

2013

Sustainable Development Report



SINOCHEN GROUP

About The Report

This is Sinochem Group's fourth Sustainable Development Report. The previous three reports were issued in June 2011, June 2012 and May 2013. Sinochem Group also published Corporate Social Responsibility Report in April 2007, June 2008, June 2009, and June 2010.

REPORT PERIOD

This report covers Sinochem's activities between 1 January and 31 December 2013. In some instances content may reflect activities and data from previous years.

REPORT PUBLICATION CYCLE

This is an annual report.

REPORT SCOPE

This report includes Sinochem Group and its subsidiaries.

REPORT REFERENCE

The report follows the guidance of the *Guidelines for Key State-owned Enterprises to Fulfill Corporate Social Responsibility*, the *Ten Principles of the United Nations Global Compact*, the *Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G3.1)*, the *ISO 26000: 2010 Guidance on Social Responsibility* issued by the International Organization for Standardization, and the *CSR Reporting Guidelines for Chinese Companies (CASS-CSR 3.0)* issued by the Chinese Academy of Social Sciences (CASS).

IMPROVEMENTS

We have made improvements to this year's report. We have:

- incorporate the management ideas into the report, so as to integrate the social responsibility concept into the whole process of the company's operation.
- respond to hotspot issues industry, strengthen substantive report.
- use two-dimensional code, small tips, etc. to introduce further knowledge, allowing interaction between the report and stakeholders.
- add various forms of report presentation, using graph design to promote readability.

DATA SOURCES

The data used in this report are from official documents and statistical reports of Sinochem. When applicable, the report offers corrections to past data. In case of any discrepancy, the information in this report shall prevail.

REFERENCES TO SINOCHEM GROUP

All references to "we", "our", "the company" and "Sinochem" refer to "Sinochem Group" unless otherwise stated.

LANGUAGE OF THE REPORT

The report is published in both English and Chinese. If any inconsistency or ambiguity exists between the two versions, the Chinese report shall prevail.

OBTAINING COPIES OF THE REPORT

To read or download the report, please visit www.sinochem.com

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President's Message

Sinochem Group is committed to becoming a respected, world-class enterprise. We provide quality products and professional services to the society, and at the same time, we incorporate social responsibility into the company's overall development planning, innovate new ways to achieve business growth, and respond positively to the demands of stakeholders, so as to achieve sustainable development.

In 2013, faced with complex and challenging external environment, Sinochem Group actively implemented the approach of "seeking progress while maintaining stability", pressed ahead with our strategy, tapped into our potential, built up our management skills, and promoted our management. As a result, we continued to maintain a steady, healthy and sustainable development, and our competitiveness and influence are constantly improved.

In the course of development, we are keenly aware of our responsibilities and missions, and persistent in integrating social responsibilities with business development. We constantly reinforce the foundation for the development of our core businesses, enhance the ability to create value, and make new contribution to safeguarding China's energy and agricultural security and promoting the chemical industry; continue to improve environment, health and safety management system, improve safety management, strengthen environmental protection management and occupational health management, and strive to achieve a harmonious coexistence between the company and nature; fully protect the interests of employees in employment equality, democratic management, pay and benefits, etc., and promote the development of talented people and their value; actively participate in social welfare undertakings in the world, carry out poverty alleviation programs, and develop together with local communities where we have operation.

In 2014, we will continue to adhere to our core business philosophy of "Creating Value, Pursuing Excellence", uphold the principle of "positive, stable, sustainable and healthy development", follow the unique Sinochem's path which is market-oriented, supported by resources and technology, and safeguarded by lean management, strive to enhance the quality and efficiency of development, and open up new chapters in our strategic transformation and the third "Long March". We will make our sustainable development be conducive to the harmony and common prosperity of the stakeholders, and to show to the world an excellent image of global corporate citizen.

President & CEO
Sinochem Group

About Us

Sinochem Group was founded in 1950. Its predecessor was China National Chemicals Import and Export Corporation, which was China's largest trading firm. Sinochem Group is the key state-owned enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council (SASAC). Sinochem's headquarter is located in Beijing.





Our core businesses span energy, agriculture, chemicals, real estate and financial service. We are one of China's four largest state oil companies, China's biggest agricultural input company (fertilizers, seeds and pesticides), China's leading chemical service company. We also exert strong influence in real estate and non-banking financial services sector. As a market-oriented global conglomerate, Sinochem's quality products and services is relevant to many aspects of mass economy and people's well being. Its brand enjoys high reputation and acknowledgement around the world.

Sinochem currently owns more than 300 subsidiaries inside and outside China. We control several listed companies including Sinochem International (SH, 600500), Sinofert (HK, 00297), Franshion Properties (HK, 00817) and and is the largest shareholder of Far Eastern Horizon (HK, 03360). In June 2009, Sinochem Group established Sinochem Corporation as the vehicle for potential group IPO.

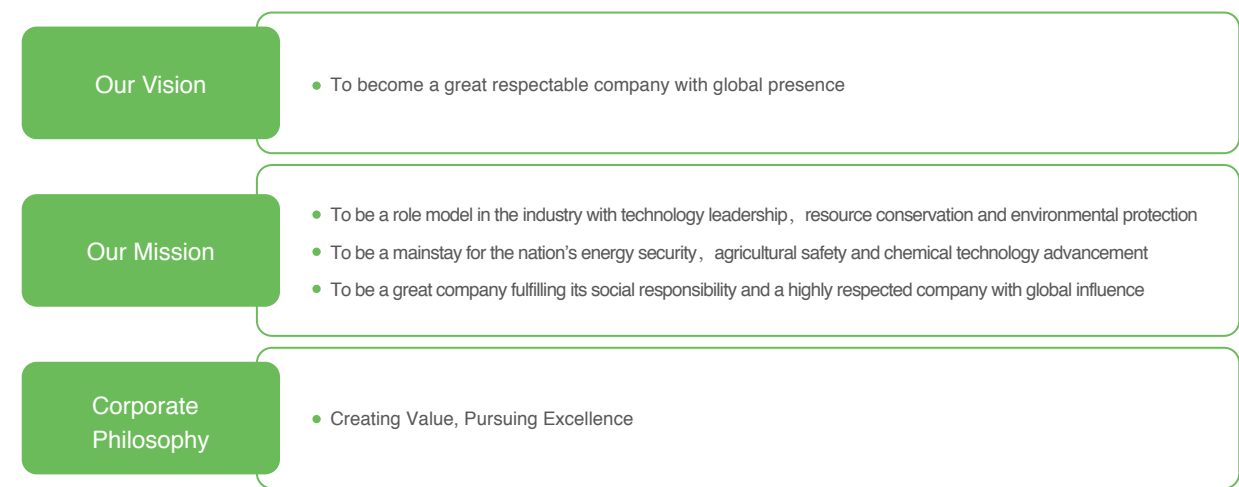
Sinochem Group is China's earliest entrant in Fortune Global 500 and has entered the list for 23 times, ranking 119th in 2013.Through years of strategic transformation and management overhaul, Sinochem has maintained a sustainable, healthy and rapid development. Sinochem received the "Top A Corporate Performance" rating from SASAC for nine straight years and three consecutive terms.

Sinochem's vision is to become a respectable company with global influence, making fortune to all the stakeholders and the society. Our 50,000 employees will follow the doctrine of "Creating Value, Pursuing Excellence", shoulder social responsibility as corporate citizen, and adopt scientific development approach to realize sustainable business potency.

Sinochem Basics	
Company Name	Sinochem Group
Registered Capital	RMB 11.845 billion
Time of Establishment	March 1950
Asset Scale	RMB 317.8 billion
Headquarters	Central Tower, Chemsunny World Trade Center, 28 Fuxingmennei Street, Beijing

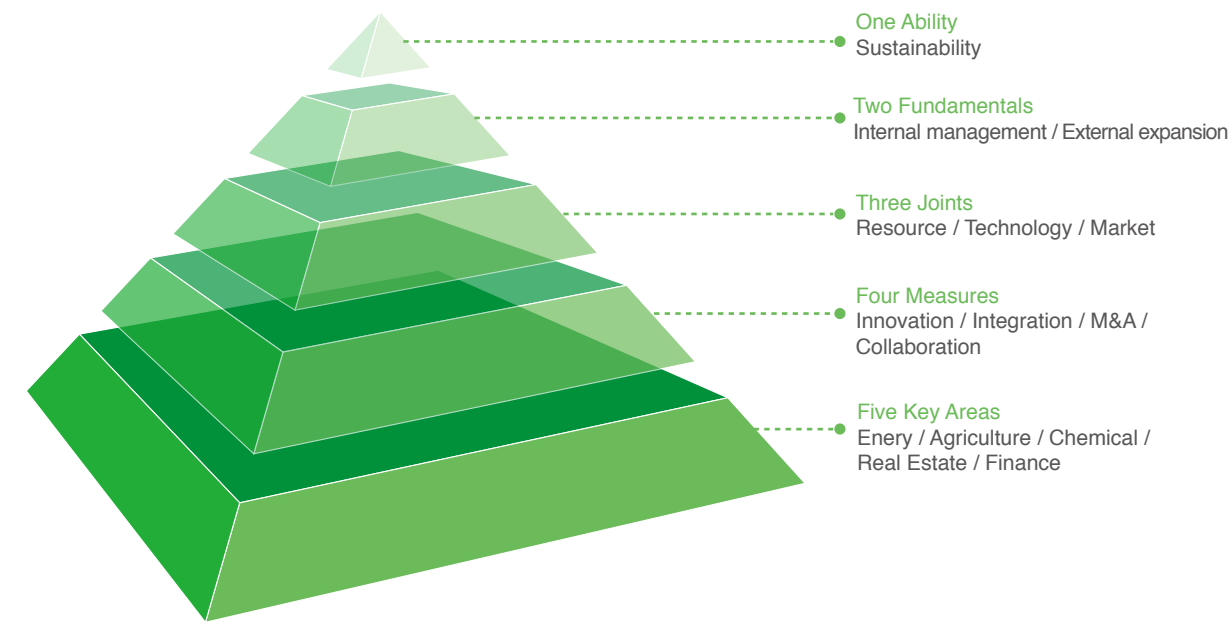
	Industrial position	Business overview
 Energy	<p>Sinochem Group is the fourth largest national petroleum company in China with more than 60 years of oil business operations. We are a large energy company with strong international operations, a complete industrial chain, and outstanding marketing services capacity. We take an increasingly important part in energy market of China and the global.</p>	<p>Energy business is able to provide services along the full industry value chain, covering exploration & production of oil and gas(E&P), oil refining, oil trading, storage & logistics, distribution & retails</p> <ul style="list-style-type: none">• We are now non-operators or operators in specific projects, which are located both onshore and offshore; the business scope has expanded from mainly development to both exploration and development; our products include light oil, heavy oil and natural gas• The three refineries we have invested have a combined processing capacity of nearly 30 million tons per year• Provide premium crude oil together with professional services to clients home and abroad ; and is now an important crude oil supplier for refineries in China, Southeast Asia, Europe, North America; involved in the both import agent and self-operated businesses for jet fuel, naphtha, duty-free marine diesel and other light products• Has a storage and logistic network covering the Bohai Bay, Ynagtze River Delta, Pearl River Delta• Has refined oil products distribution network covering major markets and core cities in Northeast China, North China, East China and South China
 Agriculture	<p>Sinochem Group is the only central-government-owned company that operates the three major agro-inputs, including fertilizer, seed and pesticide.</p> <ul style="list-style-type: none">• Sinofert Holdings Limited (Sinofert for short), the fertilizer flagship of Sinochem, is the largest fertilizer supplier and distributor in China. Sinofert plays an important role in stabilizing the domestic fertilizer supply and facilitating China's agricultural development• China National Seeds Group Corporation (China Seed for short) owned by Sinochem is a national class seed company in China. With its overall strength taking the lead in China, it is devoted to becoming a company that integrates seed breeding, production and popularization, with number one position in China and top ranking worldwide, promoting the seed industrial upgrading of China• Our pesticide business integrates R&D, production and sale, with its overall competitiveness ranking among the top players in China. We are an important force that drives China's pesticide industrial upgrading	<ul style="list-style-type: none">• Sinofert' s business covers the full industry value chain, including upstream resource, R&D, production, distribution, and agronomic services• China Seed integrates R&D, production, processing, marketing and technical services, and its business covers major crops such as rice, corn, wheat, vegetable and oil seeds• The crop protection business covers R&D, active ingredient production, pesticide formulation and repackaging, product registration, and brand marketing
 Chemicals	<p>Sinochem is China' s the leading comprehensive service provider for chemical products in China, and is competitive in fluorine chemical, natural rubber, chemical logistics, petrochemical feedstock , pharmaceutical and chemical distribution. We are playing a constructive role in promoting technological upgrades and the safe, green, harmonious development of chemical industry.</p> <ul style="list-style-type: none">• Sinochem Lantian Group Co., Ltd. (Sinochem Lantian) is a leading company in China in terms of R & D and production of fluorinated chemicals; it is designated by the Ministry of Environmental Protection as a Chinese company entitled to the Multilateral Fund set up by the United Nation' s Montreal Protocol that protects the ozone layer. Over a dozen varieties of its products enjoys the largest market share in the domestic and international markets• Sinochem International has developed into the strongest rubber business service providers in China, and is also a competitive natural rubber resources operator in the international market. Jiangsu Sinorgchem Chemical Technology Co., Ltd. (Jiangsu Sinorgchem), controlled by Sinochem International Holdings is a leading supplier of rubber chemicals in the world• Our subsidiary Yangnong Group takes the lead and exerts global influence in the markets of chlorination and nitration of benzene, ECH, agro-used and sanitation-used dimethrin• Our shipping capacity and scale for liquid chemicals enjoys leading position in Asia, while the tank container transportation capacity and fleet size is among the top in the world• Our subsidiary Sinochem Plastics Co., Ltd. is one of the largest commodity chemical distributors in China• Pharmaceutical chemical business has had competitive edge in technology innovation, large-scale production, international operation and market distribution	<ul style="list-style-type: none">• In the area of fluorine chemical, we have formed a complete industrial chain comprising of resources exploitation (fluorine spa and AHF), R&D, production, sales and marketing;an industrial layout based on fluorite esources, led by ODS substitution, and supported by fluoropolymers and fluorinebased fine chemicals; the products include fluorocarbon chemical, fluorine-based special chemicals, fluoropolymers and inorganic fluoride salt• In the fields of natural rubber and rubber chemicals, we have established a global industrial chain covering plantation, processing, distribution and other value-added services• Has strategic cooperation with international and domestic leading players on WPU, water-based functional material, polyether raw material, PU products• In chemical logistics services area, we are involved in shipping, tank container multimodal transport, freight forwarding and warehousing, terminal and depot service etc. , providing comprehensive chemical logistic solutions to customer with high efficiency at low cost• In the field of petrochemical feedstock, we main operate bulk chemical and plastics• In pharmaceutical chemical field, we have formed a complete industrial chain covering R&D, manufacturing and distribution
 Real Estate	<p>Sinochem Group is one of the central government-owned enterprises that have been ratified by SASAC to take hotels and real estate development as their main business. Our Hong Kong-listed subsidiary Franshion Properties (China) Co., Ltd. (Franshion Properties is one of the component stocks of the Hong Kong Hang Seng Composite Index, and has developed into a unique developer and operator of highend commercial real estates</p>	<p>Our business covers highend property project development, property leasing, hotel investment and operation, retailing business development and operations; we have developed a series of high-end projects under the brand name of "Jin Mao"</p>
 Financial service	<p>Sinochem Group has formed a business magnitude with almost all the financial business licenses except banking, enjoys a good reputation with highly recognized brands such as Far Eastern Horizon, FOTIC, Lion Fund, Manulife-Sinochem etc</p>	<p>Our business covers financing leasing, trust, securities, investment funds, life insurance, corporate finance, futures etc</p>

Corporate Strategy and Governance



Our Industrial Service Strategy

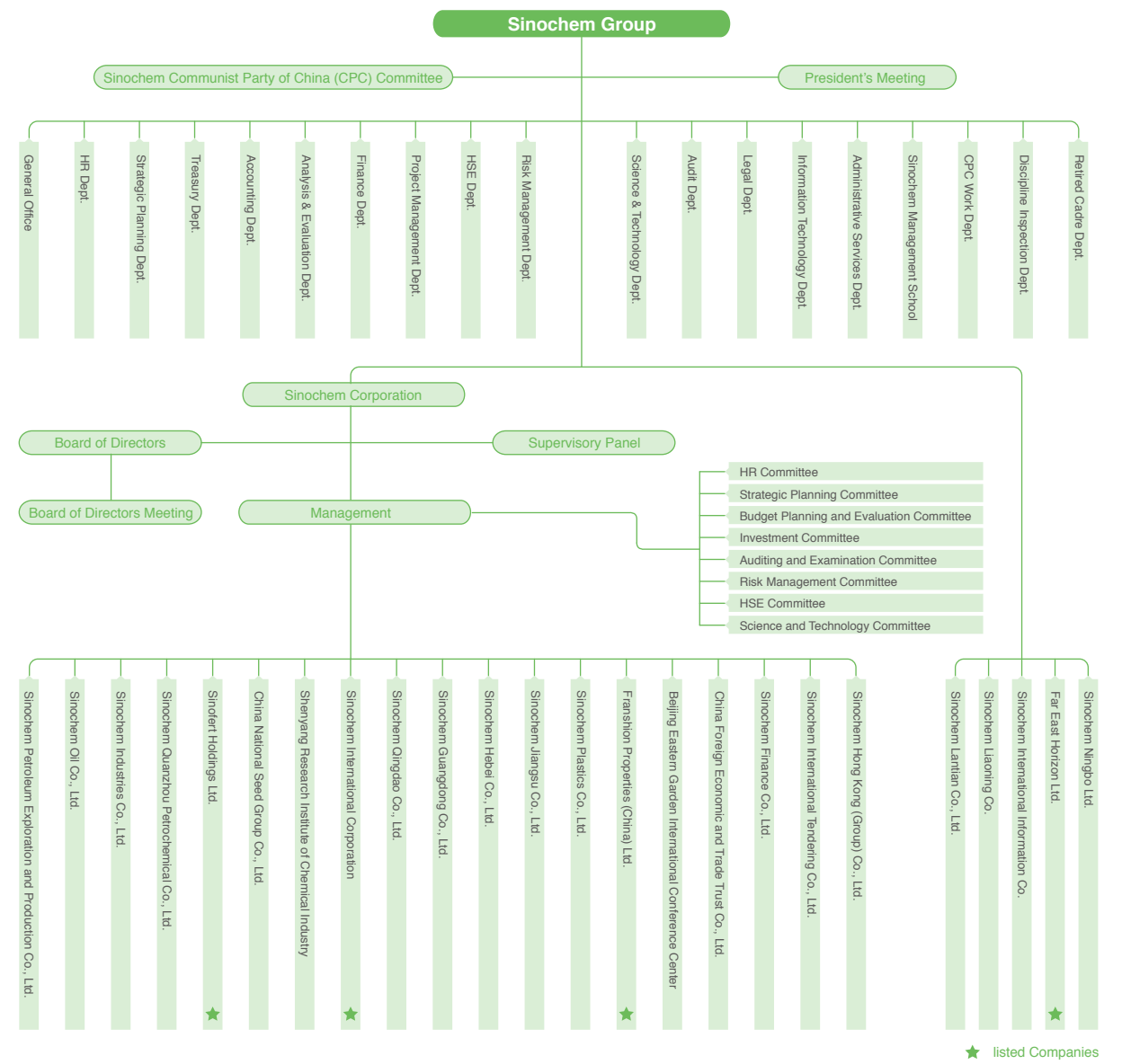
We refer to our Industrial Service Strategy as the “One-Two-Three-Four-Five Strategy”. This is an extended and deeper version of our previous “One-Two-Three Strategy”.



Corporate Governance Structure

Sinochem strives to improve its operations and company rules in order to enhance its corporate governance and guarantee the company's healthy and steady development.

We adhere to the principles of collective decision-making and democratic centralism in order to optimize our rational and democratic decision-making mechanism. Our group-level top executives are responsible for different segments of our business operations, and we have complete systems for the Party Committee Meeting as well as the Presidents Meeting. The Party Committee Meeting is responsible for major political, business and key personnel issues, while the Presidents Meeting determines and manages the corporate strategy and operations. We also have specialized committees that review specific projects and make project proposals.



★ listed Companies

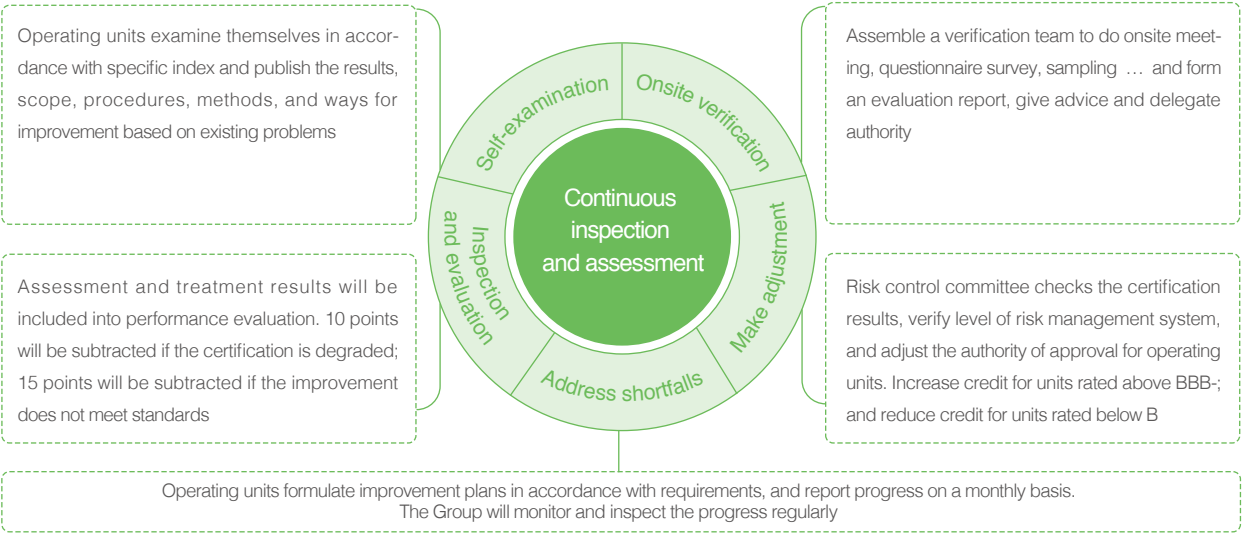
Promoting Comprehensive Risk Management

Sinochem is one of the first central SOE to implement professional risk management. As early as the late 1990s, Sinochem started the management improvement projects. Following the principle of "strengthening foundation, controlling risks, promoting upgrading, maintaining and increasing value, enhancing capacity and pursuing scientific development" raised by the SASAC, Sinochem put forward the idea of "promoting continuous improvement of internal control system, enhancing continuous improvement of risk management system".

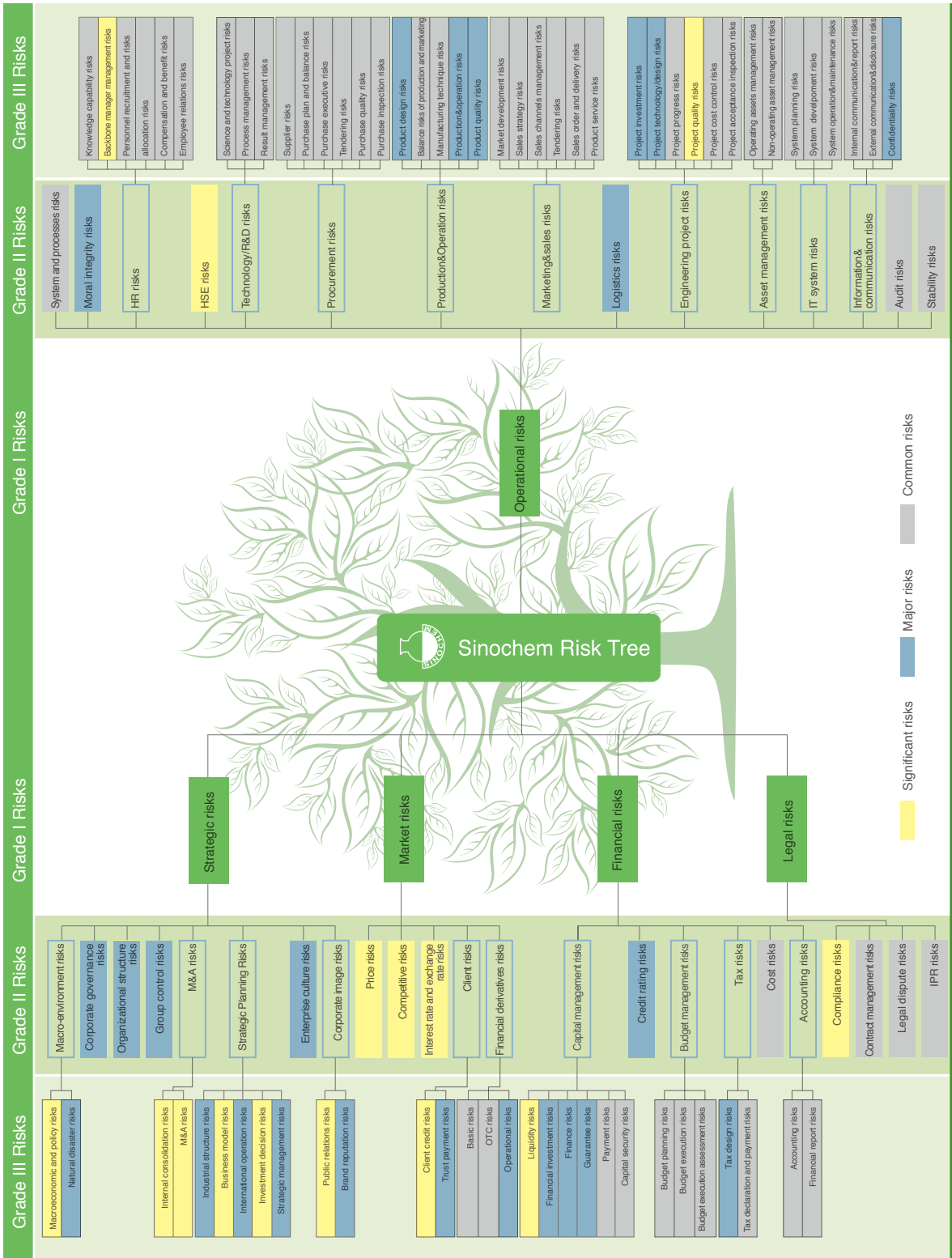
- We build a comprehensive risk management and internal control system, which is based on "one set of standards and two systems" and integrates comprehensive risk management requirements and quality control system, which is supported by risk and internal control management information platform, and which covers corporate headquarters and major business segments of subordinate units. We further optimize and upgrade existing systems. In December 2013, two guiding documents, *Group Internal Control Standards* and *Headquarters Internal Control Manual*, which are in line with COSO standardized requirements, were officially published.
- We follow the principle of "relying on ourselves and carry out independent building", and incorporate comprehensive risk management and internal control into Sinochem's specific tasks, enhance the applicability of the results of all work. At the same time, we draw on the accumulated knowledge and experience of professional institutions, achieve the combination of applicability and advanced technology, so as to realize a great leap forward of the company's risk management.
- We highlight the principle of "integrating three systems, promoting coordinated progress", in a bid to achieve combination of overall coordination with emphasis on specific targets. Comprehensive risk management and internal control system support each other, and we make full use of the results of the quality management system. We employ a specialized information system to achieve "a platform integrating three systems", so as to lay a solid management foundation for the company's sustainable development.
- We stress a sense of crisis—a pending danger is looming large. Constantly strengthen self-diagnosis, self-adjusting, self-renewal

and the ability for self-development; form of a strong self-repair mechanism. Through continuous risk management system certification for subordinate units, we conduct a comprehensive examination on the risks they face; by assessing the results of these tests, we adjust the power authorized by the headquarter to its subsidiaries; as a result, a closed-loop management process featuring "finding shortcomings and remedy them"; carry out investigation on potential risks, identify issues as early as possible and nip them in the bud, so that risk management capabilities of business units will be consolidated.





Sinochem Risk Tree



Enhance Anti-Corruption Education and Tighten Anti-Corruption Measures

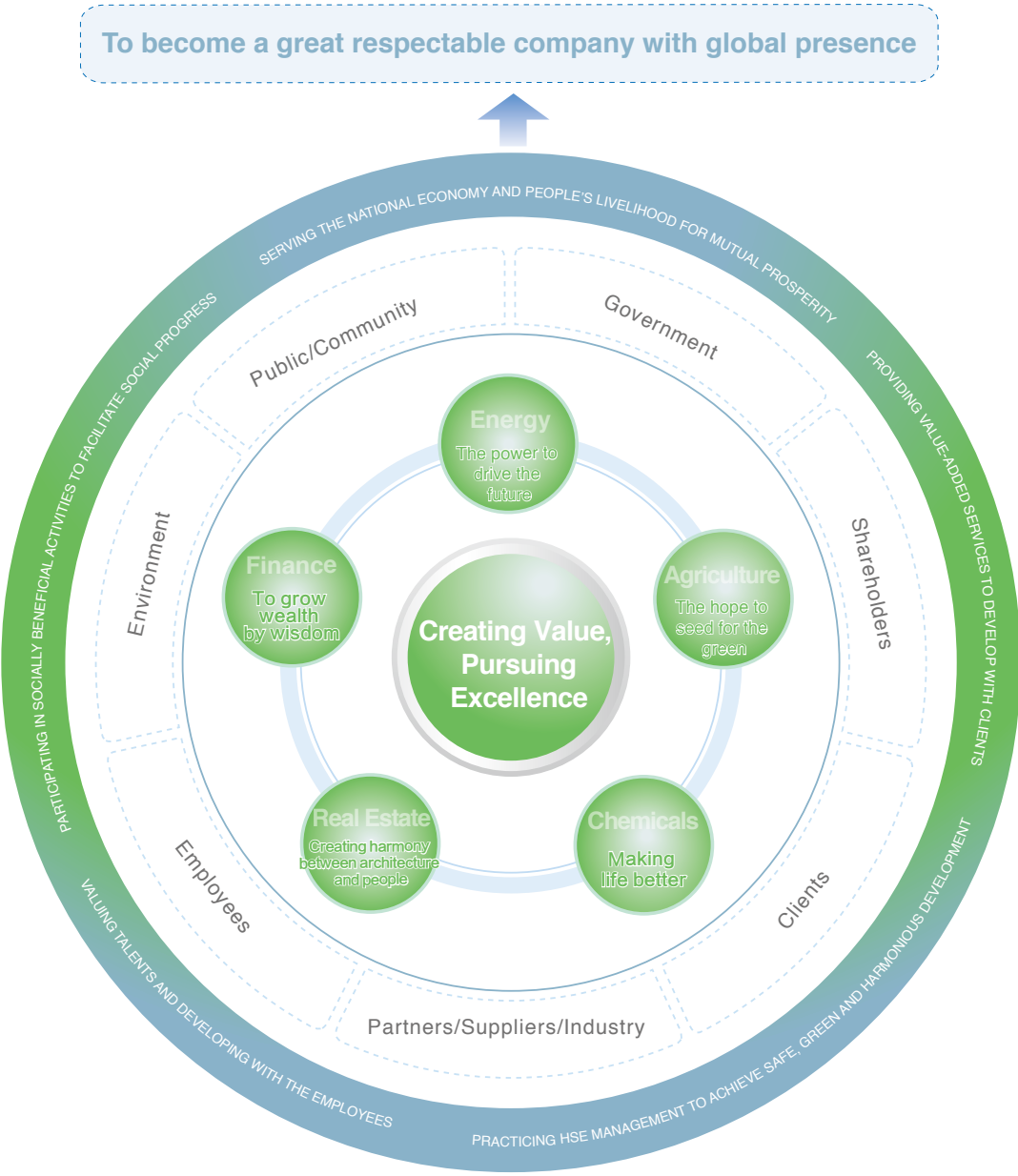
Sinochem upholds the guideline “wherever the strategy may go, anti-corrupction measures will follow”. By controlling the source of corruption and stressing the effectiveness of anti-corruption measures, Sinochem combines its anti-corruption work with its strategic transformation, management improvement structure, and cadre training. By doing so, we have provided strong support and guarantee for the company to grow better, stronger, and more rationally.

- Based on CPC Central Committee's Eight Provisions, we have formulated and implemented "Sinochem Party Committee's Concrete Measure on Further Improving Work Style and Closing Ties with the Masses"; we regard the construction of the Party's integrity and anti-corruption responsibility system as our core work, improve the anti-corruption responsibility system. We identify responsibility items and those who are responsible for them; and arrange, implement, inspect and assess both integrity construction and operation and management at the same time.
- We employ inspections and performance monitoring as a means to integrate supervision resources of "Overall Internal Control" system. Constantly strengthen anti-corruption supervision system. Establish leadership and work mechanism of inspections; regard production and management as the core and management improvement as the target in carrying out performance monitoring.
- We use education as the foundation to carry out anti-corruption education for personnel in key and sensitive positions, and new employees; continue with training programs on personnel in projects, the marketing network and branch offices.
- We use quality management standards, rationalize and optimize anti-corruption system, and form of 17 regulations and practices, which we incorporate into the company's quality management system to publish and implement.

Sinochem's Major Anti-Corruption Measures

MEASURES	2011	2012	2013
Developed efficacy supervision programs (items)	131	93	136
Group-level executives signed CPC Anti-Corruption Letter of Responsibilities (copies)	13	11	18
General managers of Sinochem subsidiaries signed Anti-Corruption Letter of Responsibilities (copies)	44	44	43
Key managers signed CPC Anti-Corruption and Self-Discipline Commitment Letter (copies)	237	235	274
Discipline Inspection Department of Sinochem gave opinions on the appointment and removal of key managers (copies)	66	141	117
Conducted workplace anti-corruption training for employees (people)	9162	10941	13806
Conducted anti-corruption and self-discipline education across the group (times)	144	155	222

CSR Management Sustainable Development Model



Promoting Social Responsibility

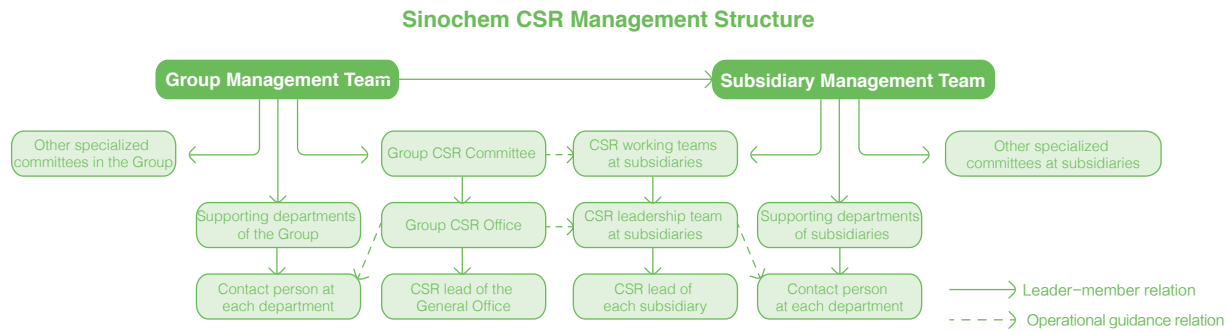
Sinochem Group considers corporate social responsibility as an integral part of the corporate, and incorporates social responsibility into strategic management. We promote social responsibility through a top-down model, carrying out related work in the following four dimensions: concept shaping, system construction, guidance provision and communication with stakeholders, in a bid to create an image of responsible corporate citizen for Sinochem.

• Concept shaping

Forming a model of sustainable development with Sinochem characteristics by adhering to the company's strategy and mission; strengthening the concept of "three compliance" and "three integration", namely, the concept of responsibility must be in compliance with the trends of international social responsibility development, with China's national conditions, and with Sinochem Group's development; and the concept of responsibility should be integrated into corporate mission, culture and values, into operation and management of each business segment, and into communication with all stakeholders.

• System construction

In accordance with the Group's overall arrangement, all units will follow the guidance from the headquarters and coordinate with each other; various departments and business entities at all levels take the initiative to further strengthen the social responsibility system and standardize workflow management. Secondary units set up leadership team on social responsibility; and identify the personnel in charge of social responsibility and contact in each unit, so as to put in place a responsive working mechanism.



• Guidance provision

Emphasizing the important role of social responsibility in remodeling corporate awareness and management by holding social responsibility work training video conferencing; conduct subject training program on latest developments in the field of corporate social responsibility by central SOEs and on methods and requirements of compiling CSR reports. Subsidiaries determine social responsibility themes and carry out practices in line with the kind of business they operate.

Communication with Stakeholders

Sinochem has published sustainable development report for 7 consecutive years, and its subsidiary, including Sinochem International, Sinofert, Manulife-Sinochem Insurance, Sinochem Ningbo, Franshion Properties, also release their own social responsibility reports; we have opened official Weibo account and Weixin account of "Sinochem" to enhance communication with stakeholders; continue to introduce Sinochem through media coverage; film promotional video for Sinochem International with the theme of "globalized Operation, Global Responsibilities"; and sum up lessons learned in classical cases of Sinochem US Agri-chemicals and plantations in Africa.

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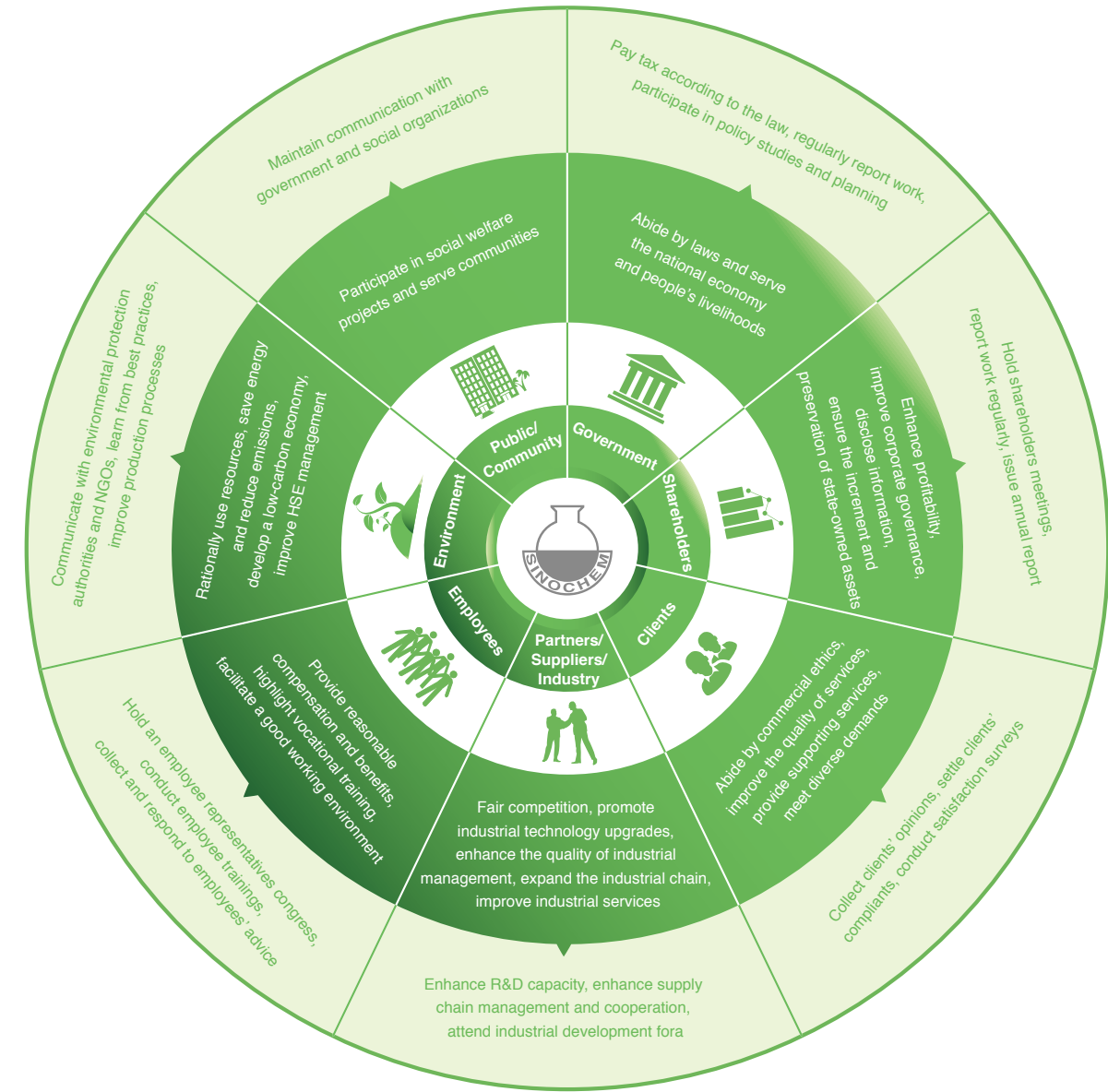
CSR Honors

- In the "Sixth International Symposium on Corporate Social Responsibility Report" sponsored by WTO Guide, "Sinochem Group Sustainable Development Report " won "Evergreen Award for GoldenBee Corporate Social Responsibility Report", and the reports is recommended as a long-term model for all quarters of the society.
- The case "Protecting Agricultural security, Promoting green development" sent by Sinochem is selected into 2013 outstanding cases of corporate social responsibility practices of central SOEs.
- The reedited overseas practice case "Fifty Years of Commitment" is selected into SASAC's *Central SOEs Outstanding Social Responsibility Practices (2009–2011)*.



Stakeholders and Key Topics

While enhancing its own value, Sinochem Group is employing innovative ways to strengthen communication with stakeholders, promote effective implementation of social responsibility work, so as to achieve harmony and win-win outcomes with stakeholders.



Sinochem's CSR Matrix

Sinochem's CSR Matrix					
	Serve national economy and people's livelihoods for mutual prosperity	Provide satisfactory services to develop with clients	Conduct HSE management to reach harmony with nature	Valuing employees' talent to develop together	Participate in social beneficial activities to facilitate social progress
 Group	<ul style="list-style-type: none">Protect national energy and agricultural security, promote chemical industry technology upgrading, commit to improving people's livelihoodCarry out management improvements and lean management, optimizing financial management, improving legal management, and enhancing information construction.	<ul style="list-style-type: none">Improve client service systemEnhance service capability	<ul style="list-style-type: none">Enhance HSE managementCarry out safety inspectionsCultivate environment protection awareness	<ul style="list-style-type: none">Respect and protect employees' rightsPromote corporate democratic managementStrengthen the culture of "Harmonious Sinochem"Optimize compensation system	<ul style="list-style-type: none">Conduct poverty alleviation programsProd suppliers' sense of responsibility to fulfill obligationsInnovate mechanism for conducting community undertakings
 Energy	<ul style="list-style-type: none">Enhance oil and gas resources acquisitionImprove oil storage facility layoutBuild oil retailing network	<ul style="list-style-type: none">Improve services for end usersImprove service quality	<ul style="list-style-type: none">Safe productionGreen productionProtect the nature environmentProtect biodiversity	<ul style="list-style-type: none">Help needy employeesImprove employees' skills	<ul style="list-style-type: none">Prod suppliers' sense of responsibility to fulfill obligationsPromote industry development
 Agriculture	<ul style="list-style-type: none">Secure fertilizer supplyProtect national seed industry securityImprove pesticide R&D system	<ul style="list-style-type: none">Broaden service scopeImprove service quality	<ul style="list-style-type: none">Green productionProvide guidance on using fertilizersDevelop green, low toxic, environmental-friendly pesticidesEnergy conservation and emission reduction	<ul style="list-style-type: none">Set up multi-tiered employee training systemBalance employees' work and life	<ul style="list-style-type: none">Promote industry developmentOrganize donations to welfare projects
 Chemicals	<ul style="list-style-type: none">Serve every aspect of people's livesImprove rubber industry value chainContribute to fluorine industry development	<ul style="list-style-type: none">Enhance R&DProvide professional, comprehensive services throughout the industrial chainProvide customized services and integrated solutions	<ul style="list-style-type: none">Green productionEnergy conservation and emission reductionRecycle used plastic bottles	<ul style="list-style-type: none">Innovate training programs for employeesPromote all-round corporate culture construction	<ul style="list-style-type: none">Organize donations to welfare projectsPromote industry developmentDevelop along with overseas local communities
 Real Estate	<ul style="list-style-type: none">Develop high quality real estate projectsPromote healthy development of the real estate sector	<ul style="list-style-type: none">Broaden service channelsConsolidate property management business	<ul style="list-style-type: none">Practice low-carbon development strategyBuild a brand featuring "green and golden"	<ul style="list-style-type: none">Improve employees' skillCare for employees	<ul style="list-style-type: none">Prod suppliers' sense of responsibility to fulfill obligationsSupport local social welfare undertakings
 Finance	<ul style="list-style-type: none">Consolidate financial services for people's livelihoodPromote multiple business development	<ul style="list-style-type: none">Provide high quality, all-round financial servicesProvide tailored services	<ul style="list-style-type: none">Promote HSE skillsSupport replacement of old buses with new onesSupport urban water disposal system's upgrading	<ul style="list-style-type: none">Optimize compensation systemCare for employees' lives	<ul style="list-style-type: none">Conduct community social welfare activities

Safeguarding National Energy Security

Sinochem Group constantly improves full industry chain operation and services, covering exploration & production of oil and gas(E&P), oil refining, oil trading, storage & logistics, distribution & retails; actively shoulders and has completed the construction and storage of National Crude Oil Strategic Reserve Base, and has begun receiving and storage of refined oil products for the country. Sinochem has now grown into a large global energy enterprise with a complete industry chain, contributing to help the nation build up diversified oil supply system and takes an increasingly important part in energy market of the global.



Major Indicators for Sinochem Group's Energy Business

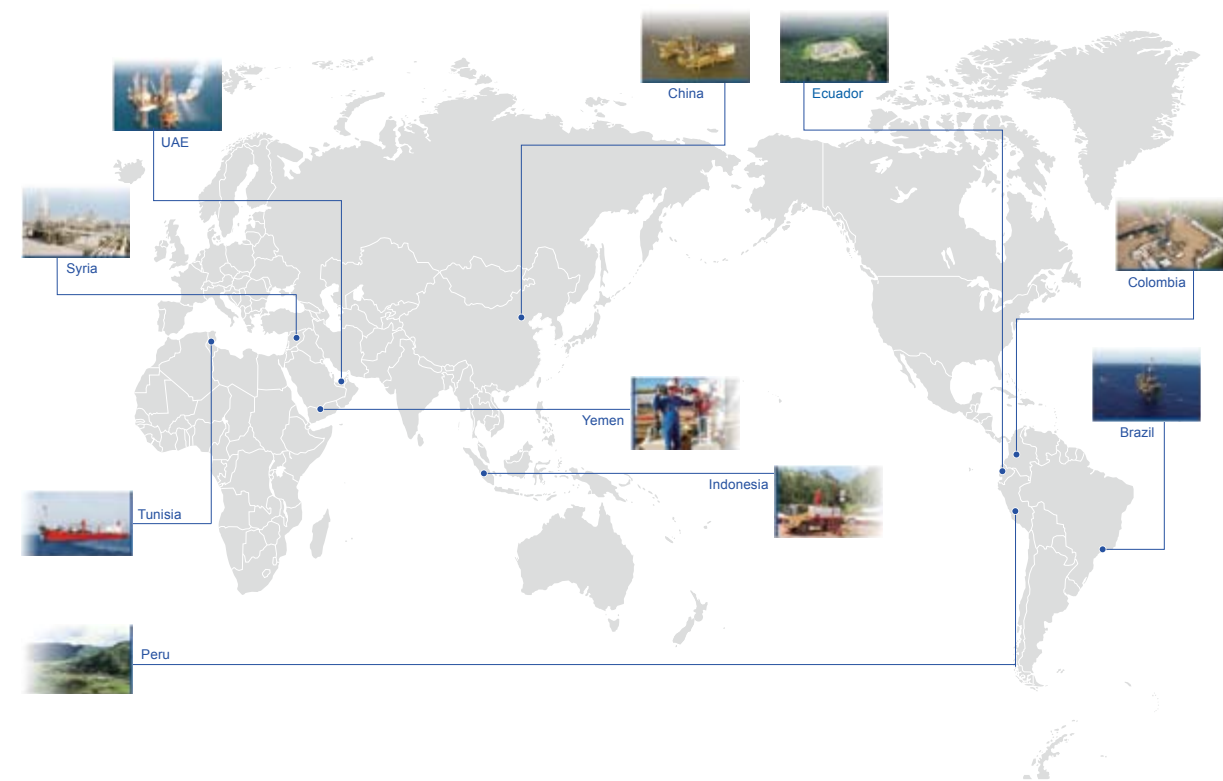
YEAR	2009	2010	2011	2012	2013
Crude oil trading volume (million MT)	48.02	52.53	55.61	55.00	56.00
Equity oil and gas production (million barrels of oil equivalent)	13.74	17.74	22.01	23.34	25.13
Refined oil products (million MT)	4.61	4.12	4.28	4.55	6.89
Oil storage capacity (million cubic meters)	2.91	4.34	6.35	10.03	11.345
Oil refining capacity (million MT)	-	10.00	15.00	15.00	27.00

01

Serving the National Economy and People’s Livelihoods for Mutual Prosperity

As a key SOE, Sinochem Group focuses on improving services throughout the industry value chain of energy, agriculture, chemicals, real estate and finance, safeguarding national energy and agricultural security, propelling the development of the chemical industry, improving people’s livelihoods, promoting technological progress, enhancing management, financial and IT capabilities, so as to advance along with the nation.

Exploration and Development Following the strategy of expanding upstream operation, we have begun oil exploration and development around the world, with the strategic focus on the Middle East and the Americas. We own 34 contracted oil and gas blocks, and is granted the right to develop oil and gas in in the Permian Basin as large as 82,800 acres in the United States; we are either operator or non-operator depending on specific project type, which may be onshore and offshore; we provide products such as light oil, heavy oil and natural gas, and have become an important player in international exploration and development market.



Exploration and Production	Specific Measures
Qualifications	<ul style="list-style-type: none">Sinochem Brazil branch was granted Class A operator by Brazilian National Petroleum Agency, and is qualified to conduct operation onshore and offshore as well as in deep sea watersSinochem Exploration and Production has received gas reserve exploration and development (Class B) certificate by Beijing Municipal Bureau of Land and Resources, and is now qualified to explore domestic gas mineral reserves
New project development	<ul style="list-style-type: none">We have finished the process of Wolfcamp shale gas project with Pioneer Natural Resources Company, and has acquired 40% stake in shale oil and gas assets in the south of the Wolfcamp projectWe work with Columbian National Oil Company (Ecopetrol) to conduct exploration in the three new blocks of Nogal, Cardon and Manzano; we own 50% stake in these new blocks, and is operator in Nogal and Manzano blocks
Tapping into potential and striving increase efficiency	<ul style="list-style-type: none">We apply the findings of "Research on the potential and Arrangement of Hidden Oil Reserves in Old Block in Emerald Columbia" to production; old CR oil blocks now produces large quantities of oil, with oil recovery rate increasing from 22.1% to 29.3%; a new drill in Vigia field of CR block generates high oil flow, producing 2,300 barrels of oil on the day it first operated, and containing only 1% of water; in addition, Gacheta oil layer up to 17 feet thick is also found in this drill

Oil Refining Quanzhou Petrochemical project, which is able to process 12 million tons of crude oil a year, leads the country in producing gasoline, which meets Euro V standard, and diesel, 80% of which reaches Euro IV standard and 20% of which meets Euro V standards; Dalian West Pacific Petrochemical Co., Ltd. is able to process 10 million tons of crude oil a year and produce over 10 varieties and over 30 branded products; Shandong Hongrun Petrochemical Co., Ltd. is able to process 5 million tons of crude oil per year.

Oil Trading By stabilizing our footing in both domestic and overseas markets, we give full play to our advantage of globalized and integrated operation, secured accesses to overseas oil resources, and good cooperative relationship with governments and oil companies of oil-producing countries, and maintain the supply-demand balance in domestic oil product market. In 2013, the total amount of crude oil and refined oil was nearly 60 million tons; the annual amount of long-term contract crude oil was over 40 million tons, which include those produced by over 10 countries like Saudi Arabia and Oman.

Storage and logistics The total storage space that we are currently operating, constructing and managing is around 25 million cubic meters. Our network now covers the Bohai Bay area, and areas in the Yangtze River Delta and Pearl River Delta, with supporting docking facilities whose capacity ranging from 3,000 tons to 300,000 tons, and annual interim storage amount of more than 43 million tons.

Storage and logistics	Specific Measures
Foundation	<ul style="list-style-type: none">The storage tanks of Shandong Hongrun Petrochemical Co., Ltd. in the coastal area have a capacity of 4 million cubic meters, and have oil bonded warehousing qualificationSinochem Xingzhong Oil Staging (Zhoushan) Co., Ltd. is located by one of China's best deep-water ports and serves as an important international refined oil transit base. Our Aoshan Mountain base possesses tanks with capacity of 2.56 million cubic meters, 5 docks with 3,000-ton to 300,000-ton oil terminals , which are able to storage oil and petrochemical products like crude oil, diesel, gasoline, jet fuel and fuel oil; it is able to handle more than 40 million tons of oil products annually, and is the largest commercial oil storage and oil product bonded WarehouseSinochem Tianjin Petrochemical Storage Co., Ltd. owns 950,000 cubic meters of storage area, dedicated railway lines, loading and unloading stations, vehicle loading stations and a variety of supporting dock systems with the size ranging from 5,000 tons to 300,000 tonsSinochem Zhuhai Petrochemical Storage and Transportation Co., Ltd. owns storage tanks of 672,000 cubic meters and a 80,000-ton class dock, making it the largest petrochemical storage base in southern ChinaSinochem Oil serves as an agent for the storage of national strategic crude oil and refined oil and also provides commercial storage services. Some of its subsidiaries have oil depots that safeguard strategic supply of refined oil. By the end of 2013, the total oil storage tank capacity of Sinochem Oil reached 11.345 million cubic meters
Development	<ul style="list-style-type: none">We have completed of the fourth stage of Oriental Storage and Logistics project, the second stage of Sinochem Nantong project, and Sinochem Nantong acrylic acid supporting storage and transportation projectSinochem Hongrun Huangdao-Weifang oil pipeline, which is 176 kilometers long and able to transport 15 million tons of oil every year, was officially put into operation in 2013. Sinochem Hongrun Petrochemical Industrial Park's 4 million cubic meters storage area came into service officially in 2013.

Distribution and Retailing We continue to expand our gas station network in cooperation with our French partner Total Group in Yangtze River Delta region and the Bohai Bay region; Quanzhou Petrochemical have the ability to sell a full range of products and the qualification to conduct refined oil wholesale business.

Safeguarding National Agrilculture Security

Sinochem Group continues to strengthen R&D, production and marketing of three agricultural inputs: fertilizers, seeds and pesticides; consolidate the integration of research and sales to enhance the operation along the industry chain featuring “from laboratory to the field”. We are committed to becoming China's strongest, and world's leading provider of agricultural input integrated service, so as to play a central role in protecting national agriculture security, and contribute to food safety and agricultural development in the world.

Stabilizing Fertilizer Supply

Sinochem Group actively cooperates with external partners to carry out R&D of efficient fertilizer products, and promotes construction of science and technology centers; introduces and absorbs advanced technologies, provides high-quality products, and improves production efficiency; promotes strategic transformation of marketing strategy, enhances supportive marketing services, and constantly improves services throughout the whole fertilizer industry chain.

Major Indicators for Sinochem Group's Fertilizer Business

YEAR	2009	2010	2011	2012	2013
Total Output (million MT)	10.34	10.34	10.34	10.00	12.00
Total Sales Volume (million MT)	15.23	15.51	16.46	17.14	16.28
Total Distribution Outlets	2036	2106	2110	2110	2110

Fertilizer Industry Chain	Specific Measures
R&D	<ul style="list-style-type: none">• We have formed a technological innovation system that includes management structure, innovation platform and team, institutional mechanisms, and scientific and technological investment; set up phosphate and compound fertilizer engineering research center, nitrogen fertilizer engineering research center, and crop nutrition and plant protection research center, and are dedicated to improving energy-saving process of production techniques, seeking breakthroughs in key technologies, R&D of new fertilizers, and technology services and promotion.• We have completed the application of the national key new product of "environment-friendly chelate medium trace element efficient compound fertilizer", which is recommended by the Petrochemical Association to be assessed by the Ministry of Science and technology.• We work with South China Agricultural University to carry out research project of integrated water-fertilizer application, develop efficient water-soluble fertilizer products, as well as water-fertilizer application package for 12 kinds of crops, including cantaloupe, watermelon, banana, etc.• We have completed hardware construction in collaboration with Huazhong Agrilcultural University, Nanjing Tech University to build the National Biochemical Engineering Center Wuhan Branch.
Production	<ul style="list-style-type: none">• We promote advanced manufacturing, and strive for technological upgrading and innovation through lean management process. The production and supply capacity of companies in which we have stake or control are further enhanced. By the end of 2013, the total annual production capacity exceeded 12 million tons• Sinochem Shandong Fertilizer Co., Ltd. has introduced advanced technologies from School of Chemicals from Sichuan University, commercialized it and used it to build industrialized equipment to produces potassium sulfate with K2O ≥ 52% and Cl ≤ 0.5%.
Marketing	<ul style="list-style-type: none">• We constantly strengthen the building of professional teams in branches, improve staff's service and marketing capabilities, develop new primary-level customers, build China's largest agricultural product distribution network that provides full range of products and strongest technological services. We provide not only agricultural inputs like fertilizers and pesticides, but also agrochemical services• By the end of 2013, the sales and service network had included 17 branches and a total of 2,110 distributions



Case: Sinofert Develops Special efficient Fertilizers for Improving Saline-alkali Land around the Bohai Rim.

Supported by the Ministry of Science and Technology, Sinofert takes part in "Bohai Granary Technology Demonstration Project", and conducts research on application of special fertilizers for food crops. By adding organic matter, medium trace elements and other physical and chemical substances, Sinofert verifies the effect of saline-alkali soil improvement and develop fertilizers, safeguarding high yield and nutrient efficiency in low-yielding fields in the Bohai Rim, and contributing to the fulfillment of the target of 1 billion kilograms of extra crops in the region.



Case: Sinofert Assumes the Task of Commercial Storage of Fertilizers in Slack Seasons.

Sinofert participates in "Working Conference on Agreement Singing of 2013/2014 Commercial Storage of Fertilizers" organized by the National Development and Reform Commission and Ministry of Finance, and wins the bid to storage 2.3 million tons of fertilizers. Since 2004, Sinofert has been participating in and completed the storage task for 8 years, making great contribution to stabilizing fertilizer prices and easing seasonal fertilizer shortages. This has demonstrated our role as the "national team" and as the major channel for distribution of agricultural means of production.



Case: Sinochem Yantai Experimental Center Wins CNAS Accreditation

Sinochem (Yantai) Crop Nutrition Co., Ltd. (Sinochem Yantai) Experimental Center received certificate issued by China National Accreditation Service for Conformity Assessment (CNAS), which shows that Sinochem Yantai meets ISO17025 standards in the analysis of fertilizers. As of October 29, Sinochem Yantai will be able to carry out inspection on fertilizers independently, and is allowed to use marks licensed by CNAS and China National Accreditation Board for Laboratories (CNAL), and its test results will be recognized both in China and overseas.



Sinofert "R&D,
Production and
Marketing"
Integration

Ensuring Security for China’s Seed Industry

Sinochem aims to build a world-class and China’s best national seed company, based on such core links in the industry line as technological innovation, access to resources, marketing service enhancement, etc. and strives to consolidate the core competitiveness along the complete industry line that integrates breeding and marketing, foster commercial breeding system, fulfilling the obligation of ensuring national food security and promoting the development of modern agriculture and seed industry upgrading. In 2013, China Seed Corporation was accredited China Star Seed Industry Enterprise Qualification by China Seed Association.

Seed Industry Value Chain	Specific Measures
R&D	<ul style="list-style-type: none">● R & D Results We applied for 7 plant variety rights and 5 patents; cloned new source rice sterility restoring gene and applied for domestic invention patent; the gene contributes to the formation of independent property rights in hybrid rice seed breeding system for China Seed Corporation. We developed 60K full rice genome breeding chips with denser distribution of genome and more accurate detection, and applied for PCT international patent. We finished building genetic conversion system of three major crops—rice, corn and cotton, and improved conversion efficiency● R&D Platform China Seed Life Science and Technology Center was approved to establish post-doctoral research station, which will build a favorable platform for high-level seed industry technology innovation; a world-class biotechnological seed breeding platform consisting of transgenic breeding, genome-wide breeding, conventional breeding, quality analysis , screening tests and operation management systems have taken shape; China Seed Corporation applied and was approved as a partner for "Key Laboratory of Corn and Rice Genetic Breeding of the Ministry of Agriculture" and is the only one in the three selected seed enterprises to engage in both corn and rice research. We made joint investment with Modern Seed Industry Fund and Shandong Academy of Agricultural Sciences in Luyan Co. Ltd. as the leading company in wheat seed R&D and industrialized development
Production	<ul style="list-style-type: none">● We have 650,000 mu (including those own by our subsidiaries and companies in which we have stakes) seed production bases, and a base network covering Northeast, northwest, southwest, the Yellow River-Yangtze River base, the middle and lower reaches of the Yangtze River, and southern China. We have established five major crop production bases that cover main crop planting areas, and built 15 seed processing and storage centers as supporting facilities.
Marketing	<ul style="list-style-type: none">● We have established 22 provincial-level marketing services centers, covering all the major agricultural regions of the country● Six rice varieties, two corn varieties and four wheat varieties have been selected by the Ministry of Agriculture in the list of " 2013 Main Agricultural Varieties and Recommended Techniques".

Case: "SOE Memo" Demonstrates Sinochem Role in Protecting National Seed Industry Security

The fourth episode "Flesh and Blood Connection" of the documentary "Memorandum of State-owned Enterprises" gives an account about the achievements made by China National Seed Group Co., Ltd., a subsidiary of Sinochem Group, in the fields of chip breeding, seed production, and other related areas, which demonstrates Sinochem’s important contribution, as an SOE, to safeguarding China’s seed industry safety and food security.

- We have designed and produced world’s first whole genome RICE6K of rice breeding chip
- We build "China Seed Life Science and Technology Center" to carry out biological breeding and conventional breeding which we have independent intellectual property rights; build a world-class commercial breeding platform to build a leading international

level, in order to focus on bio- breeding , with focus on biological breeding, to promote independent research and development of high quality seeds, so as to break the monopoly of high-end crop seeds core technology by foreign companies.

- We establish cooperative relationship with leading scientific institutions in major ecological zones in the areas of rice, corn , wheat , vegetables and oil seeds
- We undertake a large number of national science and technology projects, and jointly set up "Strategic Alliance of Crop Seed Industry Technology Innovation" with over 50 leading industrial, academic and research institutions, including the Chinese Academy of Agricultural Sciences, China Agricultural University.

Researching and Promoting Environmental-friendly Pesticides

By virtue of its strength in pesticide R&D, production, marketing and services, Sinochem strengthens the sharing of internal resources and effective use of external resources, resulting in steady progress of all links in the pesticides industry chain, and higher quality of environmental-friendly pesticides. We make great contribution to China's agricultural industry upgrading.

Pesticide Industry Chain	Specific Measures
R&D	<ul style="list-style-type: none">● Sinochem Agro, Shenyang Research Institute of Chemical Industry and Zhejiang Research Institute of Chemical Industry have carried out 26 formulation R&D projects, including 17 new formulations, 9 recipe verifications; completed 17 new formulations, 7 recipe verifications and 2 pilot tests; submit 6 domestic field trial registration applications, two of which are qualified for foreign registration application● China's first dual-amides pesticide products with independent intellectual property rights - "tetrachloro worm amide" (Code SYP9080) obtained temporary registration from the Ministry of Agriculture, breaking the current foreign multinationals' monopoly in the Chinese market for such products● Zhejiang Research Institute of Chemical Industry undertook the third subject "R&D of Pesticides for Noxious Weeds" and the eighth subject "Research on Screening Technology for Pesticide Bioactivity" under the "R&D and Commercialization of Green Pesticides Project", a key part of the technological projects during the "12th Five-Year Plan". Subject 3 focuses on the design of guiding structure and optimization, and a total of over 3,000 compounds of 45 varieties have finished bioassay tests and screening; Subject 8 carried out standardized breeding research on more than 90 species of insects, fungi and grass targets, 21 of which are newly bred targets● We work with the Institute for Drug Control of the Ministry of Agriculture to carry out "Research on New Promotion Mechanism for Pesticide R&D", to establish viable mechanism for promoting the creation of new pesticides, foster independent pesticide innovation capabilities for the industry, and promote China's pesticide safety evaluation and management
Production	<ul style="list-style-type: none">● Nantong Science and Technology Co. produces effective, low-toxic fungicides, herbicides, insecticides and other formulations, gradually develops advanced, environmental-friendly formulation like WDG, and is able to produce 180,000 tons of all kinds of formulation products per year● Shenyang Kechuang Co. produces more than 20 effective, low-toxic, broad-spectrum, environmentally friendly herbicides, fungicides, insecticides, and owns more than 100 production techniques with all three required certificates
Marketing	<ul style="list-style-type: none">● We improve our strategic network in the Asia-Pacific region, setting up branches in India, the Philippines and Thailand. Currently we own 45 brands in Southeast Asia and have established a sound marketing system; we established Sinochem Australia to enhance our influence in the Asia-Pacific market● We actively strengthen cooperation with countries in the Americas, and have signed strategic cooperation agreements with relevant agricultural departments in Bolivia and Venezuela



Promoting Progress of Chemical Industry

As China's leading comprehensive service provider of chemical products, we strengthen our resource acquisition, R&D, production and marketing system in fluorine chemical and rubber industry, constantly improve our services along the whole fluorine chemical products and rubber products industry chain. We not only improve our strategic layout in the chemical industry, but also promote the progress of the industry.

Enriching Fluorine Chemical Products

Sinochem Group has a complete fluorine industry chain, covering fluorite resource development, research, production and sales. As the one company that owns the majority share of fluorite resources in China, Sinochem constantly develops fluorite resources; we conduct research on fluorine chemical products, constantly enrich product lines of fluoropolymers, fluorinated fine chemicals and other fluorine chemical products; research and develop more ODS substitute products, and continue to strengthen fluorine chemical product marketing system, and contribute to ozone layer protection and the development of new fluorinated materials.

Fluorine Chemical Industry Chain	Specific Measures
Resources	<ul style="list-style-type: none">• We own more than 30 million tons of fluorite reserves
R&D	<ul style="list-style-type: none">• Sinochem Lantian has independently developed more than 40 proprietary varieties of ODS substitutes, and its production capacity accounts for 30% of China's total ODS substitutes• We undertake two projects within the national "863" projects, formulate 2 pieces of national and 5 industry standards, establish 6 new standards, draft China's first fluorine chemical industry safety standard, and receive 51 patents• The Ozone Depletion Potential (ODP) and Global Warming Potential(GWP) of HFC-161 , under the brand name of"Fengleng", is 0 and 12 respectively. It has excellent environmental performance, and is applicable in most circumstances in replacement of existing refrigerants• The report "8000t/a HFC-125 production technology Development and Application" won the second prize of Technology Progress Award 2013 from China Petrochemical Association
Production	<ul style="list-style-type: none">• We are able to produce 160,000 tons of fluorocarbon chemicals 12,000 tons of fluoropolymers and fluorinated fine chemicals, and nearly 100,000 tons of inorganic fluorine compounds. And through cooperation with Solvay, Honeywell and other fluorine chemical companies, we keep moving up to high-end fluorine chemical industry• Our aluminum fluoride project, the planned annual capacity of which is 80,000 tons, in Chenzhou, Hunan province, has come into operation. The aluminum fluoride it produces meets AF-0 Level 1 standards, and the anhydrous hydrogen fluoride reaches Level One grade goods standard, and it has achieved the application of low-grade ultra-fine fluorite powder in the production products• The newly built HFC-125 device, which has an annual production capacity of 20,000 tons, has been put into operation. The production capacity of trifluoroacetic is further raised, have reached annual output of 80000 tons of anhydrous hydrogen fluoride and 30000 tons of trifluoroacetic
Marketing	<ul style="list-style-type: none">• "Jin Cool" HFC-134a and R4 series of products have become the most prominent brand in domestic vehicle-used refrigerant and household and commercial air conditioning refrigerant markets. The products have been sold in more than 50 countries and regions in the world.• The "Kehua" series trifluoroacetate products has a domestic market share of over 60%



Case: Sinochem Taicang Environmental Protection Co., Ltd. independently Researches and Develops Green Refrigerant Products

Sinochem Taicang Environmental Protection Co., Ltd. is an important fluorine chemical industry base affiliated to Sinochem Lantian. It specializes in R&D, production and sales of ODS (Ozone Depleting Substances) substitutes HFC-134a, HFC-125 and other environmentally friendly refrigerant products. By increasing investments in technologies, the company achieved great breakthroughs in R&D of new products and upgrading of production devices. The highly active fluoride catalyst and HFC-134a production techniques have broken up foreign companies' monopoly. And the company supplies more than 70% green refrigerants for vehicle-based air-conditioning market.

Improving Rubber Industry Value Chain

Sinochem Group continues to extend its rubber industry chain to resource-based upstream. While we keep expanding planting areas, we strengthen our control over self-production capacity, and sticks to the marketing strategy of “creating value for customers”. By the end of 2013, we had finished the global strategic layout of natural rubber business, the operation of which covers the complete industry value chain. Currently, we are China's No.1 provider of rubber marketing and services, as well as a competitive service provider of natural rubber.

Rubber Industry Chain	Specific Measures
Resource Acquisition	<ul style="list-style-type: none">• Sinochem International has an annual natural Rubber production capacity of 680,000 tons, with the planting areas exceeding 80,000 hectares• We acquired permanent use right to 45,000 hectares of land in Cameroon. The company, together with its subsidiaries, is entitled to use 270,000 hectares of land in Africa and Southeast Asia, where the planting area totals 180,000 hectares
Production	<p>We have basically completed our global processing layout in major natural rubber producing regions in West Africa, Southeast Asia, as well as Yunnan and Hainan within China:</p> <ul style="list-style-type: none">• Teck Bee Hang Co., Ltd., which is controlled by GMG, owns 5 natural rubber processing plants in southern Thailand, and is the leading company of the industry in Thailand. It has a complete processing and quality assurance system, and its products represent the highest level in Thailand, which have received certification from all major high-end tire producers• Sinochem Hainan Rubber Co., Ltd. and Sinochem Xishuangbanna Rubber Co., Ltd are able to process 140,000 tons of natural rubber annually, 70% of which are for high-end radial tire
Marketing	<ul style="list-style-type: none">• We sold 750,000 tons of natural rubber, accounting for about 15% of the domestic market. And we are among the world's top in terms of market share• We have established a nationwide marketing network, central warehouses, logistics facilities, and a marketing platform in Singapore, all of which have enhanced our services for downstream customers• We have strengthened our strategic cooperation with Top 10 tire producers, including Bridgestone, Michelin, Continental, etc

Serving People's Lives, Improving People's Happiness

Clothing

Chemical: we manufacture textile and dyestuff for garments, offering diverse choices of clothing to people



Food

Agriculture: we breed new seed varieties for grains and vegetables, providing a more diverse diet to people; we develop green pesticides and fertilizers to increase crop production and yield

Chemical: we develop and manufacture food additives to improve food quality



Housing

Chemical: we produce polyurethanes, HFC-245a foaming agent and air-conditioning refrigerants to enhance the energy-saving function of our construction materials; we produce plastics such as PP and PVC, which are widely applied in pipelines, doors, and windows

Real estate: we built high-end buildings and provide thoughtful property services



Transportation

Chemical: we operate rubber, rubber products, plastics and vehicle air-conditioning refrigerants, which serve as the raw materials for tires and other accessories in automobiles to meet the demands of the auto industry

Energy: we are expanding our gas station layout. Currently, we own nearly 600 gas stations, providing a stable diesel and gasoline supply to meet people's transportation demands



Education

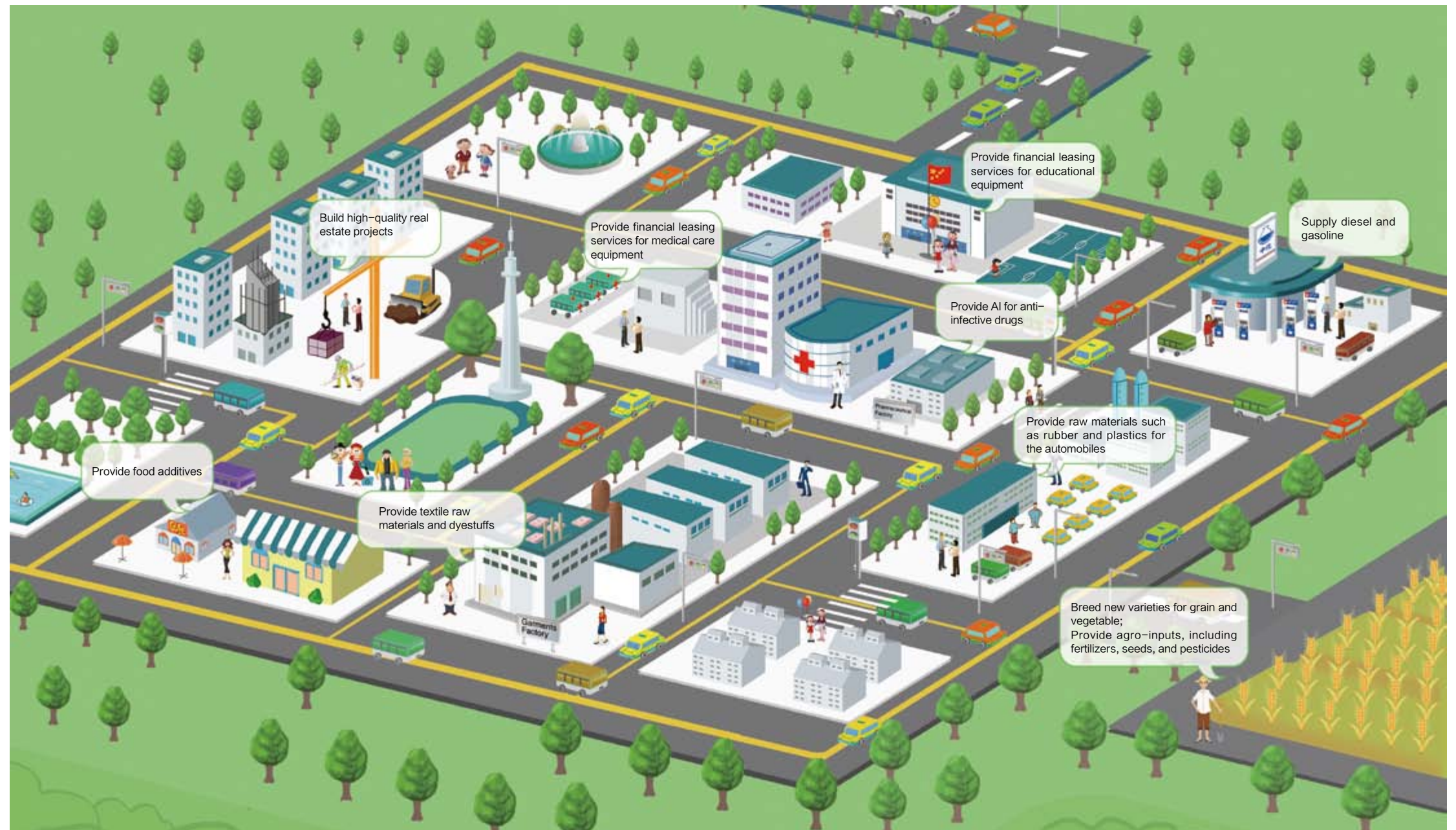
Finance: Far East Horizon Education has become an important participant in and promoter for China's education development. By the end of 2013, Far Eastern Horizon had provided services to more than 140 universities, over 220 occupational training schools, more than 170 high schools, and more than 110 local bureaus of education



Medical Care

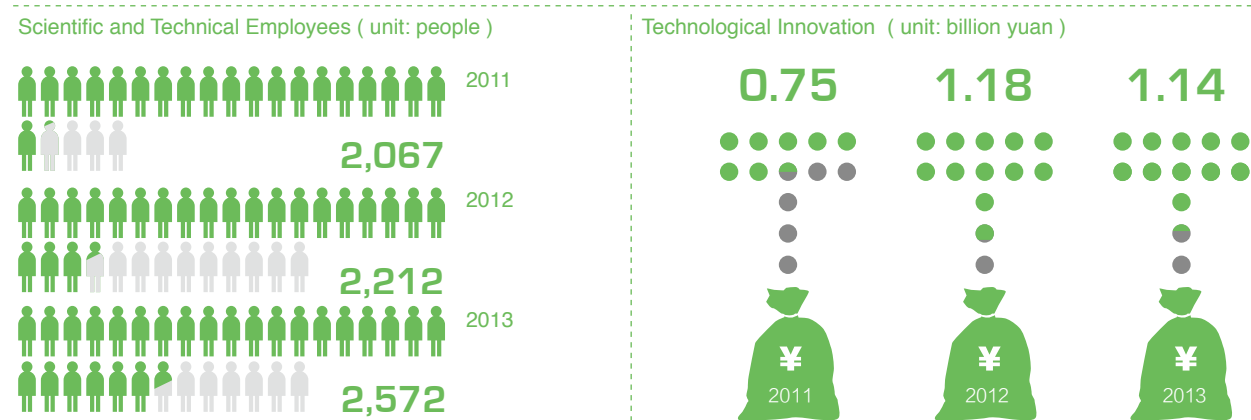
Chemical: as a professional operator of a pharmaceutical supply chain in China, we vigorously cooperate with globally recognized biotech pharmaceutical companies to enhance our overall strength

Finance: we provide a comprehensive solution package for medical establishments in China, including financing, medical engineering, investment and development, management consulting, equipment and facility services, to help the medical care services develop in China. And we provided services to more than 1800 hospitals



Promoting Scientific and Technological Innovation

The company continues to promote the "123" scientific and technological support strategy. We aim to comprehensively improve our scientific and technological innovation capability by enhancing the platform for innovation, team building, and strengthening management capacity. We have already become a national innovative enterprise, overseas high-level talents innovation and pioneering base, national intellectual property rights demonstration enterprise, and one of the key SOEs for the implementation of scientific and technological strategy.



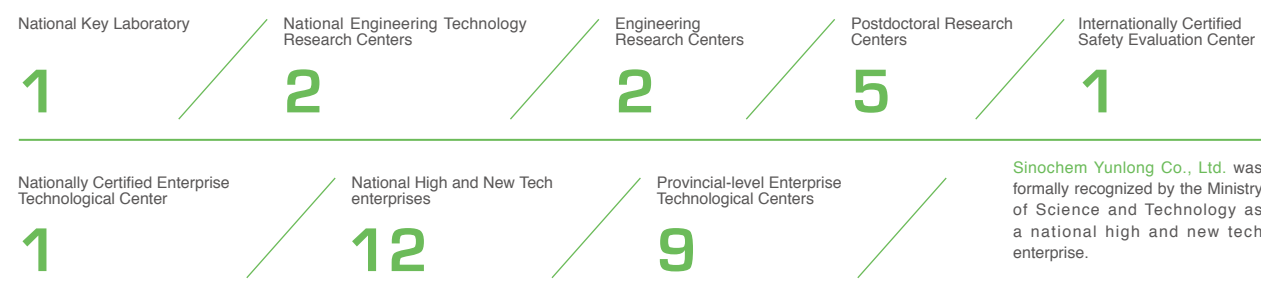
In 2013, the company invested 1.14 billion yuan in technological innovation. We had 2572 scientific and technical employees. We launched 279 new product (new technology) projects, undertook 59 government projects, won 16 provincial and ministerial level scientific and technological awards, formulated 16 national standards and 37 industry standards, and implemented 66 international cooperation projects, including 44 new projects involving creation of new products, technology development, introduction of others' achievements, and building scientific and technological teams, etc.

Note: For five years, we have introduced 26 backbone R & D employees, developed 42 items with new technologies and 54 new products, achieved a total sales income of 1.78 billion yuan, made 223 patents and new products applications, applied 19 national projects based on the Group's projects, and got 95 million yuan worth of national financial support. Over 1/3, 1/4 and 1/5 of main varieties of pesticides, fluorine chemicals and corns produced by China National Seeds Group Corporation, respectively, achieved technological or variety upgrading, and involved production capacity accounted for over 70%, 60% and 70% of total capacity, respectively. For rice, production capacity related to the research achievements of the Group projects took up more than 10% of total capacity.

Improving the Scientific and Technological Innovation System

The company has established a scientific and technological center covering many fields, such as energy, agriculture and chemicals. We have improved our team of innovative talents, strengthened the building of innovation management mechanisms and institutions, and gradually established a scientific and technological innovation system that can boost the high-speed and high-quality development of our company.

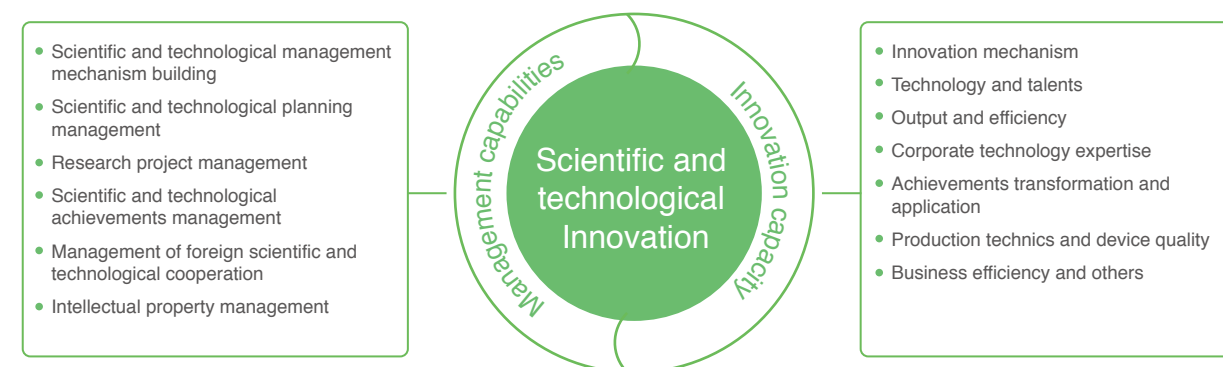
Build a scientific and technological innovation platform



Build a scientific and technological team Sinochem has strengthened its efforts to introducing and training scientific and technological talents, and established a scientific and technological innovation team with more than 3,000 talents in various fields. We have trained and introduced 6 talents in related national projects, including 2 in the "Recruitment Program of Global Experts" ("1,000 Talents Program"), and 4 in the "One Hundred, One Thousand and Ten Thousand Talents Program". In 2013, our Shenyang branch newly introduced 1 talent in the "1,000 Talents Program". We now have 33 experts enjoying special allowance granted by the State Council. And we have finished the evaluation and recruitment work of 6 batches of Sinochem senior experts, with 90 experts in total.

Build capacity for scientific and technological innovation and management Sinochem has strengthened the organizational building for scientific and technological innovation, improved the assessment mechanism, reformed the management mechanism for scientific and technological innovation projects, and realized the improvement of capacity for both scientific and technological innovation and related management.

- After restructuring, we established a professional multi-functional committee responsible for R & D, production, operation, and functional management, which has strengthened the collaboration of research, production, marketing and scientific and technological innovation.
- We developed the evaluation index systems of "enterprise scientific and technological innovation capability and technical level" and "scientific and technological management capability", and we carried out evaluation based on them. We identified our shortcomings in terms of innovation, and came up with measures to improve them accordingly. The evaluation results of innovation and management capabilities have been included as indexes for performance evaluation for secondary institutions.
- Before projects were approved, we mobilized staff in different professions and sectors to increase the possibility of the approval of projects. We gave HSE and IPR the veto power, strengthened project planning objectives management, raised standards for project acceptance, and improved the quality of project research and development. We have established follow-up evaluation mechanism after a scientific and technological project is completed, which covers the follow-up evaluation for the approval, implementation, examination, acceptance, achievements and fees of the project. The management mechanism is continuously improved through follow-up evaluation.



Case: Shenyang Research Institute of Chemical Industry Has Built a Platform to Share Information on Scientific and Technological Innovation

Shenyang Research Institute of Chemical Industry has built a platform to share information on science and technology, covering safety assessment, standardization and pilot scale experiment, which has supported and assisted the business development of the Group.

- The Safety Evaluation Sharing Platform participated in the Ukrainian project of Sinofert and the Venezuelan project of Sinochem Agro Co., Ltd. and ensured the smooth implementation of the projects;
- The working group for the building of a pilot scale experiment base has been established. And the construction plan for the pilot scale experiment base has been made and included in the Strategic Development Plan 2014-2016;
- Business of intra-group service of the experiment platform increased from 18.07% in 2010 to 49.13% in 2013.

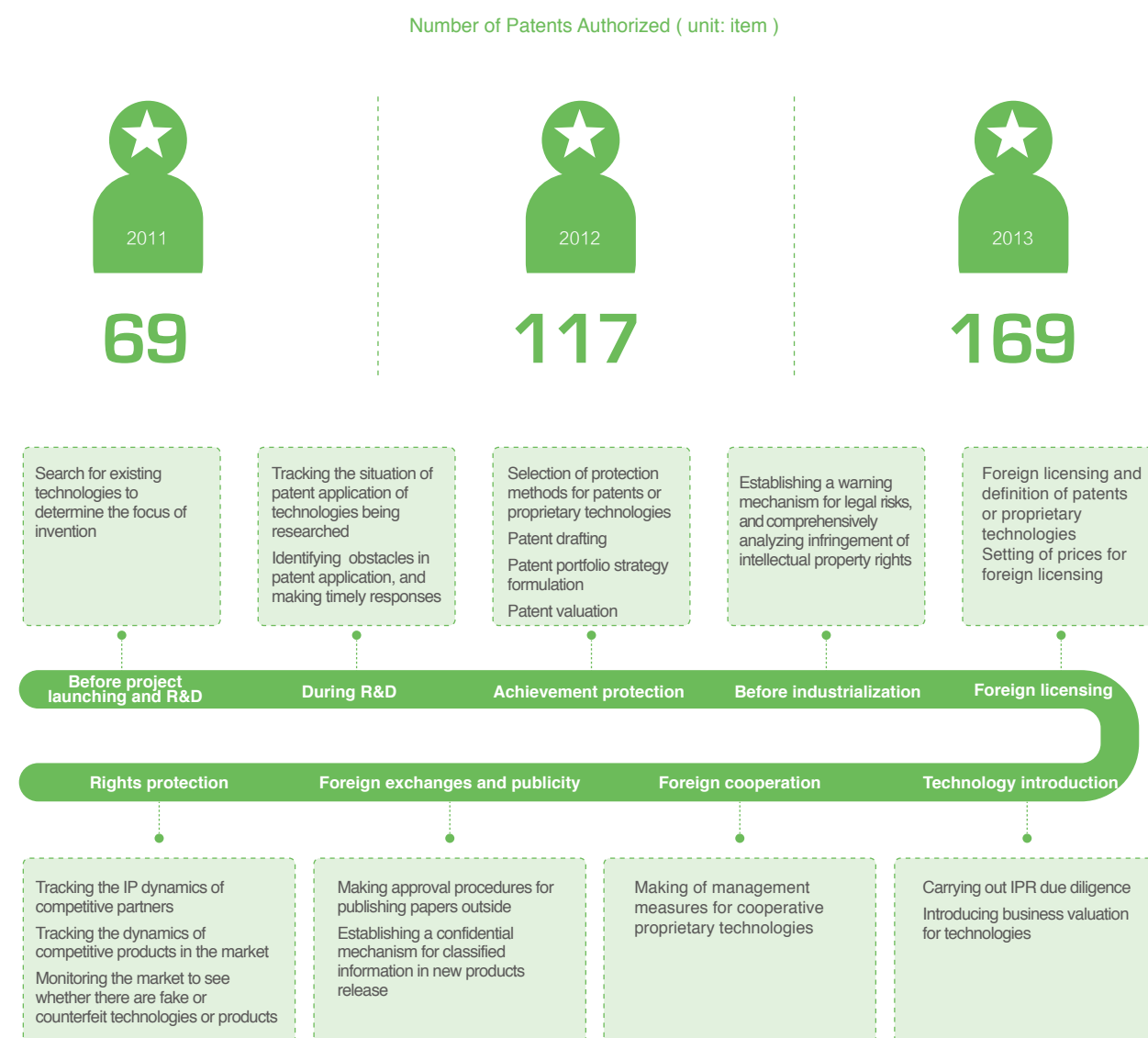
Case: Sinochem Lantian Co., Ltd. Has Deepened Reform on Its Scientific and Technological System to Build Itself into A Science-and-Technology-Oriented Enterprise

Sinochem Lantian Co., Ltd. aims to become "a leading fluorine chemical industrial group with cutting-edge science and technology". It has carried out reform on its scientific and technological system under the guidance of strategic planning, so as to enhance its technological innovation capability, and improve the company's core competitiveness. In 2013, the company invested 160 million yuan in technology, and 126 million yuan in research and development. Throughout the year, it undertook 67 R&D projects, with 63 implemented smoothly, and projects carried out as planned accounted for 94% of all projects. The company applied for 79 patents last year (with 64 patents of invention), and 51 patents were authorized (with 30 patents of intention). It broke its records both in the application and authorization of patents.

Promoting Intellectual Property Rights Management

Sinochem has established an intellectual property rights (IPR) management model for large SOEs, featuring “internationality, professionalization, strategic management, professional management and risk management.” This attempt aims to enhance the company's capabilities of creating, utilizing, protecting and managing intellectual properties. In 2013, we was listed among the first batch of “National IPR demonstration enterprises”. We made 271 patent applications throughout the year, and 169 were authorized, a yearly increase of 32% and 90%, respectively. As of the end of 2013, the company has accumulated 654 active patents, with 78% being patents of invention, and 25% applied in the United States, Japan and Europe

- We formulated and issued *Guiding Opinions on Strengthening the Protection of Proprietary Technologies*, as well as a whole set of industrialized IPR management standards.
- We have been following the developments of key patents such as the patent arrangements of the fourth generation of refrigerants conducted by Honeywell and DuPont in China.
- For key pesticides developed by Sinochem Agro and Zhejia Research Institute of Chemical Industry, we carried out analysis on the risks of patent infringement before industrialization.
- In Jiangsu Sinorgchem, we conducted trainings on the related systems, property registration, and operating procedures of assets assessment about state property management, copying the property management system of Sinochem International to Jiangsu Sinorgchem.



Creating the Highest Value for Shareholders

Sinochem Group implemented the guiding principle of “making progress while ensuring stability.” The healthy, stable, and sustainable development was achieved by promoting business while strengthening management. In 2013, we were again named “Enterprise with Outstanding Performance” by SASAC, became a Grade-A Enterprise in SASAC’s performance assessment for the ninth year in a row, and a Grade-A Enterprise in its tenure assessment for the third year in a roll. In the “World’s Most Admired Companies 2013” made by the Fortune magazine, we were No.1 in the list for the trade industry, representing the best performance of Chinese enterprises in industrial lists.

Major Operational Indicators of Sinochem Group (Unit: 100 million of RMB)					
YEAR	2009	2010	2011	2012	2013
Operating revenue	2430.29	3353.27	4589.53	4531.59	4669
Net profit	52.16	73.45	106.97	75.45	69.52
Total assets	1716.03	2114.56	2581.89	2866.24	3178
Shareholders' equity	667.24	763.79	873.27	974.19	1132.11

Conducting a Management Improvement Project

Combining the requirements of SASAC and our own need for management innovation, we further and comprehensively promoted management improvement of the Group and laid a solid foundation for value creation, based on the “Sinochem Management System (SMS),” which takes corporate culture as foundation, internal control mechanisms as means, team building as guarantee, and strategic management as orientation, and also based on the lean management, which is our “basis of existence and measure of governance.”

Clarifying Principles

As we further improved our management, we clarified the general principle of “proceeding from the reality of Sinochem, earnestly further improving management of our Group based on the schedule and requirements of SASAC.” We also pushed forward the concrete principle of “Six Combines”, including combining the promotion of lean management, combining the implementation of the annual plan, combining the sector positioning in our headquarters building, combining the new project of parent company and subsidiaries management, combining the expectations of leaders and various sectors, and combining the practice of model enterprises.

Making Progress Systematically

As we made efforts to improve our management, Sinochem Group always followed the instructions and requirements of SASAC, made thoughtful organization and arrangements, steadily improved specific programs, upheld collaboration, continuously improved our work in various stages and made related summary and evaluation. We rectified problems in 13 specific programs and 4 key breakthrough areas.

- Strengthening organizational leadership. We established a leading group and a working group for management improvement, identified the Office for Management Improvement. Each secondary unit and functional sector in the headquarters established institutions to organize activities on management improvement to guarantee the smooth progress of all related activities.
- Improving working mechanism. We improved the communication mechanism, inspection and supervision mechanism, developed approaches to examining activities on management improvement, and carried out on-site inspection and supervision in various units on a regular basis.
- Formulating working programs. We developed targeted action plans, which included 158 questions from functional sectors, and 707 from units in operation.
- Implementing grass-root diagnosis. We selected pilot units, organized grass-root on-site diagnosis, and carried out exchange meetings on management diagnosis in grass-root units.
- Strengthening promotion. Through 25 issues of Briefing on Management Improvement Project of Sinochem Group, Sinochem Today, the management improvement module of the NOTES platform and other ways, we publicized special practices in various companies of our Group as we carried out this project. We also enhanced our exchanges and communications, and promoted good practices and experience by launching special trainings on management improvement and holding summary and exchange meetings.

Realizing Tangible Improvement

Through the rectification of problems found in the 13 specific programs and 4 key breakthrough areas, we scored obvious achievements in overcoming shortcomings, reducing costs and increasing effectiveness.

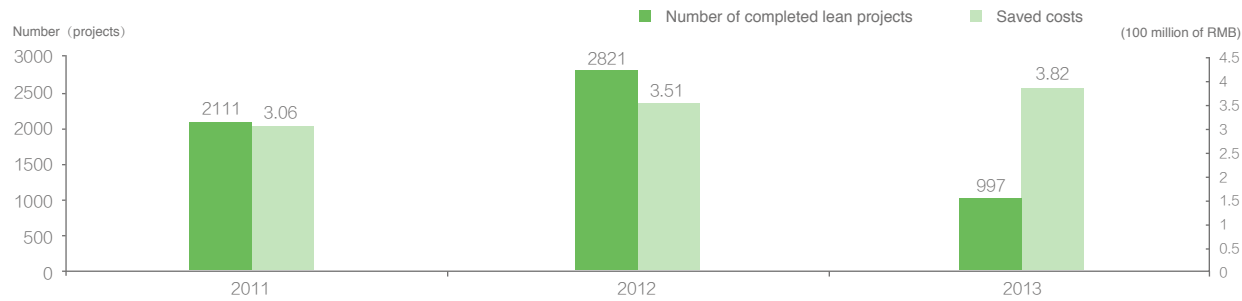
No.	Specific Programs on Management Improvement	Achievements	Details
1	Investment decision-making management	We improved the information system for investment management, and clarified the rights and responsibilities involved in the hierarchical management of investment management	See P36
2	Overall budget management	We improved overall budget management, and witnessed the initial formation of a new framework system for overall budget management	See P36
3	Comprehensive risk management	We continuously improved the internal control system and the comprehensive risk management system, and combined comprehensive risk management with internal control so as to forge, in a systematic and phased manner, a comprehensive risk management and internal control system version 2.0 with Chinese characteristics and in line with international standards	See P10-11
4	Technological innovation management	We improved technological innovation system and mechanism, and the creation, utilization, protection and management of IPR	See P30-31
5	Human resource management	We strengthened team building in key positions, and improved the building and management of human resource integration teams	See P58-60
6	Property management	We improved property management, and established property management information system	See P32
7	Legal management	We strengthened the building of legal workforce	See P36
8	Procurement management	We standardized key links in procurement management	See P67
9	Safe production management	We improved the HSE management system, and built HSE teams	See P49-50
10	Information-based management	We improved information-based organization structure	See P37
11	CSR management	We established social responsibility organization system	See P13-16
12	Party construction management	We standardized and perfected our work in branches	See P61
13	Anti-corruption management	We established a discipline inspection and supervision mechanism	See P12

Honors

We won the titles of “Outstanding Unit in the Management Improvement Project for SOEs”, “Outstanding Unit for the Improvement of Investment Decision-Making Management”, “Outstanding Unit for the Improvement of Comprehensive Risk Management”, and “Outstanding Unit for the Improvement of Human Resource Management.”

Implementing Lean Management

Sinochem Group continued to strengthen the combination of lean management and management improvement, integrating ideas of lean management into all aspects of operation, and vigorously implemented lean projects in order to achieve systematic cost reduction. In 2013, the company implemented and finished a total of 997 lean projects, including 91 Group level projects and 906 projects at secondary and below levels. We saved 382 million yuan worth of costs.



Case: Lean Management of Sinochem International Has Reduced Warehousing Cost Per Unit Ton for the Distribution and Trade of Chemicals

Sinochem International took reducing warehousing cost per unit ton as a key lean project in 2013. Based on analysis of the constitution of warehousing costs and major factors influencing the costs, the company clarified procedures and specific plans for improvement. In 2013, the company spent 38.16 million yuan on warehousing, and warehousing cost per ton was 20 yuan / ton, a yearly decrease of 13%, bringing a direct financial gain of about 5.64 million yuan.

- We implemented intensive procurement, and developed ladder-type rates, with the volume of procurement as the base.
- We adjusted the way of leasing, long-term contract and provisional tank capacity based on specific amount of shipment. We integrated warehousing capacity by replacing basic long-term oil storage contract with provisional renting contract. And we reduced the tank capacity of styrene, and adjusted structure of chartered tank, replacing larger tank with smaller ones.
- We adjusted the way of shipping. We tried to arrange shipment from the Jiangyin area, and in Zhangjiagang city we mainly adopted land transportation. In ports and railway stations with intensive arrival of plastics and PVC, we carried out direct selling.

Case: Shenyang Kechuang Has Reduced Consumption of Solvent and Production Costs

Shenyang Kechuang implemented the lean project of “Reducing Consumption of Solvent and Production Costs.” Through the two ways of workshop pre-treatment and whole factory comprehensive treatment, and taking the epoxiconazole production workshop as the starting point, the company gradually developed solvent control measures from the “point implementation” with single product and single workshop to the “plane implementation” with key products and the whole factory. By sorting out and improving solvent consumption, the solvent consumption of major original drug products reduced 846.3 tons compared with the budget, a decline of 23.74%.

Optimizing Financial Management

Taking value management as the core, we have continuously promoted the strategic transformation of our financial management, and established and improved a financial management system based on value creation. We have strengthened the construction of the internal control system, improved comprehensive budget management, strengthened management of domestic and overseas pool of funds, enhanced investment and financing capabilities, and strengthened liquidity management. We have actively explored the value-leading role of the financial system in the allocation of resources, and relevant management methods and means in the protection of value, so as to guarantee the healthy, stable and sustainable development of the company.

- **Consolidating financial base** We have established an efficient, multi-dimensional financial reporting system, improved internal and external financial reporting capabilities, and given play to the supervisory and controlling functions.
- **Optimizing the allocation of resources** We have improved the efficiency and ability to resist risks of capital through ways such as adopting innovative financing channels and ways, improving capital structure, and deepening the building of the centralized management system featuring global integration, etc.
- **Raising the company's rating** As of April 2014, the international credit rating agencies Moody's, Fitch and S & P all raised the rating of Sinochem Hong Kong (Group) Co., Ltd. from BBB + to A-, further enhancing the company's image and reputation in global capital markets.
- **Improving the budget and performance evaluation system** We have established a closed loop of management covering budgeting, monitoring, evaluation, feedback, readjustment and examination, with comprehensive budget management as the core. We have designed a unique cost management system framework and a cost accounting system, and made cost management measures, so as to build a cost management system with Sinochem characteristics.



Case: Improving the Investment Management System, and Strengthening the Whole-Cycle Management of Projects

With the goal of "making our major business bigger and stronger, and maintaining and increasing the value of state assets", we have always taken our development strategy as investment guidance, continuously optimized the allocation of capital and resources, and improved the whole-cycle investment management system, which involves pre-investment management, investment decision-making management, project construction management, and project operating evaluation and disposition management. In 2013, four projects were forced to stop, involving 6.4 billion yuan worth of investment, which effectively prevented and controlled investment risks, and promoted the transformation and development of our enterprise.



Case: Optimizing Financing Channels

Sinochem has given full play to the advantages of diversified domestic and foreign financing channels so as to meet the funding needs of corporate for their strategic promotion, operation and development. We newly established a \$300 million U.S. commercial paper program, issued of 9 billion yuan worth of domestic corporate bonds (10-year and 15-year terms) and \$ 600 million worth of overseas perpetual hybrid bonds, and got 9 billion yuan worth of favorable loans for fixed assets from China Eximbank and U.S. \$ 200 million worth of reserves financing of a U.S. oil and gas project. Among them, the first perpetual hybrid bonds issued overseas gained, as the first case of investment perpetual capital securities issued overseas by a Chinese enterprise, 100% accounting equity and 50% international rating equity.

Improving Legal Management

We have implemented legal risk management in an all-round manner, abided by various laws and regulations, further improved regulations on legal management and legal risk prevention mechanism, further standardized our work on legal affairs and made it more information-based, guarded against law-related risks in mergers and acquisitions, and met the company's need for legal management in its strategic transformation and business development.

- **Making our legal work more standardized** While improving management and quality system, we improved our legal risk prevention mechanism, clarified the working procedures and specific requirements of contract management, authorization management, litigation management, lawyer-hiring management, and project legal management, and formulated a legal internal control manual. In 2013, the rate of legally audited contract reached 100%.
- **Improving the General Counsel System** We increased the proportion of full-time general counsels, and established the General Counsel System in all important subsidiaries.
- **Strengthening team building for counsels** We comprehensively improved the quality of the team. In 2013, a total of 29 people passed the qualification examination for corporate counsels. We strengthened professional training for counsels, and promoted resource sharing, communication and collaboration among counsels within the system. Throughout the year, we organized outside counsel special trainings for more than ten times, and conducted study, discussion and experience sharing for all legal staff in the system through video conferencing on a monthly basis.



Enhancing Our IT System

The company took the year 2013 as IT Promotion and Building Year. Under the guidance of IT strategic development plan, we attached great importance to service, which supported our business operation and management improvement. We invested 430 million yuan, carried out 44 information-based projects, expanded system functions, promoted collectively built systems, improved operation and maintenance levels, strengthened security, and significantly improved the IT system. Sinofer won the honor of national demonstration enterprise for the in-depth integration of IT and industrialization.

Building of marketing and trade system

- We completed the development of Version 3.0 of our system, and rolled out and promoted 6 subsidiaries under Sinochem Oil, 4 subsidiaries under China National Seed Group Co.,Ltd., 3 subsidiaries under Sinochem International Yangnong, and 4 subsidiaries under Sinochem Agro

Information Security

- We established a server security zone and an Internet DMZ zone, and deployed intrusion detection devices. By doing these, we improved the security level of servers strengthened our monitor of and control over the servers. The Group's ERP financial system and the financial company's CB system have passed the Security Level Protection Assessment (Level-III)

Core applications and off-site disaster preparedness

- We have established ERP and TMS core application and disaster preparedness system, so as to ensure continuity of our business, and strengthen the ability of the system to withstand unexpected disasters

Application of virtualization technologies

- Using mature virtualization technology, we divided 139 virtual servers out of 12 physical servers for production, development and system test, having saved 15 cabinets

02

Providing Value-Added Services to Develop with Clients

Sinochem upholds the business philosophy of “creating value for clients through value-added services, and creating value for our company through the satisfaction of clients”. We regard the needs of clients as the core of our work, continuously expand our service model, enrich our service portfolio, improve our capability in service, and develop with our clients.

Improving the Service to Oil End Market

Sinochem has given full play to its advantages of having business in the whole industry chain in the oil sector. While providing quality services to clients, we improve oil product end retail service network, standardize our service, and provide clients with convenient and satisfactory refueling service.

Completing Our End-User Market Service Network

Sinochem has adopted the marketing model of “integration of production and marketing, and self-management”, actively expanded the distribution and retail network of product oil, and initially established a strategic layout covering markets in North, East and South China, with sales network covering 16 provinces and cities such as Beijing, Tianjin, Hebei, Liaoning, Heilongjiang, Shandong, Shanxi, Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Guangdong, Jiangxi, Hunan, and Hainan. With more than 20 regional sales companies and nearly 600 gas stations, we have been continuously expanding direct sales and end-user markets, and enhancing the company’s ability to service. In November 2013, Sinochem Oil officially stationed in Changsha city, And we plan to invest 1.2-1.5 billion yuan over the next five years in the construction of 120 gas stations in Hunan Province.

Strengthening Our Service Quality

Sinochem pays attention to client service, carries out client satisfaction surveys, and collects client service statistics on a monthly basis. We provide car wash, blowing-up, vacuuming, parcel-collecting and other convenient services to our clients free of charge, and keep improving our service quality.



Case: Fujian Retail Gas Stations Providing Convenient Services

Fujian flagship retail gas station has enhanced their service, and provided convenient services to clients.

- The station prepares convenient equipment for glasses cleaning, self-service shoe-cleaning, vacuum-cleaning, tire-inflating, phone-charging, and umbrellas. At non-peak hours, refueling staff provide front windshield cleaning service.
- The station has introduced the project of “convenient pay,” providing services such as credit card repayment, utility payments, mobile payment, and bank transfers.
- The station carries out service assessment through MMP unknown customer grading, customer satisfaction surveys and other means.



Improving the Service System for “Agriculture, Countryside, and Farmers”

Adhering to the idea of “serving agriculture, countryside and farmers, and strengthening and benefiting agriculture,” Sinochem has built an integrated service system of agricultural inputs. We have farmers in our mind and serve them, and we are committed to growing together with China’s modern agriculture.

Constituting a Scientific Fertilization Service System

Sinofert, a subsidiary of Sinochem, focuses on the actual needs in the fields, continuously integrates resources, and has built a nonprofit fertilization service system centering on the “agricultural knowledge education system”, “field service and guidance system”, and “balanced fertilization service system” so as to help farmers use agricultural inputs in a scientific way, and achieve production and yield increase.

Agro-chemical Knowledge Spreading System

- We invite professors in China Agricultural University all the year round to provide 400 and 800 telephone hotline service. As the end of 2013, we have cumulatively received more than 200,000 calls.

On-site Service and Guidance System

- Worked together with the Department of Science, Technology and Education of the Ministry of Agriculture as well as provincial agricultural councils to provide technical services to farmers, to help construction of technology demonstration counties, demonstration villages, farmer field schools, and to promote on-site guidance

Balanced Fertilization Service System

- Built high-standard, modern and large-scale demonstration projects of soil and fertilizer technology
- Cooperated with formula fertilizer enterprises designated by the Ministry of Agriculture and undertook the project of “one hundred counties, one thousand villages and ten thousand hamlets” to build soil and fertilizer pilot testing stations in Wen County of Henan, Baoding of Hebei, Dashi-qiao of Liaoning, etc. resulting in a preliminary fertiliz

Case: Construction of Farmer Field School (FFS)

Since 2011, Sinofert has been in cooperation with the Ministry of Agriculture to establish farmer field schools (FFS), a new type of service, across the country. Being participatory, inspiring and interactive, FFS puts farmers first, makes fields classrooms, and teach farmers practical farming skills and technics.



As of the end of 2013, the company has altogether set up over 170 FFSs across the country, covering Hebei, Jiangsu, Southwest China, Heilongjiang, Northwest China, Jilin, Shandong, Fujian, Hunan and other places, with over 10,000 farmers directly receiving training, and over 300,000 rural households getting benefit indirectly.



Case: “Water and Fertilizer Integration Technology” Boosted Output Whiling Saving Fertilizers in Five Southern Provinces

Subsidiaries of Sinofert in Hainan, Guangdong, Guangxi, and Anhui carried out, together with South China Agricultural University, the research project of “Water and Fertilizer Integration Technology”. Taking advantages of the company’s marketing outlets and South China Agricultural University’s research strengths and resources, we developed efficient water soluble fertilizer products, explored a water-fertilizer integrated package covering 12 produces such as hami melon, watermelon, and banana, conducted water soluble fertilizer test demonstrations, and provided fertilizers and supporting fertilization programs to farmers. In 2013, we held 8 on-

site demonstrations, 15 times of technology trainings for growers on crop cultivation, fertilization, and pest prevention and control, and 11 times of home-visiting guidance service. By doing these, we have applied the drip irrigation technology with the mix of water and fertilizers to more than 10,000 mu of lands, and for each mu we earned about 400 yuan because of saved cost and increased yields, which has improved farmers’ enthusiasm for and capability of scientific farming. Our goal is to save 30% of fertilizers in Southern China by 2015, and earn 600 yuan more for each mu of land growing economic crops.



Case: Small Courtyards of Technology in Pingdu City, Finishing the “Last Kilometer” of Agri-Chemical Service

Sinofert’s subsidiary in Shandong Province has cooperated with China Agricultural University and Qingdao Agricultural University to build small courtyards of technology in Yinjiacun Village in the Daze Mountains, Pingdu City, Shandong Province. Sinofert innovates the model of agri-chemical service, adhering to the service philosophy of “Four Zeroes,” namely, zero distance, zero threshold, zero time difference, and zero fee. By combining

advanced technology and high-quality agricultural products, Sinofert helps farmers solve problems in production, optimize the planting of grapes, and explore the marketized mode of operation for technical services. In 2013, with the help of small courtyards of technology, the output of high-quality grapes reached 2,500kg/mu, which was highly appreciated by the farmers.



Providing Satisfactory Services to Farmers Purchasing Seeds

China National Seed Group under Sinochem adheres to the philosophy of “providing farmers with better seeds and more attentive services, and becoming a more intimate and trust-worthy friend with farmers.” The company has chosen and promoted high-quality, high-yield, disease-resistant, insects-resistant, and stress-resistant varieties, actively carried out pilot demonstrations, and provided grassroots farmers with quality technical services so as to guarantee increase of output.

- The company carried out demand survey and growing demonstration before sales, conducted timely distribution according to demand during the process of sales, and provided training and guidance after sales. We have spread messages via phone calls, texts, and leaflets so as to timely help farmers prevent plant diseases and insect pests, and done a good job in field cultivation management.
- The company has provided whole-process technical services, established standardized plot fields for quality varieties in key counties, innovated model of cooperation with rural cooperative business

organizations and large farming households, and promoted new varieties of quality crops and planting techniques by providing quality seeds and practical planting skills.

- In the Huang-Huai-Hai Region (a region covering the basins of the Yellow River, Huai River and Hai River), we have introduced “Zhongzhong No. 8”, a lodging-resistant variety suitable for mechanical planting. In plot fields, we adopted technics such as mechanized sowing, simultaneous sowing of seed and fertilizer, and mechanized grain yielding, and provided planting technical guidance to farmers.

Case: Promoting a New Model of Land Transfer

China National Seed Group has adopted a new model of seed production. In Zhangye City, Gansu Province, we have transferred 6,000 mu of transformed farmland, and assisted Village Committees establish farmers' cooperative organizations, reemploying farmers as “industrial workers”, so that they have rent and labor income as two ways of income guarantee. The company has organized unified

field management work such as planting, fertilizing, emasculation, and harvesting. We have arranged technical personnels to carry out standardization guidance, realized standardized management and large-scale operation, so that we have significantly improved farmers' income and quality of seed, and the efficiency of large-scale operation has gradually become obvious.

Expanding Pesticide Service Network

Our company has actively explored modern plant protection techniques, enhanced our multi-form cooperation with the industry's best companies, and established an innovative service model with diversified channels.

- We have mainly depended on ourselves in making variety products, introduced external cooperative products, established a series product line, and provided clients with integrated solutions to problems of core crops.
- We have built a technical service team integrating marketing, closely cooperated with the National Agricultural Technology Promotion Center and plant protection stations across the country, and come to the fields to provide a full range of technical services and support for farmers.

Case: Exploring a New Model of Technical Services for Modern Plant Protection

Sinochem Agro has signed a strategic cooperation framework agreement with Heilongjiang Provincial Plant Quarantine and Protection Station, giving full play to its advantages in R&D and applied technologies of plant protection products. The two parties jointly provided some of plot farmers in Heilongjiang with an integrated crop protection solution including plant protection and

treatment programs, plant protection products, technical service and residues monitoring. By using efficient, low-toxicity, low-residue plant protection products and scientific and reasonable way of fertilization, so as to maximize the efficient use of pesticides, reduce the amount of applied chemical pesticide, protect the environment, and help farmers increase output while saving cost.



Case: Promoting the Service Network of “Sinochem Plant Hospitals”

Sinochem Agro has established a “Sinochem Plant Hospital” in Shou County, Anhui Province. The hospital has provided farmers with systematic and advanced plant protection technology services through ways such as irregular free expert diagnosis, technique explanation, long-term consultation service for farmers, and free trial of plant protection products. The company has established “Sinochem Plant Hospitals Website” in order to provide more farmers with online technical service and support.

From July to September, the Sinochem Plant Hospital has invited experts from Anhui Provincial Academy of Agricultural Sciences, Liu'an Municipal Center for Promotion of Agricultural Technology, and Shenyang Research Institute of Chemical Industry to carry out the following activities:

6Times

- Technological lectures, introducing the prevention and control technologies for common local pests, identification of counterfeit agricultural resources, and recognition of harms of pesticides
- Experts on-site diagnoses with the theme of “free diagnosis for farmers, education of product application technologies commonly seen in the market, and fighting the drought to ensure output increase”

1Time

- Training on the prevention and control of false smut of rice

Farmers in the Baoyi Farm were provided with the following products for free:

200Mu

- Demonstration fields using plant protection testing products



Providing Professional Comprehensive Chemical Business Service

Sinochem centers around subdivided industries such as chemical logistics and plastics to continuously innovate business model, enrich service portfolio, and provide clients with professional comprehensive chemical business service.

The Highest Security Standard for the Liquid Chemical Logistics

Sinochem International under Sinochem Group has a liquid chemical fleet and a fleet of tankers with the largest scale and highest security standard in China, covering fields such as shipping, tank container multimodal transport, freight forwarding and warehousing, terminal and depot service, making us the only company in China that can carry high-risk liquid chemicals such as TDI and MDI. The company is in possession of national level-I freight forwarding and customs clearance qualifications and other relevant qualifications, and we have branches in all the major ports in the country. Besides, in major coastal port cities such as Tianjin, Dalian, Shanghai, and Guangzhou, we have chemicals warehouse with fully qualified operators.

- Hainan Sinochem Shipping Co., Ltd., our subsidiary, is one of the largest professional liquid chemicals shipping business entities. As of the end of 2013, the company controls 66 ships, with more than 850,000 tons of capacity, providing liquid chemicals transport service along domestic coasts and international far and near sea routes.
- The company, together with Japan's fourth-largest ship owner Turbo Maritime Ltd., established Dorval SC Tankers Inc. (DSCT), a joint venture with Sinochem International FZE holding 51% of shares. Taking advantage of the

traditional strengths of Turbo Maritime in the Australia and New Zealand line, DSCT provides better-quality service to clients all over the world.

- Shanghai Safe-transport Chemical Logistics Co., Ltd., our subsidiary, is the largest owner of professional tanks. As of the end of 2013, the number of tanks possessed by the company reached 8,412, in which 25% were special tanks. In 2013, the company established a joint venture with NEWPORT, taking advantage of NEWPORT's resources to further strengthen global operating platform.

Tailored Plastics Services for Our Clients

Sinochem Plastics, our subsidiary, is a trade marketing company specialized in bulk petrochemical raw materials, which has established a prudent business model with key clients at the core and is based on resource acquisition, product marketing, and risk management. The company provides clients with tailored product and service integrated solution.

Improving Product Mix

- According to supply and demand of the market, we timely adjusted product mix, developed products with high growth potential, and eliminated those with excess capacity. Products such as styrene, methanol, and aromatic have increased with a certain proportion, which has greatly increased the performance of petrochemical business
- We cooperated with intra-system companies such as Yangnong, and developed PNCB and PPP into core products, gradually forming the core product portfolio including EA

Reinforcing Management of Supply Chain

- We further optimized and upgraded the management mode for the supply chain of automotive materials, establishing quality management platform for General Motors, conducting systematic management from the production of raw materials to the production of parts

Providing High-quality Real Estate Projects and Property Services

Franshion Properties sticks to the product philosophy of “releasing future vitality of cities” and the service philosophy of “being customer-centered and quality-centered”, pays close attention to the quality and living experience of buildings, and provides customers with efficient, high quality and butler-style service. The company is committed to the creation of a hotel service brand with “zero complaint,” making safe, comfortable and harmonious environment and atmosphere for customers.



Case: The Creation of Property Right Personalized Micro-hotel Group

Franshion Properties has launched the Jin Mao Whisper of Jade Dragon property right personalized micro-hotel group, the first property right hotel project. Integrating personal tastes, this project created seven themes, and established over 100 personalized vacation homes of 33 categories. The company has also introduced a building block-style model featuring full openness, independent cooperation and free combination. The owners carry out independent positioning, independent pricing, and they decide the functions of property by themselves. This



project has integrated the three innovative characteristics of “micro”, “personalized” and “independent.”

The hotel group has carefully studied all links including integration of resources, room booking, customer landing, check-in, room service, shops, etc. By following the owners' vacation, self-living and investment habits and making systematic management plans, the hotel group has not only solved the problem of stagnate property prices in the short run, but also provided tourists with quality holiday apartments, truly realizing win-win for owners and tourists.



Case: The Establishment of a Comprehensive Maintenance Team for Professional Services for Customers

In 2013, Kaichen World Trade Center chose engineering and technical personnel that were good-looking, responsible and able to solve a full range of technical problems to establish a professional comprehensive maintenance team, so as to guarantee the timely service of clients' maintenance need and their satisfaction. The Center promised to arrive at the clients' places within 10 minutes, and the daily completion rate of maintenance work was 100%. Meanwhile, the Center arranged staff to carry out inspection and examination on VIP floors after 18:00 on a daily basis. Except for emergency maintenance accidents, all inspection and maintenance work were completed after work, improving the service of “non-interference” inspection and maintenance.



Providing Reliable and Efficient Financial and Tendering Services

With multiple financial services, Sinochem builds a relatively complete development framework of non-banking financial business. And influential brands in the industry have been created, such as “Far East Horizon”, “FOTIC”, "foreign trust", “Lion Fund” and “Manulife.” We continuously improve our service capabilities through enhanced business development and risk management.

The Financial Leasing Services Promoting Industrial Advance

Far East Horizon, our subsidiary, is a leading comprehensive financial services institution in China. The company adheres to the industrial operation service strategy, and upholds the business philosophy of “financial + industry.” Through continued innovation of products and services, the company provides customers with one-stop service solution. In the medical, printing, shipping, construction, industrial equipment, education, textile, electronic information, utilities and many other fields, the company centered around the need of customers to carry out integrated industrial operation services involving finance, trade, consulting and investment.



Case: Boosting the Construction of Urban Public Facilities

In our response to the central and provincial governments’ policies on new energy vehicles, we have provided funding to urban public transport companies to help them update buses and raise vehicle emission standards. We have updated over 1,000 buses inclding LNG, LPG, CNG, BSG and other new energy buses in more than 30 cities including Nanjing, Fuzhou, Guangzhou, Zhongshan, Baoding, Yangzhou, Putian, Changde, and Nantong, with a total value of 680 million yuan. We have also carried out a loan program for new energy vehicles with the Asian Development Bank, with the value of the project amounting to about 650 million yuan.

We have provided funding to urban sewage treatment enterprises and drainage companies to help cities complete the upgrading and renovation of water treatment systems, promote the development of urban drainage, and improve the living environment of cities.

We have already provided nearly 780 million yuan to over 20 cities including Changsha, Suzhou, Changzhou, Yangzhou, Taixing, Baoding, Wuxi, Zhuzhou, and Pingdingshan.



Trust Services that Take Trustee’s Needs as Paramount

FOTIC's business covers many fields, including asset securitization, family trust, securities investment trust, inclusive finance, real estate trust, infrastructure trust, directed additional stock, fund, futures, etc. The company upholds the business philosophy of “thinking of changes in a sound and moderate way, treating customers and talents in a sincere and respectful way.” Through continued brand service upgrading, extensive investment channels, the efficient construction of information technologies and professional wealth advisors, the company has created a comprehensive and integrated platform of marketing services, and is committed to providing customers with high quality and professional financial products and services. The company has for many times won awards such as the “Best Wealth Management Trust Company of the Year”, “Best Wealth Management of the Year”, and “Best Trust Wealth Management of the Year”. In 2013, FOTIC created more than 20 billion yuan of trust income for its clients.



Case: FOTIC won the "2013 Best Comprehensive Service Trust Company Award"

In June 2013, at the "21st Century Asset Management Annual Meeting2013& the Sixth China Asset Management Golden Shell Award Ceremony" sponsored by 21st Century Economic Report, FOTIC won the "Best Comprehensive Service Trust Company 2013 "award. FOTIC adheres to the business philosophy of “thinking of changes in a sound and moderate way, treating customers and talents in a sincere and respectful way”, and is committed to providing customers with high quality and professional financial products and services. This award shows that the service concept, team quality, profitability and brand image of FOTIC has been widely recognized by the society.



Full-course Quality Tendering Service

Sinochem International Tendering Co., Ltd.'s business mainly include international and domestic tendering and related technology and equipment import agent, procurement management, and international business consulting. The company continuously improves the quality of service and business, upholding the philosophy of “standing firmly rooted with credibility and integrity, putting talents first, pursuing excellent service and innovation.” Through rigorous and standardized operation, the company provides customers with full-course quality procurement consulting services to help customers improve procurement efficiency and reduce risks of project execution. The company has won the “ Top Ten Chinese Tendering Agencies” for six consecutive years, and has for many times won China’s “Ten Most Competitive Tendering Agency Award”, and “5A Tendering Agent of Integrity and Excellence”.

- The company successfully obtained the Class B Qualification of Material and Resource Procurement granted by the Ministry of Commerce, and smoothly conducted foreign aid business. The company has explored business such as overseas business consulting, overseas project management, and integrated procurement and import of overseas parts, and undertook the loan service of foreign procurement of the Austrian government.
- The company focuses on serving pillar industries of national economy, such as the aerospace, military equipment, railway equipment, iron and steel metallurgy, petrochemicals, industrial machinery, shipbuilding, energy conservation and environmental protection, and has participated in national key projects of many large enterprises, institutions and government agencies. The company has conducted in-depth exchanges with clients such as Commercial Aircraft Corporation of China, Qinghai Salt Lake Group, and Department of Navy Equipment, and introduced laws and regulations on tendering and procurement, practical business experience, knowledge of international trade, and risk control measures, so as to make tendering and procurement more standardized.

Enhancing HSE Management

Sinochem Group takes management improvement activities as the main line, keeps in mind the HSE responsibility and mission, and focuses on the strategy objectives of “building a good team, establishing a good mechanism, creating a good system, fostering good culture, and making good performance” as well as the working objective of “zero accident.” We continue to maintain “an iron fist grasping safety,” pay close attention to the front line and fulfillment of responsibility, pursue effectiveness of management, raise management level, and ensure that HSE situation remains stable.

Continuously Improving HSE Management

We strictly follow relevant regulations, identify our shortcomings and gap with the others, clarify objectives and measures to improve, develop and implement practical HSE improvement programs, and make efforts to improve HSE management level.

Strengthening the Building of Quality Management System

- In accordance with laws and regulations, we found new problems and carried out correction, with 7 items of rules revised, and 3 items added
- Through regular meetings and internal certification, training, education and implementation of decisions, we conducted many self-examination combining our internal audit work. By doing this, rules and regulations of units of all levels have been in line with and covered by those of the Group's

Strengthening HSE Benchmarking Management

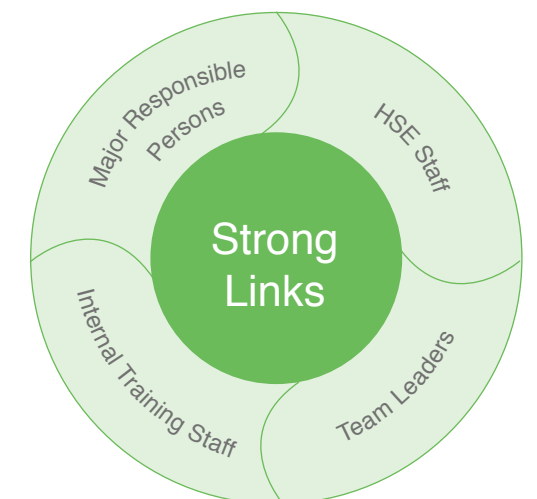
- We developed benchmarking tools combining the 13 elements, with 21 secondary units and 98 tertiary units realizing overall benchmarking, and 2,053 problems found and solved
- Through various ways such as regular meeting, monthly newspaper, HSE audit and inspection, we carried out following guidance, and improved the HSE self-management capabilities of units at all levels

The “Whole Life Cycle HSE Management Information System” of our Group won the award of “National Outstanding Information-based Safe Production Solution” at the Safe Development Forum sponsored by the National Safe Production Month Organizing Committee, and organized by www.xinhuanet.com.

Strengthening HSE Capacity Building

• **Establishing HSE Talents Development System** By HSE staff counting and assessment of professional sequence, we have constructed an HSE professional development channel, established an HSE professional talents team, and realized the organized construction of institution and effective training of personnel

• **Establishing HSE Capacity Building System** With the goal of improving HSE capability, we have established and improved an HSE training system featuring top leaders taking the overall responsibility, and members of leadership team and managers at all levels shouldering dual responsibilities in one post. We continuously strengthen HSE leadership and building of professional capabilities, and earnestly improve HSE abilities and level, by way of implementing internal certification and trainings for personnel in key posts and HSE professionals, and launching the training program of “100 internal trainers, and 1,000 team leaders.” By strengthening training management, we promote HSE training matrix, carry out comprehensive trainings, and continuously improve the HSE awareness and skills of our employees.



03 Guarantee Safety and Protect the Environment to Reach Harmony with Nature

Sinochem Group takes “building a responsible Sinochem to achieve sustainable development” as our mission, upholds the healthy, safe and environment-friendly management mechanism, adheres to the principle of “putting people first” , continuously improves the working environment of our employees, protects the surrounding environment in a scientific way, guarantees the development of the Group with innovative way of work, and has achieved a harmonious coexistence between the Group and nature.

Case: Sinochem Organizing HSE Certification Training for Major Leaders

Sinochem has invited senior the senior experts of State Administration of Work Safety and Ministry of Environmental Protection to give lectures. Through HSE laws and regulations, interpretation of HSE management requirements of the company and analysis of accident cases, major leaders got to know that "safety responsibility is extremely heavy."



Occupational Health

Sinochem Group continuously strengthens basic management of occupational health. We have further improved management mechanism, and standardized management by doing works such as improving occupational health management system, standardizing occupational health records management, reporting occupational hazard projects, improving occupational hazard identification and monitoring, implementing technical reform on occupational hazards, strengthening protection against occupational hazards, regulating the use of personal protective equipment, standardizing health monitoring of staff, and normalizing related education.

- Mainly combining the basic building of occupational health, we comprehensively carried out specific troubleshooting and rectification.
- We organized experts to provide on-site guidance on all business segments. Taking into consideration of both problems found in corporate self-examination and feedback of expert on-site guidance, we optimized and implemented infrastructure promoting program
- Mainly conducted comprehensive standardization and rectification of personal protective equipment to ensure that the whole process from type selection to discard of personal protective equipment is standardized, achieving real protection for employees.

Safe Production

Sinochem Group takes safe production as one of its key works. We keep a close eye on problems, remain result-oriented, constantly reinforce basic management, and strive to improve the level of safety management to ensure that risks are under control. We won the awards of "Outstanding Unit" at the "Fighting and Treating Rule-violation" Knowledge contest held by the safe production field of the country, and the National Emergency Rescue Knowledge Contest for Enterprises.

A number of initiatives to improve safe production leadership

- We comprehensively promoted leadership with safety awareness, and strengthened the organization and leadership of safe production
- We clarified job responsibilities for safe production, required employees to sign safe production letters of responsibility on various levels of leadership, and comprehensively promoted linear responsibilities and management of responsible areas
- We implemented the safety qualification access system, and comprehensively improved the managers' capability for safe production

A variety of activities to improve the safe operation of the front-line

- We strongly promoted the activities of improvement for safety
- We carried out front-line safety team-building
- We carried out safety standardization operations
- We introduced the safety philosophy of DuPont to improve our safety culture

Various channels to enhance fundamental safety guarantee capabilities

- We strictly strengthened review and check on investment projects
- We increased the intensity of troubleshooting
- We increased safety investment and strengthened rectification of hidden dangers
- We comprehensively promoted the safety automation reform on hazardous techniques

Realizing the promotion of management through examinations by "iron fist for safety"

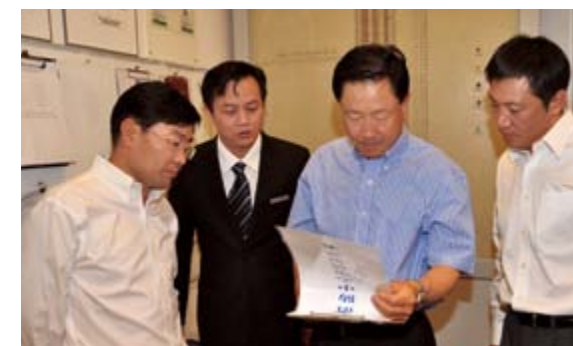
- We implemented the management strategy of "iron fist for safety"
- We improved the assessment mechanism on safe production, and increased the difficulties of examination

Case: Sinochem Carrying out Safe Production Inspections

Sinochem organized experts in enterprise safety, equipment, technology, electric meter, and fire prevention and fighting, and divided them into 13 inspection teams for safe production. With members of the leadership team leading them, these 13 inspection teams conducted cross inspections on 5 major fields and 31 enterprises, covering their daily management of safe production, monitoring and control of direct operation links, rectification of hidden dangers for safe production, professional areas of safe

production such as equipment technology, management of construction projects, fire prevention and production, food hygiene and implementation of flood prevention work and so on.

The Safe Production Inspections feature unprecedentedly strict requirements, tough measures, strong implementation and wide coverage. The fact that all leaders of the Group went to the front-line is not only a safety education activity, but also a practice of leadership with safety awareness.



Warning and Reflection

In 2013, we earnestly learnt from lessons of the major safety accidents in the petrochemical industry, took them as warnings for us and carried out earnest reflections, identified our own problems and shortcomings in HSE management, and analyzed our hidden dangers and problems in HSE integrated management, operation site management, enforcement of rules and regulations, management of techniques and equipment, and management of contractors. And we made clear the following four key requirements for our work:

- We should implement responsibilities, establish and improve a safe production responsibility system covering all employees, all process and all dimensions. We should strengthen safety assessment, and resolutely implement the safe production "veto" system.
- We should optimize processes and strengthen source control. We should earnestly sort out problems in organization and management process seriously affecting safe production, and carry out prompt rectification.
- We should consolidate the foundation of management, strengthen the building of HSE leadership of leaders at all levels, and do a good job in all-employee training and education.
- We should strengthen emergency management, make efforts in areas such as risk identification, emergency plans, emergency response teams, emergency drills, emergency resources and crisis response. We should improve emergency plans to guard against risks.

Emergency Management

Sinochem Group further improves the emergency management system, optimizes emergency plans, carries out training exercises, establishes and improves emergency response information platform, and constantly enhances emergency management capabilities.

- Improving the procedures for the management and distribution of corresponding emergency fund, and refining emergency instruction lists of each team
- Upgrading emergency platform, comprehensively keeping in line with the construction standards of national emergency platform, and adding GIS map platform to realize the visualization of emergency resources
- Carrying out census on emergency resources, conducting comprehensive research on related teams, equipment, materials and expert resources, analyzing shortcomings, and finding loopholes



Case: Shenyang Research Institute of Chemical Industry Held Fire Emergency Drill

Sinochem Shenyang Institute held fire emergency drill within its premises. Fire Brigade officers of Shenhe district of Shenyang were invited to provide on-site guidance to enhance employees' fire safety awareness, improve their emergency response capabilities, familiarize them with basic knowledge of escape from fire, and help them learn the proper use of firefighting equipment and so on.



Environmental Protection

Sinochem has made great efforts to build itself into a resource-saving and environment-friendly enterprise. We have set high standards for ourselves, kept clean production, taken the initiative to carry out environmental protection verification, continuously strengthened the EIA and the "Three Simultaneous" management, strengthened operation and management of environmental protection facilities, ensured stable pollutant emission under the regulated limit, strengthened control over significant risks of environmental protection, and achieved the harmonious development of economic efficiency, environmental protection, and resource conservation.

Energy Conservation and Emissions Reduction

Taking low energy consumption and high output value as our goal, technological innovation as a means of measure, and project reform as the key, our company comprehensively promotes energy conservation and emission reduction to establish a good example for the industry. In 2013, for each 10,000 yuan of output value, we altogether consumed 0.76 tons of standard coal, and comprehensively used 602,942.69 tons of general industrial solid wastes.



- We conduct strict examination on energy consumption for newly invested projects, make energy consumption as an important indicator, carry out energy assessment on projects, and implement energy saving measures
- We strengthen capacity building for energy measurement, and carry out regular energy audit and energy balance testing for key energy-consuming enterprises
- We actively carry out project financial reporting and new technologies application, construct demonstration projects for energy conservation and emissions reduction, and build a demonstration enterprise

Energy
Conservation
and Emissions
Reduction



Case: Franshion Properties Has Completed the First Carbon Emission Quota Trading Contract in the Construction Industry of China

China has become the largest carbon emitter in the world, so it is of great significance for the sustainable development of the Chinese economy and society as well as environmental protection to reduce carbon emissions. Statistics show that, among all China's carbon emissions, emissions from the real estate and construction industries have taken up 40%. On November 28, the opening ceremony of Beijing Carbon Emissions Quota Trading was launched. This event was held by the Beijing Municipal Government, and co-organized by Beijing Development and Reform Commission, Beijing Finance Bureau, and the Climate Department of National Development and Reform Commission. During the forum, Franshion Properties and China Energy-conservation and Green Carbon Company (Beijing) signed an agreement to purchase 1,000 tons of carbon emission quota of Sinochem Jinmao Properties each year, constituting the

first carbon trading contract in the construction industry of China. This case has served as a shining example to promote energy conservation, emissions reduction, and environmental protection of the whole industry.



Case: Sinochem Energy Conservation and Environmental Protection Company Vigorously Promoting Energy Conservation and Emissions Reduction

Sinochem Energy Conservation and Environmental Protection Company's core work is to serve the energy conservation and emissions reduction efforts of energy-consuming companies both inside and outside the Group. It has integrated domestic and foreign technology, markets, and capital and other resources, actively expanded energy conservation business in the industrial and construction field, continuously provided quality energy conservation products and services to energy-consuming companies both inside and outside the Group, and contributed to China's efforts to build a resource-saving and environment-friendly society. In 2013, the company saved more than 10,000 tons of standard coal for enterprises directly and indirectly, and reduced carbon dioxide emissions by at least 20,000 tons.



Case: Jiangsu Sinorgchem Technology Co., Ltd. Integrating Green and Low-carbon into Every Production Link

With the new mission of "guiding the green development of rubber chemicals industry", Jiangsu Sinorgchem has always put energy conservation and emissions reduction at an important position of the company's development, and integrated this concept into every link of production. The company promotes source reduction, which adopts the philosophy of environmental protection and energy conservation from the technical source, avoiding the possibility of passive treatment after pollution. Meanwhile, through the development of recycling economy and reducing waste emissions, the company makes great efforts to build a modern, environmentally friendly and responsible chemical enterprise.



Properly Disposing Waste

We continuously apply innovative technologies to the disposal of waste, making efforts to “turn waste into treasure,” reduce waste emissions, and relief pressure on the environment.

- Sinochem Fuling uses 233,462 tons of phosphogypsum to produce cement corrosion inhibitor and gypsum blocks, and further studies ways of using phosphogypsum. The company has been identified as the “National Laboratory of Comprehensive Utilization of Phosphogypsum in the Petroleum and Chemical Industry.”
- Sinochem Energy Conservation and Environmental Protection Company explores new technologies for the treatment of fluorine wastewater. It recycles hydrofluoric acid through technical ways such as specific oxidant, extraction and baci-extraction, which was successful in the on-site test, and has effectively reduced the amount of sludge as hazardous waste.

Protecting the Ecological Environment

We integrate the philosophy of eco-environmental protection into our development plans. While pursuing economic efficiency, we continuously increase capital investment in and efforts on eco-environmental protection, realizing harmony and win-win between economy and the environment.

Case: Sinochem Petroleum Exploration & Production Paying Close Attention to Protecting Bio-diversity

Sinochem Petroleum Exploration & Production paid close attention to protecting marine lives as it carried out the Perenco project, so as to ensure the harmonious coexistence of oil exploration and marine ecology. When drilling the Caju-1 well, in order to prevent seismic waves caused by the VSP drilling operation from affecting the echolocation of nearby dolphins, workers suspended operation until the dolphins swam away.



Promoting a Low-carbon Lifestyle

We advocate the concept of low-carbon life, and have taken a series of effective measures to build a green lifestyle with our staff.

- We implemented official vehicles reform, and standardized official vehicles management. By the end of 2013, 15 out of our 23 secondary units have already implemented official vehicles reform, and reduced 73 vehicles, with more than 2.8 million yuan saved annually.
- We strengthened the management of the office area. We have repaired more than 30 pieces of office furniture, reduced air pollution problems after renovation, adjusted configuration of plants leasing, and provided air purification equipment.

Case: Smart Recycling Machines Produced by the Incom Company

The smart recycling machine independently developed by the Beijing Incom Renewable Resources Recycling Company, with Sinochem Plastics holding its shares, is the first self-service machine innovatively combining the technologies of the Internet of things and renewable resource recycling system in China. Since October 21, 2013, the machine has been used in Beijing's subways, airports and schools conducting timely and effective sorting, storage and recycling of beverage bottles,

so as to ensure that waste bottles can enter the right, safe and environmentally friendly treatment channel from the very beginning. Besides, this also reduced white pollution caused by random discard of garbage, and water and soil contamination caused by illegal recycling channels. The smart recycling machine has built a public platform for resource recycling and education of recycling economy, and promoted propaganda of green consumption concept of .

Brief Background:

The “bottle to bottle” recycled polyester chips project of the Incom Company takes waste PET bottles as raw material, processes them into polyester chips, and re-uses them in the production of beverage bottles, which has established a recyclable economic model featuring “full resource recovery, homogenized renewal and clean production,” and realized win-win between resource utilization efficiency and eco-environmental protection. In 2013, the company was included in the Beijing “City Mineral” base demonstration enterprises. The company's yearly absorption of waste plastic bottles was approximately 50,000 tons, accounting for about one-third of all in Beijing. Meanwhile, Incom saved

300,000 tons of crude oil and reduced 160,000 tons of carbon dioxide emissions.



Case: Sinochem Group Actively Participating in the “Million Tree Planting Project”

Sinochem actively participated in the tree planting activity of “Million Tree Planting Project” held by “Roots and Shoots,” an international environmental organization, and donated 2,400 saplings. The project is committed to arousing public awareness of environmental protection, and calling on individuals to involve in actions to reduce the negative impact on the environment. By planting trees in Inner Mongolia, the project aims to establish a reliable protection screen for the local population and social development. Meanwhile, through community and educational activities, the project aims to enhance environmental awareness of the local people, improve their livelihood, ensure the long-term healthy development of the project and play an active role in the process.

04 Valuing Talents and Developing with Employees

Sinochem adheres to the talent philosophy of “human resource is the primary resource of the company, and corporate value should be raised together with the value of our employees.” We see our employees as the most valuable resource of the company, supporters of business development, and promoters of the third round of business venture. So we provide all-dimensional support for the work and life of our employees, striving to achieve the harmonious development of both the employees and the Group.

Protecting Employees’ Rights and Interests

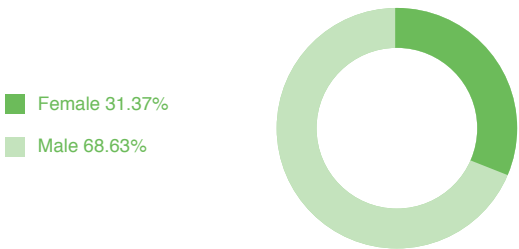
Sinochem Group attaches great importance to the protection of the rights and interests of employees, sticks to legal employment, comprehensively guarantees employees’ rights and interests in equal employment, democratic management and salaries and welfare, promotes diversified development of talents, and provides strong support for the sustainable development of the Group.

Protecting Rights and Interests

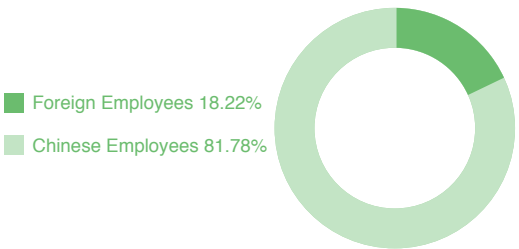
We strictly comply with international norms and laws and regulations of countries where we have business, continuously regulate labor management, improve the form and rules of employment, and enhance labor management mechanism. We sign labor contracts with employees in accordance with related laws, with a signing rate of 100%. We insist on equal employment, guard against discrimination, and see employees of different nationalities, colors, races, gender, religious and cultural backgrounds as equals. In 2013, we had 553 newly recruited fresh graduates. We resolutely resist child labor and forced labor. We advocate gender equality, providing women employees with equal promotion channels. There are 49 female managers in our Group, accounting for 16.2% of personnel in key positions.

By the end of 2013, we had 50,199 employees. The average age is 35. Female staff account for 31.4%, and foreign staff make up 18.22%, up by 2.6% year on year.

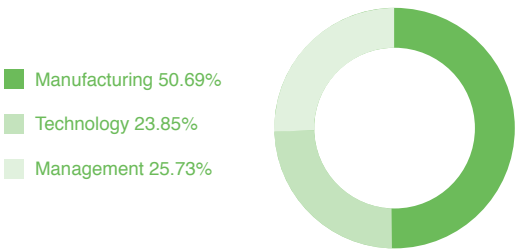
Employee Gender



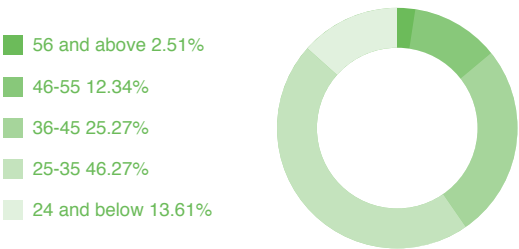
Nationality Structure



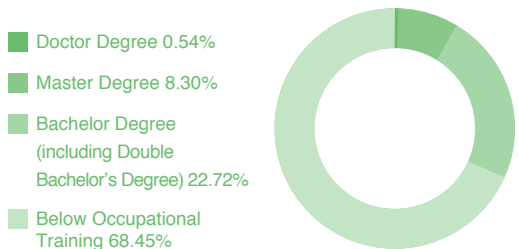
Posts Structure (only Chinese employees)



Employees by Age



Employees Education



Democratic Management

The company actively improves our democratic management system with the Employees Representative Conference as the basic form, makes public company affairs, supports staff in participating in management, safeguards the lawful rights and interests of employees, builds harmonious labor relations, and promotes the sustained and healthy development of the Group.

- In view of the reality of the company, and in accordance with related laws and Regulations on the Management of Labor Union of Sinochem Group, we developed the Sinochem Group Democratic Management Rules.
- The Labor Union has set up a president mailbox. It holds employees seminar irregularly, and conducted a survey on the work of Labor Union each year to keep abreast of demands of employees and their reasonable suggestions.
- We have established the Company Affairs Publicizing Leadership Team and Office (the Office is set in the Labor Union) consisting of heads of Party Organization, Labor Union, and Disciplinary Inspection Committee.

They provide opinions on the implementation of publicizing company affairs, and examine and approve major events to be made public.

- Through channels such as the Joint Committee, Labor Union Committee, Employees Representative Conference, Sinochem Today, Sinochem LAN, publicity showcase, and ERP, we, in accordance with procedures, make public major events about the production, operation and management of our company, rules and regulations related to the interests of the employees, and the honesty of managers. We hear from the employees and accept their supervision.



Case: Sinochem International Adhering to "Two Hands" Grasping Democratic Management

Sinochem International always adheres to the "Two Hands" strategy: one hand promotes the corporate democratic management system with the Employees Representative Conference as the basic form, and two Employees Representative Conferences are held each year to discuss major issues affecting the vital interests of employees. The other hand promotes the publicizing of company affairs with the leaders of the Labor Union Groups at the core. The company has set up 23 Labor Union Groups in each business area and functional departments, with each appointed a leader to facilitate the spread of ideas of the Labor Union and the implementation of tasks.

Salaries and Welfare

The company advocates the value of pursuing excellence, adheres to a market-oriented principle, and establishes and improves a competitive market-oriented salary system based on the value of posts, and individual ability and performance. We continuously improve the multi-level and multi-angle employee benefit system, encourage employees to create value, make the efforts and created value of employees deserve the salaries, and realize the common improvement of the value of the company as well as the employees. Sinochem attaches importance to improving the salary communication mechanism, keeping them aware of the change of their salaries. We pay, in accordance with the law, pension, medical, work injury, maternity and unemployment insurances and public housing fund and other statutory social insurance for employees.



Case: Sinochem Developing the Plan of Talents Specific Pool of Fund, Introducing High-level Talents

In 2013, Sinochem Group further improved the salary incentive mechanism. We took out a certain amount of fund in the salary pool to establish a specific fund for talents to encourage and support various units to introduce high-level talents in urgent need. The Shenyang Research Institute of Chemical Industry used this fund to introduce 2 experts in the "1,000 Talents Program" in 2013.



Case: Sinochem Oil Optimizing the Salary Management System

In terms of the salary management system, Sinochem Oil referred to the salary sum management model for subsidiaries suggested in the reform of sum management policy of the Sinochem Group, effectively followed the direction of the Group in the distribution of salary, and gave full play to the subjective initiative of the subsidiaries in optimizing performance incentive mechanism. The company made salary and welfare handbook for the oil product marketing and warehousing sectors, strengthening the construction of the intra-sector standardized incentive system. Through a series of optimizing measures for the salary management system, the company further satisfied the need of the employees for the development of career, and enhanced their sense of fairness and belonging.



Case: FOTIC Improves Salary System According to Market Reality

Based on market reality and principles, FOTIC promotes the reconstruction of the salary system, which aims at promoting "gradual and rational docking with the market, and the improvement and optimization of income structure." FOTIC attaches importance to adjusting the fixed-salary to floating-salary ratio of salaries and the corresponding salary zones for each rank and position, which has effectively stabilized the workforce.

Realizing Employees' Value

Sinochem Group continuously increases its efforts to train staff to improve their business capabilities through colorful training programs, expand the space for their career development through innovative platforms and mechanisms, promote their career development, and maximize the value of employees.

Diverse Training

Human resource is the primary resource of the Group. We have always been committed to enhancing the professional competence and the overall quality of the staff. In accordance with the principle of "being systematic, regular, internal, and tailored," we continuously refine and improve the construction and implementation of a multi-level and multi-category training system in order to achieve the common development of our employees and our company.

- We have enriched our training. We are committed to building a training system covering corporate culture, management skills, professional skills, general skills and so on.
- We have made our ways of training innovative. We use sand table simulation, field trips, topical research, mentoring system and other ways to improve training efficiency, inspire employees' enthusiasm, and expand training results.
- We have made our training more targeted. For different levels of trainees, we set up different curriculum and adopt different ways of training, so as to promote the improvement of the quality of the personnel in the Group as a whole.



Case: Sinochem Guangdong Innovating Training Model

In new employees training, Sinochem Guangzhou combined the introduction of business with business simulation. After the lecture and training of responsible people in various departments, new employees were assigned business topics. They should divide themselves into several groups, search materials, conduct research and discussion, and finish the subject report within a day and a half. Business departments organized judging teams to ask questions and make comments. This innovative way of training has enabled new employees to quickly get familiar with the company's business, and enhanced their participation and operation.



Case: China National Seed Group Developing Well-structured Training System

China National Seed Group is committed to establishing a multi-level, multi-phase, and multi-priority training system, with "strengthening team building" and "improving business level" being the main line. For "strengthening team building," the company conducted a series of training sessions such as "key post training session," "sapling planting plan training session" and "new recruit camp," and for "upgrading the level of business", conducted "youth backbone training", so as to improve the professional competency of key personnel in the production and marketing sectors.



Case: Sinochem Qingdao Conducting "Convergence Plan," a Training Session for New Employees

Sinochem Qingdao conducted training for new employees through the "Convergence Plan," of which the theme is the integration of the new employees into the company. The plan included three phases: work introduction and Outward Bound; internal collective training, and summary, improvement and post experience. Many ways of training and kinds of activities were conducted to accelerate the changing of roles of new employees.



Case: SINOERT Establishing Excellence Institute

SINOERT established the Excellence Institute, which aimed at improving the capacity of staff, promoting business development, facilitating strategic landing, and inheriting corporate culture.

- We organized trainings such as "marketing transformation" and "100 people marketing," so as to promote the idea transformation and ability improvement of marketing staff, and the marketing transformation of the company.
- We established a public platform on WeChat called "Backyard Garden of the Excellence Institute" to create a learning atmosphere.
- We strengthened internal experience sharing and exchange with excellent benchmarking enterprise. We organized activities such as the Stanley Operation and Management Experience Sharing Meeting.

Improving the Development Pipeline

The company constantly improves the construction of career development pipeline of our employees. Relying on the “professional department building” project and production skills identification, as well as the three career development pipelines of “smooth management, professional skills and production skills”, we have established a platform and mechanism where “everyone can be excellent”, strongly promoting the team building for young talents.

- For newly recruited outstanding fresh graduates, we develop tailored personal cultivating programs, arrange special instructor to conduct one-on-one guidance, carry out front-line rotation, involve new employees in key projects of operation, scientific research, management and production, and promote their fast growth.
- We constantly strengthen the training of young people around the age of 35, enhance their understanding of the company's strategy and culture, broaden their horizon, create a positive working atmosphere of personnel training, stimulate young people's enthusiasm, and effectively retain some backup backbone.



Case: Sinochem Group Carrying out Assessment on the Project Management Profession

In order to strengthen the building of project management team, and expand the career development pipeline of non-managers, the Project Management Department and Human Resource Department of Sinochem Group jointly launched the construction of project management profession in 2013, dividing related professionals into five levels according to their different capabilities, namely, Project Management Assistant (T1), Project Management Officer (T2), Project Management Director (T3), Project Management Manager (T4-B) / Project Management Senior Manager (T4-A), and Project Management Senior Consultant (T5).

According to the Rules on the Management of the Project Management Profession of Sinochem, and after the assessment of the Expert Assessment Committee, 3 employees passed the assessment for T4 in 2013. Among them, 2 were appointed as

Project Management Manager (T4-B), and 1 was appointed as Project Management Senior Manager (T4-A).





Case: Franshion Properties Establishing Dual Channel Development Mechanism to Broaden the Path of Professional Development

In order to satisfy the development need of different employees, Franshion Properties has built a dual channel development mechanism. By establishing qualification standards for professional departments, the company carries our work such as professional assessment to improve the employees' professional capabilities, and promote their career development. The mechanism has covered 15 categories of departments, including design, engineering, marketing, finance, audit, human resources, cost tendering and procurement, strategic operations, investment, law, party discipline inspection, information technology, HSE, administration and customer service. The company has completed making qualification standards for the professions of design and cost tendering and procurement, carried out assessment for the design department for two consecutive years, and finished the first round of assessment for legal, HSE and financial departments. 11 employees in the design department won T4 qualification, and 2 won T5 qualification.

Management	Professionals
General Manager	
Vice-General Manager Financial Manager Deputy Financial Controller Assistant to General Manager	Level 6
General Manager of a Division Vice-General Manager of a Division	Level 5
Vice-General Manager of a Division Assistant to General Manager of a Division	Level 4
Professional manager	Level 3
Director	Level 2
Assistant Director	Level 1
Assistant	Pre-starters

Enhancing Employees’ Sense of Belonging

Sinochem Group adheres to the philosophy of “putting people first”, and puts forward the life mode of party branch organization with distinct characteristics of Sinochem (i.e., the “8+4” organizational life mode) based on strengthened corporate culture building. We carried out employee helping activities, showing care for the life of employees in various ways, care for retirees, and constantly enhance employees’ sense of belonging.

- 8 stipulated activities: situation and task education, strategic planning lectures, daily party work, lessons on party affairs, organization of meetings discussing daily life, suggestion offering activities, commitment honoring activities, planning and summarizing work.
- 4 free activities: topical educational practice, exchanges of learning experience about political affairs and business, joint construction of the party and the people, front-line service, building of corporate culture and team, public good, etc.

Building Corporate Culture

We continue to promote the building of corporate culture with the core of “being a person, one should be honest, cooperative and good at learning; in doing things, one should be careful, innovative, and pursue excellence.” Relying on mature working system and rich organizational resources, we make this culture firmly rooted in our company.



Case: Sinochem International Comprehensively Carrying out Corporate Culture Building

- We have conducted in-depth summary of the cases in areas such as clean corporate, dedication, safety and environmental protection, went deep into factory front-lines to dig news with profound significance, enriched the implications of the core value of Sinochem International's culture, and established a diversified and multi-level grass-root corporate culture.
- We have planned strategic transformation, managed, controlled, and reshaped topical publicity related to the building of business core competitiveness, sought for materials, and strengthened specific publicity of the company's brand business.
- We have conducted inter-department exchanges among our employees and those from Sinorgchem, Yangnong Chemical, and GMG, promoting the communication of our employees and the integration of management.
- We have established the platform for company publicity, created a brand new “Sinochem International Window”, and carried out internal publicity by using the OA portal.



Sinochem International and Jiangsu Sinorgchem jointly organized basketball competition

“Sinochem International Window”

Caring Employees' Life

The company continues to promote the employees caring project, helping those living with difficulties, enriching employees' life, and improve their happiness index.

- We have created a people-centered atmosphere. We actively organized holiday visits and various cultural and sports activities to enhance employees' sense of belonging.
- We introduced the Specific Measures on Providing Employees Working Abroad with Caring Service, trying our best to help all of our staff resolve their possible concerns.

Group / Unit	Employees Caring Actions
Sinochem Group	Improving service in staff restaurants; building Sinochem health platform for employees in the Labor Union
China National Seed Group	Carrying out "Sunshine House" series activities to provide staff with platform for exchange and learning Organizing and carrying out "Colorful Seeds" series brand activities to enhance the employees' sense of belonging
Quanzhou Petrochemical	Promoting the construction of neighborhood apartments for employees; coordinating and solving the employment of family members of our staff
SINOERT	Founding the VSP Club; launching the "Love Vegetable Basket" project
Sinochem International Tendering	Holding collective birthday parties for employees; carrying out the "30 Minutes Afternoon Tea" activity
Far East Horizon	Building a families of rights protection, health, love, culture and sports, and fraternity
Eastern Garden International Conference Center	Building new sheds; establishing teams of ball games



Case: Sinochem Group Launching the "Happy Station" Project

The Labor Union and Communist Youth League of Sinochem launched the "Happy Station" project, covering "six caring services," filling health and happiness into our employees' hearts. By the end of 2013, there have already been hundreds of people ever consulted physical and mental problems through the "Happy Station" hotline.

Physical Health Counseling

Senior health experts across the country will provide you with professional counseling and guidance by telephone, and they are always ready to answer your questions and confusion

Mental Health Counseling

Senior psychological counseling experts across the country will provide you with professional counseling by telephone, and they promise absolute confidentiality

Psychological Crisis Intervention

Senior psychological counseling experts across the country will provide you with professional and scientific comfort, and offer timely support for psychological crisis

Health Lectures and Heart Salon

VHS will pick senior experts or celebrities in various fields to provide you with a range of quality courses on physical and mental health

Health Tips

We will regularly sent you email reminders on physical health and tips on mental health which combine the change of solar terms and seasons

Education of and Guidance on Health

We will provide multi-angle and multi-dimensional education and guidance on health. Happy life starts from the right view on health

Six Caring Services



Health lecture for female stuff



Birthday party of our staff



Football game



Tug-of-war

Caring for the Retirees

We care for our retirees in an all-dimensional way. We show them respect politically, seriously consider what they think, care about their life and offer them psychological care.

- We carried out the "visit and care" activity, with nearly 200 people being visited. And 4 seminars of different styles were held to send the care of the party organization of the Group to the hearts of our old retirees.
- We carried out a number of innovative recreational activities beneficial for the old retirees' physical and mental health benefit, enriching their old age life.



President Liu Deshu visiting retirees of our Group



Health Activity in July



Poverty Alleviation

Sinochem Group actively helps the poor, improves means of poverty alleviation, and broadens the channels of assistance, so as to provide means of reducing poverty instead of giving material things, improve farmers and herdsmen's living and working conditions, and promote local economic and social development.

In Tibet, Sinochem Group, based on its own advantages, actively carries out infrastructure building, contributes to public welfare, and conducts training programs. We invested 10 million yuan in the year to promote economic development in Gangba County, Tibet.

- We build the Sinochem Avenue to speed up the development of Gangba
- We invested 2 million yuan as financial assistance to help 50 farmers and herdsmen renovate their housing and improve production and living conditions
- We provide financial assistance to 6 training programs, including that of Gangba County new employees, first secretary of village Party branches, and college-graduate village officials. A total of 416 personnel participated in the training programs, and the quality and skills of cadres and of farmers and herdsmen are improved.

In Inner Mongoli, Sinochem Group promotes projects of industrial development, education and health, infrastructure, charitable contributions, etc. that benefit farmers and herdsmen, contributing to poverty alleviation in Ar Horqin Banner and Linxi county.

- We implement aid projects, and donate money to build schools, hospitals, agricultural facilities, so as to improve local residents' living standards.
- We help local authorities seek funding support. We help seek projects and funding from the central government, contribute to local investment promotion, so as to help secure funding for local development.
- We promote local scientific and technological development. We build scientific and technological platforms, organize application for scientific and technological projects, participates in technology fairs, and help build science and technology exhibition centers.

Case: China National Seed Group Donated Vegetable Seeds to Gangba County

China National Seed Group donated vegetable seeds totaling 465 kg, to Gangba County, Shigatse, Tibet, including those of Cabbage, Zucchini, cabbage, cucumber and tomato, which can be planted in 3620 Mu of land, contributing to enriching the food choices of Tibetan farmers and herdsmen and improving local dietary structure.



Case: Sinochem Group Launching Dream-fulfilling Initiative

Sinochem Group combines poverty alleviation with employees' donation to launch "Sinochem Dream-fulfilling Initiative". Through personnel sent to Ar Horqin Banner and Linxi county, we collect data of needy students, and call on our employees to make long-term voluntary donations for them, and to help them fulfill the Chinese dream of "completing education, acquiring knowledge and building hometown". The standard is set at 800 yuan a year for primary school students, 1,500 yuan and 1,800 yuan for junior high and senior high school students respectively. By the end of December 2013, 73 impoverished students in the two districts had received the support.



In Qinghai, Sinochem assigns priority to improving people's livelihood as the core of its support to Qinghai. We actively coordinate welfare projects, including schools, hospitals and so on, focusing on solving the most direct, the most tangible and most pressing problems for people of

- We increase investment in this regard, and have secured 15 million yuan as supporting funds, and have conducted key projects, including schools and hospitals to contribute local residents' livelihood.
- We improve our institutional organization. We have set up a Qinghai supporting group, formulated "Sinochem Group Plan for Supporting Education in Da Qaidan Administrative Region" to put in place a long-term aid mechanism.
- We strive to become part of local communities, and through field investigation and donation, to increase financial support to needy people, and have given care to more 30 persons including impoverished party members, local residents and students totaling 20,000 yuan.

05

Contribute to Public Welfare and Progress with the Society

Sinochem Group is a moral and law-abiding enterprise, which brings benefits to the public, actively contributes to public welfare causes, and develops together with partners in the spirit of win-win cooperation. It promotes social harmony and progress on the basis of its own development.

Making Donations to Health Care and Educational Causes

Sinochem Group coordinates various kinds of resources to make donations and promote the development of health care and education, based on the principle of openness and transparency, and supported by a variety of forms and channels.

Case: Sinochem Initiated and Launched Fudan Premium Fund of Management

Sinochem participated in initiating Fudan Premium Fund of Management, contributing to the development of China's management subject. The fund has now become one of the most influential awards in the field of management discipline.



Case: Sinochem Ningbo Has Donated over a Million yuan to Charitable Causes

Since Sinochem Ningbo set up the charitable fund in 2005, it makes donation every year; and in 2005, 2006, 2011, it organized 582 person-times to donate a total of 172,925 yuan. By December 25, 2013, the total amount made by Sinochem Ningbo to education had reached 1,052,425 yuan on a cumulative basis, and the target of a million yuan in charity cause of the fund is fulfilled. With assistance from Ningbo Charity Federation and Haishu District Charity Federation, the company has helped 680 university, middle school and primary school students finish their education.

Case: Sinochem International Universal Love Health Station Send Free Medical Care to Rural Areas

Sinochem International cooperates with local Red Cross organization to give free diagnosis in Universal Love Health Station in Mingxing Village, Matian township, Yongxing county, Chenzhou, Hunan Province. The station was donated by Sinochem (Holdings) Co., Ltd. in 2011. Since 2009, Sinochem (Holdings) Co., Ltd. has been cooperating with China Red Cross Foundation to donate 17 health stations in central and west China, which greatly facilitate the local villagers in seeking treatment for minor illnesses.



Case: Far East Horizon Scholarship Program Help Outstanding Students

Since Far East Horizon initiated its scholarship program since in 2011, it has awarded nearly 600 students in 17 key colleges and universities, which are located in areas which the company is headquartered or has presence. FEH scholarship is known for its high amount, and candidates are selected on the basis of margin election and academic performance, and therefore the scholarship is highly valued among students.



Win-win Cooperation

Sinochem Group actively promotes its partners to fulfill their social responsibilities, contributes to industrial progress, supports local development and achieves win-win cooperation with its stakeholders.

Help Supplier Fulfill Social Responsibilities

We innovative supplier management mechanisms, and use innovative approaches to urge contractors to fulfill responsibilities, so as to effectively help them fulfill responsibilities.

Overall Process Monitoring Mechanism

- Check investors resource input on a regular basis
- Monitor and manage the status of "safety, quality, process and investment" of contractors
- Monitor and manage contractors' subcontracting, examine and approve the scope and list of subcontracting

Reward and Punishment for Contractors

- Award contractors who provide outstanding services
- Give warning, notification, cancel qualification for entering database, or fine contractors who have violated agreements

Case: Sinochem Ningbo Develops Together with Suppliers

- Informs suppliers of market demand; jointly develops marketable new products; and develops new export markets.
- Actively helps suppliers solve technical problems; improves product quality so as to meets market demand.
- Helps suppliers achieve more stable and reliable supply in target markets, and successfully expands global market.
- Actively introduces advanced foreign production management philosophy and experience to suppliers; introduces advanced production technology and equipment; improves product quality and production efficiency; assists supplier to become industry leaders.



Case: Franshion Properties Promotes Cooperation through Enhancing Procurement Management

In order to improve procurement and cost management, Franshion Properties specifies supplier's management evaluation system, assessment principles, grade classification and incentive system; establishes performance evaluation platform; standardizes key aspects in procurement management, and constantly improves suppliers' ability to promote long-term cooperation.

Promote Industrial Progress

We strengthen cooperation within the industry, actively participate in industry standards formulation, initiate industry dialogues, exchange experience, and promote healthy industry development.

Case: Sinochem Exploration and Production Co., Ltd. Co-initiated the Unconventional Oil and Gas Industry Alliance

Under China Energy Net Consulting Co. Ltd.'s proposition, Sinochem Exploration and Production Co., Ltd., together with China Huadian Engineering (Group) Co., Ltd., Honghua Group, Institute of Shale Oil and Gas of Peking University, China International Capital Corporation Ltd., launches the Unconventional Oil and Gas Industry Alliance, which is an independent civil organization and an open club aimed at promoting dialogues between its members and government agencies, boosting cooperation in business, investment, technology, research and other areas along the industry chain, and facilitate healthy and sustainable development of China's unconventional oil and gas industry.

Case: Jiangsu Sinorgchem Industry Standards Accredited Model Petrochemical Industry Standards

An industry standard-- HG/T 4231-2011 "4-Aminodiphenylamine"--that Jiangsu Sinorgchem participated in formulating, was accredited 2013 "National Petroleum and Chemical Industry Model Standard". The project was jointly carried out by Jiangsu Sinorgchem and Sinopec Nanjing Chemical Co. Ltd. As a national industry standard, "4-Aminodiphenylamine" specifies product quality, testing instruments and testing methods, and promotes healthy industry development.

Case: China National Seed Group Contributes to Industry Development

China National Seed Group fully mobilizes market resources, carries out industry research, enhances the level of research and contributes to the development of the industry

- Participate in amending the Seed Law under the Committee on Agriculture Organization of the National People's Congress
- Participate in drafting "State Council Office's Opinions on Deepening Seed Industry Reform to Improve Innovation Capability"
- Participate in policy seminars on industry and enterprise' law of development, key bio-breeding projects, seed industry innovation capacity building, and variety evaluation and management system, etc. organized by the NPC Agriculture Committee, NDRC, Ministry of Finance, Ministry of Agriculture, and Ministry of Science and Technology

Case: Zhejiang Chemical Industry Research Institute Led the Formation of China's first Mixed Refrigerant Working Group

China's first mixed refrigerant working group, initiated by Zhejiang Chemical Industry Research Institute, was approved by the National Standardization Technical Committee. The group consists of personnel from Zhejiang Chemical Industry Research Institute, Beijing Chemical Industry Research Institute, Shandong Dongyue Federation, Zhejiang University, etc. covering research institutes, universities, and enterprises of production and applications. It mainly explores mixed refrigerant testing methods, and provides technical support to domestic R&D of mixed refrigerants. Improvement of testing and analysis technology for China's refrigerant industry will accelerate standardization of mixed refrigeration industry and promote international standardization process.

Community Services

Sinochem Group actively organizes and participates in various forms of community service activities, contributing to community development.

Case: Sinochem International Tendering Volunteering for "Babbling Story"

Called for by the Youth League of Sinochem International Tendering, five employees volunteer to participate in the "Babbling Story" event, which is an interactive game featuring "parenting, games and social intercourse". The game aims to help hearing-impaired children and their families, and stimulate children's hearing potential and will for communication through a variety of activities.



Case: Franshion Properties' Public Services

Under the theme of "care for orphans, be grateful for growth", Franshion Properties organized young employees to carry out "City Survival Challenge" event in Changsha. Within specified time, participants should collect at least 400 yuan donation, which will then be changed into moon cakes and sent to Changsha N.1 Social Welfare Institute



Case: Sinochem International Contributes to Development of Harmonious Community in Africa

Sinochem International contributes to harmonious community building in its rubber plantations in Africa, ensuring that its business growth should be synchronized with local community development, and promoting win-win cooperation among local residents, local governments and itself. For instance, the HEVECAM plantation in Cameroon provides jobs for 5833 local residents, and the community co-built with the local government accommodates more than 30,000 people. The community has 13 kindergartens, one middle school, 13 primary schools, one technical school, and one general hospital with 120 beds; the schools and hospitals within the community are the best in southern Cameroon. With the plantation, workers receive stable salary, and have access to safe tap water and TV, and enjoy much higher living conditions than outside the plantation.



Featured Social Responsibility Report

Green Development, Sincere Communication

Sinochem Quanzhou Petrochemical refinery, which is able to process 12 million tons of crude oil a year, is a key project listed by the government in the oil sector planning during the 12th Five-Year Plan period. The project is characterized by economy of scale, advanced technology and environmental friendliness; its environmental, safety and occupational standards are on a par with highest domestic and international standards, and clean production level reaching domestic and international advanced level. Quanzhou Petrochemical is significant in that it will further improve China's national energy industry layout, and stimulate regional development by promoting the development of middle- and down-stream petrochemical industries in Fujian, Guangdong, Zhejiang, Jiangxi, Hunan, Hubei, Shanghai as well as related industries like agriculture, machinery manufacturing, transportation, etc. and other related industries, achieving the effect of industrial cluster and boost economic development of Fujian and neighboring provinces.

Sinochem Quanzhou Petrochemical Co., Ltd. is committed to building a major modern petrochemical enterprise featured by "advanced technology, resource efficiency, environmental friendliness and sustainable development". To fulfill the objective of building "China's best and world-class" project, we have hired the best designing institutions to optimize the project's overall design and assume the overall contract of EPC project, and hired experienced, top domestic construction unit as a construction contractor to ensure project quality.

Milestones



Lead Green Development of the Industry with Advanced Technologies

We employ world-class "hydrotreating residue oil + delayed coking + hydrocracking" techniques, advanced equipment and technologies, together with leading desulfurization, denitrification, dust-clearing measures and precautionary measures, to ensure the project's environmental performance achieve national and even international leading level.

Advanced Equipment and Technologies

• Environmental-friendly Overall Hydrogenation Technological Process

The total capacity of hydrogenation unit reaches 12.35 million tons a year, and the proportion of hydrogenation capacity in primary crude oil processing capacity is the highest in China; the secondary processing focuses on hydrotreating residue oil and hydrocracking, which further improve the oil quality and enhance intensive oil processing to minimize pollution.

• **Clean Fuel Technology** We use desulfurized clean gas fuel; the density of pollutants in the emission is far less than the level required by the national standard; and the overall level reaches international advanced level.

• **Sophisticated Production Equipment** Among our 19 technological process units, 5 employ most advance foreign technologies, and the rest of them are domestically advanced. The equipment of residue hydrotreating, hydrocracking, continuous catalyst reforming, SLHT, gasoline selective hydrogenation, isomerization, polypropylene, PSA, CFB boiler flue gas desulfurization and denitration devices use introduced advanced techniques; atmospheric and vacuum, and catalytic cracking adopts the most advanced domestic techniques.

• **Efficient Recovery Equipment** We use the most advanced Claus sulfur recovery process, raising the recovery rate to 99.8%; we are equipped with domestically advanced sewage treatment plants, and wastewater reuse rate exceeds 80%; the dock, railway, highways loading units are fitted with domestically advanced oil and gas recovery systems, with the recycling rate reaching more than 90%. A assessment made by KBC of Britain places the energy consumption indicator BT at 131.2%, a domestically leading level.



Quanzhou Petrochemical project's continuous reform equipment



Quanzhou Petrochemical project's power station

Advanced Environmental Protection Measures

- 2.2 billion yuan, which accounts for 7.6% of the total investment of the project, has been invested in environmental protection facilities
- We employ three most advanced waste treatment techniques, namely, EDV wet scrubbing desulfurization, ozonation + EDV wet scrubbing denitration, and bag-type dust collector + flue gas wet scrubbing, resulting in a 95% desulfurization rate, a 80% denitration rate, and a 99.94% dust removal rate; all the environmental indicators have reached domestic and international advanced level.



Forward-looking Precaution Measures

- We have invested 298 million yuan on underground leakage prevention project, and have taken precaution measures against seepage of hazardous substances into the surface, and to prevent hazardous substances into the ground and polluting underground water.
- We have adopt a "three-tiered" hazardous water control system: we install cofferdam and firewall in main device area and tank area; build rainwater monitoring pools, sewage (caused by accidents) pools, and sewage (caused by accidents) collection pools of different levels in main plant area and Qinglan Mountain Repository area; and categorize, monitor and storage sewage caused by accidents to prevent the sewage from polluting external water bodies.
- We have commissioned a professional oil leakage emergency services provider to undertake prevention work for possible oil spill in Quanzhou Petrochemical Terminal, and are equipped with 500-ton level oil recovery boats, skimmers, oil spill monitoring and alarming devices, and oil containment booms, oil absorbent felt, oil spill dispersants, etc., so as to effectively control oil spill risks in the dock area..

Strengthening Management to Ensure Safety and Quality

We draw on valuable experience from our peers, optimize the organizational structure, assemble an operating team in accordance with international PMT mode, and set up four production operation departments, so as to conduct production and operation management with advanced concepts.

- **Enhance Sense of Responsibility** We firmly follow the principle of "Who is in charge is responsible for safety", and "who runs business must be responsible for safety", identify safety responsibilities of all parties in construction design, procurement, construction, production and operation and make sure they will be hold accountable, promote employees' HSE awareness and sense of responsibility.
- **Improve Management** We develop HSE management and control system and business processes, as well as rules and regulations required in normal production and operation of the plant, to ensure stable operation of the devices; strengthen bill and ticket management, establish and improve mechanism for inspection and maintenance and mechanism for inspection and verification of work involving flames; develop contingency plans to ensure operation safety; strengthen NDT quality control to ensure the accuracy of test results .
- **Strengthen Monitoring and Inspection** For specific characteristics of cross-operation, overloaded work, and above-ground work, we carry out daily, weekly and monthly inspection to nip any potential risks in the bud; enhance on-site investigation and treatment of risks, and organize joint inspection, special inspection on hazard in key projects, conduct timely review, and give corresponding awards or punishments, and conduct HSE management in the process of trial operation; carry out regular quality inspection, address key quality issues, and constantly improve quality control .

Conduct Responsible Procurement to Promote Suppliers to Fulfill Responsibilities

We strengthen procurement management, use information technology to ensure the transparency of procurement process; actively promote the localization of procurement; strengthen supplier management, and improve safety and quality management and control capabilities.

Procurement Phase

- Based on the principle of fair competition, we not only pay attention to price of purchased goods, but also make comprehensive analysis and assessment on the function and lifespan of materials, their maintenance costs, reserve funds, transport, logistics and energy consumption, technological progress, environmental protection features, and even value for recycling.
- We apply IT technology to procurement, publishing the whole process online; we establish a monitoring mechanism featured by "open and controllable processes, with full

track record and permanently retrospective"

- We promote independent manufacturing of key equipment and materials, with localization rate reaching over 95%, reversing the overreliance on imported equipment and the passive situation, significantly reducing the procurement cycle and costs.
- We sign "Safety Management Responsibility Agreement" with contractors to enhance their safety responsibility awareness.

Production and Construction Phase

- We establish a quality control and management system and provide necessary testing equipment and professional technical personnel for the supply of equipment and materials; set up the quality management file archive, enhance quality traceability and accountability system, and provide technical guarantee for the quality control of supply.
- In terms of construction, we improve safety management system for the main

contractors, subcontractors and service providers, the development and operation of institutions and systems, and specify the responsibilities for each individual.

- We conduct HSE training for related personnel before they enter the worksite, include such matters as security, relations with neighboring villagers, waste disposal in work sites and living areas into HSE assessment contractors, and urge contractors to perform duties as required.
- We urge all contractors to sign contracts with their employees, so as to ensure the interests of employees can be protected.

Take a People-oriented Approach and Build Platform for Employees' Development

- **Improve Compensation and Incentive Mechanism** In accordance with the principle "preferable treatment to front-line staff and to outstanding contributors", performance bonus and incentive rewards, such as "bonus for Hundred Days Campaign", will be given based on reasonable assessment.
- **Provide Diversified Training Programs** We conduct 11 training programs, such as leadership training program and that for hazardous substance production enterprises. A total of 1.065 million yuan has been invested in this regard for 157 times and 2,413 personnels.
- **Improve Employees' Career Development Management** We formulate "Methods on Improving Employees' Career Development" to further improve the design of the three channels, which are for employees to be promoted vertically or in other business units; combining with talents checking, identify basic standards and promotion procedures for each sequence of positions, and set up a talent pool by putting in place employees' career archive, to standardize individual employee's career development track.
- **Caring for Employees** We organize activities for female employees, such as Women's Day activities and health care for female workers; we promote the construction of residence for employees, and coordinate efforts to solve work for their couples. In 2013, we assisted 121 employees in getting children enrolled by schools, so as to ease their biggestst concerns; we give care to our employees on such occasions as child birth, marriage, hospitalization, blood donation, funeral, etc.; we provide aid for impoverished employees; organize parent-children activities on Children's Day, employee sport activities, birthday celebrations and recreational activities, etc.

Conduct Sincere Communication to Address Public Concerns

We know that economic development is for the people and by the people, so people's right to know must be respected. An enterprise can only win public understanding and support by increasing public understanding of the company. We adhere to the principle of "positive, stable, sustainable and healthy development", and constantly strengthen communication with surrounding communities.

- In designing the pipe rack for the project, we invited local government departments, representatives of villagers to carry out a number of joint investigations on the site.
- We have set up billboards of environmental protection knowledge on oil refining in surrounding villages, issued brochures, and broadcasted Quanzhou Petrochemical project environmental protection commercials in Hui'an television station, so as to ensure villagers will better understand the project.
- We have invited the public to visit the plant and held seminars to introduce basic oil refining process, the project's advantages in 7 areas, and gave detailed introduction to the environmental initiatives of the project; we have also answered questions raised by the participants about safety and environmental protection.



Serve the People and Build a Harmonious Community

We actively participate in various kinds of community activities and community building to contribute to community development.

- When the plant is put into operation, the annual sales volume is expected to reach about 60 billion yuan, and expected tax of about 12 billion yuan. An industrial cluster will be formed with a large number of mid- and down-stream industries developed.
- We co-built the seawall for village of Ducuo to provide convenience to local fishermen.
- We provide training resources for local schools to enhance their teaching abilities.
- We support national defense building, conduct supporting activities with the local army garrison, and donate books, so as to support their cultural construction and enrich cultural life in their spare time.

- We actively conduct supporting activities with local traffic police, border control, and public security units, and work together to promote related work.
- In addition to their own fire prevention and inspection work in Qinglan Mountain, Sinochem Quanzhou Petrochemical's takes initiative to assume responsibility for surrounding towns and villages. For 16 times they have put out fires in surrounding areas, effectively protecting the safety of local residents.

Outlook

In 2014, we are faced with both challenges and opportunities, and feel both pressure and impetus. Sinochem Group will firmly grasp the overall principle of making progress while maintain stability, and pursue reform as well as innovation. We will continue to follow the development path with Sinochem's characteristics, which is a oriented toward the market, supported by resources and technologies, and safeguarded by lean management approach. We strive to improve the quality and efficiency, and constantly open up new chapters in our strategic transformation and the third "Long March".

Innovate Management Mechanism to Build a Lean Enterprise

We strive to achieve lean management system, operating structure and institutional process, which are based on our corporate culture, achieved through internal control, safeguarded by teambuilding, and directed by strategic management, so as to build Sinochem into a lean management with stronger market competitiveness.

Increase innovation Investment to Consolidate Our Industry Position

We continue to press ahead with the "123" strategies, improve our overall scientific and technological innovation capabilities through strengthening the scientific and technological innovation platform and teambuilding, as well as enhancing scientific and technological management. We strive to improve our services along the industry value chain of the five business segments of energy, agriculture, chemicals, real estate and financial services, and to become an industry model.

Enrich Services to Enhance Customer Satisfaction

We enhance our service concept, consolidate service network, standardize service protocol, improve service quality, and develop with our customers.

Enhance Security Management and Protect the Environment

We strengthen management at different levels, focus on the primary level, promote implementation of work, and improve HSE performance by means of target management, competence building and improvement of safe practice; we increase investment in training, strengthen professional emergency response management; reduce waste emissions and promote low-carbon life-style.

Optimize Resource Allocation to Promote Employees' Development

We innovative talent selection and incentive mechanism, focus on talents building, care about employees' feelings, create an open and inclusive atmosphere in which cohesion and guidance is improved. We care about employees' tangible benefits, share the interests generated through enterprise reform, and promote the value of employees and of the company together.

Fulfill Social Responsibility to Achieve Win-win Results

We constantly integrate resources to conduct a wide range of activities for public welfare and build a positive cooperate image based on the principle of openness and transparency, relied upon a variety of forms and channels, and by integrating industry features and our unique advantages.

Expert's Comments

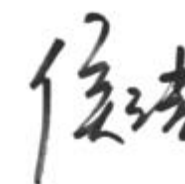
Sinochem Group Sustainable Development Report 2013 is the eighth report of its kind released by the group. With concise text, concrete data and clear diagrams, the report fully demonstrates the concept, practices and performance of the company in fulfilling social responsibilities and promoting sustainable development in 2013, and reflects the positive efforts and outstanding contributions it has made to ensure national energy security, agriculture security, and the development of the chemical industry.

Sinochem Group regards sustainable development as the core, and constantly improves its capability to create comprehensive economic, social and environmental values, resulting in significantly enhanced corporate sustainable development capacity. In 2013, faced with complex and challenging external environment, Sinochem unswervingly pressed ahead with strategic transformation and vigorously implemented lean management. As a result, it has achieved sound and stable growth, and was awarded the title of "Outstanding Performance Enterprise" by the SASAC and "World's Most Admired Company 2013" by Fortune magazine. Sinochem continues to improve health, environmental and safety management system, strengthen environmental operation and management, and vigorously promote energy conservation and emission reduction, and has achieved harmonious development between the enterprise and the environment. It vigorously strengthens management of procurement and suppliers, and strives to improve product and service quality, and has achieved unified interests of customers and itself. It protects employees' interests in an all-round way, and promotes diversified development and value promotion of employees, and has achieved development of the enterprise and the employees together. It actively participates in social welfare undertakings, and has been carrying out poverty alleviation programs, and achieved win-win outcomes and common development between the company and communities where it has presence.

Sinochem sees corporate social responsibility management enhancement of central SOEs as an opportunity, constantly strengthens the management of social responsibility, resulting in improved corporate social image and brand influence. It strengthens social responsibility organizational and institutional building, strives to incorporate the concept of social responsibility into corporate mission, culture and value, and into the entire process of production and operation. It innovates ways of social responsibility communication to achieve harmonious interaction and win-win outcome with stakeholders. In the construction of Sinochem Quanzhou project, Sinochem has adopted a variety of measures to improve communication with local governments, communities and residents, and actively responds to public concerns, and has won understanding and support from stakeholders. It attaches great importance to social responsibility in overseas operation, protects local environment, contributes to local communities, and strives to build an image of a responsible corporate citizen.

The Third Plenary Session of the Eighteenth CPC Central Committee has proposed the overall objective and main task of deepening the reform of state-owned enterprises, and regards the fulfillment of social responsibility as an important step to deepen the reform. As the backbone of the national economy, central SOEs should strive to become model for fulfilling social responsibilities. We expect Sinochem Group to adhere to its core philosophy of "Creating Value, Pursuing Excellence", earnestly implement the harmonious development strategy of central SOEs in the twelfth Five-Year Plan period, and constantly enhance its capacity for sustainable development, so as to create value for the country, contribute to social welfare causes, and build a respected, world-class company.

Deputy Director, Research Bureau
State-owned Assets Supervision and Administration Commission
Hou Jie



Expert’s Comments

This report is the fourth sustainable development report published by Sinochem Group. It clearly demonstrates the efforts made by Sinochem to "become a respected, world-glass company", illustrates the company's practices and performance in the process of providing quality products and services, and establishes the image of a responsible corporate.

Incorporating responsibility management concept

The concept of responsibility management is well incorporated into the report. The section "Creating the Best Value for Shareholders" describes the principles, measures and management initiatives of Sinochem in the process of implementing management improvement, and demonstrates the efforts made by the company in incorporating social responsibilities into its management activities in various business segments, and realizing organic integration of corporate social responsibility with its management and operation.

Demonstrating solid responsibility practices

The report shows the practices and performance of the company from five aspects, including serving the national economy, providing value-added services, practicing safety and environmental protection measures, respecting human values, and promoting welfare undertakings. The "Environmental Protection" section shows that the company strengthens environmental risk prevention, and attaches importance to biodiversity protection. In the "Caring for Employees" section, the company launches "Happy Station" project to provide all-round care and services to employees. In the "Community Involvement" section, the report illustrates the efforts made by the company to build harmonious communities in African rubber plantations and develop together with local communities.

Highlighting practical meaning

The report responds to hotspot issues. In "Safe Production" part, the report analyzes risks and problems in HSE management, onsite management, regulation implementation, process and equipment management, contractor management, etc. in the light of major safety accidents in petrochemical industry, and specifies requirements for key tasks. In the section of "Conduct Sincere Communication to Ease Public Concerns", the report elaborates on the measure taken in Quanzhou Petrochemical project and ensures stakeholders' right to know, in response to their concerns over safety-related matters.

Innovating ways of communication

In the sections of "Responsibility communication" and "Risk Management", two-dimensional code and further knowledge are provided for extended reading. Readers can better understand company policies and services by scanning the two-dimensional code; the knowledge provided will remove barriers for readers, narrowing the distance between the company and the readers, and facilitating the value of equal communication.

Improving the report's comparability

In such sections as "Improving Anti-corruption" and "Promoting scientific and technological innovation ", the report discloses data over the last 3 years or more, facilitating analysis and comparison of the company's responsibility performance by stakeholders.





I hope that Sinochem will regard fulfilling corporate social responsibility as the starting point, open up new chapters in its strategic transformation, continue to develop best practices, and achieve harmony and win-win outcome between itself and all stakeholders.

Editor in Chief, WTO GUIDE
Chief Expert, GoldenBee CSR Consulting
Yu Zhihong




Implementation of the United Nations Global Compact








As a member of the UN Global Compact, Sinochem has reported the implementation annually since 2010. In 2013, positive progress was made in this regard.

Topics	Principles	Progress in 2013
 Human Rights	<ul style="list-style-type: none">• Businesses should support and respect the protection of internationally proclaimed human rights• make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none">• Protect women's rights and hold a series of activities on Women's Day• Attaches importance to the development of young employees Never have any bearing on human rights violators• Enhance the compensation and benefit scheme for expatriate employees
 Labor	<ul style="list-style-type: none">• Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining• The elimination of all forms of forced and compulsory labour• The effective abolition of child labour• The elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none">• Strictly abide by international code of conducts and the law of host countries where we have presence; standardize labor management, specify labor forms and improve management mechanism• Publish company affairs on a daily basis in definite form; encourage employees to participate in democratic corporate governance• Hire university graduates and disabled people
 Environment	<ul style="list-style-type: none">• Businesses should support a precautionary approach to environmental challenges• Undertake initiatives to promote greater environmental responsibility• Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none">• Promote clean production demonstration projects and energy conservation projects• Employ innovative technologies and reduce waste emissions• Pay attention to the protection of biological diversity• Implement reform on using official business vehicles; participate in environmental protection activities and advocate low-carbon lifestyle
 Anti-corruption	<ul style="list-style-type: none">• Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none">• Combine anti-corruption with strategic transformation and management improvement• Improve the anti-corruption accountability system with the core of party integrity accountability system• Integrate monitoring resources for "greater internal control" and strengthen anti-corruption monitoring system by means of onsite inspection and efficiency supervision• Use quality management standards to rationalize and optimize anti-corruption system• Enhance education for new personnels in key positions and sensitive positions, as well as for new employees

GRI Index

Note:  Fully disclosed,  Partly disclosed,  Not disclosed,  Not applicable

NO.	GRI Content Index	Extent of Disclosur	Where Reported (Catalog of Report)
Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization		P5
1.2	Description of key impacts, risks, and opportunities		P5
Organizational Profile			
2.1	Name of the organization		P6
2.2	Primary brands, products, and/or services		P6-7
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures		P9
2.4	Location of organization's headquarters		P6
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report		P20,P27 P54,P69
2.6	Nature of ownership and legal form		P6
2.7	Markets served (including geographic breakdown, sectors served,and types of ustomers/beneficiaries)		P7
2.8	Scale of the reporting organization		P6
2.9	Significant changes during the reporting period regarding size, structure, or ownership		P20
2.10	Awards received in the reporting period		P15
Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided		P1
3.2	Date of most recent previous report (if any)		P1
3.3	Reporting cycle (annual, biennial, etc.)		P1
3.4	Contact point for questions regarding the report or its contents		P1,P78
3.5	Process for defining report content		P17
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance		P1
3.7	State any specific limitations on the scope or boundary of the report		P1
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.		P1
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisition, change of base years/periods, nature of business, measurement methods)		P1
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		
3.12	Table identifying the location of the Standard Disclosure in the report		P78- P80
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).		

NO.	GRI Content Index	Extent of Disclosur	Where Reported (Catalog of Report)
Governance, Commitments, and Engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight		P9
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.(and, if so, their function within the organization's management and the reasons for this arrangement).		
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		P9
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organization's performance (including social and environmental performance)		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		P11
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.		P9
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation		P8
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles		
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization		P10-P11
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses		P77
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic.		P77
4.14	List of stakeholder groups engaged by the organization		P16
4.15	Basis for identification and selection of stakeholders with whom to engage		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		P16
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting		P16
Economic			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments		P33
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		
EC3	Coverage of the organization's defined benefit plan obligations		P58
EC4	Significant financial assistance received from government		P30
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation		P67
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement		P66
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts		P10
Environmental			
EN1	Materials used by weight or volume		P52
EN2	Percentage of materials used that are recycled input materials		
EN3	Direct energy consumption by primary energy source		P52
EN4	Indirect energy consumption by primary source		P52
EN5	Energy saved due to conservation and efficiency improvements		
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives		P53

NO.	GRI Content Index	Extent of Disclosur	Where Reported (Catalog of Report)
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		P53
EN8	Total water withdrawal by source		
EN9	Water sources significantly affected by withdrawal of water		
EN10	Percentage and total volume of water recycled and reused		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		P54
EN13	Habitats protected or restored		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		
EN16	Total direct and indirect greenhouse gas emissions by weight		
EN17	Other relevant indirect greenhouse gas emissions by weight		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		P53
EN19	Emissions of ozone-depleting substances by weight		
EN20	NOx, SOx, and other significant air emissions by type and weight		P53
EN21	Total water discharge by quality and destination		
EN22	Total weight of waste by type and disposal method		P52
EN23	Total number and volume of significant spills		
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation		P53
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organiza-tion's operations, and transporting members of the workforce		
EN30	Total environmental protection expenditures and investments by type		
Labor Practices andDecent Work			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.		P57
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region		P57
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.		P58
LA4	Percentage of employees covered by collective bargaining agreements		P57
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements		P58
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region		
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases		P51
LA9	Health and safety topics covered in formal agreements with trade unions		P58
LA10	Average hours of training per year per employee by gender, and by employee category		

NO.	GRI Content Index	Extent of Disclosur	Where Reported (Catalog of Report)
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		P59
LA12	Percentage of employees receiving regular performance and career development reviews , by gender.		
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		P57
LA14	Ratio of basic salary and remunerations of women to men by employee category, by significant locations of operation.		
LA15	Return to work and retention rates after parental leave, by gender.		
Human Rights			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	N	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	N	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	N	
HR4	Total number of incidents of discrimination and corrective actions taken		P57
HR5	Operations and signifi cant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	N	
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		P57
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		P57
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	N	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	N	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	N	
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	N	
Society			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		
SO2	Percentage and total number of business units analyzed for risks related to corruption		P12
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		P12
SO4	Actions taken in response to incidents of corruption		P12
SO5	Public policy positions and participation in public policy development and lobbying	N	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	N	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations		
SO9	Operations with significant potential or actual negative impacts on local communities		
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities		P53
Product Responsibility			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures		P44
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes		
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements		P40
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		P42
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		P22
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communi-cations, including advertising, promotion, and sponsorship by type of outcomes		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.		

Feedback Form

In order to improve Sinochem Group’s CRS work, we look forward to your feedback, which will be an important basis for our improvement. We hope to receive your valuable advice on our report and our work

Your Information

Name: _____ Company: _____

Telephone: _____ E-mail : _____

Your Comments

1.In your opinion, the report is:

☐ Very Good ☐ Good ☐ Medium ☐ Bad ☐ Very Bad

2.In your opinion, the information disclosed in the report is:

☐ Very Informative ☐ Informative ☐ Medium ☐ Somewhat Informative ☐ Not Informative

3.In your opinion, the quality of the information disclosed in the report is:

☐ Very High ☐ High ☐ Medium ☐ Low ☐ Very Low

4.In your opinion, the structure of the report is:

☐ Very Good ☐ Good ☐ Medium ☐ Bad ☐ Very Bad

5.In your opinion, the layout design of the report is:

☐ Very Good ☐ Good ☐ Medium ☐ Bad ☐ Very Bad

6. You thoughts and suggestions on Sinochem Group’s CSR work as well on the compilation and publication its sustainable development report:

Contact

Sinochem Group
Address: Central Tower F11, Chemsunny World Trade Center, Fuxingmennei Street 28, Beijing, China
Post Code: 100031
Telephone: 010-59568926
Fax: 010-59568890
E-mail: csr@sinochem.com



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