results.

As 2010 was the last year of China’s 11th Five-Year Plan period, our performance in the year showcased a successful accomplishment of all targets set for the 11th Five-Year Plan. During the past five years, we had leveraged our strengths while minimizing and addressing our weakness when implementing our integration and globalization strategy to link resources with end markets. Continuous improvement was made in asset quality, market competitiveness, risk-hedging capability and contribution to the society. Compared to 2005, our total assets increased by 79% to RMB 985.4 billion, total turnover grew by 135% to RMB 1,913.2 billion. Taxes and fees paid to the central and regional government authorities grew by 235% to RMB 234.6 billion. Shareholder equity grew by 86% to RMB 421.1 billion. During the past five years, Cumulative taxes and fees paid to the central and regional government authorities totaled RMB 705.7 billion and cumulative dividends paid to shareholders reached RMB 72 billion. We provided 619 million tonnes of refined oil products and 178 million tonnes of chemical products, which effectively supported national economic development, and in the mean time created value for shareholders and met consumer demands.

Over the past five years, we have given priority to ensure the national energy security and the stable market supply. In terms of domestic exploration and production, we have achieved the stable production growth in the mature oilfields of the eastern China, fast ramp-ups in the frontier areas of western China and massive development in natural gas business. Meanwhile, we took solid steps to expand overseas upstream business. In addition, we built up 13 refineries of over 10-million-tonne per-year capacity each, 8 ethylene facilities averaging at one-million-tonne per-year capacity each. We developed a number of crude terminals, matching storage facilities as well as long-distance crude and oil products pipelines. Three major industrial clusters along the Yangtze River Delta, Pearl River Delta and around Bohai Bay were formed, creating synergies and increasing resource utilization. Moreover, we effectively secured crude supply by diversifying crude import sources and expanding the third party trading volume.

Over the past five years, we remained committed to the supply of clean fuels, premium petrochemicals and the delivery of quality customer services in an effort to build positive brand image. We spared no effort in delivering our promise in good product quality, sufficient quantity and customer satisfaction. Our fuel supply has been made available to over 15 million customers at 30,000 Sinopec service stations every day based on extensive marketing and distribution network. In 2010, we supplied the domestic market with 149 million tonnes of refined oil products and over 43 million tonnes of chemical products. Sinopec branded products and services are prevailing in every aspect of improving the quality of people’s life, including garment, food, housing and

transportation. We completed the quality-upgrading program for gasoline products to meet domestic demand, mitigated 50,000 tonnes of sulfur dioxide emission per annum. Our high-specification chemical products supply contributed to a better life quality. By strengthening the strategic cooperation with our suppliers, we managed to add more Chinese content in key equipment and material supply, bringing along the development and progress in domestic manufacturing sector.

Over the past five years, we laid strong emphasis on work safety, environmental protection and resource conservation. By carrying out “I Safe” campaign in the past three years, we achieved safe production under complex operating conditions. Substantial efforts were made to optimize industrial structure, upgrade industrial configuration, conserve energy, reduce emission, increase resource efficiency and promote low-carbon development. During the 11th Five-Year Plan period, we delivered beyond the national targets to have saved 12.2 millions tonnes of coals equivalent in energy consumption, reduced 29.97 million tonnes of carbon dioxide emission and 204,000 tonnes of sulfur dioxide emission. We are proud to have played an active part in saving resources and protecting our environment.

In the meantime, we continued to promote technological development, improve innovation capabilities and management expertise. Our R&D success strongly supported core business growth based on consolidated R&D resources, innovation in both theory and technology, as well as breakthroughs in key technological areas. In the past five years, we have been granted 4,115 domestic patents and 405 international patents, obtaining 51 awards including National Science and Technology Progress Awards and National Technology Invention Awards. We have implemented “Sinopec Style” of corporate management to improve internal control system, standardization, IT application, comprehensive budgeting, centralized treasury management and all-employee cost objective management.

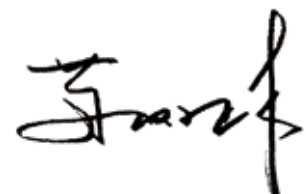
We remain committed to employee-focused labor relations. By accelerating career development and talent training programs, we witnessed enormous improvement in employees’ professionalism and proficiency. Our employees are eligible to corporate annuity plan and pension system. We respect international employees from different nationalities and cultures, providing assistance to and solutions for the employees living in difficulties as well

as taking good care of retired employees. At Sinopec, we have fostered a corporate culture to promote career development for all types of talents.

Over the past five years, Sinopec has been an active stakeholder to promote social harmony and stability by fulfilling CSR commitment and engaging in public welfare undertakings. We have provided disaster-relief support in earthquake-hit Wenchuan of Sichuan and Yushu of Qinghai, ensuring fuels supply during Beijing 2008 Olympiad, Shanghai 2010 World Expo, Guangzhou 2010 Asian Games as well as summer and autumn peak farming seasons. Our sufficient diesel and natural gas supply effectively relieved the market tension in different regions in time of emergency and critical moment. We have provided support in poverty regions, offering aid to Tibet, giving donations to Lifeline Express and youth education. In the past five years, we built 161 Hope Schools for primary students living in poverty regions, supported over 30,000 female students to complete their education based on “Spring Bud Program”, treating 18,000 cataract patients for free at Sinopec “Health Express” mobile train hospitals, and putting into operation a number of infrastructure projects in Tibet and poverty-stricken regions. We made a difference in the quality of life for the people in poverty regions, as well as contributing to regional development along with our own growth.

Year 2011 is the first year of China’s 12th Five-Year Plan period. Looking ahead, we aim to shift the pattern of development, actively promoting coordinated and sustainable development approach. Our CSR will be continuously fulfilled by securing energy supply, providing better services, focusing on HSE management and low-carbon development, caring for employees and giving back to society. While achieving further growth of the Company, we remain committed to the nation, our shareholders, the society and our employees.

Su Shulin
Chairman of the Board



CELEBRATING THE FIRST DECADE

As China continues to march forward in the 21st century, Sinopec has experienced remarkable growth in the past decade since its IPO in 2000. We have scored glorious achievements through a decade of diligence. Great changes have taken place in Sinopecin terms of multi-fold growth in corporate revenue, EPS, total assets, shareholder equity and market capitalization. The Company's international business has made enormous expansion. China Petrochemical Corporation (hereinafter referred to as Sinopec Group), the Parent of Sinopec Corp., has raised its ranking in Fortune Global 500 from the 58th in 2000 to 7th place in 2010.

And Sinopec have become an energy and chemical company with significant prominence and recognition in the world. Sinopec Corp., as the core assets of its Parent, shares the growth and is proud to be part of it. Meanwhile, the Company made great headway in fulfilling corporate social responsibility, providing sustained energy supply, deepening HSE management, advancing energy conservation and emission reduction, supplying clean fuels and green products, contributing to public welfare undertakings and promoting human solicitude.

RMB Millions

	2010	2009	2008	2007	2006
Operating income	1,913,182	1,345,052	1,444,291	1,200,997	1,056,363
Profit attributable to equity shareholders of the Company	70,713	62,677	31,119	56,150	53,745
Earnings per share (RMB)	0.82	0.72	0.36	0.65	0.62
Cash dividend for the year (RMB /share)	0.21	0.18	0.12	0.17	0.15
Share capital (million share)	86,702	86,702	86,702	86,702	86,702
Total assets	985,389	886,896	784,471	764,625	637,855
Taxes and fees paid to the central and local governments	234,554	179,852	108,386	104,111	78,823
Donations	177	174	104	158	98





- China's second largest oil and gas producer
 - 307 registered blocks with an area of 968,000 square kilometers
 - By end 2010, proved reserves of oil and gas were 3,963 million boe
-



- Asia's largest and the world's second largest refiner
 - Refining capacity by the end of 2010: 222 million tpa
 - 12 crude terminals for VLCC with total handling capacity of 193 million tpa and 6,600 kilometers of crude pipelines
-



- Sinopec owns the largest refined oil products marketing and distribution network in China with 30,116 service stations operating under Sinopec logo. The total number of service stations ranked the 2nd in the world. The Company supplied to the market with 149 million tons of refined oil products in 2010
 - In the past decade, the Company has totally produced 951 million tons of refined products and sold 1.099 billion tons of products
-



- China's largest and the world's fourth largest ethylene producer
 - In the past decade, the Company has totally produced 54.36 million tons of ethylene. By the end of 2010, ethylene capacity hit 9.32 million tpa
 - Varieties of products meet people's daily needs
-

Science & Technology

Sinopec has always emphasized the “propeller” function of technological innovation in production and operation. We have leveraged our strength in research and development across the integrated business value chain. We focus on the development of core technologies and proprietary technologies, achieving breakthroughs in new business areas.

In the past decade, we have made extensive achievement in technological innovation. By the end of 2010, we have

accumulatively been granted 1 highest national prize for science and technology, 45 national prizes for technology invention and 289 national prizes for scientific and technological progress. The Company applied for 19, 001 domestic patents and international patents, of which 10, 587 patents were granted, 742 out of 1, 584 submitted international patents were granted.

Management

We have pressed ahead steadily with the innovative “Sinopec Way” of management to optimize corporate internal control, standardization, IT application, comprehensive budgeting, centralized cash management as well as all-employee cost

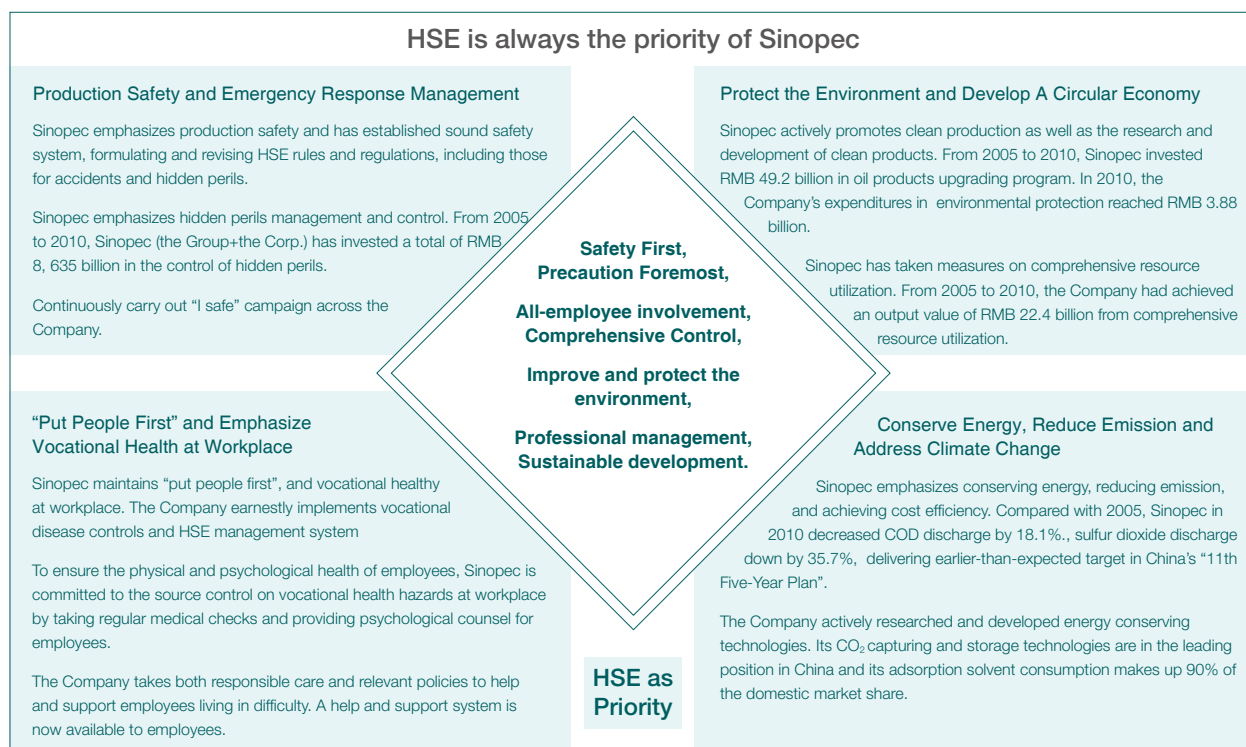
management. Corporate management is developed in a more meticulous and standard manner. We have promoted higher corporate transparency through enhancing information disclosure and investor relations.

Human Resources

We encourage “esprit de corps” at workplace, respect the rights and benefits of employees and take various measures to ensure responsible care among all employees.

We have improved the proficiency of employees by offering them career development plans and taking various measures to improve people's professionalism. We have supported education

and training at every stage of all employees' career path. Various types of vocational training, on-the-job training and continuing education programs have been carried out at different job levels. In addition, we have promoted specialized and technical trainings for professionals in the areas of executive administration, technologies, technical skills and international operations.





Dedication to Public Charity and Contribution to Society

• Donation and Aid to Education

Since 2004, the “Spring Bud Program” has assisted more than 30,000 female students in 26 national-grade impoverished counties to complete their education.

Sinopec is strongly committed to donation to China’s “Hope School” construction. In the past 5 years, we have provided donations for the completion of 161 “Hope Schools” and on-going construction of 45 schools.

• “Lifeline Express” Project

Since 2004, Sinopec has donated RMB 83.5 million to the “Lifeline Express” foundation, enabling 18,000 cataracts sufferers to regain vision.

In 2010, “Sinopec Brightness Health Express” traveled a long journey from Mianzhu in Sichuan, to Kashgar in Xinjiang and Guilin in Guangxi, to treat and assist cataracts sufferers.

• Disaster Relief Support

During the “5.12” Wenchuan earthquake in 2008, Sinopec immediately set into motion a disaster relief plan for emergency response, guaranteeing efficient fuel supply for disaster relief work. The Company also donated RMB 300 million both in cash and kind.

In 2010, Sinopec donated RMB 15 million to Yushu of Qinghai, and RMB 5 million to Zhouqu of Gansu.

• Secure Fuel Supply in Summer Peak Season, and Fight Against Drought

Sinopec supplies fuels to ensure 90% of the farming work for summer harvest in China.

The Company ensures sufficient and quality fuel supply for transportation and farming vehicles, providing premium services at discount prices for disaster-stricken regions.

In 2010, Sinopec donated RMB 15 million to Guangxi, Guizhou and Yunnan.

• Relief and Development in Poverty Region

Sinopec undertook aiding Yingshang, Yuexi and other national-level impoverished areas. Since 2002, Sinopec has invested RMB 100 million in 4 dedicated poverty-stricken counties.

Sinopec was awarded by the State Council Poverty Relief Leading Group “the Advanced Prize for Designated State-Owned Enterprise Supporting Poverty-Stricken Regions”

• Aid to Tibet

Over the past ten years, Sinopec has invested a total of RMB 136 million in funds to assist Tibet, supporting 55 projects for the benefits of Tibetan people.

In 2010, Sinopec invested a total of RMB 25.83 million in funds to assist Tibet, supporting 5 major projects to aid and benefit the local people.

MAKING EVERY DROP COUNT

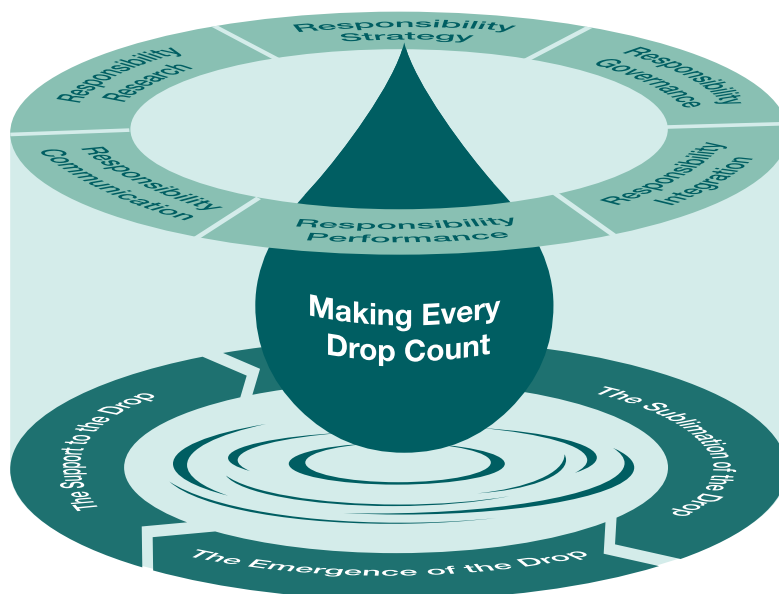
● Origin

“Making Every Drop Count” is a solemn promise made by Sinopec at the Company’s Quality Work Conference on August 18th, 2010.

By “Every Drop”, it refers to Sinopec branded fuels, services and other offered products. “Making Every Drop Count” refers to not merely good quality for our products, but also the standard quantity, safety and environment friendliness delivered to customers and the community.

The essence of “Making Every Drop Count” is to fulfill our

responsibility based on a management framework called “six-dimension responsibility management”. It incorporates responsibility philosophy from “the emergence of the Drop”, “the support to the Drop” to “the sublimation of the Drop”.



Five Innovations in Sinopec 2010 Responsibility Management

1. Sinopec collected over 5,000 CSR good ideas across the company and from the general public.
2. Sinopec applied “Six-Dimension” CSR management framework and incorporate social responsibility into our corporate strategy and operation.
3. Sinopec set up China CSR research base by working with Chinese Academy of Social Sciences (CASS).

4. Sinopec explored the theories and management approaches on CSR by compiling research documents on “Making Every Drop Count”.
5. Sinopec supported China’s CSR rating system by initiating CSR Report rating program among Chinese companies.

— — CSR Research Center, Economics Division, Chinese Academy of Social Sciences

● Responsibility management for “Making Every Drop Count”

In 2010, Sinopec enhanced its CSR management with “Making Every Drop Count” as the theme.

We fully analyzed the impact of our own business operations on the economic and social environment, carefully evaluating the challenges amid volatile and complex circumstances. We took massive steps to understand the needs of our stakeholders. Areas of major focuses covers 6 core CSR subjects: energy supply, customer services, HSE, climate change, employee development and social welfare. We have started the research works on formulating an improved CSR work plan to define the objectives, tasks, basic philosophy and guarantee measures for social responsibility.

We have initially established the organizational system, institutional system and responsibility system for CSR management. In 2009, we established Sinopec CSR Work Leading Group to ensure social responsibility concepts thoroughly implemented in our day-to-day businesses.

The slogan of “Making Every Drop Count” is initiated to ensure CSR embedded into our corporate strategy, operation, corporate culture and social practices. We also aim to better implement CSR across our subsidiary companies. In the process of collecting CSR slogans and promoting CSR trainings, We spare no efforts to timely apply CSR concept to corporate management and operation.

Our current performance assessment system has incorporated a number of CSR indicators which focus on the impact of business operations on economy, society, the environment and resources. This allows us to improve CSR performance management, promoting continuous improvement in CSR management and practices and ensuring the concept to be implemented in due course.

We make great efforts to promote advocacy of CSR by issuing CSR report, setting up online CSR columns and internal audio-visual trainings, giving lectures in universities and hosting site visits by journalists. This enables our shareholders, employees, customers, partners, government, media and the general public to understand and monitor the implementation of our social responsibility work. Meanwhile, our best practice is a showcase to encourage our partners to be socially responsible.

We actively put forward CSR research work through a variety of methods. We have established a research base with the CASS Research Center for Corporate Social Responsibility. In addition, we initiated CSR Report rating system for Chinese companies, which advanced the rating work of CSR reports among Chinese companies. Taking this research base as a pivotal point, we made great progress in expanding CSR trainings, workshops and subject-specific researches, communicating CSR concepts to a broader audience. This enabled us to continuously improve our social responsibility work.



Our Story:

The Birth of Sinopec CSR Slogan

In order to well develop and communicate CSR concept to the public, Sinopec started in February 2010 collecting Sinopec CSR slogan from Sinopec employees and major domestic mass media. By March 10th, 2010, the Company collected over 5,000 slogans from individuals and institutions. Many Sinopec employees including Chairman Su Shulin actively participated in this activity.

“Create Value, Conserve fuels and Contribute to Clear Sky”, “Openness and Competition, Practical Operation, People First and Joint Value Creation” are only part of the 5,000 collected slogans. It is fair to say CSR has been deeply rooted in the hearts of our employees. The philosophy of “human solicitude” and “environmental friendliness” has been indicated in these slogans and demonstrated in daily operations. “I have been touched

by being invited as a journalist to write CSR slogan for Sinopec”, says Ms. Li Chenlei, a journalist with a Chinese finance magazine, “I am touched by the responsible attitude of Sinopec towards the society and the general public. I am touched by the good ambiance created across Sinopec. And I am touched by Sinopec’s commitment to building such a longstanding concept within the company. Thus I am honored to get involved in this activity and offered my version of Sinopec CSR slogan as ‘Ensured Clean Energy and Unchanged Customized Services’ ”.

On April 29th, 2010, Sinopec officially set forth “Making Every Drop Count” as its CSR slogan. At Sinopec Quality Work Conference on August 18th, Chairman Su Shulin announced this slogan as Sinopec’s solemn promise to the society.

CORPORATE GOVERNANCE

Corporate governance is the important bedrock supporting Sinopec's sustainable development. We strive to improve corporate governance to protect and balance the interests of shareholders, clients, employees, the society and other stakeholders. Improved corporate governance allows the company to make rational decision-making, mitigate risks, achieve operational excellence and sustainable development.

We have defined the respective responsibilities, by-laws and work-flows for shareholder meetings, Board of Directors, Board of Supervisors and executive management team. Independent directors account for one third of the Board of Directors. Under the Board level are three committees: Strategic Committee,

Auditing Committee, and Remuneration and Performance Examination Committee. The three committees provide the Board with consultation for specific issues.

Based on a standard corporate governance system, the Company is open to the supervision by the capital market and the general public. As a company listed in Shanghai, Hong Kong, New York and London, Sinopec strictly abides by the laws and regulations of the listing places. The Company has gained the recognition of the capital market by doing a good job in information disclosure and investor relations. In 2010, Sinopec obtained the "Shanghai Stock Exchange Information Disclosure Award".

Members of the fourth session of the Board of Directors

Name	Job Title at Sinopec	Term of Office
Su Shulin	Chairman	May 2009 - May 2012
Wang Tianpu	Vice Chairman and President	May 2009 - May 2012
Zhang Yaocang	Vice Chairman	May 2009 - May 2012
Zhang Jianhua	Board Director and Senior Vice President	May 2009 - May 2012
Wang Zhigang	Board Director and Senior Vice President	May 2009 - May 2012
Cai Xiyou	Board Director and Senior Vice President	May 2009 - May 2012
Cao Yaofeng	Board Director	May 2009 - May 2012

Name	Job Title at Sinopec	Term of Office
Li Chunguang	Board Director	May 2009 - May 2012
Dai Houliang	Board Director and Senior Vice President	May 2009 - May 2012
Liu Yun	Board Director	May 2009 - May 2012
Li Deshui	Independent Non-Executive Director	May 2009 - May 2012
Xie Zhongyu	Independent Non-Executive Director	May 2009 - May 2012
Chen Xiaojin	Independent Non-Executive Director	May 2009 - May 2012
Ma Weihua	Independent Non-Executive Director	May 2010 - May 2012
Wu Xiaogen	Independent Non-Executive Director	May 2010 - May 2012



Members of the fourth session of the Board of Directors

Name	Job Title at Sinopec	Term of Office
Wang Zuoran	Chairman of the Board of Supervisors	May 2009 - May 2012
Zhang Youcai	Vice Chairman of the Board of Supervisors, Independent Supervisor	May 2009- May 2012
Geng Limin	Member of the Board of Supervisors	May 2009 - May 2012
Zou Huiping	Member of the Board of Supervisors	May 2009 - May 2012
Li Yonggui	Independent Supervisor	May 2009 - May 2012
Zhou Shiliang	Employee-Representative Supervisor	May 2009 - May 2012
Chen Mingzheng	Employee-Representative Supervisor	May 2009 - May 2012
Jiang Zhenying	Employee-Representative Supervisor	December 2010 - May 2012
Yu Renming	Employee-Representative Supervisor	December 2010 - May 2012

Other Senior Executives

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

Sinopec 2010 Corporate Governance Progress	
Compliance	<ul style="list-style-type: none"> While carrying out operating activities, Sinopec strictly follows the laws and regulations, abiding by social morality and business ethics, insisting on integrity, honoring commitment and subject to the scrutiny by the government and the public. Issuing in 2010 a booklet called Learning from Practice: Laws and Regulations on Corporate Management (New Edition) and deepening the understanding across the Company on 20 relevant laws and regulations. The spirit of Making Every Drop Count slogan has been incorporated into business contracts and agreements. Launching "Walking with Laws" knowledge contest in which hundreds of thousands of employees participated.
Internal Control	<ul style="list-style-type: none"> Continuously developing internal control system by advancing rational, standard and meticulous management approach. Compiling Internal Controls Handbook, deepening compressive budget management and cost objective management for all employees, pressing ahead with centralized accounting system, risk management and centralized material procurement and supply.
Audits	<ul style="list-style-type: none"> Promoting the institutionalization and standardization of audit work supported by IT platform. Having conducted 5 training courses for pre-auditing and AIS standards training, covering 670 Sinopec auditor trainees, replacing lecturing-mode training with audit-practice training on 50 audit pros, whose mindset and proficiency were both upgraded.
Discipline Investigation and Supervision on Open Business Management	<ul style="list-style-type: none"> Standardizing open business management and online monitoring work by drafting in 2010 The Administration Methods of Open Business Management and Online Monitoring Management Methods. Increasing transparency in online purchasing with total purchasing volume exceeding RMB 900 billion and online purchasing rate reaching 95%. Making a thorough investigation on and serious punishment to Anyang Subsidiary of Henan Province for violating laws and regulations by supplying problem oil products in the market, fully showcasing the function and role of the discipline investigation and supervision in addressing the root cause of malpractice.
Anti-Corruption	<ul style="list-style-type: none"> Making steps to advance anti-corruption by controlling the source and key links, combating corruption in major areas as well as rendering serious punishment to malpractice and mismanagement arising from corruption. Signing "the Agreement on Adhering to Business Ethics" with its suppliers to fight against commercial bribery, creating level playing field for business transactions. In 2010, the proportion of responsible procurement reached 100%, the proportion of local procurement reached 95% and supplier contract execution rate hit 99%.
Anti-Monopoly	<ul style="list-style-type: none"> Promoting fair competition and opposing market monopoly, strictly following Chinese laws and regulations against monopoly and unfair competition. Adhering to integrity in operation and fairness in competition, paying due respect to competitors, respecting intellectual property rights as well as the interests and rights of customers.

OUR STAKEHOLDERS

Our stakeholders include the government, employees, shareholders, customers, suppliers, contractors, communities, general public, NOGs and other organizations. We have built with all the stakeholders a partnership based on active interaction,

mutual support, mutual benefits and win-win cooperation. By joining hands with them, Sinopec is proud to fuel China's economic growth, protect the environment and promote social progress.

Stakeholder	Expectations on Sinopec	Communication Channel	Sinopec Response Approach and Effects
Government	Compliance in operation and risk aversion Response to the state macro-regulation policies Providing job opportunities Driving regional economic growth	Announcement of laws, regulations and policies Subject-specific report and meetings	Operating based on integrity and in accordance with laws Disclosing accurate information on a timely basis Creating job opportunities Increasing contribution to society Abiding by the State policies
Customers	Quality products Quick response Customization Fast solutions to complaints Excellent post-sale services	Meetings with and comments collection from customers Day-to-day contact Customer feedback Hotline services Online services	Continued innovation on products Improve customer relation management (CRM) Improve customer satisfaction Increase the handling rate of customer complaints
Employees	Assurance of employees' lawful rights and benefits Satisfactory payment Good work environment Fast career development	Contact mail-box for suggestions and complaints Dialogue Office Automation (OA) system	Engage employees in corporate management Protect the lawful rights and benefits of employees Focus on people development Improve incentive plan Higher employee satisfaction Lower in job-quitting rate
Labor Union	Labor rights and benefits Democratic management Openness and transparency in corporate affairs	Employee-representative conferences grassroots labor union organizations	Enhance communication via collective negotiation Improve democratic management
Shareholders and Creditors	Stable credit rating Accuracy, authenticity, timeliness and completeness in information disclosure Protect the rights and benefits of shareholders and creditors Reasonable returns on investment	Regular reporting Corporate report Corporate presentations and road shows Shareholder dialogue and feedback	Strict risk controls Profit-making momentum Maintain the dividend or interests payout to shareholders or creditors Good credit rating Fair enterprise value
Suppliers	Fair procurement Honoring the contract Strategic partnership Win-win result	Negotiations Communications Tender-offer meetings	Observing fair and square principles Strict contract execution High supplier satisfaction Purchase cost effectiveness
Financial and Insurance Companies	Effective financing cost Minimum risks Timely repayment	Negotiations Regular meetings	Research on financial and insurance policies Adjusting corporate strategies to lower fund-raising risks
Business Partners	Complementary in respective advantages Mutual trust based on mutual benefits Information sharing	Negotiations Regular meetings Executive meetings Routine correspondence Regular exchanges	Adhering to principles of integrity, mutual benefits and equal consultation Innovation on cooperation areas and business modal Effective partnership

Stakeholder	Expectations on Sinopec	Communication Channel	Sinopec Response Approach and Effects
Communities	Pay close attention to social development Contribute to harmonious community	Singing agreement to support public welfare Involved in volunteer campaigns Regular meetings	Jointly build a civilized community Donation to public charity programs Volunteer services Support education and rural development
Media	Timely information disclosure Good media relations	Press Conference Press release Quarterly reports Spot coverage Media meetings	Improve media environment Build good reputation through media reports Heighten Sinopec brand awareness among media organizations Interact and work with media
NGOs	Joint advocacy on sustainable development	Regular meetings and activities Keep in touch with each other	Enhance Sinopec brand awareness among NGOs Interact and work with NGOs

Our Story Grow Together by Working Together

It is our aspiration to work in allies. While strengthening our own development, we have also developed increasingly close partnership with local governments, suppliers and industrial peers in wide areas. We are extending service network and fueling the growth of regional economy and its industry, which is a win-win result.

We launched the third round of strategic cooperation in 2010 with suppliers after the same experience in 2004 and 2007, signing 5-year strategic cooperation agreements with 22 large-scale domestic coal, steel and equipment manufacturing enterprises. These enterprises include Shenhua Group, China Coal, Baosteel, Angang Steel, Wuhan Iron & Steel Group,

Tianjin Iron & Steel Group, China First Heavy Industries (CFHI), China Second Heavy Industries, and Shenyang Blower Works Group (SBWG). By having reliable access to resource and materials supply, we are assured with secure and timely material supply at low cost. In return, our strategic suppliers also achieve sustainable development based on a cemented market share. In the process of this win-win cooperation, domestic manufacturers witness robust growth. CFHI, for example, has become a world-class player in hydrogenation unit manufacturing. SBWG has become one of the companies in the world capable of manufacturing large-size compressors used on million-ton-capacity ethylene facilities.

Our Story Journalists Take a Close Look at Sinopec

From June 7th to June 10th, 2010, 48 journalists with 46 media organizations including The People's Daily, Xinhua News Agency, CCTV and CNTV have attended a site tour organized by Sinopec in Shanghai.

The journalists visited our service stations in Wanping Road and Kaicheng as well as Easy Joy convenience stores. From chatting with the working staff there, the journalists felt excited to know how big changes the World



Expo has brought to Sinopec and caught a glimpse of their happiness and hard work. Quoting Xu Yuhai, a journalist with Shanghai Securities News, it is admirable to see Sinopec employees devote to their work and make the best contribution to the World Expo with good and effective services.

The journalists visited Sinopec Shanghai Gaoqiao Petrochemical Corporation, coming to understand “the birth” of fuels. They were deeply impressed by Sinopec’s endeavor to supply clean and quality fuel products during Shanghai World Expo. This success was attributable to oil products upgrading and de-bottlenecking programs. To ensure product quality, our products shall go through over 10 times of sampling check before being delivered to customers. The journalists were convinced what Sinopec had done to contribute to the Shanghai World Expo.



Making Every Drop Count

CONTINUOUS ENERGY SUPPLY



Energy is fundamental for people's livelihood and social development. Crude oil, or the "black gold", is the wellspring of the entire oil and petrochemical industry. Natural gas development prevails in clean fuel development and plays an important part in power generation, town gas and chemical production. However, the hydrocarbon resources deep underground are non-renewable and their distribution is highly uneven. Thus we are faced with grim challenges in developing resources, such as limited resources access, quality degradation, harsh operating conditions and rising lifting cost.

As an integrated energy and petrochemical company, Sinopec relies on technological innovation and the concerted efforts of all employees to overcome difficulties one after another. We aim to continuously explore and develop valuable energy resources underground and contribute to sustained energy supply.

1.1 A Solid Resources Base

In order to source safe and stable energy supply at best cost, Sinopec forged ahead in both production and trading activities. We actively invest in the exploration and development of oil and gas resources while making full use of the global trade channels. Hence the Company enjoys strong resource base and ever-improving capability to secure energy supply.

● Tide over difficulties to maintain stable production growth

Sinopec relies on technological advancements and precise management to attain stable oil production growth as well as rapid ramp-up in natural gas output. In 2010, crude oil production was 46.18 million tons. The crude production in eastern mature oilfields maintained steadily at 34.5 million tons per annum. Production in western frontier oilfields has risen by 70% in 5 consecutive years to reach 8.01 million tons. Natural gas output in 2010 hit 12.5 billion cubic meters, doubling the output five years ago. Five major natural gas production sites are set up in Sichuan, Ordos, South Songliao, Tarim and Bohai Bay.

Liquids and gas gushing out of wells witnesses the valuable miracles created by Sinopec in the remote areas and under harsh conditions. Those are the results of our technologies, perseverance and hard toils.

● Ensure energy supply through international trade

The healthy and rapid growth of the Chinese economy and the continuous improvement in people's living standard boosted the demand for energy. To better ensure the stable supply of crude oil, we have taken all approaches possible to stabilize production growth. In addition, we have also expanded crude trade volumes based on international cooperation, through diversified channels and optimized logistics system. In 2010, Sinopec's total crude oil trade volume hit 186 million tons.



Our Story

Overcome the Impact of Natural Disasters and Properly Handel Crude Production

At the beginning of 2010, strong winds, icy storms and blizzards severely hit Shengli oilfield. In early summer of the year, serious thunderstorms and flood hit Zhongyan oilfield and Henan oilfield. During autumn and winter, some oilfields were affected by limitation in power supply and consumption. Amid the grim circumstances, Sinopec subsidiaries did all they could to fight natural disasters and restore production. Production in the eastern mature oilfields remained steady thanks to rational production management and advanced technologies. In the western areas, we have maintained production momentum based on ramp-ups in frontier areas.



Our cartoon Youdi (oil drop) will unveil the story of oil. Check it out at Sinopec website (www.sinopec.com.cn)



A Picture featuring Sinopec drilling machines

1.2 Continued Pursuit of Technological Progress

Exploring the secret of science is the driving force for continuous development of human being, as well as the unremitting aspiration for Sinopec. We achieve growth built upon technological innovation, management innovation and high-caliber talent pooling. We leverages the R&D strengths across the integrated business value chain and takes market-pull and technology-push approach for technology commercialization, emphasizing the “propeller” function of technological innovation in production and operation. While growing together with our customers, we are proud to contribute to the national economic boom and help shift the country’s development pattern. We make sure a continuous input in R&D. In 2010 we invested RMB 4.8 billion in R&D development and earmarked a total RMB 18 billion for five years running.

• Continued improvement in R&D management system

We embrace new ideas in R&D management to drive technology progress. Through continuous reforms we have developed our R&D team equipped with strong competitiveness in various specialized areas. We have further improved management on R&D programs and incentive mechanism. Based on a centralized planning, our R&D team takes specialized research to support different business segments.

Comprehensive planning and centralized management	Sinopec R&D Department
Exploration and Production	Sinopec Petroleum Exploration and Production Research Institute (PEPRIS) Sinopec Petroleum Engineering Technology Research Institute Sinopec Geophysical Research Institute
Refining	Sinopec Research Institute of Petroleum Processing (RIPP) Sinopec Fushun Research Institute of Petroleum & Petrochemicals (FRIPP)
Chemicals	Sinopec Beijing Research Institute of Chemical Industry (BRIC) Sinopec Shanghai Research Institute of Petrochemical Technology (SRIPT)
Others	Sinopec Qingdao Safety Engineering Institute



Our Story

20 Years of Work on “Ten Dragons” Flagship Technology Projects

“Ten Dragons” stand for the key technology development projects at Sinopec. It is also an organization mode uniquely for Sinopec to make technology breakthroughs. In 1991, former China Petrochemical Corporation (now Parent of Sinopec Corp.) called for all-round innovations across the complete value chain by tapping the resources in technology research, engineering, production, equipment manufacturing and construction segments. One of such innovation was initially called “One Dragon” project. Ten of such projects were selected in 1991 and named “Ten Dragons” Projects. Year by year, there have been more than ten of such projects listed into “Ten Dragons”. The name is still in use today but not confined to ten projects. By “Ten Dragons”, we take a progressive approach to advance the development of new technologies and commercialization of mature technologies in parallel with the preparation for future technologies. By benchmarking with international peers, we take technology challenges of common features and significance, running single pilot program before rolling them out throughout the company to create maximum profits. In 2010, there were 26 projects of this kind listed into “Ten Dragons”.

• Technological innovation boost company’s growth

Sinopec owns a series of core technologies and proprietary technologies with international competitiveness across our value chain, making us among leaders in technology worldwide.

Technology Helps Finding Oil

We support resource development portfolios with new upstream technologies which help us better understand sub-surface oil and gas resources, bring new fields into production and revitalize mature fields.

Technology Helps Process Oil

New refining and chemical technologies help transform crude oil into products with premium quality and high performance.

Technology Helps Develop New Energy

Breakthroughs in alternative energy, energy saving and emission reduction as well as CCS help keeping the company on sustainable track.



Exploration, Development and Production	Major breakthroughs in marine-phase exploration help finding Puguang Gasfield in Sichuan basin, China's most abundant gas mono-block. The exploration and development technology applied to the oil and gas fields of Ordovician carbonate rock in Tahe support the ramp-ups of western frontier oil field. Precise water injection, tertiary recovery, auto-vertical drilling further developed and applied to key oil fields.
Refining	Complete proprietary refining technology package enables us to build refinery above 10-million-ton in capacity. Technologies catered for low-grade crude processing. Quality upgrading program: newly commercialized technologies support our gasoline and diesel on GB-IV emission standard (comparable to Euro IV standard).
Chemicals	Being a pioneer to commercialize amorphous alloy catalyst and magnetic-stabilized bed process in the world. Capable of independently building ethylene cracker of one-million-ton capacity, commercializing the process for 300,000 tons/year cumene and caprolactam facilities.
Alternative Energy	Pilot-plant-scale development for Bio-diesel oil and syngas-to-liquids, starting researches on cellulose-to-ethanol and micro-algae based bio diesel.

Year 2006-2010



Until the end of 2010



Our Story

Technological Innovation Boosts High-Efficiency Exploration and Development

In 2010, Sinopec was awarded the National Prize of Technological Progress for its exploration and development technology applied to the oil and gas fields of Ordovician carbonate rock in Tahe. It is a significant and new technology supporting the ramp-ups of western frontier oil field.

Tarim basin is China's largest oil and gas bearing basin with promising potential. Tahe in this basin represent the only marine-phase carbonate rock oil and gas field in China. The reservoir formation was too complex

to find similar technology or experience at home and abroad. Facing the difficult challenge, our R&D team unveiled the secret of the fractured carbonate rock in 5,000 meters deep underground through continued technical breakthroughs. Production and reserves in Tahe both rose. Tahe has become Sinopec's second largest oilfield and top-ten onshore oilfield in China.



To secure sustained energy supply is considered the most important corporate mission by Sinopec people. We maintained stable production growth thanks to R&D endeavors, meticulous management and concerted efforts of all the employees.

Oil and gas resources are available only within limited time-frame and at constrained quantity, while the potential of people can always be unleashed and further tapped to find them. In the future, we at Sinopec remain a responsible player making bold moves towards challenges, accessing and utilizing resources more efficiently as well as securing sustained and stable energy supply to support economic growth and social development.





Making Every Drop Count

PREMIUM CUSTOMER SERVICES



Petroleum and petrochemical sector is the cornerstone for national economic development and provides important material resources vital to people's daily life. In the aspects of automobile, textile, printing and dyeing, electronics and electrical appliances, construction materials, packaging, transportation, agriculture, aerospace and aviation, we will be always right there at your service.

As an integrated energy and chemical company, we never stop creating new ways in management and R&D. And it is always our aspiration to make your life more splendid with our products and services.

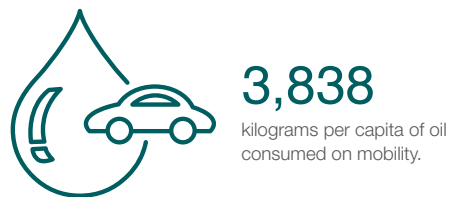
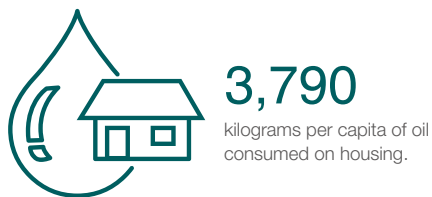
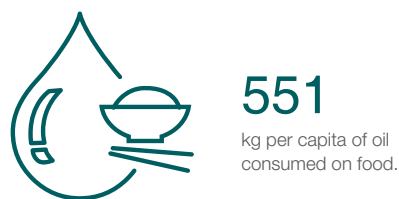


2.1 Diverse Products, Colorful Life

• Diverse products in all aspects of life

We offer crude oil, natural gas and other resource products, gasoline, diesel oil, kerosene, lubricants, asphalt and other petroleum products, as well as multi-thousand varieties of chemicals.

In addition to the products serving people's daily life, we are dedicated to developing more technology-intensive and specialized products to satisfy the unique needs by other industrial sectors, such as aerospace, aviation and high-speed railway.



Note: Data from Shanghai World Expo

Oil and gas	Feedstock for petrochemical production and fuel for power generation
Gasoline, diesel oil, kerosene and other refined oil products	Transportation fuels for automobiles, motor cars, ships and air planes
Lubricants	Used in machinery and equipment with lubricating, cooling, sealing, anti-corrosive, insulating, rinsing and energy transfer functions
Asphalt	Used in airport runways, highways, high-speed railways, city roads, bridge surfaces and other infrastructure
Synthetic resin, synthetic rubber and synthetic fibers	In many areas they are alternative materials to steel, nonferrous metals, timber, paper, cotton, linen, silk, wool, leather, glass, porcelain, concrete and other traditional materials and widely used in agriculture, national defense, transportation and in our daily life
LPG, petroleum coke and catalysts	Used in many aspects of industrial sectors and daily life

2.2 All-Employee Engagement in Quality Commitment

Product quality is the lifeblood of Sinopec. Quality problem is listed one of the “Four Corporate Dangers” along with HSE mismanagement, labor-relation claims and corruption incident. It is our obligation to strictly manage quality issue and be a responsible supplier.

• Top quality for top brand

Sinopec is growing along with customers thanks to premium quality products. From the quality upgrading of gasoline and diesel to the breakthrough of lubricants applied to aerospace and aviation, ocean shipping and high-speed railway, from 100% qualification ratio of chemicals to development of new chemical products and differentiated products, we have made solid steps in total quality management (TQM). Any possible issues in each link and every detail merit our attention. With strong emphasis on brand name, standardization, credibility, service and economic results, we aim for top quality and top-brand awareness.

In 2010, Sinopec was listed Global Competitiveness Reports TOP10 Brand in China by International Digital Group (IDG) and Stanford University of USA. Sinopec brand gained broad recognition from the public. The listing was published through a comprehensive assessment on product quality, market share, brand reputation and customer satisfaction after the nomination by world famous research institutions and based on the tens of thousands of online public votes. People involved in the selection were senior executives from famous international brand labels, experienced experts and academicians on corporate brand strategy as well as professional third-party evaluators.

• Continuous improvement and quality commitment

Sinopec never stops improving quality management. The oil product quality incident in Anyang, Henan in 2010 merits our strong attention to quality regulation. Although the amount of problem fuels was 900,000 tons, accounting for a small portion of 149 million tons of total annual marketing volume of Sinopec, the incident rang alert bells for Sinopec. Lessons learnt from the incident were translated into concrete measures on quality check. It was at the company's Quality Work Conference held on April 7th, 2010 that April 7th was announced Sinopec Quality Day. It was on the same occasion that “Being a leader in quality management” and “Excellent Quality and Sufficient Quantity for Customer Satisfaction” were respectively set as the principle and objective for quality management.

At the Forum on Chinese Industrial Products Quality and Credibility held on September 2nd, 2010, Sinopec signed with 155 companies the Joint Proposal of Commitment on Quality and Credibility in which we made a promise to global customers to strive for excellence through TQM.



Our Story

Zero-Tolerance on Quality Incident

In March 2010, some auto vehicles in Anyang, Henan, after fuelled with 93# ethanol gasoline of Sinopec, experienced such problems as vibrations, abnormal exhaust emissions as well as damages on valves and spark plugs. Sinopec received customer complaints and there were hot discussions by media after the incident occurred.

The Company immediately set up a special team for investigation. According to the investigation, the incident was due to the violation of rules by a worker with Sinopec Anyang Oil Products Co. and the negligence and mismanagement of quality control staff with the subsidiary. We have made public the investigation result, making apologies to customers and providing timely compensations. The worker and involved staff accountable for the incident were severely punished afterwards. In the meantime, we formulated a long-term quality control system as precautionary approach in the future.

Sinopec Quality Day

April 7th

Making Every Drop Count
announced as our CSR slogan
at Sinopec Quality Work
Conference on August 18th,
2010



2.3 Perfecting Customer Services

Customer satisfaction is our unremitting pursuit. On the one hand, Sinopec is dedicated to creating a well-developed and convenient service system to deliver customers with diverse and quality products on timely basis. On the other hand, Sinopec is flexible to provide creative and customized service to meet various customer needs.

● Well-developed and rapid service network

Sinopec has established a mature service network covering research and development, manufacturing, marketing and distribution. Within the framework of the network, there are refineries located mainly in the consumption-intensive markets, crude terminals, storage facilities and pipelines adjacent to each other, as well as over 30,000 service stations nationwide. Our service network is well developed to support fast local economic growth.

We continued to maximize the supply of petroleum and chemical products by building integrated large-scale and clustered refinery and chemical complex. Currently under Sinopec there are 13 refineries each with capacity above 10 million tons per annum and 8 ethylene facilities with respective capacity over one million tons

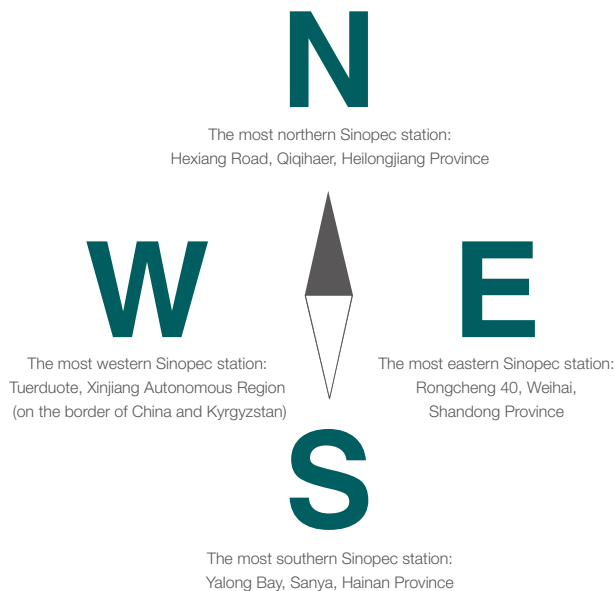
per annum. By the end of 2010, Sinopec's total refining capacity hit 222 million tons per annum. And the average capacity of single refinery was 7.47 million tons per annum. The Company also markedly improved its adaptability to process heavy and low-grade crude. At the close of 2010, Sinopec's ethylene capacity was 9.32 million tons per year. And the average capacity of single ethylene cracker reached 630,000 tons per year. The product scope for chemicals was developed to cover new products, performance compounds and differentiated products.

We continuously optimized services based on over 30,000 service stations and widely distributed chemicals storage sites in China.

Sinopec provide over tens of millions of customers through extensive logistics system featured with pipelines, terminals, storage sites and transportation fleets for crude, oil products and natural gas. Along with products we deliver convenience and timeliness. At the end of 2010, Sinopec had 12 crude terminals with over 250,000 tons of handling capacity for each, long-distance crude pipelines of 6,600 kilometers in total length, product pipelines of 8,420 kilometers and natural gas pipelines of 7,300 kilometers.



Build upon robust logistics services and deliver solid commitment



• Non-fuel business and one-stop services

Sinopec rigorously develops non-fuel business unpinned by extensive sales network and logistics system. We aim to provide one-stop in-station services including fuelling, catering, shopping and auto-maintenance. By the end of 2010, Sinopec had a total of 16,000 in-station convenience stores.

In the meantime, we provide value-added services catered to different markets. In the stations of urban areas, we have drive-

thru restaurants, auto-service, ticketing service, lottery, payment for household water and electricity bills, ATM machine, kiosks and cell phone fees re-charging services available. At service stations in rural areas, we sell farming materials such as chemical fertilizers.



Our Story Shandong Tsingtao LNG Project

A new chapter was turned when the kick-off ceremony of Tsingtao LNG project was held in September, 2010. The project is expected to add offshore supply to existing onshore pipeline supply for Shandong and even North China gas market. It also aims to ease natural gas supply tension in Shandong Province and Shandong Peninsula.



Our Story Non-Fuel Business in Yunnan Province

Yunnan is a Chinese province with enchanting sceneries. It boasts 25 Chinese minority ethnic groups living there and ancient Chinese trading roads. Nowadays along 2,500 kilometers of provincial highways there are Sinopec service stations combined with service areas which provide a home away from home for long-distance travelers.

Our nationwide service stations are at your service no matter how remote you travel. We supply fuels, food and other daily necessities to customers' satisfaction. Quoting one of our customers, "Sinopec service station is like your home, cozy and warm, always by my side on the joyful ride".



• Sinopec fuel card—an attractive consumption experience

As customer needs and consumption mode change with social progress, we offer to customers more attractive consumption experience. The most distinct features of Sinopec fuel card are “rapid filling, easy to use, account management and rewarding programs”. The number of Sinopec fuel card owners has been on the rise since the launch of the service. Over 11 million fuel cards were issued in 2010 alone and a total of 48.82 million cards were issued for years.

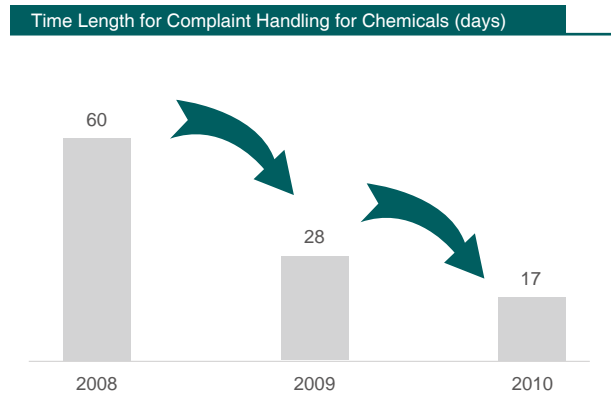
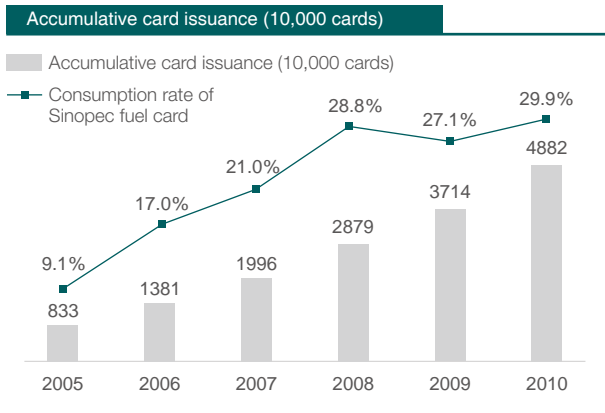
In addition to the rewarding program of Credits for Gifts, we also provide insurance and breakdown rescue services. In 2010, we sent for 1,066 breakdown rescues for free.

• Communicating with customers

Upholding the customer-focused philosophy, we witnessed increasing customer satisfaction thanks to our quick response to their needs.

We maintain close communication with customers through different means, including customer visits, technical support, open hotlines and online service platform. In addition, we enter into strategic cooperation with relevant customers to maximized joint benefits and carry out customer satisfaction surveys. Thus we enable customers to feel happy to buy and use our products.

In the meantime, customer loyalty remained high. In 2010, we benchmarked with industrial outperformers. The satisfaction rate for Sinopec chemical products was 89.7 points, up 1.9 points against 2009 and 3.6 points above industrial benchmark rate. Customer loyalty rate for chemical products was 98.4 points, 5.3 points above benchmark rate.



☎ Service Hotline (Lubricants)
400-810-9886

☎ Service Hotline (Fuel Stations)
**95105888
95105988 - 7**

☎ Service Hotline (Chemicals)
400-818-9100

2.4 Stable Supply in Special Periods

In time of supply tension, Sinopec takes every measure to stabilize market supply and meet customer needs so as to ensure national economy and social progress on sound track.

Live up to market expectation during summer peak farming seasons

Summer peak farming seasons refer to the second and third quarters of a year, the peak time for farmers to harvest, plant and carry out field management by using farming machines. In recent years, Sinopec has timely echoed the demand of regional governments to consistently provide sufficient fuels on farming vehicles in major agricultural regions of Henan, Shandong, Jiangsu, Anhui, Hebei, Shanxi and Hubei provinces. Thanks to our support, 90% of wheat production in the nation has been assured.

In 2010, Sinopec tried to its best capacity to assure the supply and transportation of fuels with good quality, sufficient quantity, best price and post-sale support. We engaged 20,000 volunteers in the campaign, offering rewarding programs to farmers and providing free beds for them to rest while fuelling in our stations, offering more tangible benefits to farmers.

A big contributor to shanghai world expo and guangzhou asian games

In 2010, the Shanghai World Expo and Guangzhou Asian Games were held in Shanghai and Guangzhou respectively. The two big events attracted global attention. Sinopec made active efforts to promoting product quality upgrading and allocating supply, opening green channels for customers, preparing responding



Our Story

Assure Summer Peak Season Supply and Win Widespread Recognition

When Premier Wen Jiabao visited Henan Province, he sent greetings to Sinopec logistics team and volunteers. He also highly praised Sinopec for doing a good job in supporting and benefiting local farmers.

Minister of Agriculture Han Changfu praised that Sinopec's summer supply campaign had won the hearts of local farmers by sending timely fuels to the countryside.

Sinopec also offered price discounts in the interest of local farmers during farming season. Quoting Mr. Li, a farm machinery operator, "Sinopec's price made me save a lot of money", "I spent RMB 600 less per month on fuelling farming machines. This is indeed a big saving as I earn RMB 3,000 every month. And it's awesome to see Sinopec Easy Joy convenience store made a lot of promotions on its non-fuel products, such as mineral water and instant noodle." Mr. Li thumbed up in praise.



Our Story

Send Warmth with Our Smile

During Guangzhou Asian Games, we have upgraded the infrastructure in service stations. In the meantime, we organized special etiquette training for the working staff at service stations. In spare time they diligently exercised skills. When helping customers with fuelling they showed smiling faces, great professionalism and amiable services

mechanism in time of emergency supply, and carrying out "smiling service" to win customer satisfaction. We refurbished the image of our service stations and proactively guaranteed energy supply to ensure a round success for the two big events.



A countrywoman rejoicing at Sinopec Volunteer Support in Summer Peak Farming Season

● **We reach out to you in time of diesel shortage**

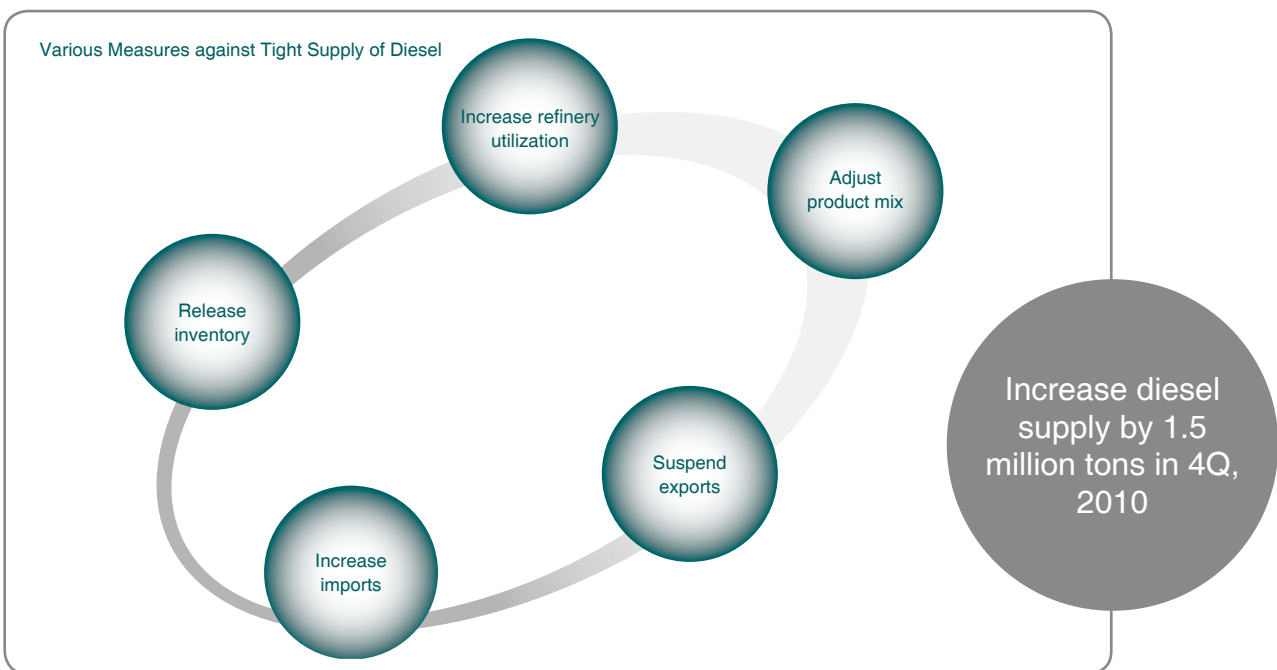
Since August 2010, international oil prices have continually risen. Some areas in China have experienced strained diesel supply. In order to effectively address diesel supply tension, we have maximized the refinery utilization to produce more diesel, squeezing product exports and increased imports, offloading diesel inventory and stepping up logistics services. In the 4Q 2010, Sinopec diesel supply was 1.5 million tons higher than planned. The monthly output scored historical record. The refinery utilization remained at 100% for 5 consecutive months. The domestic diesel supply maintained at a stable level.

● **Serving customers in time of natural disasters**

A number of natural disasters hit China in 2010. On April 14th, Yushu of Qinghai Province experienced a 7.1 magnitude earthquake. In May, some cities in 15 provinces of southern China suffered flooding. On June 28th, Buyi and Miao ethnic minority autonomous counties of Guizhou Province experienced serious landslides. On August 8th, Zhouqu of Gansu Province suffered massive mudslides and rockslides. Natural disasters are like commands. We stay ready for emergency supply. Wherever rescue equipment goes, our fuel supply follows. When disaster arrives, Sinopec immediately allocates resources and sends logistics teams to disaster regions. We provided sufficient fuels to rescue vehicles and won valuable time for relief operations.



Offload product inventory to ensure market supply





Customer satisfaction is our greatest reward. No matter when the market is stable in normal times or tight in peak farming season, during World Expo and Asian Games or natural disaster situation, we always stand by customers' side to help people get through difficulties together and share success stories.

2010 is a year marked by great learning and deep lessons, development and regrets. We aim to be a leader in quality control, a reliable supplier offering quality and sufficient products, striving for customer satisfaction.

Like a bugle call leading the charge, these objectives inspired us to step up actions, valuing product and service quality like our lives. Together we work with you for the best that yet to come.





Making Every Drop Count

SAFE AND GREEN OPERATION



Social development tends to be safer, greener and cleaner, and that is what we are pursuing. It is both our mission and responsibility to maintain safe and environment-friendly production.

For many years, Sinopec has been promoting HSE management system. The outcome was multi-fold. Major accident rate and casualty rate were effectively controlled, corporate cost reduced, relationship with local government and communities improved, a good corporate image established, and a balanced social, environmental and economic growth achieved.

3.1 HSE Management System

We attach great importance to HSE and implement HSE management system companywide. Our objective is to minimize the occurrence of accidents, do no harm to human health, cause no damage to the environment and deliver internationally-leading HSE performance.

We have a complete HSE management system with an executive-level HSE committee, a specialized HSE department in HQ and HSE positions in all other departments. Every production subsidiary has its own HSE department with HSE engineers stationed in every key facility. We have developed safe production responsibility system and corresponding performance check throughout the company.

We keep improving our HSE management system, which has distinguishing Sinopec features. There is a norm for each operation. No direct operations can be conducted without operation permit and safety verification. As to newly-built, revamping and expansion projects, we strictly observe government's regulation and ensure that HSE facilities and the main project are synchronized in terms of design, construction and commissioning. We also set up an HSE inspection network system.

In 2010, we developed and improved 26 regulations concerning HSE observation card, HSE signs, hidden perils control, oil and gas pipeline safety, well control and offshore operation safety. HSE management was adjusted and optimized.



Our Story To Compare and Compete

Competitions themed safe production, environmental protection, occupational health, public safety, hidden peril control and "I Safe" were organized in order to motivate staff to do better than others and than before in HSE. "Safe Construction Site" competition was specially organized pertinent to repeated accidents among contractors.



Our Story Annual HSE examination and Ad-hoc Inspection

Annual HSE examinations and ad-hoc inspections are aimed to increase safety awareness among employees. Of all annual HSE examinations, the 2010 examination had the highest standards, covered the largest number of companies, lasted for the longest time and achieved the best results. The inspected included 90 tier-1 companies, 634 tier-2 companies and 1,477 grassroots units. 39 lessons were drawn and 121 pieces of advice were put forward. HSE management level was improved due to meticulous inspection and in-depth amendment.

We organized ad-hoc inspections and risk assessments on well control, offshore operation, liquefied hydrocarbon tank farms, light oil tanks, crude oil depots, jetty and transportation facilities, dangerous chemicals and underground pipeline, covering 59 oil tank farms and 632 spherical hydrocarbon tanks of 10 subsidiaries. We also developed Spherical Hydrocarbon Tank Farm Safety Technology Management Regulation and Spherical Hydrocarbon Tank Farm Safety Technology Inspection Form, establishing a long-term mechanism to detect and eliminate potential dangers.

3.2 I Safe

Safe production is the basic requirement of company development. In 2010, faced with potential safety threats that might be caused by heavy E&P workload, big pressure of well control and H.S prevention, highly utilized refining and chemical facilities and higher percentage of low-grade crude processed, we continued to carry out "I Safe" activities. Safety responsibility system was strictly executed with 11 accidents reported, 25% less than last year, and 3 deaths, down by 53.8%.



For safety, you can never be too careful

● **Inspiring safety initiative and increase safety awareness**

The key to safe production lies in workers, who are the performers of production. Only by inspiring safe production initiative among workers can we achieve safe production.

What is central to safe production is to establish a safety culture, in which one take the initiative to work safely instead of being asked to do so.

In 2010, we continued to carry out “I Safe” activities. We implemented a more detailed Don’ts in Safe Production, developed Provisional Regulation on HSE Observation Card and Provisional Regulation on Near-Miss Incident Management, and organized multi-level training programs.

● **High attention paid to potential hazard control and safety level of facilities raised**

Potential hazards can be stings in the heart of safe production. Should they be eliminated in advance, accidents can be avoided. Therefore, potential hazard control is one of our principal ways to lower accident rate.

The focus of potential hazard control is put on monitoring major sources of dangers like key facilities and vital parts of production.

To ensure a successful potential hazard control project, we finalize four defining determinants, namely, overall plan, source of funds, responsible person and deadline for improvement in advance. Potential hazard control is always on the list of top priorities in annual budget planning. With enormous manpower and investment devoted over the years, the inherent safety level of the Company has greatly improved.

In 2010, we invested a total of RMB 1.554 billion to run 544 potential hazard control projects.



Our Story

One-Day HSE Monitor

Since “one-day HSE monitor” activity was launched, Sinopec Jinling Company has advanced HSE management level. Jobsite workers serve as HSE monitors in rotation on a daily basis. By making inspection rounds, searching and correcting operation errors, the workers find themselves with a growing sense of responsibility.



Our Story

To Detect Potential Hazards and Eliminate Them

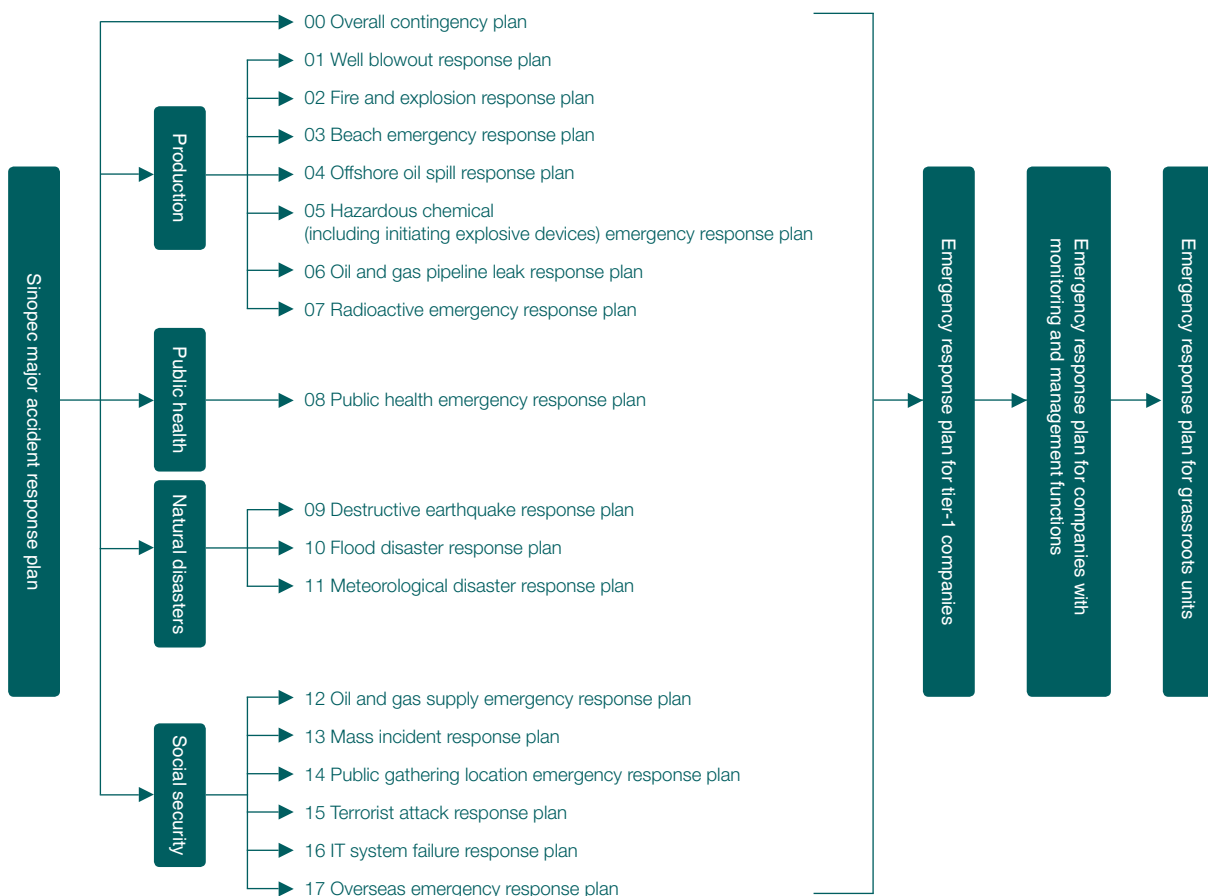
From last winter, Sinopec Northwest Oilfield has regularly made thorough inspections of oil and gas equipments, pipelines, safety signs and all operation norms and procedures. There were both self-inspections and random inspections. Focus was put on both detection and elimination. Deadline was imposed on problematic unit and person in charge to address the problems.



● Improving emergency response system and abilities

Petroleum and chemical industry is highly dangerous with potential risks in every link of production chain. In case of accidents, a matured and efficient emergency response system is the last resort to reduce losses.

We have established such an emergency response system, which has played an important leading role in time of emergencies.



Rehearsal of G403a benzene tank exit pipe leak by Sinopec Yangzi Company on September 9, aimed to improve collaboration in time of emergency



Rehearsal of H₂S poisoning emergency by Sinopec Jinling Company in newly-established sulfur facilities on December 30th



Rehearsal of benzene vessel fire by Sinopec Anqing Company at wharfbat No. 8, aimed to strengthen prevention and control ability in dangerous chemical loading and ensure oil terminal safety



Our Story

0532-83889090: Sinopec National Dedicated Phone Line for Chemical Accidents

To make China more capable of dealing with chemical accidents and controlling the harm of chemical accidents, National Dedicated Phone Line for Chemical Accidents (0532-83889090) was set up in the Sinopec Qingdao Safety Engineering Institute, which provides emergency consultancy services around the clock nationwide.

Since the line was put into operation, we have answered 26,280 phone calls, including 820 calls about chemical accidents and 3,780 calls relating to chemicals information. In emergency response and rescue to

many major chemical accidents in recent years, we, together with State Administration of Work Safety, Fire Department of Ministry of Public Security and National Marine Safety Administration, provided contingency plans via this dedicated phone line, and helped to reduce the impact and losses caused by various accidents.

• Safety oversight of direct operation intensified and emphasis put on suppliers, contractors and temporary staff

Our analyses of accidents show that directing and operating against the rules and violation of labor disciplines are major reasons of accidents. Therefore, we put great efforts in monitoring of direct operations, focusing on suppliers, contractors and temporary staff. Concrete measures include risk prevention from the source, rule of joint liability, strict access control to production sites and improved labor management.

• Public security substantially advanced

In 2010, we motivated all staff to learn the Law on Petroleum and Natural Gas Pipeline Protection. Based on the Law, we advanced safety management of oil and gas fields and transmission pipeline. Oil and gas transportation management system was worked out and improved, ability of accident prevention and control further strengthened, and long-distance transmission pipeline operation safety and anti-sabotage technologies greatly improved.

Meanwhile, we further improved overseas safety management mechanism with strict safety risk assessment, intensified training programs and careful inspections. Continuing the good performance last year, there were no overseas incidents that caused human casualties in 2010.



Sinopec Yangzi Company's safety management personnel are checking contractors' qualifications and operation formalities on an ethylene production site under overhaul. New measures were taken to manage contractors, including contract safety clause review and visual management. High HSE standards were adopted for contractors. Contractors without qualifications and formalities were denied access to the site



Sinopec Jinling Company 2010 Contractor HSE Meeting. Heads of 50 contractors and operators were present. 2010 HSE Duty Pledge signed

3.3 Green Operation

The survival of the human race depends on the environment. To protect the environment is to protect ourselves.

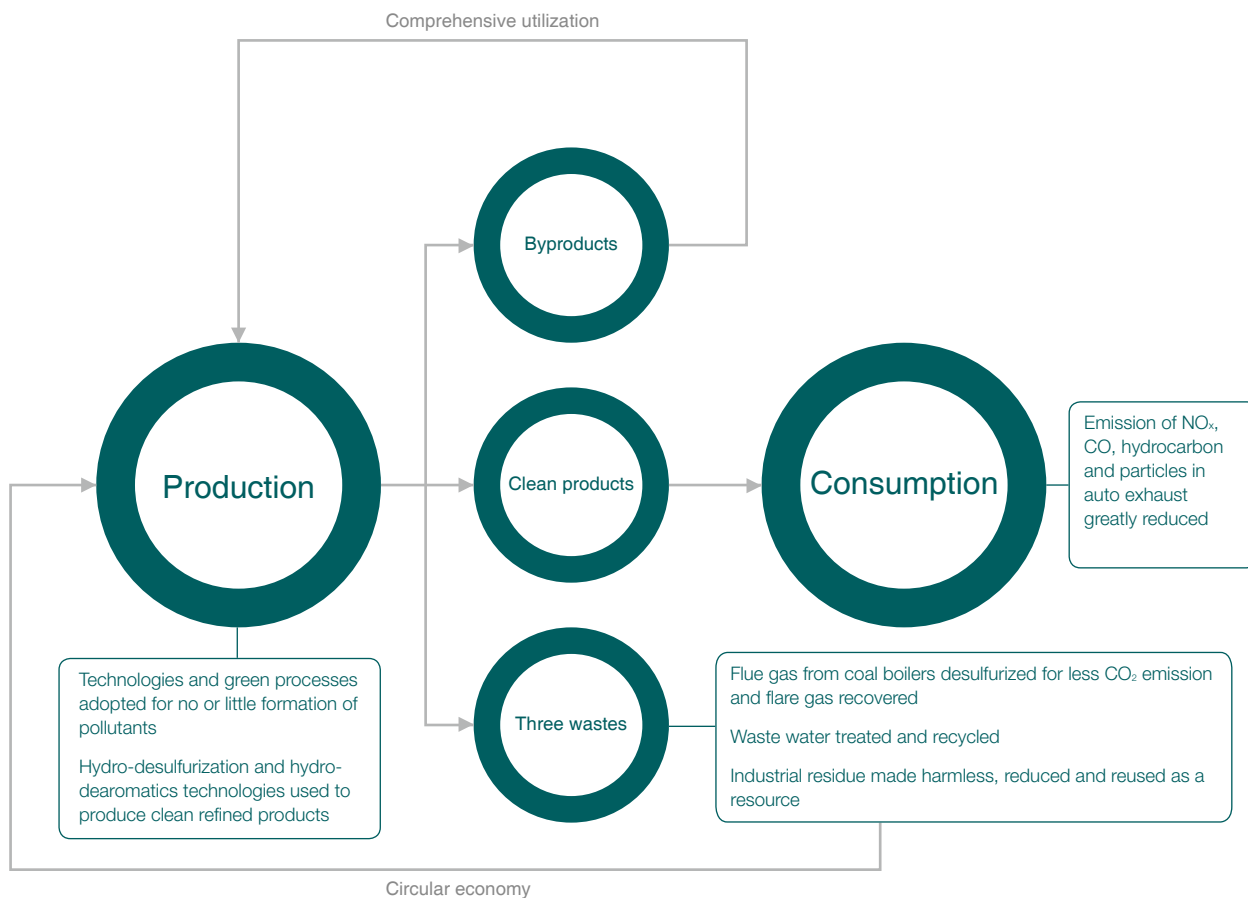
As a responsible energy and petrochemical mega company, we always attach great importance to environmental protection. Our production is clean and so are our products. Three wastes treatment continues to improve. Strenuous efforts have been put to develop circular economy, build up an environmental-friendly enterprise and achieve green growth.

In 2010, following the principle of “he who is in charge is responsible”, we put stress on project environmental protection (EP) and key EP technology R&D. We intensified pollution control, further promoted comprehensive utilization of three wastes, took water-saving and emission-cutting measures, and strengthened

risk prevention of water bodies. There were no accidents that caused major pollution to the environment and damage to the ecology throughout the year. 96% of discharged effluent met the EP standards and COD content was reduced by 2.1% year-on-year. Sulfur dioxide discharge went down by 6.9% over the last year. We fulfilled the national the 11th Five-Year Plan objectives in advance in terms of major pollutant discharge reduction.

• Whole process clean management intensified and less pollutants discharged

We adopt the whole process clean management covering the entire industrial chain from production to consumption. We strive to control and reduce discharge of pollutants in every link of the chain, and to be part of the efforts to keep an environment that features blue sky, crystal waters and luxuriant vegetation on land.



• Clean production and pollutant discharge reduced from the source

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

We continued to tighten control of potential environmental hazards. In 2010, Sinopec deployed RMB 1.483 billion in environmental protection(excluding new projects). 103 potential hazard control projects were carried out and investment of RMB 354 million in control projects concluded. Key projects include those for air pollution control, wastewater discharge standard control and procurement of monitoring devices and apparatus.

We intensified project environment management. In 2010, we further rectified the way to synchronize design, construction and commissioning of both HSE facilities and the main project. The rule of sign and countersign was strictly observed.

Online monitoring program was implemented with pollutant discharge real-time online monitoring system already set up in some companies.

We continued to organize “clean production enterprise” activities. In 2010, we amended Sinopec Clean Production Standards for Refining and Chemical Companies. Evaluation was made against harsher parameters set in the Standards. Three companies passed the evaluation. By the end of 2010, 21 refining and chemical subsidiaries have passed the clean production check-up, accounting for 52.5% of all Sinopec refining and chemical companies.

• Making clean products and reducing pollutant discharge in consumption

We also pay high attention to making clean products, and cut down pollutant discharge in downstream business and consumption. Upgrading of gasoline and diesel quality is typically one of our efforts in this direction.

In spite of the adverse business environment in recent years, we spared no efforts to upgrade quality of refined products. From 2005 to 2010, RMB 49.2 billion was invested for that purpose. GB III gasoline upgrading project was completed and GB III diesel upgrading is accelerating.

Results of “clean production enterprise” activities 2005-2010

Number of clean production plans		4,655
Investment	RMB 10,000	140,127
Wastewater reduced by	10,000 tpa	3,962
CODcr in wastewater reduced by	tpa	4,319
Waste gas reduced by	10,000 normal cubic meters	87,130
SO ₂ in waste gas reduced by	tpa	23,136
Industrial residue reduced by	tpa	13,987



An operator from Sinopec Henan Oilfield is connecting workover fluid recovering pipeline. It was very difficult to recover workover fluids, which will pollute the well site if not recovered. The closed circular facility Henan Oilfield developed independently made it possible to direct workover fluids to mud tank via recovering pipeline

From 2009 to 2010, Sinopec refining subsidiaries sped up development of gasoline upgrading plans and revamping of production facilities. By 1st May 2010, all automobile gasoline produced has met GB III standards or even higher. Given Sinopec’s gasoline output in 2010, SO₂ emission in consumption can be cut by 25,000 metric tons.

The total investment in diesel upgrading project is expected to be completed and put on stream in December 2012. Given Sinopec’s diesel output in 2010, SO₂ emission in consumption can be cut by 23,000 metric tons.

● **Three wastes treatment improved and emission/discharge standards met**

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

We laid particular emphasis on sulfur dioxide emission reduction. By the end of 2010, we have completed desulfurization revamping of all 19 in-house power stations and 107 coal boilers. During the 11th Five-Year Plan period, we reduced SO₂ emission by 204,000 metric tons, down by 35.7%.

We also made efforts to solve outstanding environmental problems. Odorous gases from waste water facilities in some plants, which posed potential threats to residents nearby, were brought under control. Wastewater treatment systems in some plants were revamped for better compliance with discharge standards.



Installing a new funnel in Sinopec Cangzhou Refinery, which was revamped during the overhaul for better tail gas treatment. Environment protection units were added or replaced to the existing sulfur recovering facilities. All H₂S can be recovered and reused, which brings both economic and environmental benefits

● **Developing circular economy and turning waste to worth**

Sinopec is keen on developing circular economy, increasing resource efficiency and recycling, and promoting comprehensive utilization of byproducts, with the goal of low energy consumption, low emission and high efficiency. For example, flare gas recovering technology was applied. All flares were extinguished and more than 800,000 metric tons of gas can be recovered every year.

From 2005 to 2010, Sinopec created RMB 22.4 billion output value from comprehensive utilization of resources.



A technician from Sinopec Yanshan Company is checking pressure swing tail gas adsorption facility with a PP recovering capacity of 1,630 tpa

● **More efforts to protect and restore ecological environment**

Production activities like oil and gas E&P and pipeline construction may cause damage to ecological environment. Sinopec pays high attention to eco-environment restoration in areas around abandoned wells and along the pipeline, and tries to lower impact upon the environment to the least possible degree.



A worker from Sinopec Zhongyuan Oilfield is maintaining an oil well. There are environment-friendly toilets and dustbins for different garbage for all drilling teams with no discharge of waste water and castoff. On all construction sites, ecological protection standards were met and 100% of pollutants recovered



Safe production and environmental protection awareness have been deeply rooted in all Sinopec employees and reflected in everything they do.

Safe and environment-friendly production is our mission, responsibility and the cornerstone of a balanced and sustainable development.

Many years of experience show that it is sound safety and environment management that can guide our value and secure a sustainable development for us in a complex and changing world.





Making Every Drop Count

LOW-CARBON DEVELOPMENT



Climate change is a major global issue for all humankind. As a responsible energy and petrochemical company, Sinopec regards it as a due responsibility to address climate change. We embrace low-carbon development by finding and using more low-carbon energy resources and promoting energy saving and consumption reduction. We are quickening study on commercial test of CO₂ recovering facilities, make efforts to reduce GHG emission, and increase the ability to cope with the climate change.

4.1 Saving Energy Resources and Increasing Energy Efficiency

We continue to optimize and upgrade industrial structure with focus on increasing efficiency and reducing consumption. Great efforts were made to form a development mode featuring low input, low consumption, low emission and high efficiency. Given energy consumption structure unchanged, to lower energy consumption per unit output and raise efficiency means less CO₂ emission.

● Industrial restructuring

We stick to industrial restructuring with integrated production capacities and operations. Energy and material consumption was considerably slashed and less CO₂ was sent out.

On the one hand, we increased and integrated the production capacities by building up new facilities, expansion and technical upgrading of existing ones. In 2010, we completed two 1-mmt ethylene projects, one in Tianjin and the other in Zhenhai. So far, we have thirteen 10-mmt refineries and eight 1-mmt ethylene production bases.

On the other hand, we increased average production capacities and cut down consumption by phasing out small and inefficient ones. From 2005 to 2010, we shut down and phased out small and less environment-friendly refining capacities by 17 mmt/year. Dozens of small chemical facilities and oil-fired boilers were closed. Optimization and volume adjustment were made to more than 500 oil tank farms.

With the above parallel actions, average capacities of our refineries rose by 49.3% and that of ethylene facilities went up by 37.0% from 2005 to 2010.

● Saving as much energy as possible

Saving energy is the most immediate and effective way to reduce CO₂ emission today. Attaching great importance to energy saving, we try to develop into a resource-saving enterprise.

During the 11th Five-Year Plan period, while the production capacities kept growing, Sinopec achieved good results in energy saving and consumption cut with more effective management, new technologies and equipments and special emphasis on energy saving in production process. In 2010, energy intensity of refining and ethylene production went down by 3.8% and 0.8% respectively.



Our Story

Achieve Energy and Consumption Effectiveness through Better Technology and Equipment

Despite of a tight budget, Sinopec invested RMB 29.1 billion on 1,110 energy-saving, consumption-cutting, technical reconstruction and innovation projects during the 11th Five-Year Plan period. A number of advanced, applicable technologies and equipments were applied to a wide range of production links and generated good results.

In our oilfields, there were less production losses and energy consumption. System loss and system power consumption were greatly reduced. In refining and chemical subsidiaries, average thermal efficiency of heating furnaces grew by 4 percentage points, a remarkable increase of energy efficiency. In refined products marketing subsidiaries, operation, storage and transportation losses went down substantially.

Energy efficiency greatly increased during the 11th Five-Year Plan

Saving

12.20 million

metric tons of standard coal

Equal to a cut of

29.97 million

metric tons of carbon dioxide

4.2 Developing low-carbon Energy and Optimizing Energy Structure

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

We strive to increase natural gas production and facilitate LNG import. In 2010, Sichuan to East China Gas Transmission Project with a capacity of 12 billion cubic meters per year was completed and commissioned. Shangdong LNG project started construction. Given the planned capacity of the gas project, we can provide 14.57 mmt standard coal of clean energy and cut CO₂ emission by 16.97 mmt.

We are active in developing and using coal-bed methane (CBM) and shale gas. Since 2009, we have continually obtained commercial streams of shale gas and begun building up demo shale gas production capacity. In 2010, we made breakthroughs in CBM production.

Bio-ethanol consumption are expanding. In 2010, 930,000 tons of modified fuel ethanol was used and 9.1 mmt of ethanol gasoline was sold.

Push forward bio-diesel project. With the 50,000-mt/year bio-diesel demo project in Guizhou, we have begun construction of feedstock base and will start up the project in due time.

We plan to build up a filling and recharging service station network in 13 provinces and cities. In 2010, two recharging stations were set up respectively in Beijing and Shenzhen.



Our Story

Efficient Procurement of Green Production Facilities

In active response to the government's requirements for energy saving and emission cut, Sinopec quickened its steps in diesel upgrading projects. The number of reactors, heater exchanges and high pressure air coolers we bought in 2010 for hydrogenation facilities was 1.5 times of the total purchased from 2005 to 2009.

In order to speed up equipment procurement and of project commissioning, we immediately start technical and commercial negotiation once we get the data of equipments to be purchased, and conclude the procurement agreement as soon as the project is approved. Giving full play to the strategic cooperation with China First Heavy Industries, China Second Heavy Industries and Shenyang Blower Works Group, Sinopec secures sources of supply and shortens the supply cycle.



4.3 Developing low-carbon Technologies and Increasing Low-carbon Development Ability

We hope to increase our low-carbon development ability by solidifying mid- and long-term low-carbon technology reserve. We plan to focus on development of technologies that can slow down GHG emission. They include energy-saving and efficiency-raising technologies, alternative and new energy technologies, GHG emission control, disposal and utilization technologies, biological and engineering carbon sequestration technologies, clean and efficient development and utilization technologies of coal, oil and natural gas, CCS technologies, CO₂ flooding technologies, comprehensive utilization technologies of high purity CO₂, and microalgae absorption of CO₂ for oil production technologies, etc.



Our Story

CO₂ Technology Drives Enhanced Oil Recovery

Sinopec lays great emphasis on R&D and application of CO₂ flooding and sequestration, one of the core low-carbon technologies. Based on lab studies, we are carrying out pilot tests of CO₂-driven oil displacement.

By far, we have performed pilot tests in four oilfields with satisfactory outcome. The tests in three oilfields have entered the phase of oilfield implementation and the test in the remaining one is now under preparation. In Gao 89 block in Sinopec Shengli Oilfield, an accumulated amount of 43,000 tons of carbon dioxide was injected and 7,967 tons more crude produced.



Co-existence of a beam pumping unit and the nature

4.4 Shifting to low-carbon-oriented Production, Existence and Consumption

For many years, we have kept planting trees to increase carbon sink. That is one major way to fulfill our social responsibility to preserve and ameliorate ecological environment, and to improve production and living conditions for our employees. Aiming to build up a garden-like energy company, we motivate our staff to take active part in activities for public good like compulsory tree planting.

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



Our Story

IT Support to Low-carbon Production



Since the lab information management system (LIMS) went online, Sinopec Zhongyuan Oilfield has gradually realized automatic test operation, automatic collection and quick distribution of data, information sharing and paper-free analysis reports



Climate change is posing huge threats to human existence. It is a time for immediate actions rather than for arguing.

Pursuing low-carbon development, Sinopec takes measures to cut GHG emission, improve low-carbon production capacities, and make contributions in addressing climate change.





Making Every Drop Count

CARE FOR EMPLOYEES



The root has to go deeper before the tree grows taller and the source has to be unclogged before the river runs farther. Every Sinopec product is the representation of Sinopec employees' effort and devotion. We are engaged in protecting employees' rights and interests, facilitating their career development and improving their wellbeing.

Committed, honest, diligent and efficient employees are the pillars of Sinopec's sustainable development, which in turn rewards employees with plenty of opportunities of personal development.

5.1 Respecting Employees and Protecting Their Rights and Interests

• Equal and legitimate employment

Abiding by the Labor Law of the People's Republic of China, the Trade Union Law of the People's Republic of China and relevant international labor conventions, Sinopec treats every employee equally and establishes stable labor relationship with employees.

By the end of 2010, Sinopec has 678,000 employees in total, including 6,120 fresh graduates joining Sinopec in 2010. We have a considerable number of employees who have worked for Sinopec for more than decades.

In accordance with international and national conventions and laws, Sinopec prohibits employment of child labor. Meanwhile, Sinopec encourages business partners and suppliers to abide by relevant regulations in this regard.

Sinopec respects employees' right of privacy and never discloses their personal information. Nor does it ever share customer information with others, or discloses or sells information of customers or potential customers.

In dealing with matters related to employment, remuneration, promotion, dismissal and retirement, there are no discriminatory provisions on the ground of race, social class, nationality, religion, physical disability, gender, sexual orientation, union membership, political attachment or age. There is no discriminatory behavior in daily work.

Closely following the state labor policies, Sinopec signs labor contract with each employee, welcomes collective bargaining and offers stable and competitive salaries. Sinopec honors its legal obligations to maintain endowment insurance, health insurance, occupational injury insurance, unemployment insurance, maternity insurance and housing provident funds for all employees. In 2010, the Company launched corporate annuity plan, a valuable addition to the mandatory pension scheme.

Of all employees, 30.7% are female employees who work for the Company in different positions. Of all management personnel, 26.25% are female. In accordance with laws and regulations on women protection, women committees are included in trade unions of all levels. Attention and help is given to women employees that have difficulties in life and work. Protecting their legal rights and interests, we make sure that pregnancy, maternity and breast-feeding leaves are observed and compensations paid.

• Occupational health and pleasures of work

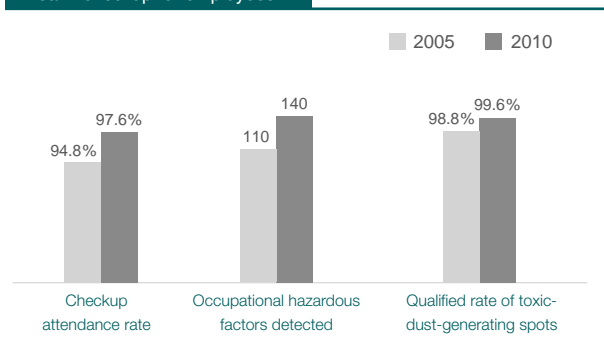
A healthy life is the best form of human existence. To be healthy is the basic right of every employee. For many years, we have been advancing a comprehensive employee health program covering occupational health and psychological wellbeing.

We always remember that it is our responsibility to ensure occupational health of our employees. We did well in monitoring occupational hazards, providing labor protection articles, and offering occupational health education and training. In 2010, with our unremitting efforts, we achieved double 90% in both occupational health checkup attendance rate and detection rate of occupational hazardous factors. There was no occupational poisoning emergency that affected three or more persons.

We focus on employees' psychological wellbeing as well as physical conditions. Only when living and working with a sound body and mind, one can make the most values to himself and the society. In 2010, we continued to offer employees health checkups, personal health records, paid vacations, etc. Paid leave in 2010 averaged 9.5 days.



Health checkup for employees



• Effective communication and democratic decision-making

We are committed to defending employees' democratic rights with an effective communication mechanism. We value employees' opinions and suggestions, encourage them to speak up, thus creating an equal, democratic and harmonious working atmosphere.

We give full play to the trade union, keep holding staff congress and welcome suggestions from employees. There are open days when employees can communicate face to face with the leadership and get involved in company management. That is what Sinopec does to protect employees' rights to know and monitor. In 2010, we achieved 100% trade union membership. Staff's voices were heard and addressed. The Company developed while compromising not a single right and interest of employees.

5.2 Facilitating Personal Development

We embrace the philosophy of mutual development of the Company and individual employees. There are professional training programs, widened passage to personal growth and a matured mechanism of open competition and selection of the best.



• Education, training and career development

There are training opportunities for all over the entire working span. These training programs, substantive in content and delivered in novel ways, help staff make constant progress in professional skills and overall qualities. We also continue to improve training management system with Sinopec characteristics and increase input to staff education and training. During the 11th Five-Year Plan period, we organized training for 6.94 million staff, including nearly 13,000 key talents and 34,000 persons in key posts. In 2010, Sinopec headquarters invested RMB 188 million in training 1.7 million key persons.



• Passage to growth expanded and work practice emphasized

We keep expanding the passage to personal development. We are engaged in changing the "management-oriented promotion" to a diversified personal development featuring "career development". There are 3 parallel categories in HR management and training, which are for managers, for technicians and for operators. For every staff member, whatever category he is in, there is always room for growth and there are always passages for development.



Our Story

College Dream Came True

April 15th was a day of exultation. A commencement was held for 10 production-line workers from Sinopec Yanshan Company, who obtained junior college diplomas after attending the Credit Bank education program jointly developed by the company and the vocational education agencies in Beijing. Zhao Guolong, extremely excited, said that he had never dreamt of getting a diploma via installment saving of credits and for him it was a lifelong dream coming true.

● Professional performance assessment and effective motivation

It is our objective to find the right persons and let them grow while working for Sinopec. We have set up an assessment system for technical talents focusing on morality, knowledge, competence and performance, and an assessment system for highly skillful operating talents focusing on skill, performance and onsite recognition. The results of the assessment will be taken into consideration for professional rank appraisal, professional skill appraisal and talent selection. Activities like “Strive for performance excellence” were organized to inspire staff to work harder and work as one team for greater development.

5.3 Call of Corporate Culture

For decades, our corporate culture has been guiding our staff to realize every core value of the company in their daily work. We have a corporate spirit of “Love for China and commitment to a prosperous Sinopec”, a working style of being “meticulous, prudent, practical and innovative”, and business principles of “honesty, compliance, cooperation and mutual benefits”.

● Faith in corporate culture

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

We have developed Sinopec Staff Code that lays down rules about work ethics, codes of conduct, workplace protocols, HSE and confidentiality.

● Cultural activities

Sinopec is always ready to lend a helping hand to employees in need. In addition, we organize singing competitions, painting exhibitions, photography shows and offer networking opportunities to keep up morale and team spirit.



Our Story

A “Happy Birthday” Song at Service Station



Sinopec Chairman Su Shulin singing happy birthday song with staff in the canteen of a Sinopec service station in Harbin

● Caring for retirees

Respect and care for the senior citizen is a traditional virtue in China. In Sinopec, retirees have won colleagues’ respect and recognition with their integrity, hard work and contributions to the company. We are doing what we can to add comfort and joy to their life, such as visiting them from time to time and staging various cultural activities for them.





To kindle the glorious light of human nature, to go back to the true values of life, to create prosperity and happiness together". Every drop of oil is to serve people. Every drop of oil encourages people to advance further. The growth of Sinopec is a great epic created by millions of its employees with their hard toils. Protection, respect and care for every employee are Sinopec's unshakable promises.





Making Every Drop Count

WHOLEHEARTEDLY REWARDING SOCIETY



For many years we have promoted the unity of the Company's economic, social and environmental responsibilities. While accelerating the pace of development, we also conscientiously fulfill the corporate social responsibilities, and actively push forward the harmonious development of both the company and the society. Every drop of oil contains our unlimited love for the society. Our love is like the rain of early spring that soaks the land softly in silence.

In 2010, the impact and repercussions of the global financial crisis still lingered and the business environment faced huge challenges. However, we continued to actively support and participate in many public welfare undertakings, and always bear in mind the interests of the society as a whole. We have made positive contributions in a number of areas: building harmonious communities, disaster relief, poverty alleviation and aiding Tibet, health care, donation for education and supporting poor students, and helping to develop national sports and promoting health. In accordance with the requirements of SASAC, we strictly enforce

“Sinopec’s Regulations on Management of External Donations”. We further improved the standardization management for external donations and thus ensured that external donations would become even more standardized, orderly, timely and effective. In 2010, we donated a total of RMB 177 million and over 30,000 Sinopec volunteers were engaged in social services. In 2010, Sinopec received the nomination of the “China Charity Prize” and was awarded the “China Red Cross Medal” and the “Special Prize for Brightness Service”.

6.1 Community Building

• Building harmonious community

In China, we have been enhancing the environmental improvement of the communities around our mining sites and subsidiaries. We have made strenuous efforts to create a safe, convenient, clean and beautiful environment for community residents. The community service includes the removal of hidden perils, infrastructure improvement for water, power and heating system, municipal administration, cultural and sport service, administration of the retired and other non-incumbent staff, re-employment service, social insurance, community sanitation service and property service.

In 2010, every subsidiary of Sinopec has continued to execute projects for the building of harmonious communities. With the completion of the projects, the supporting facilities of each mining site and subsidiary have been improved, the heating fuel mix further optimized, and heating, sewage and garbage handling capabilities significantly upgraded. The conditions of roads, electricity, and water supply and drainage facilities in mining areas have also been improved. Community service functions were further strengthened, and the working and living conditions in the communities continued to get better, laying a solid foundation for the building of a harmonious society.

We place great emphasis on promoting harmony between the subsidiaries and local residents, safeguard ethnic unity and carry forward the spirit of “Dedication, Friendship, Mutual Help and Advancement”. Each of our subsidiaries proactively helps local people build country roads and water wells to address the issues of transportation and getting access to drinking water and education faced by farmers and herdsmen. These efforts have been highly commended by local authorities, farmers and herdsmen. At the same time, the subsidiaries have systematically mobilized units at the primary level to establish mutual-assistance relationship with local governments and residents, and conduct long-term designated poverty alleviation programs.



Our Story

“A Great Community Stage, A Place for Happy Get-together”

In order to give full play to young volunteers for their positive role in the building of harmonious oilfields, Shengli Oilfield launched the convenient service event “A Great Community Stage, A Place for Happy Get-together” through which young volunteers provided various kinds of service for local residents in Gudao Square, thus creating a “Harmonious Gudao” through their actions. This activity was warmly welcomed by the residents.





Our Story

Puguang Gasfield Boosts Local Economic Development

Sinopec has always given top priority to natural gas exploration and development as well as gas supply in Sichuan. In the past decade, Sinopec has invested over RMB 70 billion for exploration and development activities in Sichuan. In 2010, commercial gas output reached 6.33 bcm.

Sinopec has put great emphasis on supporting local infrastructure construction. During the construction of Sichuan-to-East China Gas Transmission Project, we helped build local factories for the production of bricks, stone materials and woven bags. We increased investment for the construction of local infrastructure such as roads and bridges, and planned to jointly build over 140 km of road with the local government. We also supported the local infrastructure construction of hospitals, schools, methane tanks and deep water wells and provided extra fire-fighting and contingent rescue facilities and equipments to improve the medical care, education and living conditions for local residents. After the development breakthrough in Sichuan's northeast Heba block, Sinopec invested RMB 218 million to build the natural gas transmission pipeline from Tongnanba to Bazhong, which supported for local economic development.



• Service for cultural and sport events

It is Sinopec's consistent social responsibility to support sport and cultural undertakings and improve people's health. We spared no efforts to provide service for the Shanghai World Expo from May 1st to October 31st and the 16th Asian Games in Guangzhou from November 12th to 27th.

Sinopec has also provided important financial, material and labor support for grand sport and cultural events both at home and abroad, and sent teams of highly-qualified volunteers. Together with our domestic industry peers, we jointly built the Oil Pavilion in the Shanghai World Expo which perfectly illuminated the

theme of "Oil, Extending City Dreams" and explicitly illustrated oil's significant influence on the development of human society and civilization. The Oil Pavilion became one of the most popular Shanghai World EXPO pavilions and was highly appraised by sponsors and visitors. In 2010, over 6,000 Sinopec staffs were directly involved in the service for the World Expo and the Asian Games. In 2011, the Company also designated USD 7 million to support Beijing's bid to host the 2015 IAAF World Championships, becoming an official partner of the International Association of Athletics Federations.



The Oil Pavilion at the World Expo



On the morning of October 16th, the IAAF/Sinopec World Half Marathon Championships kicked off in Nanning



Our Story

Sinopec Wholeheartedly Served the “Green” Expo

The Oil Pavilion located in Puxi Park at the Shanghai World Expo was one of the most popular pavilions at the Expo. Sinopec’s service guides shortened the distance between oil and life with their polite smiles. What impressed people was not only the state-of-the-art 4D motion theater, but also the smiling service of the ritual girls. They gave the commentary on the Pavilion to tens of thousands of visitors everyday, and the sincere smiles from their heart were the most beautiful expression at the Expo.

Outside the Oil Pavilion, Sinopec volunteers and its subsidiaries in Shanghai took practical actions to “fuel” the green World Expo. To provide the best service for the Expo, we carried out the “Four Zeros” service: zero distance when serving clients, zero obstacles in communicating with customers, zero flaws in customer service, and zero quality complaints. The service and measures to ensure fuel supply to the Expo, which we took as an honor, received good comment from the public.



Haibo, Mascot of Shanghai 2010 World Expo and Youbao, Mascot of the Oil Pavilion

6.2 Aid Those in Need, Help Those in Difficulty

● Aiding disaster areas

Natural disasters are merciless, but people can be caring and supportive. Every single drop of oil contains such care. Sinopec lends a helping hand to those that find themselves in a difficult situation because of natural disasters and unexpected accidents. Sinopec volunteers not only give disaster victims water, rice and smiles. but also the courage for post-disaster reconstruction and the confidence to live on.

Love moistens drought-stricken areas. In spring 2010, China’s southwest Yunnan, Guangxi, and Guizhou provinces were struck by a very rare and prolonged drought, affecting an area of nearly 100 million mu (1 mu=0.0667 hectare). Confronting the worsening drought, we made all-out efforts to render our support and conducted relief work by helping local people dig wells and

providing oil and water for them. In addition, we sent letters of consolation and donated RMB 15 million to Yunnan, Guangxi and Guizhou provinces. These anti-drought measures were like timely rain that not only “watered” the hearts of the people in the affected areas, but also contributed to the victory in the fight against the drought.

Emergency rescue of fishermen shipwrecked in the south china sea. On March 29th, 2010, the wind was strong and the waves were turbulent in the South China Sea. The vessel “Eastern Warrior No. 2” was sent by Sinopec Shanghai Offshore Oil & Gas Company for field operation in the South China Sea. At 2:50 AM, the command center of the Maritime Safety Bureau of Zhanjiang, Guangdong Province reported an emergency situation. A fishing boat positioned at 20 degrees 49 minutes latitude north and 111 degrees 03 minutes longitude east had been struck and was in danger of sinking. The 10 fishermen on board called for an immediate rescue. Their lives were at stake! Sinopec started search and rescue work immediately. At that time the southeast wind had already reached 6 or 7 on the wind scale. After a difficult search, at 3: 58 AM, the 10 fishermen were rescued one by one and taken on board the “Eastern Warrior No. 2”. The fishermen expressed repeatedly their heartfelt gratitude before leaving.

Provide aid to yushu. On April 14th, a 7.1 magnitude earthquake crippled the remote Yushu county in Qinghai Province. Sinopec immediately launched an emergency response plan for rescue operations and oil products supply. Rescue teams from Sinopec Qinghai Oil Products Company travelled 900 kilometers overnight to the affected areas with 50 tons of oil products as well as water and food. The 20 service stations along the roads to the affected areas also opened a “green corridor” which gave refueling priority to disaster-relief vehicles, provided drivers with free water and food and ensured sufficient fuel supply for those vehicles. At the same time, we made intensified efforts in resource allocation, providing an extra of 2,000 tons of fuel per day in addition to the scheduled amount. Sinopec donated RMB 15 million to Yushu for post-disaster reconstruction.



Oil tanker trucks got ready to leave for disaster-hit Zhouqu



Sinopec fuel tank trucks headed for earthquake-hit Yushu of Qinghai province



A Sinopec employee helped farmers with irrigation in the drought-stricken region



"Supply Team" was helping people pitch a tent

Fight against floods. Since the beginning of the flood season in 2010, China experienced large-scale heavy rainfalls on multiple occasions. Fujian, Guangxi, Guangdong, Jiangxi and other areas experienced serious flooding disasters as well as mountain torrents, mudslides and landslides. Under the coordinated arrangement of Sinopec, the local subsidiaries launched contingency plans immediately and actively allocated their resources to provide fuel, money and people for disaster relief work. We not only fulfilled our social responsibilities, but also demonstrated good corporate image.



Sinopec provide relief assistance in flood-hit Jiangxi

● Assisting impoverished counties

In 2010, Sinopec continued to follow the guidance set out in "Outline for China Rural Poverty Relief and Development (2001-2010)" and supported infrastructure construction, industrial development, labor export training, and education in impoverished areas. Sinopec earmarked RMB 11.8 million in four state-designated poverty-hit counties including Yingshang and Yuexi

in Anhui Province, and Luxi and Fenghuang in Hunan Province, constantly improving local self-reliance capacity. Since the beginning of a new round of poverty alleviation work launched in 2002, Sinopec has invested RMB 100 million for poverty alleviation and disaster relief work in the four designated counties.

Sinopec's funding to the four national impoverished counties - Yingshang and Yuexi in Anhui and Luxi and Fenghuang in Hunan in 2010	
Basic Infrastructure Construction	<ul style="list-style-type: none"> Sinopec invested RMB 7.85 million to build 16 cement roads connecting villages, with a length of 68.7 kilometers, in the four designated counties, which solved the transportation problems of 22 poor villages and over 40,000 people. In Yingshang county, Anhui Province, with the implementation of the entire-village improvement program, we built 4 kilometers of roads surrounding two villages and improved the agricultural production and living environment of 815 households and 2,884 people, with 390 mu of land conserved or recovered for planting crops. In Luxi and Fenghuang, Hunan Province, we completed two drinking water projects which addressed the issue of safe drinking water for over 4,600 people. Two offices were built, which resolved the problem of office space in two villages in which there had been no working place for the village officials.
Successful Labor Export Training Programs	<ul style="list-style-type: none"> Sinopec invested RMB 1.4 million to train 2,794 people in the four designated counties. Since 2003, Sinopec has provided RMB 2.13 million in training funds for the Yuexi County Poverty Alleviation Training Center. A total of 2,700 young people from poor families received free training. Over 95% of them are employed afterwards, earning over RMB 30 million for their families every year.
Sponsoring Poor Students for Education	<ul style="list-style-type: none"> Sinopec provided RMB 2 million for 1,260 poor students in the four counties. Since the founding of Sinopec Tuition Fund in 2008, Sinopec has provided funding for a total of 3,784 poor students. The financial assistance for excellent students from poor families has been warmly welcomed by local governments, students and their parents, and achieved good social results. Up to date, we have received hundreds of letters from the supported students expressing their gratitude to Sinopec.

● Aiding tibet

Sinopec places great emphasis on the work of aiding Tibet. For this purpose, Sinopec not only worked out specific work plans, but also set up Aiding-Tibet leading group and its affiliated office. A dedicated bank account was opened to manage the fund for Tibet poverty alleviation. We care about people's livelihood and support the fundamental and public welfare projects to improve people's well-being. We started from the improvement of local production and living conditions, and built and improved a number of infrastructure and public welfare facilities which are closely connected with the working and living conditions of farmers and herdsmen. These efforts have achieved good results, and Sinopec was chosen as the "Poverty Alleviation Model Unit" by the Poverty Alleviation Leading Group of the State Council. By the end of 2010, Sinopec had aided Tibet for 10 years and allocated a total of RMB 136 million among which RMB 25.834 million was given out in 2010.

Sinopec's people-benefiting projects spread across the Bange grassland like flowers. The implementation of these projects not only enables Bange county to make great leaps forward in economic and social development, but also forges a profound friendship between Sinopec and the ethnic groups living in Bange.

Projects to improve the well-being of people living on bange grassland. In 2010, we strengthened our support to Bange county. A group of major projects were consecutively completed, including the construction of Bange Primary School, homes for herdsmen, solar lighting in herding areas, education and training, etc. The housing construction project in Bange county covered 10 towns and 86 villages with a total of 1,026 households. We provided 271 sets of solar lighting equipments combining the functions of both lighting and televisions for local households with lighting problems. We trained 30 teachers, 35 country volunteers, 35 veterinarians and 100 herdsmen.

During 11th Five-Year Plan period, Sinopec has supported the Comfortable Housing Project for the **5,279** farmers and herdsmen households in Bange County, Tibet



The "Happy Road" built with Sinopec's assistance in Bange county is like a silver belt that crosses the center of the Bange county in Tibet

Caring for children from the herding areas and building the sinopec bange primary school. At the end of 2010, the construction of the primary school in Bange county was completed. Sinopec invested RMB 36 million to build this school to solve the education problem for the children in Bange. It is the largest single investment since the beginning of Sinopec aiding-Tibet efforts. The building area of the school is 12,700 square meters, including one teaching building, six student dormitory buildings, four staff dormitory buildings and relevant facilities. The school was highly praised by the Tibetan people and dubbed as "the best project" in Bange county if not in the entire Naqu Prefecture, by Bata, the Party Secretary of the CPC Bange Committee.



Sinopec Bange Primary School Opened on Time

 Our Story
A Thank-you Letter from Bange

In June, Sinopec received a thank-you letter from Bange County which is located on the snow-covered plateau. "95 delegates of the People's Congress and 33 members of the People's Political Consultative Committee of Bange county, in the name of the respective institutions they represent and on behalf of the 30,000 people in the county, expressed the most sincere thanks and highest respect to Sinopec for the selfless and wholehearted assistance to Bange in the past eight years."



Young people from Bange county and Sinopec Sichuan Mianyang Oil Products Company danced together

6.3 Funding Educational Programs

It is the wish of everyone in Sinopec to support education, to care for children from the old liberated areas, female dropouts and the countless children who leave school because of poverty, and to help them go back to school and pursue their dreams.

● Funding the construction of “hope schools”

Everything we do is for the children—this is the kind wish of Sinopec people. For many years, Sinopec has been actively engaged in constructing “Hope Schools” in impoverished areas, giving children in poverty the hope for tomorrow. Every new school, every face of the smiling children, and every picture of the children diligently studying epitomizes the pure benevolence of Sinopec people.

Sinopec actively funds the construction of Hope Primary Schools, and have built 15 Hope Primary Schools in Anqing area in the past four years. The total investment was about RMB 7.5 million.



Sinopec Shangban Hope Primary School Put in Use



Our Story

One day of the Children’s in Tianjin SOS Children Village

On the morning of July 13th, children from Tianjin SOS Children’s Village gathered to welcome several special guests - 5 employees of the Sinopec Tianjin Company. Seeing that their uncles and aunts had come once again to visit them, the children rushed towards them in joy. Over the past few years, apart from offering clean energy to the society, staff of the Tianjin Company have never forgotten to contribute to the society. Over a dozen of children have received their selfless financial assistance. Some have finished school successfully and started working.



● Funding “spring buds” female students

Sinopec “Spring Buds” project has already been very fruitful. In 2010, Sinopec once again allocated RMB 5.976 million to fund the high-school education of 9,960 “Spring Buds” students from impoverished areas in Sichuan, Guizhou, Gansu and Hunan. In June 2010, the second group of students funded by Sinopec - a total of 3,320 high-school students took part in the college entrance examination and over 2,500 “Spring Buds” students were admitted by universities across the country. At present, over 4,100 Sinopec-funded “Spring Buds” high school students have already realized their dream to be university students.

Sinopec’s selfless contribution encourages the “Spring Buds” students to pursue their dreams and happiness. Through diligent study, more and more of them have lived up to expectations and entered the university. The “Spring Buds” education funding program is the flagship program for developing talents in the impoverished areas in the new era. It is also a successful example of a company fulfilling its social responsibilities and actively participating in building a harmonious society.



Our Story

Sinopec Helped Me Realize My University Dream

Every year, the thank-you letters from our “Spring Buds” students pour in like snowflakes. Those “Spring Buds” who have just been admitted to universities send letters and telegrams one after another to inform us of the joyful news. With hardly the words to express their excitement, they gratefully say: “It is Sinopec that helped us realize our dreams and gave us the opportunity to enter the university. We will cherish this opportunity and study diligently!” They all express that during their university studies they will work hard to master knowledge, so that in the future they can contribute to their hometowns and society, rewarding all of those who cared for them.

One of Sinopec’s “Spring Buds” high school students named Zhang Xiaofei, from Wuwei No. 18 High School in Gansu Province, said: “Your help was extremely timely. It gives hope for a girl in a remote and poor area. Your compassion is like a book that we need to read earnestly with open hearts”.

Wu Xiaoxia, a third-year high school student, said: “I carried the heavy pressure of both study and work when I entered high school. However,

your financial assistance helped me realize my dream of pursuing further studies and decreased the heavy burden of my parents who are poor and hard-working farmers. I will study more diligently and try to reward your compassion by getting the best grades!”



In impoverished mountainous regions of China, there are bright smiles of children who are supported by Sinopec donation program to complete education

6.4 “Lifeline Express” Brightness Tour

The “Lifeline Express” is China’s only ophthalmology hospital in a train. Currently there are four such trains, and they are well-equipped with medical devices and skillful doctors. The treatment is carried out in the train by excellent ophthalmological staff from Beijing and Hong Kong etc. The “Lifeline Express” is always on the move along the railway, providing free operations and medical treatment to cataract patients living in poverty.

Sinopec has contributed the most to the “Lifeline Express” project among all the mainland companies. The financial support to “Lifeline Express” started in 2004 and a total of more than RMB 83.5 million has been donated to the Lifeline Express Foundation. Sinopec has also solely funded one “Lifeline Express” train. To date, the Sinopec-funded “Lifeline Express” trains have reached more than a dozen of impoverished areas in China’s remote provinces, and provided free medical treatment to around 18,000 cataract patients.



Su Fujiao, a 14-year old cataract patient who regained her sight, thanks Sinopec for its help on behalf of other recovered patients in Guilin

In 2010, Sinopec “Lifeline Express” went to Mianzhu in Sichuan, Kashgar in Xinjiang and Guilin in Guangxin to continue its journey of “brightness”.



Our Story

Sinopec Restored My Vision And I Will Reward The Society In Return



A Doctor on Sinopec Brightness Lifeline Express is treating a patient

Hanwang, a town of Mianzhu city in Sichuan Province was a hard-hit area in the earthquake. Many houses collapsed, and the lives of the poor and the sick became even more difficult. One resident named Zhang Zhigui lost his mother and the second elderly brother in the earthquake, and had only his father who was more than 80 years old, and his child who was just over one year old. Because of an external injury during the earthquake, his right eye developed a cataract. The “Sinopec Brightness” Lifeline Express train came to Mianzhu and gave him meticulous medical treatment, and enabled him to regain his sight. Zhang Zhigui said gratefully: “I sincerely thank the medical personnel from Sinopec and Lifeline Express for the free medical operation. From this moment on I’m going to work hard with both of my hands to make more contribution to the society”.



After all, the wealth created by the company belongs to the society.

Sinopec shoulders the long-term development of the society's overall interests and rationally takes up its share of the social responsibilities, thereby contributing towards a just, harmonious and stable society.

Do good deeds for society, and inspire more people to reward the society. Sinopec – this gigantic ship – is making great efforts to take up even more social responsibilities. Moving forward on its journey, carrying responsibility and benevolence vessel is sailing into the future, doing all it can to spread the spirit of selfless dedication and public welfare awareness.





2011 OUTLOOK

● Permanently Ensure Energy Security

In 2011, we will continue to carry out our resource development strategy of “stabilizing output in eastern fields, expanding production in western areas, accelerating development in southern blocks, pushing forward offshore exploration and development, making breakthrough in unconventional resource development, depending on technologies and building up upstream strength”. In addition, we will enhance theoretical, technical and management innovation, optimize investment portfolio, strengthen cost control, and realize continuous increase in hydrocarbon reserves and output to establish a positive opening for the accelerated development of the “12th 5-Year Plan” and make even greater contribution to ensuring national energy security and promoting the steady and rapid development of the national economy.

● Provide High-quality Service

In 2011, we will continue to adhere to the guiding principle of “Being a leader in quality management ” and focus on the goal of “Excellent Quality and Sufficient Quantity for Customer Satisfaction”. We will continue to upgrade product quality, improve distribution networks, accelerate the development of non-fuel business with high standards, and further strengthen process monitoring and meticulous management. With high-quality products and services for customers, we will contribute to a faster transformation of China’s economic development pattern.

● Safe and Green Operation

In 2011, we will adhere to the HSE concept of “Safety is the prerequisite for profitability, growth, stability and harmony” and focus on the HSE theme of “Health, Safety, Environmental Protection, Stability, Harmony and Development”. We will

continue to achieve world-class HSE performance and support the corporate sustainable development through meticulous and effective work, strict and fine management as well as advanced and proven technologies.

● Promote Low-carbon Development

In 2011, we will continue to promote the low-carbon development concept and actively take various measures to reduce greenhouse gas emission. We will continue the adjustment and optimization of the industrial structure, expedite the improvement of energy utilization and efficiency, intensify low-carbon technology research and development, step up to build low-carbon capabilities and actively address climate change.

● Employee-oriented Practice

In 2011, we will continue to promote internationalization, IT application, system building and standardization of human resource management. We will also make intensified efforts in the establishment of corporate culture and humanistic care to achieve harmonious development of the employees and the company.

● Wholeheartedly Rewarding the Society

In 2011, we will continue to play a proactive role in fulfilling social responsibilities, providing strong support for public welfare and enabling more people to share the benefits of the Company’s development. We will continue to help impoverished areas with their economic and educational development and improve their self-developing capabilities. We will actively respond to the call of the government, intensifying the establishment of harmonious communities.

COMMENTS FROM THE PUBLIC

Sinopec's unremitting efforts in fulfilling social responsibilities earned widespread approval and praise from all walks of life within both at home and abroad. In 2010, the major relevant prizes received by Sinopec were as follows:

- The CPC Central Committee, the State Council, and the Central Military Commission awarded Sinopec Qinghai Oil Products Company the honorary title of "National Earthquake Disaster Relief Hero Team".
- The CPC Central Committee and the State Council awarded Sinopec Shanghai Oil Products Company the honorary title of "Shanghai World Expo Outstanding Team".
- In the online essay and knowledge competition "Civil Internet Use, Joint Building of Harmony", Sinopec received the Outstanding Contribution Award.
- Sinopec received the "China Corporate Social Responsibility Outstanding Enterprise" award, ranking the second on the list; Chairman Su Shulin was awarded the "China Corporate Social Responsibility Outstanding Individual" prize, ranking the first (sponsored by Xinhua News Agency).
- Sinopec received the 2010 annual "People's Social Responsibility Award" (sponsored by People's Daily Online).
- Sinopec was awarded the 2010 annual "China Red Cross Medal" by the Red Cross Society of China.
- Sinopec received the only "Special Prize for Brightness Service" awarded by the Chinese Foundation for Lifeline Express.
- Sinopec's website ranked the 3rd in the 2010 annual website performance assessment of centrally-administered SOEs sponsored by SASAC.
- In the "Corporate Social Responsibility Index of 100 Top Companies in China" released by the Chinese Academy of Social Sciences, Sinopec rose to the 6th in 2010 from the 14th in 2009, making it a leader among centrally-administered SOEs in fulfilling social responsibilities.

2010 SOCIAL RESPONSIBILITY EVENT CHRONICLE

January

- Sinopec Tianjin 1 million-ton-per-year Ethylene Project and its affiliated project were put into production. Compared with similar plants in China, this project has the highest content of Chinese-made equipments. It can boost Tianjin's industrial output value by more than 4%, spurring hundreds of billions of downstream investment.

February

- Sinopec collected ideas for its corporate social responsibility slogan from all employees and dominant domestic media.

March

- Investment for environmental protection of the Tianjin Ethylene Project and its affiliated project amounted to RMB 2 billion. The daily industrial water required uses entirely desalinated sea water, becoming China's first large-scale ethylene project to only "drink" sea water, with zero industrial wastewater emission at the macro level.

- "Sinopec Brightness Lifeline Express", sponsored solely by Sinopec, provided free medical treatment for cataract patients in three poverty-stricken areas respectively in Sichuan, Xinjiang and Guangxi whereby the patients regained sight.

- The Company donated RMB 15 million to drought-hit areas in Yunnan, Guangxi and Guizhou.

- Sichuan-to-East China Gas Transmission Project, a key project during the "11th Five-Year Plan" period, came on stream. This project played a significant role in optimizing China's energy mix, and pushing forward the coordinated economical and social development in the mid-west and east China.

April

- After the 7.1 magnitude earthquake in Yushu, Qinghai Province, Sinopec sent disaster-relief teams with hundreds of tons of refined oil products to the disaster-hit area at the first possible moment, actively participated in the relief work and donated RMB 15 million.

- 28 Sinopec employees were awarded "2010 National Model Worker" honorary titles.

May

- For the first time, Sinopec held an open-door corporate social responsibility report meeting, strengthening and promoting the communication with stakeholders and the public with regard to the Company's social responsibility work.

- "China Corporate Social Responsibility Research Base", jointly founded by Sinopec and the CSR Research Center of the Chinese Academy of Social Sciences, was inaugurated. This project is an important and innovative measure taken by Sinopec to advance corporate social responsibility work. It is also the first cooperative research base established by the CSR Research Center of the Chinese Academy of Social Sciences together with an enterprise.

- Sinopec launched a model employee selection activity for youth development entitled "Model by My Side", with 10 employees standing out from one hundred candidates.

June

- Sinopec started the activity of "Striving to be the First and the Best".

July

- Sinopec accomplished fuel supply for harvesters that reaped 90% of the country's planting area for summer grain crops, guaranteeing the timely and stable oil supply for summer harvest, plough and sowing.
- Sinopec Donghai Brand asphalt was used in the high-speed rail between Shanghai and Nanjing, contributing to the development of high-speed rail engineering materials.

August

- Sinopec held a quality work conference, making a solemn promise of "Making Every Drop count" to the public.
- China's sole national-level research center for oil refining technologies—the State Energy and Oil Refining Technologies Research and Development Center—was established and settled down in Sinopec.
- Sinopec was actively engaged in the relief work in disaster-hit Zhouqu, Gansu Province, ensured oil products supply by sending fleets of oil tank trucks and donated RMB 5 million to the disaster area.
- Sinopec Qinghai Oil Products Company was awarded the honorary title of "National Earthquake Disaster Relief Hero Team" by the CPC Central Committee, the State Council and the Central Military Commission.

September

- Sinopec conducted the 2010 Professional Skill Competition, with 30 individuals winning golden prizes, and 11 enterprises winning group prizes.
- 62 teams and 62 employees of Sinopec were awarded the honorary titles of "Red Flag Team" and "Exemplary Employee" by SASAC.

October

- Sinopec provided exclusive lubricating products for the "Chang'e 2" spacecraft.

November

- Sinopec actively promoted the "Conserving Oil" green development, successfully guaranteeing oil products supply during the World Expo.
- The Central Administration of Quality Supervision, Inspection and Quarantine selected 360 service stations in 22 provinces, prefectures and cities for inspection. More than 100 Sinopec service stations were among those which were inspected, and all of them met the standards.
- Sinopec took various measures to increase diesel production to relieve the supply tension in the market.
- During the period of Guangzhou Asian Games, Sinopec spared no effort to ensure oil products supply and provide convenience service.
- Sinopec received the only "Special Prize for Brightness Service" awarded by the Chinese Foundation for Lifeline Express.

December

- Sinopec Shanghai Petrochemical Co., Ltd. was awarded the title of "Environmentally Friendly Chinese Company" by All-China Environment Federation, becoming the first chemical company in Shanghai to receive this title.
- As the largest supplier of emulsified asphalt mortar for the Beijing-Shanghai high-speed rail, the asphalt which Sinopec produced and supplied met standards 100%, and there were no customer complaints.
- Sinopec held the Human Resource Work Conference, formulated the Sinopec Talents Development Summary Plan for the 12th Five-Year Plan Period and the Future 10 Years which requires the Company should manage human resource as its core asset and carry out dynamic and systematical talent development programs.

THIRD-PARTY ASSESSMENT

Rating report on China Petroleum & Chemical Corporation Sustainability Report 2010

Upon the request of China Petroleum & Chemical Corporation, CSR Research Center of Economics Division of Chinese Academy of Social Sciences selected experts from Chinese Expert Committee on CSR Report Rating to form China Petroleum & Chemical Corporation Sustainability Report 2010 Rating Team. The rating team rated China Petroleum & Chemical Corporation Sustainability Report 2010 ("report") based on the relevant criteria specified in Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 1.0).

1. Basis of rating

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 1.0) published jointly by the aforesaid Center, China WTO Tribune and China Committee of Corporate Citizenship.

2. Conclusions

Completeness ()

The Report discloses information on social responsibility practices and performance of China Petroleum & Chemical Corporation in terms of responsibility management, economic, social and environmental responsibilities and covers all stakeholders with better coverage of the core indicators of Oil and Natural Gas industry and Petrochemical industry.

Materiality (☆)

This report discloses the key social responsibility issues of Petrochemical industry like energy supply, products and services quality, safe operation, low-carbon development and positively responses to the concerns of stakeholders.

Balance ()

This report discloses the year on year rate of change of the accident and employee casualties, etc., especially, it even discloses oil quality event happened in Anyang city of Henan, elaborating the cause of the accident, the counter-measure and the improved mechanisms, it has better balance.

Comparability (☆)

This Report discloses data on some key performance indicators of three consecutive years and therefore bears considerable vertical comparability.

Readability ()

The main part of the report with masterstroke of "every drop of oil makes a promise" expounds from six aspects, the distinct logic, clear hierarchy, understandable language and illustrated expression makes this report quite readable.

(☆)

Creativity

With the social responsibility concept of "every drop of oil makes a promise" the chapter headings of this report relates to "every drop of oil makes a promise" closely, the layout design fully embodies the "oil drop", the examples are told by "the story of one drop of oil", so it owns highly innovative. (☆)

Overall rating

Through evaluation and deliberations, the rating team agreed to rate China Petroleum & Chemical Corporation Sustainability Report 2010 as leading CSR report by giving a four-star semi- rating to it.

3. Suggested improvements

- (1) Disclose more core performance indicators for greater completeness.
- (2) Chronologically disclose more key performance correlation data to improve vertical comparability.
- (3) Disclose key performance data of the same industry to improve horizontal comparability.

4. Rating team

Team leader: Peng Huagang, Vice President of Executive Council of the Center and Director General of Research Bureau SASAC of the State Council.

Team members:

Yang Jinzhong, Senior Manager with Shanghai Stock Exchange

Yin Gefei, Vice President of China WTO Tribune

Guo Peiyuan, General Manager of SynTao

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

Chen Jiagui
President of Executive Council of the Center
Member of the Standing Committee of the NPC
Acting Chairman of Presidium of Divisions,
Chinese Academy of Social Sciences

陈佳贵

Peng Huagang
Head of the Rating Team
Vice President of Executive Council of the Center
Director General of Research Bureau of SASAC of
the State Council

彭华岗

About The Report

Dear readers, this is the Company's fifth Sustainable Development Report which covers the period from 1st January 2010 to 31st December 2010. The Report objectively and thoroughly describes Sinopec's sustainable development concept and practices through which the Company fulfilled its corporate social responsibilities in 2010. Before compiling the Report, we had a number of meetings to seek advice and opinions from all social sectors on the Report compilation and how to improve the Company's corporate social responsibility practices. We also invited the Company's relevant departments and people outside the Company to join in the compilation of the Report. We hope that the Report will serve as a platform of information exchange and enable us to hear the voices of all stakeholders. This Report follows the four reporting principles of Global Reporting Initiative's (GRI) G3 Guidelines, namely materiality, stakeholder inclusiveness, sustainability context and completeness, along with its defining principles of balance, comparability, accuracy, time efficiency, clarity and reliability. However, the Report does not include all relevant indicators. Please refer to www.globalreporting.org for details of GRI.

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

The business and financial data is extracted from the Company's 2010 Annual Report. The financial statements, prepared under the PRC Accounting Standards, have been audited by KPMG Huazhen.

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

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

THE GLOBAL COMPACT AND OUR REPORT

The Global Compact Principles		Corresponding Chapters in the Report
Human Rights		
1	Businesses should support and respect the protection of internationally-proclaimed human rights	5.1 Respecting Employees and Protecting Their Rights and Interests 6.1 Community Building 6.2 Aid Those in Need, Help Those in Difficulty 6.3 Funding educational programs 6.4 "Lifeline Express" Brightness Tour
2	Business should make sure that it is not complicit in human rights abuse.	5.1 Respecting Employees and Protecting Their Rights and Interests
Labor		
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.3 Call of Corporate Culture
4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	5.1 Respecting Employees and Protecting Their Rights and Interests
5	Business should uphold the effective abolition of child labour.	5.1 Respecting Employees and Protecting Their Rights and Interests
6	Business should uphold the elimination of discrimination in respect of employment and occupation.	5.1 Respecting Employees and Protecting Their Rights and Interests
Environment		
7	Businesses should support a precautionary approach to environmental challenges.	Address from Chairman 3.2 I Safe
8	Business should undertake initiatives to promote greater environmental responsibility.	Address from Chairman Celebrating the First Decade 3.3 Green Operation 4.1 Saving Energy Resources & Increasing Energy Efficiency 4.2 Developing Low-carbon Energy & Optimizing Energy Mix 4.3 Developing Low-carbon Technologies & Increasing Low-carbon Development Ability 4.4 Shifting to Low-carbon-oriented Production, Existence and Consumption
9	Business should encourage the development and diffusion of environmentally-friendly technologies.	Address from Chairman 3.3 Green Operation 4.1 Saving Energy Resources & Increasing Energy Efficiency 4.3 Developing Low-carbon Technologies & Increasing Low-carbon Development Ability 4.4 Shifting to Low-carbon-oriented Production, Existence and Consumption
Anti-corruption Issues		
10	Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance

Shanghai Stock Exchange and Our Report

Shanghai Stock Exchange Basic Principles		Corresponding Chapters in the Report
1	Health and safety protection for employees;	Address from Chairman Celebrating the First Decade 3.2 I Safe 5.1 Respecting Employees and Protecting Their Rights and Interests
2	Protection and support for local community;	Address from Chairman Celebrating the First Decade Our Stakeholders 6.1 Community Building 6.2 Aid Those in Need, Help Those in Difficulty 6.3 Funding Educational Programs 6.4 "Lifeline Express" Brightness Tour
3	Check on production quality.	Our Stakeholders 2.2 All-Employee Engagement in Quality Commitment 3.3 Green Operation
Environment and Ecology		
4	How to prevent and reduce environmental pollution;	3.3 Green Operation
5	How to protect water resources and energy;	3.3 Green Operation 4 Low-Carbon Development
6	How to protect inhabitation of local community;	3.3 Green Operation 4.4 Shifting to Low-carbon-oriented Production, Existence and Consumption
7	How to protect and improve biodiversity in local community.	3.3 Green Operation 4.4 Shifting to Low-carbon-oriented Production, Existence and Consumption
Economy		
8	How to create values for customers through production and service;	Address from Chairman Our Stakeholders 2.1 Diverse Products, Colorful Life 2.3 Perfecting Customized Service 2.4 Stable Supply in Special Periods 3.3 Green Operation
9	How to create better opportunity and future development for employees;	Address from Chairman Celebrating the First Decade Our Stakeholders 5.2 Facilitating Personal Development
10	How to bring high returns for stockholders.	Company Profile Address from Chairman Celebrating the First Decade Corporate Governance Our Stakeholders
Environmental protection information		
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Glossary

● Occupational Diseases

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

● Occupational Health Supervision

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

● Occupational Health Checkup

Physical examination conducted on workers exposed to occupational hazards. The scope and cycle of occupational

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

● Coverage of Occupational Health Checkup

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

● Coverage of Workplace Inspection

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

● Accident

An incident that causes casualties or property loss.

● Per Million Man Hours

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

● Environment

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

● Environmental Impact Assessment

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

● Chemical Oxygen Demand (COD)

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

● Female Managerial Staff Proportion

The proportion of female managerial staff to the entire operational management team in a company.

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 2011 and undertakes no obligation to update these statements.

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Stock Name	SINOPEC CORP.
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Enterprise Mission

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

Enterprise Vision

To Become a Multinational Energy and Chemical Company with International Competitiveness

Enterprise Spirit

Contribute to Chinese Society and Invigorate the Petrochemical Industry

Enterprise Style

Delicate, Precise, Practical and Innovative

Operation Concept

Integrity, Compliance, Cooperation, Win-Win



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