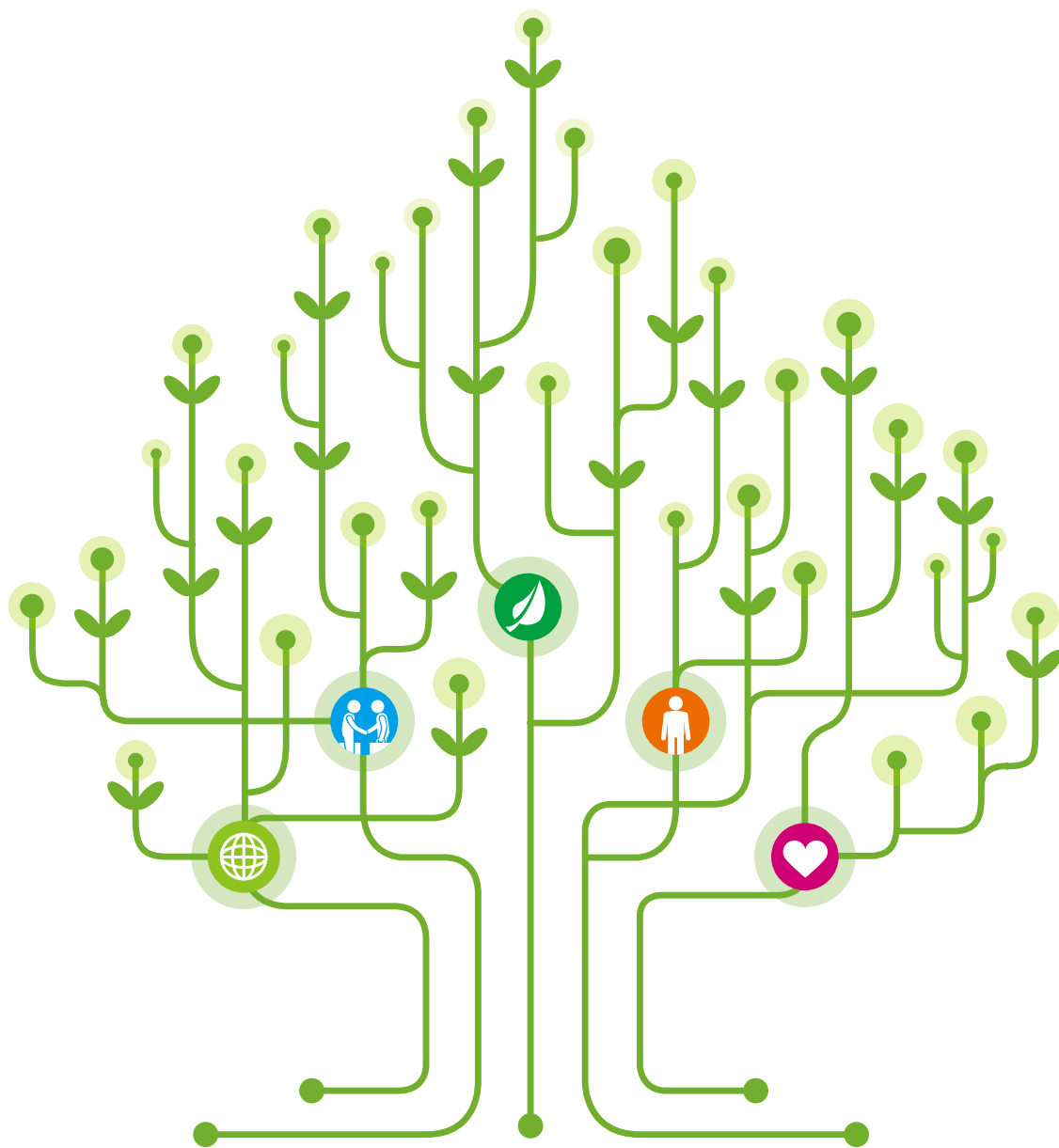




SINOCHEN



2014 Sustainable Development Report

ABOUT THIS REPORT

This is Sinochem Group's fifth Sustainable Development Report. The previous four reports were issued in June 2011, June 2012, May 2013 and June 2014. Sinochem Group also published Corporate Social Responsibility Reports in April 2007, June 2008, June 2009, and June 2010.

REPORT PERIOD

This report covers Sinochem's activities between 1 January and 31 December 2014. 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 added:

- stories, honors and stakeholders' comments at each chapter's beginning; and Sinochem's tips and two-dimensional codes to enrich the report.
- important figures in the form of KPI at the beginning to highlight business performance.
- Sinochem Group's cartoon image to enrich the report.

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, this 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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Chairman's Message

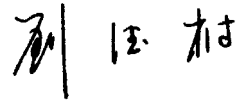


As a backbone state-owned enterprise with a history of more than 60 years, Sinochem Group envisions to become a world-class company that enjoys great respect. To fulfill this vision, Sinochem upholds the core philosophy of "Creating Value, Pursuing Excellence", and strives to live up to its corporate social responsibility. It is committed to scientific development, harmonious development, and green development, and determined to build a lasting enterprise that creates value for stakeholders and society.

As the Chinese economy has entered “New Normal”, Sinochem has also entered a new stage of strategic transition. Amid complex external economic environment and grim internal reform and development difficulties, Sinochem people have confidence and belief, change pressure into impetus and crisis into opportunities, and make contributions to China’s steady economic growth by excellent business performance.

Sinochem always regards social responsibility as an indispensable part of the company’s gene, and endeavors to create economic interests as well as social benefits. It has accelerated the upgrading of its energy, agricultural and chemical businesses, sped up commercialization, consolidated national energy security and agricultural security, and promoted chemical industry’s progress. Sinochem constantly improves HSE management system, ensures safe production with high pressure and “iron fist” measures, reduces energy consumption and pollution emission, and strives to achieve green, low-carbon development. The company guarantees the basic rights of employees, provides a broad stage for them, and grows with them. It attaches importance to people’s livelihood, actively participates in social welfare undertakings, conducts poverty reduction activities for more than a decade, and promotes social harmony and progress. In 2014, Sinochem Group’s total social contribution reached 29.5 billion yuan, fulfilling the concept of sustainable development with its efforts.

We pursue harmonious development and conduct sincere communication. It is our hope that this sustainable development report will provide a window for all to know and understand Sinochem. The 50,000 Sinochem people hold the attitude of openness, inclusiveness, mutual help and common development, and hope to join hands with stakeholders to share the fruits of development and progress.


Party Secretary, Chairman

President's Message



In 2014, amid weak global economic recovery, mounting pressure on the Chinese economy, and shrinking profit margins, Sinochem was faced with the most severe test since 2008. The company, however, adhered to “positive, stable, sustainable and healthy” development philosophy, focused on operation, consolidated management, controlled risks, promoted transformation, completed the year’s budget targets and operation tasks, and maintained a steady growth momentum. As the symbolic project of Sinochem’s strategic transformation, Sinochem Quanzhou Petrochemical Phase I 12 million tons/year refinery was commissioned in July 2014. It is world-class refinery in terms of safety standards, environmental protection, energy conservation, techniques, product quality and market adaptability, and is a milestone in the company’s strategic transformation and third business strive.

As consumers of natural resources and social resources, enterprises’ mission is to create not only economic value, but also social and environmental value--this is also our duty. Sinochem gives full play to the whole industry value chain service capabilities of energy, agriculture, chemicals, real estate and financial sectors, follows green development strategy, promotes clean production, and develops a recycling economy; per 10,000 yuan output energy consumption and pollution emission indicators are effectively improved. We launched a series of nation-wide activities under the theme of "Sinochem’s Care for Agriculture Dream", which have benefited a large number of farmers; we continue to give support to four counties in Tibet, Qinghai and Inner Mongolia, constantly improve aid forms and expand aid channels, promoting the economic development and livelihood of these regions.

In the face of new developments and situations in global economy and industry, Sinochem will have its new opportunities. We are confident about the future. Sinochem will follow the path of sustainable development, strive to change development model, promote industrial upgrading, and endeavor to achieve harmonious development between enterprise and economy, society and environment, making greater contribution to national economic and social development!

蔡希有

Member of Party Committee, President

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 a 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.

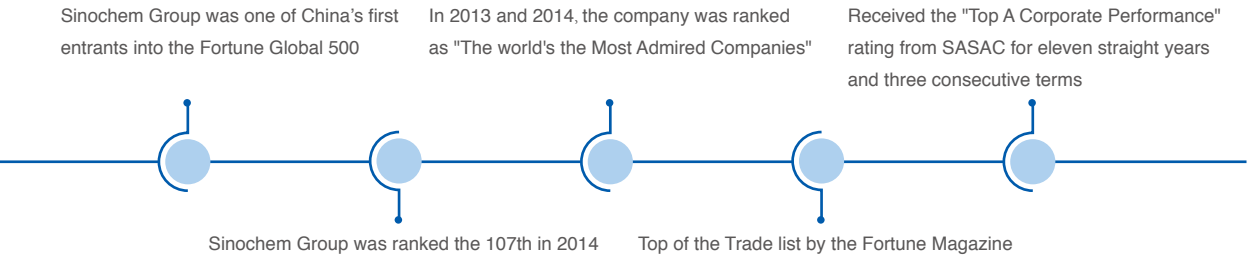
Our core businesses span energy, agriculture, chemicals, real estate and financial service. We are one of China's four largest state oil companies, China's biggest agricultural input company (fertilizers, seeds and pesticides), and the country's leading chemical services company. We also exert strong influence in real estate and non-banking financial services sector. As a market-oriented global conglomerate, Sinochem's quality products and services play a vital role in many aspects of the mass economy and in the lives and wellbeing of billions of people. We have a strong brand reputation and are acknowledged around the world.

Sinochem currently owns more than 200 subsidiaries with domestic and international operations. We control several listed companies including Sinochem International (SH, 600500), Sinofert (HK, 00297), Franshion

Properties (HK, 00817) 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 was one of China's first entrants into the Fortune Global 500 and has been on the list 24 times, and was ranked the 107th in 2014. In 2013 and 2014, the company was ranked as "The world's the Most Admired Companies" and top of the Trade list by the Fortune Magazine. Our strategic transformation and management overhaul over the years, has helped us maintain our sustainable, healthy and rapid development. Sinochem received the "Top A Corporate Performance" rating from SASAC for eleven straight years and three consecutive terms.

Our vision is to become a respected, world-class company, and to deliver financial and social benefits to our stakeholders and society. Our 50,000 employees adhere to the doctrine of "Creating Value, Pursuing Excellence", and relish the opportunity to shoulder social responsibility as a corporate citizen. Together we will adopt a scientific development approach to help us realize the potency of sustainable business practices, and bring benefit to all of our stakeholders.



Sinochem Basics

Company Name	Sinochem Group
Registered Capital	RMB 11.845 billion
Time of Establishment	March 1950
Asset Scale	RMB 355.354 billion
Headquarters	Central Tower, Chemsunny World Trade Center, 28 Fuxingmennei Street, Beijing



Energy – power the future

Establish a complete industry value chain, provide quality and environmental friendly petrochemical products and value-added services to society.

Exploration & Production	Oil Trading	Oil Refining	Storage & Logistics	Distribution & Retails
As E&P non-operator and operator, we have onshore and offshore projects, our business scope to develop from mainly exploration to exploration and development together, and our products include light oil, heavy oil and natural gas.	Provide professional crude oil trading services as supplier of crude oil to refineries in China, Southeast Asia, Europe and North America.	The annual oil production capacity of the three oil refineries is nearly 30000000 tons.	We have formed a petrochemical warehousing and logistics network covering the Bohai Bay area, Yangtze River Delta, Pearl River Delta and China's coastal areas and Yangtze River stretch.	We have formed a refined oil retail and distribution network covering major markets and core cities in northeast China, north China, east China and south China.



Agriculture – sow green hope

Largest integrated supplier of agricultural inputs-Fertilizers, seeds and pesticides-in China.Protect crop growth and development of modern agriculture with advanced technology, quality products and professional services.

Fertilizer	Seed	Pesticide
The fertilizer business total ranked first in the market, is the largest fertilizer supplier and distributor in china. The fertilizer products is variety, and with high quality and efficiency.	Seeds type includes rice, corn, wheat, etc. China's only state-level seed company that integrates "breeding, planting and marketing", with world-class commercial breeding platform, to cultivate green, safe, high-yielding new crop variety for China.	Produce efficient and environmentally friendly green agriculture products; a multinational pesticide operator with business value chain capacity, with leading pesticide developing, testing and evaluation capacity, a number of pesticide production bases, and a marketing network covering Asia, Australia and Latin America.



Chemicals – create a better life

China's leading integrated service provider, with relatively strong competitive advantages in the field of fluorine chemicals, natural rubber and rubber chemicals, fine chemicals, chemical logistics, petrochemical feedstock marketing, medicine, etc. play a positive role in promoting technological progress in andsafe, environmental friendly and harmonious development of the chemical industry.

Fluorine	Rubber	Pharmaceutical Chemicals
In fluorine chemical industry, establish a complete industrial structure; develop strong R&D and production capacity of fluorinated chemicals. More than ten kinds of products have the largest market share athome and abroad.	Natural rubber sector covers the whole value chain-planting, processing and marketing with global operations; provide products for Top 10 international tire companies.	It has a complete industry value chain covering R&D, production and distribution
Fine chemicals	Chemicals logistics	Petrochemical feedstock
Conduct strategic cooperation with leading domestic and overseas companies in the field of polyurethane, water-based functional materials, polyether materials, polyurethane products, etc.	The company forays into rubber chemicals industry, and has Asia's largest, liquid chemical container fleet and ISO-tanks team with the highest safety standards, providing customers with cost-effective chemicals logistics services.	One of the largest petrochemical feedstock integrated marketing service provider in China; provide customers with customized petrochemical products and services solutions; supplyplastic materials to nearly 3 million automobiles produced by China Top 10 carmakers each year



Real Estate – create harmony between architecture and human

From building a mansion to operating a city, we stick to the principle of"green technology, and Jinmao quality", and build a better life experience. As a unique high-end real estate developer and operator, we have presence throughout the country, own a number of five-star luxury hotels, and develop many landmark buildings and high-end residential projects.



Finance – create wealth through wisdom

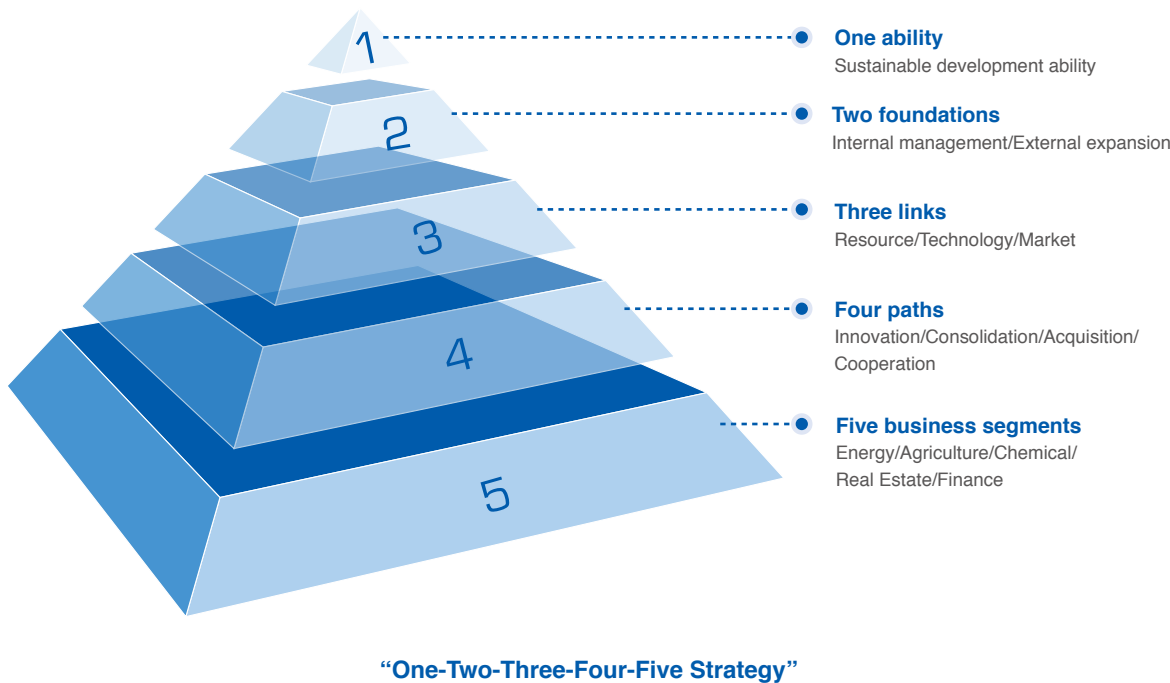
Our finance business covers non-banking areas, including financial leasing, trust, securities investment funds, life insurance, futures brokerage, etc. with huge industrial clusters as the basis, sound operation and professional services, we endeavor to meet the needs of social wealth management.

Strategy and Governance

Sinochem sticks to a business strategy of developing its energy, agricultural, chemical, real estate and finance business segments, further promotes internal synergies, improves restructuring and coordination of its businesses, promotes professional operation, mobilizes resources to develop its core businesses, reinforce the basis of main businesses, and strives to enhance its industry position and international competitiveness, by following the development path with Sinochem’s own characteristics.

Sinochem's Development Strategy

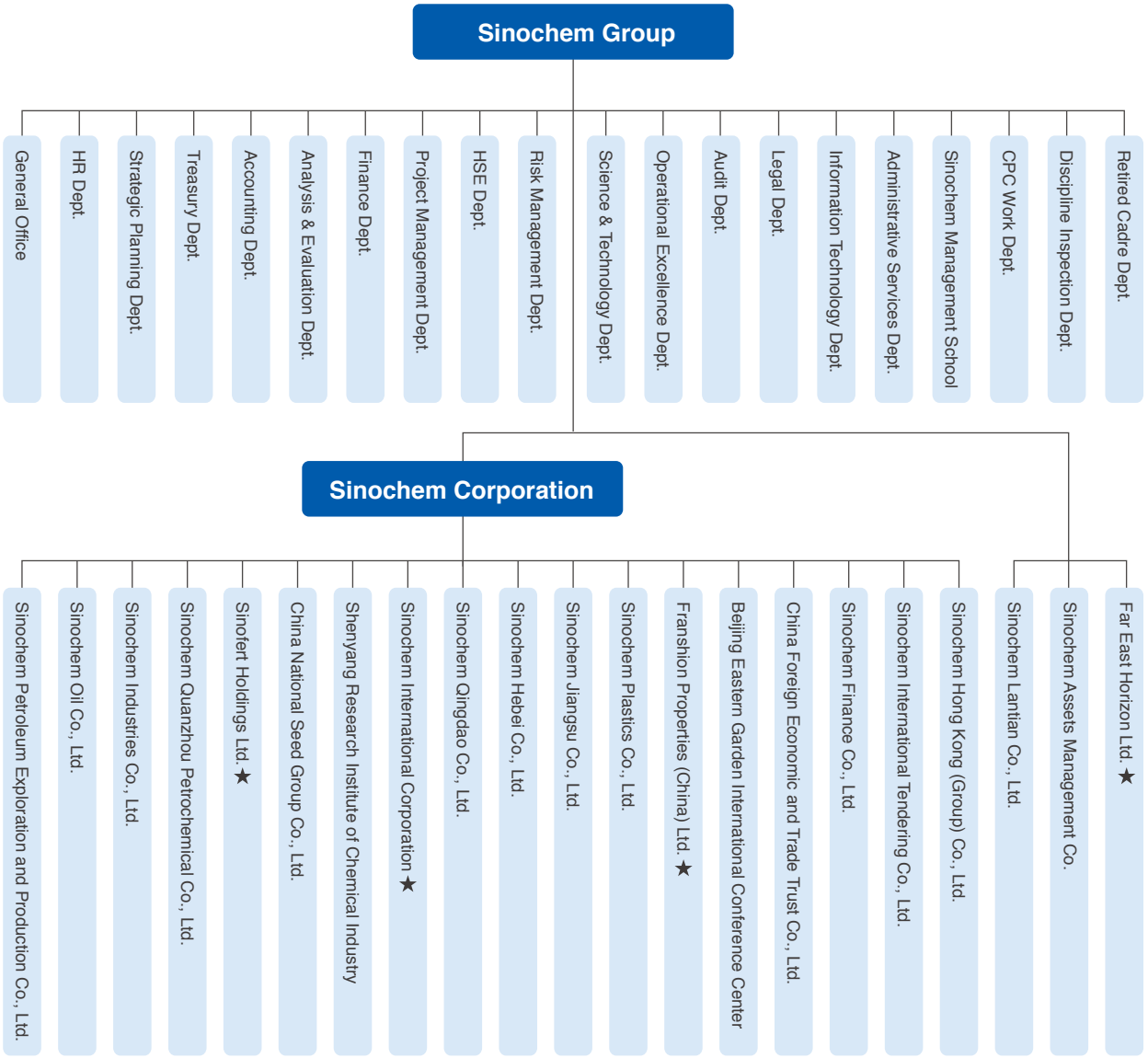
Sinochem regards world-class enterprises as its learning targets, and has raised the strategic objective of “the Third Transformation” by analyzing complex domestic and international situations and challenges. It has set up" one ability, two foundations, three links, four methods, and five sectors" as its development strategy, identified a clear direction and a magnificent goal, and continues to promote business innovation.



Corporate Governance

On August 27, 2014, the CPC Central Committee and the State Council decided that in accordance with the requirement of accelerating modern state-owned enterprise system with Chinese characteristics, a board of directors shall be set up in Sinochem Group, Liu Deshu was appointed chairman of Sinochem, and continues to serve as party secretary; Cai Xiyou was appointed general manager of Sinochem, while Liu Deshu no longer hold this position. Meanwhile, SASAC Party Committee decided that Cai Xiyou to serve as director of Sinochem’s board, and a member of Sinochem’s party committee.

Sinochem adheres to the principle of collective and democratic decision-making, constantly improves decision-making mechanism, and promotes scientific and democratic decision-making. The company implements the system of division of leadership responsibility, improves the party group meeting system, and the president work meeting system. The party group meeting decides on major political and business matters, and personnel changes in key posts; while the president work meeting decides the company’s major strategic development and management activities; and other professional committees are responsible for reviewing specific work and submitting proposal for major matters.



Note: ★ listed Companies; Department of Operational Excellence was established on May 15, 2015

Comprehensive Risk Management

As early as 1998, Sinochem began to build risk management system. After more than a decade of hard efforts, it has basically achieved "no blank or overlapping area in management; orders are implemented smoothly; issues are dealt with and responsibilities are shouldered". In recent years, taking internal control as an opportunity, the company further improved comprehensive risk management and internal control system that focusing on eliminating risks, and covering both group functional departments and subsidiaries. It provides strong guarantee for Sinochem's safe operation and strategic transformation. In 2014, Sinochem was rated "advanced unit in overall risk management enhancement" in SASAC's central enterprises management improvement activities.

Three "not allow"

- Indirect third-party financing trading is not allowed
- Chief executives are not allowed to do business directly
- Business outside of the main business sectors is not allowed

Four "resolutely"

- Resolutely strengthen the checks and balances mechanism at the middle and rear ends
- Resolutely establish the customer / supplier access mechanism
- Resolutely implement relevant provisions on centralized management of logistics providers
- Resolutely implement the stocktaking tripartite reconciliation (middle and rear ends and warehouse) system

Five "forbid"

- Forbid doing business with entities that have the same controller (direct or indirect)
- Forbid pure financing business which require full or part bill issuing or advancing money for others
- Forbid signing contracts requiring financing from our side with profit-sharing provisions
- Forbid doing business in which we cannot control the goods
- Forbid doing business in which we do not have contact with commodities, suppliers and customers

Comprehensive risk management requirements

One system

Internal control and comprehensive risk management system

- Constantly improve basic work
- On the basis of lessons learned over the past decade, form systematic and standardized management system in line with rules and regulations, best practices and internationally standard coso framework
- Constantly integrate and improve risk management system and internal control system so as to adapt to the company's needs

Two mechanisms

Risk monitor

- Monitor major risks (credit, stocks and futures), key units and businesses, so as to nip hidden risks in the bud

Risk examination

- Set up risk examination standards that cover two dimensions and nine aspects to conduct comprehensive examination
- Conduct specific case-based examination
- Constantly improve shortages and urge business units to improve their risk management capabilities

Three guarantees

Front-middle-back desk checks and balances

- Sinochem's core risk management mechanism; an independent middle desk is the key
- Improve middle desk personnel's quality through training and rotating system; give full play to checks and balances

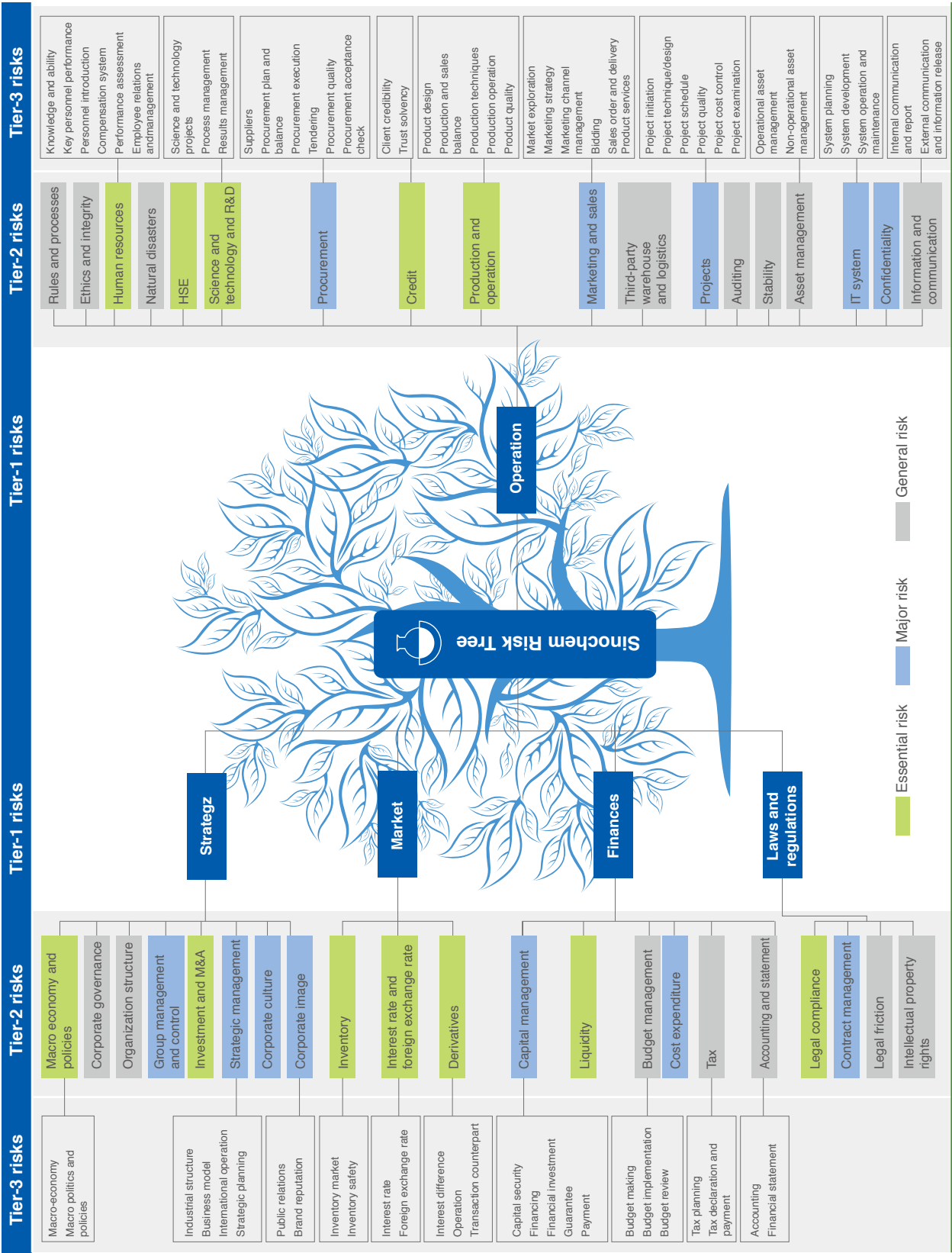
IT-based measures

- Improve the correct, timely and comprehensive information monitoring over business units

Risk culture and responsibilities

- Enhance risk culture and encourage responsibility awareness
- Educate managers at all levels through concrete cases and publicity

Comprehensive risk management measures



Sinochem Risk Tree

Anti-corruption

Sinochem adheres to the guiding principle of "anti-corruption goes together with strategy implementation", regards party's work style building and anti-corruption work as its responsibility, and deploys implements, reviews such work with operation and management work at the same time. All this has greatly supported the company in its endeavor to promote strategic transformation.

Earnestly implement the Party committee and discipline inspection commission's responsibilities of conduction and oversight. The company thoroughly studies CPC central committee's deployment of clean governance and anti-corruption work. By connecting with its diversified business portfolio and difficulties in strategic transformation, the company has carried out interviews with personnel at all levels, and comprehensively investigate hidden risks. Through giving play to superior's leading and modeling role, it promotes clean-governance and implementation of "two responsibilities" at every level.

Firmly carry out specific-item treatment. Sinochem is persistent in implementing anti-"four bad practices" requirements and spirit of the eight provisions raised by the CPC central committee. It has conducted specific-item treatment in accordance with the principle of unified leadership, responsibility at different levels, comprehensive clean-up, and strict regulation. The Company did not use public funds to buy consumer cards or books that have no connection with their work for business executives. It has no its own self training or care facilities, nor "unhealthy practice in clubs".

Carry out thorough inspections. Relying on the its "company-wide internal control" system for oversight, the company has conducted

inspections focusing on risks that may affect operating, production and political safety, with the aim to timely detect and correct hidden risks, loopholes in subsidiaries, and potential risk in leadership in the exercise of power, in a bid to nip issues in the bud and execute early correction.

Conduct publicity and education activities. The company attaches great importance to "educating its own people with concrete things. By analyzing typical cases, it educates and warns cadres and employees that they should pursue a great career and grow together with the company. It has launched such activities as family anti-corruption drive, themed essay, quiz, etc., so as to create a good and honest culture, build a strong ideological defense line against corruption and degeneration for cadres and employees.

Strengthen the discipline inspection team. The company actively participates in lectures and training classes on anti-corruption launched by the Central Commission for Discipline Inspection and SASAC's Commission for Discipline Inspection, organizes company-wide effectiveness monitor training and inspection classes, and focuses on improving the political quality and performance ability of the discipline inspection team.

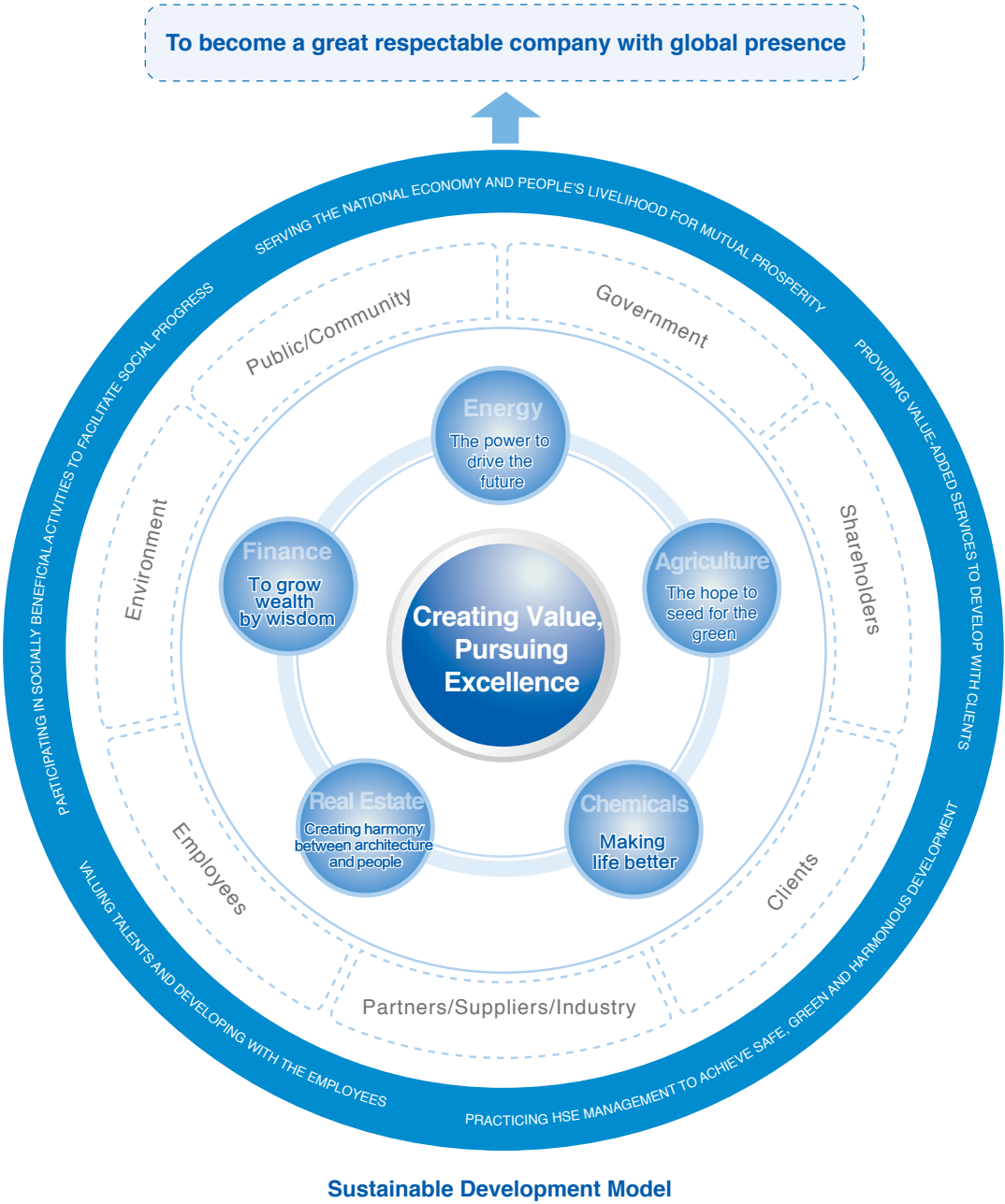
Measures	2012	2013	2014
Developed efficacy supervision programs (items)	93	136	153
Group-level executives signed CPC Anti-Corruption Letter of Responsibilities (copies)	11	18	18
General managers of Sinochem subsidiaries signed Anti-Corruption Letter of Responsibilities (copies)	44	43	43
Key managers signed CPC Anti-Corruption and Self-Discipline Commitment Letter (copies)	235	274	295
Discipline Inspection Department of Sinochem gave opinions on the appointment and removal of key managers (copies)	141	117	66
Conducted workplace anti-corruption training for employees (people)	10941	13806	13025
Conducted anti-corruption and self-discipline education across the group (times)	155	222	238

Social Responsibility Management

By linking its own development strategies and operation model, Sinochem strengthens its social responsibility management, improves social responsibility management structure, gradually brings the concept of social responsibility into all aspects of its business and daily operations, conducts communication with a broad range of stakeholders, and strives to achieve common sustainable development with the stakeholders.

Model of Sustainable Development

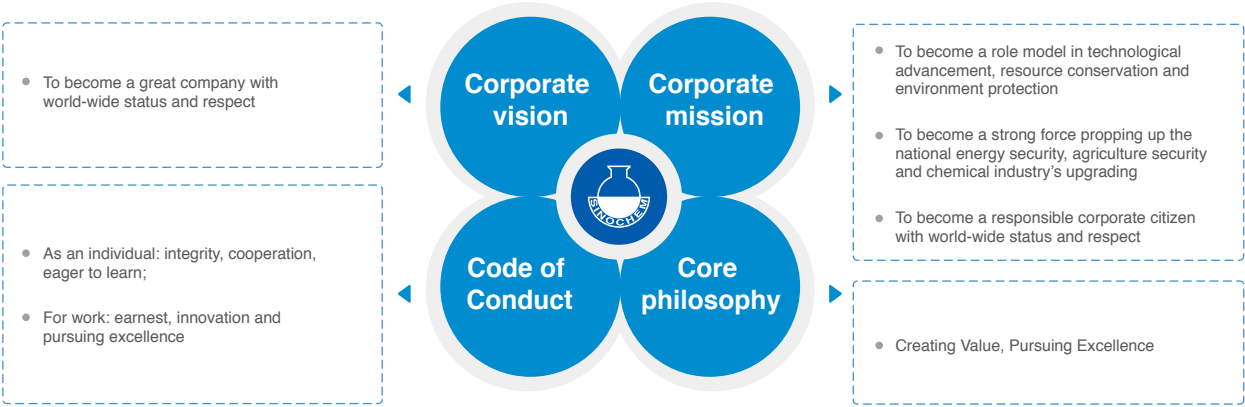
In its development process, the company always bears in mind its responsibilities and mission, regards corporate social responsibility as part of its gene, connects social responsibility work with business development, and gradually explores and forms a sustainable development model with Sinochem characteristics.



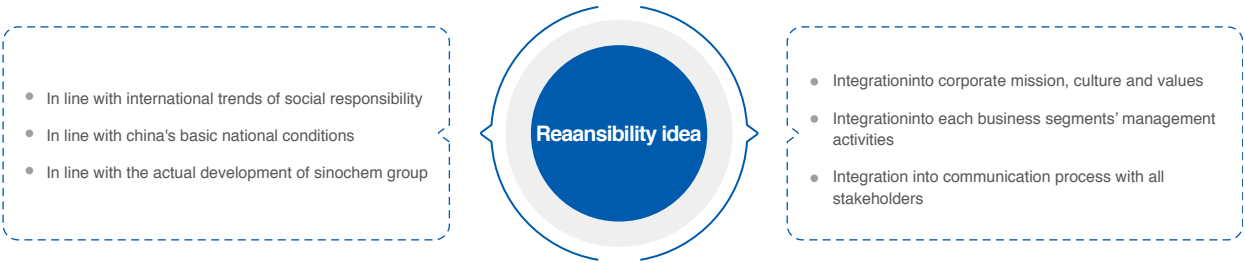
Social Responsibility Promotion

Sinochem organizes social responsibility work around four aspects: idea shaping, system building, practice guiding, and responsibility communicating, so as to promote the integration of the concept of social responsibility into the management processes and business segments of both the group company and its subsidiaries.

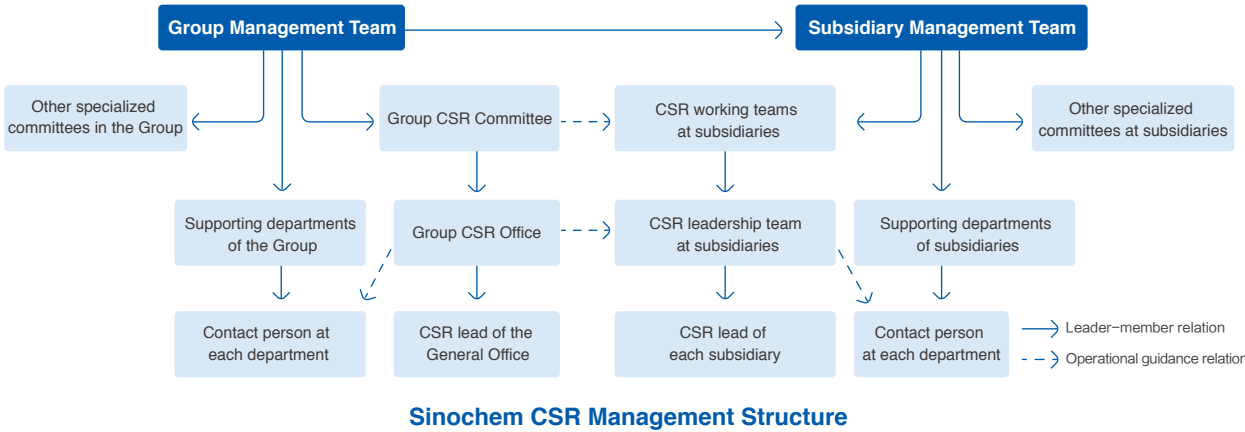
Idea shaping. Sinochem integrates corporate social responsibility into corporate gene, and the responsibility concept into corporate mission, culture and values. It highlights social responsibility in management activities of each business segment, reflects social responsibility in communication with stakeholders, and endeavors to achieve organic integration of social responsibility with business management.



Sinochem strengthens the concept of "three conforms" and "three integrates", integrates scientific concept of social responsibility into the company's management and operation. Its subsidiaries have conducted a variety of social responsibility activities depending on their own business characteristics.



System building. Following the overall plan, Sinochem's subsidiaries coordinate with each other and assist each other, and various departments and entities at all levels take initiative to further strengthen the social responsibility system, and standardize process management. Sinochem's level-two units have set up leading groups, identified personnel and contacts responsible for social responsibility work, putting in place a smooth work mechanism.



Practice guiding. Sinochem holds social responsibility work meeting on an annual basis, which conducts training programs on the role of social responsibility in reshaping corporate awareness and corporate management, the latest developments and achievements of central SOEs in the field of social responsibility, as well as the compiling methods and requirement of social responsibility report. The group company guides and assists subordinating units to carry out social responsibility activities by selecting themes in accordance with their unique characteristics.

Responsibility communication. Through its media platform of official website, newspapers, business reports, "Sinochem Today" microblog and WeChat account, Sinochem conducts extensive communication with stakeholders; it has published sustainable development (corporate social responsibility) report for eight consecutive years; its subsidiaries, Sinochem International, Sinofert, Franshion Properties, FOTIC, Sinochem Ningbo, etc. actively release their own social responsibility reports, and participate in international exchanges and discussions on social responsibility.

Honors

At the Ninth International Forum on Corporate Social Responsibility & "Golden Bee Corporate Social Responsibility, China list" ceremony sponsored by WTO Tribune, Sinochem, by its solid social responsibility management practices and typical case of "Care for Agriculture, Safeguard Agricultural Development", won the "Golden Bee Enterprise" as a model enterprise that stresses responsible operation and pursues sustainable development. Franshion Properties, a Sinochem subsidiary which is listed in Hong Kong, won the "Golden Bee Corporate Social Responsibility Award - Ecological Civilization" Award.

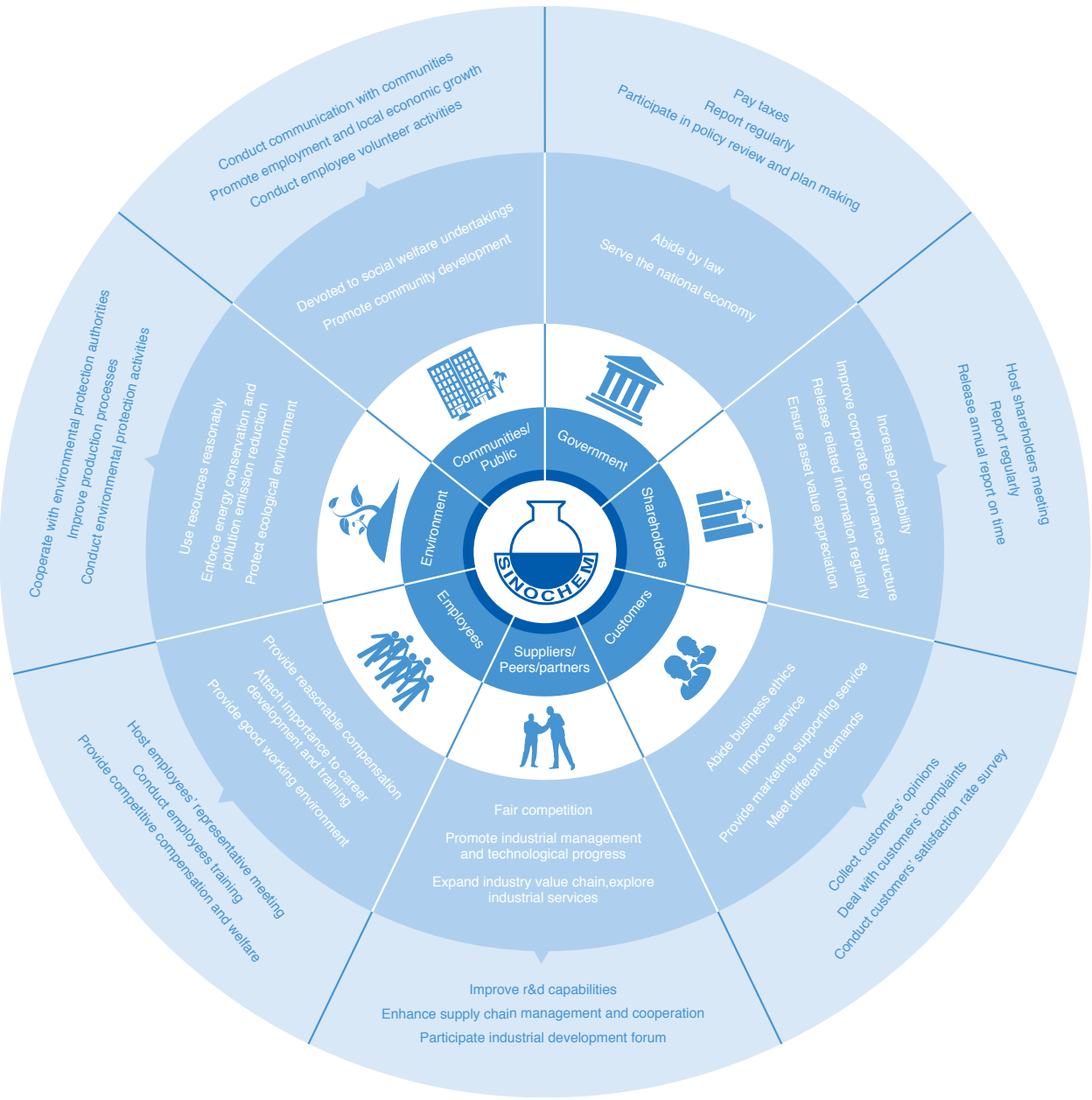
At the seventh International Symposium on Corporate Social Responsibility Report & "Golden Bee Excellent CSR Report List 2014", Sinochem Group 2013 Sustainability Report won the "Golden Bee Social Responsibility Report Evergreen Award"; the Social Responsibility Report of FOTIC, Sinochem's subsidiary, won the "Golden Bee Excellent CSR Report 2014 • Growing Companies" Award.




In the selection of best social responsibility practices launched by the Global Compact network in China, the case "caring for local livelihood, plowing rich soil in Africa" submitted by Sinochem won the Award for "Promoting Social Development and Cooperation Best Practice".



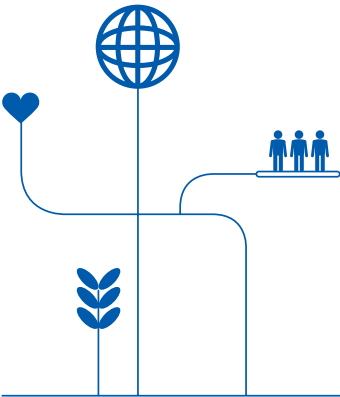
Stakeholders and Key Issues

Starting from its core businesses, Sinochem considers the actual business operations, identifies stakeholders and their needs and expectations. According to the characteristics of different stakeholders, Sinochem chooses the best communication tools and ways to achieve effective communication with stakeholders, and make efforts to respond to the legitimate expectations and demands of them.



	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">● Implement extending upstream strategy for energy sector● Promote seeds, pesticides, fertilizers 'coordinated development● Promote scientific and technological innovation● Strengthen lean management	<ul style="list-style-type: none">● Improve client service system● Enhance service capability	<ul style="list-style-type: none">● Promote behavior safety improvement● Cultivate green environmental protection ideas	<ul style="list-style-type: none">● Strengthen employee training● Broaden career path● Give care for employee	<ul style="list-style-type: none">● Conduct poverty alleviation programs● Prod suppliers' sense of responsibility to fulfill obligations● Innovate mechanism for conducting community undertakings
 Energy	<ul style="list-style-type: none">● Enhance oil and gas resources acquisition● Improve oil storage facility layout● Build oil retailing network	<ul style="list-style-type: none">● Improve services for end users● Provide value-added service	<ul style="list-style-type: none">● Safe production● Green production● Protect biodiversity	<ul style="list-style-type: none">● Help needy employees● Improve employees' skills	<ul style="list-style-type: none">● Prod suppliers' sense of responsibility to fulfill obligations● Promote industry development● Ensure the safety of the communities● Promote local communities' development where we have presence
 Agriculture	<ul style="list-style-type: none">● Secure fertilizer supply● Improve pesticide r&d system● Safeguard seed industry security	<ul style="list-style-type: none">● Launch "sinochem's care for agricultural dream"	<ul style="list-style-type: none">● Green production● Guile scientific fertilization● Research green, low-toxic, environmental friendly pesticides	<ul style="list-style-type: none">● Set up multi-tiered employee training system● Balance employees' work and life	<ul style="list-style-type: none">● Promote industry development● Organize donations to welfare projects
 Chemical	<ul style="list-style-type: none">● Serve every aspect of people's lives● Improve rubber industry value chain● Contribute to fluorine industry development	<ul style="list-style-type: none">● Provide professional, comprehensive services throughout the industrial chain● Provide customized service and comprehensive solutions	<ul style="list-style-type: none">● Conduct fire emergency drills● Green production● Energy conservation and emission reduction● Recycle used plastic bottles	<ul style="list-style-type: none">● Innovate training programs for employees● Promote all-round corporate culture construction	<ul style="list-style-type: none">● Organize donations to welfare projects● Promote industry development● Develop along with overseas local communities
 Real estate	<ul style="list-style-type: none">● Develop high quality real estate projects● Promote healthy development of the real estate sector	<ul style="list-style-type: none">● Strengthen process quality management● Integrate properties management businesses	<ul style="list-style-type: none">● Promote green development strategy● Civilized safe work	<ul style="list-style-type: none">● Improve employees' skill● Care for employees	<ul style="list-style-type: none">● Prod suppliers' sense of responsibility to fulfill obligations● Promote regional economic development
 Finance	<ul style="list-style-type: none">● Consolidate financial services for people's livelihood● Promote multiple business development	<ul style="list-style-type: none">● Provide high quality, all-round financial services● Provide tailored services	<ul style="list-style-type: none">● Promote hse skills● Support replacement of old buses with new ones● Support urban water disposal system's upgrading	<ul style="list-style-type: none">● Promote democratic management● Optimize compensation system● Care for employees' lives	<ul style="list-style-type: none">● Conduct community social welfare activities● Promote industrial progress

Sinochem's CSR Matrix



Sinochem's Care for Agricultural Dream

In December 2013, the Central Rural Work Conference stressed that rural population should be enriched, supported and assisted, so that agricultural sector can be profitable, agricultural population are confident and decent career, and rural area become a beautiful land.

As a professional national service provider for agricultural sector, Sinochem, mobilized its subsidiaries Sinofert, China Seed and Sinochem Agro in 2014, worked together with agricultural authorities, local governments and research institutions to carry out a campaign of "Sinochem's Care for Agricultural Dream", in a bid to benefit farmers, protect farmers, and help farmers wholeheartedly. Measures taken include promote scientific fertilization, explore modern crop protection technical services, educate new professional farmers; conduct special anti-counterfeiting and product knowledge popularization and product identification training, and protect and clean agricultural supply market. In 2014, 14,000 activities were organized under "Sinochem's Care for Agricultural Dream", more than 1,300 pieces of demonstration fields were set up, benefitting nearly a million rural population.

- Agricultural services
- Scientific services
- High-yield demonstration projects
- Crack-down on fake products
- Comprehensive crop solutions
- Customized services for major growers
- Expert clinic on crops

Sinochem's care for agriculture dream

Benefit, protect and assist farmers

- Professional farmers' education
- Two "hundreds of increase" scientific activities
- "Beautiful villages" scientific activities
- Build farmers' field schools
- Promote scientific fertilization
- Free soil test services
- Build demonstration county of formula fertilizers

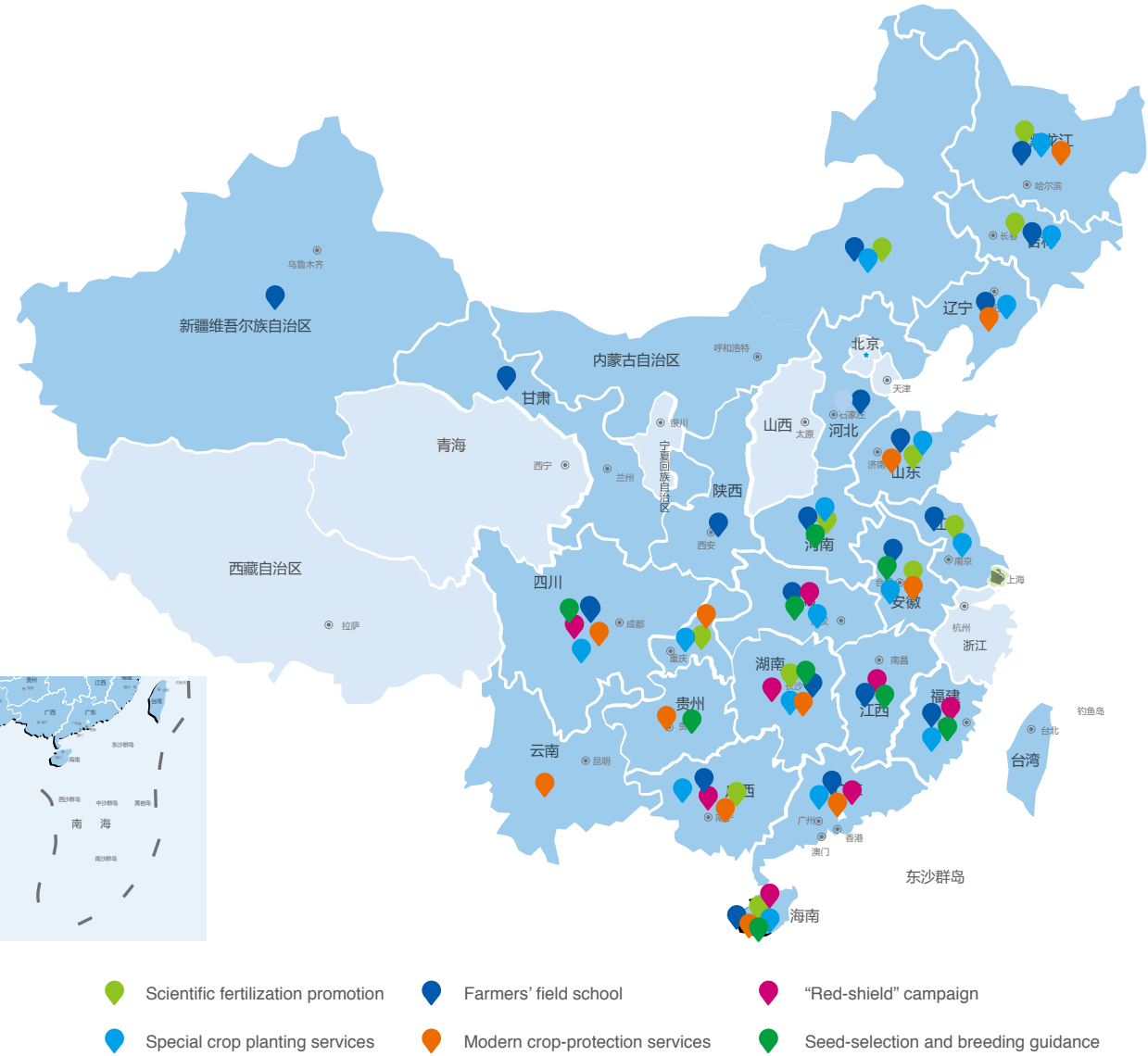
voice

"Scientific fertilization works well. Now 8 major farmers are using formula fertilizer, which reduced rice empty grain rate from 30% to 10%.Per mu yield of 2-times-harvest-per-year rice increased by 300 kg, which translates to 500 yuan of rise in revenue."

- Wang Dihua, village party secretary, Youhewan village, Lanxi Town, Yiyang

"After participating in filed schools organized by Sinofert, I learned the right fertilization methods, and also understand how to identify genuine and fake fertilizer."

- Wang Damin, a major grower in Yiyang



Regions covered by agri-chemical services

Assisted By Science

Conduct technical training. Hunan Dongting hi-tech Seed Co., Ltd., a subsidiary of China Seed, held exchange meeting on spring farming in Changsha, Hunan province. Five training lectures were held for major farmers, benefiting 180 people; "scientific seed selection, with good supporting methods" activity was launched, which benefited 400 farmers. Sinochem Agro carried out training classes on Aike, flu morph and 9080, which benefited 850 farmers.

Build Demonstration County of formula fertilizers. Sinofert worked with Ministry of Agriculture to set up 19 demonstration counties of and 3 meetings on reviewing scientific fertilization in Longjiang County in Heilongjiang, Qianguo County in Jilin, Wuchuan and Shangdu in Inner Mongolia.



China Seed conducted seeds and methods promotion activity under the theme "scientific seeds selection and good supporting methods"

Door-to-door Service

Product supply. In the critical time of spring farming and field management, Sinochem relies on its comprehensive agricultural product distribution and service network which covers more than 95% of China's arable land to ensure access to agricultural supply and basic products like fertilizers, seeds and pesticides.

Door-to-door service. Sinochem-Agro launched such activities as agricultural caravans and expert consultation sessions totaling 19 times, which benefited over 900 people in 54 villages. Sinofert took measures to crack down on knock-off products, conducted sending agricultural products to the countryside and publicity activities totaling 2048 times, distributing more than 40,000 copies, which directly benefited more than 200,000 people.

Work at the forefront. Sinofert have set up 175 Farmer Field Schools (FFS). In 2014, two new FFS were built in Shandong and Fujian. 5 training sessions were launched, which benefited 170 farmers. Over 1100 pieces of demonstration land were put in place, 185 on-site demonstrations meetings were conducted; more than 22,000 copies of reading material were distributed, which directly benefited more than 11,000 people.

Cooperate to Help Grow

Innovate service model. Sinofert Heilongjiang branch cooperated with Zhaodong municipal government to explore the "government-field trusteeship service model", and introduced high-yield solution that integrates "Sinochem's seeds + fertilizers + pesticides" in the demonstration plots developed by both sides. After experts' examination, the yield of per Mu of such plots is 1227 kg, and year-on-year increase of 36.3%. Sinochem Agro signed cooperation agreement 2014 with Heilongjiang plant quarantine and protection station to jointly build Sinochem Agro Modern Crop-protection Technical Service Demonstration Area, which aims to reduce pesticide application by 20%, and increase per Mu yield by 12.1%-29.8% through promoting "unified program, unified organization, unified pesticide supply and application, and unified investigation".

Educate new professional farmers. Sinofert cooperated with Science and Education Division of the Ministry of Agriculture and Central Agricultural Broadcasting and Television School jointly organized the "Northeast China New Vocational Farmers Training and Farmer Capability Enhancement Class" to educate new career farmers.



Demonstration base of modern agricultural crop-protection techniques in Heilongjiang



New professional farmers

New professional farmers refer to modern farmers who have certain expertise, and whose revenue comes mainly from agriculture

Conduct Public Welfare Activities to Benefit the People

Support disaster-hit regions. Sinofert worked with Hainan Soil and Fertilizer Station, Wenchang City Agricultural Technique Promotion Service Center to launch the activity "Give Your Love for a Home", donating 50 million yuan worth of fertilizers and pesticides to disaster-hit regions, which helped farmers out of shortage of fertilizers and pesticides due to typhoon.

Send seeds to countryside. China Seed International, a subsidiary of China Seed Group, sent 500 kg of seeds to the countryside, set up 3 demonstration fields which cover 250 Mu, benefiting over 50 farmers.

Enrich cultural life. Sinofert conducted 6 movie-play activities in Anhui province for over 400 farmers.

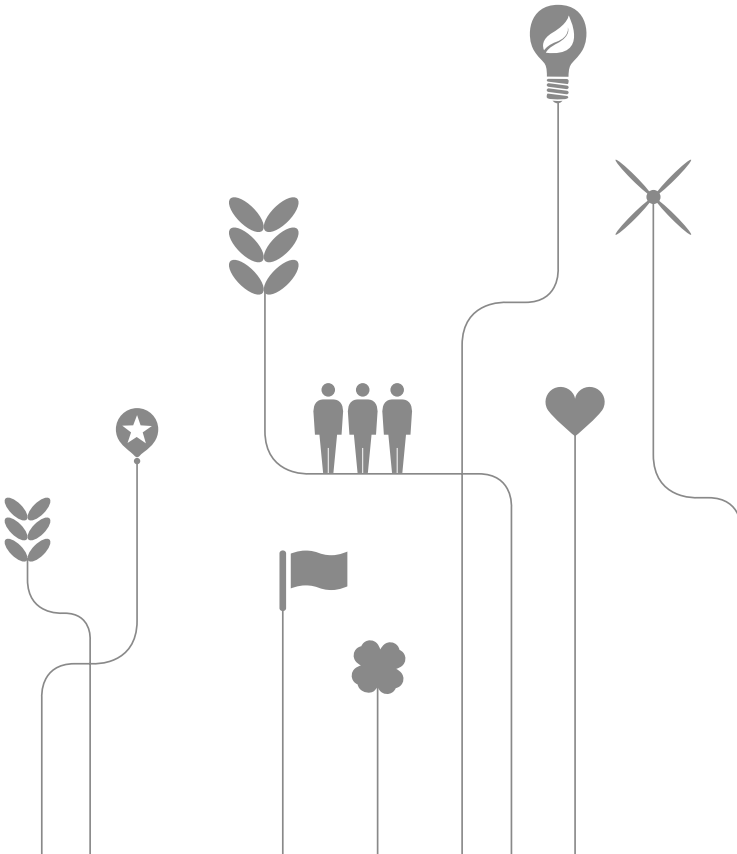


Sinofert worked with Hainan Soil and Fertilizer Station, Wenchang City Agricultural Technique Promotion Service Center to launch the activity "Give Your Love for a Home"

For more information, please scan the following

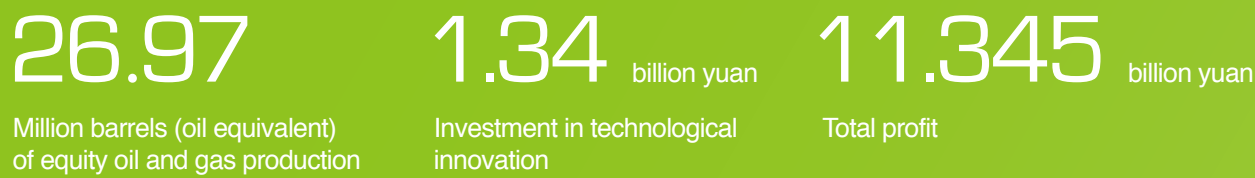


Theme activity "Sinochem's care for agricultural dream", produced by New Center, Sinochem Group



Serve the National Economy to Prosper Together with the Country

To adapt to the "new normal" of the Chinese economy, Sinochem "One-Two-Three-Four-Five" strategy, relies on innovation, constantly enhance management, safeguard national energy and agricultural security, and promote the progress of the chemical industry, provide high-quality products and services, playing an exemplary role in promoting the harmonious society.



Honors and Stakeholders' Comments

- Sinochem financial statements are of high quality and timely released. Sinochem is one of the 40central SOEs approved by the Ministry of Finance.
- The patent “benzo Pyrones preparation and application” of Shenyang Institute for Chemical Research and Shenyang Sciencreat Chemicals Co. Ltd.’ s patent of “A Herbicide Composition” won "China Excellent Patent Award".
- Professor Long Fei and Professor Meng Mingyang from Shenyang Institute for Chemical Research won Innovation Award at the 6th "Hou Debang Chemical Science and Technology Award".





From farm to table
-food safety starting from seed

Seed is the origin of all living things. There can be no life without seeds. The food we eat every day is grown from seeds. Maybe the bowl of rice you're eating is produced from the seeds by China Seed, Sinochem's subsidiary. After hard work and careful selection by outstanding breeders, seeds will grow into rice and become the food we eat. Some claim that your seeds are genetically bred and are not safe. Well, Sinochem can tell you for sure that genetic breeding means employing biological breeding technology to dig out the good genes, then do optimization, and improve the overall performance of different varieties; whereas genetically-modified rice uses non-rice genes to modify rice. The two technologies are essentially different. The safety of rice produced from Sinochem's seeds can be ensured.

Safeguard National Energy Security

The company work hard to adapt to energy sector's new normal of "quality takes precedence over size", stride forward to become a uniquely positioned, independent international oil company. Sinochem follows the strategy of expanding to the upstream sector, and constantly enhances oil and gas exploration and production capability at home and abroad. Meanwhile, it constantly consolidates its operating capabilities of oil refining, trading, logistics, retailing and distribution; promotes the integrated development of upstream and downstream sectors, so as to ensure national energy security.

Year	2010	2011	2012	2013	2014
Crude oil trading volume (million MT)	52.53	55.61	55.00	56.00	74.98
Equity oil and gas production (million barrels of oil equivalent)	17.74	22.01	23.34	25.13	26.97
Refined oil distribution (million MT)	4.12	4.28	4.55	6.89	7.75
Oil storage capacity (million cubic meters)	4.34	6.35	10.03	11.35	13.12
Oil refining capacity (million MT)	10.00	15.00	15.00	27.00	27.00

For more information, please scan the following



General layout of Sinochem's energy business

Exploration and Production

- has 39 blocks in 11 countries, with core areas in America and the Middle East.
- project types include light oil, heavy oil, natural gas, shale oil, etc., covering all links of the upstream sector—from exploration, production to pipeline transportation; has nearly 700 million barrels of equity oil and gas 2P reserves
- undertakes country-based research; set up 11 national oil and gas asset database; conduct in-depth geological and oil reserve study on Campo Rico oilfield
- Campo Rico's production increased steadily, with smooth operation; progress was made in rolling exploration; new Gacheta layer was discovered in VS oilfield, adding 1.8 million barrels to existing geological reserve.
- Comes back to domestic oil and gas exploration market by participating in shale gas exploration in Chongqing; owns 20% stock in the joint venture, which marks a historic breakthrough in domestic market.

Oil Refining

- 12 million tons / year Quanzhou refinery has come into operation. All of its gasoline and diesel products meet Euro V standards. In 2014, Quanzhou refinery processed 5.96 million tons of crude oil, and produced 1.4 million tons of gasoline, 420,000 tons of kerosene, and 1.89 million tons of diesels.

Oil Trading

- Oil center works with Quanzhou refinery to apply for the export qualification of refined oil.
- crude oil trade volume reached 75 million tons, with import and entreport volume ratio is about 1: 1.2; refined oil operating volume is 2.87 million tons

Warehouse and Logistics

- Operation and management inventory reached 10.12 million cubic meters, with 3 million cubic meters of national oil reserve project under construction, which is nearly 4 times that of 2006.

Retail and Distribution

- Oil center opened 102 new refueling stations, signed 138 new DODO stations, with operating stations and contracted stations reaching 477 and 709 respectively.
- Quanzhou refinery was granted refined oil wholesale business qualification.



Actively Participate in Study on National Strategic Oil Reserves

Sinochem promotes development of national oil reserves, and has formed series research papers on the National Oil Reserves, among which Study on Purchasing Strategy for National Oil Reserves won second place in the 2008--2009 NEA Soft Science Research Award; and National Oil Reserve Rotation and Mobilization Mechanism won the third place in 2010 NEA Soft Science Research Award

In 2014, Sinochem Oil's soft subject project "Study on Standards of Leasing of Private Warehousing Facilities to National Oil Reserves" won the third place in 2012 NEA Soft Science Research Award. National Energy Administration noted that the report is rich in contents, links closely with the reality, sufficiently reasoned, thoroughly analyzed—it summarized experience of foreign governments in renting oil companies' storage facilities, and proposed standards and operating procedures for China torrent storage facilities from oil companies. The paper may work as a good reference for national oil reserve work.

Safeguard National Agricultural Security




The company integrates fertilizer, seed, and pesticide businesses, and enhances energies and collaboration, improves R&D capabilities, processes, and production efficiency; expands online marketing channels, develops greater marketing, so as to contribute to national agricultural security.

Stabilize Fertilizer Supply

Relying on strong fertilizer product development capability, the company accelerates commercialization of environment-friendly and efficient fertilizers. It promotes marketing through quality service, and ensures steady supply of fertilizer products.

Year	2010	2011	2012	2013	2014
Total output (million MT)	10.34	10.34	10.00	12.00	12.00
Total sales volume (million MT)	15.51	16.46	17.14	16.28	14.63
Total distribution outlets	21.06	21.10	21.10	21.10	21.00

Major Indicators for Sinochem Group's Fertilizer Business

Fertilizers value chain	Measures
<div><p>R&D</p></div>	<ul style="list-style-type: none">Invest over 100 million yuan in technical expense, which aims to support energy-saving processes, key techniques, new fertilizer research and development, and technical services and promotionSet up Chengdu R&D center, state biotechnology center-Sinochem sub-center. By the end of 2014, Sinochem had had 3 subsidiary-level research centers and 4 enterprise technology centersAs a major participant in national technology demonstration project of Bohai granary,Sinochem took the leadership role in the research "Study on Research and Application of Regional Specialized Efficient Fertilizer for Crops", with focus on "fertilizers". By the end of 2014, 180 Mu of demonstration field have been set up
<div><p>Production</p></div>	<ul style="list-style-type: none">Controls or has stakes in 14 fertilizer companies,with annual fertilizers production capacity at 12 million tonsProduct type includes nitrogen, phosphate, potash, compound fertilizers and other new fertilizersOwns high quality phosphate resources, which paves way for connecting phosphate fertilizer withphosphate chemical industry
<div><p>Marketing</p></div>	<ul style="list-style-type: none">Develop Latin American marketCooperate with China Minsheng Bank, China Postal Savings Bank, Guangdong Development Bank to innovate rural financial services model, and promote service marketing through serviceCreate e-business platforms such as "maifeiwan" and "Chian compound fertilizer trading website" to expand marketing channelsBy the end of 2014, it owns 17 branches and over 2100 distribution centers



Promote E-marketing

Sinofert launched the B2B e-commerce platform "Maifeiwan", which aims at shortening purchase process, reducing communication costs and improving overall supply chain efficiency. Pilot programs were started for 65 regional customers in Shandong and Henan. By the end of 2014, 14,000 tons of fertilizers had been sold through "Maifeiwan", with sales revenue reaching 33.57 million yuan. The platform shortens order placing time from 1-3 hours to 0.5 hours, and delivery period from 7-10 days to 1-2 days, greatly improving customer trading experience.



voice

"Sinochem's e-commerce platform is great. I can find what I need, and can place orders by following notes, which simplifies compression original transaction process."




"Sinochem's e-commerce platform is great and user-friendly. I'll keep watching it"

- Xia Wenliang general manager of Qingdao Agricultural, Supply

- Customer Kong Xiankun




Develop and Promote Environment-Friendly Pesticides

The company enhances capability along the whole industry value chain, uses environment-friendly green pesticides as the driving force, and promotes the industrialization of self-developed products as well as "going-global" of environment-friendly green pesticides.

Pesticides value chain	Measures
<div><p>R&D</p></div>	<ul style="list-style-type: none">Shenyang Research Institute for Chemical Industry has completed industrialized technology transfer of the innovative variety SYP-9080 project, and pilot plant test of New Dijie and New Aike. It has strengthened research on new formulations, expanded the depth and breadth of the study. Research on optimization of 18 existing formulations and 25 new formulations were during the first three quarters
<div><p>Production</p></div>	<ul style="list-style-type: none">The first batch of "Eluney" has completed filling on the assembly line of Shenyang Sciencreat Co., Ltd. This is Sinochem Agro's first own brand
<div><p>Marketing</p></div>	<ul style="list-style-type: none">Deliver formulation products, including Rico, ROGUE, RIVET,vto domestic and overseas marketsSales volume of Roundup in domestic market increased 30% year-on-yearAchieve Yangnong Group's flurbiprofen and Jiaheling cooperation in domestic market; start registration of chlorine/ dicamba in the Philippines and Australia

Safeguard the Security of the Seed Industry

The company has set up a R&D platform, optimizes the layout of seed production, and expands marketing channels, so as to contribute to the modernization of China's agriculture, safeguard crop security, food security and promote sustainable development of agriculture.

Seeds value chain	Measures
 R&D	<ul style="list-style-type: none">● Build breeding platform. China Seed's "national key Laboratory for crop breeding technology innovation and integration" promotes rational division of labor between enterprises and research institutes, optimizes China's organizational innovation model, establishes and promotes green super breed concept in the seed industry, strives to achieve sustainable-development production model of "more output with less investment, and environmentally friendly", and is dedicated to creating world-class top Chinese bio-breeding platform● Increase R&D efforts. Rice genome chip is upgraded to industry-leading position of 90K; introduce new quality source patented system for conventional breeding. Technology Centre completed six parent-line improvements, which is to be delivered; created two sterile lines, and completed identification● Promote approval identification. Rice get two state approved varieties, 21 provincial- approval varieties; corn get three provincial- approval varieties; wheat get 10 state approved varieties, eight provincial- approval varieties;; sunflowers get three varieties. Maize and rice have 23/times varieties; Technology Centre is about to complete a two-line state approved two-line medium rice variety, and a conventional improved variety, which mark a historic breakthrough● Build dominant species. 6 rice varieties, 3 wheat varieties and 2 maize varieties were selected as dominant species;2 rice varieties were selected as demonstration and promotion super rice varieties. By the end of 2014, among the 111 super rice varieties identified by the Ministry of Agriculture, 12 were bred and marketed by China Seed
 Production	<ul style="list-style-type: none">● Improve production capacity. Establish 5 seed production bases covering major crop growing regions in the country. Build 15 supporting seed storage and seed processing centers; able to produce and process 250 million kg of seed per year● Innovate seed production model. Set up production base transfer pilot projects in Zhangye, Gansu and Meishan, Sichuan. More than 6,000 Mu of land was transferred in Zhangye. The company also builds alliance with local villages, farmers' cooperative organizations and large seed growers to explore production model of "company + transferred base + professional cooperative organization + professional seed growers" to promote industry upgrading and transformation
 Marketing	<ul style="list-style-type: none">● Promote marketing through service. Give full play to the advantage of integrated service provider to explore pilot programs of "seeds + fertilizers" and "seeds + pesticides" in Henan, Shandong, Sichuan and Hubei. Carry out field investigation into the model of "integration of seeds, fertilizers, pesticides, services and capital", and promote solution of comprehensive agricultural service system● Expand marketing network. Set up 22 provincial-level marketing agencies over the country; expand service network to cover all major grain and oil primary producing regions. Enrich marketing channels. Participate instate-level seed industry e-business platform supported by the Ministry of Agriculture



"Elite Breeder" in Sanya




As a specialist in seed breeding, and one of the elite breeders in Sanya, Wang Rongning has spent more than 10 years in the 200 mu of breeding field. His team supplies more than 30 of Hainan rice varieties, with more than 10 leading varieties in the South China market. As a key figure of the company's breeding team, Wang Rongning participated in or led the review of 27 new varieties, reviewed and approved 32/times in 7 provinces, and acquired 6 new varieties. He has made fruitful results in commercial breeding and won three provincial-level scientific and technological progress awards.

Promote the Progress of the Chemical Industry

The company continues to strengthen its core competitiveness in the fluorine chemical and rubber products sectors, consolidate resource acquisition, enhance research and development, speed up commercialization of research results, innovate marketing model, so as to boost management and technological progress of the chemical industry.




Fluorine Chemical Product Line

The company continues to secure fluorite resources, strengthen independent research and development, promote commercialization of research results, polish brand, so as to maintain advantages along fluorine chemical industry value chain.

Fluorine chemicals value chain	Measures
 R&D	<ul style="list-style-type: none">● Improve low-grade fluorite flotation technology; improve the efficiency of resource mining
 Production	<ul style="list-style-type: none">● Expand production capacity of TFA; its supporting materials also went into operation● Foaming agent project with Honeywell and brazing flux project with Solvay were completed● Has19 sets industrial units, more than 50 varieties, annual production capacity of 270,000 tons (excluding fluorite and raw materials). Industry-leading operating rate of HFC-125, HFC-134a, HCFC-123, TFA and other major products; organic raw material utilization rate is at the industry leading level
 Marketing	<ul style="list-style-type: none">● The market share of refrigerant HFC-134a and R410A, the fluorine-containing agricultural pharmaceutical intermediates TFA is No.1 in China; brand names such as "Jincool", "Kehua" enjoys rising reputation in international markets; "Jincool" was recognized by State Administration for Industry and Commerce as famous trademark in the refrigerant sector● Cooperate with 6 of the top 10 domestic electrolytic aluminum plants and a number of international companies in the field of aluminum fluoride

Improve the Rubber Industry Value Chain


Rubber is a scarce resource of strategic importance to the national economy. The company constantly to strengthen the rubber of resource acquisition, production and marketing capabilities, improve the cultivation, processing, marketing, rubber industry chain service system, strengthen the rubber industry chain operator position.

Natural rubber value chain	Measures
 Resources acquisition	<ul style="list-style-type: none">● Has 280,000 hectares of land in Africa and Southeast Asia, among which 180,000 are arable. The size of area of plantations and land reserves is among the world's largest
 Production	<ul style="list-style-type: none">● Grow and regrow nearly 3,000 hectares of natural rubber; increase processing capacity by 50,000 tons● Natural rubber processing capacity of 730,000 tons, with facilities scattered mainly in China, Southeast Asia and Africa -- among the three largest in the world's top three
 Marketing	<ul style="list-style-type: none">● Has a worldwide sales network; has established a nationwide tire and rubber products marketing area; make up approximately 15% of domestic market share -- ahead of other domestic companies; it is a major supplier for Michelin, Goodyear, Bridgestone, Hankook, etc. which are among the Top10 global tire companies

Improve People's Livelihood and Well-being

Clothing


Chemicals: produce and operate raw materials and dyes to enrich people's clothing



Food

Agriculture: breed new seed varieties; enrich people's dining choices; developed green pesticides and fertilizers, promote crop output


Chemicals: develop and produce ingredients such as food additives; improve food quality



Accommodation

Chemicals: produce energy-saving materials like polyurethane products, HFC-245fa foaming agent, air-conditioner refrigerant and the like; produce PP and PVC plastics for pipes, doors and windows, etc.


Real Estate: provide customers with high quality properties and good property services

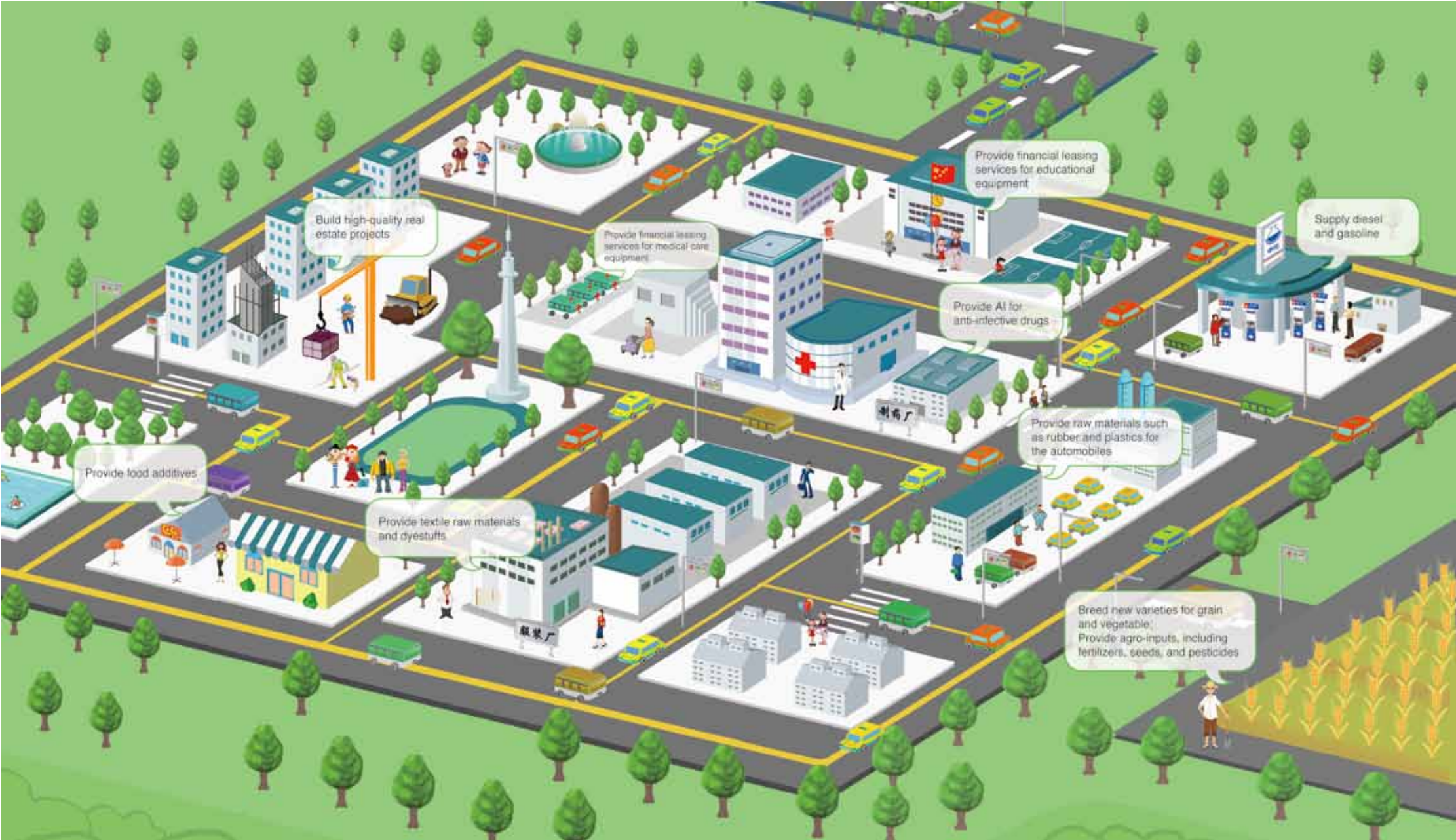


Transportation

Chemicals: operate rubber and rubber products, plastics, auto air-conditioner refrigerant, etc. provide raw materials for automobile tires and parts to promote the development of the automotive industry


Energy: accelerate refueling station network expansion; has more than 700 stations, providing stable diesel and gasoline supply to meet people's travel needs





Education


Finance: provide service to 150 colleges, 290 vocational colleges, 190 high schools, and 60 education bureaus and finance bureaus



Health

Chemicals: as a professional service provider in the pharmaceutical industry, Sinochem active cooperates with world's leading biopharmaceutical company to improve its own strength

Finance: provide financial service, medical engineering, investment and development, management consulting, equipment, etc. to domestic medical institutions; contribute to healthcare development. By the end of 2014, it had provided services to nearly 2100 hospitals



Promote Scientific and Technological Innovation

The company regards technological innovation as the driving force for continuous growth of the company, constantly improves the scientific and technological innovation management system, and promotes commercialization of research findings. The company led the formation of seeds, dye industry national technology innovation strategic alliances, and took part in the formation of pesticides, corn, and bio-pharmaceutical industry alliance, and has established cooperative relations with the Chinese Academy of Sciences, Chinese Academy of Agricultural Sciences, Leeds University, etc. in various areas. Sinochem has been awarded such titles as national "Innovative Enterprise", "Innovation Base for High-level Overseas Talents ", "Key Unit for Central SOE Scientific and Technological Innovation Strategy Implementation" and "National IPR Demonstration Enterprises".

Year	2012	2013	2014
Investment in R&D (billion yuan)	1.18	1.14	1.34
Research personnel	2212	2572	2962

Implement **267** key national science and technology projects, National Science and Technology Support Program projects, including **61** national and local government projects.

Won **19** provincial- and ministerial level awards

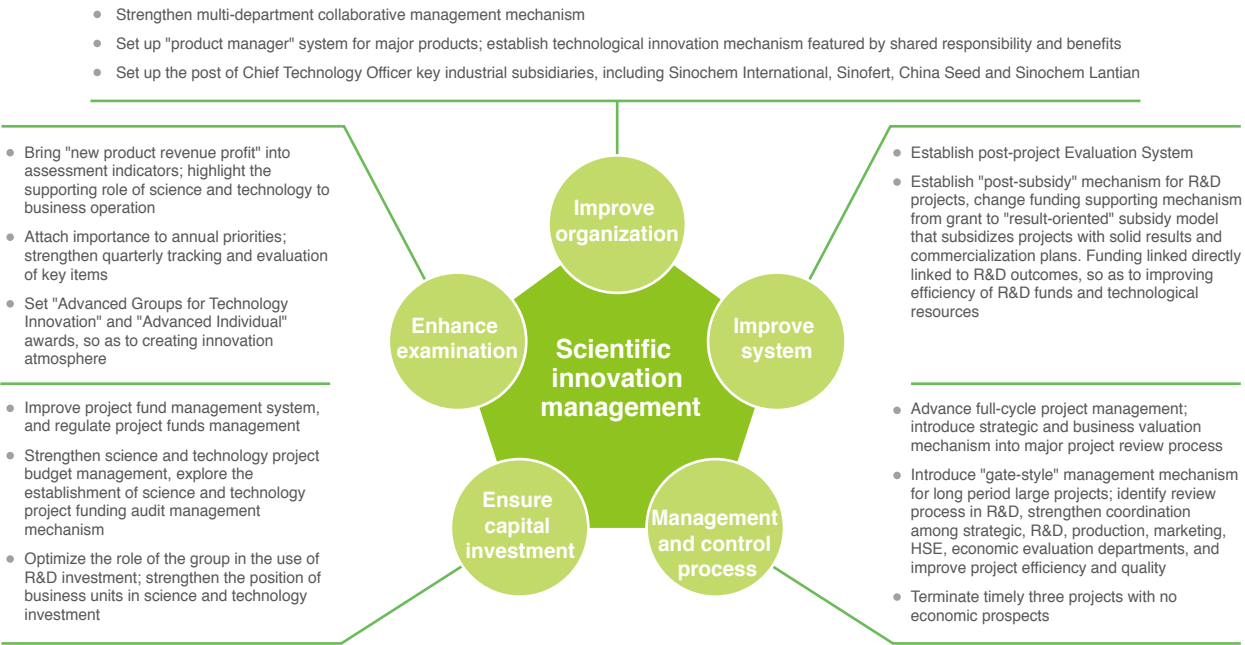
Sales revenue of new products reached **4.2** billion yuan, accounting for **9%** of industry revenue.

Improve Technological Innovation System

The company improves scientific and technological innovation management mechanism, strengthens full-cycle management of scientific and technological innovation, advances technological innovation platform building, fosters a dynamic, passionate echelon of talents, and strives to transform technological innovations into productive forces.

Technology Innovation Management

The company regards organization as the basis, the system as protection, process management as support, market demand as direction, and assessment as driving force. It continuously strengthens scientific and technological innovation management, providing inexhaustible force for the company's development.



Build Science and Technology Innovation Platform

The company has 31 research and development institutions, with 65 kinds of R&D qualifications, including 23 national qualifications. In 2014, China Seed was recognized as national enterprise technical center; the safety evaluation center of Shenyang Research Institute of Chemical Industry achieved full field coverage, of OECD GLP, becoming the only one institution that meets OECD GLP requirements, with multi-field test capabilities.



Technology Talents Cultivation

The company has built a scientific and technological innovation team covering all core business segments. In 2014, the company had 2962 scientific and technical personnel, including 36 experts that enjoy special allowance from the State Council, and 73 senior experts.

Introduction of talent. In 2014, the company introduced 4 experts of "Thousand Talents Plan", 1 expert of "Young Thousand Talents Plan"; one person was selected into "Million Talents Project" candidate list. By the end of 2014, the company had cultivated or introduced 12 personnel via related plans, including 7 from "Thousand Talents Plan", and 5 from "Million Talents Project".

Training of talents. Centering on key links like patent management, science and technology projects and science and technology statistics, the company carried out multi-phased and multi-tiered training programs such as "basic skills, real-time operation of the project, consolidation and upgrading" to improve professional sequence and certificates mechanisms.

Two Expert were Selected into the 10th Installment "Thousand Talents Plan",

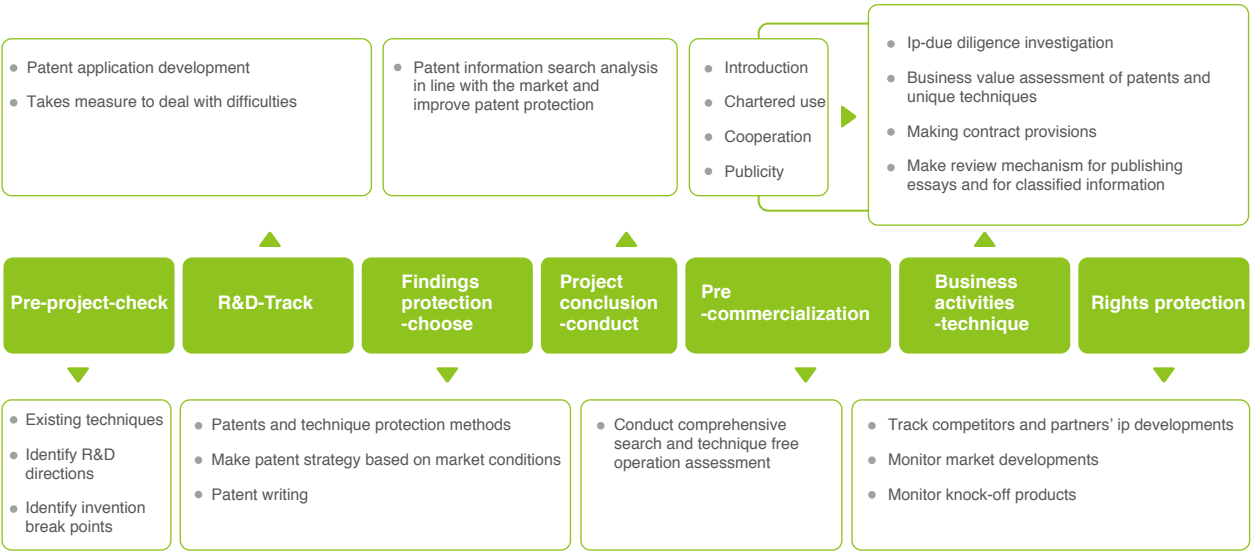
Dr. Zhang Lixin of Shenyang Chemical Research Institute and Prof. Quan Hengdao from Sinochem Lantian Group were selected into the 10th installment of “Thousand Talents Plan”. Dr. Zhang Lixin presided over the development of SYP-Z048, SYP-Z071, SYP-1620, three new pesticide fungicides varieties, which played a good promoting role for the industry, and are important achievements in the development of new pesticides. Professor Quan Hengdao was granted more than 20 patents in the United States, of which six have been commercialized, creating significant economic and social benefits; cultivated around a dozen postdoctoral researcher on ODS substitutes for domestic research institutions and enterprises.

Strengthen Intellectual Property Management

The company constantly improves intellectual property management system, and enhances intellectual property management, using and protection capabilities. In 2014, the company applied for 322 patents, an increase of 15.8% year-on-year, and was granted 172 patents. Two patents, "coumoxystrobin" and "Dijie", won China Great Patents Award. By the end of 2014, the company has had 898 active patents, 79% of which are invention patents, and 23% of which are granted in the United States, Japan and Europe.

Improve management capacity. The company has made 12 kinds of enterprise intellectual property management capabilities evaluation roadmap, which covers technical, legal, operational areas, established intellectual property management professional sequence, and implemented intellectual property certificates system.

Strengthen process management. The company implements 5 IP links management in line with project management cycle-"pre-project, research and development, research finding protection, project conclusion, pre-commercialization and pre-export". Rationalize 12 items of technical secret protection 12 and 65 risk points along full process of industrialization, and makes "Guiding Opinions on strengthening the protection of Proprietary Technology".



Intellectual property management throughout the industry

Create the Best Value for Shareholders

The company summarizes and promotes management improvement experience, strengthens the connection between lean management and management improvement, steadily improves financial management, legal management and coverage of IT, so as to create incremental value for shareholders.

Year	2010	2011	2012	2013	2014
Operating revenue (billion yuan)	335.327	458.953	453.159	466.905	496.829
Net profit (billion yuan)	7.345	10.697	7.545	6.952	6.967
Total assets (billion yuan)	211.456	258.189	286.624	317.779	355.354
Shareholders' equity (billion yuan)	76.379	87.327	97.419	113.514	127.698

Carry Out Management Improvement

The company implements the requirements of management improvement launched the SASAC, promotes continuous internal management improvement. It was awarded five prizes, including “advanced unit”, in SASAC’s wrap-up meeting on central SOEs’ management improvement. The mark of “advanced unit” is 94.12, ranking No.2 among all participants.



Implement Lean Management

The companies strengthens the integration of lean management and development strategy, sets up closed-loop management mechanism "plan- control - evaluation" , promotes the normalization of lean management. In 2014, the company implemented 114 Lean Management projects at the corporation level, and 774 Lean Management projects at the subsidiary level, reducing company-wide cost by 3.93%.

Unit	Major improvement measures
Sinochem Group	Revise "Sinochem Corporation Import/export Management Regulations on Controlled Chemicals", form business process of "Sinochem International's discretion rights monitored by the group", optimizes new product data system, promote coverage of information technology to monitor, control and management of more than 60,000 pieces of products
Energy	Sinochem Oil E&P examines the gap between itself and its peers, optimizes operating processes, and improves on-site management. In 2014, operating cost of per barrel of oil of the Colombia project decreased by 23% year-on-year, saving \$ 9.39 million of yearly operating cost
Agriculture	Sinofert launched "channel integration and customer-sharing for agricultural potash and compound fertilizers in five provinces in southern China", raising the proportion of channel customers for agricultural potassium who operate Sinofert compound fertilizers from 25% to 63%, and the corresponding share of channel customers in branch companies from 10% to 21%. As a result, fertilizer sales reached 40,000 tons, up by 22,000 tons, realizing 3.3 million yuan in financial gain
Chemicals	Sinochem Lantian launched "improve supply chain, optimize logistics" project, sorted out problems, and improved operational processes. In 2014, fluorine chemical unit unplanned stoppages number decreased by 14% year-on-year, saving logistics cost by 1.746 million yuan
Real Estate	Franshion Properties bear in mind external market and enhanced operating efficiency. Hangzhou Jinmao Dwelling project cycle was as short as 7 months and 25 days--from buying land to selling apartments, 2 months earlier than the planned period of 10 months
Finance	Sinochem Finance launched "compliance-based, new measures for centralized exploration" project. The company receives an average of 0.462 billion yuan from Zhoushan oil reserve base every day, with daily deposits increasing by 4.72%. In 2014, the project increase revenue by 3.9 million yuan for the finance company, and funds concentration rate increases by 1.17%

Optimize Financial Management

The company continuous to build domestic and overseas capital pool, centralize information collection, funding and bill, and monitor clearing centralization. It makes full use of all resources, and pursues balance between economic growth and financial risks. In 2014, Fitch, Moody's, Standard & Poor's raised the company's credit rating from BBB + to A-. Sinochem's shares was rated AAA by China Bond Rating Co., Ltd.

voice

"We approve Sinochem's overall implementation of property rights registration. They have a complete property rights registration system, which is a model for central SOEs in this regard. SASAC will use Sinochem's work as a model and promote it among central SOEs".

- SASAC



Improve Legal Management

The company establishes a sound legal management system, optimizes legal management framework, improve legal management mechanism, strengthen legal risk management, and promote the company's strategic transition and business development. In 2014, the company and major subsidiaries 'legal review rate for rules and regulations, economic contracts and important decisions all reached 100%.

Improve management system. Review and rationalize management rules and regulations, amend or supplement 22 items of legal management regulations; improve the general counsel system, resulting in over 80% of legal adviser certificates rate.

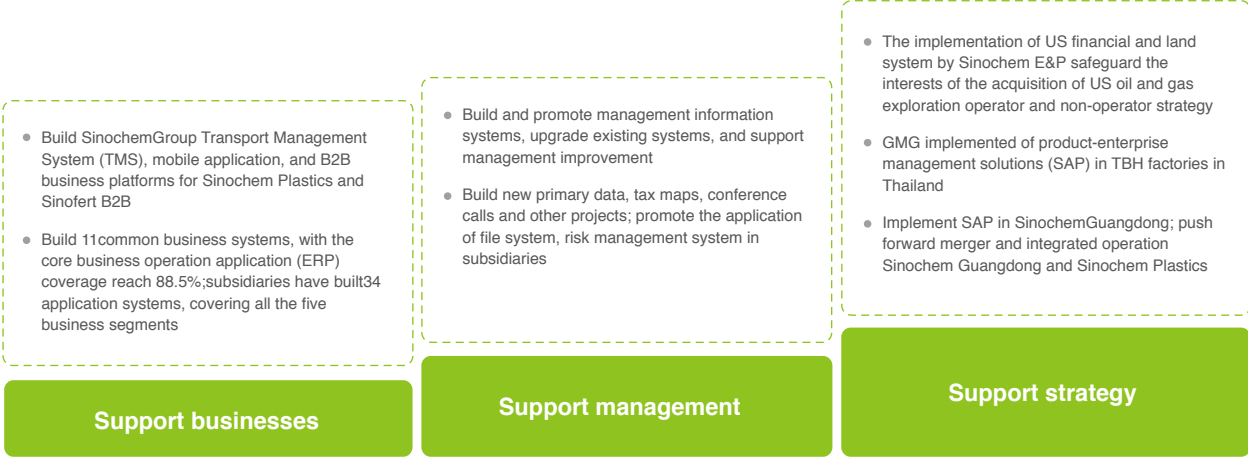
Strengthen performance assessment. Bring “running companies by law” into performance appraisal, improve legal work assessment system; rate the legal work of the subsidiaries and mete out reward or punishment accordingly, and improve the incentive and restraint mechanism; establish and improve the legal responsible person assessment standards and enforce legal liability.

Strengthen risk management. Compile 20 legal risk management manuals, and plan rolling revision annually; develop or revise 686 standard contracts, improve the efficiency and quality of legal review and reduce the legal risk of contract.

Create a culture of compliance. Organize legal literacy training activities, enhance staff's awareness of the law. Conduct more than 80 lectures on legal awareness; popularize legal developments and typical cases through electronic journals; send legal knowledge to staff through notes 29 times.

Promote Use of Information Technology

The company optimizes IT-based management mechanism, and improve infrastructure and operation and maintenance management. It has set up 24 unified basic application system, and achieved full coverage of network and basic application systems in domestic and overseas subsidiaries. It implements post-review for key IT projects, standardize information management control. It holdtraining on "establishment of Sinochem company network and information security notification system", strengthen centralized management of company-wide information security. In 2014, the company invested 99.97 million yuan in IT.



Provide Value-added Services to Develop with Clients

Sinochem constantly optimizes product structure, improve product quality, innovate services system and carry out responsible marketing, so as to provide clean, high-quality, and diversified products and thoughtful services.

700

Operate more than 700 refueling stations in China

86

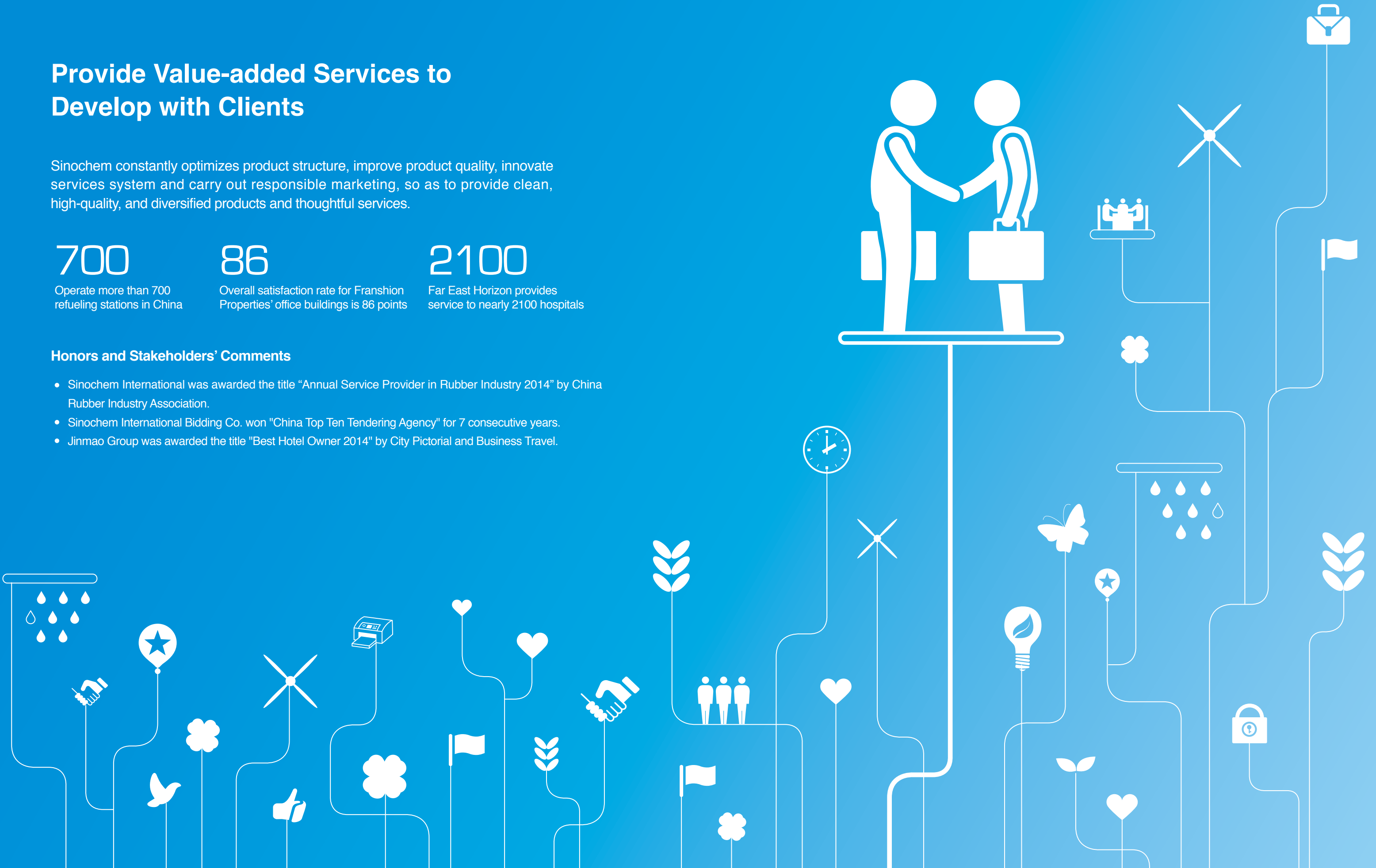
Overall satisfaction rate for Franshion Properties' office buildings is 86 points

2100

Far East Horizon provides service to nearly 2100 hospitals

Honors and Stakeholders' Comments

- Sinochem International was awarded the title "Annual Service Provider in Rubber Industry 2014" by China Rubber Industry Association.
- Sinochem International Bidding Co. won "China Top Ten Tendering Agency" for 7 consecutive years.
- Jinmao Group was awarded the title "Best Hotel Owner 2014" by City Pictorial and Business Travel.





Jinmao Tower by your side

Nowadays, skyscrapers are no longer cement boxes, but complex vertical communities. As a benchmark of China's high-rise buildings, Jinmao Tower has, for fifteen years, stridden steadily on the path of “growing both internally and externally”, and created a harmonious and rich of cultural atmosphere. Jinmao Tower hosts a variety of activities each year: international skydiving competition, New Year's Concert, badminton contest, theme painting exhibition It is a great place for working, sightseeing or just free walk. As the first mainland office building that conducts customer satisfaction rate survey, Jinmao Tower has rising satisfaction rate, from 69 in 2005 to 78 in 2013, higher than that of benchmark companies (75 points). Shanghai people regard Jinmao Tower as the building that can best represent Shanghai.



Sinochem joined Franshion Properties and Jinmao Group to hold the activity "visit Jinmao's sightseeing 88th floor with Sinochem". It was the first activity organized by Sinochem's official WeChat account since its launch. It is also an initiative taken by the company to strengthen communication with netizens and build transparent central SOEs through new media platform.

Improve Service at Refueling Stations

Company's innovative service means, rich content services, expanding oil product retail network, diversified services to enhance the customer experience.

Improve Service Network

The company expands refined oil distribution and retail network, and has formed a network covering major markets and core cities in northeast China, north China, east China and south China. Sales network in Hunan and other inland areas. It is dedicated to building well-equipped network with quality service .

- Refueling station network in Fujian and Guangdong continue to expand steadily and rapidly; retail network jointly built with Total in Bohai Bay area and the Yangtze River Delta region is growing fast.
- Sales network in Northeast China covers Heilongjiang, Jilin and Liaoning provinces; retail and distribution network in Shanxi, Anhui, Jiangxi, and Hunan continues to develop, bringing quality service to inland areas.



"Sinochem Quanzhou Power" Provides Value-added Services

Sinochem Oil's Guangdong, Fujian, Anhui branches, together with TSO, launched “Sinochem Quanzhou Power” activity, to build Sinochem Quanzhou oil brand and provide customers with more high-quality resources and services.

- Through user credits multiply, attractive gifts and WeChat gifts, Guangdong Oil invites customers to experience "Quanzhou Power" oil;
- Through WeChat sharing, refueling gifts and membership credit, Fujian Retail promotes Quanzhou's oil products;
- Anhui Oil launched "Sinochem food stamps" activity.



Value-added services provided by "Sinochem Quanzhou Power"



Gas sales promotion

Improve Service

The company gradually improves the management system , fulfills its pledges, provides quality products, standardizes services, and introduces diversified value-added services, so as to create an integrated service chains with Sinochem characteristics, polish Sinochem's brand image, and provide customers with quality services.

Standardize service. Sinochem Oil continues to promote refueling station's visual image and service process standardization, improves service staff training, conducts customer survey, customer satisfaction survey, etc. to maintain service quality.

Improve service quality. Sinochem Oil upgrades fuel card information system, promotes the building of nation-wide information networking services, integrates a variety of payment and bill methods, create online member platform, and adds self-service module to make the trading process more convenient.

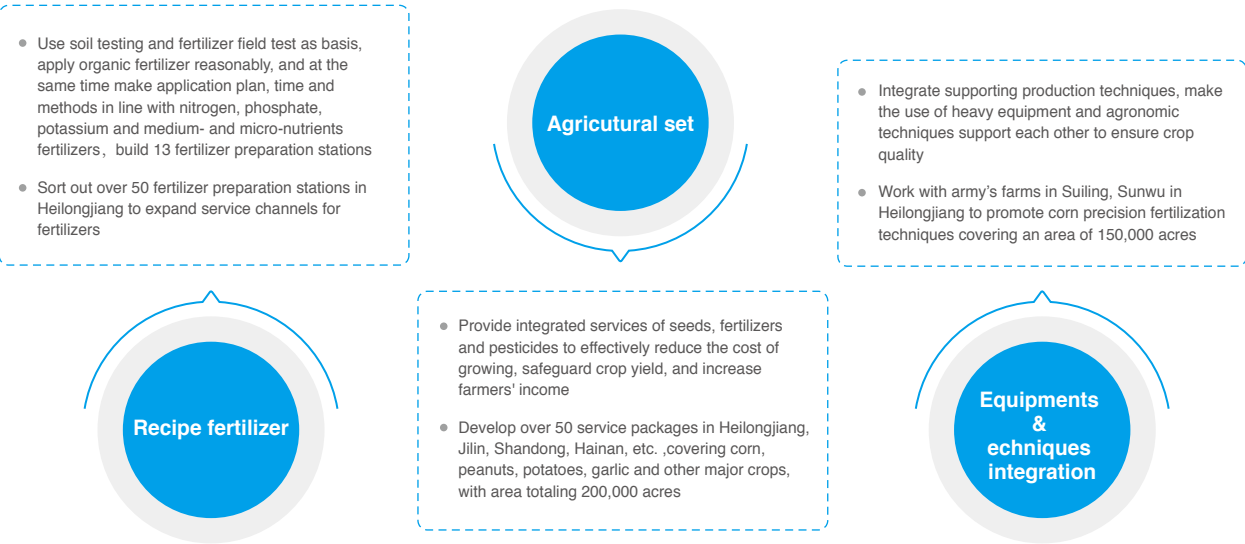
Diversified value-added services. Sinochem Oil integrates financial, insurance, logistics, e-commerce, catering, automotive after-service, etc. to introduce various types of life services, and to realize integrated marketing through O2O business model, providing customers with one-stop service.

Improve Agricultural Service System

Sinochem Group follows the guiding philosophy of "harmonious China, safe agriculture, and dedication to Chinese farmers". Through high-quality products and professional services, it plays an important role in promoting scientific farming and increasing output.

Build Scientific Fertilization Service System

Sinofert focuses on key areas and crops, explores innovative service model, and promotes scientific fertilization through formula fertilizer, seed-fertilizer-pesticide package and agricultural-agronomic technique combination.



Promote Formula Fertilizer Demonstration County

Sinofert signed Memorandum of Cooperation on Promoting Scientific Fertilization with Planting Industry Management Division of the Ministry of Agriculture, which plans that in 2014 - 2016, "farmer-enterprise cooperation in promoting formula fertilizer demonstration counties" will be launched in 11 pilot provinces and 19 demonstration counties, in a bid to improve fertilizer efficiency, innovate agri-chemical service mechanism through promoting formula fertilizer and improving and fertilization methods, enhance scientific fertilization, and promotes agricultural production efficiency and fertilizer industry's restructuring and upgrading.



Signing ceremony of Memorandum of Cooperation on Promoting Scientific Fertilization

Provide Quality Seed-purchase Service

China Seed has set up 22 provincial-level marketing service center all over the country, set up several high-yielding demonstration fields and demonstration parties, conducted experiment and demonstration while provided agricultural technical services under the cooperation with agricultural technology promotion departments, and provided thoughtful guidance for farmers to buy seeds.



Seed Companies + Large Scale Growers = Win-win Outcomes

China Seed cooperated with major growers from Shandong Province to advance the direct supply of seed and to provide more comprehensive value-added services to large growers. To safeguard existing price system of traditional channels, to recommend and help farmers select the most appropriate species for local soil, climate and cultivation conditions, to provide supporting technical measures and integrated solutions, and to improve after-sales service and technical support. Providing customers with high-quality services, while promoting purify seed market and promoting Chinese agricultural industrialization.



China Seed provide value-added services to major growers in Shandong

Expand Pesticide Service System

China Seed established agricultural plant protection demonstration fields, carried out farmers training programs while held demonstration to popularize pest control knowledge, help farmers to solve practical problems, and explored modern agricultural plant protection technical services in new model. In April 2014, the website of China Seed Plant Hospital has been formally launched, which is providing online technical support services for the national farmers now.



Advance New Model Modern Agriculture Protection Services

Sinochem Agro signed 2014 cooperation agreement with Plant Quarantine and Plant Protective Station of Heilongjiang Province, planning to continue the service mode in 2013, to continue to carry out rice, corn, potatoes and other crops plant protection technology in Wuchang, Fanzheng, Zhaodong and Keshan, four demonstration zones. To enlarge demonstration area to 44.7 thousand mu, an increase of nearly 40% compared to 2013. To accelerate the professionalization of plant protection and prevention, while make efforts to promote technological upgrading and enhance the overall technical level of farmers, to ensure increase of production, and to promote the continuous development of ecological and benefit type agriculture.



Cooperation agreement signing ceremony



Sinochem Argo providing technical services in fields



Carry Out Multi-channel "Sinochem Plant Hospital" Services

From June to September 2014, "Sinochem Plant Hospital", which was created by Sinochem Agro provided advanced professional plant protection services and supplying system in Shou County, Anhui Province with occasional free expert visit, technical explanation and outcomes demonstration, etc. The activity continued more than four months, brought tangible benefits to more than 400 farmers.

- Sinochem Plant Hospital Experts Group consisted of experts from Anhui Academy of Agricultural Sciences, Shouxian county Plant Protection Station and Sinochem, who went to rural areas for on-site examination on the growth of rice, and providing guidance on pest prevention and control for rice growers.
- During rice growth period, it invited experts from Shouxian county Plant Protection Station to conduct "free consulting, publicity on common market products application technology, and fighting drought to ensure harvest" activity. It conducted three sessions of expert consulting and provided guidance for over 200 people.
- During rice maturity period, it invited experts from Shouxian county Plant Protection Station, agronomists from Boyi farm and major retailers to participate in disease-control effect evaluation events of 9080 and Aike, at which effects are demonstrated and usage is explained.



Experts in the countryside



Sinochem Plant Hospital's Caravan in the countryside

Provide Integrated Professional Chemicals Services

The company improves the integration of fluorine chemicals, fine chemicals, chemical logistics, medical chemicals and other sub-sector businesses, promote full coverage of the industry value chain service, and strives to be a leading integrated chemical products producer in China.

Liquid Chemical Logistics Services of the Highest Safety Standards

Sinochem International expands logistics center to provide a safe, efficient and professional hazardous substance logistics services.

Full-process tracking and integrated services. It tracks position planning, storage, loading and warehousing and other operations of hazardous substance containers and cargo, and provides integrated logistics services including information management and logistics consulting.

Equipment updating and quality service. In 2014, it built 8 new large stainless steel vessels, disposed two old vessels, so as to provide safe and high-quality service.

Improve the network to provide global services. It has set up 16 networks in 6 regions around the world. Overseas shipping increased by more than 30%. In 2014, the number of ISO-tank under unified management exceeded 19,000. It has a ISO-tank operation network that basically covers the world, and provides advanced ISO-tank operation management services.



Enhance Chemical Logistics Services

As the only domestic ship-owner that is capable of shipping diisocyanate (TDI), xylene diisocyanate (MDI) and other high-end liquid chemicals, and the first domestic chemical distribution service provider that passed the assessment of the European Chemical Association CDI-MPI Tank Container, Sinochem International plays the role of industry leader to provide a variety of services to global chemical producers, including shipping, ISO-tank multimodal transport, port storage tanks, freight forwarding, warehousing, etc. It participated in the development of national chemical logistics industry standards such as "Guidelines on Liquid Chemical Marine Logistics", "Liquid Chemical ISO-tank Land Operation Standards", "Transportation Safety Management" , etc. leading the standardization of industry service .

Plastic Business Services Close to Customer Demand

Sinochem Plastics regards customer demand as the direction, and provides customers with customized services and solutions relying on its industry-leading expertise.



Provide High-quality Real Estate Projects and Property Services

Franshion Properties adheres to the philosophy of "quality service, happy home", builds high-quality, energy-saving buildings, providing a full range of value-added services, so as to give customers healthy, comfortable and green living conditions..




Build Intelligent Community and China's First “Double-best” Education Properties

Wangjin·Jinmao Mansion interprets humane habitation, provides intelligent living conditions. It introduced community media systems, and creates a solid, comfortable environment via satellite TV, background music systems, outdoor sound environmental systems, information release system, electronic locks, etc. In addition, the project successfully introduced Beijing Jingshan School, Chaoyang School, fulfilling the promise of providing 9-year quality education resources, so as to build China's first "five-four year best education model" and "owners' best school district" -the double “best” education properties.



Beijing Wangjing · Jinmao Mansion



Standardized Quality Property Services

Jinmao Properties sort out basic jobs, processes, standards, code of conduct and corresponding incentives of four professional property services (order, engineering, customer service and environment), develops 19 work standards manuals, enhances property standardized quality. By the end of 2014, Jinmao properties had offered thoughtful services to nearly 6100 owners.

- **Management process standardization.** It uses Guangqu Jinmao mansion as a pilot, restructures the organization based on customer needs, implements responsibility-authorization mechanism, and identified the division of management responsibilities.
- **Business process standardization.** It promotes visualization of service standards and management standards, and makes customers enjoy standardized services.
- **Information flow standardization.** Its uses information center as a platform, identifies standardized information transfer process, effectively outputs various types of data, and promotes cooperation of data-based analysis.
- **Full life cycle services standardization.** It builds 7 service support system models, sorts out owners' contact surfaces and concerns at various stages, plans services, optimizes service processes, and ultimately ensures the whole life cycle service chain.

Provide Honest and Efficient Financial and Tendering Services

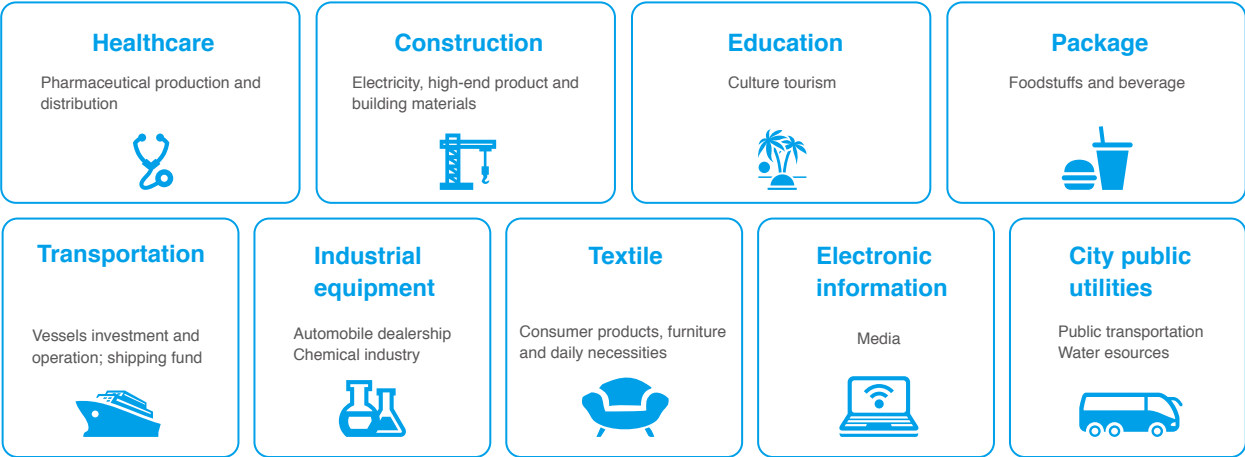
The company steadily promotes innovation of financial services products and services, builds a relatively complete range of non-banking financial services, including financial leasing, trust, securities investment funds, and professional, high-quality tender services, creating value for customers and society.

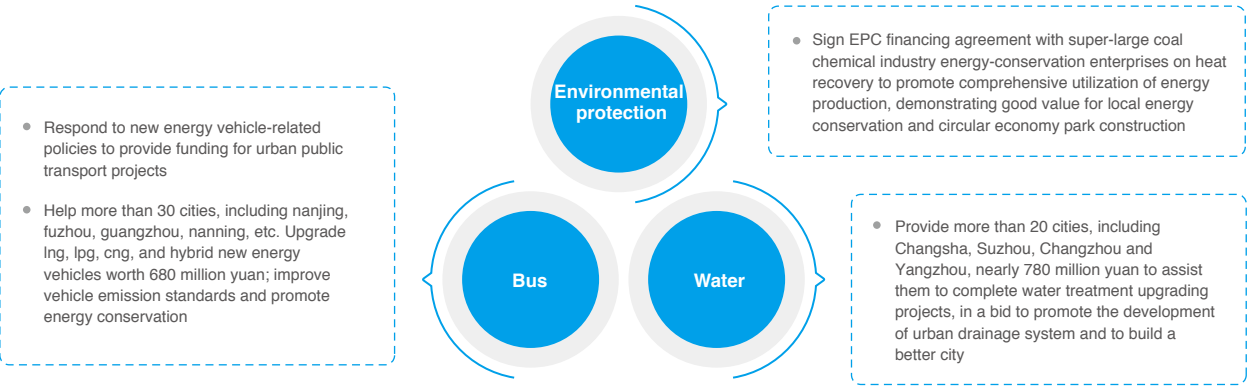


Financial Leasing Services that Promote Industrial Development

Far East Horizon centers on a variety of areas like medical, packaging, transportation, construction, industrial equipment, education, textiles, electronics and information to explore opportunities along the upstream and downstream of industry value chain and market segments, enhances innovation in new businesses and new areas, improve comprehensive service capability and push forward the development of the industry. In 2014, the company conducted 81 green energy, environmental protection, new energy car projects, with total contract value of 2.57 billion yuan, and explored businesses in new environmental protection areas like urban public transport and urban sewage treatment, heating in North China, and waste heat utilization.

In 2014, Far East set up Small Business Finance department to provide customized, thoughtful financial service solutions to small and micro enterprises, and support small business development. The company has provided more than 200 billion yuan to the real economy, and over 70 percent of customers are SMEs.





The Trust Service Putting Trustors First

FOTIC upholds the philosophy of “Creating Value, Pursuing Excellence”, and provides clients with premium financial products and service with professional operation and business innovation. It developed many business model, including bank-trust cooperation, government-trust cooperation, securities investment trust and real estates trust, and issued several high-risk-control and yield products, encompassing “Fu Rong” “Fu Xiang” “Xin Cheng” “Hui Jin” “Ding Hong” series of products, winning high recognition from the customers.

In 2014, FOTIC realized over 1.5 billion yuan of gross profit; its trust asset size exceeded 500 billion yuan by the end of 2014, generating nearly 40 billion yuan of earnings for clients. By virtue of its excellent performance in the financial market, FOTIC won the “Reliable Trust—Excellent Company Prize” for 8 years in a row, and also got many other prizes and titles, including “ Top 10 Most Competitive Trust Companies in China”, “Annual Best Brand”, “Best Trust Company with Steady Growth”, “Best Risk Control Trust Company”, “Best Securities Investment Trust Program”, and “Most innovative Trust Scheme”. Its risk control ability topped the list in the “Trust Company Redemption Risk Assessment Report” released by Shanghai Jiaotong University.



Global Family Trust and Individual Customized Service Summit

FOTIC hosted “China Chengdu Wealth Forum-- Global Family Trust and Individual Customized Service Summit”, with a hundred of clients present. The forum invited the first-class family fund around the world Rockefeller Ross Locke Group, Tsinghua Wudaokou Financial School's Family Fund Office, and Duan & Duan law firm's experts, to communicate with clients and answer their questions on the top-level design of the wealth management for high-net-worth family, and the offshore financial and legal framework in family trust, improving the company's customized products and services for the market.

High-quality Tendering Service

Sinochem Tendering sticks to the philosophy of “creating value for clients with value-added service, creating value for company with client's satisfaction”. It provides procurement management service for many industries, including aerospace, military facility, railroad facility, metallurgy and steel, petroleum and chemical, industry machinery, ship building, environment protection, and energy conservation. It “extends service chain, expands service scope, innovates business model” to upgrade its traditional business, creating value for clients, society and the country.

We have entitled “Top 10 Brands of China's Tendering Agencies” for 7 years in a row

We also got the titles of “Top 10 Credible Tendering Agencies”, “Top 100 Most Competitive Tendering Agencies”, “China's Most Responsible Tendering Agency”

In the first “National Tendering Industry Highlights Activity” in 2014, we won the “Sangong Cup” prize, “First Place in Aerospace Tendering Agencies”, “Most Competitive Agencies in World Bank Projects”, “Second Place in the Most Competitive Tendering Agency Appraisal for International Financial Projects”, “Second Place in the Chemical Industry Tendering Agency Appraisal”



Sinochem

Completed Procurement Management Service Model

Our service covers project preliminary planning, cost consulting, tendering and procurement, import agency, self-run importing, tax relief consultation, customs clearance, storage and logistics, facility installation and debugging, financing and legal service.



Service to Government Procurement

All-levels of government attach great importance to the procurement management within the government system. NPC and CPPCC call for the transparency in government procurement, and it became an importance commitment to be delivered after China joined WTO. In 2014, through extensive study, Sinochem Tendering expanded its service in the banks, military, government and schools, and also entered the shortlists of tendering agencies of National Development Bank, Minsheng Bank, Border Force of Chinese People's Armed Police. It undertook many key projects and assisted the government to serve people's livelihood improvement projects and the building of a harmonious society.

Guarantee Safety and Protect Environment to Reach Harmony with Nature

Sinochem Group improves the management system on safety and environment-protection issues. We eliminate hidden perils from the root, enhance the safety education on all staff, strengthen energy conservation and emission reduction, disseminate the green philosophy, and promote the safe and green development, so as to make contribution to building a beautiful China.

0.889

Energy consumption per 100,000 yuan equals to 0.889 tons of standard coal

85

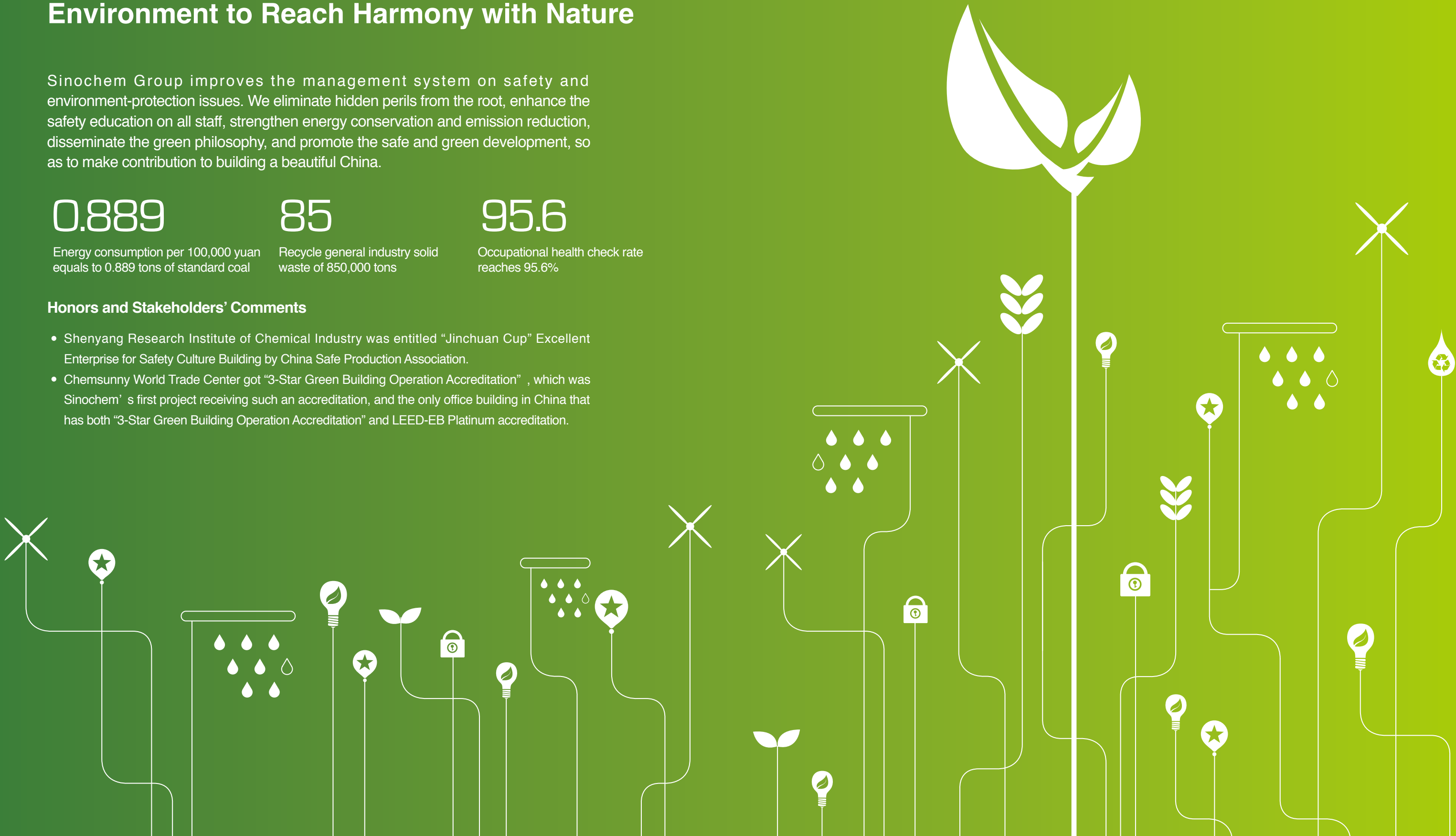
Recycle general industry solid waste of 850,000 tons

95.6

Occupational health check rate reaches 95.6%

Honors and Stakeholders' Comments

- Shenyang Research Institute of Chemical Industry was entitled “Jinchuan Cup” Excellent Enterprise for Safety Culture Building by China Safe Production Association.
- Chemsunny World Trade Center got “3-Star Green Building Operation Accreditation” , which was Sinochem’ s first project receiving such an accreditation, and the only office building in China that has both “3-Star Green Building Operation Accreditation” and LEED-EB Platinum accreditation.



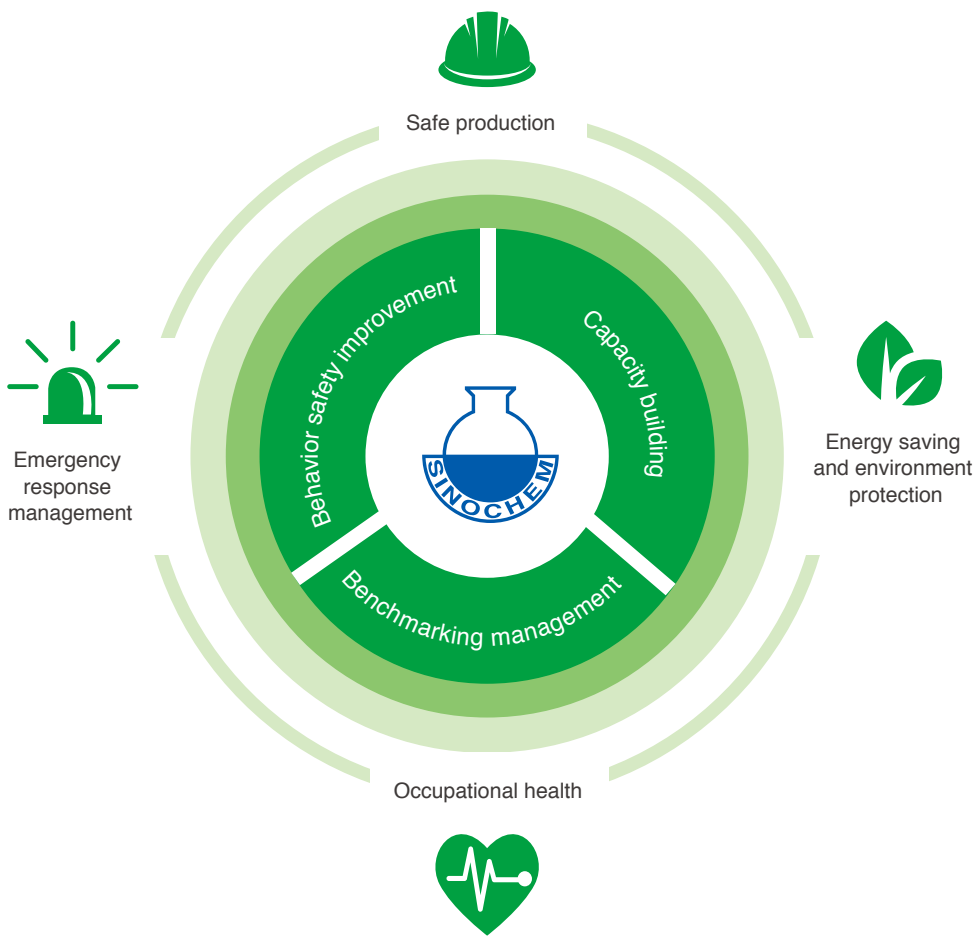


Sinochem Joins Hands with You to Create a Clean World

Low-quality gasoline and blend oil pollute the air and damage people’s health. Sinochem owns China’s first 12 million-ton-per-annum refinery able to produce Euro V-standard product oil. By virtue of professional and sophisticated testing facility and system, we are supplying the market with cleaner and greener product oil. In addition, the PC products produced by us are making indirect contribution to reducing CO₂ emission when the haze has become a serious problem nowadays.

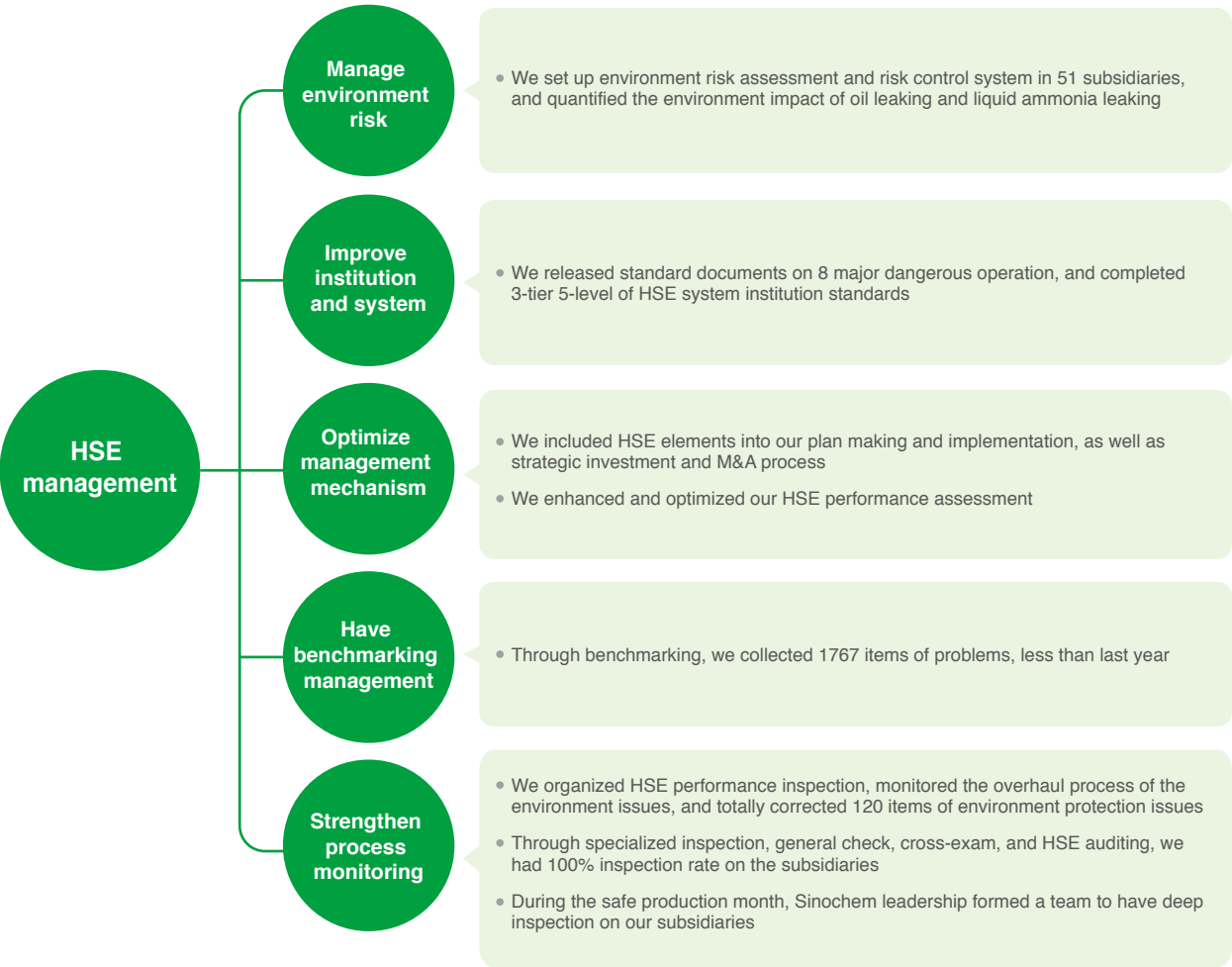
Strengthen HSE Management Capacity

Sinochem keeps strengthening the “Iron-Fist on Safety” policy and transform the staff’s mindset from “providing me with safety” to “I demand safety”. In 2014, the company had zero major HSE accident, and our HSE management overhaul project topped the list in the management improvement assessment carried out by SASAC.



Continuous Improvement on HSE Management

Sinochem makes benchmarking to the best HSE management practices, keeps enhancing our own capacity, and draws upon the chance of safety behavior enhancement programs to improve our work and HSE management effect.

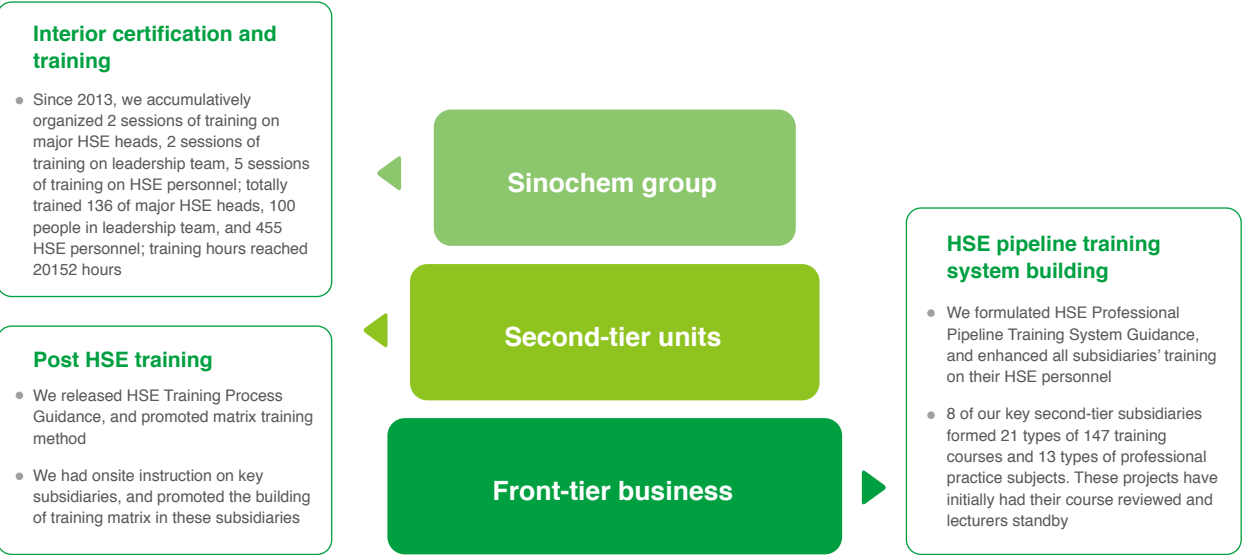


Operation Safety Improvement-debottlenecking of the HSE Management

Sinochem attaches great importance to employees’ operation safety. Based on the principle of “those responsible are those who are in charge, who organize, and who execute”, we clarify the responsibility of every post, and abide by the rules of “HSE work starts from the leadership, has linear responsibility system from level to level, and has localized management.” We organize various activities like safety work observation, safety action plan, visualization management, safety experience sharing and etc. We gradually establish a responsibility system in which “the head of each level takes general responsibility, the leader in charge takes direct responsibility, the functional departments take linear responsibility, and HSE department carries out comprehensive monitoring”. When it comes to the attitude towards HSE issues, we urge managers at all levels to take concrete action rather than having empty talk, and employees to change from “passive participants” to “active responsibility carriers” to ensure there is no gap or loophole in our HSE management. The operation safety management effectively resolves such problems as commanding and operation in violation with rules, violating labor rules, insufficient management, and responsibility displacement. By doing so, we make safety the NO. 1 requirement, the voluntary behavior and working habit of all staff.

Enhancing the HSE Capacity Building

Sinochem has established a top-down HSE training system, and keeps enriching the training format so as to enhance our HSE team building, strengthen our HSE leadership, escalate the capacity of HSE personals, and enhance the operation capacity of the workshop workers.



The First Specialized HSE Training Program for Functional Departments at the Headquarters

Sinochem Group held the first HSE training for all the staff members of the Headquarters functional departments. The training contains such content as how to enhance the sense of responsibility and operation safety on HSE issues of the staff in the functional departments, the company's requirements on HSE management for the functional departments, and how to establish the philosophy of "safety starts from the Headquarters staff". The training helped the Headquarters staff to better manage the HSE function, follow through the HSE requirements within the functional scope, and play an exemplary role in the operation safety improvement program throughout the Group.



2014 HSE Training Program of the Functional Departments

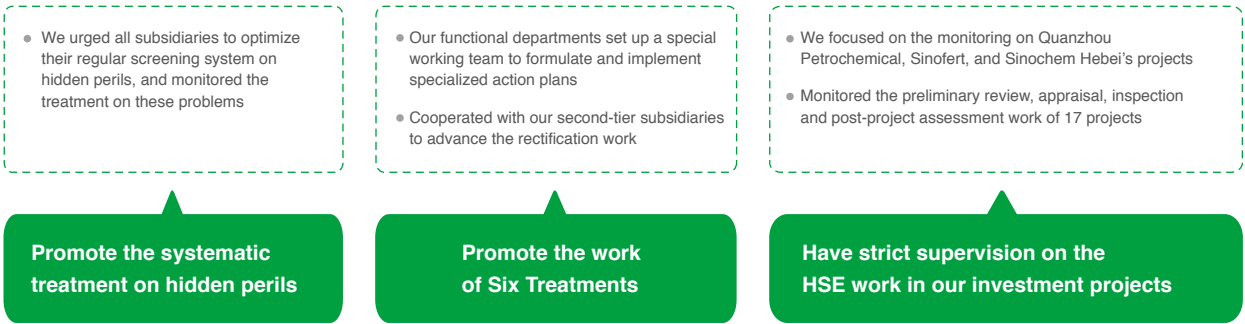
Occupational Health

The company always regards employees' health as an important issue, and keeps improving our occupational health management. In 2014, Sinochem's occupational health check rate reached 95.6%, and the testing rate of the occupational hazards in the operation sites was as high as 90%; we had zero major accident related to occupational health. We cultivate pilot projects to promote best practices, and these projects' occupational health monitoring and management rank at the top level in China.



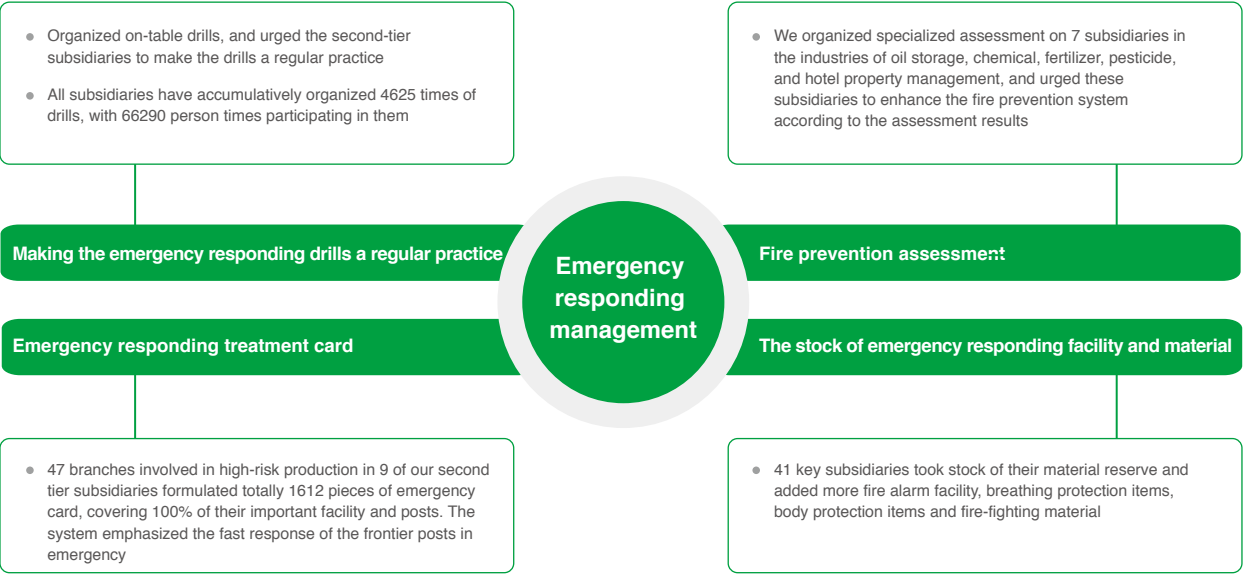
Safe Production

Sinochem focuses on the implementation of the safety responsibility system and the standardization of the safe operation. We continue to carry out activities for production safety dissemination and safe operation improvement. We leverage our long-term management system to build a line of defense on safety, gradually create a good atmosphere of "working in a safe way", and let every employee "happily come to work and safely go home".



Emergency Management

Sinochem answers the call of “manage the grass roots, lay solid foundation, monitor the implementation, and pursue development” in the emergency management. We keep improving our responding system, enhancing the precautionary measures at the root level, consolidating our foundation, and providing a strong guard for the company’s sustainable development and the safety of employees’ life and property.



“Safe Sinochem—2014” Emergency Response Drill

Sinochem held 2014 “Safe Sinochem” emergency response drill, which was participated by over 30 staff members from the Headquarters HSE Emergency Response Commanding Panel and HSE Department. We also invited the emergency management expert from National School of Administration as our advisor in the drill. The drill took it as the backdrop of an oil and gas pipeline leaking accident. Through a series of simulation including discussion and decision making, dynamic information process, and press conference, we tested the company’s emergency response coordination and decision-making mechanism from the aspects of press communication and logistical support. After the drill, all the participants had summary and analysis on the weak links in the response process, and made detailed improvement plan, so as to enhance the crisis handling ability.

Environment Protection

Sinochem continues to strengthen our environment protection work. We actively promote clean production, development low-carbon economy, and facilitate the harmonious development between company and industry, society, and the Nature.

Energy Conservation and Emission Reduction

Sinochem is developing the new technology, new process and new facility for energy conservation and emission reduction. We develop recycling economy, try to save energy, and realize the coordinated development between company performance and environment protection as well as energy saving. In 2014, the company’s energy consumption per 100,000 yuan was 0.889 standard coals.

- We promote electricity saving management within the company, which helped us to reduce the electricity consumption by 2% year on year. Through such measures as adjusting the electricity load, our subsidiaries made their power factor over 0.9; they also weed out and overhaul their outdated and high-energy-consumption electric motors.
- Through auditing and testing, we accelerate the technology upgrading and optimize control. We also increase the efficiency of our boilers, power transformation and distribution, and water recycling.
- We enhance energy-saving management and technology promotion, and 18 our subsidiaries reached our energy-saving target.

Unit	Energy saving and emission reduction measures and results
Sinochem lantian	<ul style="list-style-type: none">We organized fluorine-material-based public work upgrading and renovation to increase the stability of these systems, reduced their water consumption by 15000 tons throughout the year, and saved power by 300,000 kilowatt hours, which combined brought down the cost by over 500,000 yuanTaichang Environment Protection company’s reusing volume of the recycled water reached 20,000 tons; the recycled water of their two major facilities’ steam condensate system was over 100,000 tons; their annual water recycled rate amounted to over 99%
Sinofert	<ul style="list-style-type: none">Sinochem Fuling suspended its 50,000 ton/year pyritic-based sulphuric acid production facility, which was aimed to obsolete backward productivity, reduce energy consumption and pollutant discharge
Sinochem international	<ul style="list-style-type: none">Hainan Sinochem Shipping company advocates the philosophy of “green shipping”. They adopt internationally-leading technology in the ship building, keep improving fuel power and ship structure, reduce the pollutant and CO₂ content in the exhaust gas discharged by the ship dynamic system, and enhance the ships’ capacity to prevent hazardous leaking when accidents break out

Properly Dispose the Waste

Sinochem has innocent treatment and recycling of waste to reduce their impact on the environment. In 2014, our company recycled 850,000 tons of general industrial solid waste, and entrusted specialised companies to dispose 4229 tons of hazardous waste.

Innovation in the Water Treatment of the Fine Chemical Industry

Shenyang Research Institute of Chemical Industry pioneered the pre-treatment and recycling of poisonous pollutants contained in the waste water generated from the process of each production workshop. Based on the analysis on the physicochemical property and toxicology of those toxic chemical compounds, the research team invented and integrated several technologies, and efficiently separated the waste water from the toxic pollutant. In the preliminary treatment of the waste water, the separation rate of toxic pollutant exceeded 95%. The development of the technology involved large-tonnage pesticides, dyestuff and intermediate products. They have created several sets of toxic pollutant treatment technology for waste water source, and successfully applied them on the pre-treatment of over 30 types of pesticides and intermediates, and effectively reduced the pollution on the environment.

Protect the Eco-system

Sinochem combines its own business with the combat with climate change, focuses on protection on biological variety, and reduced its impact on the climate.

Unit	Ecosystem protection measures and results
Sinochem quanzhou	<ul style="list-style-type: none">• They organized such green space restoration activities as bush and climber planting, revegetation, and slope protection grass planting• They have earmarked special fund to stock fish fry in the sea area around Meizhou Bay and protect the biological variety
Sinochem E&P	<ul style="list-style-type: none">• Sinochem Brazil Oil Company paid attention to avoid interrupting and harming the marine organism during oilfield broadband seismic data collection while whales and dolphins usually gather around 500 meters area around the data collection ships

Birds Flying above the GIGANTE Oilfield

Sinochem E&P’s project company EMERALD published a picture album called “Birds Flying above the GIGANTE Oilfield”. This album records many birds inhabits GIGANTE oilfield and surrounding area, and has won high recognition in the industry. It becomes the example showcasing the harmonious development between oilfield and environment.

EMERALD technical team started to study the oilfield and the birds around the area from 2013, in order to get a better understanding of the overall situation of the surrounding areas. Understanding these birds’living condition and the natural environment they rely on helps the team to improve the environment protection work of the operation area, and also enhance employees awareness of sustainable development. It helps to protect the living environment of GARZON city and GIGANTE city, and raises the whole society’s awareness to respect nature and protect environment.



GIGANTE field

Advocate for Low-carbon Living

The company carried out overhauling project to save energy and organized activities to promote green and low-carbon living. Through various channels, we disseminate the energy conservation philosophy to the general public and advocate green and healthy way of living. In 2014, we upgraded 3819 sets of lamps and lanterns, and after the renovation we can reduce energy consumption by 16.56 tons every year and CO₂ emission by 13.44 tons. We also participated in the Tongliao city tree planting activity organized by international environment-protection organization and made contribution to the “Planting Plan for One Million Trees”.



Franshion Properties handed out Guide for Survival in Haze to universities in Beijing, and gave out 100,000 protection masks to citizens. By doing so, they try to call on the citizens to combat with the haze.



Sinochem E&P’s Colombia company organized environment protection and oilfield operation preaching at the local communities. By the end of 2014, they had organized 27 times of such activities.



Franshion Properties was together with China News Service and China News Week, Franshion Properties co-organized “China Green Running Challenge Match”. The Match was started from Beijing, and then was duplicated in such cities as Lijiang, Sanya, Guangzhou, Shanghai, Suzhou, Ningbo, Nanjing, Chongqing and Qingdao, with over 6000 people participating in it.

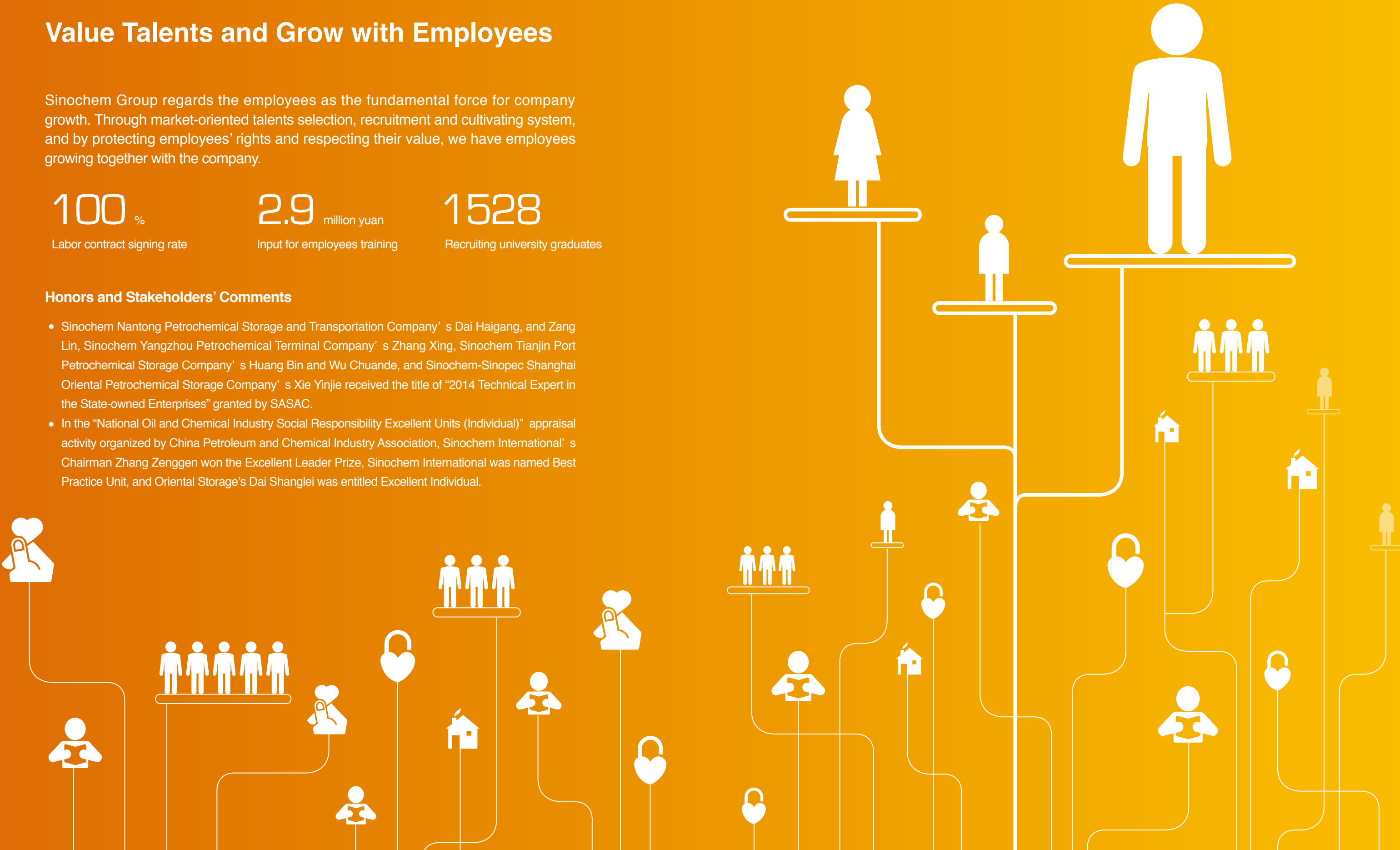
Value Talents and Grow with Employees

Sinochem Group regards the employees as the fundamental force for company growth. Through market-oriented talents selection, recruitment and cultivating system, and by protecting employees' rights and respecting their value, we have employees growing together with the company.



Honors and Stakeholders' Comments

- Sinochem Nantong Petrochemical Storage and Transportation Company' s Dai Haigang, and Zang Lin, Sinochem Yangzhou Petrochemical Terminal Company' s Zhang Xing, Sinochem Tianjin Port Petrochemical Storage Company' s Huang Bin and Wu Chuande, and Sinochem-Sinopec Shanghai Oriental Petrochemical Storage Company' s Xie Yinjie received the title of "2014 Technical Expert in the State-owned Enterprises" granted by SASAC.
- In the "National Oil and Chemical Industry Social Responsibility Excellent Units (Individual)" appraisal activity organized by China Petroleum and Chemical Industry Association, Sinochem International' s Chairman Zhang Zenggen won the Excellent Leader Prize, Sinochem International was named Best Practice Unit, and Oriental Storage's Dai Shanglei was entitled Excellent Individual.





Words from Sinofert WeChat Platform

I'm the WeChat Platform of Sinofert Excellent School, sending learning material to all the staff members. Everyone can receive and read the content sent out by me. In the past one year, I sincerely felt the learning enthusiasm of our staff. I feel very proud to contribute my knowledge and efforts for training our employees.

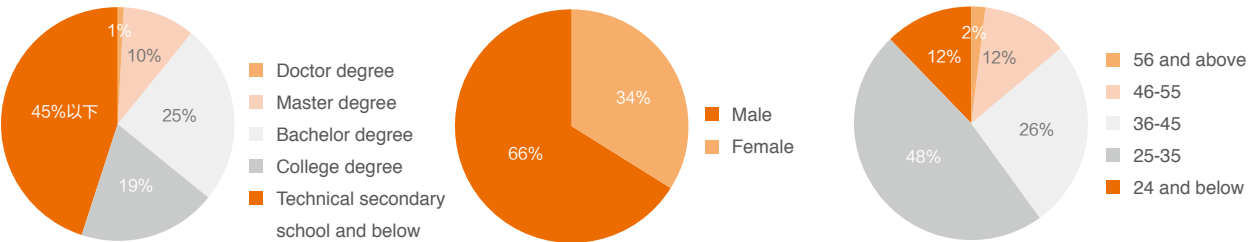
Protect Employees' Rights

The company encourages employees to participate into company management, and also enhance the connection between compensation package and employees' performance. In 2014, Sinochem had no major labor dispute.

Right Protection

The company strictly abide itself by the Labor Law, keeps standardizing its labor management, improves its employment form and rules, and optimizes its labor management mechanism. We insist equal employment, build a uniform recruitment platform, eradicate discrimination, and equally treat the employees with different nationalities, colors, nations, genders, religions, and culture background. We reject employment of child labor, and forbid forced laboring. We sign labor contracts with our employees based on laws, and signing rate reached 100%. In 2014, we recruited 1528 university graduates. We also provide equal promotion channel for female employees. We have 34 females in our backbone manager pipeline, taking up 15% of the total headcounts in the pipeline.

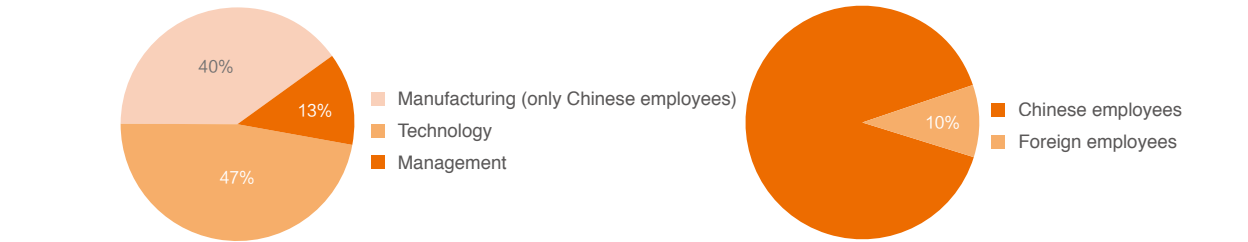
By the end of 2014, our company had total employees of 47920, with average age at 33. Among them, female accounted for 34%, and foreign employees 10%.



Employees education

Employees gender

Employees age structure



Posts structure(only Chinese employees)

Nationality structure

Democratic Management

Sinochem keeps improving our democratic management system. We implement the system of workers and staff congress, and protect employees' participation right and supervision right. We encourage employees to participate in the corporate management and decision-making process. We aim to create a harmonious democratic atmosphere throughout the company by virtue of equal discussions, and promote a healthy development of the company.

Optimizing organizational system. We have established the leadership team for corporate affair publication. Through the staff congress, we have formed an operation system that has plan, implement, and assessment.

Regulating the institutional system. We have our democratic management embedded into our quality management system. We regularly amend the system, promote democratic management, and the scientification, institutionalization and standardization of corporate affairs publication.

Enriching the communication ways. We regularly organize such activities as Labor Union Q&A survey and establishing Labor Union Chairman mailbox to listen to employees' demand, suggestion and complain, and also make feedback responsively. We convene Staff Congress at regular interval, and submit the Congress with the major subjects related to corporate reform and employees' interest, follow them through, and made report to the Congress about their implementation results.

Compensation and Benefit

Sinochem is market-oriented in making its compensation and benefit decision. Based on the value of each post, individual capacity and performance, we have made a legitimate, standardized and effective compensation system. We implement a salary system that is performance-oriented, ensure our employees having a competitive salary in the industry, encourage our staff to create value and realize their growth together with the company's development.

The company keeps improving our compensation and benefit system. Aside from buying social endowment insurance scheme, medical care insurance scheme, unemployment insurance scheme, and accumulation fund for our employees, we also have additional accumulation fund and enterprise annuity. Through market-oriented and monetized measures, we provide our employees with a relatively complete benefit program and diverse benefit plans.



Release Staff Benefit Manual

FOTIC keeps enhancing their management on staff benefit scheme. They have made and released Staff Benefit Manual, helping their staff to understand the company's compensation and benefit policy and related knowledge, maximizing their demand for benefit, and building a more people-oriented career development platform.



Dual Compensation Control

Based on the characteristics of their chemical branches, Sinochem Lantian implements a dual compensation control system in the production subsidiaries, and guarantees employees' salary to have a balanced growth.

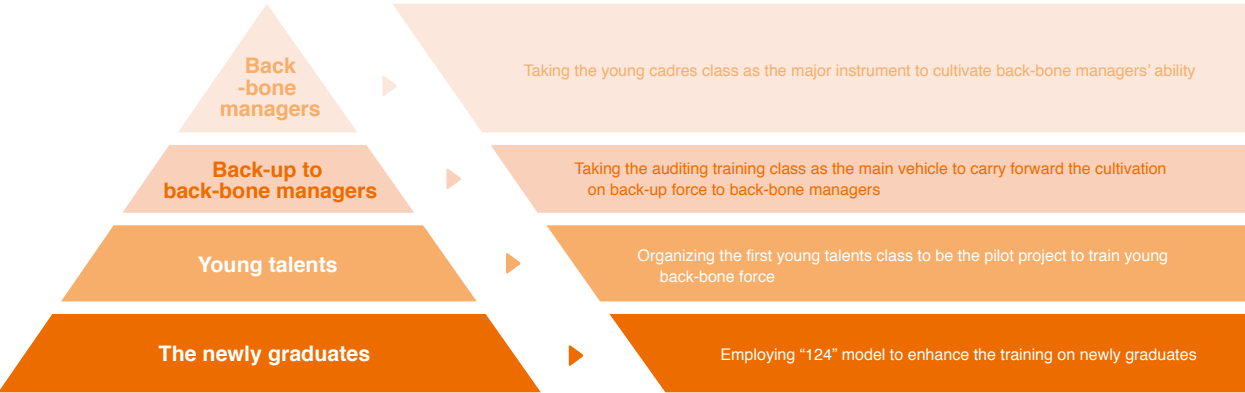
- They peg medium-level staff and salespersons' compensation with the company's business performance;
- They stick to high-performance orientation and strategic orientation, and peg the compensation of the staff at the workshop level, in the R&D and functional departments with the assessment on the specific departments, CPI, and company's payment ability.

Realize Employees' Value

The company attaches great importance to talent cultivation, and vigorously explores its way that suits the industry and Sinochem, so as to realize the common growth between employees and the company.

Organize Diverse Training

Through systematic, regular, customized and diverse trainings, Sinochem is sharpening our employees' professional edge and enhancing their overall capacity. In three years in a row, we have got the right to organize "4 knowledge upgrading projects", and make the "advanced study program" an important platform for professional cultivation, communication and cooperation. Sinochem School of Business Administration and Beijing Eastern Garden Conference Center work together to build the Continuous Education Base, which become a platform for professional technical talents to enhance their qualification in the industry. We also join "China Chemical Education Association", and actively acquire professional certification and educational resource.



Sinochem The "124" Model

1 research subject

In order to train management trainees' ability to discover , analyse and solve problems, they will write a thesis under the instruction of their mentors in spare time. They will set up the subject of their thesis based on their respective department and work reality. The thesis has to be based on the real practice and able to provide value of reference for the company in our business reform and management improvement process.

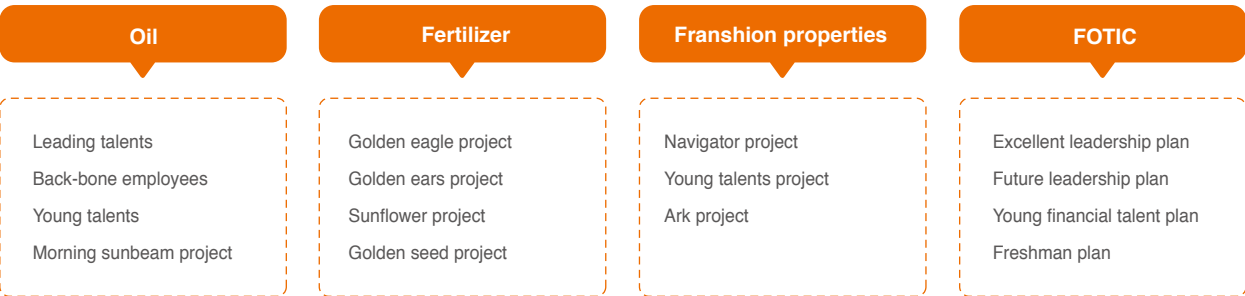
2 reading reports and 2 individual summaries

In order to train management trainees' sense of learning and self-reflection, and improve their knowledge structure, they will have intensive reading on 2 books and write book report; at the same time, they have submit twice of individual work summaries at the mid-year term and year-end.

4 action learning

The human resource department of Sinochem organizes 4 times of action learning for management trainees. In the learning, they invite back-bone managers in functional departments and business branches to lecture on eight management processes, business knowhow and management cases. They also leverage the external courses organized by the Sinochem School of Management Administration for thoughts development and career ability enhancement, and organize management trainees to study in the front-line subsidiaries. It provides a platform for them to exchange learning and ideas, and broaden their horizon.


Since 2013, Sinochem Oil, Sinofert, Franshion Properties, and FOTIC have set up their respective business administration talent cultivation and development system in accordance with their industry and company nature.





The First Young Talents Cultivation Class

Sinochem Group organized the first Young Talents Cultivation Class in Beijing, with 29 young talents from 15 business branches and functional departments taking part in it. The course centered around three major themes: "Leadership Transformation", "Sinochem Value", and "Strategic Methodology Practice". Through class training, seminar discussion, transboundary learning, and coaching from the tutors, we have a comprehensive training on the students, and guide them to transform their view on work value, and study method and technique to lead.



Innovate the Way to Learn

Sinofert Excellence School brought in WeChat Platform, and broke the limitation of E-learning platform, which has enhance the study and been welcomed by the trainees and employees. By October 2014, their fans on WeChat platform reached 770, taking up 10% of the total headcount of Sinofert company. Every day, their WeChat image-texts are red 152 times; the highest single day reading volume amounted to 1235 times; the highest single day text forwarding volume reached 82 personal times.


Ace-pack series	Career highlights	Training information	Case study
For management and technical talents Releasing Ace-packs on subjects of management, agrochemical, marketing, which contain featured articles on management and technical matters	For young talents including newly-graduated Releasing articles on how to be more professional at work	For all staff Releasing training notice ahead of every important training, and training summary post the training, including the training situation and knowledge keypoints.	For all staff Sharing and circulating the internal cases of the company

Unlock Development Channel

The company keeps expanding the career development channel, provides various development pipelines like administration pipeline and technical pipeline, and builds an extensive growth platform for our employees.

Professional pipeline building. Sinochem has 53 professional and technical pipelines, among which 12 are for functional roles. These pipelines cover 19 functional developments, that is, 100% coverage; for business branches, key pipelines have 80% coverage rate.

Appraisal of technical talents. Sinochem Oil, Sinochem Quanzhou, and Sinochem Lantian totally appraised 260 personal, among which 79 high-grade technical talents (technicians and senior engineers), and 181 technical talents (junior engineers and medium-grade engineers).



Build Employees Career Development System

Sinochem Lantian has built up three major pipelines, including administration, professional technique, and production skills pipelines. They have a complete employees promotion mechanism, and initially set up a career development system that covers the all staff members.

- **Management pipeline.** We formulated and implemented High-level Managers Management Measures, Managers Management Measures, Rules and Regulations on the Allocation of Back-bone Staff under the Management Pipeline, to clarify the setting of posts at different levels and the promotion procedure.
- **Production technique pipeline.** We improved Sinochem Lantian Post Level and Technical pipeline Management Measures, to facilitate the connection between the pipeline and the posts.
- **Production skills pipeline.** We took Taicang Environment Protection and Polymer/Fluorine Material these two companies as the pilot points, and carried out certification on multi-skilled workers. They completed review on 162 person times, including 36 junior level workers, 98 medium level workers, and 28 senior level workers.

Enhance Employees' Sense of Belonging


Sinochem strengthens its corporate culture building, has employees peer-to-peer assistance program, cares for our staff’s life from multiple levels, and shows our care for retirees, which combined has enhanced employees sense of belonging.

Corporate Culture Building

Sinochem attaches great importance to corporate culture building, and sets up a culture system that embraces core value, business philosophy, management philosophy, and employee codes of conduct. We are cultivating a unique culture system that is featured by “enterprising culture”, “credibility culture” and “lean culture”, enhancing staff’s recognition of our culture.

Culture training. We organized 7 times of corporate culture training on newly graduates, new managers, and new staff members from our acquired companies.

Culture promotion. We have organized several times of corporate culture study on Quanzhou Petrochemical base, collected many classic cases, made summery on the essence of its corporate spirit, enriched Sinochem’s corporate culture system, and promoted the Quanzhou Petrochemical’s enterprising spirit through our internal publication Sinochem Today.



Unify the Strength of Young People through the Corporate Culture

FOTIC set up culture philosophy that call for “respect for labor, knowledge, talents, and creation”, and organized various themed activities including “FOTIC Embracing Life”, “FOTIC Embracing Labor”, “FOTIC Embracing Learning”. Through fresh themes and lively formats, FOTIC showed their whole-hearted care for employees, and unified people’s hearts through corporate culture. It enhanced employees’ sense of belonging, solidified the cohesion of their team, activated young staff’s vigor, cultivated a happy, healthy and efficient working atmosphere, and built a company with strong sense of happiness.


Care Employees' Life

Our company continues to promote “Employees Caring” projects, enriches employees’ life, helps those in need, and enhances their happiness index.

Caring employees’ health. We organize health check, health lectures, vaccine injection, release health notice, hand out haze-prevention mask and air cleaner, complete the “Happiness Gas Stations” EAP health project.

Organizing festival greeting programs. On each staff’s birthday, Father’s Day, Mother’s Day, Children’s Day, Women’s Day, we send greetings and small gift to our staff.

Organizing colorful recreational activities. In different seasons, we organize such activities as tree planting, mountain climbing, healthy jogging and walking, as well as various matches including football, basketball, badminton, and ping-pong.



A Race with the Time—Staff Evacuation from the Ebola Epidemic Area in Democratic Republic of Congo

When the suspected Ebola cases were discovered, Sinochem International’ GMG moved fast to evacuate their staff to guarantee their safety. GMG led the 6 local employees to “converge”, calmly respond to “the two sudden change of the Ebola war”, quickly complete “three evacuation”, decisively retreat from “the three defensive lines”, move among “three countries”. In the end, it took them 48 days in successfully getting rid of the Ebola besiege. It became the most classic evacuation case that took the longest quarantine time and had the most quarantine areas since the breakout of Ebola epidemic in West Africa.

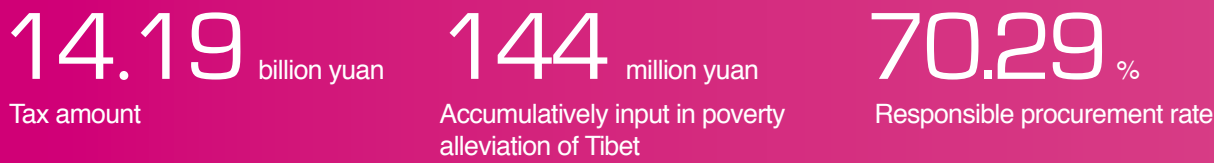
Care Retired Employees

Our company organizes multilevel activities to send our care to retired employees, and really take care of retirees from physical and psychological levels.



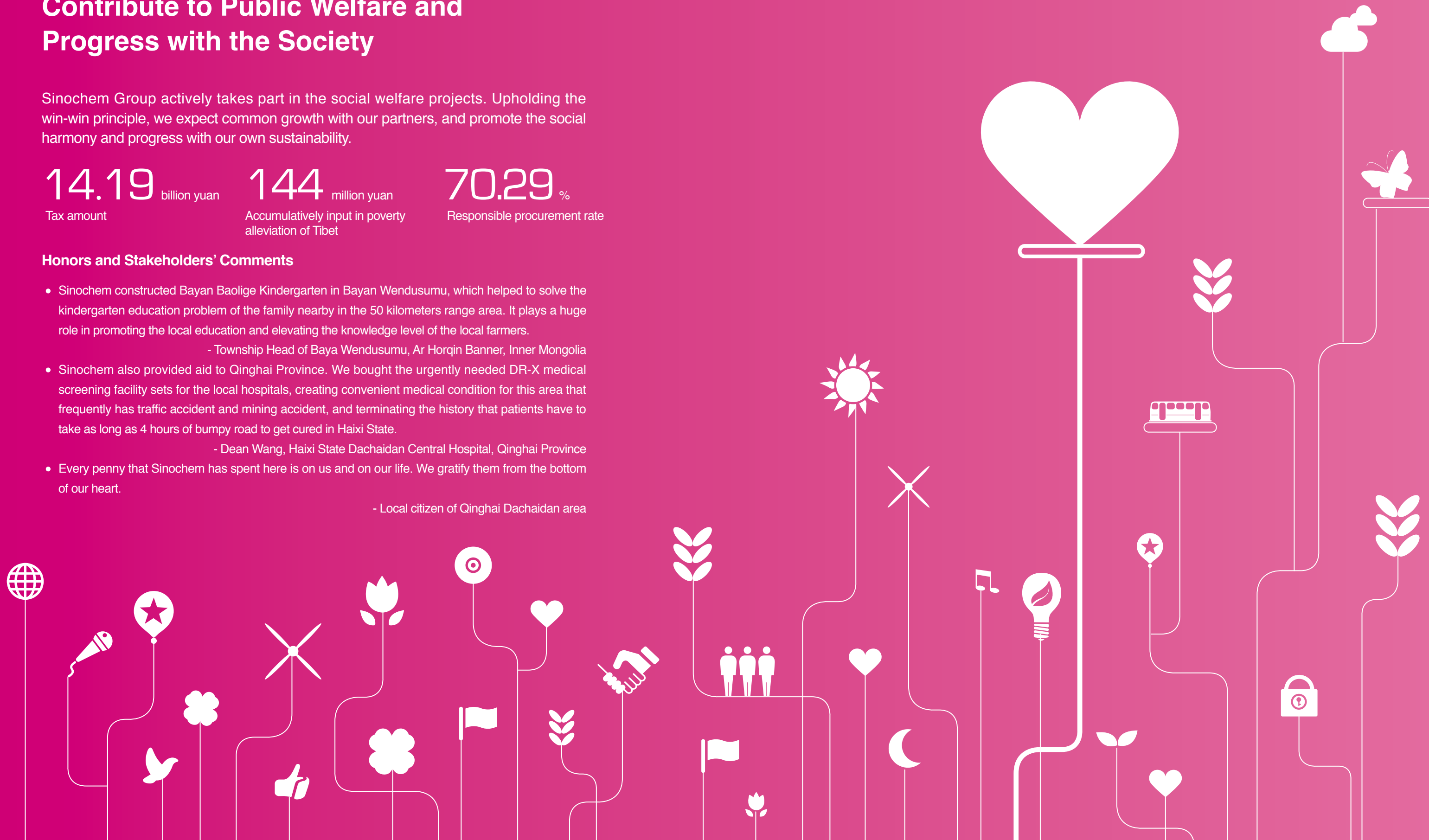
Contribute to Public Welfare and Progress with the Society

Sinochem Group actively takes part in the social welfare projects. Upholding the win-win principle, we expect common growth with our partners, and promote the social harmony and progress with our own sustainability.



Honors and Stakeholders' Comments

- Sinochem constructed Bayan Baolige Kindergarten in Bayan Wendusumu, which helped to solve the kindergarten education problem of the family nearby in the 50 kilometers range area. It plays a huge role in promoting the local education and elevating the knowledge level of the local farmers.
- Township Head of Baya Wendusumu, Ar Horqin Banner, Inner Mongolia
- Sinochem also provided aid to Qinghai Province. We bought the urgently needed DR-X medical screening facility sets for the local hospitals, creating convenient medical condition for this area that frequently has traffic accident and mining accident, and terminating the history that patients have to take as long as 4 hours of bumpy road to get cured in Haixi State.
- Dean Wang, Haixi State Dachaidan Central Hospital, Qinghai Province
- Every penny that Sinochem has spent here is on us and on our life. We gratify them from the bottom of our heart.
- Local citizen of Qinghai Dachaidan area





The power of seed

I am a vegetable seed. Together with other companions of our company, I travel thousands of miles to come to Gangba County of Tibet. In order to adapt to the special local climate, we have specially treated before we embarked on our road. High sprouting rate and strong adaptability become our new label. In the past few years, we were sowed carefully by the people coming to provide aid to Tibet. We took root and sprout here, and played a constructive role in enriching the consumption basket of nearby farmer and improving their diet structure.



Localized Operation

- ATLANTIS TUC company tries to blend into the local community, provides clean and efficient energy, moves active in tax payment, increases the employment and procurement from the local area, and serve the local economic and social development.
- **Energy supply.** UAQ gasfield is supplying RAK with natural gas, making contribution to meeting RAK’s energy demand, facilitating the local industry development and elevating the locals’ life quality.
 - **Tax payment.** After UAQ gasfield started to be developed, Atlantis company became the big tax payer in RAK. Since 2014, the company paid totally 3.07 million US dollars for mining loyalty, transportation fee, income tax, and government administration fee, and also 63,000 US dollars for port incidental expense, contributing significant fiscal income to support the local economic growth.
 - **Procurement from local area.** The company procures various day-to-day service and specialized technical service from the local suppliers, promoting the local service industry development.

Organize Poverty-Alleviation Program

Our company continues to follow the guideline that “combines intelligence support with project assistance, mindset changing with material provision”. We stick to the principle of “hematopoiesis as the core, transfusion as the supplement”, facilitate the development of industry, culture, education, health, infrastructure construction that bring benefits to the local people, pay close attention to people’s livelihood enhancement, and serve the local economic and social development. By the end of 2014, we accumulatively injected poverty-alleviation funding of 144 million yuan in Tibet. We make the best use of the funding, and spare no efforts to promote the scientific development of Gangba County of Tibet, Dachaidan Area of Qinghai, and Ar Horqin Banner and Linxi County of Inner Mongolia.

Enhancing skill training and income generation ability

▶ We organized a series of free skill training programs on carpentry, vegetable planting and painting to expand the channel for the locals to generate income

Using technology to promote the local farming production

▶ We brought good vegetable and grain seeds varieties of China National Seed Group Corporation into Tibet and Inner Mongolia to have trial planting. The vegetable seeds came out with successful results

Drawing upon the local strength to facilitate the specialty industry development

▶ Based on the characteristics of the traditional animal husbandry industry in Tibet and Inner Mongolia, we actively helped the local specialties like “Gangba Goat” and “Mongolia Goat” go to the market. “Gangba Goat” brand became the first produce in Tibet Autonomous Region marked with “Geographical Mark” by Ministry of Agriculture

Drive the Local Development

Sinochem brings benefits to the place where it has business operation. We enhance the correlation between our own development with the local economic, social and environmental development. We are committed to be an international corporate citizen, and endeavor to change from “Going Global” to “Going Local”.

Build Responsible Supply Chain

Sinochem upholds the philosophy of “mutual benefit, common growth, and equal responsibility”. Through formulating elaborate and standardized administration system, we create an equal, just, and open bidding and tendering environment, and also strictly abide by contracts to protect suppliers’ legitimate rights. We bear in mind the philosophy and requirement of social responsibility during the procurement process, have training, review, appraisal on suppliers, carry out annual contract practice appraisal on engineering contractors and suppliers, promote sort management of suppliers, and realize a common enhancement on sense and practice of social responsibility with our suppliers in our cooperation with them.



Enhancing Administration on Suppliers

Sinochem Oil Center takes it as the breakthrough point of the administration on suppliers, and further enhances the building of product oil quality management system to lay a solid foundation for product oil quality.

Optimize the management on suppliers

- We enhanced the trace management on the supplying chain, strictly implemented the bidding system in selecting suppliers, focused on the repaying ability of the suppliers, and organized regular and random check and appraisal on suppliers
- By referring the procurement standards of Sinopec and PetroChina, we set up Sinochem oil and products quality control standards, and built a dynamic oil and oil products procurement index monitoring system

Enhance oil quality management

- We set up a complete oil and oil product quality monitoring system from the Headquarters to Business Division, and further to the subsidiaries
- We promoted the building of company labs and built the oil quality management team
- All of our oil and oil products reached the national standards. Our testing personnel have gradually obtained the related certificate. We also set up annual inspection mechanism to check the testing personnel’s qualification

Enhance the basic management on distribution warehouse

- We strengthened the management on operational standardization of our own warehouses, leasing warehouses, and suppliers’ distribution warehouses, and enhanced the administration on oil and oil products’ quantity and quality as well as the stock removal
- Targeting at the three types of warehouses mentioned above, we set up management system, installed management personnel, completed management procedures, strictly control the product quantity, quality and the ownership of goods as well as the suppliers’ credit risk

Refine our emergency responding management

- We kept improving our responding system to emergency, optimized the procedures from the perspectives of units establishment, responding support, and crisis communication; organized drills to enhance our responding ability
- We increased the drill frequency, enhanced the sensibility to the complain on our oil quality from the customer end, and escalated our ability to handle these complains and disputes

Facilitate Industrial Progress

The company makes use of its industrial strength, vigorously participates in the industry standards formulation, enhances cooperation with peer companies, and makes contribution to the industry’s sustainable development. In 2014, we host and took part in formulating and amending 14 national standards and 86 industry standards. By the end of 2014, we have accumulatively formulated and amended 861 items of national and industrial standards.



Propelling the Development of Green Traffic

Sinochem International was the chief sponsor of the 12 session of Michelin Bibendum Challenge Race themed at “Sustainable Traffic, Building Beautiful Life”; organized seminar with the theme of “the sustainable development of the tires industry”; participated various activities including “Leadership Forum”, in which it discussed the industry’s green and sustainable development with such leading companies as Michelin and Shanghai Motor as well as China Rubber Industry Association. After this challenge race, “Green Book of Michelin Bibendum Challenge Race” was released. This book pooled the wisdom of the well-known experts in the sustainable traffic and transportation area, and gave practical solution and direction to the green upgrading of the industry.



Sinochem International having the seminar themed at “Tire Industry’s Sustainable Development”



Drafting Industry Standards for Products

In order to facilitate the improvement of 4-Aminodiphenylamine production technology, and meet the market’s strict demand on product quality, Jiangsu Sinorgchem Technology company takes the company standards as the foundation, and joined hands with Sinopec Nanjing Chemical Industry Co., Ltd. to formulate the industry standards “HG/T4231-2011 4-Aminodiphenylamine” to standardize the product quality, testing equipment and methods, and to facilitate the benign development of this industry. In 2014, this standard was named “Excellent Standard Formulation Project of the National Petroleum and Chemical Industry”.


Participate in Charity Project

While Sinochem is growing faster and stronger, we take the initiative to give back to the community. Through various methods including volunteer activities and making donation, we promote the development of social charity work, and make contribution to the development of community culture, education, medical care and infrastructure.



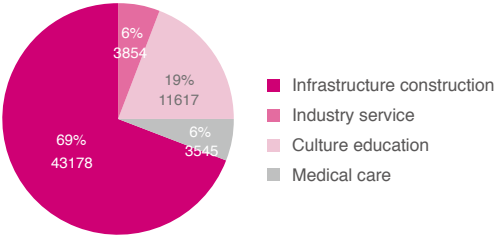
“Safety Guardian” in Villagers’ Heart

Sinochem Quanzhou Petrochemical attaches great importance to the fire safety work. They specially set up Qinglanshan Fire Safety Squad, and carry out great cooperation with the local police and citizen. By the end of 2014, the Squad had successfully put out 20 times of fire of the surrounding villages and townships including Ducuo Village and Song Village. Therefore, they get the nickname of “Safety Guardian” from the locals.



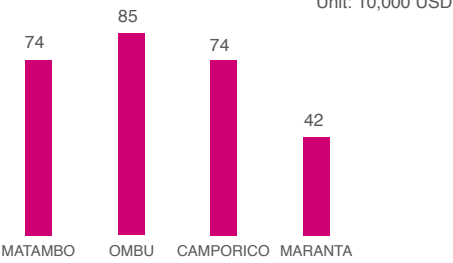
Becoming Friend and Companion of the Neighbors

EMERALD Colombia project is the largest overseas onshore operator project of Sinochem’s upstream business, and is also the most important project for Chinese companies in Colombia. The project company fulfills its corporate citizenship, and tries to achieve mutual benefit with the local government and community. In 2014, the project company invested 2.75 million USD in developing the local culture, education, medical care, infrastructure, and industry, benefiting over 80,000 person times.




Category	Percentage	Number of beneficiary (person times)
Infrastructure construction	69%	43178
Industry service	19%	11617
Culture education	6%	3545
Medical care	6%	3854

Number of beneficiary (person times)



Location	Investment (Unit: 10,000 USD)
MATAMBO	74
OMBU	85
CAMPORICO	74
MARANTA	42

Unit: 10,000 USD



Setting up Beijing Horizon Charity Fund

Far East Horizon promotes the philosophy that says “great love has no boundary”, and actively takes part in the scholarship sponsoring and poverty alleviation work, making contribution to achieving social stability and healthy development. In 2014, the company officially set up Beijing Horizon Charity Fund, which accumulatively contributed over 3.1 million yuan, and financially helped over 3500 person times.

- **Volunteer service, delivering hope and strength.** We build the platform for our employees and the public to do charity and volunteer work, and deliver hope and strength to the left-behind children.
- **Raise charity fund, reflecting love and care.** We organized 7 charity fund raising activities, including “Charity Auction” and “Summer Charity Run for Helping Children”, with 1500 person times of participation and raising fund of 460,000 yuan.
- **Public benefiting projects, sowing sunbeam and warmth.** We cooperated with Transportation Business Department to organize clients with caring hearts to go to Huining in Gansu and participate in the activities to provide financial assistance to the local students.

Outlook

The year 2015 will see the conclusion of the “12th Five-Year Plan”, and is also the key year for China's reform. Sinochem follow the requirements for company to grow strong and better, sticks to the “active, steady, sustainable, and healthy” development philosophy, takes efficiency enhancement as the core, further promotes the enterprising and innovative spirit, strengthens the development confidence, tackles challenges, seizes opportunities, and facilitates the strategic transformation and the “Third Long March” at the background of economic New Normal.

We enhance our awareness of the rule of laws, and integrate the rule of law and its requirement into every development links of the company, promoting rule of law in the corporate governance.

We solidify the strategy that takes innovation as the company's growth drive, and reform our technology management, gradually complete our technology innovation system that is in line with the company's characteristic and industry development requirement, sustainably promoting the industry technology progress.

We dig the potential value of our current clients, actively expand our customer base, and endeavor to build long-term stable and mutually beneficial partnership with our clients. We strengthen the building of our sales team, and enhance salesperson's business ability. We also enhance the management on every part of the sales and marketing to increase profitability.

We takes the change of promoting the new “Safe Production Law”, takes the lean management philosophy as the guidance, eye on the frontier production in the factories, combine key breakthrough and regular administration, strengthen the sense of HSE from the top administrators to the grassroot workers, have local management on safety issue through behavior safety improvement project, and enhance HSE accountability system and its implementation. We also promote the management on facility safe operation and safe automatic overhauling.

With “restructuring, transforming and long-sighted” as the principle line, we further enhance the structure adjustment of our “backbone managers system”, strengthen the cultivation and building of the professional team and production skill team, and optimize the teams structure of the Headquarters functional departments.

We actively respond to the expectation and requirement of our stakeholders, and create a favorable external environment conducive to the company's development. We also vigorously participate in the charity work, promote harmonious community building, and set up a reliable and responsible corporate image in the society.

Experts' Comments

Sinochem Group 2014 Sustainable Development Report elaborates the company's CSR practice and achievement from five aspects, including “serving the national economy and people's life, providing value-added service, fulfilling the commitment in safety and environment protection, respecting the value of talents, and promoting social welfare work”. The report demonstrates comprehensive subjects, rich content, various communication forms, and distinctive industry characteristics, showcasing the organic combination of Sinochem's sustainable development and CSR with its business operation.

The report has multi-layers, and systematically demonstrates sustainable development achievement made by Sinochem Group. Sinochem organized “Sinochem's Passion, Farmers' Dream” agricultural service activity, “benefiting, protecting and assisting farmers” whole-heartedly. They took the initiative to adapt to the economic “New Normal”, kept enhancing management, safeguarded national energy and agricultural safety, facilitating industry's sustainable development. They optimized products structure, increased product quality, innovated service system, and provided clean, quality, diverse products and thoughtful service for clients. They improved safe environment management system, eradicated hazards and risks from the root, enhanced energy conservation and emission reduction, promoted safety and green notion, and took active part in building a beautiful China. They kept innovating the selection, employment, and cultivation of talents, protected employees' rights, respected their value, and had them growing together with the company. They respect rules and laws, brought benefit to the general public, vigorously participated in public welfare projects, created mutual benefit with cooperation partners, and facilitated social harmony and progress.

The report has diverse communication forms. It starts with vivid little story to all-roundly demonstrate Sinochem's CSR practice, shortening the distance between the company and its stakeholders. Its rich and distinctive logic diagrams makes readers easy to understand and gives them a deep impression, making the report very readable. Its design highlights the key points, showcasing the CSR philosophy of Sinochem. I hope Sinochem can continue to escalate its CSR management level, create more value for its shareholders, and achieve the goal of becoming the respectful great company with global status as soon as possible.

Cheng Dusheng
Director of Innovation Work Department of China Enterprises Association

Experts’ Comments

Sinochem Group 2014 Sustainable Development Report is the fifth sustainable development report released by the company, and demonstrates the new progress made by them in CSR work. It has the following features:

First, the report is substantive. It reported on the company’s philosophy, measures and achievement on corporate governance and operation, CSR management, technology innovation, environment protection, employee’s right protection and social harmony. It focuses on the highlights of the CSR that it delivered to all stakeholders, such as client management system, tackling haze, and protecting biological diversity, demonstrated the company’s whole-industry-chain service in energy, agriculture, chemical, real estates and finance, as well as the CSR practice in promoting social harmony and progress.

Second, the sustainable development practice has more features. As the “national team” serving agriculture, rural area and farmers, Sinochem organized a series of agrichemical services themed by “Sinochem’s Passion, Farmers’ Dream”, whole-heartedly “benefiting farmers, protecting farmers and helping farmers”. As the member of United Nations Global Compact, Sinochem integrates its CSR philosophy through its “Going Global” process, focuses on promoting the local economy, social development, employment and environment protection, trying to change from “Going Global” to “Going Local”, which has its own industrial feature.

Third, the Report is more readable. This Report employs the format of “important performance statistics” to disclose the company’s key CSR achievement, which is very innovative and enhances the readability of the Report. On the one hand, it reflects that Sinochem is making the report with innovative spirit, and at the same time, it reflects that the company bears in mind the reading convenience of the readers and writing the report from the perspective of its stakeholders, which is also a reflection of its CSR practice.

Fourth, the Report is more vivid. It adds such content as open-up little stories, honors and stakeholders’ comments, enriching its content and formats and improving the readers’ reading experience.





The Report has certain improvement room. I suggest the Report can be made in a more balanced way, so as to give the readers a whole picture of the company’s CSR performance, and communicate with the stakeholders and get their understanding and recognition in a more transparent way.

I hope Sinochem can uphold its CSR philosophy, enhance the company’s ability to create value, actively build a harmonious interaction relation with its stakeholders, and make even more contribution to the world’s sustainable development in its process to build a “respectable great company with global status”.

Yin Gefei
Deputy Director of China WTO Tribune
International Research Center of CSR and Sustainable Development of Peking University

Implementation of the United Nations Global Compact

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

Topics	Principles	Progress in 2014
 Human Rights	<ul style="list-style-type: none">Respect and support and globally recognized human rightsNo complicity in human rights abuse	<ul style="list-style-type: none">Provide equal promotion channel for female staffOrganize the first young employees training course, facilitating their growthOptimize remuneration systemNever set up relation with any human right violator
 Labor Standards	<ul style="list-style-type: none">Uphold freedom of association and recognize collective bargaining rightEliminate all forms of forced laborEffectively abolish child laborEliminate discrimination in employment and occupation	<ul style="list-style-type: none">Strictly abide by the Labor LawSet up democratic management system, promote the openness, systemization, and standardization of corporate governanceBuild a uniform recruitment platform, object discrimination, and treat the employees of different nationalities, colors, nations, genders, religions and culture background equallyFight against with employment of child labor, and object forced labor
 Environment	<ul style="list-style-type: none">Take precautionary approach to environmental challengesTake initiative to promote greater compliance to environmental standardsSupport the development and promotion of environmental-friendly technologies	<ul style="list-style-type: none">Develop energy-saving and environment protection technology, technique, and facility, develop recycling economy, and try to save energyPromote the safety disposal and recycling of wasteProtect bio-diversityCombat with climate change
 Anti-corruption	<ul style="list-style-type: none">Object corruption of all forms, including fraud and bribery	<ul style="list-style-type: none">Stick to the guidance of “anti-corruption will extend to wherever our strategy goes”, make anti-corruption work our key work and responsibility, and have it on the equal position with our business operation when it comes to implementation, investigation, and evaluation.

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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

In your opinion, the report is:

☐ Very Good

☐ Good

☐ Medium

☐ Bad

☐ Very Bad

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

☐ Very Informative

☐ Informative

☐ Medium

☐ Somewhat Informative

☐ Not Informative

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

☐ Very High

☐ High

☐ Medium

☐ Low

☐ Very Low

In your opinion, the structure of the report is:

☐ Very Good

☐ Good

☐ Medium

☐ Bad

☐ Very Bad

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

☐ Very Good

☐ Good

☐ Medium

☐ Bad

☐ Very Bad

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

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Ideas in the Cover Design: Embracing the company's strategic transformation and the "Third Long March", Sinochem Group 2014 Sustainable Development Report's cover design employs the means of symbolism. The "Business Tree" is the main body—the lines representing our five major business segments of energy, agriculture, chemical, real estate and finance converge, cross over each other, and finally create a long-lasting green tree with deep root and luxuriant leaves.

Through industrious efforts, Sinochem people have cultivated a fruitful "Business Tree"—the fruits symbolizing economy, clients, environment, employees and society adorn the tree, which on the one hand reflects our achievement in the CSR practice, and on the other demonstrates the realization routes of our sustainable development philosophy.