

## China Petrochemical Corporation

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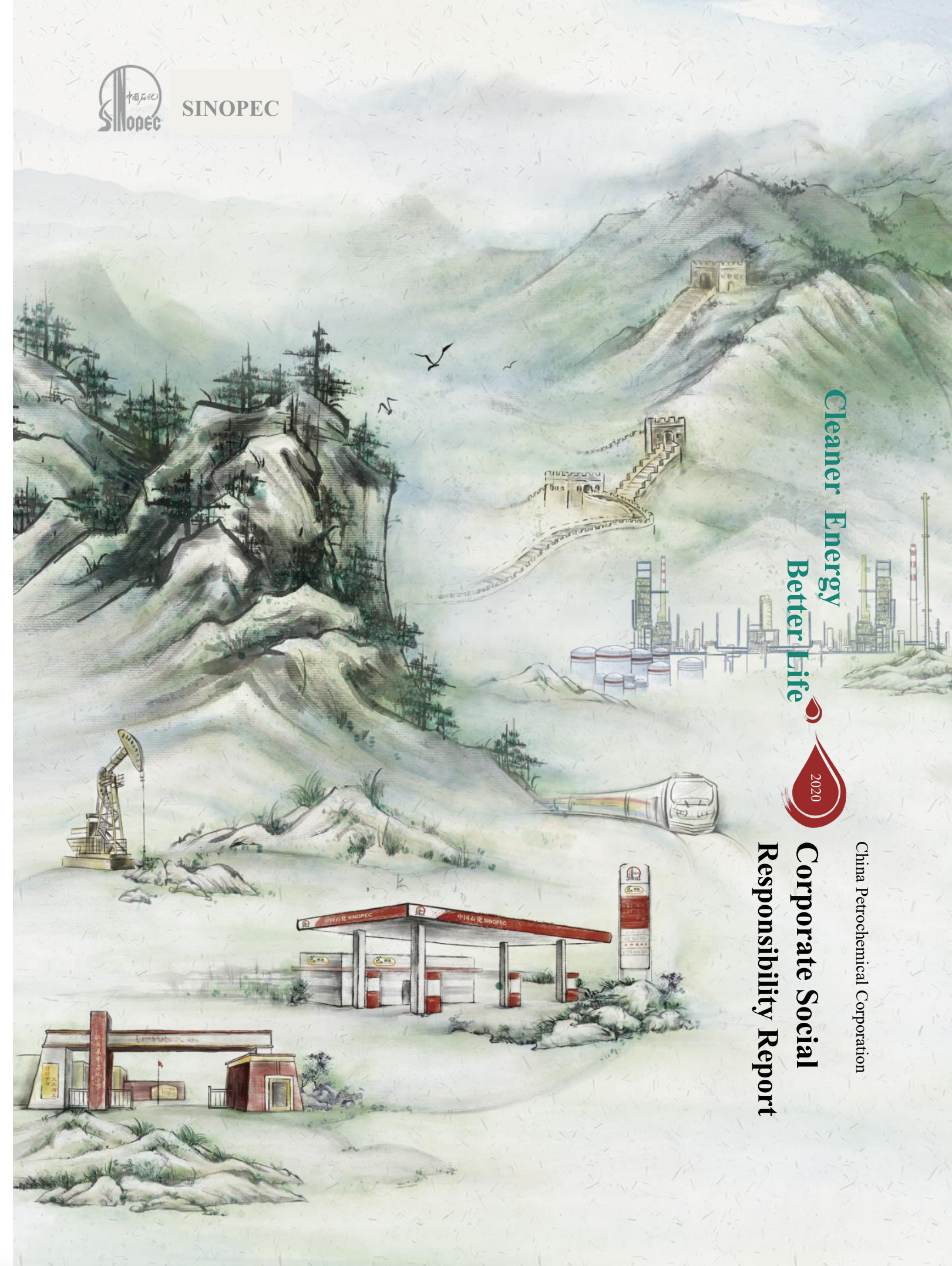
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# Report Introduction

## Organizational Scope

This report covers the work performance of the China Petrochemical Corporation (hereinafter referred to as "SINOPEC", the "Company" or "We") and its affiliated entities in economic, social and environmental fields.

## Reporting Period

January 1, 2020 - December 31, 2020, with some materials beyond such period.

## Release Cycle

The corporate social responsibility reports of SINOPEC are annual reports. This is the 14<sup>th</sup> corporate social responsibility report of the Company.

## References

UN's Sustainable Development Goals (SDGs)  
*Sustainability Reporting Standards* by Global Reporting Initiative (GRI Standards)  
*Guiding Opinions on Better Fulfilling Social Responsibilities of State-owned Enterprises* of the State-owned Assets Supervision and Administration Commission of the State Council  
*Guidelines 4.0 on the Corporate Social Responsibility Reporting for Chinese Enterprises - Petrochemical Industry (CASS-CSR 4.0)* of the Chinese Academy of Social Sciences  
*China Corporate Social Responsibility Recommended Standard and Best Practice* of the China Business Council for Sustainable Development

## Information Sources

All information and data stated in this report are from official documents and statistical reports of the Company. Financial data herein is stated in RMB, unless otherwise specified.

## Additional Reading

More social responsibility information of SINOPEC or the e-text of this report is available at the SINOPEC website:  
[www.sinopecgroup.com](http://www.sinopecgroup.com)

## Report Rating

The 2020 Corporate Social Responsibility Report of SINOPEC is the first five-star report of the Company rated by the China Expert Committee on CSR Report Rating, among the best reports of its kind.

## Corporate Social Responsibility Reports of SINOPEC (2007-2020)



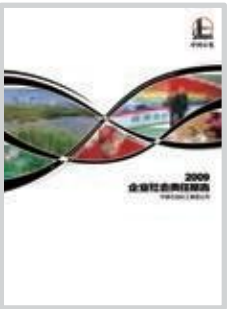
2020



2007



2008



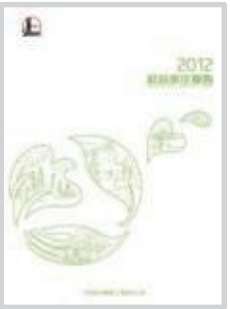
2009



2010



2011



2012



2013



2014



2015



2016



2017



2018



2019



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## Message from the Chairman



The year 2020 was an extraordinary year. We were faced with so many challenges this year. Between the COVID-19 pandemic and facing various challenges like the plunge of international oil prices and other risks, SINOPEC, following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, faced up to those challenges and heavy responsibilities. We not only did well in the pandemic prevention and control, but also ensured a satisfying production. We finished all arduous poverty alleviation tasks, and attained hard-earned successes. Thanks to those efforts, we won the recognition of the Chinese people, and opened up a new path to a world-leading clean energy and chemical company.

We took the initiative to advance energy development transformation and a diverse and safe supply of clean energies. To realize the industrial pattern of “one foundation, two wings, and three new growth points”, we are making major efforts to establish a modern energy system and a production-supply-storage-sales system featuring clean, low-carbon, safe and efficient products and business so as to better facilitate the high-quality economic and social development. In 2020, the Company produced 35.14 million tons of crude oil and 30.3 billion m<sup>3</sup> of natural gas in China. Our overseas equity oil and gas equivalent was 36.72 million tons. We provided society with 168 million tons of petroleum products and 76.03 million tons of chemical goods. We accelerated the establishment of the production-supply-storage-sales system of natural gas, and endeavored to ensure the supply of natural gas in the heating season. We put effort into the development of hydrogen energy, shale gas, geothermal energy, photovoltaic energy, and other clean energies. The annual hydrogen output exceeded 3.5 million tons, which accounted for 14% of the national total; many oil and hydrogen refueling stations were completed, forming a full industry chain of hydrogen energy. Fuling Shale Gas Field produced 6.7 billion m<sup>3</sup> of gas accumulatively. We were able to supply heat to 60.44 million square meters with geothermal energy. In response to the “strengthening the country through chemical engineering” call, we devoted major efforts to new materials and fine chemicals.

We adhered to the green development philosophy, seeking to contribute to the realization of the “peak carbon dioxide emission” and “carbon neutrality” goals. By strengthening the integrated management of energy conservation, emission reduction, and carbon reduction, we strove to practice environmental governance, promote ecological civilization, and build a more beautiful China. We continued the “green enterprise action plan” to further build the Company into a green enterprise. We advanced the “energy efficiency improvement” program, having cut standard coal consumption by 5.48 million tons and reduced greenhouse gas emissions by 13.48 million tons.

Carbon dioxide exhaust recycling, carbon dioxide flooding field test experiments and mid-air methane recovery were sped up, effectively reducing greenhouse gas emissions. We have conducted carbon footprint accounting and carbon verification for ten consecutive years, and were active in carbon trading. Since the launch of the carbon market, our pilot enterprises have traded 17.52 million tons of carbon, reporting RMB 442 million trading value. We organized research efforts on strategic pathways to the “peak carbon dioxide emission” and “carbon neutrality” goals and resolutely forged ahead towards the goal of “net zero”.

We went all out to finish our poverty alleviation tasks, and promoted effective transition from poverty alleviation to rural revitalization. As a backbone state-owned enterprise, SINOPEC carefully implements the important instructions of General Secretary Xi Jinping for poverty alleviation, and vigorously advances poverty alleviation as a major political assignment. We dispatched 2,000 poverty alleviation cadres yearly, and invested RMB 2.4 billion accumulatively towards this cause. Thanks to those efforts, all 750 villages in the eight counties designated for SINOPEC assistance were lifted out of poverty, and 3 million impoverished people benefited. That's a significant contribution to a full victory in the fight against poverty in China. To better implement the decisions and plans of the CPC Central Committee and the State Council on consolidating and promoting the effective connection of poverty alleviation achievements with rural revitalization, SINOPEC launched the “Program of Supporting Rural Revitalization”. We promised to invest not less than RMB 1.5 billion in poverty alleviation, assist in selling not less than RMB 4 billion poverty-alleviation products, and maintain our efforts, personnel, and funds for poverty alleviation during the 14<sup>th</sup> Five-Year Plan period. We provided the “one county, one chain” special assistance to consolidate the foundation and achievements of poverty alleviation.

We were active in meeting the expectation of country and society, and threw ourselves into programs for public good to benefit more people with our high-quality development achievements. After COVID-19 broke out, SINOPEC made major efforts to prevent and control the pandemic. From ensuring the supply of energy to increasing production of medical materials, from donating funds and materials to leading the work resumption of industrial chains, and from the “100-day performance improvement” to ensure stability and security on six key fronts and in six major fields, we truly played the backbone role as a central SOE. We support preparations for the Beijing Winter Olympics by ensuring clean energy for infrastructure construction and operation of the games. Following the Olympic spirit and with a strong sense of social responsibility, we do what we can to support the games. In 2020, we paid taxes of RMB 297.7 billion, effectively serving the economic development and improvement of the people's livelihood. Last year was our 17<sup>th</sup> year to conduct the “Sinopec Brightness” Lifeline Express project and we gave more than 47,000 impoverished cataract patients the gift of sight. We continued the “The Gas Station That Cares” project for public good for the ninth consecutive year, served more than 4.2 million riding motorcycles home, and nearly 50 million travelers during the Spring Festival. We set up the “Sinopec Gas Stations of Love·Sanitation Workers' Lounges” at 2,617 gas stations, offering sanitation workers a place to have a break during work. We built nearly 2,000 “Homes of Truck Drivers”, providing truck drivers with many facilitation

services. We organized the “Public Open Day” activities for the tenth consecutive year, with an aim to elevate public awareness of our wonderful Company.

We continued to join in the Belt and Road Initiative, performed our responsibilities as a global citizen, and supported to build a community with a common future. We continued the opening at a higher level, steadily advanced international business development, and closely joined in the Belt and Road Initiative, having cooperated with countries along the Belt and Road on investments in oil and gas resources, refining and storage, petroleum and petrochemical engineering technical services, and trade in oil and chemical products, equipment, and materials. Mutual benefits and win-win development results were achieved. We adhered to the co-construction and sharing principle, paid taxes according to laws and regulations, utilized local employees and purchased local materials, always met international safety, health, and environmental standards, respected local traditions and cultures, actively participated in causes for the public good, and supported people's livelihood and sustainable environmental development in local places, so as to contribute to a beautiful future.

Forging ahead for common dreams and accumulating strength for great causes, 2021 represents the first year of the 14<sup>th</sup> Five-Year Plan period. In the new era and new stage, SINOPEC would follow the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and will waste no time forging ahead, overcoming hardships and composing a new development chapter to celebrate the centennial anniversary of the Party with better performances, and make our contributions towards building a modern socialist country prosperous in all respects.

Zhang Yuzhuo  
Chairman  
China Petrochemical Corporation



# About Us

## Profile

China Petrochemical Corporation (Sinopec Group) is an exceptionally large petroleum and petrochemical company established from the restructuring of the former China Petroleum and Chemical Corporation by the Chinese government in July 1998. It's a state-owned company solely invested, authorized, and controlled by the Chinese government.

Sinopec engages primarily in petroleum and natural gas exploration and exploitation, pipeline transportation, and sales; petroleum refining and production, sales, storage, and transportation of petrochemical products, coal chemical products, chemical fibers, chemical fertilizers and other chemical products; import and export and agency business of petroleum, natural gas, petroleum products, petrochemicals, other chemical products, and other commodities and technologies; technology and information research, development and application. Headquartered in Beijing, the Company has a business presence in 60 countries and regions around the globe with a workforce of more than 600,000 employees.

Sticking to our mission of providing "better energy for better living," Sinopec seeks sustainable development while actively practicing corporate social responsibility, with an aim to realize its vision of "building a world-leading clean energy and chemical company."

2020

Ranking among the Fortune 500 companies: No. 2

Global ranking in refining capacity: No. 1

Global ranking in ethylene production capacity: No. 4

Global ranking in arene production capacity: No. 1

Global ranking in polyolefin production capacity: No. 1

Global ranking in synthetic rubber productivity: No. 2



## Corporate Governance

### Board of Directors and Its Committees

China Petrochemical Corporation set up a standard Board of Directors in April 2012. The Board of Directors is the decision maker of the Company. It reports to and is instructed and supervised by the State-owned Assets Supervision and Administration Commission to protect interests of the investor, fulfilling the purpose of maintaining and increasing the value of state-owned assets, and perform its duties under legal procedures and the Article of Association.

The Board of Directors consists of nine members that includes the Chairman, the General Manager, the Deputy Secretary of the Leading Party Member Group, five external Directors and one employee Director. The Board of Directors affiliates include the Strategy and Investment Committee, Nomination Committee, Remuneration and Assessment Committee, Audit and Risk Committee, and Social Responsibility Committee. They are responsible for providing consultation advice to the Board of Directors.

### Enterprise Governance according to Law

#### Optimizing the Law-based Enterprise Governance System

The Articles of Association of the group were revised, in which the law-based central SOE building requirements were added; the Board of Directors and its Audit and Risk Committee are required to take charge of the law-based enterprise building and compliance management. The law-based enterprise government leading group was adjusted, and improved the leadership mechanism for law-based enterprise governance.

#### Fully Launching the Compliance Management System Building

*The Sinopec Compliance Management Measures* and *Sinopec Building Plan for Compliance Management Systems* were prepared and released. Fourteen subsidiaries were selected for the pilot compliance management program, and each of them basically completed a compliance management system fitting themselves.

The integration of internal control, risk control, and compliance management was advanced, and the list of compliance risks and work instructions were prepared, further covering major business fields of the Company.

The compliance cultural development and the rule of law and compliance management were incorporated in training for new employees and cadre reserves. Throughout the Company, more than 200,000 cadres signed up for the compliance learning program and signed the compliance commitment letter.

#### Effective Prevention of and Controlling Legal Compliance Risks

We organized special actions like legal dispute settlements and recovery of "two funds occupied illegally", and properly handled legal disputes and compliance investigations. This year did not involve a major legal compliance risk event. We investigated IP infringement clues, investigated overseas legal compliance risks monthly, timely released instructions and notes to prevent the relevant legal compliance risks, and did our utmost to prevent legal compliance risks.

Effective Prevention of  
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Strengthening the  
Source Guarantee of  
Major Projects

We carefully reviewed and demonstrated the feasibility of major projects, reviewed the legality and compliance of projects, released legal compliance instructions for COVID-19 prevention and control, and implemented laws on preventing and controlling pandemic risks.

Further Managing the  
Legal Basis

The "strengthening the enterprise with talents" strategy was implemented to the legal personnel team. Continuous efforts were made to improve our lawyer team, having already assembled a professional legal expert team. The legal personnel management information system was optimized, the contract scenario customization and function improvement realized, and the operation and optimization of the overseas contract system advanced.

Legal review rate (Legal review of enterprise rules and regulations, economic contracts, and major decisions) (%)



Risk Prevention and Control

Internal  
Control

- We brought forward the *Implementation Opinions on Strengthening the Building and Supervision of International Control Systems*, and revised the 2021 internal control manual, highlighting the orientations of risks, problems, and responsibilities.
- We further enhanced the effect of internal control systems, made advancement plans, and specified and effectively implemented these measures. We organized the internal control inspection and specified rectification measures and requirements to solve problems found during inspections. Unqualified accounts were canceled.

Risk  
Management

- Major efforts were made to prevent and mitigate material risks, hold management accountable, set risk prevention and control goals and measures, and advance prevention and control of material risks.
- We tested and improved our material operational risk control systems, and organized rectification and improvement measures to solve problems found. We improved the risk prevention and control systems to better prevent risks.

Internal  
Auditing

- We continued to optimize the audit management systems. Following the "simplifying administration for improving efficiency; ensuring to serve the principle of purpose, we created the Sinopec "1+11+7" audit system. An overseas audit division was set up and established a solid foundation for professional management and regular supervision of overseas audits.
- Continuous efforts were made to strengthen IT-based audits, having made it possible to manage and control audits entirely online. Steady progress was made in the audit transformation and upgrading, with marked achievements seen in transformations from on-site to off-site audits.
- Our audit departments at all levels have finished 982 audits on economic responsibilities, fixed assets investment and internal risk control, special audits and audit investigations. Those departments performed their audit supervision duties well and made the audit contribution to Sinopec's performance of social responsibilities.

Business  
Disclosure

- We focused on key links in major fields and made full use of the supervision platform of the business disclosure network. We selected qualified online supervisors to strengthen our online supervision. We enhanced the supervision and assessment of the personnel promotion, urged the relevant enterprises to revise and improve the relevant systems, and further regulated management to create an open and transparent operation environment.
- During the year, a total of 5,337,800 entries of information were published on the business disclosure system, involving RMB 1.66 trillion, or USD 12.3 billion.



# Focus I

## Hard Work in the 13<sup>th</sup> Five-Year Plan Period Enabling a New SINOPEC

2020 was a year of building a moderately well-off society in an all-round way and the last year of the "13<sup>th</sup> Five-year Plan". During the 13<sup>th</sup> Five-Year Plan period, following the guidance of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Sinopec stuck to the general principle of forging ahead in a steady way and new development philosophies, focused on quality and efficiency improvements and upgrades, and made new progresses and achievements in all assignments, laying a solid foundation for high-quality development in the upcoming 14<sup>th</sup> Five-Year Plan period.

### Energy and Chemical Industries

In the 13<sup>th</sup> Five-Year Plan period, our natural gas capacity continued to grow, traditional refining industries were transformed, upgraded, and improved; the ratio of high value-added products and special materials grew, and the energy security capability was significantly high.

Natural gas capacity added 20 billion m<sup>3</sup> and 2020 output surpassed the 30 billion m<sup>3</sup> mark.

Reserves from the Weirong Shale Gas Field, the first deep shale gas field in China, were proven and development of the field started, marking Sinopec's leading efforts in atmospheric shale gas development.

We developed polypropylene copolymers, which are new green materials finding wide application in food hygiene.

Fuling Shale Gas Field, the largest shale gas field in the world outside of North America, was put into operation.

Major projects like Zhongke Refinery and Petrochemical Complex Project and Gulei Refining and Chemical Integration Project were launched.

In the synthetic resin business, the ratio of new polyolefin products and special materials was up 68%.

Tianjin LNG Terminal, the first localized LNG terminal applying all proprietary intellectual property rights and packaging technique packages in China was completed.

ZTHC Energy Erdos Coal Deep Processing Demonstration Project, the largest coal chemical plant in China and the world's largest coal to olefin project, was successfully put into operation.

The easily processed metallocene polyethylene and bimodal polyethylene, two materials for making PERTG tubes, met international standards, and the metallocene polyethylene materials for rotational moulding stood out in the domestic market with outstanding performance.

Four world-class refining bases were built in Maozhan, Zhenhai, Shanghai, and Nanjing.



Innovation-Driven

In the 13<sup>th</sup> Five-Year Plan period, we stuck to the innovation-driven development strategy, improved technological innovation systems, identified the accurate technological innovation fields, advanced the in-depth integration of informatization and industrialization, and made major efforts to create leading advantages.

- 35,988 domestic and overseas patents were applied for and 24,341 were approved.
- In 2016-2019, Sinopec won eight second-place National Awards for Technological Invention, three first-place prizes, and ten second-place prizes for National Science and Technology Progress.
- We advanced smart manufacturing throughout the industry, and founded 11 smart factories, two smart oil and gas field demonstration zones, 150 smart refueling service stations and an intelligent research institute.
- Five of our companies like Sinopec Zhenhai Refining & Chemical Company and Sinopec Maoming Petrochemical Company were recognized by the MIIT as state-level pilot and demonstration projects for smart manufacturing. Sinopec Jiujiang Company was rated as a state-level benchmark company for smart manufacturing.
- We launched mall.epec.com, a comprehensive industrial goods purchase platform, SINOPEC Chememall Global, a petrochemical product marketing platform, and Sinopec's Easy Joy Online Shopping Mall (www.ejoy365.com), an online marketing platform.
- We advanced in-car payment, convenient billing, photovoltaic power generation, and other intelligent projects.
- Efforts in the integration at the station level, smart gas stations, online business, and oil product supply chain supported sales increases, efficiency improvements, reforms and transformations.

Green and Low-carbon

In the 13<sup>th</sup> Five-Year Plan period, we explored building a system consisting of clean, low-carbon, safe, and efficient energies, conducted several special projects to improve efficiency, advanced carbon emission reductions, effectively improved the green development capacity, and made our own efforts to build a beautiful China.

- The "Lucid Water and Blue Sky" Special Environmental Protection Action was a success, the "Green Enterprise Action Plan" was launched, and the "Yangtze River Massive Protection" ecological barrier was reinforced.
- Major improvement was realized in oil product quality: motor gasoline met National 5 and National 6A standards, and automotive diesel fuel met National 5 and National 6 standards. The "three-oil integration" was finished.
- Demonstration stations were built and utilized in Guangdong, Zhejiang and Shanghai to supply hydrogen to fuel cell vehicles for the 2022 Beijing Winter Olympics.
- The area heated by our medium and deep geothermal energy became the world's largest, and the technology is state-of-the-art worldwide.
- We became the first enterprise owning biological aviation kerosene independent R&D technology and put it into commercial application in China.
- Successful production of low sulfur ship fuel made us the first domestic enterprise to produce such a fuel.

Work Safety

In the 13<sup>th</sup> Five-Year Plan period, we continued to improve the safety management system, strengthened the overall management, ensured the measured implementation, and carried out safety risk management throughout production and operation processes to improve the safety system network from every perspective.

- The HSSE management system was established, improved, and implemented, and major progress was made to establish a long-term mechanism for work safety.
- Major safety risk controls were highlighted, and hidden safety risks were mitigated, with the essential safety improved.
- Safety risks in new projects were identified and controlled from their inception, and the five-year project to eliminate tank farm hidden troubles was finished.
- Safety supervision over contractors and direct operations was strengthened.
- "Zero Death" record had been maintained for 13 years in a row.

Contribution to Society

In the 13<sup>th</sup> Five-Year Plan period, we stuck to the people-oriented development philosophy, effectively advanced the targeted poverty alleviation, went all-out to fight COVID-19, and continued causes for the public good. We gave back to society with our practical efforts and made a contribution to building a moderately prosperous society in all respects.

- Tax payment of RMB 1,683.9 billion
- Social donation valued at RMB1,697 million
- Total investment of RMB 219 million (the headquarters) in assisting Tibet and Qinghai
- Total investment of RMB 549 million (the headquarters) for targeted poverty alleviation
- All eight impoverished counties under targeted assistance of Sinopec were lifted out of poverty.
- Projects for public good like the "Sinopec Brightness Lifeline Express", "The Gas Station That Cares", "Sinopec Gas Stations of Love · Sanitation Workers' Lounges" and "Homes of Truck Drivers" were advanced.
- We went all-out to help to prevent and control COVID-19. During the pandemic fight, many gas stations in Hubei Province operated as usual to ensure the supply of gasoline and support construction of the Huoshenshan and Leishenshan hospitals.
- In 12 days we completed melt-blown fabric production lines, which represented a new venture for us, and in 76 days we completed the largest melt-blown fabric production base in the world.

International Business

In the 13<sup>th</sup> Five-Year Plan period, in response to the Belt and Road Initiative and based on the global presence, we realized benign interactions between overseas oil and gas, refining, trading and engineering services and the domestic market.

- The crude oil trade volume accounted for 15% of the global total, making Sinopec a major player in the international crude oil trading market.
- Continuous efforts were made to develop international markets, and our sulfur transfer catalysts were exported for the first time.
- The first long-term petroleum coke sales contract was signed.
- Overseas projects were integrated in the local development, and 64 completed petroleum engineering projects were well received by local residents.

In the 14<sup>th</sup> Five-Year Plan period, Sinopec will, to achieve the goal of developing into a world-leading clean energy and chemical company—resolutely shoulder the core responsibilities of ensuring national energy security and guiding the high-quality development of China's petrochemical industry; accelerate the establishment of the industrial pattern of “one foundation (energy resources), two wings (clean refined products and modern chemicals), and three new growth points (new energies, new materials and new economy)”;

and vigorously implement the value-guided, market-oriented, and innovation-driven strategies on green and clean energy. Opening-up and cooperating with a talent-based enterprise development to serve the high-quality of Sinopec, support the national economic and social development and meet the needs of the people for a better life.



Focus II

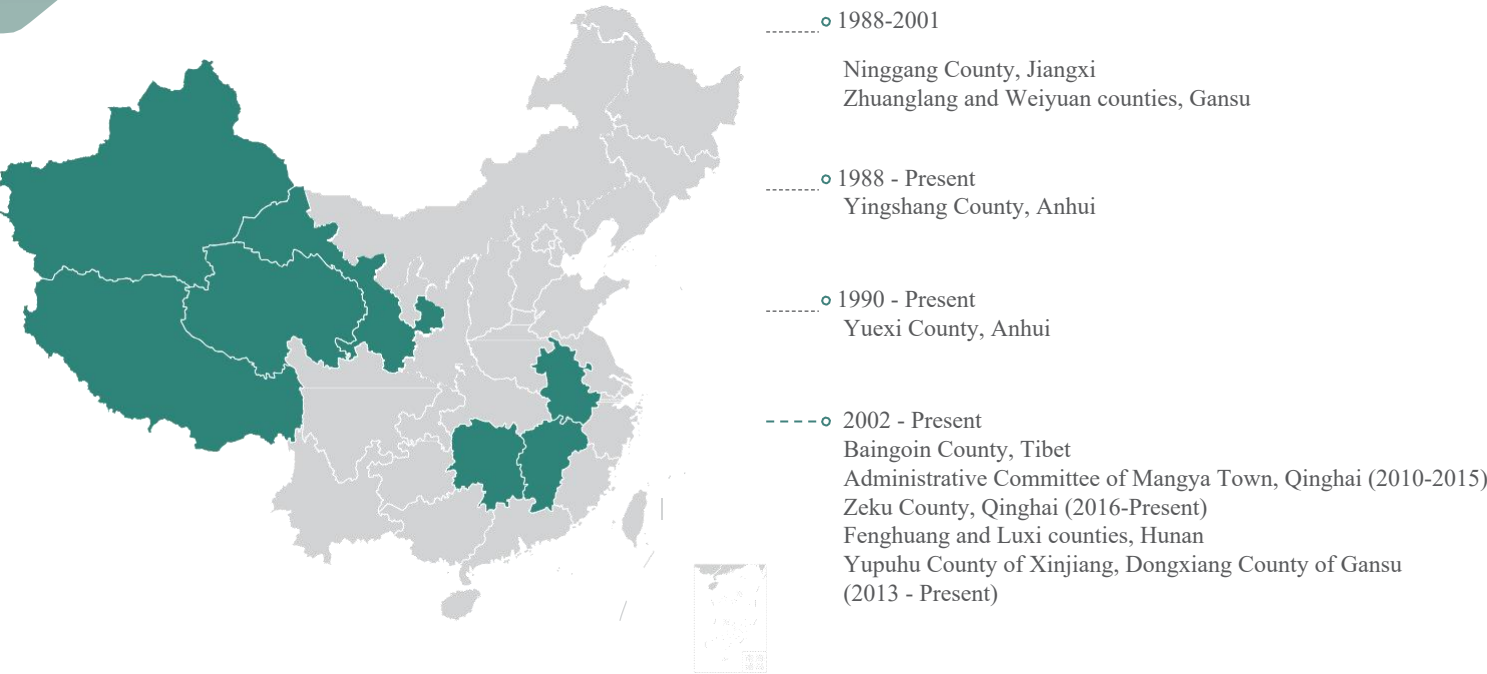
Assisting in Poverty Alleviation and Sustaining Rural Revitalization

On December 3, 2020, at the meeting of the Standing Committee of the Political Bureau of the CPC Central Committee, General Secretary Xi Jinping delivered an important speech, "Through eight years of sustained work, China has accomplished its poverty alleviation target of the new era as scheduled, having lifted all rural poor population under the current standard out of poverty, removed all poor counties from the poverty list, and eradicated absolute poverty and regional poverty. Nearly 100 million poor people have shaken off poverty, a significant victory that impresses the world."

As a central SOE, Sinopec adheres to the people-oriented policy, carefully studies and implements the instructions of General Secretary Xi Jinping on poverty alleviation, resolutely performs poverty alleviation decisions and plans of the CPC Central Committee and the State Council, and actively assumes our political and social responsibilities. To achieve the goal of "rural poor people have no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing", we take poverty alleviation measures based on local conditions, and make contribution to the overall victory in the battle against poverty and building a moderately prosperous society in all aspects.

Since its establishment in 1988, the headquarters of Sinopec have assumed the poverty alleviation and development assignments for 12 counties in seven provinces. With our sustained work, Baingoin County of Tibet, Zuku County of Qinghai, Yuexi and Yingshang counties of Anhui, Fenghuang and Luxi counties of Hunan, Yupuehu County of Xinjiang and Dongxiang County of Gansu have all been lifted out of poverty under our new round of targeted assistance.

Map of Poverty Alleviation Footprint of Sinopec (the headquarters)



In 2020, the delegation led by Zhang Yuzhuo (first in the front row), Chairman of Sinopec, visited Dongxiang County, Gansu Province, to learn about the progress in poverty alleviation.

Performance of poverty alleviation	..... Poverty alleviation and development tasks assumed by the headquarters <b>7</b> Provinces and <b>12</b> Counties	..... The new round of targeted assistance and poverty alleviation assignments assumed by the headquarters <b>6</b> Provinces <b>8</b> Counties
	..... <b>67</b> affiliated enterprises assuming poverty alleviation and development assignments for <b>750</b> Villages	
	..... Total assistance funds invested by headquarters <b>RMB 2.4</b> billion	
	..... Total poverty alleviation cadres dispatched from headquarters <b>90</b>	..... Poverty alleviation cadres across the corporate system dispatched every year <b>2,000</b>
	..... Total poverty alleviation projects carried out by headquarters <b>822</b>	..... Impoverished people benefited by efforts across the corporate system <b>3</b> million



Great Devotion to Dongxiang under the Instructions of the General Secretary

Dongxiang Nationality Autonomous County, Linxia Hui Autonomous Prefecture, Gansu, is a seriously impoverished area among the "three zones and three prefectures". As local people put it, "Gansu is the center of the national poverty alleviation efforts, Linxia is the poverty alleviation center of Gansu, and Dongxiang is the poverty alleviation center of Linxia."

On February 3, 2013, after General Secretary Xi Jinping visited Dongxiang, Sinopec lost no time in contacting the local leaders and starting to provide targeted assistance to 25 villages in six townships/towns in the Bulenggou Valley that featured weak ecosystem, weak infrastructure, and harsh living and production conditions. Over the past eight years, Sinopec carefully implemented the instruction of Xi to "channel rivers through this county, build roads to the outside, and carefully carry out the new rural construction", actively supported local Party committees and governments, gave play to our advantages, invested RMB 451 million in poverty alleviation, and dispatched six poverty alleviation cadres to fight poverty in a comprehensive manner. Thanks to those efforts, the drinking water, road, housing, education, employment, and health care problems in local places have all been solved, and life has improved significantly.

Infrastructure Construction Helping Alleviate Poverty and Relieve People's Worries

To improve infrastructure in the Bulenggou Valley, a total of RMB 101 million has been invested by Sinopec and 75.3 kilometers of village roads built. The travel problems in six towns in Bulenggou Valley and Gongbeiwan Village of Longquan Town have been solved, benefiting more than 30,000 people. A total of RMB 67.33 million has been invested to build 578 kilometers of water supply channels, build or repair 164 reservoirs, provide 2,349 sets of equipment to connect households to the drinking water network, and establish the water quality test center and tap water smart management system of Dongxiang County, having eradicated the drinking water problem in local places and benefited 13,000 people. A total of RMB 41.67 million has been invested to build new homes for 56 households, provide RMB 6 million to assist Gongbeiwang Village of Longquan Town and Dashu Village of Dashu Township in relocation projects, and grant subsidies for renovating dilapidated buildings to 1,335 households across the county.

- ..... Investment in village road building  
**RMB 101** million
- ..... Total investment in water supply projects  
**RMB 67.33** million
- ..... Total investment in building new countryside  
**RMB 41.67** million



Today, roads are built and water is ensured. The rural area has taken a new look and villagers in Bulenggou Village are living a much better life.



In 2018, Sinopec joined hands with Gansu Academy of Agricultural Sciences to introduce quinoa to local places, a nutritious crop growing well in local conditions. This was a big success and well received by local people. In 2020, quinoa planting exceeded 10,000 *mu* in Dongxiang County, and 1,190.45 tons of quinoa were purchased, helping local people to increase income to RMB 11,922 per household. A full industry chain for poverty alleviation covering planting, harvesting, procurement and processing, packaging, and sales has been formed. Today, Dongxiang Quinoa has been a brand product sold throughout the country.

Production-Sales Comprehensive Services

Poverty alleviation by industry cultivation is a key to strengthen the endogenous driving force of development in poverty-stricken areas. Sinopec takes the initiative to support local places to develop quinoa, black fungus, Dongxiang sheep, protein mulberry, protein chrysanthemum and other cultivation and planting industries, and You Guoguo and sweet potato noodle processing, leading local people to get rid of poverty and become better off. The Tang Fan Yun She B&B project, PV power projects, and collective economy have been launched. The production and marketing docking channels for agricultural products from Dongxiang County have been broadened, such as the sinopectg.com and the Jizhen Gansu app developed by Sinopec Gansu Petroleum Company. Quality products from Dongxiang County are sold through Easy Joy convenience stores in Shanghai, Guangdong, Jiangsu, etc. As of the end of 2020, Sinopec had carried out 74 poverty alleviation projects by industry cultivation in local areas to the benefit of more than 80,000 people.



Employment-based Poverty Alleviation

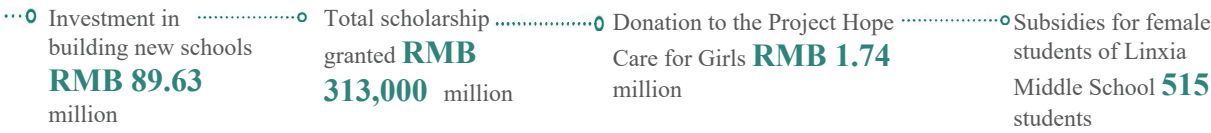
Employment is the foundation of people's livelihood and a good starting point for poverty alleviation. Sinopec has provided funds and assistance to build eight poverty alleviation workshops to create job opportunities for 200 women having difficulties in finding jobs. Sinopec organizes training on Dongxiang embroidery, driving skills, engineering vehicle operation, and cooking and catering for local people, helping them master a life skill to find a job easier. Following the idea of the "one person finding a job could support the whole family to get rid of poverty", the "Sinopec Dongxiang Recruitment Fair for Unemployed College Graduates" successfully recruited 102 local graduates.



Female of Dongxiang County Finding Jobs in her Hometown

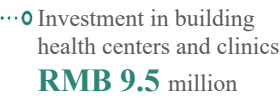
Poverty Alleviation Through Education

In Dongxiang County, schools used to be shabby and lack teachers, and children had to travel too far to go to school, which resulted in high dropout rates. Sinopec invested RMB 89.63 million in building eight schools like the Sinopec Middle School, Bulenggou Primary School, Longquan Town Zhongling Primary School, and Dachai Primary School, and donated teaching equipment and supporting facilities to seven schools. We run a Hope Class, a Sailing Class, an Ambition Class and a Dream Class at Dongxiang County Minority Middle School, and founded the Sinopec Scholarship, having granted a total of RMB 313,000 to 313 students. We have invested RMB 1.74 million to sponsor the Project Hope Care for Girls, which provided meals, accommodations, travel and daily article subsidies for 515 girls.



Poverty Alleviation through Ensuring Health Care and Well-being

To improve the rural medical conditions in Dongxiang County, Sinopec invested RMB 9.5 million to build three health centers and 34 village clinics in Fengshan Township, Guoyuan Town and Wujia Township in 2020. In 2019, the "Sinopec Brightness" Lifeline Express project was launched in Linxia Prefecture, providing free cataract surgeries to 203 local impoverished patients in Dongxiang County. Since 2018, Sinopec has joined hands with Beijing Union Charity Foundation to cooperate with 111 hospitals in Linxia Prefecture on healthcare-based poverty alleviation. This project has provided 586 impoverished patients with free treatment and trained nearly 6,000 grassroots medical workers.



Kids in Bulenggu Valley get to go to primary and middle schools without the need to travel long distances

Fight against Poverty and Support to Build a Moderately Prosperous Society

Since 2002, when the new round of targeted assistance and poverty alleviation was launched, Sinopec has been innovating in practices and forging ahead in exploration. Considering the actual conditions of the poverty-stricken areas, we have conducted poverty alleviation projects based on Party building, industry cultivation, consumption, employment, tourism, education, health care, infrastructure, relief, and assistance to help local places eradicate poverty and realize sustainable development, and cooperate with local people to create a better life.

	Fund investment (RMB 100 million)	Competent cadres	Assistance projects	Time getting rid of poverty
Zeku County, Qinghai	0.436	4 people in 4 batches	6	April 2020
Baigoin County, Tibet	4.14	18 people in 9 batches	155	December 2018
Dongxiang County, Gansu	4.51	6 people in 4 batches	74	November 2020
Yuexi County, Anhui	1.28	15 people in 14 batches	153	June 2018
Yingshang County, Anhui	0.9148	14 people in 14 batches	109	April 2019
Fenghuang County, Hunan	1.18	15 people in 14 batches	150	February 2020
Luxi County, Hunan	0.97	16 people in 16 batches	120	February 2020
Yuepuhu County, Xinjiang	0.622	2 people in 2 batches	19	February 2020





## Typical Cases

### Poverty Alleviation through Developing Industries

- In 2014, Sinopec joined hands with the Tibet Plateau Natural Water Co., Ltd. to launch the Easy Joy · Zhuoma Spring natural glacier drinking water. Now Easy Joy · Zhuoma Spring has been a leader in the water industry in Tibet.
- In 2015, Sinopec assisted Fenghuang County in building the Lishanjiang Peach Orchard Industrial Base and developed the Miliang No. 1 kiwi fruit industry. This fruit was awarded the "Fenghuang Kiwi" geographical indication in 2019, becoming a local business card.
- In 2016, Sinopec assisted Yuexi County in founding an edible mushroom company to develop the professional large scale mulberry branch mushroom industry, and explore the full-industry-chain poverty alleviation mode of "technical services, + planting bases + impoverished households + protective purchase prices + unified brand sales".

### Poverty Alleviation through Consumption

- We have launched seven online platforms, opened the Easy Joy convenience stores, Shengda Supermarket, and Jizhen Gansu offline stores, and organized special introduction and marketing events, trade fairs, order fairs and the Sinopec Love Selection live streaming marketing, working diligently to market products from poverty-stricken places.
- Under the assistance of Sinopec, a variety of products such as quinoa of Dongxiang County, kiwi of Fenghuang County, a fungus growing on a mulberry branch of Yuexi County, roasted duck eggs of Balihe Town, Yingshang County, Sunshine Bazaar dried fruit from Xinjiang, and yak tasajo from Qinghai, Easy Joy · Zhuoma Spring from Tibet and Longshang Huanui apple juice from Gansu are sold through Easy Joy stores throughout the country.
- As of the end of 2020, more than 100 businesses affiliated with Sinopec have joined in poverty alleviation through consumption, having purchased RMB 397 million products from impoverished places and assisted in selling their agricultural products for RMB 784 million.

### Poverty Alleviation through Creating Jobs

- We set up batik training bases in Fenghuang County to train local impoverished women. Having mastered a life skill, those women don't have to leave their children to make a living anymore. Having mom by their side means those children could have a happier childhood.
- We sponsored a labor export and training center in Yuexi County and poverty-alleviation workshops in Dongxiang County to help local impoverished people master a life skill, and find a stable job to support their family break the chains of poverty.
- We organized recruitment fairs in Dongxiang, Yingshang and Zeku counties, at which we offered many jobs.

### Poverty Alleviation through Tourism

- In 2017, Sinopec combined strength with the China Foundation for Poverty Alleviation to carry out the Baimei Village B&B project in Fenghuang and Luxi counties of Hunan and Dongxiang County of Gansu, under which the Lahao Stone House, Xichi Valley Wood Cabin, and Tangfan Yunshe B&B projects were launched, respectively.
- In 2019, we launched the first tourism route for poverty alleviation - Western Hunan Folk Culture Tour. Based in Fenghuang and Luxi, two famous ancient counties in western Hunan, the poverty-alleviation tourism route connecting B&Bs, kiwi planting and picking, western Hunan Miao batik experience, Tahuzaohua world intangible heritage experience, snow tea planting base visiting, etc., were designed.



## Typical Cases

Poverty Alleviation  
through Education

- We have invested RMB 100 million in building Baingoin Sinopec Primary School, the Tibet assisting primary school at the highest altitude. The school basically meets all education needs of primary school students from grades four to six of the entire county.
- A Chunlei Class has been run at Zeku County No. 1 Minority Middle School Senior High School, to help solve the dropout problems of girls, especially high school age girls, in Zeku County.
- A Tahu Zaohua "Intangible Heritage" Training Class is run at Luxi County Sinopec Middle School, to encourage learning about traditional culture, and enrich the cultural life in the school.

Poverty Alleviation  
through Health Programs

- Sinopec has conducted the "Sinopec Brightness" Lifeline Express project for 17 consecutive years, donated a total of over RMB 178 million, brought brightness and hope for more than 47,000 cataract patients in poverty from 39 areas in 18 provinces, and sponsored the building of 21 cataract medical centers.
- Sinopec cooperates with Beijing Union Charity Foundation on remote medical programs in Gansu, Xinjiang and other places, to conduct group diagnosis and train local medical workers to help improve the local medical capacity.

Poverty Alleviation through  
Building Infrastructure

- In May 2003, nearly RMB 6 million was donated to build the Qiangongping-Machong Village Road. This road, 30.88 kilometers long, was opened to traffic in October 2005, benefiting 3 towns, 11 villages and 19 Miao settlements. This road directly benefits 7,800 people, and is a driving force for tourism in the ancient Miao settlements.
- In March 2013, Bulenggou Village Hardened Road, the first poverty alleviation project began in Dongxiang County. The work was completed in just 64 days. It's a 20 km road, 5 m wide, and equipped with more than 3,000 guard bars in dangerous sections. This effectively solved the travel problems in 22 villages and 6 towns.
- In 2017, RMB 11.5 million was donated to build drinking water facilities for people and livestock in four relocated settlements including Rexuri Village in Zeku County. Since then, herdsmen have had access to drinking water near their houses.



## Relief and Aid

- In 2014, RMB 2.8 million was donated to build a village senior's home in Nanzhao Town, Yingshang County and was first put into use in 2015. This was the first senior's home sponsored by Sinopec since it began its poverty alleviation work, and is hailed as the best of its kind in Fuyang, Anhui, by the local people.
- A special fund valued at RMB 7 million was granted for the Tongzhou Project for emergency relief in Yuexi County, to help extremely needy households get out of trouble and see hope.







## Acts of Kindness, Spreading Positivity

The targeted poverty alleviation efforts of Sinopec are widely commended in society. At the National Commendation Conference for Marking Poverty Alleviation Achievements, the Poverty Alleviation Office of Sinopec was awarded the title of "National Advance Collective of Poverty Alleviation", and Qian Yourong, a Sinopec cadre, won the title of "National Advanced Individual of Poverty Alleviation". Sinopec received the "Good" remark in the assessment of targeted poverty alleviation by central SOEs for four consecutive years (2017, 2018, 2019 and 2020). Our targeted poverty alleviation cases were selected in the *Blue Book on Enterprise Poverty Alleviation* of Chinese Academy of Social Sciences for five years in a row, and won the title of "Outstanding Cases of Enterprise Poverty Alleviation". Our targeted poverty alleviation cases were selected into the *50 Typical Cases of Targeted Poverty Alleviation by Chinese Enterprises* of the State Council Leading Group Office of Poverty Alleviation and Development for three consecutive years. Among them, the "Focusing on Poverty Alleviation through Consumption and Going All out to Win the Fight against Poverty" case ranked No. 1 in the *50 Typical Cases of Targeted Poverty Alleviation by Chinese Enterprises* (2019). Sinopec won the Innovation Award for the National Poverty Alleviation Organization. The poverty alleviation work carried out by our cadres stationed at Xinjiang enterprises was included by the Leading Group of Poverty Alleviation and Development of Xinjiang Uygur Autonomous Region in the top rank. At the 2019 Meeting on West-East China Poverty Alleviation Cooperation and Targeted Poverty Alleviation of Central SOEs, Sinopec made a speech as the only central SOE representative to share our experiences in this cause.

Recently, Sinopec continued to innovate communication pathways such as releasing reports, holding press conferences, and organizing consumption promotion activities for targeted poverty alleviation, and supporting to hold the Poverty Alleviation Forum for Central SOEs, to disclose our philosophy and performance of social responsibilities and guide more social forces into this cause. The State-owned Assets Supervision and Administration Commission of the State Council commended, "Sinopec is a model of central SOEs in innovating and leading the way to disclose social responsibility information by central SOEs."

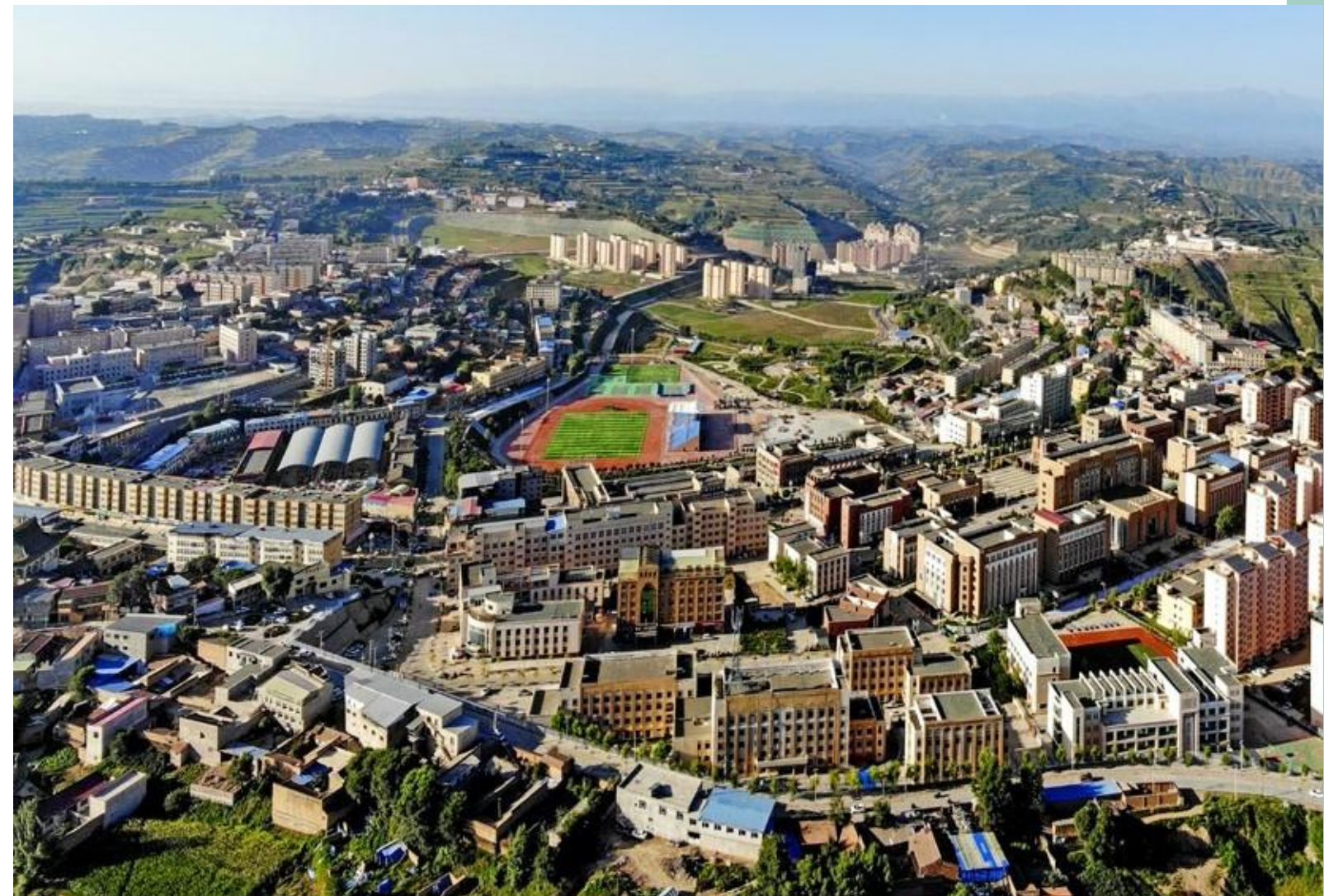


*For General Secretary's Instructions*, a documentary of Sinopec's poverty alleviation in Dongxiang County

## Rural Revitalization, a New Journey

- ...○ Support funds not less than **RMB 1.5** billion
- ...○ Assisted in selling poverty-alleviation products worth not less than **RMB 4** billion

Shaking off poverty is not the finish line, but the starting point of a new life and new endeavor. China still has much to do in order to realize people's all-round development and common prosperity for all. As a central SOE, Sinopec remains true to our original mission, ensure an effective transition from consolidating poverty alleviation achievements to rural revitalization, release the "Plan to Support Rural Revitalization", promise to invest not less than RMB 1.5 billion in poverty alleviation, assist in selling not less than RMB 4 billion poverty-alleviation products, and maintain our efforts, personnel and funds for poverty alleviation during the 14th Five-Year Plan period. We will provide "one county, one chain" innovative special assistance. In other words, we will, considering the resources of eight counties, help them build high-quality agricultural product industrial chains and cultivate competitive products, thus to strengthen their foundation and their achievements in overcoming poverty.





# Focus III

## Clean Energy "Fueling" Olympic Winter Games Beijing 2022

In July 2018, Sinopec was announced as an official partner of the Beijing Winter Olympics and Winter Paralympic Games. We're proud to serve the Winter Olympics and take it as our political responsibility to support and assist in the games in 2022. We will carefully implement the instructions of General Secretary Xi Jinping, to ensure a clean energy supply for the games and the construction of facilities of the games. We will promote the Olympic spirit with a strong sense of social responsibility, and provide logistical support for the games.

### Supplying Clean Energy to Enable Green Olympic Winter Games Beijing 2022

To ensure "Clean Energy for 2022 Olympics" and support "Green Winter Olympics", Sinopec throws itself into the development of green and clean energy.



Sinopec Gas Stations for Winter Olympics

### Construction of Gas Stations

To support the Winter Olympics, Sinopec has added gas stations in the service stations along the Daxing Airport Expressway, Xingyan Expressway, and Beijing-Chongli Expressway. Sinopec also ensures gasoline and gas to Yanqing Alpine Ski Resort and Zhangjiakou Chongli Ski Resort. To meet transportation needs, Sinopec plans to build gas stations around Beijing and Zhangjiakou venues for the games. The stations would be decorated as required, so as to ensure sufficient energy supply for vehicles during the games. During the pandemic, Sinopec gas stations delivered petroleum products, lubricating oil, etc., to the construction sites of the Winter Olympics facility constructors to guarantee the normal operation of construction machinery vehicles and equipment.

### Supply of Green Oil Products

To promote clean energy, Sinopec has launched the Aipao 98 gasoline brand. This is an independently developed gasoline of Sinopec, containing our special brand identification agents so that it looks pale green. Besides improving engine performance, it effectively removes and restrains carbon deposits and protects the engine. Now Aipao 98 gasoline has been sold in Beijing, Hebei, Tianjin, Shandong, Jiangsu, Guangxi and Jilin, and will be promoted across the nation soon. As the only "double-Olympic brand" in the global lubricating oil industry, Sinopec Lubricant Company is actively in developing green products. In close cooperation with the Beijing Organizing Committee for the 2022 Olympic and Paralympic Winter Games, with the rich competition cooperation experiences and a natural "sports gene", this company will provide all-round lubricating solutions to the venues, facilities, and vehicles of the Winter Olympics.

### Hydrogen Energy Supply

In the development stage, Sinopec's new vision is to transform into a world-leading clean energy and chemical company. We will vigorously expand our clean energy presence, which aligns well with the "Green Winter Olympics" philosophy. In the industrial pattern of "one foundation, two wings, and three new growth points", Sinopec is focusing on developing strategic emerging businesses like hydrogen energy to potentially support that very philosophy.

Sinopec pays close attention to the hydrogen energy needs of the Winter Olympics to ensure hydrogen supply for HFCVs and hydrogen fueling stations in Beijing and Zhangjiakou during the Winter Olympics. At present, the new hydrogen purification units of Sinopec Yanshan Petrochemical Company have been put into operation. The hydrogen produced meets the hydrogen standards for HFCVs. Meanwhile, hydrogen fueling stations in Beijing and Hebei are under planning, and the hydrogen fueling station construction plan for Zhangjiakou has been approved.



The hydrogen supply project for Beijing Winter Olympics of Sinopec Yanshan Petrochemical



## Promoting a Culture of the Winter Olympics Contributing to an Open Winter Olympics

Sinopec mobilizes its employees, upstream partners, middle and downstream industries, consumers and the public to join in, serve, and make contributions to the 2022 Beijing Winter Olympics and Winter Paralympic Games.

### Winter Olympics Themed Gas Stations and Gas Filling Cards

Sinopec is promoting the culture of Winter Olympics, carrying forward the concept of cleanliness, attracting the attention of the public to winter sports, and promoting the development of winter sports industries in China through building Winter Olympics themed gas stations of Sinopec Beijing Oil Products Company in the Huangcun area, issuing 2.022 million Winter Olympics themed gas filling cards (souvenir edition), and running and selling the Winter Olympics franchise retail business and products in Easy Joy convenience stores.



Winter Olympics Themed Gas Filling Cards - Bindundun Card



The Chongli No. 3 Gas Station of our Zhangjiakou branch (Hebei) is the first demonstration gas station on the theme of Winter Olympics of Sinopec. In the Easy Joy convenience store at the station, the tourism, outdoor goods, and specialty zones are added, as well as the Winter Olympics Franchise Product zone.

### Launching the Clean Refueling Groups

In August 2020, Sinopec co-released with our partners the *Joint Initiative of Rotating Presidents of Beijing Winter Olympic Partner Clubs*, to advocate "preparing for the 2022 Beijing Winter Olympics, realizing the dream of green Winter Olympics with wisdom and innovation, and leading the future development with clean energy". In November, Sinopec launched the "Clean Refueling Group" brand activity, and the "clean" initiatives of "offering clean products for the wonderful, extraordinary and outstanding Beijing Winter Olympic and Paralympic Games", "offering clean services for encouraging the millions of people to join in winter sports", and "practicing clean activities for realizing the dreams and creating a better life". We will drive to fulfill "30 'clean' commitments", and organize 3,000 clean refueling group members of 300 clean refueling groups, with 30,000 clean gas stations as the promotional base to achieve the goal of "300 million people participating in winter sports".



## Organizing Public Benefit Activities to Carry the Olympic Spirit forward

Sinopec makes use of our rights as a Winter Olympic partner to advance poverty alleviation. By organizing the "Fueling Winter Olympics and Fulfilling the Dream of Winter Sports: Sinopec Action to Light up Hope", we help children in mountainous areas to know, participate and love Winter Olympics themed sports. As of now, recruitment for this activity in Fenghuang County of Hunan, Dongxiang County of Gansu, and Baingoin County of Tibet has been finished. The recruitment part consists of the flag raising ceremony, Winter Olympics lecture, and winter sports experience class. In the Winter Olympics lecture, guests from the Beijing Organizing Committee for the 2022 Olympic and Paralympic Winter Games will introduce the Winter Olympics venues and winter sports, Olympic champions will share their experiences of rising to the challenge and winning gold medals, and volunteer representatives of Sinopec will explain the corporate culture and Olympic spirit emphasizing the assumption of responsibility. In the winter sports experiencing class, children will experience dryland curling and other winter sports.



Promotional Sinopec Video for the Winter Olympics



# Energy and Chemical Industries Sustaining Beautiful Life

## Planning for the 14<sup>th</sup> Five-Year Plan Period

Sinopec will accelerate the development and expansion of new energies, new materials and green and environmental protection industries, and promote the clean, low-carbon, safe and efficient utilization of energy. Sinopec, adhering to the innovation-driven development strategy, seeks to improve the innovation capacity, drive to further apply the internet, big data, AI, etc., to various industries, and cultivate new technologies, industries, business activities, and modes.

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<b>Special Topic</b>	
Accelerating Hydrogen Power Development	
Advancing Utilization of Clean and Efficient Energies .....	46





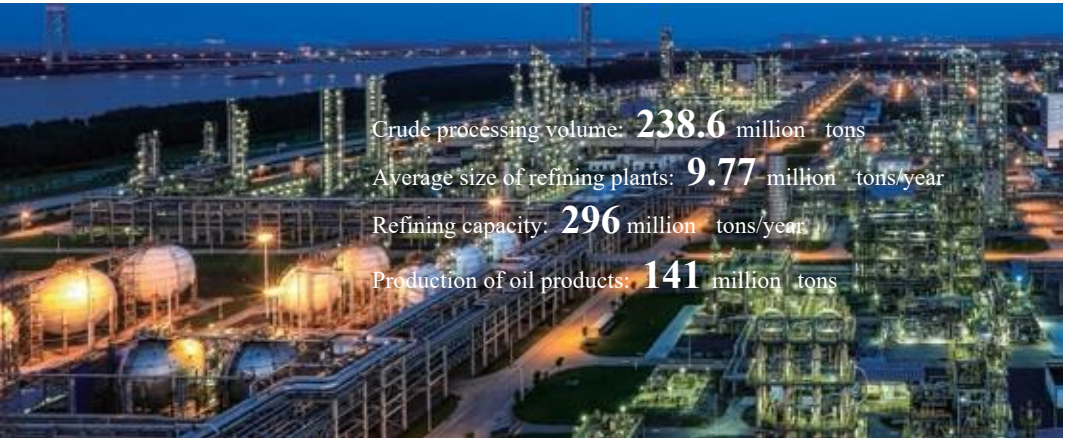
The business of Sinopec covers oil and gas exploration and development, oil refining production and operation, chemical production and operation, product marketing and service, international operation, and oil refining engineering and technical services. We coordinate the development of upstream, middle and downstream industries, and provide energy and basic raw materials to sustain national economic operations. The energy and chemical products we provide are directly or indirectly needed for producing basic necessities of life and thus represent our contribution to creating better life.

Conventional Oil and Gas Energy and Chemical Products Supply

Oil & Gas



Refining



Chemical



Oil Product Sales



Global Energy Supply

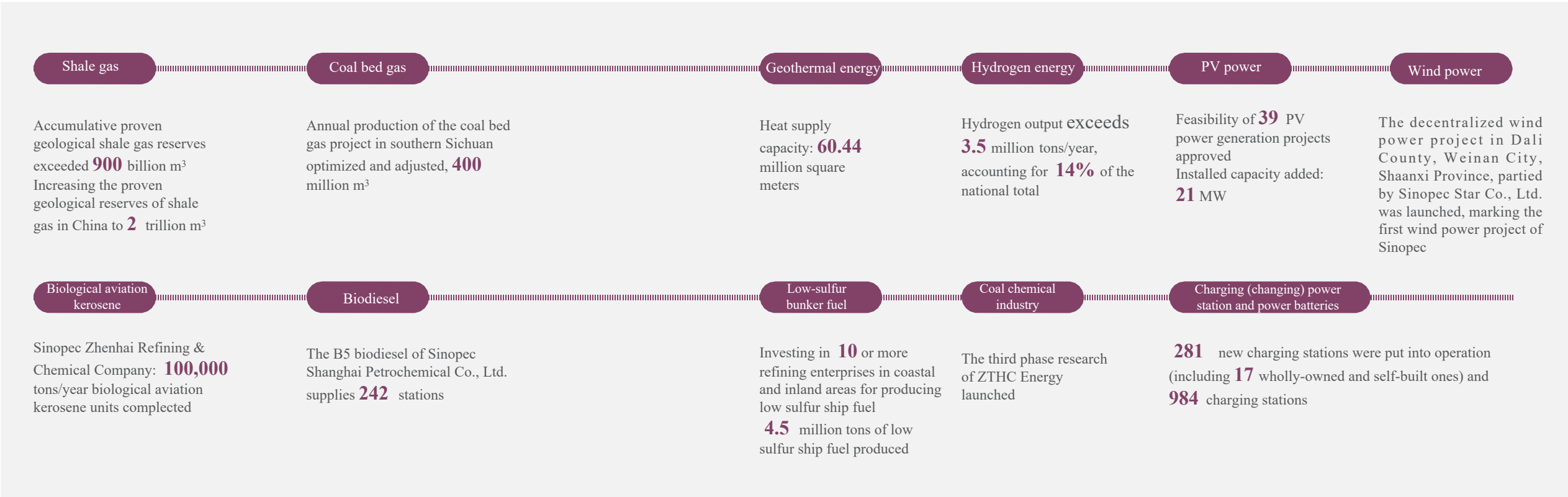
	Global	Along the Belt and Road
Oil and Gas	<ul style="list-style-type: none"><li>In <b>24</b> countries: <b>46</b> oil and gas exploration and development projects</li><li>Overseas equity oil and gas equivalent: <b>36.72</b> million tons</li></ul>	<ul style="list-style-type: none"><li>In <b>17</b> countries along the Belt and Road: <b>31</b> oil and gas exploration and development projects</li></ul>
Refining		<ul style="list-style-type: none"><li>In <b>5</b> countries: <b>7</b> downstream investment projects</li><li>Total investment: approximately <b>USD 8.98</b> billion</li></ul>
Engineering	<ul style="list-style-type: none"><li>In <b>37</b> countries: <b>389</b> petroleum engineering service contracts</li><li>In <b>16</b> countries: <b>98</b> refining engineering service contracting contracts</li></ul>	<ul style="list-style-type: none"><li>In <b>15</b> countries along the Belt and Road: <b>227</b> petroleum engineering technology and service contracts.</li><li>In <b>15</b> countries along the Belt and Road: <b>96</b> refining engineering service contracting contracts</li></ul>
International Trade	<ul style="list-style-type: none"><li>Crude oil trade volume: <b>321</b> million tons</li><li>Oil product trade volume: <b>46.01</b> million tons</li><li>LNG trade volume: <b>18.53</b> million tons</li></ul>	<ul style="list-style-type: none"><li>Crude oil imported from <b>22</b> countries along the Belt and Road: <b>168</b> million tons</li><li>Materials, equipment and chemical product trade with <b>19</b> countries along the Belt and Road</li></ul>



# Energy Transition

The global energy supply is now in a diverse-energy era with clean energies at the dominant position. Sinopec carefully implements the "four revolutions, one cooperation" national energy security strategy, takes the initiative to follow energy transition trends, and vigorously builds the industrial pattern of “one foundation, two wings, and three new growth points” with energy resources as the foundation, clean refined products and modern chemicals as the wings and new energy, new materials, and the new economy as the important growth points.

Sinopec is active in developing shale gas, coal bed gas, geothermal, hydrogen, photovoltaic, wind power and other clean energy sources, promoting biological aviation kerosene, biodiesel and other biomass energy, developing and upgrading clean refined products, and building a clean, low-carbon, safe, and efficient modern energy system and production-sales-storage-sales system, to realize the diverse clean and safe energy supply and meet economic and social development needs and the needs of the public for better life.



## Sinopec Fuling Shale Gas Field Created A New High in Daily Shale Gas Output in China

Sinopec Fuling Shale Gas Field, sitting in Chongqing City, is the first large shale gas field put into commercial development in China. It's a new milestone in the energy development history of China and a Chinese model for global shale gas development.

In November 2020, the *Report on Addition of Proved Shale Gas Reserves of Dongsheng-Pingqiaoxi Wufeng Formation and Longmaxi Formation of Fuling Shale Gas Field* was reviewed and approved, with proven reserve adding 191.827 billion m<sup>3</sup>. So far, the accumulated proven shale gas reserves of Fuling Shale Gas Field were 792.641 billion m<sup>3</sup>. The daily output of Fuling Shale Gas Field exceeds 20 million m<sup>3</sup>.



And the daily output is as high as 24 million m<sup>3</sup>, creating a new high in daily shale gas output in China. By 0.5 m<sup>3</sup> for every household per day on average, it could meet the daily gas needs of 48 million households.

Shale gas is an important field of natural gas development of China. Sinopec is active in advancing the exploitation and development of Fuling and Weirong shale gas fields. Our proved shale gas reserves has been 900 billion m<sup>3</sup>, increasing the reserves of China to 2 trillion m<sup>3</sup>, a major energy guarantee for our country.

### Case



Following the guidance of the "Xiongan Mode", Sinopec is speeding up in development and utilization of geothermal energy

Case

Geothermal energy is a green, low-carbon and recyclable renewable resource. It is characterized by mass storage, wide distribution, cleanness, environmental protection, stability, and reliability. Moreover, it is a feasible clean energy and economically competitive.

Sinopec Star Co., Ltd. had been actively exploring the development and utilization of geothermal energy since 2006. In 2009, it signed a strategic cooperation agreement on geothermal development and utilization with the People's Government of Xiongxian County to explore the "Xiongxian Model" featured by "government-enterprise cooperation, market running, unified development, advanced technology, environmental protection and benefit to common people". Over more than 10 years' worth of development, the "Xiongxian Model" has been upgraded to "Xiongan Model". Geothermal heating has fully covered the urban areas of Xiongxian County and Rongcheng City. At the end of 2020, the geothermal business of Sinopec Star Co., Ltd. had covered Xiongan New Area in Hebei Province, Hubei, Henan, Shaanxi, and other provinces and cities. The gross heating capacity reached 60.44 million square meters, bringing clean heating to 750,000 households.

Heat supply capacity:  
**60.44** million square meters



Gave play to capital incubation and leverage functions, and made an arrangement in a strategic emerging industry

Case

In 2020, Sinopec Capital Co., Ltd. achieved positive progress in direct investments. Focusing on new energy and photovoltaic materials, it invested in Silicon Valley intelligence in Fengyang, and made an arrangement with an ultra-thin photovoltaic and photoelectric display special glass industry chain. It invested in Changzhou Better Century Film Technologies Co., Ltd. to make a layout in photovoltaic film materials. It invested in needle coke projects to assist Jinling Petro-Chemical Co., Ltd. to develop high value-added products to extend its high carbon material industry chain. Focusing on new materials, it invested in the first PLA industrial project in China, i.e. HISUN, and invested in biodegradable materials. Zhejiang Supcon Technology Co., Ltd., an intelligent manufacturing service provider, and Xinxiang Richful Lube Additive Co., Ltd., a lubricating oil additive enterprise, previously invested in by Sinopec Capital Co., Ltd., were listed, substantially increasing the values of their shareholdings. These two companies, with the main business of reshaping technology for fuel cell systems, had become one of the world's largest engine suppliers for commercial hydrogen vehicles. Fund raising and establishment achieved substantial progress. The first science and technology innovation fund, "Enze Fund", started to run formally, and the first emerging industry fund "Chaoyang Fund" was approved by the Group and under establishment.

Explore cooperative potential from multiple aspects to promote the development of the photovoltaic industry

Case



Fenglei Photovoltaic Power Station of Sinopec Star

Paying significant attention to new energy development, Sinopec made progress in the PV industry. In January 2021, Sinopec remained in cooperation with four new energy enterprises in a wider range, to a greater depth and at a higher level around the new energy industry chain. In the future, Sinopec will cooperate to build large centralized photovoltaic power generation facilities by giving full play to the advantages of the hydrogen energy industry chain. It will greatly improve the efficiency and service life of solar cells and spare no effort to reduce production costs of photovoltaic modules by paying full attention to the advantages of research and development in chemical materials. It will promote the implementation of photovoltaic projects within Sinopec through cooperation by studying the consumption advantages of internal power grids. Moreover, it will promote the construction of the integrated distributed energy demonstration project of wind, solar and hydrogen by giving full attention to the advantages of marketing networks.

Sinopec initiated the first wind power project, with gross installed capacity of 20 MW

Case

After establishment, the on-grid energy can reach **42.865** million kWhr/year

which equals saving **13,200** tons of standard coal annually

Decentralized wind power is a small-scale decentralized power generation mode with high efficiency and reliability, distributed to nearby users. Although its total capacity is small, it can be transmitted using the existing power grids, which are more flexible, and realize effective utilization and local consumption of wind energy resources.

In 2020, Sinopec Star Co., Ltd. participated in the development of the decentralized wind power project in Dali County, Weinan City, Shaanxi Province, marking Sinopec's first wind power project. The project covers an area of ~35 km² and is designed to install eight wind generating sets with a single capacity of 2.5 MW. After the establishment, the on-grid energy can reach 42.865 million kWhr/year, the equivalent of saving 13,200 tons of standard coal annually. Moreover, carbon dioxide and soot emissions disappear completely.

China VI standard oil to show Sinopec's "green responsibility"

Case

Since 2000, Sinopec has invested more than RMB 300 billion in petroleum refining accumulatively, mainly for upgrading petroleum quality to meet China VI vehicle emission standards from lead-free gasoline to decrease carbon deposition and reduce environmental impact in an effective manner. Automotive gasoline and diesel produced by 28 refined oil production enterprises subordinated to Sinopec had reached China VI vehicle emission standards. In August 2020, ZRPC successfully delivered its first batch of 33,800 tons of gasoline and diesel that met China VI vehicle emission standards through a self-built wharf and a north Zhanjiang oil pipeline, becoming a "new member" for supplying clean energy in south China, southwest China and other markets. The output #92 gasoline applied the S-Zorb technology and the proprietary adsorbent exclusive to Sinopec for mainly treating catalytic cracking gasoline and reforming isopentane. The sulfur content of the gasoline after adsorption desulfurization (S-Zorb) was less than 10 ppm, meeting the strict requirement on sulfur levels in China VI vehicle emission standards, and reaching the highest grade (China VI B) of China VI vehicle emission standards.



# High-end Chemical Industry

New materials are a leading industry in the national economy, and a key guarantee for constructing a powerful manufacturing country and the development of a national defense industry. Sinopec constantly improves independent innovation and core competitiveness. Adhering to the "Four Faces", namely "face to major national needs, face to main battlefields of economy, face to world frontiers of science and technology, and face to people's life and health", it promotes the expansion from chemical raw materials to high-end materials, and focuses on developing new materials, fine chemicals, and other businesses to contribute to the construction of a powerful country in chemical industry.

## Biodegradable new materials to assist in green development

Biodegradable plastics are materials that undergo complete degradation by microorganisms in nature. Widely used in disposable commodities, packaging materials and agricultural films, it is an important way to deal with "white pollution".

In May 2020, Sinopec Yizheng Chemical Fibre Company Limited achieved industrial production of biodegradable copolyester new materials PBST and PBAT after ten years' worth of research. Under compost conditions, PBST and PBAT eventually transformed into water and carbon dioxide, and became one of the most active and best applied biodegradable materials in the biodegradable material industry. In October, Sinopec Yizheng Chemical Fibre Company Limited achieved industrial production of a third biodegradable plastic, PBSA. Using the three kettle process technology exclusive to Sinopec, PBSA has the features of low melting point, fast crystallization and high fluidity compared with PBST and PBAT. It can be used for producing 3D printing wires, medical materials, film bags, etc.

The three degradable copolyesters produced by Sinopec Yizheng Chemical Fibre Company Limited made a new breakthrough of greenization of materials for general purposes. Additional research by the Sinopec Yizheng Chemical Fibre Company Limited will focus on the development and project establishment of the biodegradable copolyester series to fully meet market demands.



Case

## Development situation of modern chemicals (partial)

Tackled key problems to form packaged technology of thermoplastic polyvinyl alcohol (TPVA), ethylene/vinyl alcohol copolymer (EVOH), ultrafiltration/nanofiltration membranes, and finished development and production of 17 types of functional polymer membrane materials. Achieved industrial production of 15 types of automotive lightweight materials such as long glass fiber reinforced polypropylene and high flow nylon.

Sinopec Ningbo New Materials Research Institute was officially established. During the year, it successfully researched and developed multiple new polyolefin products such as special materials for melt-blown fabric for medical masks and special materials for outdoor high-end rotational mouldings.

Sinopec Shanghai Petrochemical Co., Ltd.officially commenced the construction of its "12,000 tons/year 48 K large-tow carbon fiber" project, marking it as the first Chinese enterprise breaking through 48 K large-tow carbon fiber industrialization technology. Since then, the large-tow carbon fiber industry in China transformed from R&D and trial production to large-scale production recognized worldwide as cutting edge technology. The large tow carbon fiber is billed as "the king of new materials", which can be widely used in wind power, aircraft components, rail traffic raw materials, bodyworks, etc.



# Scientific and Technological Innovation

Sinopec deeply implemented the Innovation-Driven Development Strategy, adhered to the "Four faces", focused on the construction of industrial pattern of “one foundation, two wings, and three new growth points”, and pushed forward the overall planning of "Four Batches" for sci-tech innovation. Furthermore, it accelerated technological breakthroughs in industrialization, strengthened major ground-breaking basic research efforts, intensified reforms of science and technology systems and mechanisms, and promoted intelligent upgrades to the entire industrial chain, thus adding strong momentum to the high-quality development of the company.

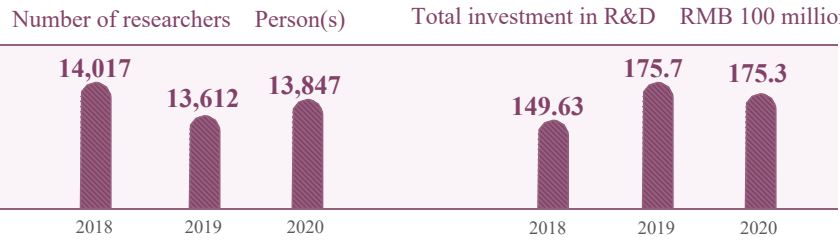
...o "Scientific and Technological Innovation Award" **2** persons

...o "Outstanding Young Scientific and Technological Innovation Talent" **8** persons

## Strengthened sci-tech innovation

### System and mechanism management of sci-tech innovation

With eight directly affiliated research institutes, two overseas research and development institutions, and more than 50 enterprise-affiliated research institutions, Sinopec established 25 national research and development institutions, and 36 key laboratories of the group companies. Four technology platforms, including oil and gas exploration and development, petroleum refining, petrochemical engineering and safety, and environmental protection public technology had been established. In 2020, Sinopec established a long-term mechanism for the continuous growth of science and technology investment, and deepened the reform of "streamlining administration and delegating power, improving regulation, and upgrading services" in the science and technology field. Moreover, it launched the "technological reform demonstration initiative", and pushed forward the establishment of new research and development institutions and scientific and technological incubators. Therefore, it created a sound innovation ecosystem and motivated the vitality of sci-tech innovation.



## Scientific and technological talent team building

Firmly holding the concept that "talented personnel are the primary resources", Sinopec vigorously implemented a strategy to strengthen the company through acquisition and retention of talented personnel to constantly build a more powerful scientific and technological talent team. Relying on sci-tech innovation platforms of major scientific research and engineering projects as well as key laboratories of the state and the group companies, Sinopec reinforced the cultivation of leading talents in science and technology. The Youth Innovation Fund was set up and outstanding Youth Innovation Fund topics were selected to strengthen the cultivation of young sci-tech personnel. The technical reward incentive mechanism was implemented to further strengthen rewards for science and technology. For example, innovation teams were selected, and the incentives for sci-tech innovation were increased. The spirit of scientists was vigorously promoted to increase the sense of mission and responsibility of researchers to overcome difficulties and pursue innovation. In 2020, two persons were awarded the "Scientific and Technological Innovation Award", and eight persons as the "Outstanding Young Scientific and Technological Innovation Talent".



Zhang Yuzhuo, the Chairman of Sinopec, was issuing the 2020 Sinopec "Scientific and Technological Innovation Award" to Wang Yanguang (right) and Miao Changxi (left).

- ...o Patent applications at home and abroad throughout the year **7,972** items
- ...o Authorized patents at home and abroad **5,140** items

## Promoted "integration of industrialization and digitization"

Guided by a new vision of development, Sinopec vigorously promoted industrial and digital transformation. Based on the new model of "data+platform+application", it continued to strengthen the integration of information and digital technologies with industrial entities to create new advantages in industrial competition. Therefore, it constantly drove new energy to build a world-leading clean energy chemical company and to lead the high-quality development of China's energy and chemical industry.

## Pushed forward the establishment of "SINOPEC Chememall Global", and continued to create the new business form of "Internet+"

Sinopec actively promoted the application of "SINOPEC Chememall Global" chemicals e-commerce platform to achieve rapid development, which had become the e-commerce platform with the largest turnover of petrochemical products in the industry. In 2020, focusing on institutional reform under the mode of e-commerce chemical sales, and cooperating with chemical sales, Sinopec realized the adjustment of post authorities of 42 major business processes, adjusting the workflow and approval process of sales planning and sales order, as well as the adjustment of distribution fee management. Furthermore, it launched the application online for the companies in north China, east China, south China, central China, and other regions. Through deepening the application of e-commerce services, Sinopec finished 97 newly added functions and 89 functional optimizations, covering the areas of sales separated bill and proprietary procurement, which improved business processing efficiency as well as management and control ability. Moreover, Sinopec continued to optimize key business processes such as planning, orders, and payment, so as to improve user experience and continuously expand online sales. There were more than 11,000 member clients, including more than 5,400 active clients. The sales volume eclipsed 55 million tons.

## Transformation and application of sci-tech innovation achievements

In 2020, the Company obtained a number of major scientific and technological achievements, and its patent comprehensive advantage ranked at the top among central SOEs. Of the 7,972 patents applied for at home and abroad throughout the year, 5,140 were approved. It obtained one China Patent Gold Award, three China Patent Silver Awards and six China Patent Excellence Awards.

With respect to oil and gas exploration and development technology, shale oil and gas exploration theory and technology made new breakthroughs, and the first domestic atmospheric shale gas resource section was found. Key technology and equipment of ultra-deep petroleum engineering made a breakthrough. A seismic node acquisition system was developed and applied on a large scale. With respect to refining technology, production technology of low carbon olefins by fast catalytic pyrolysis, and packaged technology of high slagging low emission heavy oil catalytic cracking realized industrial transformation. With respect to chemical and material technology, packaged technology of 48 K large tow carbon fiber was developed to realize the industrial production of series of biodegradable materials such as PBST, and production technology of medical and health raw materials such as melt-blown material (cloth) was rapidly overcome. With respect to public technologies, zero discharge of high salt wastewater from coal chemical industry, as well as high flux plasma to treat VOCs achieved industrial application.

• The new generation DOT-300 catalyst developed by Sinopec Shanghai Research Institute of Petrochemical Technology was subject to industrial tests by Sinopec Maoming Petrochemical Company, and successfully achieved technical calibration, marking the successful industrial application of a new generation high activity and long-lived deolefin catalyst. This will greatly reduce the cost of aromatic deolefin processing and the amount of hazardous solid waste such as deactivated clay, which is important to reduce costs and increase the efficiency of the aromatic hydrocarbon industry.

• As a project leader, Sinopec Beijing Research Institute of Chemical Industry cooperated with 16 units, including Sinopec Tianjin Petrochemical Company, Sinopec Yanshan Petrochemical Company, Sinopec Zhenhai Refining & Chemical Company, and developed a series of functional films and becoming a global leader after just three years worth of research. In June, the major scientific and technological project of Sinopec, i.e. "key technologies of functional polymer film materials", passed appraisal.

## Upgraded smart plant, and empowered high quality development by digital transformation

Taking petrochemicals as a starting point, Sinopec promoted industry-wide intelligent manufacturing step-by-step to push forward the transformation of the company to be visualized, integrated, digitized and intelligent. Based on early pilot studies, Sinopec continued to upgrade its smart plant. Based on the technical architecture of the industrial Internet platform, Sinopec promoted smart plant 2.0 and studied smart plant 3.0 to reinforce the optimization and integration of information system in the aspects of technology, management, operation, marketing, and others. In 2020, six companies, including Qilu Petrochemical, Qilu Petrochemical and Shanghai Petrochemical, finished the promotion and construction of smart plant 2.0. ZRPC realized synchronous design, synchronous construction, and synchronous commissioning of production base and smart plant for the first time. As of 2020, Sinopec had constructed a total of 11 smart refinery plants.

Case

Case

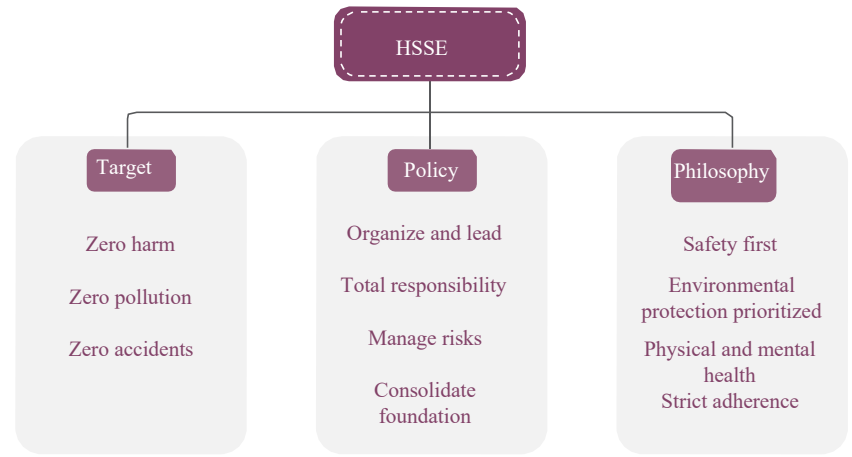


# Safe Operation

Sinopec continued to complete the HSSE management system, improve the safety management mechanism, and strengthen the implementation of responsibility. Sinopec promoted a three-year action plan for improving work safety by conducting special investigations to comprehensively identify risks and address hidden troubles. It continuously improved contractor safety management levels, and stuck to strong management and institutional management in parallel. It strengthened public safety management, and strictly and faithfully improved intrinsic safety and set a solid safety foundation for high-quality development.

## HSSE Management Systems (HSSE-MS)

The HSSE management system of Sinopec is the guideline that must be followed by managers at all levels and all employees during production and operation. Each enterprise integrates the HSSE management system requirements into the daily work of responsible departments to guarantee effective operation of the system, and normal running of each link, thus assisting in the safe and stable development of the Company.



## Safety risk prevention and control

Sinopec adheres to the target of "starting from zero and striving for zero", and takes "identifying large risk, eliminating big hidden trouble and preventing serious accidents" as the main line, and intensified prevention and control of safety risks to improve safety emergency management and treatment levels.

### Risk identification and control and hidden trouble investigation and management

Sinopec continued to lay a solid foundation for safety risk management and control. It organized the preparation of a safety risk checklist for typical equipment, and promoted its application to standardize risk assessment of the equipment. It optimized and upgraded the Risk Analysis and Management System (PHAMS), perfected the security and reliability database, and promoted its application in refinery enterprises. Moreover, it standardized the Quantitative Risk Assessment (QRA) institution management, and conducted QRA for external protection objectives to set up basic data of external risk prevention.

Sinopec strengthened prevention and control of major safety risks. It issued a list of key controlled safety risks and systematic safety risks to the group companies, put forward a list of disruptive safety risks based on research, and promoted a multi-level responsibility contracting management and control mechanism for leading officials. Therefore, 13 major safety risks of the group companies were eliminated or degraded. It studied and formulated eight systematic safety risk management and control schemes, and promoted their application. Moreover, it guided companies to conduct anti-knock control to effectively reduce safety risks in control rooms and cabinet rooms.

Sinopec intensively investigated and rectified hidden troubles. It organized the investigation and rectification of potential leakage hazards, analyzed leakage rule of refinery enterprises over the past five years, and guided the subsidiaries to investigate. Each subsidiary adhered to the concept of "a leakage equals an accident", and investigated and rectified leakage hazards by drawing inferences from one instance. In consideration of the three-year action plan for improving work safety, it intensively dealt with some safety hazards; for example, the seal oil and gas of a floating plate of an external floater exceeded established limits, and the independent safety instrumented system (SIS) was defective.

## Emergency management

Sinopec perfected the emergency rescue system. It revised the overall plan of subsidiary groups and the special plans for production safety, and supplemented principles for emergency response of coal mine accidents. It guided enterprises based in Sichuan to revise and improve relevant plans on safety risks regarding leaks in a sulfur-containing natural gas pipeline and frequent geological disasters. In addition, it completed construction of an emergency command platform to effectively improve the emergency response capacity.

Sinopec promoted capacity improvement through exercises. It enhanced pertinence and practical effect of emergency exercise and organized exercise assessment to improve comprehensive emergency capability. Moreover, it conducted full-scale exercises of a major fire accident to inspect and improve the company's ability to cope with common and severely serious accidents.

Sinopec intensified the building of full-time and part-time emergency teams. It promoted the transformation of a full-time fire brigade to a comprehensive emergency rescue team, intensified functions of emergency rescue, fire and air protection custody, monitoring and early warning, and fire supervision, and improved the comprehensive emergency rescue capability of the full-time team. Furthermore, it strengthened the construction of voluntary emergency response teams of basic level units, clarified construction targets and requirements, and improved the initial emergency response capability of the front lines of basic level units.

## Contractor safety

Sinopec formulated the implementation plan for contracting of "top leader" contractors on safety risks in 2020, which, based on a clear responsibility list for "top leader" contractors, urged and instructed them to strengthen their internal management. We also carried out team construction, and made concentrated efforts to resolve difficulties and bottlenecks in contractors' safety control. For manufacturers, Sinopec conducted special safety inspections with "field investigation without notice and report" on contractors and direct operators, and instructed contractors how to check and rectify according to the inspection results. Accountability and safety scoring systems were introduced, and unqualified contractors were removed. For contractors whose actions were in violation of safety regulations, Sinopec punished them with fines and partial work stoppage, so as to enhance their safety awareness.

## Public security

Sinopec deployed anti-UAV active defense systems to effectively prevent new security risks according to the construction-related requirements in national public security industry standards and the key targets of public security anti-terrorism prevention. Sinopec upgraded its security precautions and was responsible for the security of major events and conferences such as the Fifth Plenary Session of the 19th CPC Central Committee and the 3rd China International Import Expo. For the seventh consecutive year, Sinopec carried out the clearance of explosive remnants from exploration in Xinjiang, a safety of 20,000 kilometers was cleared and fully recognized by the regional government.

Sinopec continued to adhere to the concept of "people-oriented, prevention as the main means, and safe development" for its overseas public security efforts. In terms of overseas Covid-19 control, Sinopec performed simultaneous tasks including improving the overseas public security management system and operation mechanism, risk assessment and control, risk prevention and security assurance, and emergency response and rescue. Sinopec has maintained the public security record of "zero deaths" overseas for 13 consecutive years, which serves as exceptionally strong proof that the life, health, and safety of overseas employees are guaranteed, as well as the stability of the team and the stable operation of overseas production and operation.

Public security record of "zero deaths": 13 years



Emergency drill of out-of-control blowout of Sinopec Northwest Oil Field



## Special Topic Accelerating Hydrogen Power Development and Advancing Utilization of Clean and Efficient Energies

Today, the global energy industry is undergoing energy transformation toward low-carbon, carbon-free, and low pollution. The 14th Five-Year Plan period is a critical period for the low-carbon transformation of China's energy and chemical industry. Hydrogen energy, as a secondary energy with diverse sources, is clean, low-carbon, flexible, and efficient, worthy of considering it the future high-quality energy. Many countries have incorporated the development of hydrogen energy into their national strategies and investigated ways of industrialization. In 2020, China started the top-level planning for hydrogen energy. With the launch of the policy of "replacing subsidies with incentives" for FCV, China's hydrogen energy industry is stepping into a period of rapid development.

As an energy and chemical company wholly involved in the relevant industry chain, Sinopec produces over 3.5 million tons of hydrogen annually, accounting for nearly 14% of the national hydrogen production. With more than 30,000 gas stations, we have essential advantages of industrial distribution for hydrogen energy. We are also working on hydrogen fueling stations, hydrogen production technology, hydrogen fuel cells, hydrogen storage materials, and other fields to accelerate the development of green hydrogen industry, actively respond to climate change, and ensure national energy security.

### Hydrogen energy industry partnership

#### Establishment of a hydrogen energy enterprise

In November 2019, Sinopec signed a memorandum of cooperation with Air Liquide to explore ways for a closer partnership on hydrogen energy, marking a new stage in China–France clean energy cooperation. Sinopec aims to set up its hydrogen energy enterprise to devote itself to the hydrogen technology R&D and the infrastructure network construction. In addition, it aims to introduce leading international hydrogen energy enterprises as strategic investors to jointly build hydrogen energy industry chain and hydrogen economic ecosystem. Per the memorandum of cooperation, Air Liquide will be one of the shareholders of Sinopec Hydrogen Energy Company. We will jointly drive the promotion and application of integrated automotive solutions based on hydrogen energy and fuel cells.

#### Establishment of a joint venture

In September 2020, Sinopec Beijing Oil Products Company, Beiqi Foton Motor Co., Ltd., and Bestpath IoT Technology Co., Ltd. signed a letter of intent for strategic alliance, aiming to build a hydrogen energy application scenario centering on Beijing and gradually spreading to the Beijing–Tianjin–Hebei region, and jointly promote the development of the automobile industry based on hydrogen energy and fuel cells. Per the agreement, the three parties should establish a joint venture to provide hydrogen fueling services for commercial transport vehicles used for postal transport, express logistics, and slag transport. Hence, the three parties should leverage their respective advantages and resources and consider the operation scenarios of HFCV to fulfill the needs of new industrial zones like ports, economic zones, and logistics parks. In addition, hydrogen fueling facilities will be selectively added to qualified gas stations to promote the development of hydrogen energy industry on trans-regional logistics and long-distance passenger transport in the Beijing–Tianjin–Hebei region.

#### Thrust of green hydrogen development

Green hydrogen denotes hydrogen produced by water electrolysis with renewable energy, which is characterized by zero pollution in the entire industry chain. It is anticipated that the increasing proportion of green hydrogen is the shift for HFCV development. In October 2020, Sinopec Capital, Enze Fund, and Cummins China signed a letter of intent in Beijing. All parties agreed to leverage their advantages and resources to jointly drive the development and promotion of the hydrogen production by water electrolysis. Per the letter of intent, Sinopec Capital and Enze Fund should provide sufficient market resources and capital, while Sinopec should leverage its advantages in supply chain optimization, sales, and market network to provide strong support for future hydrogen production technology.

### Construction of hydrogen fueling station

Sinopec was actively adjusting its planning and layout by adopting a new mode of "integration of oil, hydrogen, and electricity," that is, constructing more hydrogen fueling stations or oil–hydrogen stations. Compared with traditional gasoline refueling, hydrogen refueling takes only 4–6 min at a time and can provide a driving range of 300–400 km. Of note, hydrogen fuel has the advantages of high refueling efficiency, long mileage, zero pollution, and zero carbon emission.

In July 2019, Sinopec Guangdong Petrochemical Company completed the construction of its oil–hydrogen station in Zhangkeng, Foshan City, which is the first new-type refueling station integrating oil, hydrogen, and electricity energy supply and the chain convenient store services, suggesting the continuous improvement of Sinopec's hydrogen energy research and utilization. To date, several demonstrate oil–hydrogen stations have been built nationwide. We are promoting the transformation of hydrogen energy from gray hydrogen to blue hydrogen and green hydrogen, and building a full hydrogen energy industry chain.



- Guangdong**  
The construction of four oil–hydrogen stations in Zhangkeng and Hejiao (Foshan), Kaitaibei (Guangzhou), and Dongfa (Dongguan) was completed. The total daily hydrogen fueling capacity during the trial operation exceeded 1400 kg.
- Guangxi**  
Boyuan gas/hydrogen fueling station (the first hydrogenation station in Guangxi) was deployed in Liuzhou city. It is equipped with a double-gun metering hydrogen fueling machine with a daily fueling capacity of 500 kg.
- Zhejiang**  
Shantong gas/hydrogen fueling station in Jiashan County (the first hydrogenation station in Zhejiang) was put into operation. The station sold 69,658.33 kg of hydrogen gas in 2020.
- Shanghai**  
The construction of Anzhi and West Shanghai oil–hydrogen stations was completed. At present, their daily hydrogen fueling volume average reaches 930 kg.
- Beijing**  
It is planned to build 3 oil–hydrogen stations in Yanqing District, which has been filed with the National Development and Reform Commission.
- Chongqing**  
The preliminary design schemes of four hydrogen fueling stations were completed. The four stations are distributed in Nan'an District, Jiulongpo District, and Liangjiang New Area.
- Hebei**  
We have progressed in the construction of hydrogen fueling station in Chongli, Zhangjiakou, as the construction land of the new hydrogen fueling and comprehensive service station project was obtained in September 2020. It is expected to be completed by the end of 2021.

### Production and supply of hydrogen gas

In March 2020, the newly built 2000 m<sup>3</sup>/h hydrogen purification equipment owned by Sinopec Yanshan Petrochemical Company worked in one go for the Beijing Winter Olympics hydrogen new energy supply assurance project. In September 2020, the first set of high-purity hydrogen production demonstration equipment independently developed by Sinopec was successfully put into operation in Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd. Sinopec is the first company in China to purify by-product hydrogen to 99.999%, which is far higher than the national standard of 99.97% for HFCV. In December 2020, Phase I of the Hydrogen Fuel Cell Hydrogen Donor Center of Sinopec Guangzhou Petrochemical Company was officially put into operation.



# Green and Low-carbon

## Assisting in Building a Beautiful Homeland

### Planning for the 14<sup>th</sup> Five-Year Plan Period

We must fully implement the strategy of sustainable development and hold on to the idea that lucid waters and lush mountains are invaluable assets, always respect, adapt to, and protect nature, and act on the principles of prioritizing resource conservation and environmental protection and letting nature restore itself, thus securing natural and ecological safety.

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# Practicing Green Production

Sinopec continued continuous efforts for the "Green Enterprise Action Plan" as the implementation of clean management throughout the process and the emission and pollution reduction projects. Sinopec strove to develop a circular economy and create new advantages in green competition.

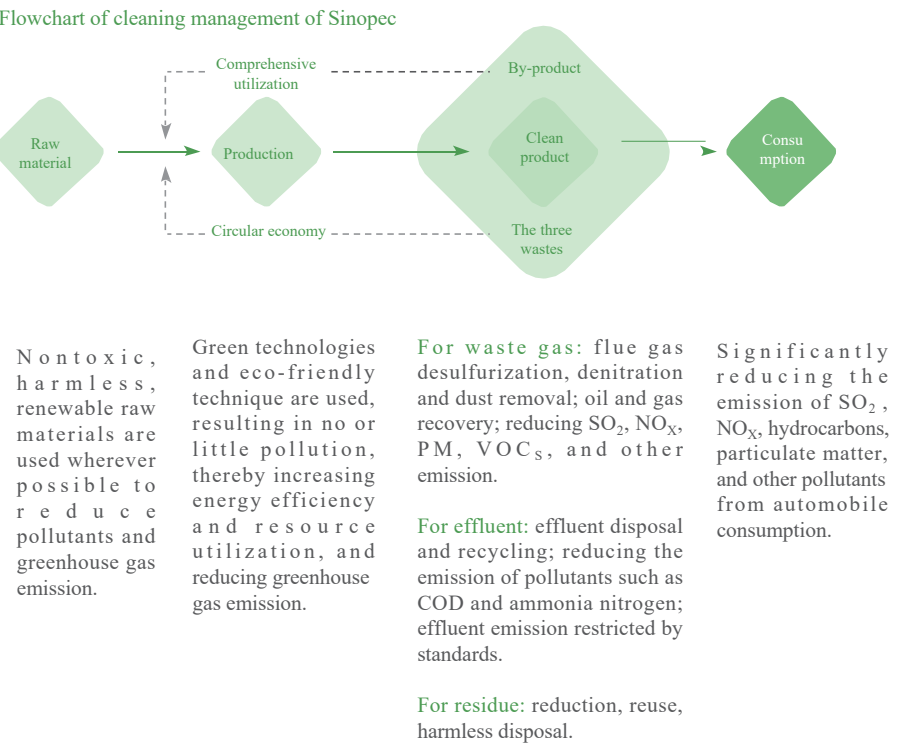
## "Green Enterprise Action Plan"

In 2020, the "Green Enterprise Action Plan" of Sinopec gradually demonstrated its effects, including the five indicators of clean energy, green products, resource and energy utilization, pollutant emission, and greenhouse gas emission, all in full compliance with the plan. A total of 39 enterprises were awarded the title of "Sinopec Green Enterprises" in 2020, of which 37 were qualified by re-check. So far, 76 Sinopec enterprises have completed the establishment of green enterprises, and over 8, 800 grassroots units have completed the establishment of green grassroots.



## Cleaner production

Sinopec implemented the "cleaner production" in an all-round way. We acted to replace toxic and harmful raw materials, escalated efforts to promote and apply green technologies and eco-friendly technique, decreased the emission of the three wastes (waste gas, waste water, industrial residue), as well as the pollutants from consumption and use. Sinopec, indeed, effectively cut the impact of its production and operation activities on the environment in the whole process from raw material procurement to consumption.



## Reducing emission and pollution

Sinopec augmented the lifecycle control of "the three wastes," that is, upgraded environmental protection facilities, adopted diversified measures to prevent groundwater pollution, executed production noise control, odor control, and pollution sources control. Sinopec took practical actions to protect our green homeland.

### Air pollutants emission control

Sinopec continued comprehensive disposal of waste gas to fully implement the requirements for the national battle against pollution, the battle to protect the blue sky, the battle against ozone pollution, and the comprehensive disposal of air pollution in autumn and winter. Besides, Sinopec conducted technological R&D to improve the waste gas disposal. To perform a high standard of ozone pollution prevention and control special action, we introduced the Sinopec Ozone Pollution Prevention and Control Special Action Plan to guide enterprises to implement comprehensive VOCs and NO<sub>x</sub> special rectifications. We proposed VOCs and NO<sub>x</sub> emission concentration standards stricter than the national and local regulations and made great efforts to promote the implementation of waste gas emission reduction projects. Owing to the whole year, Sinopec attained a comprehensive compliance rate of waste gas over 99.9%, and a year-on-year decrease of over 4% in total sulfur dioxide and nitrogen oxide.

### Water resources management

Sinopec continued to upgrade its water use structure, promoted the replacement of fresh water with unconventional water resources, and enhanced the water-saving assessment index system. Consequently, the total amount of fresh water consumed was continuously decreased, saving 10 million cubic meters of water annually. Sinopec Zhenhai Refining & Chemical Company was rated the frontrunner enterprise in efficient water use of the oil-refining industry in the "Leading Action of Water Efficiency Frontrunners of Key Water Consumption Enterprises 2020" organized by the Ministry of Industry and Information Technology, the Ministry of Water Resources, the National Development and Reform Commission, and the State Administration for Market Regulation. Both Sinopec Zhenhai Refining & Chemical Company and Sinopec Yanshan Petrochemical Company were rated the frontrunner enterprises in efficient water use of ethylene industry.

... Annual water saving: 10 million cubic meters



The ethylene effluent disposal plant owned by Sinopec Maoming Petrochemical Company



## Solid waste management

For solid waste, Sinopec continued to invest in reduction, reuse, and harmless disposal. While actively expanding the method of comprehensive utilization of solid waste, the old solid waste landfill site was regulated per the requirements. Sinopec organized and performed a special safety rectification activity for hazardous waste and a waste disposal activity for construction and household wastes. In addition, Sinopec introduced a series of guidance documents such as *Sinopec Environmental Protection Management Guide (Trial) for Hazardous Waste* to supervise units' compliance management of solid and hazardous wastes. Sinopec has made great efforts to promote the construction of regional hazardous waste disposal centers as two centers have been put into operation and one has been put into trial operation. In 2020, Sinopec's compliance disposal rate of solid waste was 100%, and the comprehensive utilization rate of solid waste increased by 11.1%.

...○ Compliance disposal rate of solid waste:

**100%**

...○ Comprehensive utilization rate of solid waste

increased by **11.1%**

## Oil spill disposal

Sinopec managed the integrity of pipelines, organized enterprises to apply interpolation recovery technique and replace old pipelines, liaised with local authorities to crack down on drilling and oil theft, and strengthened pipeline inspection and patrol. Sinopec strengthened environmental risk control to ensure that materials and effluent do not leak to the outside environment in case of leakage accidents. In 2020, no environmental incidents of oil leakage occurred in the group.

## Prevention of groundwater pollution

Sinopec conducted and completed a comprehensive soil and groundwater investigation for lands used by the enterprises, in which it organized an exchange of related remediation technologies and engineering examples to promote the study of "Research and Integrated Demonstration of Pollution Disposal Technologies for Petrochemical Sites in the Yangtze River Economic Belt." Sinopec continued to upgrade the soil and groundwater pollution control system, established a regular monitoring system, and conducted soil and groundwater pollution disposal and remediation per the requirements for relevant lands.



Sinopec Luoyang Petrochemical Company has attained complete zero pollutant emission, contributing to the ecology of the nearby Yellow River wetlands.



The 50 KTPA eco-friendly equipment for high-concentration methanol effluent disposal, the 35 KTPA waste sulfuric acid recycling equipment, and the equipment for drying and comprehensive utilization of carbon black constructed by Sinopec Chongqing SVW Chemical Co., Ltd. With them, the recycling of hazardous waste is available. The annual recovery of methanol is 26,000 tons, sulfuric acid is 30,000 tons, and the annual production of carbon black filter cake is decreased from 40,000 tons to 10,000 tons, which can be reused as fuel; thus, the comprehensive utilization rate of hazardous waste reached 98.9%.

## Circular economy

Sinopec is actively developing circular economy as its continuous reuse of solid wastes such as drilling cuttings, boiler slag, flue gas desulfurized gypsum (FGD gypsum), waste acid and spent caustic, and sewage oil, as well as the recycling of waste gas. Besides, Sinopec is actively executing oil and gas recovery work while improving the efficiency of resource recovery.



Sinopec Jiangsu Oil Products Company increased the capacity of oil and gas recovery equipment in oil depots and terminals, and tightened the containment management in the entire process of oil handling, storage, and transportation; therefore, the oil and gas recovery rate increased by 1.09%. Of note, 8,500 tons of gasoline recovered each year represents an ecological and economic win-win.



# Addressing Climate Change

Sinopec integrated climate change into its development plan, continuously improved energy management, did a good job in decreasing greenhouse gas emission, and established a new image of "clean, low-carbon, and industry-leading."

## Improvement in energy efficiency

Sinopec continued to implement the "energy efficiency improvement" plan and strictly performed the "double-control" over total energy consumption and energy consumption intensity. Using means such as the energy conservation based on management technology, the utilization of new energy, and the smart construction, Sinopec saved energy and resources, improved energy utilization rate, and injected "green power" into the development of the enterprise. In 2020, 559 "energy efficiency improvement" projects were implemented, saving energy 1.01 million tons of standard coal equivalent that year.

## The "double-control" over total energy consumption and energy consumption intensity

- We tightened the "double-control." We signed the annual energy and environment responsibility statement with the business division and enterprises to reinforce the management of total energy consumption, process inspection, and early warning. Moreover, we gave quarterly reviews and annual assessment.
- We improved the internal and external reviews of the energy management system. Thus, we organized several rounds of systematic training for key energy consuming units.
- We performed energy auditing and energy conservation supervision to address the reckless energy use in enterprises and enhance the energy conservation management in enterprises to promote the effective operation of the energy management system.

## The imitation in depth

The energy efficiency "frontrunner" campaign was launched. Externally, advanced enterprises were recommended to participate in the energy efficiency "frontrunner" event organized by national ministries and commissions and industry associations so that these enterprises could serve as first-class role models for others to follow. Internally, we deepened inter-enterprise and inter-plant imitation. All business units increased the weight of energy efficiency index assessment to further conduct competitive activities, including the "follow and surpass" and "make the plant meet the standards."

## Greater efforts for R&D and promotion of energy-saving technologies

- We organized segments including the oil field, refining and chemistry, and oil product sales to analyze which energy-saving technologies were mature and applicable to perform in-depth promotion.
- We independently developed the green and efficient complete technology for megaton ethylene plant and the large-scale, high-efficiency, and energy-saving complete technology for aromatics plant to attain essential energy conservation.

## Progress in the utilization of new energy

We made great efforts to promote the use of the waste heat of oil production wastewater, as well as the geothermal and solar energy, to attain a clean energy structure. By 2020, 38 enterprises had executed 230 new energy projects on the utilization of the waste heat of oil production wastewater, as well as the geothermal and solar energy, replacing 1.214 million tons of standard coal equivalent. A total of 21 enterprises planned to implement 36 new energy projects, which were expected to replace 208,700 tons of standard coal equivalent.

## Information construction for energy management

We promoted the digital transformation and intelligent development of energy management in an orderly manner. Based on the new mode of "data + platform + application" and with the goal of "maximizing energy efficiency, visualizing energy flow and optimizing online," we actively executed the construction of energy management information systems for 37 refining and chemical enterprises and created a cumulative driving force optimization benefit equivalent to over RMB 100 million.

## Management of greenhouse gas emission

Sinopec resolutely implemented the new development concept and worked actively to control greenhouse gas emission; therefore, we made significant progress in reducing carbon emission.

## Carbon dioxide flooding

Oil field enterprises performed carbon dioxide flooding in an orderly manner, injecting 298,000 tons of carbon dioxide and increasing oil production by 43,000 tons.

## Carbon dioxide recycling

Refining and chemical enterprises recycled 1.29 million tons of high-concentration carbon dioxide emitted by hydrogen manufacturing and synthetic ammonia plants.

## Methane emission Reduction

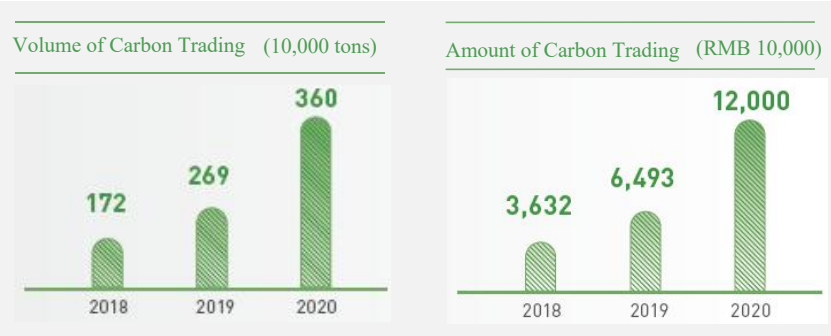
- Oil field enterprises promoted the technique of "simultaneous gas gathering and testing" and strengthened the recovery measures of remote and scattered oil wells, which recovered about 600 million cubic meters of methane and decreased greenhouse gas emission by about 9 million tons of carbon dioxide equivalent.
- Refining and chemical enterprises continued to optimize the operation and management of biogas transmission and firing projects from biochemical equipment, which enhanced the utilization efficiency of biogas and recycled 12.86 million cubic meters of biogas that year.

## Carbon assets management

- We continued to make efforts to check and validate carbon emissions, strengthened greenhouse gas emission reduction assessment, researched to identify carbon footprint accounting and evaluation methods, and enhanced the carbon labeling system for Sinopec products.
- A total of 26 pilot carbon trading enterprises formulated reasonable implementation plans and trading plans to actively leverage the Chinese Certified Emission Reduction (CCER) scheme that compensates carbon emission quotas to decrease implementation costs and implement the annual carbon quota on time.
- We systematically analyzed the existing defects of the carbon emission management information system and the business requirements in the national carbon market. Besides, we worked actively to promote the comprehensive upgrade of the carbon emission information system and supported the company's response to the national carbon market and the tasks for peak carbon dioxide emission and carbon neutrality.

## Enhanced international exchanges

Sinopec strengthened international exchanges and cooperation as it joined international organizations like the United Nations Global Compact, the World Business Council for Sustainable Development (WBCSD), and the Alliance To End Plastic Waste (AEPW) to collaborate to combat climate change and contribute to eliminate plastic waste from the environment.





## Enhancing Environmental Management

Sinopec has been always prioritizing the concept of ecological environmental protection; thus, we effectively improved the corporate administration by increasingly strengthened environmental management, improved organizational and institutional systems, enhanced environmental risk prevention, and practical environmental impact assessment of projects.

### Enhanced environmental regulation

Sinopec continued to implement the HSSE management system. In 2020, Sinopec tested the operation content of environmental protection system for three enterprises, conducted pilot review for six enterprises, and guided 107 enterprises to complete internal reviews of the system. We introduced 19 environmental protection systems, including the *Regulations on Environmental Protection and Management of Sinopec*, formulated and revised four systems, including the *Management Measures on Radiation Management of Sinopec (Trial)*, and inspected their effect.

We improved the training plan on energy and environment, organized and executed the video training on environmental protection management and the live-streaming training on environmental protection business. Affiliated entities offered various special training courses on environmental protection according to their actual situation and the principle of training by level.

### Prevent environmental risks

Sinopec is committed to improving its normalized management system for eco-environmental risks and enhancing its capability of preventing and controlling environmental risks. The *Guidelines for Risk Assessment of Emergent Environmental Incidents in Sinopec* were revised and disseminated among employees through systematic training. All companies performed identification and assessment of environmental risks as stipulated by the Guidelines, and set the risk downgrading goals according specific situations. In addition, they controlled environmental risks by grades, prepared risk control schemes for different grades of risks, took control measures, and made efforts to identify hidden dangers in risk governance. Competent departments of these companies were accountable for supervising and inspecting environmental risks. In 2020, Sinopec's Grade 1 environmental risk source was downgraded by 79%, and no emergent environmental pollution and ecological damage incidents occurred in the same year.

### Implement environmental protection management for construction projects

Sinopec continued to augment the environmental protection management in the entire process of construction projects, followed strict requirements for feasibility research, foundation design review and countersignature, and facilitated companies to implement the project environmental impact assessment and the requirements proposed in replies and to complete the inspection and acceptance of environmental protection for as-built works on schedule. The environmental protection of all new projects (100%) in the year complied with the standards.



Sinopec Yanshan Petrochemical Company made an innovation in the industrial water treatment model, renconstructing Niukouyu Sewage Treatment Center into a wetland park, which has attracted 140 species (e.g., black storks, egrets, and herons) of birds to settle in.



Sinopec Northwest China Petroleum Bureau completed its 3-year plan for returning wells to forests in advance. The company shut in some wells permanently and cleaned oil–gas wells and ground supporting facilities in nature reserves, effectively contributing to the protection of wetlands in the upper reaches of the Tarim River.



At the working site of ZAUCC, flocks of egrets finding food and playing on the lawn between chemical plant installations.

## Protecting Ecological Environment

Sinopec attached great emphasis on ecological environmental protection and abided by laws and regulations of environmental projection in its site of business operation. Sinopec increasingly strived to identify and analyze environmentally sensitive areas and environmental risks, attempting to evade sensitive ecosystem areas and ecological conservation areas. Moreover, the Group advanced to recover the ecological environment surrounding abandoned mines in oil and gas fields and along the oil and gas transmission lines for reclamation, making every effort to protect the regional ecological environment. In addition, the Group took various measures to protect the biodiversity to realize the harmony between project development and ecological environment. In 2020, Sinopec did not experience incidents about damaging biodiversity.



## Special Topic Launching Researches on Peak Carbon Dioxide Emission and Carbon Neutrality to Lead the Green and Low-Carbon Transformation of This Industry

### Launch research on peak carbon dioxide emission and carbon neutrality

In November 2020, Sinopec signed the letter of intent on strategic alliance with NDRC Energy Research Institute, National Center for Climate Change Strategy and International Cooperation, and Laboratory of Low Carbon Energy, Tsinghua University, respectively, to jointly study the strategic path for Sinopec to lead the peak carbon dioxide emission and carbon neutrality in the energy and chemical industry. Going with the tide of energy reform in the world and the general trend of industrial development, Sinopec will research and determine its strategic goals, key tasks, implementation paths, and guarantee systems for its transformation and development.



Sinopec signed the letter of intent on strategic alliance with three research institutions for research on peak carbon dioxide emission and carbon neutrality.

### Move unswervingly toward the goal of "net zero" emission

Since the 13th Five-Year Plan, Sinopec has been sternly implementing the new development concept, the requirements for the development of an ecological civilization, and the strategy of green and low-carbon development to effectively regulate greenhouse gas emissions, and significant results have been attained in carbon emission reduction.

To make full use of clean energy, Sinopec emphasized more on the exploration and development of shale gas and coal-bed methane while increasing the capacity construction of conventional natural gas. The geothermal heating capacity was increased to 60.44 million square meters; the biological aviation fuel successfully fueled the transoceanic commercial flight; biodiesel was applied to vehicles regularly; multiple oil-hydrogen hybrid demonstration stations have been built nationwide to accelerate the deployment in the hydrogen industry.

To strengthen the energy-saving management, we accelerated the industrial restructuring and closed outdated production facilities. Through the "energy efficiency improvement" program, we have implemented 3, 406 projects, cut standard coal consumption by 5.48 million tons, and reduced greenhouse gas emission by 13.48 million tons.

Regarding the greenhouse gas recycling, Sinopec supported the recycling of high-concentration carbon dioxide tail gas from refining and chemical companies, as well as conducted field tests for carbon dioxide flooding and mid-air methane recovery in oilfield companies. Moreover, we carried out the lifecycle accounting and evaluation of carbon footprint of products such as aviation fuel, lubricant, and polyethylene.

During the 13th Five-Year Plan period, the accumulated volume of carbon trading in pilot enterprises was approximately 13.37 million tons, with the transaction amount nearly RMB 300 million. Since the launch of the carbon market, our pilot enterprises have traded carbon of 17.52 million tons, reporting RMB 442 million trading value.

This subject will play a vital leading, demonstrating and driving role in the green and low-carbon transformation in the entire industry. It is required to make greater efforts in the research, development and application of energy-saving and low-carbon green technologies in accordance with the new requirements of high-quality development and following the new situation of responding to climate change.

——Secretary-General of  
National Development and  
Reform Commission  
Su Wei

Sinopec has made a lot of effort in promoting green and low-carbon development, laying a solid foundation for future work. I hope that Sinopec can turn the tasks of hitting peak carbon dioxide emission and achieving carbon neutrality into a good opportunity for sustainable development, and give full play to the leading and driving role of a large central SOE.

——Director General of Climate Change  
Response Division of the Ministry of  
Ecology and Environment  
Li Gao

#### Extended Reading

**Peak carbon dioxide emission:** Total carbon dioxide emissions reach the peak, and then starts declining.

**Carbon neutrality:** Total greenhouse gas emissions can be offset through tree planting, afforestation, energy-saving, and emission reduction, and the "zero emission" of carbon dioxide can be achieved consequently.



# Joining Forces with Partners

## Co-creating and Sharing New Values

### Planning for the 14<sup>th</sup> Five-Year Plan Period

Implement the principle of respecting labor, knowledge, talent, and creativity Enhance the modernization level of industrial chain and supply chain, adhere to the principle of autonomy and self-control, safety and efficiency, do a good job in the strategic design and the precise implementation of supply chain in different industries, and promote the optimization and upgrading of the whole industrial chain.

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# Care for Employees

Employees are always the inexhaustible impetus for the sustainable development of an enterprise. Guided by the people-oriented principle, Sinopec is committed to safeguarding the fundamental rights and interests of employees, guaranteeing their occupational health, building a platform for the growth of employees, stimulating employees' vitality in innovation, thereby laying a solid foundation for the company's personnel development.

## Fundamental rights and interests

By implementing the principle of equal consultation, mutual benefit, and win-win result, Sinopec protected the rights and interests of employees and built harmonious and stable labor relations with employees.

## Respect for human rights

Sinopec strictly adhered to the terms of international and domestic laws and conventions, respected and safeguarded all the internationally recognized human rights, and resisted any behavior that disregards and treads on human rights. All employees were treated equally in terms of recruitment, promotion, training, and remuneration, regardless of nationality, gender, age, race, religion, pregnancy, and disability. Sinopec developed a supporting labor contract management system, performed the procedures for the conclusion, performance, modification, cancelation or termination of labor contracts with employees according to law and took measures to ensure that labor contracts are strictly fulfilled. Sinopec prohibited the employment of child labor and forced labor. Furthermore, we set up a Committee for Women Workers to provide special protection to female staff, continuously improve the working environment and conditions of female staff, and offer help to female staff to ensure their physical and mental health.

## Compensation and benefit

Sinopec emphasized on the building of the compensation and benefit security system and executed the incentive policies that combine compensation incentives and noncompensation incentives. Regarding the compensation system, Sinopec adhered to the concept of paying for post value, competence, performance, and contributions, trying to build a diversified and multidimensional incentive system to strengthen the incentive function of compensation. Moreover, Sinopec offered employees benefits such as health check-up, paid vacation, and rehabilitation and recuperation. In respect of social insurance.



Sinopec purchased social insurances (including endowment insurance, medical insurance, work-related injury insurance, maternity insurance, and unemployment insurance) on time in full amount per relevant national and local regulations. Besides, Sinopec set up the unified occupational pension system, and its affiliated entities set up supplementary medical insurances based on their circumstances.

## Democratic management

Sinopec enhanced the effectiveness and efficiency of democratic management of enterprises, perfected the democratic management systems like workers congress system, employees director and supervisor system, and business affair openness system, and built key channels for democratic engagement, administration, and supervision to enhance the cohesion amongst employees.

Total number of employees (10,000 persons)	Total number of overseas employees (10,000 persons)	Proportion of natives in overseas employees (%)
2018 68.5	2018 3.94	2018 69.1
2019 64.1	2019 3.88	2019 68.5
2020 60.8	2020 3.42	2020 68.7

## Employee health

Sinopec attached great significance to improving employee health and care about their physical and mental health. In response to COVID-19, Sinopec took strict prevention and control measures to guarantee the health of employees while they were on their posts. Meanwhile, Sinopec made sustained efforts to strengthen the prevention and control of occupational diseases, labor protection, popularization of health-related knowledge, and training on first-aid skills. Besides, Sinopec energetically advocated the healthy culture, upgraded the health management in an all-round way with the Employee Assistance Program (EAP) as a hitting-point, and promoted the coordinated development of enterprise and employee health.

## Advance the risk management and control of occupational hazards

Sinopec took technical and management measures to rectify posts and places with excessive risks, implemented noise hazard control in five pilot organizations, and summarized and promoted the experience to improve the working environment of employees.

## Lay a solid foundation for occupational health management

Sinopec organized the special training about national standards, shoot educational videos for noise protective articles, and organized the publicity week event to popularize laws and rules on the prevention and control of occupational diseases to enhance the awareness and ability of occupational health protection of all employees. More efforts were also made in the incoming quality inspection, resulting in the continuous enhancement of the percent of pass of labor protective articles and employee satisfaction.

## Facilitate the employee health management

Sinopec investigated and analyzed causes of unproductive death of in-service employees and initiated the pilot program for health mass invention of employees. Emergency clinics were built, which were provided with facilities like automated external defibrillator (AED) and tonometers. Furthermore, the Group organized to screen personnel with high-risk diseases, implemented individualized health intervention measures according to situations, promoted the implementation of EAP, and paid attention to the mental health of employees.



Career development

With the ideas that "human resources are the foremost resource" and "everything returns to zero in case of no talents," Sinopec endeavored to promote the strategy for making the enterprise strong through training competent personnel, continuously improved the building of personnel growth channel, emphasized more on the training of leading and strategic personnel, created new models for the training of young professionals, and deepened the institutional reform for personnel development.

Strengthen the building of personnel growth channel

Sinopec further improved the personnel growth and development channels, augmented the function and development of assessment system, improved the recruitment and management of expert teams, optimized the top-level design of expert management, advanced the recruitment of group-level experts, and standardized the management of the number of expert positions in directly subordinated organizations. As of 2020, there are 3,457 in-service experts and 1,333 chief technicians and above, including 28 chief experts, 128 senior experts, and 45 skilled master workers at the group level.

Develop critical talent teams as a whole

Sinopec formulated "Five Plans" for the talent development plan during the 14th Five-Year Plan" period, resulting in the increasingly improved system and mechanisms for development of competent personnel, and the accelerated enhancement of talent strength. A group of outstanding persons were recommended for or awarded national honorary titles. Specifically, 2 persons won the National Innovation Competition Award, 1 person won the Outstanding Engineer Award, and 63 persons were granted with special government allowance by the State Council. In addition, 2 persons were recommended as national candidates for the “Hundred-Thousand-Ten Thousand Project,” and 7 were recommended as candidates for the awards "Grand Skill Award of China” and the “National Technical Expert.”

Sinopec organized two national competitions for gathering and transportation workers and ethylene plant operators, respectively, and three competitions at the group level; 31 persons were awarded the title of "Sinopec Technical Expert." The Group organized individuals teams to participate in the National Competition for Vocational Skills of the industry. Specifically, four teams won the first prize of team award, and 9 persons entered the top three in the National Competition for Vocational Skills. In addition, Sinopec optimized the models for the training of innovation-minded personnel. The Group introduced the "Three Hundred and Three Thousand" exercise program, under which the first batch of 150 "Three Hundred" persons and 1,245 "Three Thousand" persons were selected for exchange at temporary positions. The first Competition for Young Scientific and Technological Elites was held, and 10 winners stood out from others. Furthermore, Sinopec collaborated with Imperial College London to train 7 young scientific and technological talents, and introduced 42 post-doctoral fellows to build an echelon of young scientific and technological reserve talents.

Improve the vocational training system

Following the working idea of "never give up training despite of COVID-19," Sinopec kept prioritizing education and training and further advanced the training for key personnel such as managerial personnel, technical personnel, and skilled personnel. Sinopec made full use of its online training platform to provide online "cloud-based" training besides traditional offline training. Specifically, during the pandemic, Sinopec set up a special training column themed "combating COVID-19 with concerted efforts," held knowledge lectures about pandemic prevention and control, and EAP mental health counseling. As a result, a total of 11,957 online training classes were offered in a year, with the accumulated learning time amounting to 41.42 million class hours. Moreover, the Group organized training classes for the heads of all affiliated entities to enhance their political acumen, as well as training classes for young and middle-aged officials, senior seminars for experts in the refining and chemical field for innovative development, training classes for integrated research and application of advanced materials, and other training classes such as "Training of Craftsmen for Great Power" and "Training of Petrochemical Craftsmen." Consequently, the personnel training program was successfully completed with high quality.

Strengthen the training for overseas employees

Sinopec provided training by three levels, including international leading personnel, international backbone professionals, and international reserve personnel, and studied the matrix training mode for international personnel by levels and specialties. In 2020, Sinopec organized training classes for overseas project managers, international business professionals, and international reserve personnel of chemical sector. Meanwhile, the series training class for international business English and the series training class for international project management were also provided according to the needs of work, which have elevated the special capabilities of overseas employees in HSSE management, fiscal and tax management, risk management, and compliance operations.

Care for employees

Sinopec advocated the construction of "family culture" with great endeavor, established a long-term mechanism of "reaching the grassroots positions and visiting common employees," provided more assistance for economically disadvantaged employees, condoled with overseas employees and their families during the pandemic, and cared for retired employees, for deepening employees' sense of identity and belonging.



Development of "family culture"

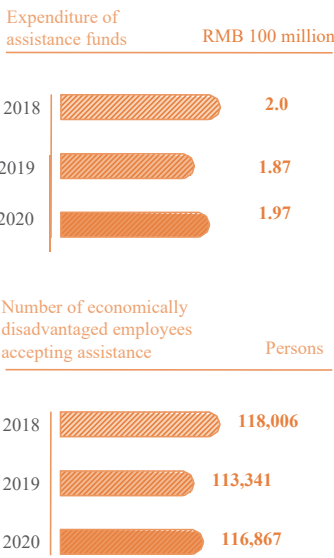
Under the guidance of the core concept that "The enterprise gives me opportunities for development, and I do my contributions to the development of the enterprise," Sinopec made sustained efforts in developing the "family culture" at gas stations, oil depots, and oil transportation stations to build primary depots and stations into a desirable homeland with "warmth, safety, progress, harmony, responsibility, and honesty," and enhance the cohesion in the enterprise.

Doing grassroots work and visiting common employees

Sinopec executed activities themed with "doing grassroots work and visiting common employees" regularly, helped economically disadvantaged employees to abolish poverty, guaranteed security and safeguarded stability in special periods, cared for overseas employees and their families, and allocated RMB 4.132 million as assistance funds. Besides, Sinopec supported some companies to visit families of employees working overseas, and excluded difficulties and anxieties of employees who stick to their posts for a long term and their families in the form of paired assistance and voluntary service. Furthermore, Sinopec studied policies on compliance management of assistance funds, elucidated the primary responsibilities, and improved the working mechanism to provide the genuine assistance for employees in real need.

Care for retired employees

Sinopec vigorously advocated the concept that "it is our duty to keep the well-being of our retired employees," actively implemented the norms about respecting, caring for and helping the elderly with heart and soul, and cared about their physical health and spiritual life. During the COVID-19 pandemic, Sinopec extended greetings to the retired employees via telephone and provided them psychological counseling, making every effort to truly put all policies into effect. In 2020, Sinopec arranged health check-up for nearly 370,000 retired employees and visited more than 150,000 retired employees who were sick in hospitals.





# Serving Customers

Following a brand slogan of "Cleaner Energy, Better Life," Sinopec built the customer-focused brand system for its products and services, made every effort to improve product quality and service level, and continued to satisfy new customer needs.

---● Automobile service outlets totaled **7,983**

---● Food & beverage franchised outlets totaled **1,183**

## Non-fuel products

Sinopec innovated the business mode for non-fuel products to provide diversified and integrated services for customers, while taking strict measures to prevent and control the COVID-19 pandemic. We developed 68 self-branded commodities and planned a theme marketing activity called "10.10 Easy Joy Shopping Festival" to make full use of online and offline marketing channels. In addition, we accelerated the popularization of Easy Joy convenience stores in factories, communities, and military bases; thus, a total of 285 Easy Joy convenience stores were newly built. We also resolved to enter new business fields such as automobile service, advertising, and fast food ; thus, a total of 7,983 automobile service outlets were put into operation. To facilitate the fast-food franchise, we established Easy Joy Coffee joint venture and have had 1,183 franchised outlets. In 2020, the operating income of non-fuel products increased by 6% year-on-year, and the operating profit by 15% year-on-year.

## Product quality

For the sales of chemicals, the QHSE management system was improved to effectively enhance the service quality of chemical sales business; a product quality certification management system covering food hygiene testing and medical and health testing was established, to ensure product quality through certification; further HSSE management and HSSE comprehensive management, inspections for "four nos and two go-straights" (no prior notice, no early contact, no report, no accompany and reception, go straight to the grassroots, go straight to the scene), and special inspection were carried out.

For sales of oil products, the concept of "ensuring quality safety from the essence" was proposed for refined oil products, and an internal control index system was established for outsourced oil products to prevent quality risks due to outsourcing; a complete laboratory network was built; teams with professional management and inspection experiences were developed; a perfect quality inspection system was set up to control product quality and implement the social responsibility of "every drop of oil is our commitment."

## Customer service

Sinopec endeavored to build a customer service system that covers material procurement in the upstream, midstream, and downstream, product sales, and engineering business. A unified customer service center was set up and the manual service hotline 95388-0 was opened to provide thoughtful and convenient services to social users, thereby forming an external service window for Sinopec in an all-round way. In addition, based on the telephone service, multileveled and multidimensional customer service and communication channels were opened through intelligent robots, 95388 text messages, e-mails, WeChat official account, CRM platform, and SINOPEC Chememall Global. We regularly conducted customer visits and customer satisfaction surveys to understand customer needs and improve customer satisfaction. To protect customer privacy, we also improved the function of customer information authentication, strengthened the authorization management of customer information, conducted emergency drills in the system, enhanced the information security and awareness of confidentiality, and standardized business operations.

To fulfill the diversified needs of customers and offering them safe, convenient, and quick services, Sinopec launched the "one-click refueling" function nationwide, by which its 30,000 gas stations can provide zero-contact refueling, payment, invoicing, and shopping services, making great contributions to containing the spread of the COVID-19 pandemic. Furthermore, Sinopec launched the Sinopec App for customers, which allows customers to purchase oil, book an appointment to pick up oil, and make inquiries online, greatly improving the refueling experience of customers.



## Sinopec promoted "law-based compliance and integrity operation" in gas stations

Case

On March 18, 2021, which was just a few days after the March 15 World Consumer Rights Day, Sinopec convened a special meeting on the oil product sales system to further promote the "law-based compliance and integrity operation" of gas stations. At the meeting, some recent cases of violations in operation and management were reported, and the weak links and existing problems in operation and management were analyzed. All companies in the sales system were instructed to conduct self-inspection and rectify their problems in time, to strengthen compliance and integrity operation in an all-round way and enhance the level of high-quality development of enterprises.

As stated at the meeting, gas stations, as the service window for people, are the most intuitive image of Sinopec; thus, we must keep pursuing the concepts such as "every drop of oil is our commitment," "quality always takes the lead," and "No counterfeits in Easy Joy." Every employee has the responsibility of maintaining Sinopec's brand image of "high quality and sufficient quantity" in practices. Every gas station should implement "customer-focused and compliance operation with and integrity" and must find problems, propose corrective measures, and promote the rectification to realize the law-based compliance and integrity operation.

In addition, Sinopec made deployments for key areas of "law-based compliance and integrity operation," including the quality of oil products and non-fuel products, protection of consumers' rights and interests, and construction of employees' professional ethics to prevent and control risks in business operation and management. The business concept that is customer-centered, compliance-based, and problem-oriented is the escort for the high-quality development of Sinopec.





# Jointly Building Industrial Chain

Sinopec took the initiative in promoting the construction of the responsibility industry chain, insisted in the responsible and transparent procurement, optimized the management of suppliers and contractors, augmented the strategic cooperation, supported the development of national industry, and drove the sustainable development of upstream and downstream industry chains, to attain mutual benefits and win-win results with partners.

## Supplier management

Sinopec provided equal opportunities for suppliers, continuous optimized supplier management system and business procedures, prevented supply chain risks, and created a transparent, sound and honest material supply ecosystem with suppliers.

### Examine supplier qualification strictly

Following the principle of combining pre-qualification and post-qualification, Sinopec implemented the examination of supplier qualification strictly and conducted on-site examination for suppliers who participated in business for the first time and who experienced great changes in operation and finance, as well as examined the supplier qualification based on their factories, equipment, products, management, and performance. In 2020, Sinopec organized on-site examination for 1187 suppliers, trying to prevent and control supply risks from the source.

### Implement quantitative evaluation for suppliers

We evaluated and portrayed suppliers in an integrated and accurate manner based on the EPEC standards (ES) to give an all-round and objective assessment of suppliers' comprehensive strength. We displayed the ES data board in real-time on the EPEC platform and considered the data on ES in bidding and procurement for promoting suppliers to enhance quality and efficiency and creating a new business ecosystem with quality as the top priority. In 2020, a total of 2613 suppliers completed the corporate credit authentication; a total of 1242 suppliers obtained 4038 product quality evaluations; a total of 21,663 suppliers finished the dynamic assessment for contract fulfillment; a total of 15,759 suppliers completed the rating for market performance.



### Persist in green procurement

Sinopec established a long-term mechanism for green procurement management, added performance evaluation indexes, such as energy-saving, environmental protection, and low carbon, improved the quantitative evaluation of green procurement, strengthened the qualification examination with respect to environmental protection, health and safety, guided suppliers to perform their social responsibilities of environmental protection and resource conservation, encouraged suppliers to develop green technologies and products, and prohibited to purchase products listed in the directory of products with "high pollution and high environmental risks."

### Establish and improve the incentive mechanism for keeping promises and the punishment mechanism for breaking promises

We sent reminder letters to 142 suppliers who have signs of problems in quality, schedule, and bidding to nip supply risks in the bud. Besides, we had on-site interviews with suppliers who delivered products and services with poor quality to urge them to enhance the quality of supply service. The Group punished suppliers with acts of breach of contract, dishonest conducts, and incorruptible conducts to urge them to carry out integrity and regulated operations. In 2020, Sinopec punished and publicly reported 41 suppliers who had acts of breach of contract to build a supply ecosystem emphasizing quality, service, brand, and word-of-mouth.

### Strengthen the training for suppliers

We organized training, symposiums, and bid clarification meetings for suppliers, publicized and conveyed Sinopec's material procurement concept and bidding management system to suppliers, introduced core values and cooperation models of EPEC platform (www.epec.com). In 2020, Sinopec held supplier training six times, involving more than 670 persons.

## Contractor management

Sinopec adhered to the management principles of openness, fairness, integrity, and good faith to realize transparent engineering procurement. Moreover, Sinopec implemented assessment management for contractors, registered contractors in database, and strengthened the examination of contractors' basic information, such as business licenses, qualification documents, and certificates for OHSAS certification, EMS certification, and QMS certification. Per the HSSE management requirements, Sinopec set up bidding qualifications for contractors according to law and prohibited fraudulent contractors from participating in bidding. Moreover, Sinopec established a contractor management information platform on which contractors and subcontractors were subject to online assessment, and adverse issues of contractors and their employees could be found and recorded in time to realize instant assessment and treatment.

	2018	2019	2020
Ratio of suppliers passing QMS certification (%)	47.3	49.9	48.2
Ratio of suppliers passing EMS certification (%)	29.9	34.7	34.6
Ratio of suppliers passing OHSAS certification (%)	27.7	32.8	32.8
Ratio of main contractors passing QMS certification (%)	100	100	100
Ratio of main contractors passing EMS certification (%)	100	100	100
Ratio of main contractors passing OHSAS certification (%)	100	100	100



Drive the development of industrial chain

- Gross trading volume on EPEC RMB **1.42** trillion
- Online items **2.91** million categories

Keep the business operation of EPEC platform

Based on the EPEC e-commerce platform, Sinopec innovated new SC2B e-commerce model of "Internet + supply chain" following the concept of "making procurement more professional" to provide core business covering procurement, sales, finance, and comprehensive field for enterprises. EPEC, as a one-stop service platform, focused on serving enterprises while making innovations and exploring practices. It has built a service matrix comprising "E-pay," "E-trip," "E-insurance," "E-authentication," "E-bill Manager," "E-logistics," and "E-life", providing ecological services focusing on supply chain value-added services for the platform members.

By the end of 2020, transactions amounting to RMB 1.42 trillion were completed on EPEC, and 239,000 registered users from 104 countries and regions traded 18.98 million items of 2.91 million categories on the platform. In 2020, the platform was listed as the pilot demonstration project for big data industry development of 2020 by the Ministry of Industry and Information Technology.



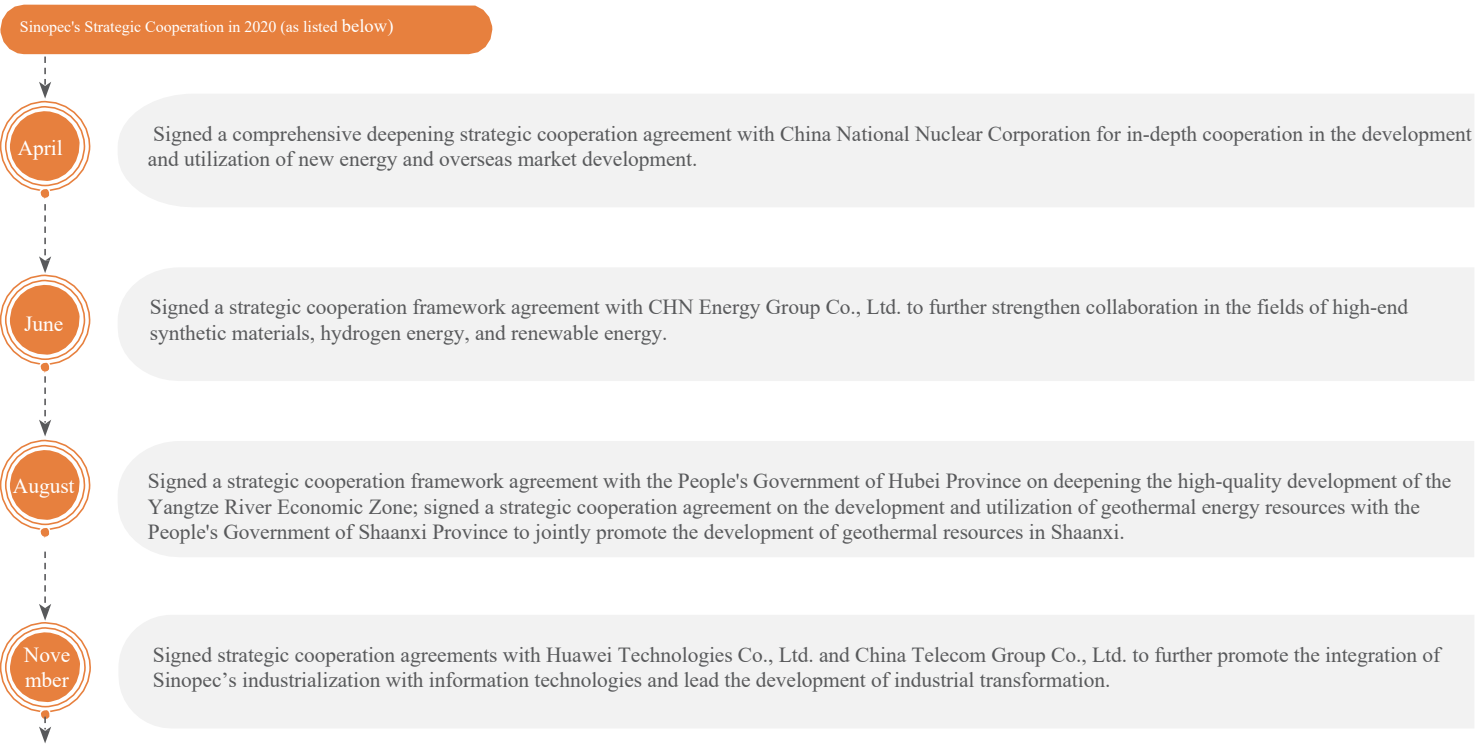
Official website of EPEC



WeChat official account of EPEC

Strengthen strategic cooperation

Sinopec carried out strategic cooperation with government and enterprises with great effort to attain mutual benefits and win-win results.



Sinopec signed purchase agreements with 50 overseas suppliers from 15 countries and regions at the 3rd China International Import Expo, with a trading volume of over USD 32.5 billion

Reinvigorate national industry

Acting upon the guiding principles from General Secretary Xi Jinping's major speeches, Sinopec led the world's benchmarks while maintaining safety and put more efforts on the localization of major equipment through independent R&D and collaborative R&D with domestic enterprises.

At the end of the 13th Five-Year Plan, Sinopec achieved the localization of major equipment, setting a new record for the localization ratio of major equipment. It also further enhanced the self-control ability for industry chain and supply chain, making major contributions to the development of the petrochemical industry and the transformation and upgrading of China's equipment manufacturing industry. Particularly, the localization ratio of equipment for oil-gas exploration and development reached up to 92%, ten-million-ton-level refining equipment up to 94%, and one-million-ton-level ethylene equipment up to 87%.

Over the years, Sinopec's localization of major equipment has always been staying ahead of central SOEs. Zero breakthroughs have been attained in terms of the localization of major equipment such as fracturing units, truck-mounted drilling rigs, double-coating special pipes for petroleum geology in the field of petroleum exploration and development, as well as reactors, compressors, heat exchangers, and decentralized control systems (DCS) in the refining and chemical field, which markedly reduced the procurement cost and shortened the manufacturing cycle. Ethylene cracking furnace, as the most crucial equipment in the ethylene industry, has realized the transition from import to export.

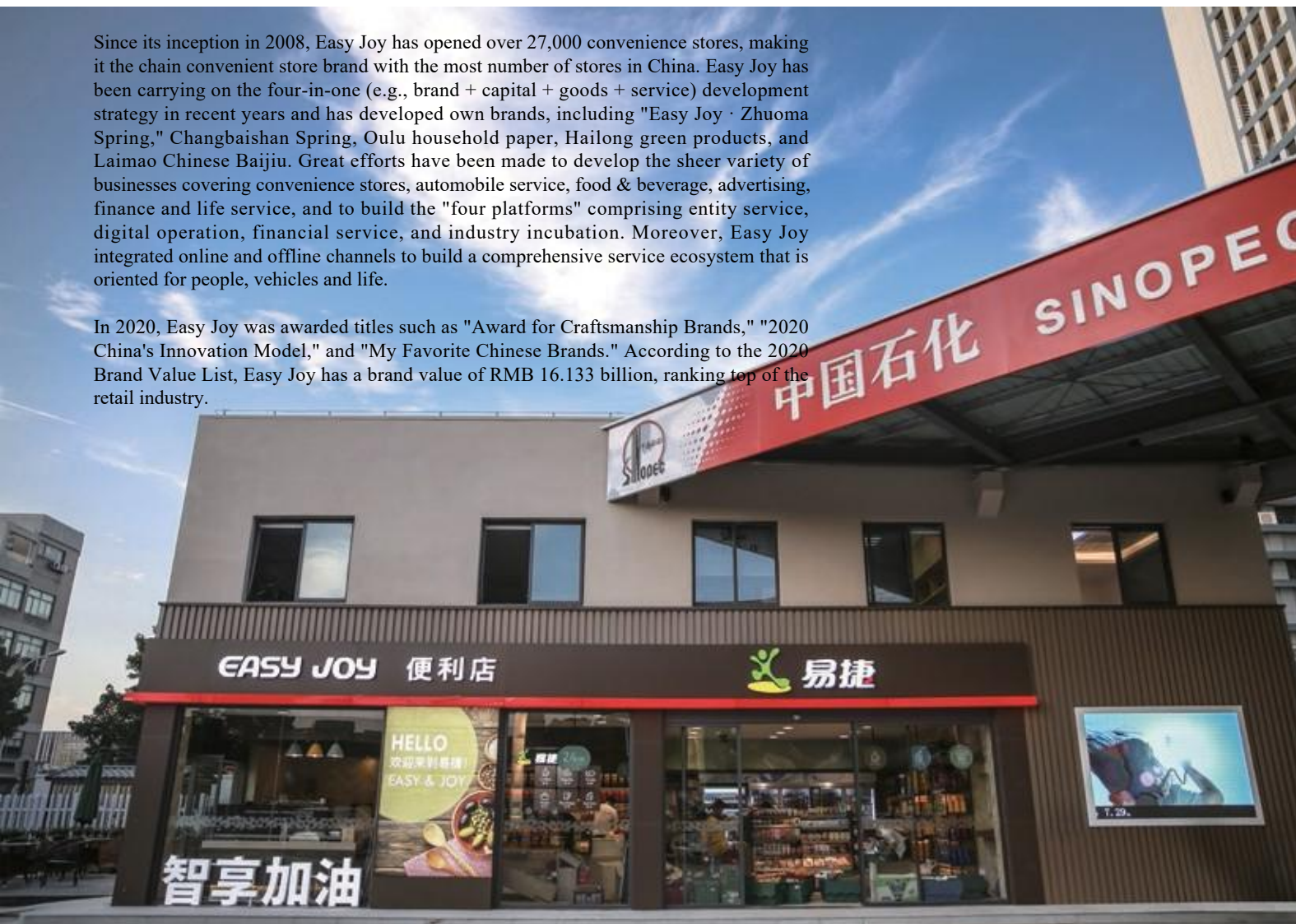
- Localization ratio of equipment for oil-gas exploration and development **92%**
- Ten-million-ton-level refining equipment **94%**
- One-million-ton-level ethylene equipment **87%**



## Special Topic Creating and Upgrading Easy Joy Convenience Stores for Car Drivers

Since its inception in 2008, Easy Joy has opened over 27,000 convenience stores, making it the chain convenient store brand with the most number of stores in China. Easy Joy has been carrying on the four-in-one (e.g., brand + capital + goods + service) development strategy in recent years and has developed own brands, including "Easy Joy · Zhuoma Spring," Changbaishan Spring, Oulu household paper, Hailong green products, and Laimao Chinese Baijiu. Great efforts have been made to develop the sheer variety of businesses covering convenience stores, automobile service, food & beverage, advertising, finance and life service, and to build the "four platforms" comprising entity service, digital operation, financial service, and industry incubation. Moreover, Easy Joy integrated online and offline channels to build a comprehensive service ecosystem that is oriented for people, vehicles and life.

In 2020, Easy Joy was awarded titles such as "Award for Craftmanship Brands," "2020 China's Innovation Model," and "My Favorite Chinese Brands." According to the 2020 Brand Value List, Easy Joy has a brand value of RMB 16.133 billion, ranking top of the retail industry.



### Extending the integrated service chain and satisfying diversified demands

To offer more convenient and diversified services to customers, Easy Joy integrated resources like gas stations, convenience stores, automobile service, insurance, food & beverage, and accommodation to further expand the scope of services.

In 2020, Easy Joy has had 7,983 automobile service outlets and 1,183 food & beverage franchised outlets. Specifically, a total of 11 fast-food restaurants of international renowned brands were newly built in 2020, and the restaurants of McDonald's and KFC amounted to 50.

Furthermore, Easy Joy provided sheer variety of convenience services such as utilities, ETC top-up, and handling of traffic violation.

### Cultivating own brand and serving quality life

Easy Joy collaborated with leading brands in different industries and developed its own brand to ensure the product quality and satisfy the living demands for drinks, beverages, food, daily chemical products, and car accessories. To date, Easy Joy has developed own brands such as "Easy Joy · Zhuoma Spring," Changbaishan Spring, Oulu household paper, Laimao Chinese Baijiu, Hailong Fuel Detergent, and exhaust fluid. In 2020, the sales of commodities of own brands stood at RMB 9.83 billion, a year-on-year growth of 13%.

By virtue of the brand "Easy Joy · Zhuoma Spring," Easy Joy carved a new industrial path for aiding Tibet. By implementing the systematic overall plan in a sustained manner, a pattern that features "Easy Joy · Zhuoma Spring" in the west and Changbaishan Spring in the east was developed. Besides, Sinopec developed widely welcomed green products for automobiles independently led by technologies. Hailong Fuel Detergent is a leading brand of detergent in China, and the sales of exhaust fluid keep ranking first in the industry and maintain a high growth rate, making it the first brand in the industry. Furthermore, the household 100% bamboo paper brand Oulu topped the list of sales in the bamboo paper industry.

### Promoting digital operation and initiating a new ecosystem of smart retail

Consumer demands are changing fast as the Internet mushrooms. To keep abreast with the times, Easy Joy furthered innovation and reform, promoted digital and smart operations, integrated online and offline channels, built smart scenarios such as "Scan to Shop," "One-button Coffee," "1-hour Delivery," and unattended car wash, and launched more than 10 modes of smart payment such as one-button to refuel, Simple Pay, and Quick Pay for refueling, thereby initiating a new ecosystem of smart retail.



In 2020, Easy Joy established a joint venture with Coffee Box, an Internet coffee brand, to develop gas station cafes on a large scale.

### Launch the Sinopec Trade Fair for Poverty Alleviation & The Third Easy Joy Shopping Festival

Case

The Sinopec Trade Fair for Poverty Alleviation & The Third Easy Joy Shopping Festival organized by Sinopec was officially launched in September 2020. During the event, Easy Joy issued coupons of RMB 1 billion to consumers. A total of 59 companies for poverty alleviation from 12 counties, including 8 counties for which Sinopec provides pair-up support and fixed-point poverty alleviation measures, were invited to participate in the exhibition, and over 3000 categories of items were exhibited. Various products such as quinoa of Dongxiang County, kiwi of Fenghuang County, fungus growing on the mulberry branch of Yuexi County, roasted duck eggs of Balihe Town, Yingshang County, Sunshine Bazaar dried fruit from Xinjiang, and yak tasajo from Qinghai became products favored by consumers because of Easy Joy.

### Build Easy Joy International into a cross-border e-commerce platform

Case

Easy Joy International, as a cross-border e-commerce platform subordinated to Easy Joy, provides consumers with cross-border products with authentic brands and acceptable prices following the brand concept of "Looking for goods around the globe for a better life," making sustained efforts to fulfill consumer demands to buy global goods without leaving home and give consumers a better life experience. As of March 2021, Easy Joy International has attracted about 6 million registered members.



# Giving back to Society Composing a New Chapter of Happiness

## Planning for the 14<sup>th</sup> Five-Year Plan Period

We must adhere to a people-oriented approach and the development direction of common prosperity. We will always strive to achieve development for the people driven by the people. The fruits of development will be shared by the people to safeguard their fundamental enthusiasm and stimulate the initiative and creativity of all people. This approach will continue to promote social equity, improve people's well-being, and constantly realize people's expectations for a better life.

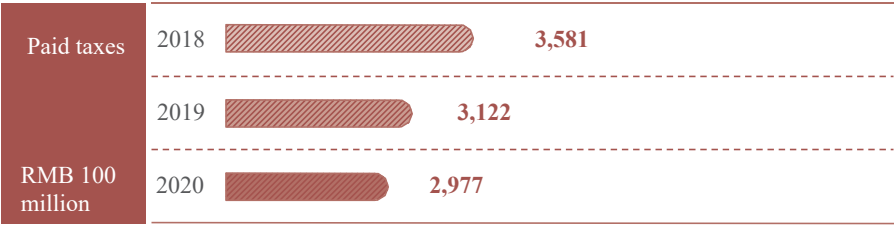
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# Tax Payment

Sinopec strictly followed taxation laws. In 2020, Sinopec paid taxes of RMB 297.7 billion to fund the construction of public utilities in the national defense, science, education, culture and healthcare sectors. This has made a major contribution to socio-economic development and has improved peoples well-being.



## Successful completion of the separate hand-over of water, power, gas and heating supplies, and property management

The maintenance, reconstruction, authentication and liquidation work of projects subject to separate hand-overs were performed. As a result, the main maintenance works and reconstruction projects have been completed for all of the companies. Also, the liquidation and authentication works have been finished. The market-oriented operation of property heating was stable and a market-oriented charging mechanism was established. The anti-contracting services actively moved forward, and the projects subject to separate hand-overs have been contracted.

## Completion of the socialized management of retired employees

To strengthened communication and publicity in all companies, important tasks such as functional, personnel, archive and party member hand-overs were completed at the end of November 2020. This process avoided all incidents involving the stable safeguarding due to petitions.

## Effective coordination of community services

Through connections and negotiations with local governments, all companies accelerated to adjust the modes of business during the transition of municipal and community management functions. The conversion from business undertaking to labor output mode was successfully completed allowing local oilfield residents to access citizenship benefits arising from achievements in urban and rural reform and development.

# Serving Communities

Sinopec is firmly committed to promoting the separate hand-over of water, power, gas and heating supplies, property management and the socialized management of retired employees. Moreover, Sinopec assisted the government in preventing and controlling the pandemic whilst also guaranteeing the supply of daily essentials for residents. They also coordinated with multiple parties to promote the integration of communities into the social public service system ensuring the quality of services for residents.



Sinopec gives priorities to refueling rescue vehicles and vehicles transporting pandemic prevention supplies.

# Fighting against COVID-19

The COVID-19 pandemic is a major public health emergency that has spread and caused extensive infections. This pandemic has been the hardest to contain since the founding of the People's Republic of China in 1949. Sinopec, as the backbone state-owned enterprise, responded quickly and took immediate actions to guarantee energy supplies, increase the production of raw materials for medical and sanitary products, donate money and supplies, and promote a return to work. Sinopec played a major role as a central SOE and demonstrated its determination to bear social responsibilities.

## Leading Role of Party Building

The Leading Party Member Group of Sinopec had a deep understanding of the guiding principles from General Secretary Xi Jinping's major speeches. We resolutely obeyed the unified command and coordinated and dispatched the CPC Central Committee to enhance the "four consciousnesses" (i.e. consciousness of the ideology, the whole, the core and the line). We kept “four matters of confidence” (i.e. confidence in the socialist path, theory, system and culture), and "two upholdings" (i.e. resolutely upholding the General Secretary Xi Jinping's core position on the CPC Central Committee and in the Party as a whole, and resolutely upholding the CPC Central Committee's authority and its centralized, unified leadership). Specifically, the Leading Party Member Group established a command system for efficient decision-making and coordinated operations in a timely manner. We convened study sessions amongst the leading Party group and held meetings for the leading groups of pandemic prevention and control experts to convey the central government orders and ensure their strict enforcement. Zhang Yuzhuo, Chairman of Sinopec, contacted enterprises in Hubei Province and other regions via videoconferencing, and visited gas stations, surgical mask production lines, and construction site of melt-blown non-woven fabric. These efforts were made to encourage worker morale and cohesion to combat the pandemic. More than 130 subordinated enterprises of Sinopec established a leadership system led by people mainly in charge of enterprises to form an efficient and powerful operation mechanism. By giving full authority to the guiding and demonstration effects of grassroots Party organizations and Party members, we have formed a pattern where everyone performs their duties effectively within Sinopec.

## Guarantee supply

Confronted with the pandemic, Sinopec firmly played its role as a cornerstone central SOEs by quickly instructing its subordinated enterprises in Hubei Province to donate supplies including 200 tons of disinfectants and 10,000 military-style storm coats to Wuhan City. RMB 50 million was donated to Hubei Province. Hospitals and restructured medical institutions subordinated to Sinopec also dispatched medical personnel to the pandemic area.

...o **200** tons of disinfectants donated to Wuhan City

...o **RMB 50** million donated to Hubei Province

## Guarantee the supply of oil and gas

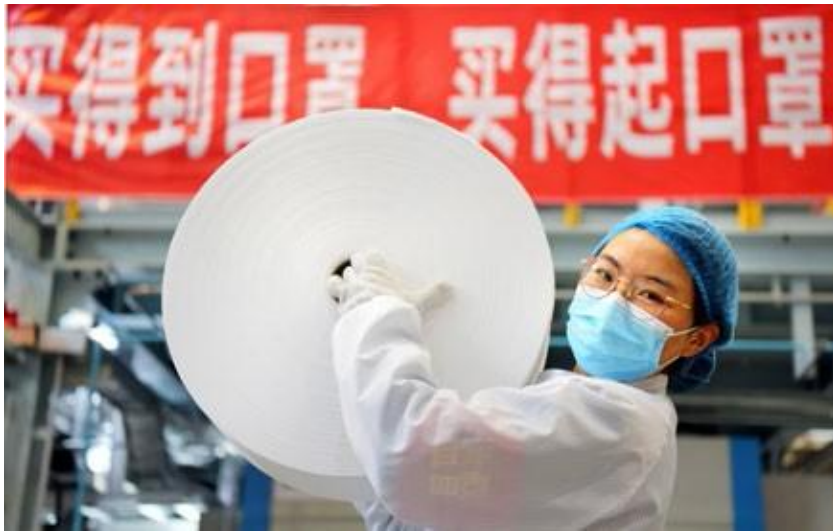
To stabilize the oil product market, Sinopec mobilized its 30,000 gas stations to conduct operations as usual, and spared no efforts to ensure the supply of oil products. Sinopec's enterprises in Hubei Province aimed to guarantee the supply of oil products for emergency rescues. Hubei Petroleum mobilized its over 5,300 employees in more than 1,800 gas stations and more than 1,600 convenience stores to work during the pandemic, ensuring the supply of oil products for emergency rescue. Hebei Petroleum and Hubei Lubricants worked together to supply 16,500 liters of diesel and 1,000 barrels of machinery lubricants to support the construction of the Leishenshan Hospital. After the completion of the Huoshenshan and Leishenshan Hospitals, the two companies also refueled all ambulances for free. Hubei Petroleum supplied 26,000 liters of diesel to mobile cabin hospitals in Wuhan. The Southwest Petroleum Bureau guaranteed the normal supply of gas to industrial users and the general public in Sichuan and Hubei provinces and others. Sinopec Tianranqi Company supplied gas to the Leishenshan Hospital and guaranteed the safe and stable supply of natural gas during the pandemic.



### Guarantee the supply of medical and health supplies

In the face of severe shortages of medical and health supplies during the pandemic, Sinopec adjusted the production plan for refining and chemical enterprises. The production of raw materials for medical and health products was accelerated to prevent increasing the the cost of raw materials. To mitigate the limited supply of surgical mask falls, Sinopec quickly identified manufacturers through social media, and jointly built 11 surgical mask production lines realizing the one-stop service for supply, production and sales. Also, following the example of the Huoshenshan Hospital, Sinopec invested RMB 320 million to build 16 melt-blown non-woven fabric production lines within 2 weeks at the Sinopec Yanshan Petrochemical Company and Yizheng Chemical Fiber with an annual capacity of 10,000 tons resulting in the production of 10 billion surgical masks. From March 3rd, 2020, Sinopec began to sell disposable surgical masks at gas stations with a daily supply of 150,000 masks. From March 17th, 2020, Sinopec began to sell disposable surgical masks for children at gas stations with a daily supply of 10,000 masks.

Up to **150,000** disposable surgical masks were sold at gas stations



Employees of Sinopec Yizheng Chemical Fiber handling fabrics at the newly built melt-blown non-woven fabric production lines.

### Guarantee the supply of daily essentials

During the pandemic, all 30,000 Sinopec gas stations offered one-button refuelling to facilitate economic development through a zero-contact safety service. More than 7,000 convenience stores nationwide distributed vegetables and other essentials to facilitate the daily life of residents and mitigate the dead stock of farmers. Sinopec Wuhan Petrochemical Company initiated a plan to optimize supply allocations and provided daily essentials (e.g., rice, edible oil and grains) and epidemic prevention products (e.g., liquid soaps and disinfectants) in Easy Joy convenience stores at more than 170 gas stations. The Beijing Oil Products Company introduced the "One-button Vegetable" service on the basis of a "One-button Coffee", which allowed consumers to finish refueling, top-up, invoice and shop without getting out of their cars. The Sinopec Guangdong Petrochemical Company opened its more than 2,200 convenience stores as usual during the pandemic and launched zero-contact payment modes such as Quick Pay, Unconscious Pay, and Simple Pay. The Zhejiang Oil Products Company sold agricultural products that were unsalable due to the pandemic in its more than 1,700 convenience stores throughout the province, and attracted more than 30 farmers and enterprises to discuss cooperation issues.

In 2021, people remain concerned over the pandemic. However, all of the Sinopec companies continue to shoulder responsibilities and help regions including Heilongjiang, Jilin, Hebei, Beijing and Shanghai, to build solid lines of defense against the COVID-19 pandemic.

### Return to work and production

Confronted with the severe impact of the pandemic, Sinopec took the lead to return to work and production, driving relevant industries to recover quickly and actively contribute to stabilize the economy. As of March 4th, 2020, all of the Sinopec companies (except for some companies in Hubei that were required to delay the return to work resumption) had resumed work and production. These actions stabilized the supply and industry chains, and promoted the rapid recovery of the national economy.

### 100-Day Performance Improvement

In March 2020, Sinopec launched the "100-day performance improvement" which aimed to overcome difficulties in the market, perform optimization and adjustment, reduce costs and improve work safety. This program also aimed to relieve the pressures from the pandemic and the sharp decline in oil prices by ten specific measures focusing on three goals. After 100 days of efforts, all of the goals were achieved. In particular, the indices for benefit creation were completed in advance and the cost control results were better than the planned index.

### Psychological Support

Sinopec is a people-oriented organisation that is motivated by the positive psychological energy of its staff. The company conducts ideological and political work by means of EAP (Employee Assistance Program), motivating EAP backbones and recruiting volunteers to overcome psychological issues during the COVID-19 pandemic. On the WeChat platform, Fighting Sinopec gives public lessons on how employees can properly face COVID-19, maintain mental health, and stabilize production and security. The platform upgraded the module "Counseling for Psychological Happiness" to "Sinopec Hotline for COVID-19", which provides psychological support services for Sinopec employees.

### Job Stabilization and Expansion

Sinopec implements the principles of the central government and promotes the special action of "job stabilization and expansion in the battle against COVID-19" based on the deployment of the State-owned Assets Supervision and Administration Commission of the State Council. It recruits migrant workers, social professionals and fresh graduates, particularly from pilot areas of poverty alleviation of the Sinopec and Hubei Prefectures aiming to stabilize economic growth and employment.



The Sinopec Beijing Oil Products Company creates a "one-touch service" which provides rapid, safe non-contact services.



# Causes for Public Good

With the mission of "better energy for better living", Sinopec fully exploits its position to carry out multiple public welfare and charity projects and give back to society. After years of development, the company has established a social contribution system with the core aims to reduce poverty and improve social, brand, and environmental welfare.



## Promote Spirit in the Battle Against COVID-19

Sinopec's efforts against COVID-19 have been widely recognized and praised by all walks of life providing further motivation for progress.

In August 2020, Sinopec was awarded the title of "the brand company against COVID-19" and received the "China Spectrum Award" at the 14th Annual Meeting of the China Brand Festival jointly sponsored by Brand Alliance, the Wuhan Municipal Party Committee, and the People's Government of Wuhan City.

In September 2020, the National Conference to Commend Model Workers and Organizations Against COVID-19 was held in the Great Hall of the People in Beijing. Sinopec Yanshan Petrochemical Company Synthetic Resin Factory was recognised as the "Advanced Chinese Group Against COVID-19" for "hardcore" cross-over production of meltbonds and for the successful R&D of melt-blown materials by hydrogen regulation which filled a gap in the technology of China. Li Zhengjun, the master of Sinopec Hubei Oil Company Wuhan Zhiyin Gas Station, led his staff in fighting against COVID-19 for more than two months, at the front line separated by a wall from the Huoshenshan Hospital. During the process, he provided logistic services for hospital construction and life rescue and was recognised as an "Advanced Individual in China Against COVID-19".

In October 2020, the Conference to Commend Central Enterprises in the Battle Against COVID-19 organized by the State-owned Assets Supervision and Administration Commission was held in Beijing. At the conference, Sinopec Yizheng Chemical Fiber Staple Fiber Section was awarded the title of the "Advanced Group of Central Enterprises in the Battle Against COVID-19" for its melt-blown equipment.

In December 2020, Sinopec was recognised as the "Best Enterprise Practice to Achieve the Goal of Sustainable Development in 2020" by the United Nations Global Compact. This award was received for the outstanding contributions and successful practice of Sinopec in maintaining a stable supply of oil and gas, increasing the production and supply of medical materials, innovating business models to serve the people's life, and driving supply chains to resume work and production in the COVID-19 pandemic during 2020.

## Social Welfare

Sinopec has contributed to society through public welfare projects such as the "Sinopec Brightness" Lifeline Express, "The Gas Station That Cares", "Sinopec Gas Stations of Love · Sanitation Workers' Lounges", "Homes of Truck Drivers", and "Spring Buds Project to Help Girls".

### "Sinopec Brightness" Lifeline Express

In response to the strategy towards a healthy China, Sinopec implements the principles of healthy China, and carries out welfare projects for poverty alleviation, to safeguard the health of the people. In 2004, Sinopec began to participate in the philanthropy of "Lifeline Express"; In 2007, it donated RMB 30 million to build the "Sinopec Brightness" Lifeline Express. This was the first and only mobile train eye hospital donated by Chinese domestic enterprises and specializes in charity medical activities. As a major national project to prevent and treat blindness, it is listed in the government work plans.

The "Sinopec Brightness" Lifeline Express reaches 3 poverty-stricken areas each year. It stays for 3 months in each of the areas, treating 3,000 patients on average each year, and achieves a success rate of more than 99.9% which is comparable to first-class hospitals in first-tier cities in China. Once the COVID-19 pandemic was under control, the "Sinopec Brightness" Lifeline Express started again in 2020 and arrived at its first stop in Hezhou, Guangxi in October where 1,006 cataract patients were given free surgeries to regain their sight. It was the fifth time that the lifeline express carried out a healthcare project for poverty alleviation in Guangxi, where it helped 5,603 accumulative cataract patients to regain their sight.

- It has raised a total of more than **RMB 178** million
- Raising money to build the cataract treatment health center **21**

Sinopec has carried out the "Sinopec Brightness" Lifeline Express project for 17 consecutive years and donated a total amount of over RMB 178 million. This commitment has brought brightness and hope to more than 47,000 cataract patients in poverty from 39 areas in 18 provinces, and has sponsored the construction of 21 cataract medical centers. This project has been honored with the "Special Award of Brightness Feats" issued by the China Lifeline Express Foundation for 16 consecutive years. It was also given the title of the national "Best Volunteer Service Project" by the Publicity Department of CPC and "Excellent Volunteer Service Project of central SOEs" by the State-owned Assets Supervision and Administration Commission Morality Committee.





## "The Gas Station That Cares"

Since the 18th CPC National Congress, the CPC Central Committee and the State Council have emphasized the work of migrant workers and pushed forward tasks of serving and securing migrant workers as a major project for people's well-being. Sinopec implements important guidelines on serving and securing migrant workers of the CPC Central Committee and the State Council and treats the public services of migrant workers returning to their homes seriously. Since 2013, a major public welfare event has taken place for 9 consecutive years entitled "The Gas Station That Cares" is a huge charity project. Gas stations were used as the platforms to supply the "riding motorcycles home". At the same time, they provided free services such as hot porridge, ginger tea and access to lounges and baby care rooms which gave warmth to millions of returning home.

In January 2021, Sinopec provided "1+10+X+1" free services for those who stayed away from home and remained at their posts in the Spring Festival, in 247 gas stations in Guangdong, Guangxi, Jiangxi, Hunan and Guizhou. Also, Sinopec Guangdong Petrochemical Company worked together with 26 volunteer enterprises including Easy Joy and JDL to provide 10,000 lucky gift bags for COVID-19 prevention migrant workers who spent the Spring Festival in Guangdong. It also cooperated with the China Post Guangdong EMS Branch in setting up free delivery points at 20 gas stations in 7 cities such as Guangzhou.

and Foshan, which delivered 10,000 special purchases and free gift bags to the dwellings of migrant workers.

This year, "The Gas Station That Cares" introduced products for poverty alleviation to the "Shopping Festival in Chinese New Year". Guangdong and Guangxi promoted "packages for poverty alleviation with local features to encourage customers to buy the products for poverty alleviation and support rural revitalization. The activity of the "one year's car washing service with products for poverty alleviation" was organized in Guangdong. Poverty alleviation shops were set up in more than 100 Easy Joy stores to encourage car owners to buy local featured products for poverty alleviation.

So far, "The Gas Station That Cares" has served more than 4.2 million "riding motorcycles home" and nearly 50 million travelers in total during the Spring Festival. The volunteers have served more than 45,000 people in total. After 9 years of development, "The Gas Station That Cares" has become a national famous public benefit brand that has obtained domestic and overseas honors including the "Outstanding Award of Global Brands and Reputations", the "Golden Standard Award of Corporate Citizens in Asia", the "Silver Prize of Chinese Youth Volunteer Service", and the "Bronze Prize in Public Promotion".

### Special Groups

Sinopec groups continuously provide care for special groups like women, children and the elderly.

### Personalized Services

Changing mobil oil, withholding penalties, free WIFI, and providing downtown tourist maps, etc.

### Basic Free Services

Gas stations provide emergency medicines, hot water (ginger soup and tea), hot food, battery chargers, hand warmers, simple maintenance tools, convenient oil drums, food heating appliances, route directions, and roadside assistance, etc.

### Pandemic Control Safety

Sinopec groups provide COVID-19 prevention supplies such as masks and sanitizers for passengers. The gas stations designate special personnel to conduct regular disinfection. Non-touch payment methods such as "one-click refueling" and "simple payment for refueling" are promoted to secure the pandemic control for travelers.



## "Sinopec Gas Stations of Love · Sanitation Workers' Lounges"

Sanitation plays an important role in urban administration. General Secretary Xi Jinping honored sanitation workers as the "beauticians" of cities, and highlighted that the whole of society should respect sanitation workers.

In response to the call of General Secretary Xi, Sinopec advocated supporting vulnerable groups and respecting sanitation workers. In 2016, the public welfare brand project "Sinopec Gas Stations of Love · Sanitation Workers' Lounges" was launched in Jiangsu. In 2018, the large scale public welfare project was launched in 13 provinces (autonomous regions, municipalities under the central government) in the Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Pearl River Delta, and the Sichuan-Chongqing Region. The project combines public welfare with the main business of Sinopec. Gas stations are used as platforms and are equipped with basic service facilities such as air-conditioners, microwave ovens, thermoses, lockers, books and newspapers, and WIFI. These facilities provide services such as cooling, heating, water, meal warming, WIFI, reading, and rest for sanitation workers. By the end of 2020, Sinopec had established sanitation worker lounges in a total of 2,617 gas stations across the country, and almost 5,000 volunteers had participated allowing sanitation workers to enjoy breaks during work.



On "Learn from Lei Feng Day" in 2020, Sinopec Beijing Oil Products Company gave one box of masks to each of the traffic policemen and sanitation workers in 169 gas stations with "Warm Inn for Staff" and 22 gas station with "Sanitation Workers' Lounges". This work supports the heroes who stuck to their posts and served the public in the critical period against COVID-19. In the cold-air outbreak in 2021, Sinopec "Sanitation Workers' Lounges" served health tea, hot soybean milk, warm ginger tea, hand warmers, and hand creams to sanitation and construction workers, delivery men, and traffic policemen.

- ...o More than **4.2 million** "riding motorcycles home" have been served
- ...o Nearly **50 million** travelers were served in Spring Festival
- ...o Volunteers have served more than **45,000** people in total



Brand Welfare

Sinopec encourages and supports its own brands to organize public benefit activities which help to improve the brand value and influence whilst conveying positive energy to the society.

The Sinopec Lubricant Company has held the "Experience Camp for Chinese Astronauts" for 12 consecutive years. It has also organized the "Cheering Squad for Chinese Aerospace" for 10 consecutive years, and continuously carries out the "Happiness 1+1" plan. These activities have created opportunities for ordinary people to obtain access to Chinese aerospace, advocate the aerospace spirit, and spread the aerospace culture. Among these activities, the "Experience Camp for Chinese Astronauts" is the most continuous and influential public benefit activity of aerospace popularity education in China.

In October 2020, the Sinopec Lubricant Company worked together with public benefit units such as Carpool and Easy Joy in launching the public benefit activity "Seeking the Best Chinese Car Owners", in which car owners were encouraged to record and convey good traffic behaviors on their travels and to set examples for safe and courteous driving.

Recently, "Easy Joy · Zhuoma Spring" has fulfilled its social responsibility by developing and spreading the spirit and the culture of sports and has assisted with many large-scale sports events. In 2020, "Easy Joy · Zhuoma Spring" upgraded its approach to public benefits and sponsored the "Easy Joy" Express, to support the return to work and production.



Society Services

Rescue and relief

In March 2020, a wild fire attacked Xichang, Sichuan. Sinopec Sichuan Petroleum Company started the emergency plan without delay. Whilst ensuring the safe manufacturing of gas stations near the fire, Sinopec strengthened the resource allocation, and opened easy access to secure oil supplies for disaster relief.

In July 2020, Southern China suffered from many rounds of torrential rains and floods. Sinopec donated supplies for flood prevention to the flood-stricken areas in Jiangxi and Yingshang County, Anhui. It also secured oil resources to assist with disaster relief.

Law Popularization in the Society

Sinopec actively participates in law popularization in society. It has organized quizzes of constitutional knowledge with the theme of "Sinopec Law Popularization" for six consecutive years. The activities have guided the public to learn about constitutional knowledge, advocate the spirit of the Constitution, and maintain the authority of the Constitution. It continues to donate RMB 1 million to the China Legal Aid Foundation to support legal aid volunteer services.

Serving busy season

The periods of "spring ploughing", "summer harvesting" and "autumn sowing and ploughing" are the peak periods of oil consumption in farming. To secure agricultural production and the supply of farming machine oil, Sinopec strengthens communication and service based on the market through various measures. It has contributed to the harvest of agricultural products by building agricultural assistance groups, customizing premium policies, opening green channels, and delivering oil to farms and fields for free.

Voluntary Services

With the principles of "dedication, friendliness, mutual assistance, and progress", Sinopec organizes its employees to participate in volunteer activities to serve society and convey positive energy. The volunteer activities from points to areas, from enterprises to the society, and from activity to normality have turned the volunteer service spirit of Sinopec into a unique "Sinopec culture", which is understood and practiced by all of its employees.

- ...○ The volunteers have served **951,600** people
- ...○ The volunteers have served for **1,509,500** hours



Sinopec Guangdong Petrochemical Company has established a volunteer team of 5,800 members in Guangdong Province who carry out social benefit activities such as blood donations, "Clean Seashore Action", "Quiet College Entrance Exam", and "Bright Future" each year. The volunteers have served over 790,000 hours.

Environmental Welfare

Sinopec regards the practice of environmental benefits as a focus for building ecological civilization. It guides employees and the public to participate in environmental protection through various environmental activities aiming to make the livable home greener and more colorful.



A delegation led by Zhang Yuzhuo, Chairman of Sinopec participated in the volunteer activity of planting trees.



Special Topic "Homes of Truck Drivers" Offering Considerate Services for Truck Drivers

In China, groups of workers live in their trucks and travel day and night. These truck drivers making their lives "on the wheels".

According statistics, there are 30 million truck drivers in China. More than 40% of them drive for more than 12 hours per day. Nearly 12% of the drivers work together with their "truck wives" who care for their children. Truck drivers have meals and live in the open air, shuttling back and forth in different provinces and have limited opportunities to have proper meals, sleep and wash.

To assist truck drivers, since 2019, Sinopec has built "Homes of Truck Drivers" in many provinces in China. At these facilities, the drivers are provided with many services to make them feel at home and more comfortable during their journeys.



Nearly 2,000 "Homes of Truck Drivers" have been built as a network across the country.

Sinopec implements the work deployment of the CPC Central Committee and the State Council on improving the living, working and resting conditions of truck drivers. Nearly 2,000 "Homes of Truck Drivers" have been built in 11 provinces, including Guangdong, Guangxi, Jilin and Fujian.

Sinopec plans to build 3,000 "Homes of Truck Drivers" in the next two years. This will include 300 flagship stores based on the 3A-, 4A- and 5A-class construction standards for "Homes of Truck Drivers" issued by the Ministry of Transport, 700 Sinopec standard stations of "Homes of Truck Drivers" and 2,000 ordinary stations to improve the brand of Sinopec "Homes of Truck Drivers".

The "9+X" model to build a one-stop "warm harbour"

To make the drivers feel at home, Sinopec sets "Homes of Truck Drivers" of A, B, C and D classes according to their hardware facilities and services. It builds a one-stop "warm harbour" for truck drivers by offering "9+X" core services including safe parking, self-service water, canteens, lounges, bathrooms, laundry areas, roadside assistance, and theft insurance. An average of 200,000 truck drivers are served per day, and around a total of 3 million truck drivers are covered. These facilities have become an essential "warm home" for truck drivers.

The "9+X" Core Service Model

● Safe parking	Upgrading the monitoring equipment at the station to 24h video monitoring.	● Laundry area	Laundry service for free.
● Automatic water addition	Automatically add water to trucks for free.	● Drying area	Drying service for free.
● Canteen	Clean and tidy canteen.	● Roadside assistance	The auto parts maintenance unit provides truck maintenance service.
● Lounge	Lounge with couches and sofas for free.	● Theft insurance	Launching the service of "paying for lost oil products" and establishing a night patrol.
● Bathroom	Men's and women's bathrooms and washrooms for free.	● Free WIFI and self-service kitchen	Special services such as WiFi and meal warming for free at the lounge.

Opening an online user service platform

Whilst offering offline hardware services for "Homes of Truck Drivers", Sinopec opened the online user platform, which provides more than 10 online services including precise navigation, integral, vehicle insurance purchase, logistics platform sharing, group purchase of tires, lubricant, and gas treating chemicals for truck customers. The trucks can obtain lifecycle services.

Jointly build the Warm Inn with "Homes of Truck Drivers"

Sinopec continuously extends the service chain of "Homes of Truck Drivers", and works together with the local trade union and transport administration to build the "The Gas Station That Cares". These facilities offers free services such as hot meals, hot water and showers to outdoor workers including sanitation workers, cleaners, traffic police and auxiliary police in expressway service areas. Also, the "The Gas Station That Cares" establishes an online course system, data frame, and book corner, as a practice base jointly constructed by the grassroots Party organization and the "institute" of theme education.

In the next step, Sinopec will emphasize the sustainable development of "Homes of Truck Drivers" and innovate the operation and management model. We will expand the coverage and improve the service functions to open up new prospects for the construction and operation of "Homes of Truck Drivers" and gradually create a "man-vehicle-life" smart eco-system.



Homes of Truck Drivers

That Sinopec builds "Homes of Truck Drivers" at gas stations can be regarded as a typical "staff home" jointly built by the enterprise and local people. It promotes the establishment of trade union service system for truck drivers in the province, and provides them with the benefits of its employees.

--Member of the Leading Party  
Member Group of Guangdong  
Federation of Trade Union  
Director of Auditing Committee  
Feng Jianhua

In the past, when I was tired after a long journey, I parked in the service area, washed my dirty clothes in the washroom, and returned to my truck for a rest, but I couldn't sleep well. The Homes of Truck Drivers are fully equipped, making it convenient to wash and sleep.

--Truck driver  
Mr. Sun

It was difficult to have meals and rests when I was always on the road. Sometimes, my oil products were stolen when my truck was stopped along the road. With "Homes of Truck Drivers", I don't worry about my meals. They also provide services such as bathrooms and lounge. It's so convenient!

--Truck driver  
Mr. Wang



# Performing Duties Overseas

## Creating New Cooperation Opportunities

### Planning for the 14th Five-Year Plan Period

It practices opening-up on a high level to promote the high-quality development of Belt and Road Initiatives, adhere to the principles of consultation, joint contributions and shared benefits. We aim to uphold the concepts of environmental-friendliness, openness and integrity, and deepens practical cooperation.

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## North America

Sinopec cooperates with North America in crude oil trade, petroleum exploration and development, to promote the local economic and social development and achieve win-win benefits. At the same time, Sinopec maintains legal operations, honestly paying taxes, employing local workers, and protecting the local ecological environment. We also lead community construction projects, carrying out public welfare activities, and promote cultural exchange and integration.

## Europe

Sinopec mainly conducts businesses such as trading in crude oil and chemical products, and refinery engineering in Europe. We cooperate with regional petrochemical enterprises to share resources and promote industrial development. In promoting the businesses, Sinopec strictly adheres to various international conventions and regional laws and regulations to fulfill its social responsibilities. Whilst creating economic benefits, we boldly promotes technological innovations, and resolves issues on sustainable development such as climate change and physical health. Collectively, we promote the sustainable development of the regional economy, society and environment.

### Sinopec International Petroleum Exploration Canadian Company takes COVID-19 as an opportunity to explore a new model of multi-cultural integration

Case

In 2020, faced with the dual challenges of COVID-19 and low oil prices, Sinopec International Petroleum Exploration Canadian Company explored new approaches for multi-cultural integration and team development. This approach aimed to combine remote working with the YOUnity multi-cultural integration project.

An online community of virtual activities was established through MS Teams where interest groups were formed to share job logs. This facilitated the exchange smooth between Chinese and foreign employees and improved the sense of belonging for all employees. The "online breakfast meetings" were held between the CEO and business teams, to convey the care of management for employees and to share the company strategies for production, operation, and management optimization. This approach was used to build a consensus, and unify knowledge and practices. It held the "Calgary-Beijing" hiking activity during the COVID-19 pandemic which strengthened coordination with the Beijing Headquarters in virtual form with cities as the carriers and bonds. This improved the knowledge of regional employees about Chinese culture and their emotional bond with Beijing Headquarters. It regularly issued information about COVID-19, guided mental counseling and healthy activities of employees during the pandemic. It offered a 24h hotline for psychological counseling to employees, organized a COVID-19 survey and provided feedback for all employees in response to concerns of the employees. Overall, this approach improved the confidence of employee in overcoming difficulties and winning the battle against COVID-19 with shared efforts.

### The VAE products of Sinopec Chongqing SVE Chemical Co., Ltd. entered the European market for the first time

Case

In June 2020, two tons of VAE products of Sinopec Chongqing SVE Chemical Co., Ltd. left the factory with the coordination of sales, manufacturing, and logistics. This batch of products were transported to European clients through LCL which laid a solid foundation for further cooperation.

VAE (vinyl acetate-ethylene copolymer emulsion) is a highly environment-friendly liquid product that is widely used in decorating, food packaging, architecture and other industries. In the context of the shutdown of some relevant European plants due to COVID-19, Sinopec Chongqing SVE Chemical Co., Ltd. actively communicated with the corresponding European clients and provided samples and technical support via video and phone calls. As soon as orders were received, the transshipment process was initiated along with the tendering of logistics for the transportation of products and the stocking of goods to ensure the products left the factory, For the first time, VAE products were exported to Europe and the regional product supplies were secured.

### Sinopec Yanshan Petrochemical Company and DNV GL jointly promote sustainable development

Case

In January 2020, Sinopec Yanshan Petrochemical Company and DNV GL signed a strategic cooperation agreement which symbolized that Yanshan Petrochemical had comprehensively started the assessment of an International Safety Rating System (ISRS). The introduction of ISRS of DNV GL has improved the management of security, environmental protection and the operating efficiency of Yanshan Petrochemicals.

DNV GL is a global service institution with more than 150 years experience in risk management. It is engaged in providing world-leading QHSE and risk management services. Since the strategic cooperation agreement was signed, DNV GL has provided Yanshan Petrochemical Ltd with technical services including international safety assessment, special technology assessment, training and comprehensive risk management consulting. Both sides will jointly promote sustainable development processes such as safe production and ecological environmental protection.



## Middle East

The Middle East Region has abundant oil and gas resources and plays a key role in the world's oil and gas industries. With China's economic development, the demand for oil and gas is on the rise, and the Middle East has become an important partner. Sinopec is mainly engaged in oil and gas resource investment, petroleum engineering technical service, refinery engineering technical service, and crude oil trade. Simultaneously, it uses its own technology and resources to help the region with industrial upgrading and transformation. We aim to evolve from a resource exporter to a resource deep processor, and to improve economic value. Moreover, Sinopec has established a sound HSSE management system with the region, fulfilled its social responsibilities and participated in the community construction. We have respected the regional cultures and religious beliefs to form a harmonious bond with the local people.

### Sinopec completed hoisting large equipment in the Saudi Arabia Jubail air separation project

Case

In January 2020, the Sinopec Engineering Group Co., Ltd. was contracted to build the Saudi Arabia Jubail air separation project. With the crane boom on the construction site, a 196 ton argon tank and the frame base were perfectly combined perfectly, symbolizing the completion of hoisting large equipment in the Saudi Arabia Jubail air separation project. Faced with complicated issues such as a narrow project site, civil engineering on the site, and numerous cross activities in the installation, all of the employees involved in the department of the 4th construction company united to successfully perform field operations. All the preparations, from barrier demolition to pavement construction and from the hoisting scheme approval to risk assessment, conformed to the regulations on safety of SABIC. Finally, with the common efforts of all employees, the hoisting of large equipment was completed at the time of construction and was highly praised by the employer SABIC.

### Sinopec assisted Kuwait in building the first cabin hospital

Case

In April 2020, Sinopec Engineering Group Co., Ltd. assisted Kuwait in reconstructing a project camp into the first cabin hospital in Kuwait as a key step in the fight against COVID-19. The camp was located in a sand hinterland in the Azur in southern Kuwait and covers a usable area of 170,000 square meters equal to the area of 24 football fields.

The camp consists of 1,066 employee dormitory rooms with ideal facilities such as canteens, medical rooms, and toilets. After many evaluations, Kuwait determined the project camp as the site for the first cabin hospital. Sinopec employees, with a strong sense of mission and responsibility, efficiently coordinated the camp reconstruction with the principles of pandemic control and construction safety. The reconstructed cabin hospital can hold 1,700 patients and had a major impact on the treatment of COVID-19 patients and mass quarantine in Kuwait.



# Central Asia-Russia Region

The Central Asia - Russia Region is an important source of oil and gas that plays a significant role in the world's energy patterns. Sinopec cooperated with local enterprises for oil and gas exploration, developed trade, performed chemical project construction and chemical product trade. It also undertook refinery and petroleum engineering services in the Central Asia - Russia Region. These activities contributed to regional economic development. At the same time, Sinopec aimed to protect the ecological environment, strengthening community exchanges and participated in public welfare to improve people's livelihood.

## Spare all efforts to guarantee natural gas supplies to China and Russia

Case

### Participation in the AGPP project construction to secure the supply of natural gas in China and Russia

In 2017, Sinopec Engineering Group Co., Ltd. founded a collaboration with Tecnimont, and signed an AGPP-P3 EPC contract with Gazprom. The AGPP-P3 project is the first EPC project executed by Sinopec Engineering Group Co., Ltd. in Russia. The AGPP Project is a world-class natural gas processing plant that involved significant investment from by Gazprom and is one of the large key projects to guarantee the China-Russia eastern gas supply agreement. After completion, the project will be able to produce 38 billion m3 of marketable gas delivered to China every year. The project is also of great strategic significance to the energy cooperation between China and Russia.

### Participation in the construction of the China-Russia East Line Natural Gas Pipeline Project

In August 2020, Sinopec Engineering Incorporation won the bidding for two lots of the PipeChina (Lot III of the Anping-Tai'an Section of the China-Russia Eastern Gas Pipeline Project and Lot II of the Auxiliary LNG Transmission Pipeline Project in Binhai County, Jiangsu Province). The two projects started in October 2020 and will be completed in 2022. Lot III of the Anping-Tai'an Section of the China-Russia Eastern Gas Pipeline Project has a total length of 41.7 km and is being undertaken by Sinopec Zhongyuan Oil Construction Engineering Company. The company has prepared scientific, effective and rigorous construction plans and reserved sufficient construction resources to ensure the smooth completion of the project. The China-Russia Eastern Gas Pipeline Project is a major measure taken by China to promote ecological and environmental protection and develop a low-carbon economy. This is a landmark project of energy cooperation between China and Russia and a model of deep integration and win-win cooperation between the two countries.



# South America

Sinopec is mainly engaged in oil & gas exploration and development in 6 countries and regions in South America. The Company aims to build a harmonious oil region by tax contributions and assist in infrastructure construction. These activities will tackle the problem of employment by conducting public welfare activities and protecting the ecological environment.

# Asia-Pacific Region

In the face of complicated market environments, Sinopec actively participates in international cooperation to a broad field and at a higher level. It has intensive cooperations with Malaysia, Singapore, Indonesia, Bangladesh, Pakistan, Australia and other Asia-Pacific countries. These activities include oil and gas exploration and development, oil and refining engineering services, oil and chemical products sales services, gas station retail services and international trade. We also focuses on fulfilling local social responsibilities, advocating green and sustainable development, and building better homes together with local people.

## The Ecuador Branch of Sinopec International Petroleum Exploration and Production Corporation helps protect local environmental resources

Case

Sinopec adhered to environmental protection and ecological construction in South America to conduct whole-process environmental legal compliance management. It also kept its promises in global environmental protection through measures such as meticulous environmental protection management, the application of new technologies and equipment, promoting the reduction of pollutants, hazard-free treatments and recycling, optimizing energy structures, reducing carbon emissions, and improving efficient resource utilization.

The Ecuador Andes Branch of Sinopec International Petroleum Exploration and Production Corporation takes "putting advanced practices in the industry into practice and never pollute the environment" as the core of the project operation. In the early stage of project construction, several internationally renowned environmental consultants were hired to carry out environmental surveys and formulate scientific environmental management plans. During the project operation phase, soil, water quality, gas emissions and air quality were monitored and regular environmental inspections were performed. Also, we upgraded the environment of the old well site in the southern oil region and built "a comprehensive environmental management center" in the south and north oil regions to realise the "zero discharge" of wastes. The nursery cultivating garden in the environmental management center provided seedlings for vegetation recovery. Fertilizer produced by the landfill fermentation of organic wasters was used for vegetation recovery. These environmental protection efforts were widely recognized in the award of "The Best Foreign Company Engaged in HSE & Community Affairs" by the Ministry of Petroleum of Ecuador, and honored as "The Best Company of World Petroleum HSE and Sustainable Development".

## Sinopec lubricating oil going global

Case

Based at the Sinopec overseas lubricating oil plant in Singapore, and centered on the Asia-Pacific, Sinopec Lubricating Oil Co., Ltd. provides global products and technical services. Currently, it has 9 representative offices in around the world and its products are exported to more than 60 countries and regions, serving local automobiles, transportation, mining, metallurgy, electric power, processing and other industries. It has established friendly and cooperative relations with a number of renowned international enterprises. Moreover, it provides quality products and a package of services for the national projects of "The Belt and Road Initiative" together with China Communications Construction, China Railway Construction, the CRRC Corporation Limited and the Power Construction Corporation of China. These activities deliver Sinopec's concept of "Better Energy for Better Living".

## Easy Joy's self-owned brand OULU bamboo pulp tissue officially entered the Singapore market

Case

In April 2020, Easy Joy's self-owned brand, OULU bamboo pulp tissue officially entered the Singapore market. Following the entry of "Easy Joy · Zhuoma Spring" into NTUC's 165 Fairprice supermarkets and 242 Cheers convenience stores in August 2019, Sinopec Hong Kong (Singapore) Limited actively recommended that NTUC sell Easy Joy's own-brand, OULU bamboo pulp tissue. With the widespread impact of COVID-19 in Singapore, local supermarkets in suffered a severe shortage of tissues as people rushed to buy supplies. Sinopec Hong Kong (Singapore) Limited strengthened its cooperation with NTUC to help it to purchase bamboo pulp tissues from China and replenish the tissue market in Singapore to help guarantee the supply of daily essentials.



## Africa

Africa is an important part of the Belt and Road Initiative. Adhering to the principle of mutual benefit and development, Sinopec conducts businesses such as oil & gas resource investment, engineering technical services and crude oil trade with African countries including Angola, Egypt, Algeria, Nigeria, Ghana, Gabon, Cameroon and Sudan, to boost development.

### The Angola Branch of Sinopec International Petroleum Exploration and Production Corporation helps local pandemic prevention

Case

In 2020, the outbreak and widespread of COVID-19 in Angola resulted in the Angola Branch of Sinopec International Petroleum Exploration and Production Corporation making active efforts to prevent and control the pandemic. The efforts publicized China's experience in fighting the pandemic to local employees, and coordinated the purchase from China of urgently needed pandemic prevention supplies including 24,000 masks, 30 protective suits, 600 PVC gloves, 80 goggles and 6 forehead thermometers. All of these items were donated to the health and pandemic prevention agencies of Angola whilst ensuring stable production and operation. We also donated 15,000 pandemic prevention masks, 120 bottles of disinfectant and 20 tons of food to poor communities in Angola's capital, Luanda, to help local people overcome difficulties during the pandemic.

### Sinopec sent warmth and care to the children in Chad

Case

“Mehci le Chinois and merci beaucoup Sinopec.....” are words of thanks from the teachers and students of primary schools in the Madana Village in Chad to Sinopec employees. After arriving in Chad, the Sinopec team also communicated with local villages and towns to help level roads and provide free clinical treatment services in addition to routine work. The Sinopec team found that local schools had relatively obsolete facilities and lacked stationery. In response, the Sinopec team sent the children in 3 primary schools of Madana Village 15 footballs, 75 schoolbags, 864 pencils, 600 ballpoint pens, 300 notebooks, 75 pencil boxes, 240 erasers and 180 rules as a gesture of warmth and care from the Sinopec employees.



## Hong Kong, Macao, and Taiwan of China

Sinopec is mainly engaged in the wholesale and retail of gasoline and diesel, LNG and fuel oil as well as the trade of various finished oils. As of 2020, Sinopec has 54 gas stations in Hong Kong, guaranteeing the supply of energy to local people. Sinopec pays taxes in accordance with the laws. We also carry out public welfare programs and organize volunteers to carry out environmental protection and public welfare activities to make contributions to maintaining regional harmony.

...o Sinopec has **54** gas stations in Hong Kong

### Sinopec guarantees the supply of oil products in Hong Kong the surrounding areas

Case

Since its entry into the Hong Kong market, Sinopec has grown as an important local energy supplier, providing a guarantee for the supply of energy of Hong Kong. We proudly serve Hong Kong's economy and boosting people's well-being.

#### Complete the layout of gas stations

In 2020, Sinopec won the bid for 3 stations in Kowloon: Kwun Tong Road, Sha Tin Kong Pui Street and Tai Tong Road Yuen Long. So far, Sinopec has 54 gas stations in Hong Kong, supplying gasoline, diesel and automotive LPG to the local areas.

#### Provide refueling services for ships

As one of the main suppliers of ship fuel in Hong Kong, Sinopec provides high-quality ship refueling services for international and domestic shipping companies. We have also provided warehousing, sales and wholesaling services of ship fuel such as 180cst, 380cst (RMG) and 500cst (RMK) for ships in Hong Kong.

#### Ensure the supply of oil products to all industries

As one of the major suppliers of diesel and gasoline in Hong Kong, Sinopec provides Euro V gasoline and diesel for industrial customers in the manufacturing, wharf warehousing, transportation, construction, and hotel industries. We also supply a power plant in Hong Kong ensuring the oil supply for Hong Kong's economic development.

#### Provide jet fuel filling services

Sinopec provides a jet fuel filling service for many well-known global airlines in Hong Kong making it one of the major suppliers of jet fuel at Hong Kong airport.

#### Provide convenient refueling services for the people of Hong Kong

Sinopec provides automotive LPG for taxis and minibuses in Hong Kong, central LPG for local residents, and bottled LPG for domestic and industrial & commercial consumers. These services are convenient for the residents of Hong Kong.

#### Actively giving back to society

Sinopec actively gives back to society as it grows stronger in Hong Kong. Over the years, Sinopec has continuously carried out activities such as beach clean-ups and marine conservation education programs to make contributions to the sustainable development of Hong Kong.





## Special Topic Joining Forces with Russia to Build a Model of the Belt and Road Cooperation

Sinopec's overseas businesses span the globe from the islands in Southeast Asia to the deserts in the Middle East, and from the savannas in Africa to the rainforests in South America. During the 13<sup>th</sup> Five-Year Plan period, Sinopec steadily promoted the development of its international businesses and carried out 350 projects in 60 countries (regions) around the world. Sinopec has become an important force for central SOE to implement the “go global” strategy and actively participate in Belt and Road construction.

As the largest neighbor to China, Russia is also an active supporter and key partner of the Belt and Road Initiative. For a long time, Sinopec has adhered to the principle of mutual benefit and win-win cooperation to strengthen business cooperations with Russia. Importantly, this serves economic and social development, and promotes the building of a community with a shared future for mankind.

### Energy cooperation, economic and social development

Russia is a country with the most abundant oil and gas resources in the world. Sinopec gives leverages its advantages by integrating the whole upstream, middle and downstream industrial chains. We carry out deep cooperation with local enterprises in terms of oil and gas exploration, trade, chemical project construction, chemical product trade, refining and chemical engineering services, and petroleum engineering services. These activities contribute to Russia's construction in the energy sector, energy transition and development.

### The UDM project - a model of Sino-Russian energy cooperation

Case

In August 2006, Sinopec and Rosneft jointly acquired the UDM project with a share ratio of 96.86% and shareholding ratios of 49% and 51% respectively. As the largest oil company in the Republic of Udmurt of the Russian Federation, UDM possessed more than 68% of the republic's reserves and more than 65% of its crude oil production.

The UDM Project is China's first and only oil field project currently in production in Russia. It is also a successful example of China's investment in Russia. Currently, it has produced more than 89 million tons of oil and provided around 13.5% of the local financial budget annually. With continuous further developments of Sino-Russia bilateral relations and the continuous promotion of the Belt and Road Initiative, the UDM project has maintained safe and efficient operation. The project has delivered good economic and social benefits and has become known as "a model of Sino-Russian energy cooperation".



### Sinopec and Sibur carry out deep chemical cooperation

Case

Sibur is Russia's largest gas processing and petrochemical engineering integration company. It is mainly engaged in oil & gas processing and the production of related chemicals. Since 2013, Sinopec has cooperated with Sibur to produce rubber products. In 2015, the smooth delivery of 10% equity acquired by Sinopec from Sibur further enhanced deep cooperations between these organisations.

#### Jointly build the world's largest polymer plant

In June 2019, Sinopec and Sibur concluded and signed a framework agreement on the investment and construction of a large chemical complex project (AGCC, namely Amur Gas Chemical Complex Plant) in the Amur region in the far east of Russia. In May 2020, Sinopec Engineering (Group) Co., Ltd. won the bidding for the AGCC polyolefin project with a designed polyethylene and polypropylene capacity of 2,300 KTA and 400 KTA respectively. This project is expected in operation in 2025 and would become one of the largest and most advanced polymer production bases in the world.

#### Jointly operate butadiene rubber production and trade

In August 2013, Sinopec and Sibur jointly established the Sibul-Sinopec Synthetic Rubber Co., Ltd., which was the first overseas joint capital cooperation project of Sinopec in the chemical sector. Since its establishment, Sibul-Sinopec Synthetic Rubber Co., Ltd. has produced 280,000 tons of NBR, supplying high-quality rubber products to 35 countries and regions including Russia and China. In September 2020, the first batch of 9 tons of NBR latex produced by the Krasnoyarsk Synthetic Rubber Plant, a joint venture of Sinopec and Sibur, was sent to a customer in Uzbekistan for testing. After the project was put into operation, Russia's domestic manufacturers enabled the production of 230 million pairs of gloves every year.

#### Jointly build the SEBS project

In September 2019, Sibur and Sinopec concluded and signed a framework cooperation agreement on the SEBS project. According to the agreement, Sibur and Sinopec will build a new SEBS plant with a SEBS capacity of no less than 20 TKA jointly in Russia with a 50:50% share ratio.

#### Optimize and unblock international trade in chemical products

At the beginning of 2020, the Chinese Spring Festival holiday and the widespread of COVID-19 had significant impacts on Sinopec (Hong Kong) Co., Ltd., Sibur. Other chemical companies in various regions cooperated to efficiently transport chemicals by sea through the eastern line and by land through the western line. This approach provided a double guarantee for Sibur's imported products into the domestic market. As of October 2020, a total of 288,338 tons of polyethylene products had been shipped to China from Sibur's plant in Russia.



## Global citizens improve the well- being of local people

### Localized employment

According to the principle of "talent internationalization and localized employment", Sinopec gives priority to hiring local employees in Russia and attaches importance to the occupational health of its employees. We strive to build a platform for employee growth to achieve win-win results in overseas business and develop local talent. 99.8% of the employees in the UDM Branch of Sinopec International Petroleum Exploration and Production Corporation in Russia are locals.

### Safety environment

Sinopec continues to strengthen the production and operation safety in Russia. We have embedded a culture of safety in all projects by establishing and perfecting safety management systems, strengthening safety risk prevention and control, and arranging the work of public safety and pandemic prevention. Sinopec adheres to the concepts of green and low-carbon development and continues to strengthen environmental management and control. We have launched green production and protect the ecological environment to reduce the impacts of production and operation on the environment.



Strict safety supervision and environmental protection has enabled the UDM Branch of Sinopec International Petroleum Exploration and Production Corporation in Russia to achieve the target of "three zeros" (i.e. zero emission, zero pollution and zero failure). We have also won the first prize for "safety and environmental protection in the Republic of Udmurt".

### Community participation

In Russia, Sinopec has actively integrated into local communities and is dedicated social and public welfare undertakings. We support local education development and carry out community activities to spread the warmth. We respect diverse cultures, have established communication mechanisms and enhanced a mutual understanding and to build a strong and sincere Sino-Russia partnership. Also, during the outbreak of COVID-19, we have actively participated in pandemic prevention and control work, and shared China's experience in fighting against the pandemic. These efforts have been highly praised and recognized by the local government and people.

The employees of the UDM Project Department of Sinopec International Petroleum Exploration and Production Corporation live in harmony with the local residents of Moon Street. They often organize activities such as Chinese food festivals, Chinese classical culture exchange meetings, Chinese traditional handicrafts and Sino-Russia friendly sports matches. The local residents of Moon Street have participated in these activities.



The UDM Branch of the Sinopec International Petroleum Exploration and Production Corporation in Russia has been focused on local charities since 2006. Recently, the UDM Branch of Sinopec International Petroleum Exploration and Production Corporation in Russia has built 125 new outdoor playgrounds and new children's sports facilities for 105 local kindergartens and primary schools in local communities. All of these children's sports facilities are built to European standards to ensure high levels of safety and environmental protection.



# Responsibility Management

## Guiding Sustainable and New Development

### Guiding Opinions on Better Fulfilling Social Responsibilities of State-owned Enterprises of the State-owned Assets Supervision and Administration Commission of the State Council

The state-owned enterprises focus on five aspects such as deepening the concept of social responsibility, clarifying topics on social responsibility, and integrating social responsibility into operation. We also aim to strengthen communication in social responsibility and work to maximise economic, social and environmental values.

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# Responsibility Model

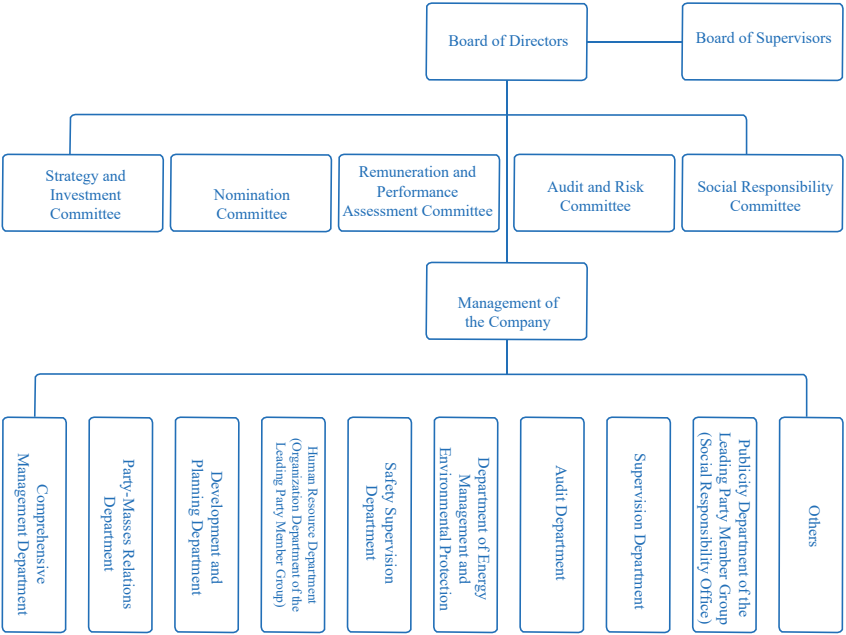
Sinopec took "Better energy for better living " as its corporate mission and developed transformed social responsibility into its operating philosophy. This was integrated into our corporate strategy, operations, and culture as a conscious activity. We continue to strengthen our social responsibilities and communication. We aim to play an irreplaceable role in promoting economic, social and environmental sustainable development and contribute to building a better world and a better future.

Social responsibility management model	Responsibility organization		Responsibility fusion		Responsibility Communication	
	Concept guidance	Enterprise mission: Better energy for better living	Topic practice	Energy and chemical industries, green and low-carbon partnerships to give back to society and performing overseas duties	Responsibility report	Reporting on social responsibility, special topics, regional development, and issued by each affiliated entity
	Responsibility organization	Social responsibility governance organization	Stakeholders	Governments, shareholder and creditor, client, employee partner related organizations, non-governmental organizations, communities and the public	Participation of stakeholders	Newspapers and new media platform "Internet +" platform "Series of activities of "Entering Sinopec" Industry communication in social responsibility
	Responsibility planning	Social responsibility planning in the 14 <sup>th</sup> Five-Year Development Plan	Responsibility performance	Include social responsibility work in party construction assessment		
	Responsibility system	Management measures for social responsibility work	Capacity for responsibility	Social responsibility benchmarking, training and research		

## Social responsibility organization structure

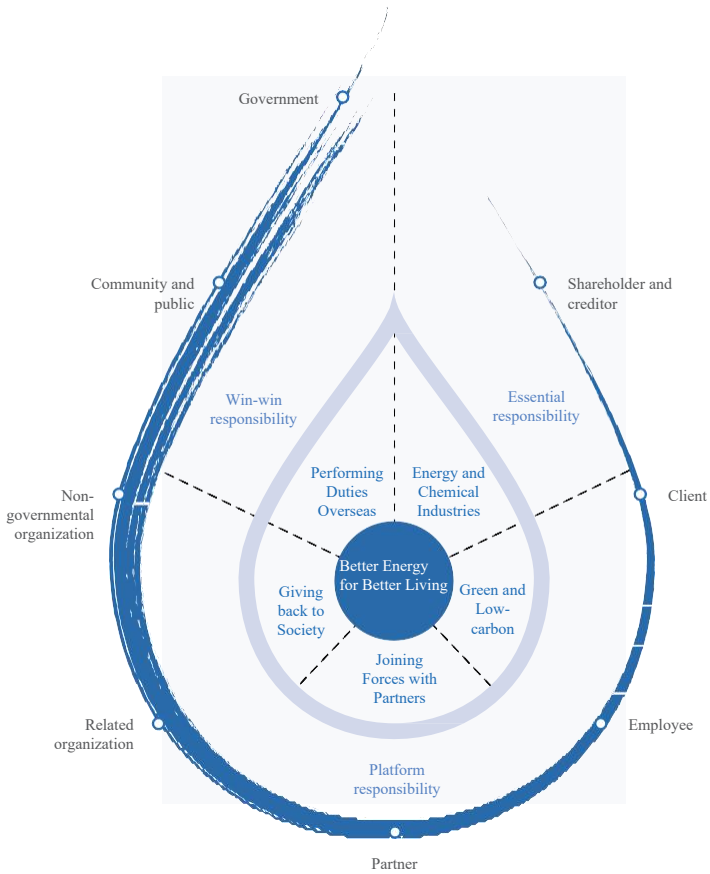
Sinopec has established a Social Responsibility Committee as a decision-making body for the Company's social responsibility. It is mainly responsible for coordinating the Company's social responsibility work, formulating relevant policies and reviewing relevant documents. Sinopec is the first central SOE to set up a Social Responsibility Committee on its Board of Directors.

The Social Responsibility Committee has set up a Social Responsibility Office (i.e. Publicity Department of the Leading Party Member Group) that is responsible for the strategic planning of the Company's social responsibilities. It also responsible for the overall planning, coordination and promotion of specific affairs, the preparation and release of corporate social responsibility reports, publicity and research. Each department of the Company headquarters is responsible for the social responsibility work within the scope of its businesses according to the division of functions. Each subordinate enterprise (unit) of the Company has established a social responsibility management organization to actively promote social responsibility practice, and ensure the normal implementation of social responsibility work.



## Social responsibility practice system

Sinopec took the initiative in practicing five concepts for innovative, coordinated, green, open, and inclusive development. The practices fulfil five aspects, i.e. energy and chemical industry, green and low-carbon, joining forces with partners, giving back to society, and performing duties overseas with stakeholders jointly around the Company's development strategies. We strive to assume essential, platform and win-win responsibilities of the enterprise, and to create comprehensive economic, social and environmental values. Collectively, these efforts promote the mutual sustainable development of enterprises and stakeholders.



- Essential responsibility:**  
Pursue its original aspiration and mission, and perform a good job in products and services
- Platform responsibility:**  
Make use of the unique advantages or channels of the enterprise to fulfill its social responsibilities
- Win-win responsibility:**  
Capture the vision of building a community with a shared future for mankind and the spirit of helping the world, and fulfill its responsibilities as a global citizen



# Responsibility Issues

To ensure the concepts of social responsibility are effectively integrated into the enterprise management and business operations, Sinopec has identified 20 key topics on social responsibility. These are based on national macro policy orientation, domestic and foreign social responsibility and the corporate development strategy planning. The topics focus on social responsibilities in the domestic & foreign energy industry and oil & gas industry. They emphasize public opinion and have specific requirements in work processes according to various function of departments and subordinate enterprises (units). These act to effectively promote the implementation of responsibility topics, and maximise the economic, social and environmental value and achieve common sustainable development.



Sustainable development and socially responsibility management



Risk Management



Anti-corruption construction



Energy and chemical product supply



Non-oil service



Product quality and service



Innovative development



Work Safety



Occupational health and safety



Supply chain management



Clean energy supply



Energy conservation and emission reduction



Addressing Climate Change



Biodiversity conservation



Focus on shareholders' equity



Safeguarding employees' rights



Protection of human rights



Public charity and volunteer service



Poverty Alleviation



Performing Duties Overseas

# Responsibility Communication

Sinopec has attached great importance to communication and exchanges with the stakeholders. We have taken the initiative in broadening communication methods and developed innovative communication channels. We have listened to and studied the needs of stakeholder's including their expectations and translated them into the actionable goals. We have developed timely plans for enterprise development and effectively spread the concepts of social responsibility and performance trends to built a responsible brand image.

Communication about social responsibility	"1+N" reporting system	<ul style="list-style-type: none"><li>2019 Corporate Social Responsibility Report of Sinopec</li><li>Sinopec's Report on Fulfilling Responsibilities to Assist Poverty Alleviation of Dongxiang County in Gansu Province</li><li>Records of Sinopec's Assistance in Poverty Alleviation and Atlas of Sinopec's Assistance in Poverty Alleviation</li><li>Sinopec's Report on Serving Sustainable Development of the Belt and Road Initiative - Sinopec in Russian</li></ul>
	Newspaper and periodicals	<ul style="list-style-type: none"><li>China Petrochemical News</li><li>Sinopec Monthly</li></ul>
	New media platforms	<ul style="list-style-type: none"><li>Petrochemical News APP</li><li>Microblog Official Account of Sinopec "Shihua Shishuo": <a href="http://weibo.com/sinopec">http://weibo.com/sinopec</a></li><li>WeChat Official Account of Sinopec: <a href="#">woshi_xiaoshitou</a></li><li>WeChat Official Account "Fenjin Shihua": <a href="#">ghi_8e30ffacfdbb</a></li><li>WeChat Official Account of Sinopec's Blackboard Poster: <a href="#">shhbb2014</a></li><li>Official Tik Tok ID of Sinopec: <a href="#">zgsh</a></li><li>Twitter: <a href="#">@SinopecNews</a></li><li>Facebook: <a href="#">@Sinopec</a></li><li>YouTube Channel: Sinopec</li></ul>
	"Internet +" platforms	<ul style="list-style-type: none"><li>Sinopec's News Website: <a href="http://www.sinopecnews.com">http://www.sinopecnews.com</a></li><li>Sinopec's Online Museum: <a href="http://museum.sinopec.com">http://museum.sinopec.com</a></li></ul>
Exchange about social responsibility	Series of activities of "Entering Sinopec"	<ul style="list-style-type: none"><li>Having organized the activity of "Public Open Day" for 10 consecutive years</li><li>Having organized the activity of "Social Supervisor" for 10 consecutive years</li><li>Having organized the activity of "Media Communication Meeting" for 11 consecutive years</li></ul>
	Industry communication about corporate social responsibility	<ul style="list-style-type: none"><li>Attending "Press Conference on 50 Typical Cases of Targeted Poverty Alleviation by Chinese Enterprises (2019)" organized by the State Council Leading Group Office of Poverty Alleviation and Development</li><li>Participating in the "Activity on Centralized Issuing of Corporate Social Responsibility Reports of Central SOEs (2020) organized by the State-owned Assets Supervision and Administration Commission of the State Council</li><li>Undertaking the "Poverty Alleviation Forum for Central SOEs" of the State-owned Assets Supervision and Administration Commission of the State Council and sharing experience</li><li>Supporting "the 12<sup>th</sup> Open Class on Responsibility Sharing and sharing experience in teaching</li><li>Participating in a range of meetings on China Social Responsibility 100 Forum, including the third Beijing Responsibility Exhibition, and sharing experience</li><li>Participating in the "China Corporate Social Responsibility Forum" co-organized by China News Service and China Newsweek, and sharing experience</li><li>Supporting "Xingyun Advanced Trainee Program for Social Responsibility", sharing teaching experience, and inviting trainees to visit Sinopec Yanshan Petrochemical Company</li><li>Attending conferences and meetings like the International Conference on CSR Reporting in China</li></ul>



## Special Topic Improving Responsibility Communication Mechanisms and Building Responsible Brand Images

Sinopec has insisted on transparent communications and identified clear targets and key points. We have focused on the core concepts of social responsibility, and developed innovative and diversified modes of developments. We have improved the level of responsibility communication and publicity, and influenced and positively interacted with stakeholders according to the local conditions. We have built a responsible brand image and reputation. In 2020, Sinopec strengthened communications on key issues such as poverty alleviation and the pandemic, and fulfilled our overseas responsibilities for environmental protection.

### Strengthening communication in poverty alleviation and highlighting responsibility shouldering

In 2020, Sinopec issued the *Sinopec's Report on Fulfilling Responsibilities to Assist Poverty Alleviation of Dongxiang County in Gansu Province*. This was the first documentary film on poverty alleviation of Dongxiang County—*For General Secretary's Instructions—, the Not One Less on the Way to Moderate Prosperity — Records of Sinopec's Assistance in Poverty Alleviation and the People's Yearning for a Better Life — Atlas of Sinopec's Assistance in Poverty Alleviation*. The film summarized the practices and achievements of Sinopec in targeted poverty alleviation. We also organized the Poverty Alleviation Forum for Central SOEs with a theme of "Keeping in Mind the General Secretary's Instructions to Consolidate Achievements in Poverty Alleviation and Continue Rural Revitalization". This was performed under the State-owned Assets Supervision and Administration Commission of the State Council together with the China Social Responsibility 100 Forum which assisted in building platforms for communication and exchange. The organisations publicized the positive experiences and practices of central SOEs in poverty alleviation, and mobilized all of society to provide assistance in winning the battle against poverty and building a moderately prosperous society.



Zhang Yuzhuo, Chairman of Sinopec, released *Sinopec's Report on Fulfilling Responsibilities to Assist Poverty Alleviation of Dongxiang County in Gansu Province* at the Poverty Alleviation Forum for Central SOEs.

### Innovating in the publicity of fight against the pandemic and carrying forward the great spirit

At the beginning of 2020, the sudden outbreak of COVID-19 seriously threatened people's lives and health with major impacts on China's national economy. Sinopec was fully committed to fighting against the pandemic, guaranteeing the supply of pandemic prevention supplies and the efficient return to work & production practice to contribute to winning the battle against the pandemic. Sinopec strengthened publicity in the fight against the pandemic and also published e-books (such as *Make Concerted Efforts to Fight Against the pandemic*), an anti-pandemic song (*Make Great Efforts Together*), and the monograph (*Value Communication*). Collectively, the outputs summed up the experience and conveyed the spirit of fighting against the pandemic.

### Spreading fulfillment of overseas responsibilities and building bridges of friendship

In 2020, Sinopec strengthened the fulfillment of overseas responsibilities and delivered the concepts of corporate responsibilities and performance to stakeholders through various channels. In Saudi Arabia, the "Internet Open Day" had a theme of "Better Energy for Better Living" and was held to show Sinopec's history of sustainable development in Saudi Arabia in a multi-angle and all-round manner. It also provided a platform to launch a new book "My 100 Colleagues At Home and Abroad". In Russia, the activity of "Internet Open Day" of the UDM Project was held. Also, stakeholders were invited to visit the Company. *Sinopec's Report on Serving Sustainable Development of the Belt and Road initiative - Sinopec in Russian* was prepared. The Facebook, Twitter and VK IDs of "Sinopec in Russia" were operated to present the responsible corporate image of Sinopec in Russia in an inclusive manner.



The Facebook page of Sinopec Russia



The Twitter account of Sinopec in Russia



The VK account of Sinopec in Russia

### Running enterprises in an open way and demonstrated a green image

Since the 18th CPC National Congress, the CPC Central Committee and the State Council have put forward new development concepts and strategic measures such as developing a green, circular and low-carbon economy, and vigorously promoting ecological civilization construction. Sinopec actively responded to the call to a promote green and low-carbon economy by holding the innovative activity of a "Public Open Day" to which all sectors of society were invited to demonstrate the Company's smart, green and open corporate image.

On April 22, 2020, Sinopec officially launched the open public day activity of the "Cloud Open" with a theme of "Exploring Intelligent Energy". 70 enterprises conducted live broadcasts on the same day and more than 100 employees acted as network anchors to lead networks to visit Sinopec. These activities popularized petroleum and petrochemical knowledge and allowed people to enjoy the beautiful scenery of the garden-like factory. People could also witness major engineering construction and supervise the production of pandemic prevention supplies. Also people told touching stories on the Internet of fighting against the pandemic including relevant topics as "Tackling Challenges and Creating Benefit in One Hundred Days" for pandemic prevention, fighting against the pandemic and returning to work & production.



# Outlook

The year 2021 is a year for Sinopec to embark on a new journey of fully building a modern socialist country and implementing a world-leading development strategy.

A new journey, in a new era and a new stage. Standing on the new intersection of history, Sinopec will continue to follow the guidance of Xi Jinping's thoughts on Socialism with Chinese Characteristics for a New Era. We will follow the general principle of seeking progress whilst keeping performance stable. We will fully implement new development concepts, work hard to be the first, promote high-quality development in an all-round way, and strive to build a world-leading clean energy chemical company. We will have a good start in the 14<sup>th</sup> Five-Year Plan period and continue to make new contributions to building a modern socialist country in a comprehensive manner.





# Appendix

## KPIs

	Indicator	Unit	2018	2019	2020
Economic performance	Total assets	RMB 100 million	22,601	22,117	22,400
	Operating revenue	RMB 100 million	29,368	30,034	21,423
	Paid taxes	RMB 100 million	3,581	3,122	2,977
	Domestic crude oil production	10,000 tons	3,506	3,513	3,514
	Domestic natural gas production	10 <sup>8</sup> m <sup>3</sup>	276	296	303
	Overseas equity oil and gas equivalent	10,000 tons	4,250	4,252	3,672
	Refining capacity	10 <sup>8</sup> t/a	2.95	2.93	2.96
	Crude oil processing capacity	10,000 tons	24,596	25,041	23,860
	Number of gas stations with Sinopec logo	Set	30,661	30,702	30,713
	Refined oil operating volume (excluding Hong Kong)	10,000 tons	23,769	25,495	16,799
	Ethylene production	10,000t/a	1,151	1,249	1,206
	Chemical product operating volume	10,000 tons	8,660	8,581	7,603
	Resolution rate for customer complaints on refined oil sales	%	100	100	100
	Customer's loyalty to lubricating oil products	%	93.5	93	93
	Resolution rate for customer complaints on lubricating oil sales	%	100	100	100
	Resolution rate for customer complaints on chemical product sales	%	100	100	100
	Number of domestic and foreign patents applied	Items	7,184	7,439	7,972
	Number of domestic and foreign patents authorized	Items	5,241	4,843	5,140

	Indicator	Unit	2018	2019	2020
Environmental performance	Year-on-year change in industrial water withdrawal	%	-1.1	-1.1	-1.1
	Up-to-standard ratio of discharged wastewater	%	99.9	99.9	100
	Volume of carbon trading	10,000 tons	172	269	360
	Indicator	Unit	2018	2019	2020
Social performance	Number of employees	10,000 persons	68.5	64.1	60.8
	Collective contract coverage	%	100	100	100
	Signing rate of employment contract	%	100	100	100
	Coverage of five social insurance and one housing fund	%	100	100	100
	Stipulated payment rate of five social insurance and one housing fund	%	100	100	100
	Proportion of minority employees	%	3.2	3.1	3.2
	Proportion of female employees	%	33.0	31.9	31.0
	Proportion of women in management positions	%	12.6	12.4	12.6
	Proportion of unionized employees	%	100	100	100
	Occupational health examination rate of employees	%	99.0	99.0	99.9
	Coverage of physical examination and health record	%	99.0	99.0	99.9
	Social donation	RMB 100 million	2.73	4.57	4.39
	Investment in assistance to Tibet and Qinghai (the headquarters)	RMB 10,000	4,270	4,573	4,685
	Investment in fixed-point poverty alleviation (the headquarters)	RMB 10,000	10,719	11,927	14,054
	Number of subsidized poor students	Persons	2,028	2,053	1,170



Indicator Index

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# Rating Report

## Report on the rating of the 2020 Corporate Social Responsibility Report of China Petroleum & Chemical Corporation

Entrusted by China Petroleum & Chemical Corporation, a rating panel composed of experts selected by the China Expert Committee on CSR Report Rating has rated the *2020 Corporate Social Responsibility Report of China Petroleum & Chemical Corporation* (hereinafter referred to as "the Report").

**I. Rating Basis**  
*Guidelines 4.0 on Corporate Social Responsibility Reporting for Chinese Enterprises - Petrochemical Industry (CASS-CSR 4.0)* from Chinese Academy of Social Sciences and *Rating Criteria on Corporate Social Responsibility Report for Chinese Enterprises (2020)* from China Expert Committee on CSR Report Rating

**II. Rating Process**  
1. The rating panel reviewed and confirmed the *Procedural Data Confirmation of Corporate Social Responsibility Report* and relevant supporting materials submitted by the preparation group of the Report.  
2. The rating panel evaluated the preparation process and content of the Report and drew up a rating report.  
3. The Vice Chairman of the China Expert Committee on CSR Report Rating, the leader of the rating panel, and the experts of the rating panel jointly signed the rating report.

**III. Rating Conclusion**  
**Procedure (★★★★★)**  
The Social Responsibility Office of the Company took the lead in setting up a report preparation group and controlling report themes, issues and frameworks and key points of report preparation. The Social Responsibility Committee was responsible for the final approval of the report; identifying the report as an important tool to promote social responsibility management and enhance brand image, with clear positioning of functional value; identifying substantive issues according to national macro policy, corporate development strategy, social responsibility standards at home and abroad, industry benchmarking analysis and so on; actively promoting subordinate companies to prepare corporate social responsibility reports and facilitating the longitudinal integration of social responsibility works; and planning to release the report through a special press conference, and to present the report in softcopy, hardcopy, Chinese and English versions and other forms. So the Procedure is excellent.

**Substantiality (★★★★★)**  
The Report systematically discloses key issues in the petrochemical industry, such as implementation of macro policy, product quality management, product sustainable supply, occupational health management, guarantee of production safety, scientific and technological innovation, energy conservation and emission reduction, development of circular economy, dealing with climate change, ecological protection and restoration, and supply chain responsibility. So it is excellent in Substantiality.  
**Integrity (★★★★★)**  
The Report discloses 90.71% of core indicators of the petrochemical industry from the perspectives of "Energy and Chemical Industries, Sustaining Beautiful Life", "Green and Low-carbon, Assisting in Building Beautiful Homeland", "Joining Forces with Partners, Co-creating and Sharing New Value", "Giving back to Society, Composing A New Chapter of Happiness", "Performing Duties Overseas, Creating New Cooperation Opportunities", "Responsibility Management, Guiding Sustainable and New Development". It is excellent in Integrity.

**Balance (★★★★★)**  
The Report discloses such negative data as "number of environmental events of oil spills", "number of major legal compliance risk events", "number of emergency environmental pollution and ecological damage events", and "number of damages to biodiversity". It also details the practice of actively dealing with some cases of illegal operation of gas stations, and the processes and results of improving business management. So it is excellent in Balance.

**Comparability (★★★★★)**  
The Report discloses the comparative data for 3 consecutive years of 54 indicators such as "total assets", "crude processing volume", "number of patent applications at home and abroad", "passing rate of discharged wastewater" and "investment of targeted poverty alleviation". It also makes a horizontal comparison of such data as "Global Top 1 polyolefin production capacity", "Global Top 4 ethylene production capacity" and "Global Top 2 synthetic rubber capacity". So it is excellent in Comparability.

**Readability (★★★★★)**  
The Report themes on "Cleaner Energy, Better Life", and comprehensively shows the Company's concept on the annual performance of duty, actions and results in the aspects of energy and chemical industries, green and low-carbon, joining forces with partners, giving back to society, performing duties overseas, and responsibility management. It has a clear frame structure, highlights key issues, and illustrates the Company's deep understanding of social responsibility. The cover uses ink painting style integrating with the main business elements of the corporate. The sections and double spreads illustrate the Company's performance of duty with real scene photos, which highlight the characteristics of the corporate and the industry, and increase the identification of the Report. Each chapter ends up with "a special topic", which vividly displays the Company's annual highlight practice, thus increasing the vividness and interest of the Report. So it is excellent in Readability.

**Innovation (★★★★★)**  
The Report sets up three special topics of responsibilities, namely "forged ahead in 'the 13th Five-Year Plan' to cast brand new Sinopec", "assist in poverty alleviation and continue on rural revitalization", and "clean energy to refuel the Olympic Winter Games". It focuses on highlight practices in performance of duty in improving quality and efficiency and upgrading, assisting in targeted poverty alleviation and supporting the green Olympic Winter Games, which reveals the responsibility of a central SOE to implement macro policies. The chapter's double spread quotes important statements of the "14th Five-Year Plan", closely follows the major policies of the state, and actively responds to the sustainable development target of the United Nations, which shows that the Report keeps pace with the times and the corporate pursues performance of duty. It reveals the *Sinopec's Report on Fulfilling Responsibilities to Assist Poverty Alleviation of Dongxiang County in Gansu Province*, the first documentary film on poverty alleviation of Dongxiang County—*For General Secretary's Instructions*—, the *Not One Less on the Way to Moderate Prosperity — Records of Sinopec's Assistance in Poverty Alleviation* and the *People's Yearning for a Better Life — Atlas of Sinopec's Assistance in Poverty Alleviation*, building a multi-form report propagation matrix and further enhancing stakeholders' communication. Stakeholders' testimonies have been quoted in many places to prove the effectiveness of the Company's performance of duty, thus increasing the public credibility of the Report. So it is excellent in Innovation.

**Comprehensive rating (★★★★★+)**  
After evaluation by the rating panel, *2020 Corporate Social Responsibility Report of China Petroleum & Chemical Corporation* was identified as five stars in Procedure, Substantiality, Integrity, Balance, Comparability, Readability and Innovation. Therefore, it was rated as five stars comprehensively, being the model of corporate social responsibility report.

  
Chinese Expert Committee on CSR Report Rating  
Sinopec's corporate social responsibility reports have passed five-star rating criteria for 10 consecutive year

**IV. Recommendations for improvement**  
Disclose additional industrial core indicators to further improve the integrity of the report.

  
Vice Chairman of China Expert Committee on CSR  
  
Leader of rating panel  
  
Expert of rating panel

Scan the code to view corporate rating files  


Issued on: April 12, 2021

# Feedback

Dear Readers,  
Hello! Thank you very much for taking the time to read the *2020 Corporate Social Responsibility Report of China Petroleum & Chemical Corporation*. We welcome any suggestions on our corporate social responsibility report. We will listen carefully to every reader's opinions.

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## Your information

Name: \_\_\_\_\_ Phone No.: \_\_\_\_\_

Unit: \_\_\_\_\_ E-mail: \_\_\_\_\_

## Report evaluation

	Integrity	Logicity	Readability	Innovation
Overall evaluation of the report				
Energy and Chemical Industries, Sustaining Beautiful Life				
Green and Low-carbon, Assisting in Building Beautiful Homeland				
Joining Forces with Partners, Co-creating and Sharing New Value				
Giving back to Society, Composing A New Chapter of Happiness				
Performing Duties Overseas, Creating New Cooperation Opportunities				
Responsibility Management, Guiding Sustainable and New Development				

Note: 5 levels for each evaluation indicator, 1 is the lowest score and 5 is the highest score

## Your opinions

Your opinions and suggestions on the report

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