

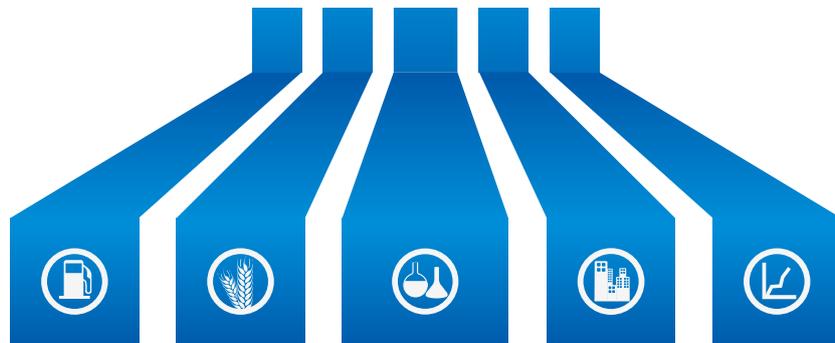


SINOCHEN



Sustainable Development Report 2015

Sinochem Group



Creating Value
Pursuing Excellence



ABOUT THIS REPORT

This is Sinochem Group's sixth Sustainable Development Report. The previous five reports were issued in June 2011, June 2012, May 2013, June 2014 and July 2015. Sinochem Group also published a Corporate Social Responsibility Report in April 2007, June 2008, June 2009, and June 2010.

REPORT PERIOD

This report covers Sinochem's activities between 1 January and 31 December 2015. Parts of the content may reflect activities and data from previous years.

REPORT PUBLICATION CYCLE

This is an annual report.

REPORT SCOPE

This report includes Sinochem Group and its subsidiaries.

REPORT REFERENCE

The report follows the guidance of the national standards GB/T 36001-2015 CSR Reporting Guidelines, and the Guidelines for Key State-owned Enterprises to Fulfill Corporate Social Responsibility, the Ten Principles of the United Nations Global Compact, the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G4), the ISO 26000: 2010 Guidance on Social Responsibility issued by the International Standards Organization, and the CSR Reporting Guidelines for Chinese Companies (CASS-CSR 3.0) issued by the Chinese Academy of Social Sciences (CASS).

COMPILING PROCESS

Report compilation scheme made and work team established, stakeholders and key subjects identified, and report framework determined, report made, edited and enhanced, report reviewed by company leadership team, report released, feedback collected to make future improvement.

IMPROVEMENTS

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

- The compiling process to give the readers a clear sense of how the report was compiled;
- The process and results of identifying stakeholders to enhance the substantiality of the report;
- More graphical contents to increase the readability of the report.

DATA SOURCES

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

APPELLATION

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

LANGUAGE OF THE REPORT

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

OBTAINING COPIES OF THE REPORT

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

CONTENTS

02 Chairman's Message

04 About Us

08 Strategy and Governance

13 CSR Management

68 Special Column on Responsibility

72 Prospect

73 Status of the 10 Principles in the
Global Compact

74 Experts' Comments

76 Indicators Index

77 Feedback Form



20 Serve National Economy and People's Livelihood, Contribute to National Prosperity

- 22 Safeguarding National Energy Security
- 24 Safeguarding National Agricultural Security
- 28 Advance Chemical Industry
- 30 Serve People and Create Happiness
- 32 Technological Innovation Enhances Growth Potential
- 33 Continue to Enhance the Shareholders' Value



36 Provide Value-added Services, Develop with Our Clients

- 38 Enhance the End-customer Service Quality for Our Oil Business
- 39 Complete Agricultural Service System
- 42 Provide Professional Comprehensive Chemicals Service
- 43 Provide High Quality Property and Property Management Service
- 44 Provide Credible and Efficient Financial and Tendering Service



46 Practice Safety and Environment Protection, in Harmony with the Nature

- 48 Strengthen HSE Management
- 51 Materialize Safety Actions
- 53 Dedication to Environment Protection



56 Respect the Value of Talents, Grow with Our Staff

- 58 Safeguard Employees' Lawful Rights
- 59 Realizing Employees' Value
- 61 Enhance the Sense of Belonging of Our Staff



62 Contribute to Public Welfare Undertakings, Dedicated to Social Progress

- 64 Poverty Relief
- 65 Advance Win-Win Cooperation
- 67 Being an Active Member of Charitable Activities

Chairman's Message



Nowadays, delivering social responsibility has become an important strategic means for a business to realize sustainability, enhance core competitiveness, and adapt to the New Normal of economy. As a company with ideal and belief, Sinochem has always bear in mind the core philosophy of "Creating Value, Pursuing Excellence". It tries to integrate CSR into every link of its business operation, maximize the value that it can create for the economy, society and environment, committed to building a great company commanding the respect globally.

In 2015, Sinochem continued to deepen its reform, pressed ahead with its strategic transformation, enhanced its development quality, strengthened its ability to deliver CSR, promoted the coordinated development of its five business sectors, including energy, agriculture, chemical, real estate and finance, and contributed to the harmonious progress among economy, environment and society. Sinochem fully leveraged its role as the national team in such sectors as oil, fertilizer, seed and pesticide, and strictly followed the macro-economic control measures of the country, contributing to the market stability and the safety of energy and agricultural industry. We kept making product and service innovation, enriching our service scope, and intensifying our service ability in energy, agriculture, chemical, real estate and finance sectors. We also carried out activities in behavior safety improvement and facility safety enhancement to create an atmosphere of safe production and to build a company with essential safety in its gene. We implemented green development strategy in a vigorous manner, promoting green production, circular economy and the harmonious co-existence with the nature. We kept improving our HR policy, enhanced the training for employees, innovating and diversifying incentive mechanism, ignited employees' passion for work, and increase their sense of belonging to the company. We also organized targeted poverty-alleviation activities by providing assistance to four targeted counties in Tibet, Qinghai and Inner Mongolia, contributing to the local economic and people's livelihood improvement.

A company is always "on the way" to deliver its social responsibility. In 2016, Sinochem will pool the strength of all Sinochem people, and dedicate ourselves to the corporate citizenship. We will take the philosophy of "innovation, coordination, green, openness, sharing" as the guidance, be committed to development in scientific, harmonious and green manner, make determination to build an ever-green business, and bring prosperity and well-being to all stakeholders.

Frank Ning

Chairman, Party Secretary

About Us

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

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

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

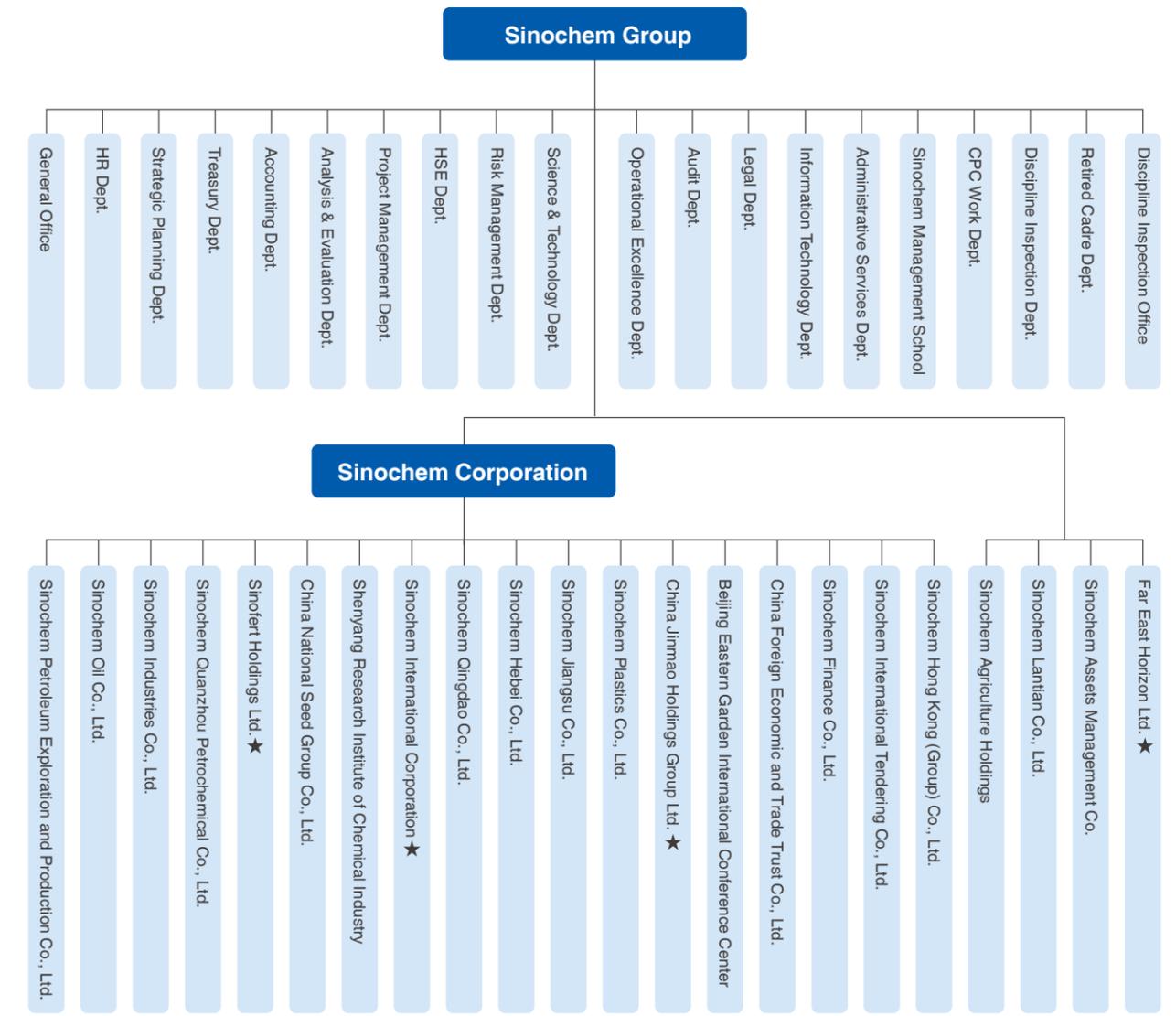
Sinochem Group was one of China's first entrants into the Fortune Global 500 and has been on the list 25 times, and was ranked the 105th in 2015. We were named "the most admirable company around the globe" by Fortune magazine in 2013 and 2014, and topped the list in the ranking of global trading businesses. Our strategic transformation and management overhaul over the years has helped us maintain our sustainable, healthy and rapid development. Sinochem received the "Top A Corporate Performance" rating from SASAC for 11 straight years and three consecutive terms.

Our vision is to become a respected, world-class company, and to deliver financial and social benefits to our stakeholders and society. Our 40,000 employees adhere to the doctrine of "Creating Value, Pursuing Excellence", and relish the opportunity to shoulder social responsibility as a corporate citizen. Together we will adopt a scientific development approach to help us realize the potency of sustainable business practices, and bring benefit to all of our stakeholders.

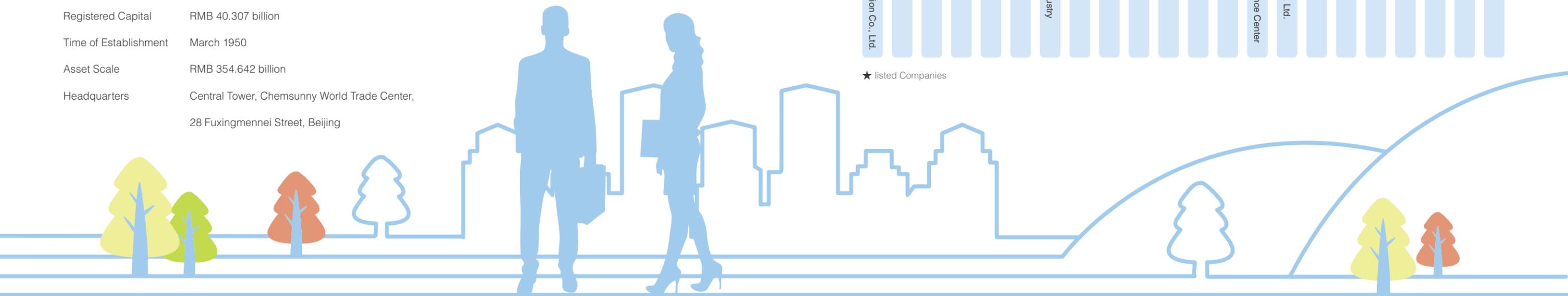
Sinochem Basics

Company Name	Sinochem Group
Registered Capital	RMB 40.307 billion
Time of Establishment	March 1950
Asset Scale	RMB 354.642 billion
Headquarters	Central Tower, Chemsunny World Trade Center, 28 Fuxingmennei Street, Beijing

Organization Structure



★ listed Companies



Business Overview

Energy — Force to drive the future

The company has established a complete oil industrial chain, covering exploration and production, oil trading, refining, storage and logistics, distribution and retailing. Our energy business is strongly market-oriented and highly internationalized, constantly creating premium and environmentally-friendly petrochemical products and value-added service to the society.



Exploration & Production



Oil Trading



Oil Refining



Storage and Logistics



Distribution and Retailing

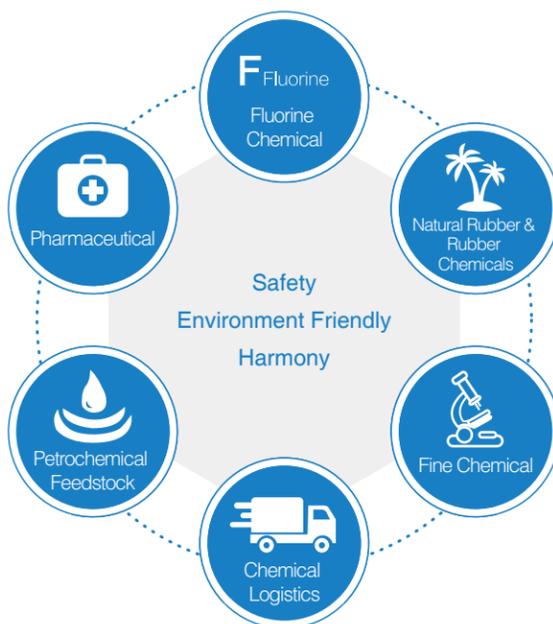
Agriculture — Sowing the green hope

The company is the only central SOE involved in the operation of all the three key agro-inputs, including fertilizer, seed and pesticide. By virtue of the advanced technology, quality products and professional service, we are committed to becoming the No. 1 in china and a world-leading agro-input service provider, making contribution to the food safety and agricultural development for China and the world at large.



Chemical — Making the life better

The company is the leading chemical product and service provider in China. we have sharpened our competitive edge in fluorine chemical, natural rubber and rubber chemical, refined chemical, pharmaceutical chemical, chemical logistics, petrochemical feedstock distribution and marketing, playing a constructive role in the technological progress as well as a safe, green and harmonious development of the chemical industry.



Real estate — Creating the harmony between architecture and human

The company's realty business covers real estate development, commercial leasing, hotel operation, retail and value-added service. As the high-end real estate developer and operator with a unique style in China, we have developed several land-mark towers and upscale residential projects, and has always employed green technology to create better life for people.



Finance — Increase wealth with wisdom

The company's financial business blankets a series of non-bank financial services, including trust, financial leasing, securities investment and fund, life insurance, finance company, and financial futures. By leveraging our extensive industrial involvement and our steady operation and professional service, we are meeting the society's demand for wealth management.

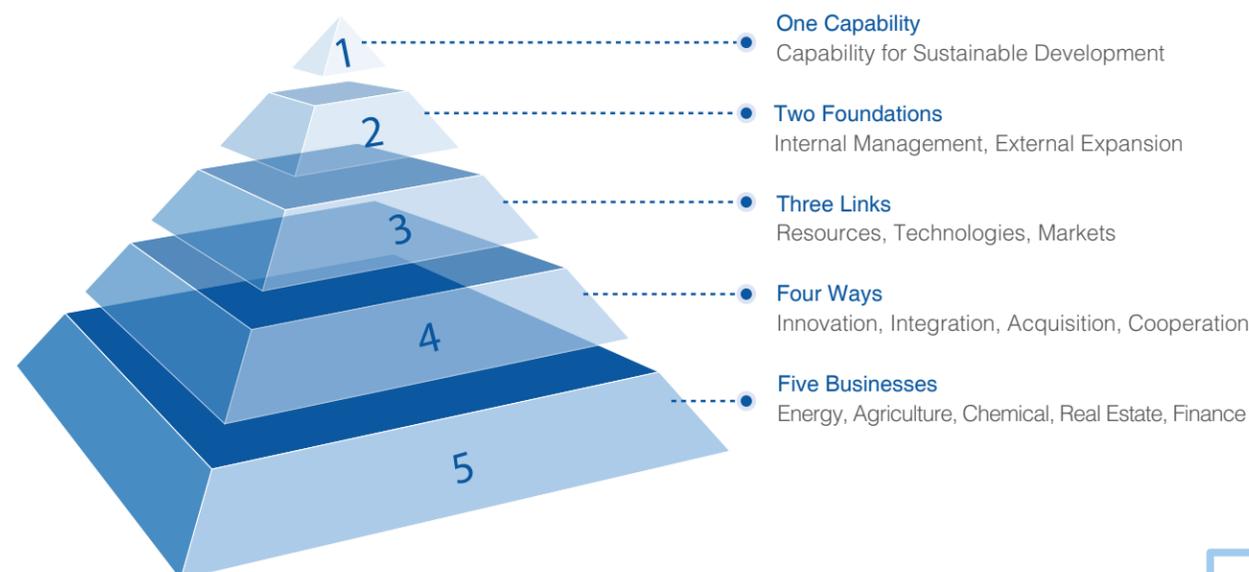


Strategy and Governance

Sinochem Group has made an industrial development route map with distinctive characteristics. With our focus on the coordinated development among energy, agriculture, chemical, real estate and finance, we are organizing the domestic and global resources through innovation in technology, business model and management system. When we are making our traditional business stronger and bigger, we are also cultivating new strategic growth points in the emerging sectors, so as to enhance our core competitiveness.

Industrial Service Strategy

Based on the internal and external condition, Sinochem is advancing its strategic transformation and "the Third Long March" under the economic New Normal. We made and implement the "One-Two-Three-Four-Five Strategy".



"One-Two-Three-Four-Five Strategy" by Sinochem Group

Corporate Governance

Sinochem Group has set up a modern corporate system with Chinese characteristics, kept improving our decision-making mechanism, promoted scientific and democratic decision-making process, and enhanced our corporate governance ability. The company has established and improved our systems of Board of Directors, Party Committee Meeting, Chairman of the Board Working Meeting, and President Working Meeting. By clearly defining the responsibility and division of work, we make decision in a regulated, orderly and effective fashion.

Based on related laws, regulations and the company's Articles of Association, the Board of Directors makes decision on major issues relating to strategic planning, significant investment, executives appointment and removal, and risk control. The Party Committee makes decision on major issues like back-bone posts appointment and removal as well as important political work like CPC party building and discipline inspection, and at the same time review the major items in the business operation and management. The Chairman of the Board Working Meeting has to review the subjects that are going to be discussed and resolved by the Board of Directors, and makes decision on the items that Chairman has been delegated to by the Board. The President Working Meeting makes analysis on the company's operation and management on a regular basis, and makes decision on daily operation and management items.

In January 2016, the CPC Central Committee appointed Mr. Frank Ning as the Chairman of the Board and Party Secretary of Sinochem Group.

On March 11th, 2016, the first session of Board of Directors was established in Sinochem Group, which marked the company's corporate governance entering a new era.

"Central SOE establishing and regulating its Board of Directors system and improving the corporate governance structure is a significant step forward that follows the guidance of the CPC Central Committee and the State Council. It is an important foundation for SOE to set up modern corporate system, conducive to enhance their management ability and development quality, and meaningful for strengthening company's operation and guaranteeing the safety of the national assets."

--Mr. Meng Jianmin, Deputy Director of SASAC

"Establishing and standardizing the Board of Directors system is a milestone on Sinochem's way to build a modern corporate system. It is good for the company to improve its governance and regulate its business operation, enhance our corporate management ability and international competitiveness, which will help us to better deliver our corporate citizenship."

--Mr. Frank Ning, Chairman of Sinochem Group

Comprehensive Risk Management

The company sticks to the “steady” risk management guideline, enhances the synergy and division of labor system, strengthens the control on major risks, implements a risk management strategy that is constituted by “one system, two mechanisms and three guarantees”, keeps enhancing the company’s ability to resist to risks. By so doing, we had zero major risk accident occurrence throughout the year.

1 One set of mechanisms:

Advance the development of internal control system and solidify management foundation

- Improving rules on Internal Control and Booklet on Internal Control; Perfect supervision procedures by introducing internal supervision and irregular inspection tours;
- Relevant efforts are deployed in a centralized manner and guidance is given throughout the entire process;
- Internal control building for Sinochem subsidiaries are steadily advanced with fertilizer center chosen as the pilot for exercising internal control effectiveness evaluation.



2 Two mechanisms:

Strengthen risk supervision and control

- Multiple measures are taken, including source control, process monitoring, credit insurance, and targeted safeguard in supervising credit risks, inventory risks, and futures risks.

Risks inspection

- Dedicated inspection to major subsidiaries, including FOTIC and comprehensive regular inspection to fertilizer center for enhancing capabilities in risks management



3 Three safeguards:

Separated and balanced check and management for frontstage, middle-stage, and back-stage.

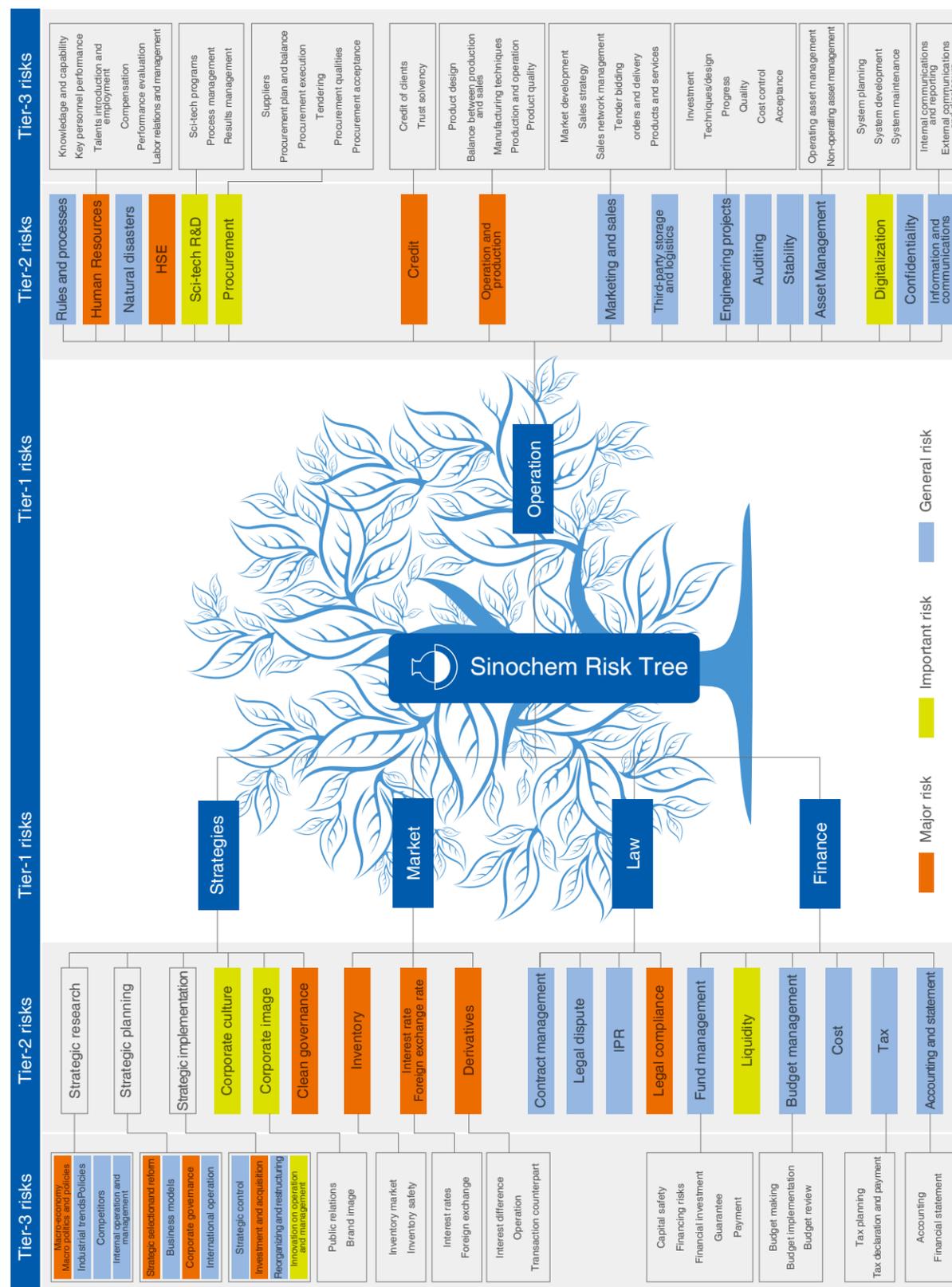
- Accountability is strengthened by signing risks and accountability letter, testing and evaluation in this regard;
- Strictly abide by rules and regulations and conduct accreditation vetting; professional trainings are held on a regular basis.

Digitalization in credit risks management

- A unified professional risks management information platform that satisfy the needs of business development is built in a gradual manner.

Risks culture

- Risks Auditorium Initiative is launched for exercising door to door education and training.
- Risks culture is greatly promoted and risks awareness enhanced as a result of information publication via newspaper, journals, and Wechat platforms, etc..



Sinochem Risk Tree

Anti-Corruption

The company determinedly followed through the CPC Central Committee's call for anti-corruption, fully cooperated with the inspection conducted by the Central Committee, kept improving our discipline inspection work mechanism, increased our ability in discipline supervision, execution and responsibility seeking, and enhanced anti-corruption education. By doing so, we have made phase achievement in Party discipline enhancement and anti-corruption work.

Solidify accountability	<ul style="list-style-type: none"> Supervise cadres at all levels to perform "double responsibilities" Dialogue and supervision has been normalized, and subordinating enterprise "heads" and members of the leadership team are questioned with the accountability target delegated. Determine evaluation content and standard, develop an inspection list, and organize the signing of "responsibility letter for the establishment of a clean government and party", "integrity pledge for key positions and personnel".
Foster a clean culture	<ul style="list-style-type: none"> Exchange and communication with 5 sister enterprises including COFCO for the strengthening of learning and communication with 4 internal training sessions, 5 transfer trainings, 6 discussion sessions, 16 staff members selected external trainings, 8 courses in anti-corruption developed, 16 trainings, 3 experts invited from other circles, 1398 training participants for the timely briefing and publication of anti-corruption and clean party building culture. 8 pieces of information and 5 articles were submitted to Central Discipline Inspection Commission of the CPC.
Correction and materialization	<ul style="list-style-type: none"> Work with the central government special inspection groups and develop correction proposal and task list based on feedback information for the purpose of clarifying correction targets, correction tasks, and materializing correction measures. Assign investigation team and inspection visits to the subsidiaries of Sinochem Group, major links, and sensitive positions to consolidate and deepen correction and improvement results.
Improve inspection mechanisms	<ul style="list-style-type: none"> Develop and implement Inspection and Vetting Nomination Method for Secretary and Deputy Secretary of Discipline Inspection. Dedicated secretary of discipline inspection is established at 6 subsidiaries eligible for the nomination of secretary of discipline inspection. Strictly follow the rules stipulating that secretary for discipline inspection at the upper authority shall take the lead in anti-corruption case probe and secretary at the lower authority shall report relevant information concerning case probe to the upper authority. Perfect and improving rules and regulations with 17 anti-corruption rules entering into force. Follow the spirit and regulations by the central government and persistently correct "four winds", namely bureaucracy, formalism, hedonism, and money worship.
Education on Three Stricts and Three Honests	<ul style="list-style-type: none"> Clarify key points and work progress sheets, as well as clearly delegate power and responsibilities in terms of Three Stricts and Three Honests for the leadership CPC members; spare no efforts in ensuring that CPC classes, learning sessions, and democratic opinion solicitation lessons are organized in an orderly manner and relevant materials and preparatory work are done smoothly. Special columns on Three Stricts and Three Honests are established on Sinochem official websites and awareness is cultivated in this respect.

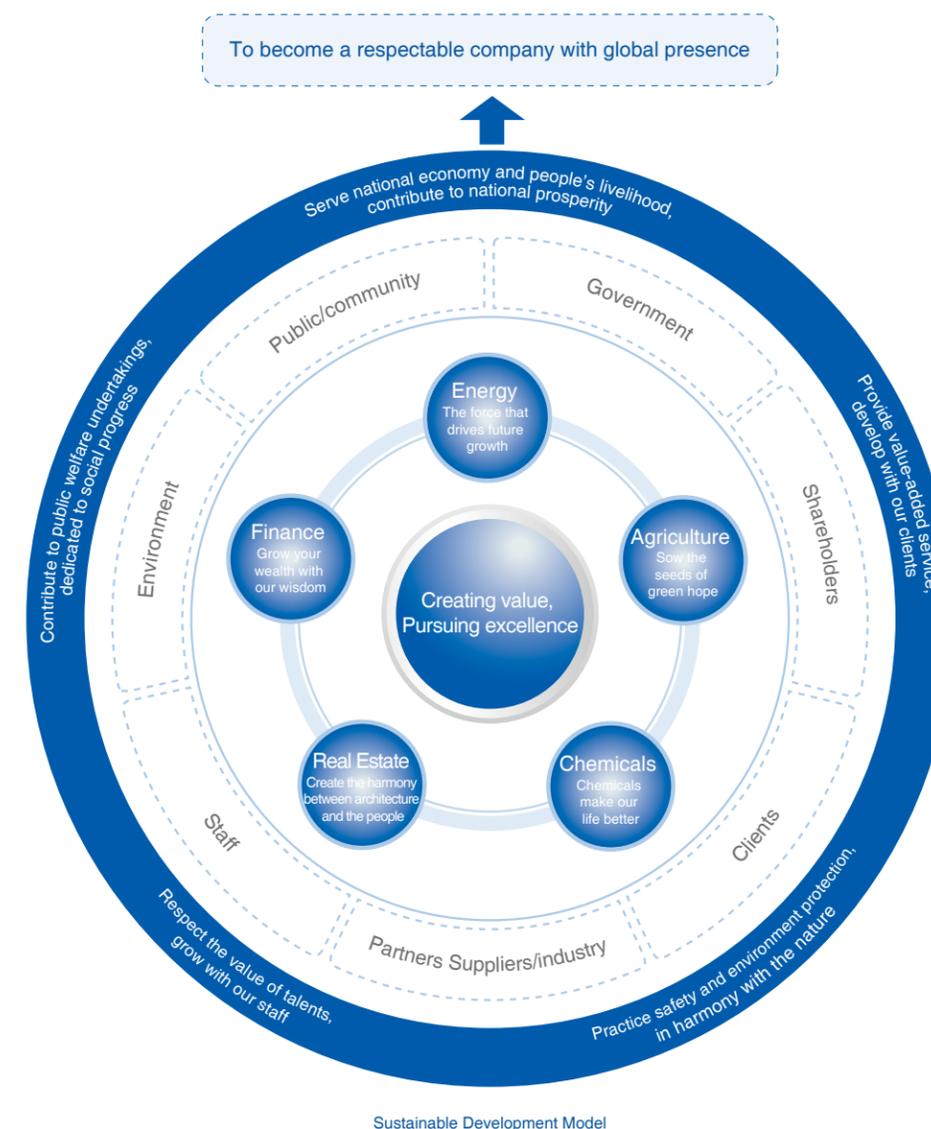
Measures	2013	2014	2015
Group-level executives signed 2015 CPC Anti-Corruption Letter of Responsibilities	18	18	18
General managers of Sinochem subsidiaries signed 2015 Anti-Corruption Responsibility Letters	43	43	49
Key managers signed 2015 CPC Anti-Corruption and Self-Discipline Integrity Pledge	274	295	257
Discipline Inspection Department of Sinochem gave opinions on the appointment and removal of key managers	117	66	92
Conducted workplace anti-corruption training for employees	13806	13025	16220
Conducted anti-corruption and self-discipline education across the group	222	238	297

CSR Management

Sinochem Group deems CSR as an important component in its business genes, and integrates CSR philosophy into its business mission, culture and value. With CSR notion running through every link in our production and operation, we realized an organic integration between CSR and business operation and management.

Sustainable Development Model

Sinochem has always upheld the core philosophy of "Creating Value, Pursuing Excellence", and combined the business of our five major segments with the demand of the stakeholders. We conducted "Five Major" CSR practices, and committed ourselves to being a great company commanding global status and respect.

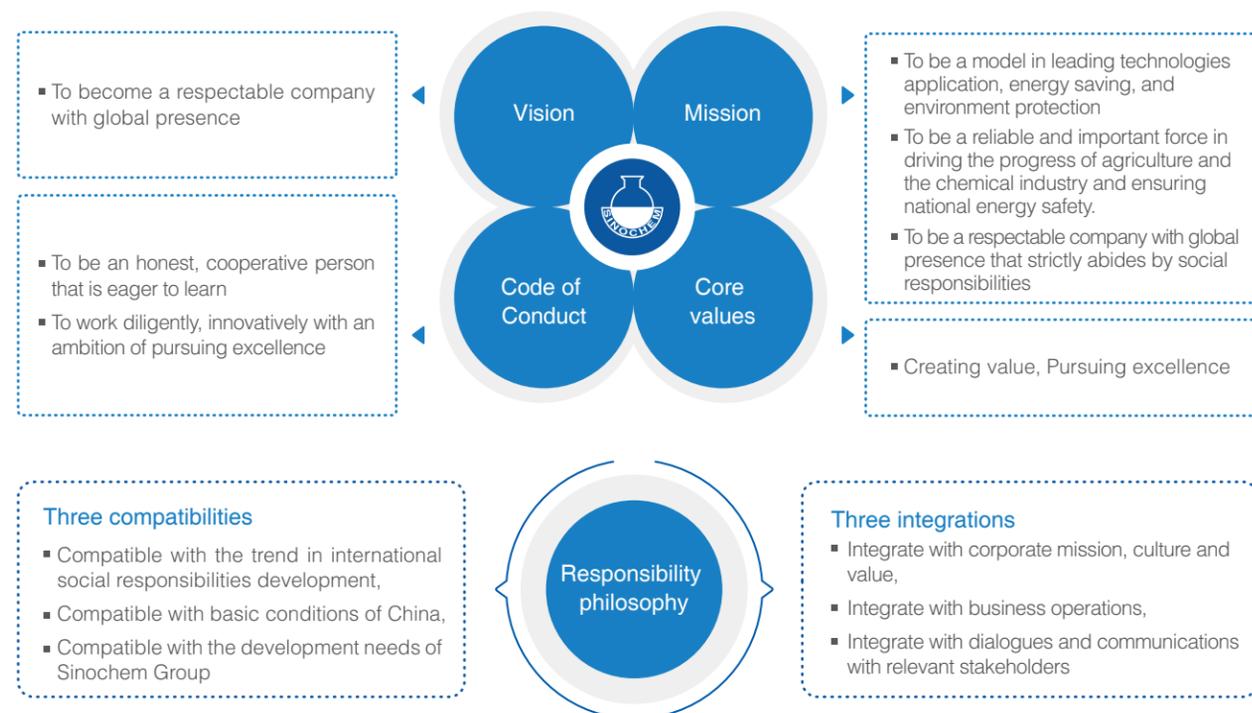


Sustainable Development Model

CSR Progress

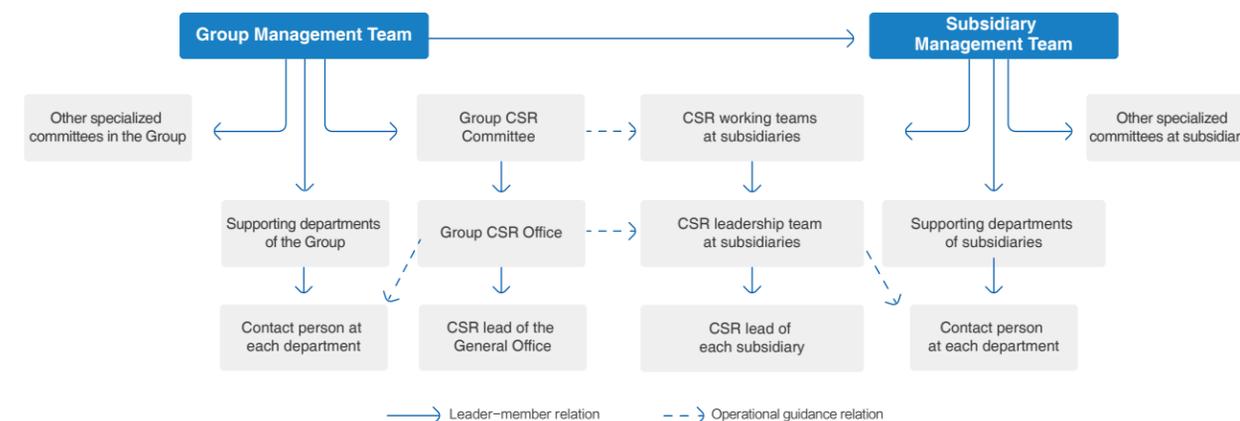
Based on the principle of "Three In-Accordance, Three Integrated", Sinochem has been organizing our CSR work orderly from the four perspectives of philosophy, management, practice and communication.

Shaping up the philosophy. We integrated CSR into our company vision, mission, code of conduct and core value, organized specialized CSR training and meeting, and disseminated the CSR philosophy and the principle of "Three In-Accordance, Three Integrated", in order to enhance the sense of social responsibility of every staff.



Building up the system. We have completed a CSR working system that covers both headquarters and different-tier of subsidiaries, formulated CSR management measures, CSR report compilation guide book and operation instruction. Our CSR Committee constitutes the lead persons from functional departments and key subsidiaries, creating a close interaction relation between the CSR work and our business operation and management. Each functional department is responsible for

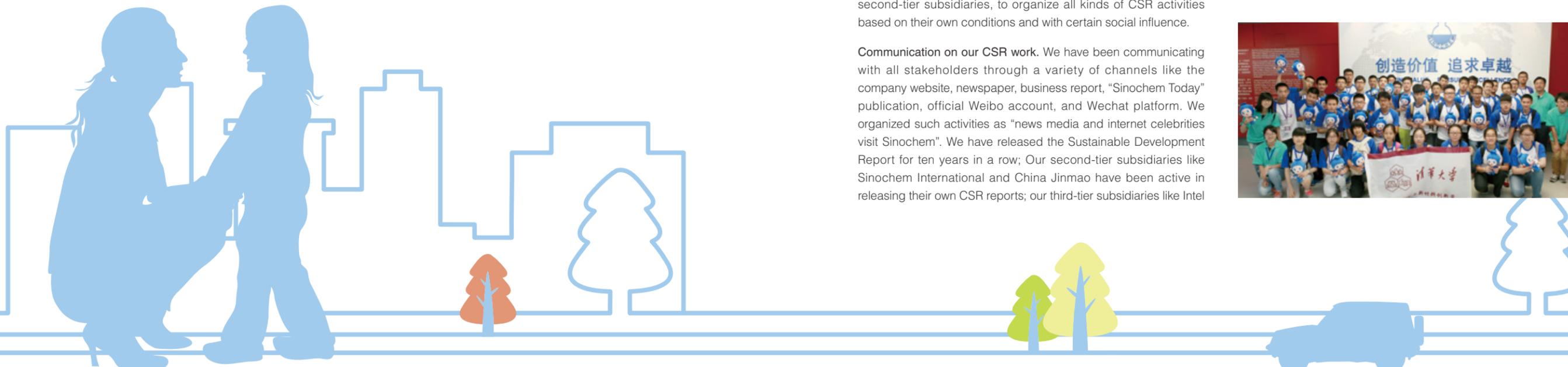
the instruction on their related area and subsidiaries' CSR work. They make CSR plan, conduct performance assessment and collect feedback information. Each-tier of subsidiaries set up a CSR leadership team with a specialized office established under it and contact persons designated to carry out the concrete CSR practices. The daily work of the CSR office is led by and implemented by the General Manager's Office or Strategic Planning Department of each subsidiary.



Instructions on the practice. We convened the annual CSR Work Conference, and organized specialized trainings from such perspectives as how CSR reshapes a company's understanding on business and their insight on management, what new progress has been achieved by central SOEs in CSR territory, how CSR report is compiled and what is required to compile such a report. We encourage the whole company, from the group-level to the second-tier subsidiaries, to organize all kinds of CSR activities based on their own conditions and with certain social influence.

Pharmaceutical also release their own CSR report. We compiled Case Book of the Excellence CSR Practices of Sinochem Group. We also attended the fourth China Charity Fair as the representative from central SOEs and publicized our achievement as for our CSR work. In addition, we also organized the "Tsing Hua University New Material Summer Camp" and took the camp students to have a site visit on our company and facilities.

Communication on our CSR work. We have been communicating with all stakeholders through a variety of channels like the company website, newspaper, business report, "Sinochem Today" publication, official Weibo account, and Wechat platform. We organized such activities as "news media and internet celebrities visit Sinochem". We have released the Sustainable Development Report for ten years in a row; Our second-tier subsidiaries like Sinochem International and China Jinmao have been active in releasing their own CSR reports; our third-tier subsidiaries like Intel



CSR Honors

At the 8th International Symposium on Corporate Social Responsibility Report, Sinochem Group 2014 Sustainability Report won the "Golden Bee Social Responsibility Report Evergreen Award". It was the third time for Sinochem to receive the award.

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

At the third Caring for Climate China Summit themed by "Ecological Civilization, Beautiful Homeland" held by the UN Global Compact network in China, the case of Quanzhou Petrochemical entitled "Green Development, Sincere Communication" was granted the award of "2015 Top 10 Green Actions by Chinese Enterprises".



Communication with Stakeholders

Starting from its core businesses, Sinochem makes innovation on our communication and interaction ways with our stakeholders, takes the initiative to identify the key CSR subjects, actively responds to our stakeholders' demand and expectation, keeps improving our performance, and tries to realize a common development with the stakeholders.

Identification and the Sorting of Substantive Subjects

Phase	Content
Identification	<ul style="list-style-type: none"> Standard and guide analysis, database for topics of discussion Industry compatibility analysis, identification of discussion topics that are highly relevant to five major business areas of Sinochem Group Policies and regulations analysis, identification of topics that have a broad base of social demand
Prioritization	<ul style="list-style-type: none"> Influence on corporation, influence on corporate strategy, operation, and management Influence on stakeholders, level of importance to stakeholders
Auditing	<ul style="list-style-type: none"> Internal auditing, solicitation of opinions from management team, Committee on CSR, Departments of Sinochem Group, subsidiaries, staff External auditing, examination by experts on CSR
Determination	<ul style="list-style-type: none"> Determination on key topics in each business area, development of report

Database of Topics for Discussion

Strategic cooperation	Organizing public events	Equal employment	Pollutant treatment	Biodiversity protection	Highly efficient use of resources
Promoting industrial growth	Health and safety	Pay and salary	Suppliers' management	Poverty relief	Coordinated development
Training	Occupational health	Green production	Improve people's livelihood	Anti-corruption	Maintenance & Appreciation of Assets Value



List of Topics for Discussion with Stakeholders

Stakeholders	Demands and expectations	Response	Highlights
 Government	<ul style="list-style-type: none"> • Paying taxes • Legal compliance • Promoting local economic development 	<ul style="list-style-type: none"> • Paying taxes in accordance with relevant laws • Anti-corruption • Strengthening strategic cooperation • Contributing to policies research and study, development of plans 	<ul style="list-style-type: none"> • Reaching strategic cooperation agreement with local governments, including Hubei Provincial Government for promoting cooperation in energy, agriculture, finance, and real estate, etc.
 Shareholders	<ul style="list-style-type: none"> • Improving profitability • Perfecting corporate management structure • Fulfilling the duty of information disclosure • Ensuring the increase of value of corporate assets 	<ul style="list-style-type: none"> • Convening of shareholders' meeting • Performance briefing on a regular basis • Publishing annual report • Following the guidance of the discipline inspection team, and implementing correctional measures 	<ul style="list-style-type: none"> • Workshop on Establishing a Standardized Corporate Board by SASAC was convened at Chemsunny World Trade Center, at the same time the first board of Sinochem Group was officially established.
 Clients	<ul style="list-style-type: none"> • Strictly obey business ethics • Improving service quality • Providing marketing and supporting services • Satisfying diversified needs 	<ul style="list-style-type: none"> • Soliciting opinion from customers • Handling customers' complaints • Conducting customers' satisfaction survey 	<ul style="list-style-type: none"> • Sinofert participated in the 17th China International Industry Fair, showcasing smart fertilizer manufacturing solutions, which is fully integrated with China's modern agricultural solutions
 Suppliers/ Industry/Partners	<ul style="list-style-type: none"> • Promoting transparent procurement • Fair competition • Promoting the progress of industrial management and technological progress • Promoting industrial service 	<ul style="list-style-type: none"> • Strengthening supply chain management and cooperation • Participating in industry development forum • Strengthening integrated cooperation in production, research, and studies 	<ul style="list-style-type: none"> • Organizing workshops for the exchange and communication between banking institutions and enterprises for the introduction of corporate rating, bonds issuance, etc..
 Staff	<ul style="list-style-type: none"> • Equal employment • Offering reasonable pay and benefits • Laying great emphasis on career development and training • Providing a satisfactory working environment 	<ul style="list-style-type: none"> • Employing college graduates • Offering competitive pay and benefits • Staff training • Expanding career development path • Convening workers' congress 	<ul style="list-style-type: none"> • Organizing events celebrating the 65th anniversary of the founding of the PRC in commemoration of martyrs and renewing the history of establishing Sinochem Group so as to popularizing upbeat energy and stimulating the faith and motivation of staff in overcoming difficulties and hardships.
 Environment	<ul style="list-style-type: none"> • Energy conservation and emission reduction • Protecting biodiversity • Building a circular economy 	<ul style="list-style-type: none"> • Cooperating closely with EPA staff • Improving manufacturing techniques and organizing events themed environment protection 	<ul style="list-style-type: none"> • China Jinmao participated in the 11th "International Green Architecture and Energy Conservation Convention and Expo on Latest Technologies and Products", and also hosted the sub forum themed "Development of Green Architecture in the age of Big Data"
 Public/Community	<ul style="list-style-type: none"> • Contributing to public welfare • Serving the development of community development 	<ul style="list-style-type: none"> • Communicating with members of the community • Promoting employment and local economic development • Voluntary activities by our staff 	<ul style="list-style-type: none"> • Actively organizing events themed welcoming celebrities into state owned corporations, thus numerous celebrated figures and talents were invited to China National Seed Corporation and Sinochem Group for in-depth communications.

CSR Matrix

	Serve National Economy and People's Livelihood, Contribute to National Prosperity	Provide Value-added Services, Develop with Our Clients	Practicing safety and environment protection, in harmony with the nature	Respect the value of talents, grow with our staff	Contribute to Public Welfare Undertakings, Dedicated to Social Progress
 Sinochem Group	<ul style="list-style-type: none"> • Promoting the coordinated development of 5 business segments • Promoting sci-tech innovation 	<ul style="list-style-type: none"> • Strengthening product quality management • Improving customer service system • Enhancing the capability of serving our customers 	<ul style="list-style-type: none"> • Strengthening management in terms of compatibility • Advancing the improvement of behavioral safety • Dedicated to environment protection 	<ul style="list-style-type: none"> • Safeguarding customers' legitimate rights • Laying great emphasis on staff development and training • Strengthening the development of corporate culture 	<ul style="list-style-type: none"> • Redoubling poverty relief efforts • Advancing win-win cooperation • Be an active member of public welfare activities
 Energy	<ul style="list-style-type: none"> • Strengthening management on strategic oil reserve • Strengthening comprehensive capacity development for oil refineries 	<ul style="list-style-type: none"> • Perfecting terminals service network • Improving service 	<ul style="list-style-type: none"> • Safe production • Green production • Protecting biodiversity • Practicing environment protection and protecting public interests 	<ul style="list-style-type: none"> • Perfecting training system • Showing care for our staff 	<ul style="list-style-type: none"> • Promoting industrial growth • Deepening strategic cooperation • Strengthening communication with community members
 Agriculture	<ul style="list-style-type: none"> • Safeguarding national agricultural safety 	<ul style="list-style-type: none"> • Cultivating a new generation of farmers • Zero-growth in fertilizer and agrochemical use 	<ul style="list-style-type: none"> • Scientific application of fertilizers • Promoting the application of internet plus in agriculture 	<ul style="list-style-type: none"> • Innovation in training methods • Showing care for our staff 	<ul style="list-style-type: none"> • Promoting industrial growth • Organizing public spirited donations
 Chemicals	<ul style="list-style-type: none"> • Serving peoples' livelihood • Promoting the development of the refined chemical industry 	<ul style="list-style-type: none"> • Providing tailored service covering the whole industrial chain 	<ul style="list-style-type: none"> • Strengthening emergency management • Green production 	<ul style="list-style-type: none"> • Strengthening staff training • Care for our staff 	<ul style="list-style-type: none"> • Public-spirited donations • Promoting industrial growth
 Real Estate	<ul style="list-style-type: none"> • Contributing to urban development and construction • Improving the quality of life 	<ul style="list-style-type: none"> • Offering products featuring refined quality, green and healthy, smartness and high-tech. 	<ul style="list-style-type: none"> • Advancing the green strategy • Construction in a civilized and safe manner • Promoting the development of green architecture • Organizing Green Marathon 	<ul style="list-style-type: none"> • Strengthening management on pays and salaries • Diversified training • Expanding career development path 	<ul style="list-style-type: none"> • Public-spirited donations • Promoting industrial growth
 Finance	<ul style="list-style-type: none"> • Enriching financial service • Promoting the development of integrated financial service 	<ul style="list-style-type: none"> • Innovation of financial products catering to the needs of slum renovation • Contributing to the "Going Global" initiative by Chinese enterprises 	<ul style="list-style-type: none"> • Ensuring occupational safety • Investing in the environment protection sector 	<ul style="list-style-type: none"> • Strengthening democratic management • Showing care for our staff 	<ul style="list-style-type: none"> • Organizing public-spirited events at local communities • Promoting industrial growth

Serve National Economy and People's Livelihood, Contribute to National Prosperity

Sinochem Group integrates its business development into the grand picture of the national development strategy and the need of the general public. We focus on our major business segments that are closely related to the national economy and people's life. We are trying to grow stronger and better, and make contribution to the nation's energy and agriculture security as well as the development of its chemical industry.





Reduced Fertilizer but Not Agro-Yield, Maintained Quality to Facility Eco Balance

As China's largest fertilizer supplier and distributor, Sinochem drew upon our big resource reserve and advanced technology to produce various kinds of premium fertilizers. Our production capacity exceeded 15 million tons per annum, sales volume around 13 million tons per annum, increase grain supply by 55 billion kilograms every year, and met the demand of around 30 million household's need for grain.

Sinochem also provided new type of intelligent agro-service including soil-testing fertilizer prescription, intelligent fertilizer prescription, and customized production. We also offered fertilization instruction throughout the fertilization process, and effectively resolved such problems as excess fertilization and random fertilization. We organized over 23000 times of fertilizer reduction activities, and built around 2800 fertilizer-reduced pilot fields. We enhanced soil fertility while helped farmers to reduce fertilization, and found a way to strike a balance between agro-product quality and the agricultural eco-system.

Safeguarding National Energy Security

While we are enhancing the competitive strength in oil trade and petrochemical storage and logistic, we are also extending our oil industrial chain to the upstream and downstream areas. We are vigorously providing the oil and gas resources to meet the economic and social development need, and participating in the national strategic oil reserve system construction and energy development planning and research, playing an increasingly important role in the energy market of China and the world at large.



"The oil strategic reserve has a great significance for the country. The Zhoushan Base has been constructed and has a bright prospect. You should leverage your strength and continue to develop and construct new projects, contributing to lay a solid foundation for the national oil reserve."

-- Xi Jinping, Chinese President

◀ On May 25th, 2015, Chinese President Xi Jinping visited Zhoushan National

Year	2011	2012	2013	2014	2015
Crude oil trade volume (million tons)	55.61	49.31	56.08	74.98	94.80
Equity 2P (Probable & Proved) oil and gas reserve (million BOE)	380	610	590	670	800
Refined oil distribution and retailing volume (million tons)	2.37	3.03	4.61	5.39	6.51
Storage space under our operation and management (million cubic meters)	9.316	9.856	10.1026	13.12	13.88
Oil refining capacity (million tons)	15	27	22	22	27

Note: 27 million tons of oil refining capacity included Sinochem Hongrun



- We now have 36 contracted oil and gas blocks in 9 countries and regions with over 800 million barrels of equity 2P (Proven and Probable) oil and gas reserves.
- Great discovery was found in Nogal-EST1 well at our Columbian Nogal risks exploration block with initial assessment of 500 million barrels of crude oil reserve for exploration.
- Exploration in Chipco-A1 drilling well at Ombu block in Columbia achieved success with a newly added reserve of 15.8 million barrels.



- Total crude oil and refined oil turnover volume reached 100 million tons. The ratio of crude oil import to entrepot was 1:1.3. Oil trading is Sinochem's traditionally strong business. Based on our sound cooperative relationships with many oil-producing countries and their state oil companies, we have acquired firm access to overseas oil resources.
- Quanzhou Petrochemical successfully exported 36000 tons of refined oil, breaking monopoly of refined oil export quota in China.



- First phase of Quanzhou Petrochemical base has a processing capacity of 12 million tons of crude oil per annum. Advanced technologies are adopted for the adjustment of petrol and diesel ratio based on market demand. Hydrocracker facility has an annual processing capacity of 12.65 million tons for the full utilization of crude oil resources. Our light oil recycling capability ranks the leading place in petrochemical industry.



- Entrusted by the State Reform and Development Commission, we actively undertakes the task of constructing Zhoushan National Oil Reserve Base and storage and management of the strategic crude oil reserve, fulfilling the duty of central enterprises in safeguarding national energy security.
- Some oil warehouses undertakes the task of safeguarding local refined oil supply, and at the same time enhances market impact of Sinochem by constantly developing new customers and optimizing business structure with the transfer volume reaching 48 million tons.



- We firmly advances the development of refined oil distribution and retail network with our Central China sales network being expanded into Hubei.
- The retail network independently developed by Sinochem in Fujian and Guangdong enjoyed rapid expansion, and so did the network we jointly developed with the Total Group in Bohai Sea Rim Region and Yangtze River Delta Region. By the end of 2015, Sinochem boasted over 900 gas stations.



Safeguarding National Agricultural Security

Our company is committed to becoming the world-leading comprehensive agricultural input and service provider, and contributing to the food security and agricultural development of China and the world at large.

Stabilize Fertilizer Supply

As China's largest fertilizer supplier and distributor, Sinochem has been strengthening the integration of research, production and marketing efforts. We have maintained good strategic partnership with major international fertilizer suppliers, and provided a solid guarantee for high-quality fertilizer supply in China. Sinochem's "pilot project for the intelligent manufacturing and service of fertilizer" was selected into the 2015 intelligent manufacturing pilot projects list.

The Major Indicators of Sinochem's Fertilizer Business

Year	2011	2012	2013	2014	2015
Total output (million MT)	10.34	10.00	12.00	12.00	1500
Total sales volume (million MT)	16.46	17.14	16.28	14.63	1306
Total distribution outlets (hundred)	21.10	21.10	21.10	21.00	56.00

Note: with the change of the market demand and product structure, our company focused on network building, expanding our market coverage by leveraging our social resource.



Resources

- We have established sound cooperative relationships with suppliers in Canada, Jordan, Russia, and Belarus, etc. The volume of potash fertilizer import by sea accounted for over 30% of the total import by China, which can fully satisfy the demand of potash fertilizer for domestic agriculture production in China.



R&D

- Sinochem developed special fertilizer for saline-alkali soil,
- Established three research platforms, namely Engineering Technology Research Center on Nitrogen Fertilizer, Agriculture Research and Development Center, and Chengdu Research and Development Center for targeted R&D on key technologies.
- Sinochem also takes the lead in the research program titled Research and Application on Special Fertilizer for Regional Crops under the Bohai Granary National Technology Support Initiative. As a result, there is an average crop yield increase of 18%.
- Chelate fertilizer upgrading program is adopted with significant yield increase.



Production

- The carbamide renovation and upgrading program with an annual production capacity of 300,000 tons by Sinochem Changshan was launched into operation.



Marketing

- Cracking down on fake fertilizers and stabilizing the potash fertilizer market order;
- simplifying sales channels, lowering cost for farmers, and innovating on marketing models with countryside agents launched into market in 6 provinces and regions, including Henan and Guangxi.



Signing Cooperation MOU with BPC

Sinochem Group signed Cooperation MOU with BPC. According to the agreement, Sinochem would purchase a total volume of 4 million tons of potash from BPC from 2015 to 2019, which involved a trade value of 1.3 billion dollars. The new MOU will deepen the strategic cooperation between Sinochem and BPC, enhance the economic and trade tie between the two countries, secure potash resource for China's agricultural production, and help to lay a solid foundation for the country's Belt and Road Initiative.



Ensure Security of China's Seed Industry

Sinochem is committed to integrating conventional seed breeding with modern bio-technology. We are exploring to set up a comprehensive marketing and service system, enhancing our supply capability of high-quality seeds, and contributing to the sustainable development of China's agricultural business.



R&D

- Having the majority stake in the seeds business of Monsanto with the aim of building first rate commercialized corn seeds breeding platform
- Breeding technology innovation and integrated National Key Laboratory were approved by relevant state authorities.
- "Full Genome Seeds Breeding System" by China National Seed is the first in China.
- Targeted improvement of key rice parent breed for resistance against rice blast by the use of selected seed breeding based on rice full genome was tested and accepted.
- China National Seed Corporation submitted 136 patent and new breed rights applications



Production

- The Processing and Storage Center of Fujian Nongjia Seed was launched into use.
- China seed has also established nearly 650,000 Mu (43333 hectares) of seed production bases (including companies that we have a controlling stake or hold shares), which cover major crop growing regions, including Northeast China, Northwest China, Southwest China, Yellow River and Huaihe River Region, and middle and lower reaches of Yangtze River and 15 large-scale seeds processing center.



Marketing

- China Seed has established 22 provincial-level marketing service centers in China.
- We are also engaged in the promotion of new corn breeds and fully-mechanized technology.
- As the pilot operating enterprise entrusted by the Ministry of Agriculture in traceable management of the seeds, China seed conducts the pilot program of tracing seeds quality covering major links of the industry, including production, processing, storage, transportation, marketing, and technical services.

Develop and Promote Environmental-Friendly Pesticides

The company increased the input in the development of environmental-friendly pesticides, enhanced the internal and external resource consolidation, and strengthened our service competency throughout the industrial chain, making our contribution to the upgrading of China's agricultural industry.



R&D

- We own two national level agrochemicals R&D platforms, namely Shenyang Research Institute of Chemical Industry (Shenyang Institute) and Zhejiang Research Institute of Chemical Industry (Zhejiang Institute), and have 6 proprietary agrochemicals registered and sold in China.
- Quality Test Center by Yangnong Group was awarded the certificate of National Laboratory by CNAS.



Production

- In terms of production, we have established three major production bases in Shenyang, Nantong, and Yangzhou, with a total AI production capacity of 160,000 tons a year. Our products span over herbicide, fungicide, pesticide, and plant regulator, including over 40 active ingredients in total, among which production scale and techniques of synthetic pyrethroids series, dicamba, pymetrozine, mesotrione meet internationally recognized standards.



Marketing

- We have also established close cooperative relationship with over 500 international customers in pharmaceutical industry
- In possession of over 250 registered trademarks and 40 brands in Southeast Asia.



Built the First Enterprise-Based Academician Workstation for Wheat Industry

China National Seed Group Corporation built "Luyan Academician Workstation" the first enterprise-based academician workstation for wheat industry in China. The workstation is led by Mr. Zhao Zhendong, Academician of the Chinese Academy of Engineering and Leading Expert of the Crop Research Institute of Shandong Provincial Academy of Agricultural Sciences. The workstation will focus on the selection of the new wheat varieties that are featured by high-yield, wide adaptability and multi-adversity resistance, the selection of high-quality specialized varieties and basic research on application. It has effectively consolidated the germplasm and genomic resource, human resource, and research achievement of the existing wheat seed breeding in the Yellow River and Huanghuai River Basin. Our goal is to make breakthrough in terms of new varieties breeding, core germplasm development and breeding technology in the coming 5 to 10 years.



Independently-developed Biobreeding Research IT System Launched on Line

The biobreeding research IT system independently developed by China National Seed Group Corporation (CNSGC) officially went on line, which marked that the research and work model of CNSGC's technology center has been informationized. It will help to improve the management on the research data of the key five departments including Genomic Breeding Department and Genetically-modified Breeding, enhance bio-breeding efficiency, realize the visualization and automation of the research process, and make the research data manageable and traceable. As the important component of CNSGC's IT platform for commercial seed breeding, this system fill the void of the domestic commercial breeding IT system.



Advance the Project of "Zero-Growth of Pesticide Application"

Sinochem Crops Protection Co. Ltd planned to cooperate with the Agro-Technology Promotion and Service Center under the Ministry of Agriculture to jointly promote roll out the "Zero-Growth of Pesticide Application" project. In the coming five years, we are going to set up no less than 100 pilot districts, promote the program for disease and pests control as well as scientific pesticide application, gradually expand our service scope, explore the establishment of one-stop agricultural service outlets and the employment of internet in the agro-industry, and try to provide comprehensive service covering every link of the industrial chain. Our plan is to invest 10 million RMB in the cooperation projects in the coming five years (2016-2020).



Advance Chemical Industry

As the advanced comprehensive service provider for chemical products in China, Sinochem enhanced the resource acquisition, R&D, production and marketing system building, and kept reinforcing our whole-industry chain service ability for fluorine chemical and rubber products. We are propelling the progress of the chemical industry, while refining our business layout.

Enrich Fluorine Chemical Products

Sinochem has a complete industrial chain that integrates fluorspar resource development, R&D, production and marketing. We have kept enhancing our ability to acquire fluorspar resource, carried out R&D on fluorine chemical products, enriched our product portfolio that includes fluorine polymer and fluorinated refined chemicals.

 Resources	<ul style="list-style-type: none"> Sinochem Lantian has over 30 million metric tons of fluorite reserve, at the same time constantly improving floating beneficiation techniques for low grade fluorite and enhancing the "three rates" in resources development.
 R&D	<ul style="list-style-type: none"> National Key Laboratory for Fluorine-containing Greenhouse Gas Substitute, Control and Processing was listed in the 3rd group of national key laboratories; We also chaired and participated in the formulation of 5 national standards, acquiring 27 patents; 6 programs were reviewed and accepted, including research topics under the 863 Program (National High-tech R&D Program), Sci-tech supporting program during the "12th Five-year Plan"; We also chaired the drafting of national fluorine chemical industry development plan during the "13th Five-year Plan". The fluoroacetone program, a new generation of fire extinguishing agent, was approved by the Ministry of Industry and Information Technology as one of the "Industry Solidification Engineering Programs for Industry Transformation and Upgrading".
 Production	<ul style="list-style-type: none"> Sinochem Lantian has established over 20 enterprises and 19 sets of production equipment in 7 provinces for the production of over 50 products or products combination with a production capacity of 300,000 tons per annum. Sinochem Lantian also has a production capacity of 80000 tons and 30000 tons respectively for anhydrous hydrogen fluoride and Trichloroethylene. Its production capacity being used in HFC-125, HFC-134a, and TFA and utilization rate of organic raw materials rank leading place in China.
 Marketing	<ul style="list-style-type: none"> OEM customers covers 80% of car plants and air conditioner manufacturers in China. The market share of refrigerant HFC-134a and R410A, and fluoric agrochemicals intermediate TFA rank the first place in China. Refrigerant branded "Jin Cool" always takes the leading place in car OEM, car aftersales, and air conditioner terminals in China.

Refine Our Rubber Industrial Chain

The company had a backward integration to the upstream resource of rubber business, focused on the integrated operation ability covering the complete industry chain from planting, processing and trade, and strengthened our core competitiveness as a natural rubber service provider.

 Resources	<ul style="list-style-type: none"> Acquisition of premium land plots in Southeast Asia and West Africa. By the end of 2015, we have owned 49000 hectares of land for natural rubber planting and a land reserve of 100000 hectares.
 R&D	<ul style="list-style-type: none"> Giving full play to the role played by Natural Rubber R&D Center and supporting the upgrading of manufacturing and processing techniques and the efficient use of existing equipment for breaking technical bottlenecks and achieving products upgrading.
 Production	<ul style="list-style-type: none"> Optimizing global production capacity layout in terms of natural rubber and establishing 22 plants with an annual production capacity of 740000 tons spanning Yunnan and Hainan in China, and major natural rubber producing areas in Southeast Asia and West Africa. Premium products featuring high-end radial tires. Supplying premium resources and offering outstanding services to prestigious tire and rubber products manufacturers.
 Marketing	<ul style="list-style-type: none"> Deepening cooperation with prestigious tire manufacturers, including Bridgestone, Michelin, Continental, and Goodyear, etc. With dedicated marketing efforts, natural rubber sales reached 1.27 million tons, ranking among the top 3 natural rubber suppliers in the world. Improving supply chain management capability. Refining marketing service capability to downstream customers via our domestic marketing network, hub warehouses, logistics facilities, etc. and overseas marketing platforms, including our platform in Singapore.



Serve People and Create Happiness

Apparel

Chemical: we manufacture and run business in the raw material and dyestuff for apparel and textile, enriching people's choice in dress.



Food

Agriculture: we breed new seed varieties, enrich people's diets; develop and produce environmental-friendly pesticide and fertilizer, and help to increase the crop yield.
 Chemical: we develop and produce food additives to refine the food quality.



Housing

Chemical: we produce energy-saving architecture material, HFC-245fa foaming agent, and air-conditioner refrigerant; produce such plastic raw material as PP and PVC that is applied on pipeline, door and window.
 Real estate: we provide high-quality real estate products and supporting property service for people.



Transportation

Chemical: we operate such products as rubber, plastics, and automobile air-conditioner refrigerant, and supply feedstock for vehicle tire and accessories, promoting the development of automobile industry.

Energy: we accelerate the expansion of our gas station network, and currently own 900 gas stations, providing a stable supply of diesel and gasoline to meet people's demand for transportation.



Education

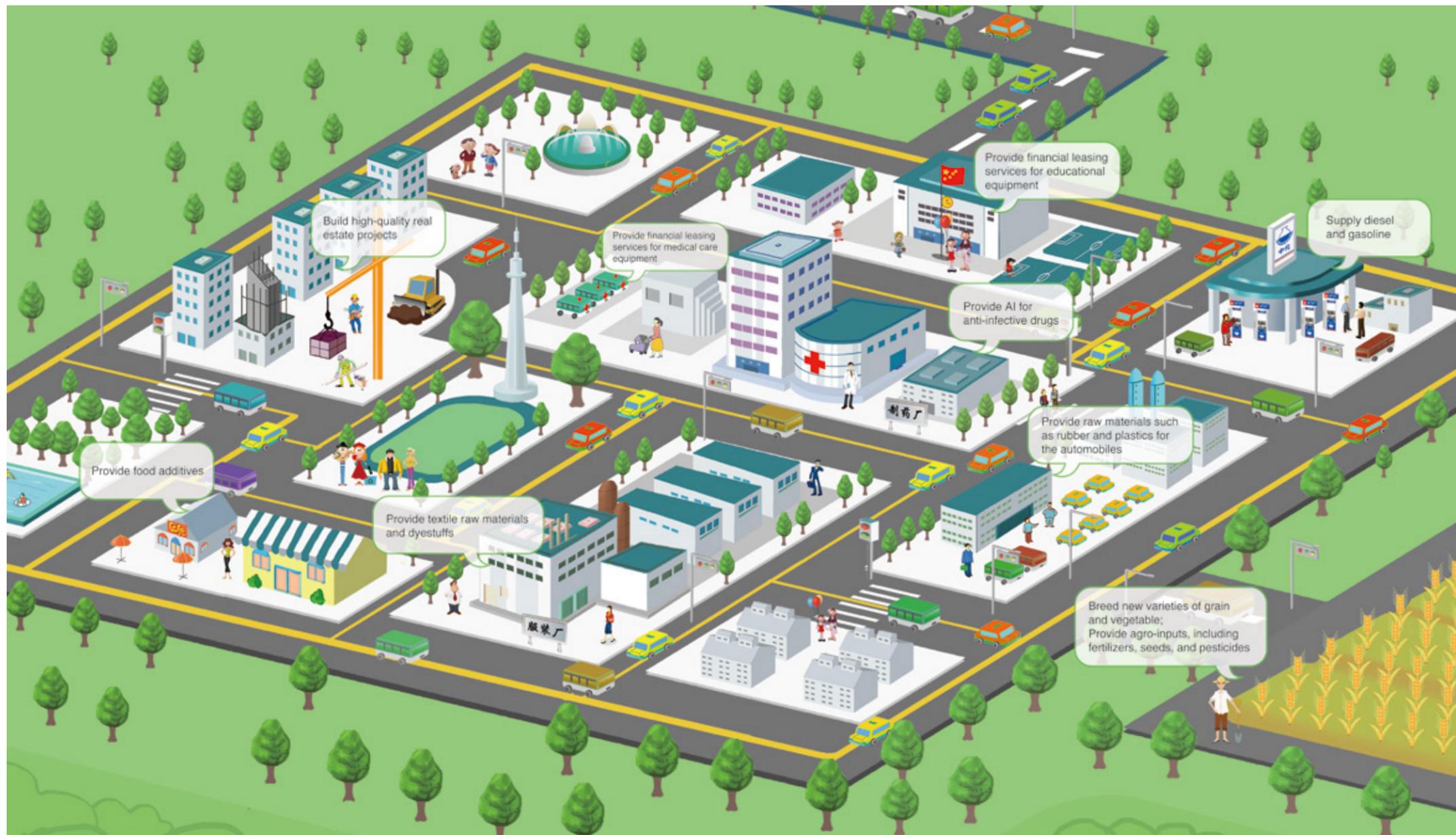
Finance: we provide service for 160 universities, 309 vocational training institutes, 216 high schools, 78 Education Bureaus and Finance Bureaus.



Medical Care

Chemical: as a professional medicine service provider in China, we vigorously cooperate with world-known bio-pharmaceutical businesses to enhance our related competency.

Finance: we provide China's medical care institutes with various industrial operation service, blanketing financing, medical care engineering, investment and development, management and consulting, equipment and service. We are committed to advance China's medical care industry. By the end of 2015, we served near 2200 hospitals.



Technological Innovation Enhances Growth Potential

The company is changing its technology management mode from operation-control-based to strategic-control-based and operation-control-supported. We are also facilitating the technological development and industrial transformation through the establishment of the three value control system including technological strategy, technological project and intellectual property. In 2015, the sales of our new products were 4 billion RMB, and owned 8 new products (with new technology applied) that generated over 100 million RMB of sales for each. We applied for 281 patents, and got 164 patents grants. By the end of 2015, the number of our effective patents had exceeded 1000, among which invention patents take up 82.1%, and patents in U.S., Japan and Europe accounted for 19.5%.

Year	2013	2014	2015
Capital input for technology development (100 million RMB)	11.4	13.4	11.3
Researcher	2572	2962	3034

Technology and Innovation Management

The company takes organization system as the foundation, institution as the guarantee, market-demand as the guidance, evaluation as the driver, keeps strengthening the technology and innovation management, driving the company's development forward.

Management for key projects	Expenditure management	Floodgate style management	Information system building
<ul style="list-style-type: none"> Strengthening supervision on key projects; urge and guide affiliating enterprises establish management mechanism for key projects; spare no efforts in ensuring that heavily funded key projects progress on schedule. 	<ul style="list-style-type: none"> Advancing the coordinated management mechanism for financial departments; urge and guide the coordinated involvement of the financial departments in business operations; standardize management mechanism for the funds dedicated to scientific programs; Standardize auditing for funds dedicated to scientific programs. 	<ul style="list-style-type: none"> Explore and optimize projects, assessment of market value of research results, phased assessment standards and configuration; strengthen communications and encourage experience sharing. 	<ul style="list-style-type: none"> Complete internal and external studies and proposal validation for scientific programs management system in order to further clarify needs and orientation.

Technology and Innovation Platform Building

Sinochem is advancing our technological development, trying to facilitate the company's strategic transformation through technological progress. In recent years, the company has been entitled "Innovative Enterprise", National "High-Caliber Overseas Talents Innovation and Imbark Base", "Central SOE Technology and Innovation Strategic Implementation Unit". By the end of 2015, the company owned 34 various types of research institutes and around 80 research qualifications, among which there were 3 national key labs, 3 national engineering (technology) research centers, one internationally-certified safety assessment center, 2 nationally-certified business technological centers, and 6 postdoctoral workstations.

The company took the lead to form the national industrial technology and innovation strategic alliance for crop seeds, pesticides, corn, and dyestuff. We also cooperate with many famous research institutes including Chinese Academy of Science, Chinese Academy of Agricultural Sciences, and University of Leeds in the U.K. In 2015, we conducted 138 external cooperation projects, which served as strong pillars for our technological development and innovation.



Continue to Enhance the Shareholders' Value

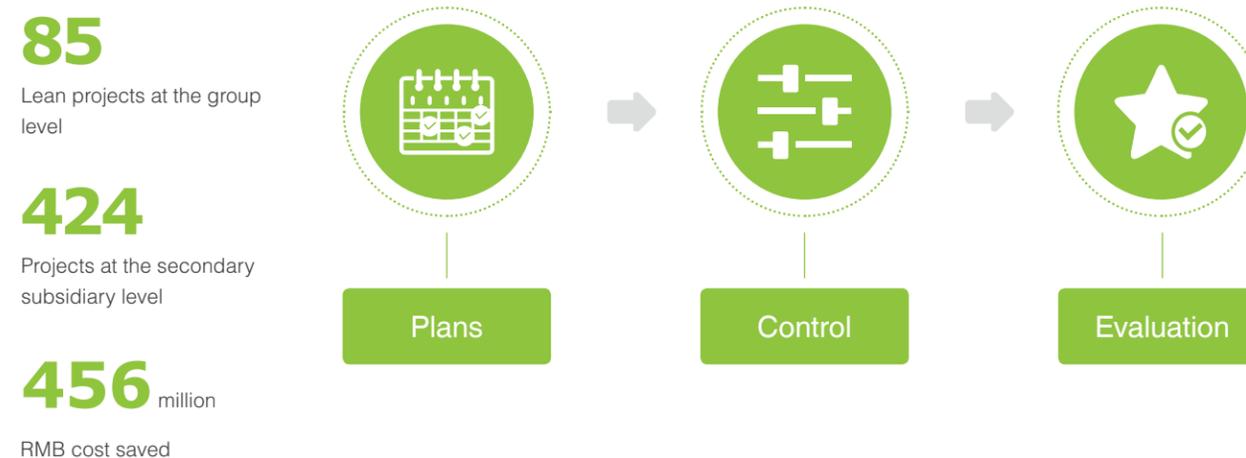
As the central SOE and facing with the extremely adverse operation environment, especially brought by the huge impact of the slumping of the international oil price, Sinochem took growth quality and profitability as the core, continued its strategic transformation, kept enhancing the management, steadily pressed forward with its production and operation. Under such an austere external environment, we still passed the SASAC's performance evaluation, realized the preservation and increase of the state-owned asset, and enhanced the value of the shareholders (the state).

Year	2011	2012	2013	2014	2015
Revenue (100 million RMB)	4589.53	4531.59	4669.05	4968.29	3811.86
Net profit (100 million RMB)	106.97	75.45	69.52	69.67	30.49
Gross asset (100 million RMB)	2581.89	2866.24	3177.79	3553.54	3546.42
Shareholder's equity (100 million RMB)	873.27	974.19	1135.14	1276.98	1198.32

Sinochem leveraged its management enhancement program, continued to deepen its lean management, innovate new management mode, strengthened control quality, and enhanced value creation capacity of the company.

Lean Management

Sinochem continued to carry out the lean management, set up "plan-control-evaluate" closed-loop management mechanism, and realized cost reduction and efficiency enhancement through benchmarking and lean-management projects. In 2015, we totally implemented 85 lean projects at the group level and 424 projects at the secondary subsidiary level, saving cost of RMB 456 million.



Financial Management

Sinochem took the value management as the core, pressed ahead with the strategic transformation of our financial management, and set up a financial management system that aims at value creation. We actively tapped the financial system's potential in resource allocation and in value protection, so as to maintain a healthy, steady, and sustainable development of the company.

Deepen international rating management and safeguard capital structure

- Strengthen systematic management and take initiatives in rating management, improve budget rating indicators system, enhance supervision and monitoring on rating indicators, intensify financial statement management at key measurement points

Establish a foreign exchange management system to guard against foreign exchange risks

- Establish an interest rate and foreign exchange management system that satisfies the development needs of large transnational corporations; adjust strategies accordingly based on market change "1+16+1" structure; establish mechanisms for risks identification, depreciation avoidance, and reporting so as to enhance risks prevention capability.

Strengthen centralized funds management, and ensure safety of fund

- Advance centralized management of cash settlements and invoices with emphasis laid on key risks and irregularities management; perfecting management system on liquidities;
- Complete the first cross-border RMB centralized operation for transnational conglomerates, which greatly enhances efficiency in funds operation.

Legal Management

Sinochem has established a completed legal management system, optimized its organizational structure, improved its mechanism, enhanced legal risk management, facilitating the company's strategic transformation and business development.

Enhance performance evaluation

- Corporate management in accordance with law is included in performance evaluation; perfecting evaluation system on the rule of law;
- Affiliating enterprises shall be graded in terms of performance in legal affairs.

Perfecting risks management

- Streamline rules and regulations with 7 rules and regulations amended or supplemented.
- Identify, analyze, and evaluate legal risks associated with business operations and put forward solutions; improving the Manual on Legal Risks Management

Legal affairs training

- 25 legal affairs training were organized, which greatly enhances legal awareness of the staff

Informatization Process

The company is deepening the application of e-commerce system, exploring "Internet+" business mode in all the major five business segments. Through the promotion of the Trading Management System, we facilitated the transformation of product oil trade to distribution business. We also accelerated the construction of the information safety protection system. In 2015, our capital input for this informatisation program was 402 million RMB.

 Energy	<ul style="list-style-type: none"> Sinochem Oil established cooperative relationships with Weiche for the online retailing of refined oil.
 Agriculture	<ul style="list-style-type: none"> Sinofert improved and launched the online platform, namely "Maifeiwang". It also tried mobile fertilizer marketing by putting forward the online app of N1B. China Seed participated in e-commerce by acquiring equities in the website of 51zhongzi.com.
 Chemicals	<ul style="list-style-type: none"> Sinochem Plastics launched its B2B platform, which greatly increases the number of orders and sales volume. Intmedic develops the e-business platform centering on the development drugoogle.com.
 Real Estate	<ul style="list-style-type: none"> Launch smart App that offers mobile membership service. Integration with Wechat for the development of business O2O and Jinmao hotels and resorts booking platform.
 Finance	<ul style="list-style-type: none"> Sinochem Finance Co. Ltd explores easy pay system, and established cooperative relationship with Yeepay and ktpay.



Provide Value-added Services, Develop with Our Clients

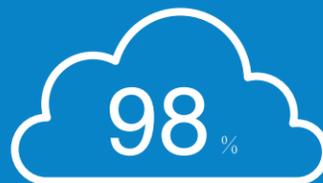
It is our unremitting pursuit to keep innovate our products and service and enhancing our clients' satisfaction level. Sinochem keeps supplying our clients with the products and services in energy, agricultural, chemical, real estate and financial segments, creating added value for our clients.



“Sinochem’s Care for Agricultural Dream” project benefited over 2.8 million farmers.



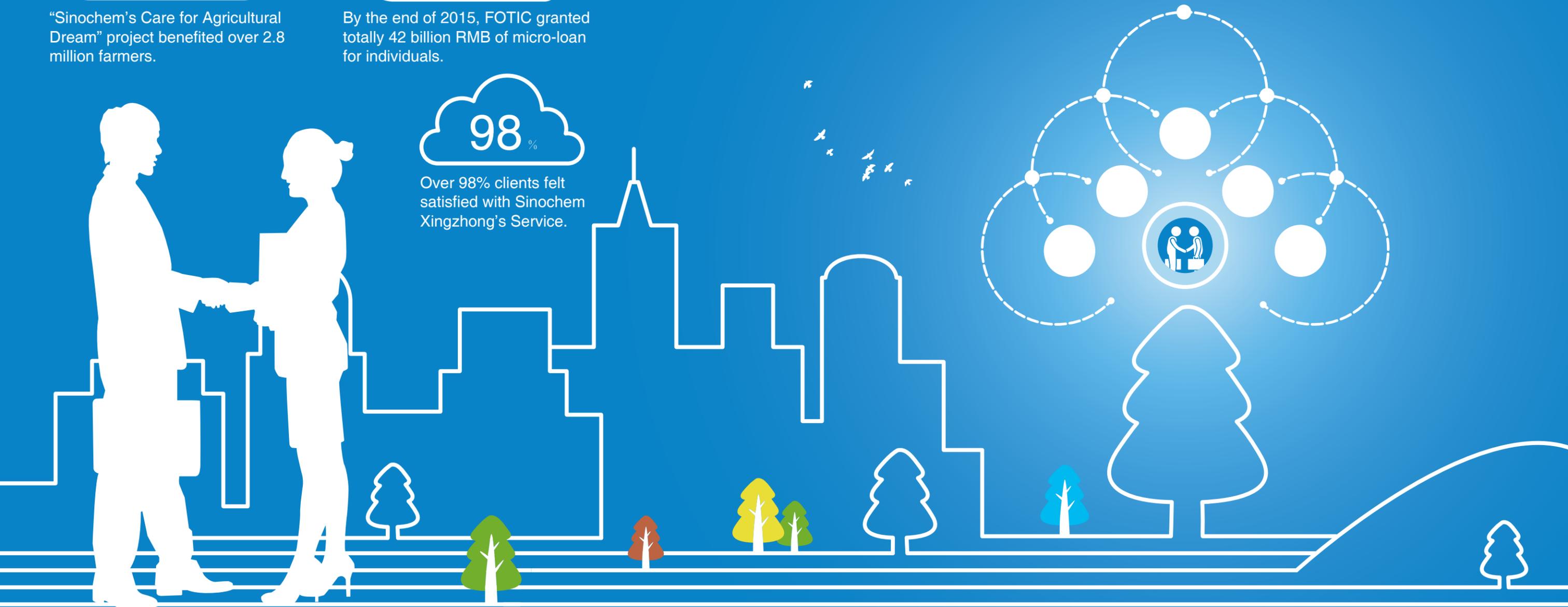
By the end of 2015, FOTIC granted totally 42 billion RMB of micro-loan for individuals.



Over 98% clients felt satisfied with Sinochem Xingzhong’s Service.

Honors and Stakeholders’ Comments

- China Jin Mao's realty projects in Ningbo Nantang and Suzhou Gusu received “Model Award for Best Residential Project” jointly granted by the Ministry of Technology and the National Science and Technology Reward Working Office.
- FOTIC received the “Trustworthy Trust Company—Wealth Management Award” and “Trustworthy Trust Company—Trust Product Award” granted by Shanghai Securities Newspaper; received “the Best Risk Management Trust Company” granted by the Securities Times newspaper; received “205 China Most Innovative Trust Company Award” granted by Wealth Management Weekly magazine.
- Sinochem Tendering company was entitled “Top 10 Tendering Agencies in China” by China procurement and tendering net and China famous companies ranking net for 7 years in a row; received “2014 Best Service Award (Five-star) For China’s Tendering Industry”.
- Intel Pharmaceutical e-commerce platform “Intel Medicine Valley” received the “2016-2016 E-commerce Model Company” award granted by MOFCOM.
- Xi’an Environment Protection company was entitled “2014 Best Supplier for Mercedes Benz Beijing”.





“Doers” That Served Wholeheartedly

The year 2015 was the “Clients Service Year” for China Jinmao. Jin Mao practiced the “Client First” philosophy through action. They were writing heart-warming stories through meticulous service. Providing satisfactory houses for clients and rapidly solving clients’ property problems were just epitome of Jinmao’s service. They were trying their best to meet the clients’ need by offering their sincerity.

Enhance the End-customer Service Quality for Our Oil Business

Improving service network and enhancing service quality have been proved to be the effective way for practicing the “responsible marketing” philosophy. We kept expanding our end-service network for the oil business, and provided a more extensive client base with more convenient oil products and value-added service, so as to improve the customers’ experience.

Improve Service Network

Our company is committed to building a service network with meticulous service, and advancing the building of a product oil marketing network. By the end of 2015, we had owned over 900 gas stations.



Signing Up with Gas-stations on Expressway

Sinochem (Fujian) Oil Retail Co. Ltd. kept improving its gas station network planning, and enhanced its network concentration in Quanzhou. It signed contracts with Ningde Expressway Company on the lease and cooperation of the 4 gas stations at Shenhai Expressway Dongshishan service district as well as the Fushou Expressway Nanyang service district. By the end of 2015, Sinochem (Fujian) Oil Retail had made its entry into all the coastal cities of Fujian, and secured 16 gas stations at the expressways.

Improve Service

The company improved our product oil end-service chain, and enhanced the communication with our customers based on the enhancement of product quality, standardization of service, enriching of product portfolio and service content.



“Heart for Heart” Service

Sinochem Shandong Oil served the clients wholeheartedly, satisfying the need to gas-filling service of our clients.

- **Standardization of service.** Our bore in mind the service standard, used standard service language, and provided the best gas filling experience.
- **“Twenty-four Seven” service.** When there were too many customers during the shifting of duty, we tried to provide timely service and save customers’ time for waiting.
- **Guarantee customers’ safety.** We gave customers prompt notice on such safety issues as leaving the fuel tank cap open to root out safety hazards.



Complete Agricultural Service System

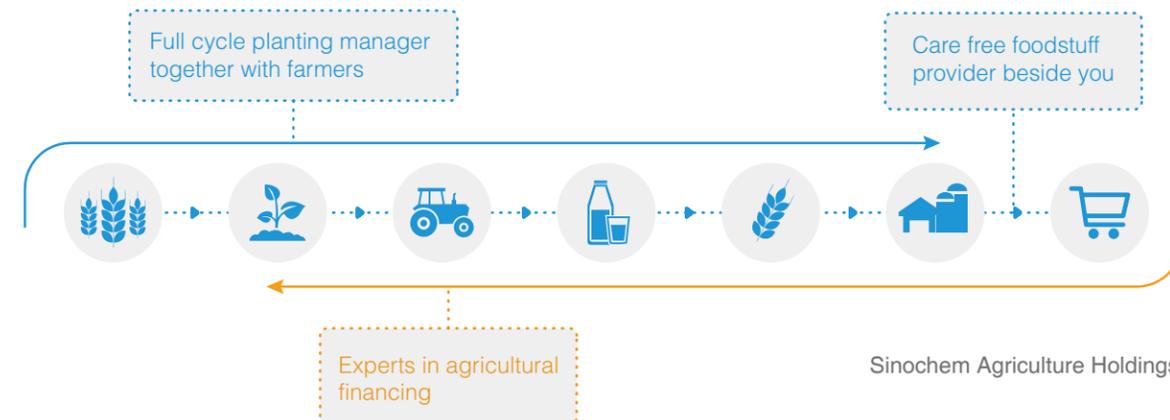
The company followed the development trend of the modern agriculture, fully leveraged the integrated strength of our agricultural input business, explored to set up the comprehensive service system, and contributed to the increase of farmers’ income and the healthy development of rural areas and agriculture.



Serve the Development of Agriculture in China with Premium Resources

Sinochem Agriculture Holdings (abbr. Sinochem Agriculture) provides integrated agriculture solutions, including land trust, agro-inputs customization, agro-machines support, tech support, farm produce sales, contractual agriculture, food bank, agriculture informatization, credit for agriculture production, agricultural financial leasing, agricultural insurance, upgrading of low to medium yield farmland, soil amelioration, demonstration of precision agriculture, and agricultural waste utilization, etc. Sinochem Agriculture is dedicated to help planters lower productions costs, enhance efficiency, upgrade modern agricultural production, and increase their risks resistance capabilities and sustained profitability by popularizing centralized production, standardized operation, and professional management expertise, market-oriented operation, finance, and information technology.

Sinochem Agriculture Holdings Integrated agriculture solutions



Provide Satisfactory Seeds Sales Service

Food security can hardly be realized without seeds security. China National Seed Group (abbr. China Seed) constantly improves its service system and safeguards farmers' rights for the sake of increasing crop yield and farmers' revenue.



Super Rice Breed Contributes to Crop Yield and Revenue Increase

Fujian Nongjia Seed Industry Co., Ltd, a subsidiary of China Seed, successively puts forward advantaged rice breed suited to the circumstances required by modern agriculture with the favorable traits of high yield, low consumption, strong ratooning capability, which could contribute to crop yield and farmers' revenue increase. Roughly 50 major planters from Pingjiang County, Hunan Province participated in the "YIYOU 673" ratooning rice introduction meeting, experiencing its field performance and getting to know its advantages and relevant breeding techniques. The meeting also presents a good opportunity for dealers and participants in sharing planting experience and gaining a better understanding of ratooning rice.

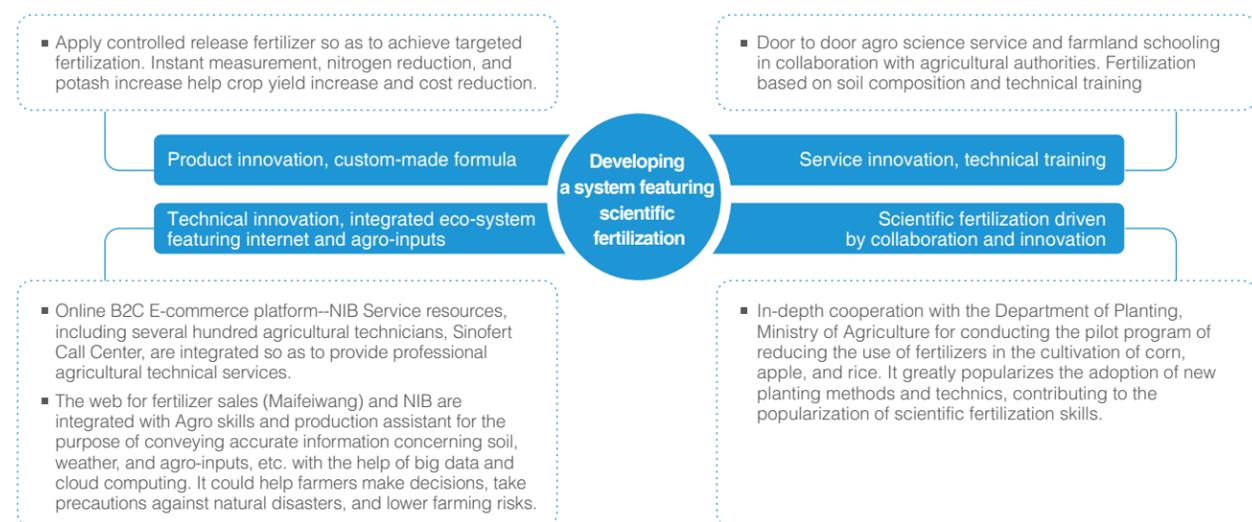
"YIYOU 673", a ratooning rice breed, has a first harvest yield of 650 kilograms per mu. Coupled with appropriate field management, 350 kilograms of yield could also be achieved during the second harvest. Total yield could easily surpass 1000 kilograms."

-- Major planters in Hunan Province



Formulate Scientific Fertilization Service System

Scientific fertilization serves as an important platform for increasing agricultural output and reducing the use of fertilizers. Sinofert explores integrated solutions in terms of fertilizers and agro-chemicals suited to different geographical regions, doing its part to materializing the "Zero Growth Initiative".



Non-Profit Science Popularization Activity, "Go Cherry-Picking with Sinochemmy"

Sinofert organized a non-profit science popularization activity, "Go cherry-picking with Sinochemmy" at Yantai Sinofert cherry garden of excellence in Shandong Province. More than 30 netizens were invited. Agro-chemical service providers introduced several scientific concepts concerning scientific fertilization and soil composition testing in a casual and humorous manner, which greatly enhances netizens understanding towards scientific fertilization.



"I harbored some misunderstandings towards chemical fertilizers, namely only non-fertilization or manure are green and healthy. Now comes the time to alter this view. Non-fertilization advocated by certain advertisements are misleading. The activity not only broadens our horizon, but also offers us an opportunity to taste the delicious cherries."

-- Ms. Yu, netizen

Netizens presenting the freshly picked cherries Cherry field of excellence in scientific fertilization

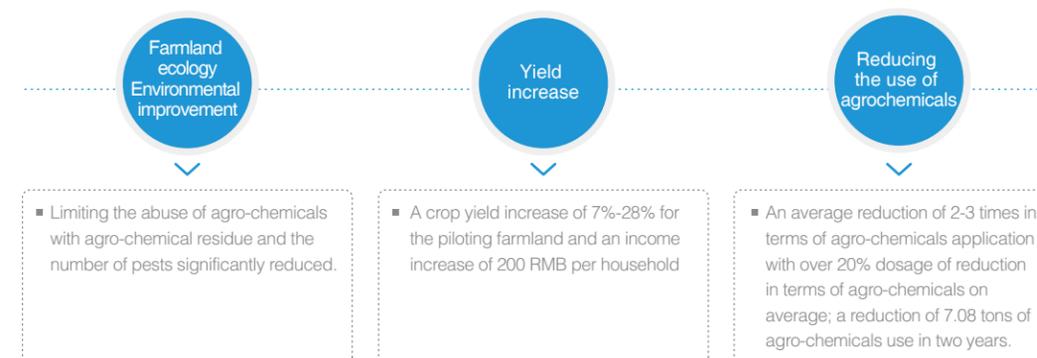
Broadening Agro-Chemicals Service System

Agro-chemicals abuse can lead to environmental pollution and biodiversity damage. Sinochem explores a service system of "Integrated Crop Protection" featuring providing environmental-friendly agro-chemicals, reducing the use of agro-chemicals, and enhancing farmers' awareness of pest control so as to protecting the environment and realizing crop yield increase.



"Integrated Crop Protection" Model Proves Satisfactory

Sinochem established demonstration area at 4 counties in Heilongjiang province, namely Wuchang, Fangzheng, Zhaodong, Keshan for the exploration of "Integrated Crop Protection" service model. Crop protection department was responsible for distributing crop sprays and offering technical guidance, while professional protection and treatment team was responsible for crop sprays application. Double win results in terms of economy and environment can then be achieved.



Provide Professional Comprehensive Chemicals Service

Sinochem is dedicated to be a leading service provider in China and the rest of the world in terms of comprehensive chemical service that covers the whole industrial chain.

Liquid Chemicals Logistics Service Adopting the Highest Safety Standards

Sinochem discerns safety risks and enhances safety level so as to provide integrated, safe, highly-efficient and professional liquid chemicals logistics service for our clients.



Ensuring the Safety of Ethanol Operations

Sinochem Shanghai Orient Petrochemical Terminal is dedicated to the safe operation of the newly developed ethanol business. For example, the fully loaded carrier "Youka" with a capacity of 10000 tons of ethanol was moored safe and sound; environmental assessment was conducted for ethanol storage site to ensure our storage resources could fully accommodate ethanol storage; safety level of the storage tanks were fully enhanced with the tanks upgraded, exhaust recycling equipment in place, and inner floating indicator installed for a storage tank with a capacity of 5000 cubic meters; safety procedures were developed for ethanol operations to lower operational risks to the greatest extent.

Develop Customer-Oriented Plastic Business

Sinochem Plastics is dedicated to plastics marketing service in Chinese market and providing one-stop service solutions to customers.



Customer Satisfaction is Guaranteed at E-Commerce Platform

The B2B E-commerce platform affiliated to Sinochem Plastics has powerful processing capability, professional content, caring service and reliable safety solutions. It can solve the problems that are common in off-line operations, such as unclear customer resources, complex implementing procedures, etc. The platform is equipped with the dual functions of marketing & sales and information service. Thus, customers can place orders, pay the bills, and close near term and long term transactions online, and fulfill logistics and delivery service, while customers can also look for industry news, policy news, and business announcements, etc. A dispute management area was also established to ensure equitable and safe operations.

Sinochem Plastics B2B E-commerce platform: <http://sl.eSinochem.com/>

Provide High Quality Property and Property Management Service

China Jinmao follows the principle of "Customers' needs are our aspirations", dedicated to provide our customers with products and services characterized by premium quality, green and healthy style, and smart technologies.

Adhering to the principle of "safe and environmental friendly, quality first", Sinochem is dedicated to provide our customers with premium education resources, building a living and learning environment that is green, healthy, and safe.

The new town, which is ecological, smart, diversified, international and multi-cultural, integrates residence, villa, condos, commercial property, hotels, office towers, and supporting industries, which is trend setting for urban development.

Laiguangying Campus, Beijing Jingshan School, Educational upgrades

Qingdao China-Euro International City, City upgrades

"Internet plus", Service upgrades

Jinmao Valley Town, Tourism upgrades



Launch "Shopping Rush" initiative with Taobao where Taobao member can enjoy privileged discounts and finalize the deal with Ali Pay. Thus online property selling and contract signing is realized.

Launch "2+X" smart home initiative with Tencent Technology for the joint launch of internet financing products matrix that has 9 financial products, including Q easy credit, Q group home purchasing, so as to achieve the appreciation of wealth.

Jinmao Valley Town featuring culture, vitality, innovation, smartness passes on unique ethic characteristics. It's an embodiment of a new lifestyle, which can attracts more tourists and promote the growth of Lijiang as an international boutique tourism resort.



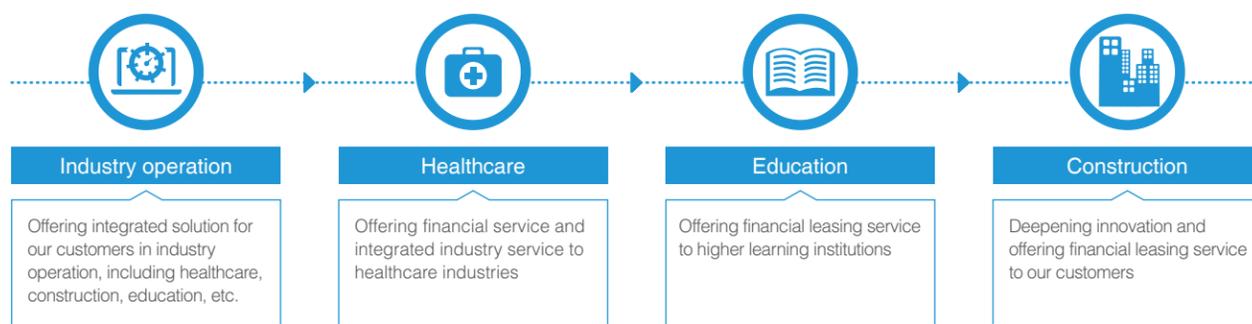
Qingdao China-Euro International City

Provide Credible and Efficient Financial and Tendering Service

China Jinmao constantly developed new products and expanded product line in order to provide high quality and comprehensive non-banking financial services and professional tendering services.

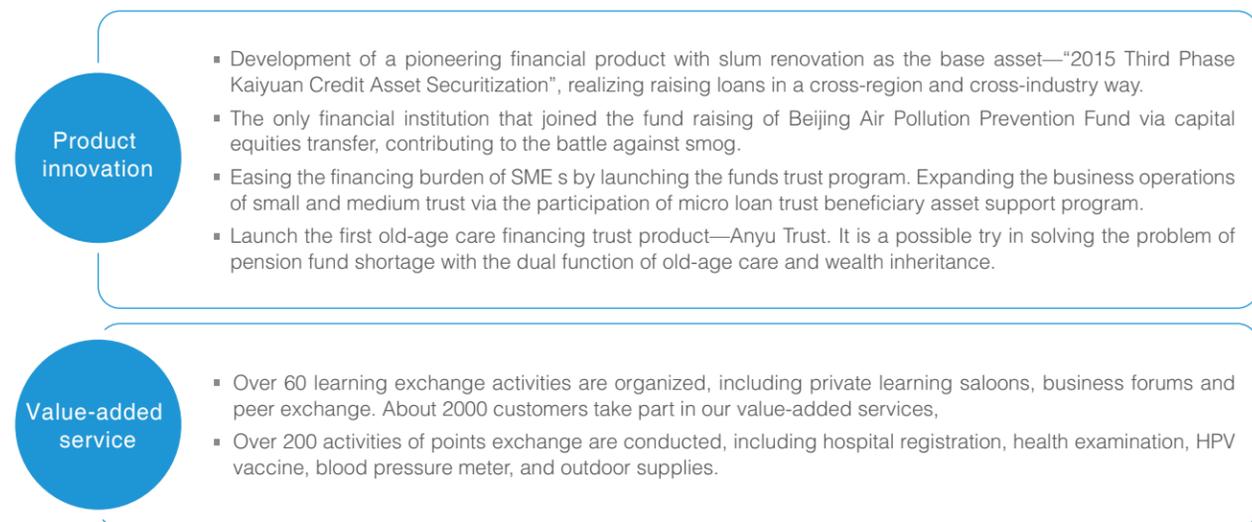
Provide Financial Leasing Service that Promotes Industrial Development

Far East Horizon follows the operation philosophy of “finance plus industry” by constantly innovating products and services so as to provide tailored integrated industrial operation service, pool global resources, and promote industrial development in China.



Provide Trust Service that Honors Trustees' Will

China Foreign Economy and Trade Trust Co., Ltd (FOTIC) is dedicated to building a value-added service system that covers the whole chain of asset-backed securitization and transforming itself into an integrated platform service provider in terms of investment banking and microfinance. FOTIC was approved in 2015 by the People's Bank of China (PBOC) as the first Trust company that has access to the private credit system of the PBOC.



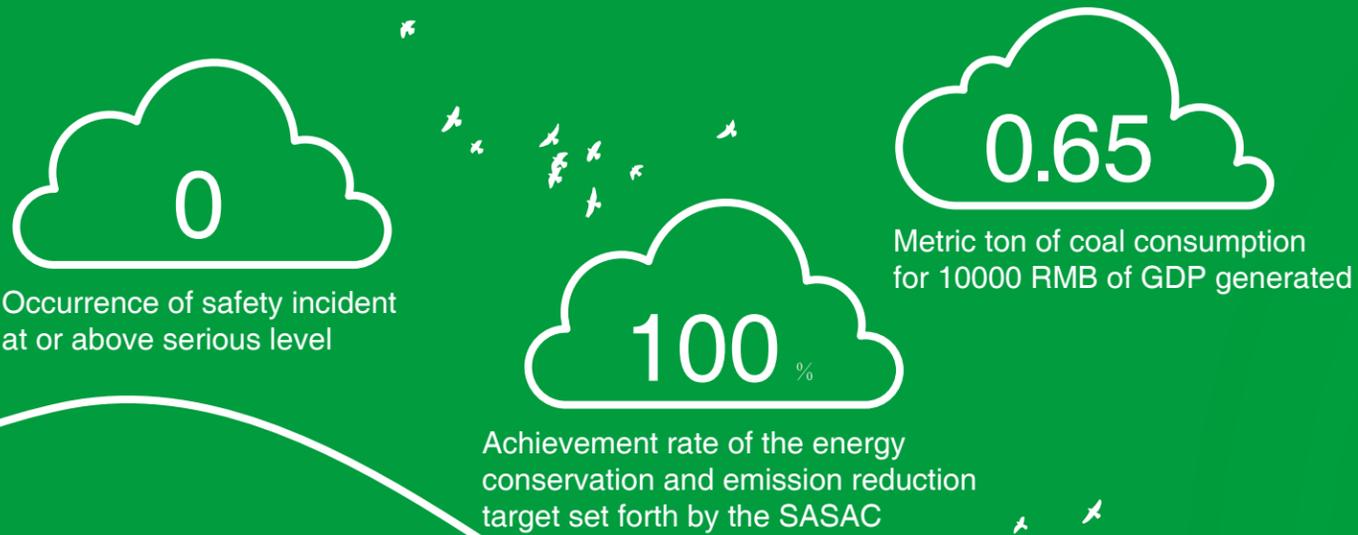
High Quality Tendering Service that Covers the Whole Value Chain

Sinochem Tendering advances with great efforts the strategy of “Extending business chain and innovating business model” by adopting the “tendering plus” service philosophy, based on which Sinochem Tendering explores customers' needs and provides high quality service covering the whole industrial chain.



Practicing safety and environment protection, in harmony with the nature

Safe production forms the foundation of business development, while enterprises should shoulder the responsibility of environment protection. Sinochem Group strengthens the building of HSE management system so as to enhance safe production level in an all-round manner and realize green production, which is the solid foundation for Sinochem Group's sustainable development.



Honors and Stakeholders' Comments

- "Jinchuan Cup", Leading enterprise in safety culture building, awarded by China Association of Work Safety to Shenyang Research Institute of Chemical Industry
- National Green Building Innovation Award by Ministry of Housing and Urban-Rural Development. The second place award goes to China Jinmao Changsha Meixi Lake Green Building Demonstration Center. The third place award goes to Beijing Chemsunny World Trade Center. "2015 Global Human Residence Environment Planning and Design Award" by UN Environment Programme to Nanjing Qinglong Mountain International Eco-city.
- Water recycling technology by Sinochem Lantian Taicang environment-friendly fluorine chemical and condensed water recycling system by Lantian Environment Protection were awarded Advanced Water Saving Programme by CPCIA.
- Energy Saving Leader Prize awarded by CPCIA to Sinochem Fuling
- "Full set of equipment research and development program on phosphate ore pulp coal burning furnace So₂ elimination" were included in Yunnan Province Key New Product Development Programme by Science and Technology Administration of Yunnan Province.





Heroes Against the Fire—An Anecdote about Zhai Meng, an Employee of Sinochem

Tianjin Port explosion happened in Aug 12. Zhai Meng from the HSE Department of Sinochem Dangerous Articles Logistics in Tianjin Port was assigned the task of categorizing dangerous chemicals at Ruihai International explosion site. Situation was quite complex as the site just underwent two large-scale explosions and the dangerous chemicals warehouse was poorly managed. Reflecting upon his advantages, Zhai Meng voluntarily requested that he would go to the core area of explosion in search of clear categorization of dangerous chemicals, which saved precious time for the formulation of emergency plan. Zhai Meng no longer stationed at the explosion site dated August 20. However, he still waited for orders concerning the handling of emergencies onsite. "There will also be time that modern machinery cannot be counted upon. As long as I am called upon, I will advance with great efforts", said Zhai Meng, with no sign of fatigue on his face when he was confronted with unrehearsed, dangerous and heavy work. Let's clap hands for his upbeat and energetic work attitude.

Strengthen HSE Management

Sinochem sticks to the principle of Red Line Mentality and Iron Fist Security. Bearing in mind the farget of "Zero occurrence of incidents", Sinochem actively implements Safe Production Law, Environment Protection Law, and also enhances the awareness of safe production and environment protection of the staff. Sinochem is also dedicated to developing a company that is human-oriented, safe, and green.



Strengthen Incident Management and Warning Education

To guard against safety risks and reduce the occurrence of safety incidents, Sinochem publishes monthly industry safe production management and warning, quarterly safety warning, warning for outside emergencies, industry HSE risk warning, and constantly strengthens management and education mechanism. HSE responsibility letters were signed and responsibilities were delegated to subsidiaries for the sake of clarifying yearly HSE management targets, strengthening process control, and exercise strict examination.

HSE Management System Building

Sinochem advances in all aspects the HSE strategy of leading with a human touch, direct line of responsibility, and geographical jurisdiction for the purpose of materializing responsibilities at various levels, deepening targeted management, and achieving systematic enhancement. Auditing and inspection are also strengthened to ensure business operation is in compliance with relevant rules and regulations.

HSE Capacity Building

Seizing the opportunity of implementing new Safe Production Law and Environment Protection Law, Sinochem constantly strengthens HSE Red Line and responsibility mentality, and requires all staff members shall receive HSE training. Education matrix and professional sequence are developed in an intensive manner. Skills competition were carried out for the promotion of HSE mentality and improvement of work-related skills among frontline workers.

Disseminating new laws and regulations

- 498 meetings and training sessions were organized with over 35920 participants in total. 5823 law books and interpretations were published.
- Knowledge competition and Q&As in laws were organized with 22608 feedbacks received.
- 3498 booklets were drafted and distributed while promotional activities employing banners or emails were also organized.

Full participation training

- Construct a professional training system, develop standardized training courses and rotating talents training program.
- The first round of internal certification training for principal directors, HSE Directors, HSE management team was successfully concluded, realizing accredited HSE management.
- Training in occupational safety, energy saving, firefighting, operational standards, and HAZOP standards were organized.
- Urge subsidiaries improve HSE training matrix, establish and perfect HSE training system for the enhancement of training efficacy.



Safety Skills Competition

The first safety skills competition was organized by Sinochem. Frontline workers from 15 enterprises affiliated to Sinochem Group participated in the competition. Safety operation skills and safety assurance capability were greatly enhanced. Passion for sharpening work related skills were also energized among enterprises and frontline workers.



HSE Culture Building

Sinochem combines HSE culture building with corporate culture cultivation by organizing colorful HSE culture building activities, so that the concept of health, safety, and environment protection could be internalized and materialized.



“Five Heart” Management Model

Sinochem always cultivates HSE model enterprise and establishes model management standards, which were further condensed into the blue sky environment protection “Five-heart Culture” management model, namely classic models in various aspects that could be followed.



Learn Something About Fire Fighting at “Family Safety Day”

Sinochem International held the “Family Safety Day” activity initiated by Du Pont Safety Culture Sub-Division at Shanghai Jiading Fire-fighting Culture Experience Hall. Themed “safe family and happiness for everyone”, there were 41 participating families with 108 family members in total. Firefighters showed children fire-fighting equipment, such as aerial ladders and beepers, daily exercises, and fire-fighting knowledge, such as fire prevention and calling for help when the fire occurred, etc. The activity serves as a great boost to the sense of safety and self-protection among Sinochem employees and their family members, and also the building of enterprise safety culture along with family culture building.

Materialize Safety Actions

Sinochem constantly perfects occupational safety management and employees' health; troubleshooting mechanism and equipment safety enhancement are also in place to ensure safe production; emergency management is strengthened to avoid potential risks.

Occupational Safety

Sinochem sticks to the principle of “employees' health and safety are of utmost importance” by facilitating infrastructure development and establishing mobile occupational safety service station for the purpose of ensuring employees' health and safety.

Infrastructure building

- Self-evaluation and improvement on occupational safety education and training for targeting potential troubles
- Monthly review and pairing mechanisms adopted in promoting infrastructure building of the frontline enterprises.



Resources sharing

- Organize professional mobile healthcare service station for resources sharing and information exchange
- Enhance emergency handling capacity through the introduction of internal exchange and communications mechanism and the drafting of Acute Poisoning Treatment and Pharmaceutical Dispensary Guide



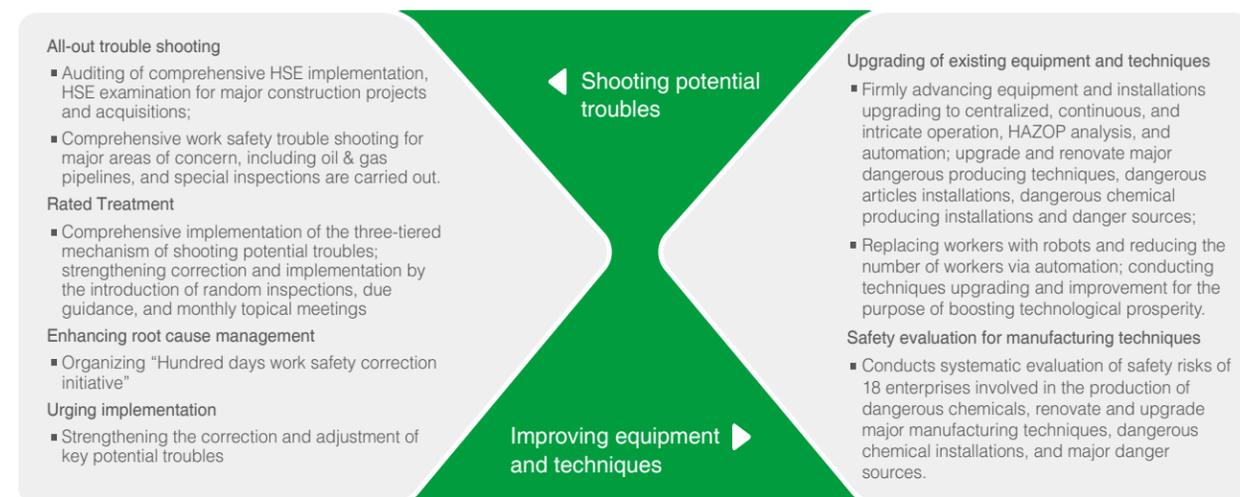
Pay attention to mental health

- Launching the mobile application of “V Health Management Platform”, with the help of which our staff can receive mental guidance,
- Building the “Staff safety House” for purpose of helping staff in monitoring health indications, including blood pressure, blood oxygen, blood sugar, blood fat and body composition.
- Promenade are also organized to encourage exercise and health improvement.



Safe Production

Sinochem advances safe management covering the whole production process; comprehensive troubleshooting, hierarchical management, and correction and implementation mechanism were in place; techniques upgrading serves as an important means for enhancing the role of technology in safe production, which is often utilized for assessing safety techniques and avoid major risks.



Emergency Management

Emergency management level is enhanced in a comprehensive manner by standardizing emergency plan management, optimizing emergency resources allocation, and strengthening emergency drills implementation. Enterprises at all levels under Sinochem Group invested 48.5708 million RMB in emergency management, and conducted 2292 drills involving 26019 persons in 2015.

Standardize emergency plan management

- Shooting troubles and implementing correctional measures in terms of emergency plan management

Improving resources application in emergency handling

- Realize full resources allocation for key enterprises entrusted with major projects
- Standardize "Guard Emergency Box" in connection with enterprises with a high level of production danger. Strengthen key rescue information management, including the information concerning floor plan, firefighting equipment layout, and dangerous chemicals.

Strengthening the implementation of emergency exercise

- Institutionalize emergency exercise in workshop operation,
- Organize level three emergency exercises named Secret Fog, and test the capability in emergency response and crisis management from Sinochem Group to its affiliates



Race with the Typhoon

Wind speed at Aoshan Island reached level 10 with heavy rain at 1 a.m. July 11. Qiu Xiaoyong, Electric Appliance Manager of Sinochem Xingzhong, were conducting routine electric examination near equipment room 8 in the heavy rain. "Oops, rain water would soon reach equipment room threshold!" Qiu Xiaoyong called emergency repair team immediately. The danger was finally dissolved following 5 hours of intensive repair. Emergency team was established by three enterprises located at Aoshan Island to face the challenges posed by the typhoon. Equipment, trees and office buildings were fortified; troubleshooting was arranged for the key paths of the tanker storage area. Some carriers were evacuated from the port. Emergency materials storage was stored in advance; work shifts were arranged; emergency shelter was established. When the typhoon hit, a total of 2000 persons was relocated at Sinochem Aoshan Base. There was no human or property damage caused by the typhoon.

Dedication to Environment Protection

Sinochem is dedicated to green development and environment protection in 5 major business operations, namely energy, agriculture, chemicals, real estate, and finance. Green production and circular economy could thus be achieved, and the environment could be protected.



Energy Saving and Environment Protection Covering the Whole Business Chain

Sinochem gives full play to its service capability covering the whole production chain in 5 major business segments, namely energy, agriculture, chemicals, real estate, and finance. New technologies, new techniques, and new equipment that are environmental-friendly are developed to realize the coordinated development between business operation and environment protection & resources saving.



Accelerate advanced oil refining production capacity building

- Adopt leading processing plan so that our refined oil, namely diesel and petroleum, meet Euro V standard;
- Reducing energy consumption via refined production management; our BT energy index stands at 131.2%, reaching level A in terms of energy consumption;
- Adopting world class 3 wastes treatment mechanisms with all indicators reaching world leading levels.



Promoting green agricultural development

- Testing soil composition so as to reduce the use of fertilizers
- R&D on green agro-chemicals, improving the recycling system and application system on green agro-chemicals
- Promoting the development of big agriculture, offering comprehensive agriculture solutions, reducing the use of agro-inputs, and realizing crop yield increase and recycling of straw



Tackling climate change

- Latest technology in natural rubber business contributes to green mode of transportation,
- Application of ODS substance in fluorine chemical industry helps the reduction of over 98% in Global Warming Potential



Leading green development in the real estate sector

- Building the first group of green eco city-Meixi Lake New Town
- Building multiple green schools, including Beijing Experimental Primary School, Chaoyang Branch, for the promotion of green education and green textbooks
- Having 103 green certificates and a green floor space of 3.5 million square meters, and the total energy-saving investment amounting to 200 million RMB.



Contributing to industry upgrading and transformation

- Enter the industry of environmental-friendly PE for healthy industry growth
- Assisting the upgrading of renewable energy bus for energy conservation and emission reduction

Energy Saving and Emission Reduction

Sinochem actively advances energy saving and emission reduction along the whole production process. Sinochem also redoubles its efforts in green production, energy saving, and emission reduction. The year 2015 witnessed a total energy saving and emission reduction investment of 505 million RMB, an overall energy consumption per 10000 RMB of GDP of 0.65 ton of standard coal, which saved 863.1 thousand tons of standard coal, reduced a CO2 emission of 142.5 thousand tons, and reduced a sewage discharge of 2.697 million tons.

Energy auditing and 3 major balance testing have been advanced. 16 enterprises included in the "Ten Thousand Enterprises Initiative" have all met the energy-saving targets set forth during the "12th Five-year Plan" with a third level measurement of 80%.

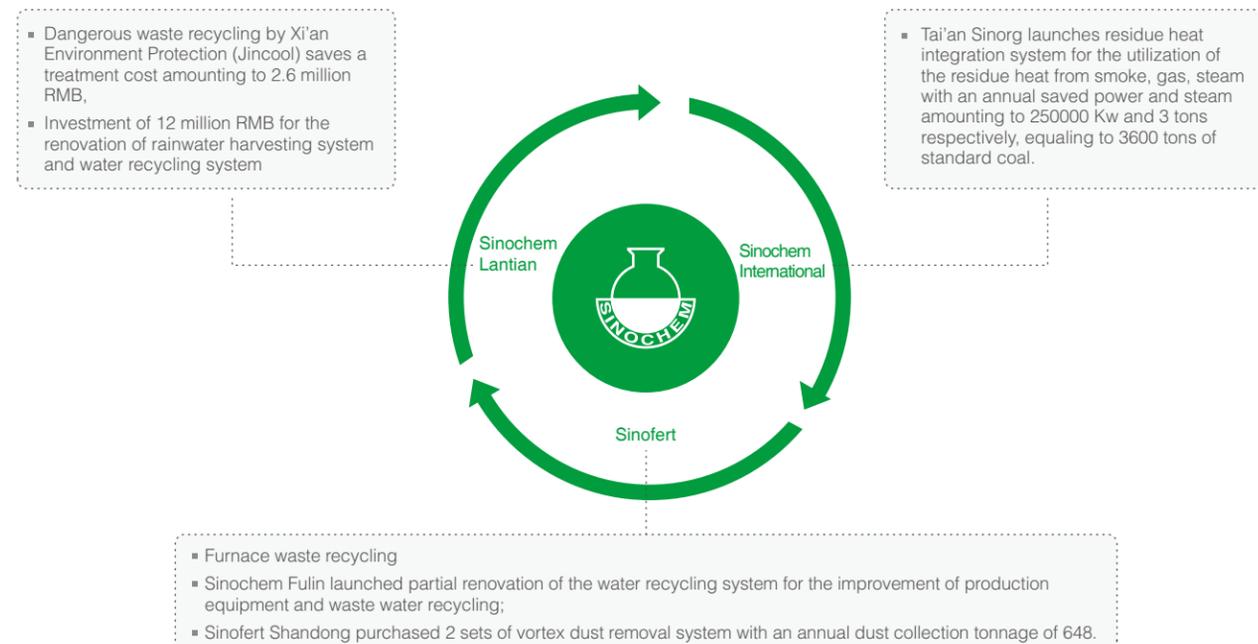


Be a Leader in Environment Protection Technologies

"Oil and Gas Recycling for Crude Oil Carrier Loading" by Sinochem Xingzhong was accredited with the national patent. Hundreds of billions RMB were invested in developing the technology, suitable for use in oil and gas recycling for crude oil carrier loading or unloading at petrochemical port, which could effectively reduce environment pollution caused by the oil and gas leak and realize zero emission. Oil and gas leakage could be reused, which generates certain economic profits. The technology could replace about a third of the fuel usage. It is expected that annual emission reduction could reach 9 million cubic meters, which roughly amounts to an annual CO2 emission reduction of 15585 tons.

Resources Recycling and Usage

Innocuous treatment and recycling of solid waste serve as an important means for protecting environment and alleviating resources scarcity. Sinochem treats solid waste in accordance with relevant regulations and builds a circular economy chain. In 2015, a total of 948 thousand tons of industrial waste was recycled and reused.



Quanzhou Petrochemical Co., Ltd. Advances Resources Recycling and Reuse

Quanzhou Petrochemical strengthens recycling and reuse of oil and gas, and water resources, with a view to enhancing usage efficiency, transforming the waste into usable items and create economic benefits.



Oil & Gas

- Launch the gasoline recycling system at Qinglanshan Terminal and Waizoumadou Terminal with an annual recycled gasoline tonnage of 2150, equaling to 8.5 million RMB of gasoline
- Launch gasoline recycling system at the vehicle assembling system with an hourly recycled triphenylene and gasoline of 500 standard cubic, which is in line with environmental regulations.



Water

- Recycled rate of water for industrial use standing at 98.5%
- Recycling freshwater from 4 wells at Qinglanshan dam area for fire fighting use with an annual saved water tonnage of 24000, which saves 60000 RMB annually.

Biodiversity Protection

Sinochem has established a biodiversity protection system, and has increased input in this respect for the purpose of protecting biodiversity in concerted efforts with various communities of the world.

Organization	Efforts and Effects
Sinochem Oil Exploration and Production Co., Ltd	▪ Developing environment management plan for the Colombian Project; studies on biodiversity concerning the surroundings of oil field and facilities
Quanzhou Petrochemical	▪ Conducting ocean ecology repair and concentrating on breeding and setting free of sea creatures; 264 thousand Sparus latuses were freed at Qinglanshan No.3 mooring place.
Sinochem International	▪ Strict European standards were adopted in establishing rubber plantation parks in Africa for the protection of endangered species; Virgin forests protection areas were designated
Sinochem Zhuhai	▪ Fishes are released into the sea near the 80000-ton petrochemical wharf in Gaolan Port, Zhuhai for several consecutive years. Up to several millions of fish covering tens of species, including Black Seabream, Sea Perch, and American Red Fish, etc. are released based on different seasons.

Advocate a Low-Carbon Lifestyle

Sinochem pays great attention to environment protection and low-carbon lifestyle in its business operations. It advocates and popularizes environment protection concepts, such as green business and green commuting, in concerted efforts with people from all walks of life so as to share blue sky and clear water.

Organization	Measures and Achievements
Quanzhou Petrochemicals	<ul style="list-style-type: none"> ▪ Environment protection video is played when exchange and discussion activities are held with the local community. ▪ Voluntary tree-planting activities are held with Hui'an County Government and the troops stationed at Hui'an County. Concerted efforts were made to build a green and amicable Hui'an.
China Jinmao	<ul style="list-style-type: none"> ▪ The Second Green Jogging activity was held—"Sports Challenge" was conducted covering 10 contesting areas. "Green Jogging" with 10 thousand contestants was organized.



Respect the Value of Talents, Grow with Our Staff

Staff is the most cherished treasure of Sinochem Group. We safeguard the rights of our staff and offer due help in realizing their own goals by building a prosperous career platform, constantly improving incentives and benefits system, and cultivating a relaxing and harmonious management system, so that the enterprise can grow with the staff.



Honors and Stakeholders' Comments

- National Model Worker and Advanced Worker Award presented to three Sinochem employees, namely Yang Huie, Ding Kehong, Li Haiping, at the Great People's Hall during the International Labor's Day Award-presenting Ceremony
- Runner-up of "Friendship Cup" Football League Competition by Sinochem Football Team
- "Civilized Youth" presented by the Communist Youth League to China Seed Technology Center
- "Shenyang Model Worker Medal" presented to Dr. Chun Rui from Shenyang Research Institute of Chemical Industry by Shenyang Federation of Trade Unions
- "2010-2014 Shanghai Model Worker" awarded to Tang Shuyi from Sinochem International; Red Flag Communist Youth League Sub-branch awarded to Ruixiang Chloralkali sub-league, a subsidiary of Yangnong Group; Youth League Member of Excellence awarded to Cheng Nuo from Jiangsu Sinorg
- Silver Prize awarded to the Enterprise Theme Song named Promise of FOTIC at China Enterprise Culture Management Conference and The Second The Most Attractive Enterprise Theme Song Activity. The Most Encouraging Enterprise Story awarded to the documentary clip "Companion, the utmost devotion"; "Chinese Enterprise Culture Building Model Enterprise" awarded by the Special Committee on Enterprise Culture Management under China Culture Management Association.
- 2015 Central Enterprise Youth Specialist Prize awarded to Zang Lin from Sinochem Nantong, Zhang Xing from Sinochem Yangzhou, Huang Bin and Wu Chuande from Tianjin Logistics, Xie Yinjie from Orient Petrochemical Terminal.
- 5.1 Labor Prize awarded by Zhejiang Provincial Government to Zhoushan National Strategic Oil Reserve, studies on the Role of Competition in Project Building included in Collection of theses on the 12th Five-year Plan Labor Competition Theory Studies.



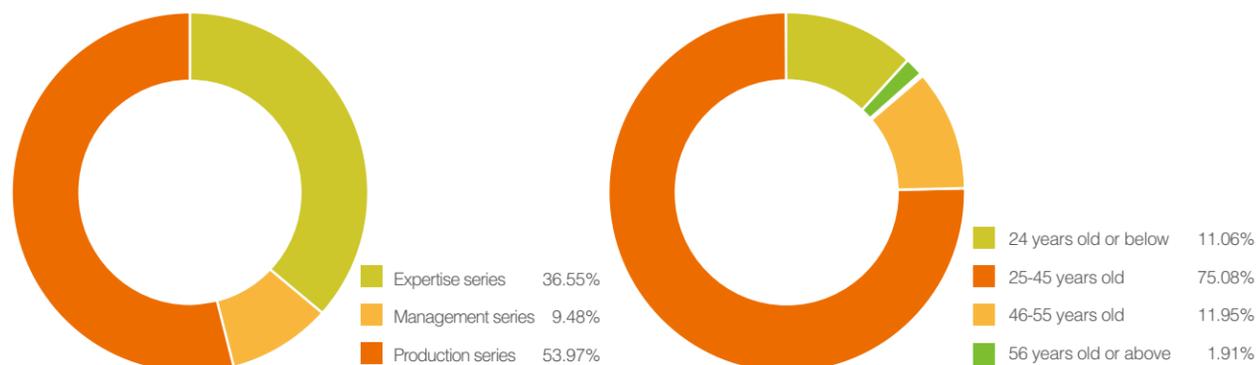
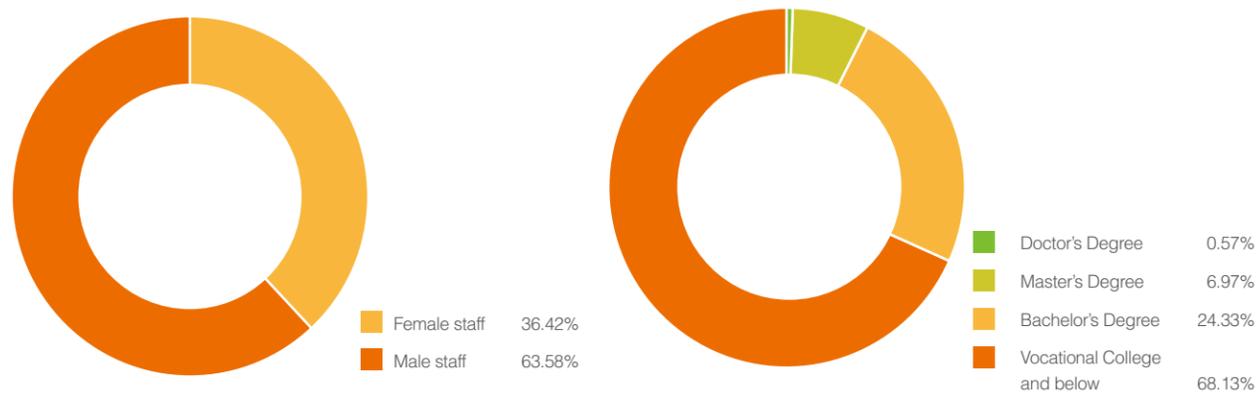


Sinochem Girls are so Adorable

Sinochem girls, with their smart mind and agile thinking, have blazed new trails via their diligence and resourcefulness. Girls from the energy sector featuring bravery, independence, optimism, and tolerance show no disadvantaged signs in the men's world; Girls from the finance sector featuring expertise in wealth management and finance, understand how to manage and control risks and how to increase the value of assets. They are devoted and excellent wealth managers. Girls from the real estate sectors featuring understanding, caring, patience, and willing to listen, could solve numerous problems on customers' behalf. Girls from the agricultural sector featuring hardworking and conscientiousness, can not only withstand battering rain and burning sun, but also can handle research and development activities. Girls from the chemicals sector featuring focused, targeted, and attentiveness, can excel in areas, such as fluorine chemicals, natural rubber, and pharmaceuticals, at which girls would balk.

Safeguard Employees' Lawful Rights

Sinochem strictly abides by laws and regulations, including Labor Law, etc. We also seek diversified employment on the basis of equality and law-abiding operation, oppose employment discrimination, and eradicate child labor and forced labor. There was no major labor dispute incident in 2015. 100% of our staff has signed the labor contract with minority ethnic group staff members taking a 2.8% share of the total staff members and female managers taking a 21.66% share of the management team.



Pay and benefits

- Base pay is higher than local minimum wage
- Implement differentiated wage plan based on the market principle, explore incentive mechanisms featuring mid and long term incentives and diversified incentives for R&D staff, strengthen the correlation between monthly salaries and performance based bonus,
- Actively explore incentives such as employee stock ownership plan for enterprises with mixed ownership, dividends incentives, support the efforts made by listed enterprises such as China Jinmao and Sinochem International in expanding incentive mechanisms, including equity rights, etc.
- Efforts are also made in improving the benefits of our employees in terms of Medical supplies, food, clothing, accommodation, commuting, etc.
- Join social security fund and housing fund scheme, encourage the establishment of supplementary annuity by contractors based on enterprises profitability, and at the time fully respect the will of staff with nearly 15% of staff members participating in supplementary annuity scheme.



Democratic management

- All enterprises under Sinochem Group have established respective labor unions with an admission rate of 100% and labor union operating fund amounting to 2.78 million RMB
- 9 workers' Congresses were convened; 113 pieces of advice were solicited with 68 pieces adopted.
- Various forms of communication were adopted, including symposiums, questionnaires, chairman's box, and reception meetings, for the timely and effective communication with employees and solicitation of their opinions.
- Firmly advance standardization and digitalization of corporate affairs management, which spans over management and business operation. Major decisions and news concerning major interests of staff are released and published via multiple channels, including internal newspaper, news network, info bulletin, ERP, etc..

Realizing Employees' Value

Sinochem encourages its staff to grow with the company. The company actively promotes employees' career development and strives to build a unique employment brand by formulating a diversified career development path, developing a talents cultivation system suited to the conditions required by profession enhancement, and also building a high-level talents development platform.

Diversified Training

Sinochem established a three-tiered talents training system that realizes classified and categorized special training, which can enhance staff capability via the integration of leadership capability, professional expertise, and general skills. The year 2015 witnessed a total staff training investment of 55.87 million RMB with a staff training coverage of 100%.



Organization	Measures and Achievements
Sinochem Group	<ul style="list-style-type: none"> Young cadre training class, youth training class, management and training officer, financial affairs personnel training 3-tiered Sinochem mentors team, mutual facilitation of learning and training 135 staff members from the enterprises affiliated to Sinochem Group participated in work skills competition. The first three places were awarded 'Central Enterprise Technical Specialist Prize' by SASAC
Management School	<ul style="list-style-type: none"> "Courses delivered to your door" activity that integrates lectures, discussion, analysis, and learning tours, etc.
Oil Center	<ul style="list-style-type: none"> Training systems are established, covering leadership skills development, youth training, sunlight college graduates training and talents with special skills training.
Sinofert	<ul style="list-style-type: none"> Introduction of Golden Sunflower Talents Training Program with emphasis laid on crises and reform in Sinochem Group and 7 good habits of highly efficient persons.
Sinochem Lantian	<ul style="list-style-type: none"> Establishment of "Lantian School" in order to accelerate talents training

Career Development

Sinochem attaches great importance to the aspiration for career development of our staff. Career development paths are developed for professionals and administrative staff based on their traits. Great efforts are made in ensuring talents can stand out by adopting equitable and scientific evaluation methods. Relevant supporting resources are also allocated to achieve the above-mentioned goal.

High-level talents	Professional talents	Production skills talents
<ul style="list-style-type: none"> Submitting state and high-level talents applications via the platform of Sinochem Group. One talent was included in the mass talent program and 5 talents were qualified for the special allowance allocated by the State Council. Rules and regulations on high-level talents management are developed. Hiring and evaluation mechanisms concerning high-level talents are being constantly improved, and two-way flows of management and technical staff are encouraged. 	<ul style="list-style-type: none"> Comprehensive check in terms of professional talents was conducted for a better understanding of talents and talents reserves in strategic business, major business, and professional talents with special expertise for the sustainable development of professional talents pool. Further work will be done based on existing 65 lines of profession for the sustainable development of human resources. 	<ul style="list-style-type: none"> Continuously advancing production skills accreditation. Sinochem Oil, Sinochem Lantian, and Sinochem Quanzhou are selected as pilots for conducting production skills accreditation. 24 accreditations were conducted in 2015, which encompasses 12 work types and 655 employees. There are 4585 times of participation in various accreditations training. Competition and exercises greatly contributes to the cultivation of a virtuous cycle in skills development and talents cultivation.



"Young talents initiative" bears many fruits

Sinochem Group offers due guidance in optimizing young talents team pyramid with the aim of building a young talents training system that is targeted, effective, and efficient with a clear management structure. A talents team pyramid composed of posts, reserve talents, young talents, and management training talents has taken shape, which is further enhanced by and integrated into talents survey, democratic recommendation, and talents check. By the end of 2015, staff members under the age of 35 accounts for 60% of our staff. Staff members born after the 1980s gradually become the major force in witnessing and promoting our transformation and upgrading.

Enhance the Sense of Belonging of Our Staff

Diversified staff care activities and multi-faceted culture events were conducted; company history was also reviewed for the sake of enhancing cohesiveness and the sense of belonging of our staff.

Corporate Culture Building

Corporate upgrading is underway for Sinochem, while the efforts at operation management and corporate culture building has not been reduced. Culture activities are organized. Popularizing activities are also strengthened to enhance the cohesiveness of our staff.

The most beautiful frontline workers	65 year anniversary arts performance	Cultural exchanges
<ul style="list-style-type: none"> 20 workers were selected as the most beautiful workers from the most beautiful workers initiative themed Sinochem dream, sense of responsibility, and entrepreneurship. The initiative aims at promoting the philosophy of devotion and selfless contribution with over 30000 online voters and release of relevant information on various news channels and outlets, including newspaper, bulletin, mobile apps, and micro official sites, etc.. 	<ul style="list-style-type: none"> The singing competition themed Sing your Chinese Dream at Sinochem was held in commemoration of 70 year anniversary of the victory against Fascist Aggression, 66 year anniversary of the founding of the PRC, and 65 year anniversary of the founding of Sinochem Group. Over 200 staff members from 14 enterprises affiliated to Sinochem Group participated in the arts performance where there is an audience of 1000 who renewed their memory of the hardship in founding the P.R.C. and Sinochem Group. 	<ul style="list-style-type: none"> Topics such as cultural refinedness, faith, belief, and personal character are included in major types of trainings. 17 centralized trainings are organized for newly recruited young staff members, newly assigned managers, and staff members from newly acquired enterprises. Cross-cultural exchange management symposium was held for staff members from functional departments, Sinochem International, and other relevant enterprises. Learning materials were selected by the central government at experience exchange symposium on cross-cultural management.

Staff Care

Sinochem makes great efforts in developing loving brands and constructing multi-channeled on-line and off-line service platforms. Diversified activities are organized for our staff members in the hope of achieving a work-life balance on the part of our staff members. Thus our employees could have the feeling of being cared and have a better chance of being happy. The paid leave of Sinochem employees lasts for 8.5 days on average in 2015.

 <p>Care for female staff</p> <ul style="list-style-type: none"> Female workers were cited for their outstanding performance. Nurseries were built at the workplace for female workers. Events are organized during International Women's Day. 	 <p>Care for staff members facing financial constraints</p> <ul style="list-style-type: none"> Condolences are paid to staff members facing financial difficulties. Monetary support is also given to staff members facing difficulties in receiving education. 200 thousand RMB is devoted to staff members' relief in total in 2015. 	 <p>Care for retirees</p> <ul style="list-style-type: none"> Never let the emotional ties with staff members be severed by retirement, as well as be attentive to retirees' needs and demands
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Contribute to Public Welfare Undertakings, Dedicated to Social Progress

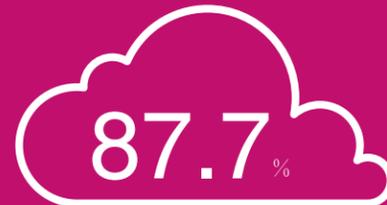
Sinochem Group voluntarily fulfills corporate social responsibility, and strives to create value and wealth and grow along with the local communities and cooperation partners.



Tax paid



Poverty relief and Tibetan assistance fund allocated



Contractual procurement rate 87.7%

Honors and Stakeholders' Comments

- Mr. Wang Wenbin, Deputy Director General of the SASAC of the State Council Spoke highly of Sinochem in setting an image of responsible central enterprises and actively fulfilling overseas responsibilities during the 4th China Charity Fair.
- "2014 Outstanding Property Owners Prize" presented to Jinmao by Shanghai Pudong New Area Lujiazui Finance and Trade Zone Management Committee
- "2014 Taxation Grade A Enterprise" awarded to Sinochem Qingdao by Qingdao National and Local Taxation Administration and National Taxation Administration





Set Free Our Hopes with a Loving Heart

Sinofert Volunteer Association was officially established in May 7. Sinofert volunteer Association also joined Beijing Volunteer Federation. A single water drop was finally pooled into the sea. Association chief took the flag offered by Beijing Volunteer Federation and solemnly swore on behalf of the volunteers: "We will do our best, help others selflessly, serve the society, honor the spirit of volunteers, pass on Chinese culture, and contribute our part in building a harmonious society with solidarity and fraternity." The resonating sound is a clear demonstration of our belief and commitment.

Poverty Relief

Sinochem is an active member of the national poverty relief initiative, advancing 16 poverty relief programs in Tibet and Qinghai in an orderly manner and offering assistance to 4 designated counties in Tibet, Qinghai, and Inner Mongolia. The year 2015 witnessed total poverty-relief fund amounting to 19 million RMB, which greatly facilitated local economic development and livelihood improvement. Poverty Alleviation Office and the SASAC under the State Council spoke highly of the poverty relief efforts made by Sinochem, which was also designated as one of the poverty relief experience-sharing central enterprises. The poverty relief meeting for central enterprises was also held at Alukerqin County in Inner-Mongolia, a designated poverty relief county of Sinochem, with over 100 institutes and enterprises under the direct supervision and management of the central government.

Dream realization initiative

- 712 staff members
- 730 students receiving donation
- 822 thousand RMB donated

"Rikaze witnessed rapid economic and social development featuring political stability, urban and rural transformation, and peoples' livelihood improvement during the 2 decades of designated poverty relief."

--Danzeng Langjie, Deputy Chief, Standing Committee of the People's Congress of the Tibetan Autonomous Region, Party Chief, Rikaze City



Boosting the development of small sized cities

- Participation in the Satisfactory Housing Scheme; invested 1.6 million RMB for the renovation of 40 households;
- Participation in the construction of the phase 4, Belt Road, Gangba County, promoting the development of utilization of parcels of land along the Belt Road;
- Invested 1 million RMB for the renovation of public apartments at Gangba County, greatly alleviating the problem of poor outdoor lighting, sewage congestion, and traffic jam, thus improving the livelihood of the locals.



Contributing to educational development

- 152 students and 15 teachers of excellence received Sinochem Scholarship totaling 184100 RMB;
- Investing 9.5 million RMB for the construction of teaching building and improvement of teaching hardware; promoting the balanced development of local education;
- Selecting 56 teachers of excellence for the participation of refresher courses at prestigious higher learning institutions, well as hiring educational experts for topical training.



Promoting industrial growth

- Sinofert sticks to the philosophy of benefitting farmers via technological development and providing farmers with seeds and fertilizers of great value, helping over 800 farmers achieving crop yield increase
- Help farmers at Linxi County realizing zero-growth of fertilizers use while achieving crop yield increase and quality enhancement.



Provide a Poverty Relief Platform that Involves Everybody

Sinochem has established a platform that can pool social resources into the poverty relief efforts. Total value of social donations surpassed Sinochem's annual poverty alleviation program fund for the first time in 2015.

<p>01</p> <p>Assistance and relief efforts in various forms are given to Aqi County in collaboration with State Ethnic Affairs Commission. For example, the First Hospital Affiliated to Tsinghua University organized free medical consultations at Aqi County; China Ethnic Song and Ensemble organized artistic performance and donated educational equipment and books totaling 500 000 RMB.</p> <p>500 Thousand RMB</p>	<p>02</p> <p>Aqi Mengyuan Business Co., Ltd donated 16000 RMB for assisting 20 financially constrained students.</p> <p>16 Thousand RMB 20</p>	<p>03</p> <p>Beijing Zhoupeiyuan Foundation contributed to the training of 46 sports teachers, and donated 22 soccer outfits with a total value of 10000 RMB. A friendship soccer competition was also organized between players from Beijing Youth Soccer Club and students from Aqi County.</p> <p>46 22</p>	<p>04</p> <p>Beijing Friendship Link Association donated 50 000 RMB to 32 poverty stricken students.</p> <p>50 Thousand RMB 32</p>
	<p>05</p> <p>Inner Mongolia Insurance Regulatory Commission and Tianjin Heping District Educational Commission donated educational equipment with a total value of 680 000 RMB and assisted 3 primary schools</p> <p>680 Thousand RMB</p>	<p>06</p> <p>Helping pairs are established between Beijing Sunflower Public Welfare Association and the General School of Aqi County with the organization of public-spirited events featuring the donation of microwave ovens, teaching equipment, and long-distance medical equipment with a total value of 600 000 RMB and donation of funds to 10 poverty stricken students.</p> <p>600 Thousand RMB 10</p>	

Advance Win-Win Cooperation

Sinochem constantly expand cooperation arenas and encourage innovation in ways of cooperation in an effort to foster a healthy competitive environment and thus achieve win-win cooperation.

Build a Responsibility Chain

Sinochem constantly build and improve suppliers' management system and mechanism by advancing sunshine procurement and cultivating strategic suppliers. Vetting and training mechanisms are also adopted to enhance the responsibility fulfillment ability of our suppliers and ensure the stable and healthy relationship with the suppliers. A responsible industrial chain was thus constructed.



Safeguard Legal Rights of Construction Workers

Over 20 constructors and several thousand migrant workers participated in the construction of Aoshan Island project, one of the key national investment projects. Migrant workers legal rights protection panel chaired by Zhoushan National Strategic oil Reserve was established to safeguard and protect lawful rights of the migrant workers. Standard procedures for safeguarding migrant rights were established to ensure the timely pay of migrant workers' salary. Tardy payment of and default on migrant workers' salary by any contractors are strictly prohibited to ensure that the project is honest and clean.



Improve Suppliers' Management

The suppliers' database and an evaluation and access system for the suppliers have been established by Sinofert for the purpose of optimizing suppliers' structure and improve infrastructure management system. Suppliers' access is examined and managed online 100%. Approved suppliers are included in the database of Sinofert while unqualified suppliers are excluded. The number of complied suppliers has been reduced from 804 to 508, while that of Fulin phosphorite mine has been reduced from 41 to 20, and the number of complied coal suppliers for Sinochem Yunlong and Sinochem Changshan has increased from 1 to 3.

Promoting Industrial Growth

Sinochem pays close attention to industrial growth by actively participating in industrial exchange activities and industrial standards formulation, which contributes to industrial growth and sustainable development.

Research and Studies	Industry standardization	Industrial exchange
<ul style="list-style-type: none"> The research program titled "Application of Polyvinylidene Fluoride in the Treatment of Urban Sewage" was tested and accepted by the experts panel from the Ministry of Science and Technology, which holds great significance in reducing the cost of membrane use for relevant enterprises. 	<ul style="list-style-type: none"> Zhejiang Research Institute of Chemical Industry is where the Secretariat of Zhejiang Standardization Technical Committee of Chemical Industry lies. It can provide standardized technical service for the public and private sectors, which is conducive to the healthy and sustainable development of the chemical industry in Zhejiang Province. 	<ul style="list-style-type: none"> China Seed Hybrid Wheat Seeds Co., Ltd. cohosts "Symposium on Hybrid Wheat Sci-tech Innovation and industrial development" with Sci-tech innovation League on China Hybrid Wheat Development", which is conducive to the enhancement of hybrid wheat competitiveness at home and abroad.

Strengthening Strategic Cooperation

Sinochem seeks cooperation with local governments, enterprises, financial institutions, and higher learning institutions, and constantly enhances cooperation level for the joint growth of enterprises and society.



Being an Active Member of Charitable Activities

Sinochem champions voluntary activities and cares the underprivileged, contributing to the growth of a harmonious society.

 <p>Energy</p>	<ul style="list-style-type: none"> Sinochem Liaoning donated new year gifts, including e-learning machines, fairy tale books, and coats, etc., to poverty stricken primary school students and encouraged them to overcome difficulties.
 <p>Agriculture</p>	<ul style="list-style-type: none"> China Seed donated 22 computers and renovated 1 classroom to Red Flag Primary School. Sinofert paid special visits and offered their care to autism patients. Jiangshan Holdings established scholarships to encourage the cultivation of brilliant agriculture talents.
 <p>Chemical</p>	<ul style="list-style-type: none"> Sinochem Lantian donated 1.2419 million RMB to poverty stricken area for promoting local public welfare growth.
 <p>Real estate</p>	<ul style="list-style-type: none"> China Jinmao organized CPC party members voluntary care event featuring visits and in-kind donations to disabled kids at Fengxian Guangci Nursery home.
 <p>Finance</p>	<ul style="list-style-type: none"> FOTIC laid great emphasis on the building of a love foundation and also organized public spirited events themed "Care for helpless kids, Grow our dreams together".

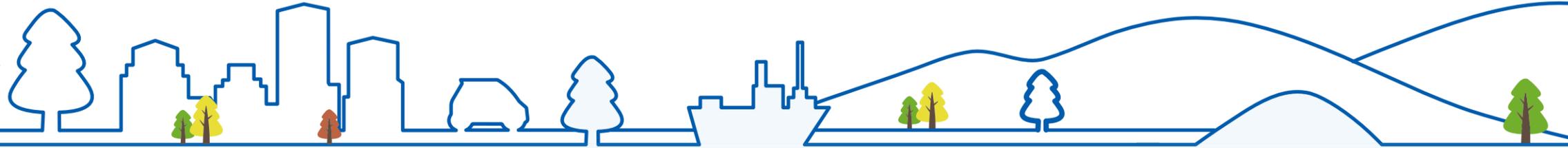


Computer Donating Ceremony at Beijing Red Flag Primary School



Large-scale Charity Bazaar organized by Sinochem Group in 2015

Special Column on Responsibility



Abiding By The Principle Of “Going Global”, Fulfilling Overseas Responsibilities

Sinochem Group's predecessor was China National Chemicals Import and Export Corporation, which was China's largest trading firm, and also one of Chinese enterprises with the longest history of "Going Global". Since the 1990s, Sinochem Group is dedicated to transform itself from a traditional trading firm to a multinational conglomerate by cultivating market-oriented key competitiveness and sustainability and utilizing two resources and two markets, namely domestic and international markets characterized by market-based operation, resources and technology support, fine management, and internationalized environment. Corporate International index is constantly on the rise, which takes the lead among Chinese enterprises.

Expanding Overseas Business as Well as Promoting Localized Operation

Guided by the market economy principle and bearing in mind our position as a resources and market organizer, Sinochem actively expands overseas market, advances localized operation, and perfects key segments along the industrial value chain centering on our major business operations, namely energy, agro-inputs, and chemicals, etc. and firmly grasps three major links, namely resources, technologies, and markets. Thus, our overall market competitiveness is greatly enhanced.



Energy

We made our first move of "Going Global" in the upstream sector of the oil industry in 2003. After over a decade of development, we now have 36 contracted oil and gas blocks in several countries and regions, including Colombia, Brazil, and the United States etc. Two strategic areas covering the Middle East and South America are established. By the end of 2015, we had 800 million barrels of equity 2P oil and gas reserves. Faced with the unfavorable situation of plummeting crude oil price, we steadily advance the strategy of "area focus, technology focus, and increasing the share of the operators" for the purpose of strengthening cost control and optimizing production capacity with low efficiency. We also compete with international oil giants on the same platform by following internationalized and market-oriented operation practices, which enhances our technical and management expertise and also leads to fresh development in exploration and production business.



Natural rubber

Since 2007, Sinochem constantly expands its natural rubber business in the upstream sector, namely natural rubber planting and processing, in Southeast Asia and Africa. We acquired 75% of stake of Malaysia Euroma Rubber Processing Plant in 2007. The acquired rubber processing plant became a beacon for our natural rubber business expansion overseas. We entered the upstream of natural rubber business, natural rubber planting, by acquiring 51% stake of GMG Global Ltd, a Singaporean listed company in 2008. We acquired 35% of stake from Belgian SIAT Group, whose plantations are located at four African countries of Cote d'Ivoire, Ghana, Nigeria, and Gabon. Its major business covers planting, processing, production and sales of natural rubber and oil palm. By the end of 2015, Sinochem has developed into a natural rubber service provider covering planting, processing, and sales and established a full industrial chain spreading across the globe.



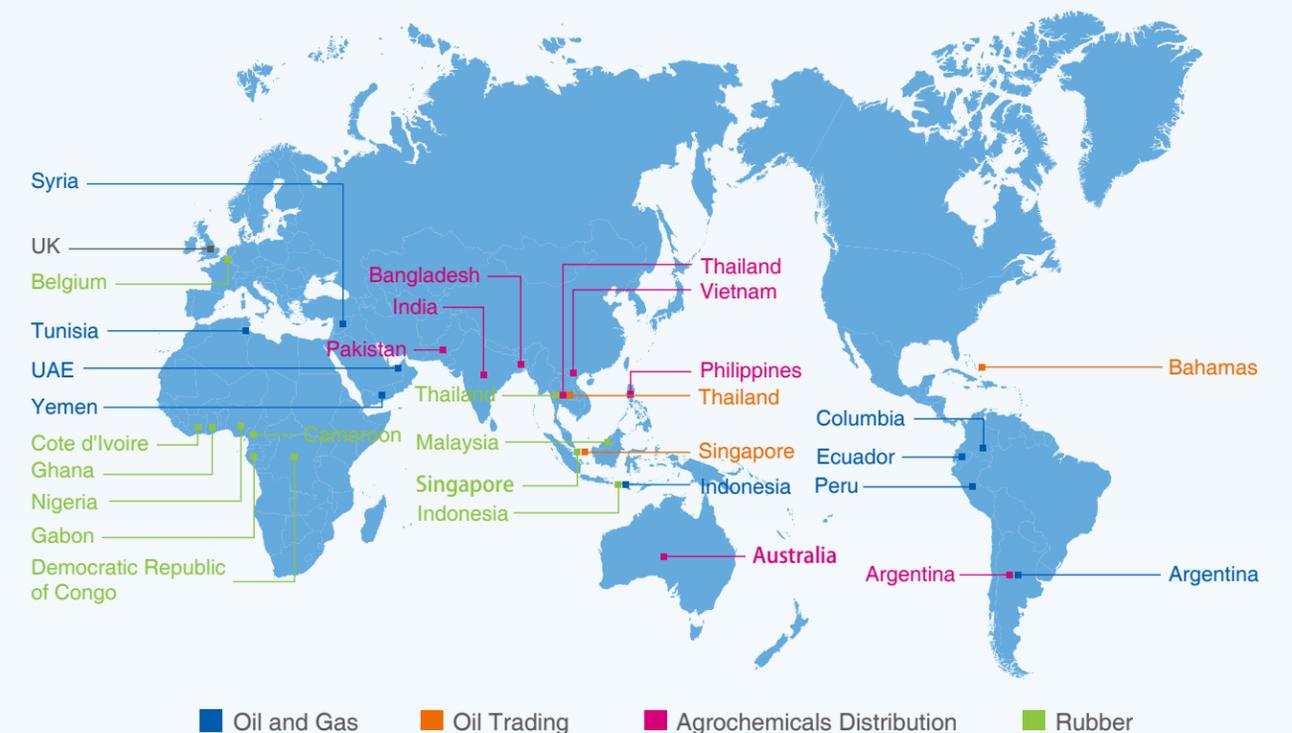
Agro-chemicals

Overseas branches are established at key overseas markets, including India, Philippines, Thailand and Australia. Marketing and sales team is also organized by us for the purpose of formulation distribution and sales network improvement. By the end of 2015, our agro-chemicals business, with over 10 branded formulations, spans over 60 countries and regions in the world.



Chemical Logistics

Sinochem provides a full array of chemical logistics services, including liquid chemical shipping, ISO Tank multi-modal transport, storage tank terminals, and freight forwarding, etc. Our sea shipping lines cover the Middle East, Taiwan Strait, Australia, and New Zealand. Sinochem is the major force in liquid chemical direct shipping between the P.R.C. and Taiwan. Sales network and branches are established in the Middle East and Singapore. ISO tank sales network is established in Saudi Arabia while Office is set up at Dubai for the handling of shipping and ISO Tank business and subsidiaries are established in Singapore for the handling of ISO Tanks and shipping business.



Geographic Layout of Major Overseas Assets and Business Operations by Sinochem Group

Deeply Plow the "Belt and Road" and Build a Win-Win Cooperation Mechanism

President XI Jinping put forward the strategic conception of the Belt and Road Initiative in 2013 in the hope of constructing a community that shares interests, destiny, and responsibilities featuring political mutual trust, economic integration, and cultural inclusiveness and develop economic partnership with countries along the belt and road based on China's existing bilateral and multilateral mechanisms with relevant countries, existing regional cooperation platforms, and the historical symbol of ancient silk road.

Sinochem implements the architectural design of "Belt and Road" Initiative in an earnest manner, and has become an active player in international production capacity cooperation and industry transfer. A number of means are adopted, including merger & acquisition, investment, and trade, etc., to communicate with our partners in a candid manner so as to foster ways of cooperation characterized by interconnection and win-win cooperation.



In India, Nantong Jiangshan conducted global business cooperation with UPL by giving full play to its knockout product, Glyphosate, and the business platforms offered by various branches.



In the Republic of Korea, cooperation was conducted with Active Ingredient (AI) Producers, including LG, etc. Cooperation in Active Ingredient is expanded and extended while the supply of intermediates are stabilized. For other pharmaceutical enterprises, trading cooperation is conducted and advantaged products registration is encouraged.



In Japan, we actively seek cooperation for new solutions based on our packaged sales agreement with major customers, namely Chori and Sumitomo, etc, while communication with large scale multinational conglomerate, such as Mitsui, is strengthened for potential cooperation.



In Pakistan, hybrid wheat commercialization cooperation agreement was signed, and all-round piloting and testing was carried out. 28 testing base was established for the selection of the compound suitable to local climatic conditions with an average yield increase of 30%-50%. Registration and approval procedures for some of the advantaged compound are already underway.

Belt and Road Initiative refers to "Silk Road Economic Belt" and "21st Century Maritime Silk Road"

Care for the Local Livelihood, and Boost Community Development

Sinochem's global business operation features responsibility fulfillment, active participation in local community affairs and local public-spirited events, which promotes coordinated development of the local economy, environment, and society, and earns respect and trust from the international community and local stakeholders.



Emerald Columbia Practices Localized Operation

Emerald Colombia affiliated to Sinochem Oil Exploration & Production Co. Ltd strictly follows local regulations and laws, exercise honest and credible operation, and actively integrates into local communities. Thus, a harmonious cooperation relationship with local communities is established featuring mutual trust and win-win cooperation. An independent community relationship management organization is established and full-time community facilitators are hired at operating oil fields and blocks for the establishment of routine communication and exchange mechanisms with local governments and NGOs. Great emphasis is laid on attracting and retaining outstanding local talents and enhancing the education level of the local staff. Increasing efforts are devoted to train local staff, which will contribute to their career development. That we build infrastructure for the local communities, schools, etc. is well received by the local community. By the end of 2015, Sinochem has an accumulative investment total of 300 thousand US Dollars for the local communities.

Care for Livelihood Improvement of Local Residents

35

Funding the development of Campo Rico Community Center, benefitting 35 surrounding families

16

kilometers

16 kilometers of road construction and maintenance for the local community near Nogal Block, greatly facilitating local traffic and transportation

120

hectares

Farming training for local residents, improving farming efficiency of 120 hectares of land.

Local Staff Training

Diversified and flexible training methods are adopted at our operating sites, including Nogal, Campo Rico, and Mantambo. About 3000 oil operators are trained locally, which greatly contribute to the enhancement of skills of the local staff. By the end of 2015, local staff members account for 90% of the total staff in our overseas programs.



Promoting Cultural Integration

Active participation in local traditional cultural events, such as Halloween, Christmas, etc., which greatly facilitates communication and mutual trust among the staff members and is conducive to the building of a diversified team with a great sense of team spirit and executing capability.



Halloween events



"We have shelter, power, drinking water for free, schools, and hospitals. It's so considerate of Sinochem."



-- Village Head, No.1 Workers' Village

Prospect

In 2016, following the keynote principle of steady and sound progress, we will firmly uphold the principle of positivity, stability, sustainability, and healthy development, stand up to challenges with a firm heart for the enhancement of operation efficiency and industrial upgrading and kick off a new round of development during the "13th Five-year Plan". We will redouble our efforts in the following areas.

We will further advance our business operation in accordance with relevant laws based on perfecting our legal entity governance structure, laying great emphasis on legal operation, and improving legal management capability. We will also strengthen the building of a standard Board of Director, perfecting the decision making mechanism involving key posts management, major funds allocation, and major projects management, and at the same time streamline law-based decision making procedures. We will be an active player based on market economy rules, while law-breaking activities will be strictly prohibited.

We strive to build a competitive market oriented business platform by focusing on tangible yield and efficiency, increasing output along major links of the value chain, and accelerating reorganization and integration among the research and production sectors. We will also resort to technological innovation, business model innovation, and mechanism innovation in developing new opportunities and new businesses with strategic and forward-looking visions.

Based on existing technological management framework, we will further improve technological management mechanism. We will strengthen management on technological programs, programs access, and evaluation indicators, as well as cost accounting and full cycle budget management. R&D achievements patenting, registration, sharing will be strengthened, the same is also true of coordination among research, production, and sales, which will accelerate the translation of technological achievements to economic benefits and production capacity.

Affectionate leadership, direct line of responsibilities, work area management are advocated. Violation of rules, regulations, and work principles are strictly prohibited when it comes to giving orders, operating business, and abiding by work rules. Environmental impact assessment will be strictly standardized, and a "Three Simultaneous" management mechanism environmental protection facilities shall be designed, constructed, and launched into operation with the major construction work is adopted. Operation of environmental protection facilities will be strengthened while action plan for water pollution and air pollution prevention will be implemented. The principle of clean production will be followed for the realization of energy saving target of the whole year.

We will firmly strengthen team building in connection with technological expertise, production skills, and management expertise. High-level talents are encouraged to follow a professional career path. Experts team building and expertise cultivation in R&D engineering, and manufacturing, etc., will be our key focus, while our staff working at the headquarters shall be highly efficient and competent.

We will be an active member of the local community, following the new trend of globalization and digitalization by building comprehensive social responsibility communication channels and constantly expanding information channels for the purpose of increasing operation transparency and gaining support and understanding from the public.

Status of the 10 Principles in the Global Compact

As a member of the United Nations Global Compact, Sinochem submitted its progress report to the Global Compact since 2010. Sinochem has achieved great progress in implementing the UN Global Compact in 2015.

Theme	Principle	Progress made by Sinochem
 Human Rights	<ul style="list-style-type: none"> Businesses should support and respect the protection of internationally proclaimed human rights; Make sure that they are not complicit in human rights abuses. 	<ul style="list-style-type: none"> Provide equal access to female employees in career development; The first youth training class was held, which greatly contributes to the growth of young talents; Improve the pay and benefits of the employees; Engagement with human rights violators is strictly prohibited
 Labor	<ul style="list-style-type: none"> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; The elimination of all forms of forced and compulsory labour; The effective abolition of child labour; The elimination of discrimination in respect of employment and occupation. 	<ul style="list-style-type: none"> Strictly abides by Labor law, and other relevant regulations; Establishes and improves democratic management system; advances democratic management and scientific, institutionalized, and standardized management of corporate affairs; Establish a unified employment platform to eliminate job discrimination; Employees, regardless of their nationalities, color of their skin, race, gender, religious and cultural background, are treated equally; Child labor, forced labor and compulsory labor is strictly prohibited.
 Environment	<ul style="list-style-type: none"> Businesses should support a precautionary approach to environmental challenges; Undertake initiatives to promote greater environmental responsibility; and Encourage the development and diffusion of environmentally friendly technologies. 	<ul style="list-style-type: none"> Development of environmentally friendly and energy saving technologies, techniques, and equipment; development of a circular economy in an effort to save energy Advance harmless treatment and utilization of the waste, Protect biodiversity Counter climate change.
 Anti-corruption	<ul style="list-style-type: none"> Businesses should work against corruption in all its forms, including extortion and bribery. 	<ul style="list-style-type: none"> Strictly implements the requirements by the Central Government in terms of discipline inspection and anti-corruption; fully cooperate with the Central Government with regards to discipline inspection and constantly improves discipline inspection work mechanisms; enhance supervision and execution accountability and strengthen anti-corruption efforts.



Experts' Comments

2015 Sinochem Sustainable Development Report is the 10th report on sustainable development by Sinochem since 2007. The report is a clear demonstration of a high sense of responsibility of Sinochem in integrating the development of itself into national development strategy and social needs, and also an embodiment of Sinochem's efforts in translating the sense of responsibility into corporate mission, corporate culture, and corporate values, which can be seen along various links of the business operation.

The report elaborates on responsibility fulfillment of Sinochem Group in undertaking national strategies, serving national economic development, advancing industrial development, and promoting social harmony from five social aspects, including serving national economy, providing value-added services, exercising safety and environment protection values, respecting talents, and sponsoring public-spirited events. "Serving the public and improving people's livelihood" is a clear demonstration of the impact of Sinochem's business operations on people's daily life. "Safeguarding national agricultural security" and "improving agricultural service system" demonstrates Sinochem's contribution to the secure and sustainable development of agriculture in China and the rest of the world. "Poverty relief efforts" demonstrates Sinochem's efforts in eradicating poverty and providing equal educational access. The whole report is a firm demonstration of Sinochem's efforts in realizing United Nations 2030 sustainable development goals. Words are also said about the progress of the 10 principles of the Global Compact, and the leading role played by Sinochem in promoting sustainable development as a UN Global Compact member.

Covering comprehensive topics, the report is clearly structured and outstanding with numerous highlights. It is expected that Sinochem could further explore a social responsibility management model and experience with unique Sinochem characteristics, contributing to progress of the 10 principles of Global Compact and realization of the UN 2030 sustainable development goals with a greater sense of responsibility.

Han Bin, Secretary General, Global Compact Network China, UN

Experts' Comments

The 2015 Sustainable development report is the 6th report in sustainable development by Sinochem Group. It is also the 10th report published by Sinochem Group in corporate social responsibility. Publishing of the report has become a norm, while Sinochem has established the image of being a responsible enterprise at the same time.

The report is clearly structured. Responsibility structure featuring serving national economy, providing value-added service, implementing safety and environment protection rules, respecting talents, sponsoring public-spirited events is put forth. Sinochem's efforts in ensuring national energy security and agricultural security and promoting progress of the chemical industry are illustrated from 5 aspects, namely energy, agriculture, chemical industry, real estate, and finance. Highlights and progress of Sinochem Group in advancing corporate social responsibility are presented via CSR matrix, which fully demonstrates the exploratory efforts by Sinochem in integrating sustainable development with business operations.

The report is closely integrated with social affairs. A lot of cases, including "Integrated crop protection service", "Sinochem International Tendering doing its part in the "Going Global Initiative" shows that staff members are offering innovative solutions for soil pollution and facilitating the going global efforts by Chinese railway equipment manufacturers. In the special column on responsibility, achievements and performance in implementing the strategy of "Belt and Road Initiative" are also illustrated, and responses are also made in connection with popular social issues, which fully demonstrates the leading role of Sinochem in fulfilling social responsibilities.

Lively expression, open gesture, and caring language demonstrates the willingness of Sinochem in communicating candidly with stakeholders in an effective way and on an equal footing. Refreshing graphics and colorful cartoons improves readability of the report. It also vividly demonstrates that business operations of Sinochem are closely related to our daily life. As the contribution of the development of Sinochem to our daily life in the aspects of clothing, food, accommodation, commuting, education, and health care are organized, readability of the report is greatly improved.

In a nutshell, it is an excellent report, which fully demonstrates a diversified business group is eagerly fulfilling its social responsibilities, and willing to communicate with stakeholders in a candid way. It is expected that Sinochem could further integrate sustainable development with that of business operations, and explore the practices of in-depth communications with stakeholders, contributing to the sustainable development efforts by Chinese enterprises.

Chen Weizheng, General Manager, Goldenbee CSR Consulting

Indicators Index

Report contents	GRI G4 Index	CASS-CSR3.0 Index
Cover	3.1/3.2/3.3/3.4/3.6/3.7/3.8/3.9/3.10/3.11	P1.1/P1.2/P1.3/P1.4/P1.5
About This Report	1.1/1.2	P3.1
Chairman's Message	1.1/1.2	P3.1
About Us	2.1/2.2/2.3/2.4/2.5/2.6/2.7/2.8	P4.1/P4.2/P4.3/M1.4/M1.5/M1.6
Strategy and Governance		
Industrial Service Strategy		
Corporate Governance	2.9/4.1/4.4/4.6/4.11	P4.7/M1.1/M1.3
Comprehensive Risk Management	1.2	
Anti-Corruption	SO2/SO3/SO4	S1.1/S1.2/S1.3/S1.4
CSR Management		
Sustainable Development Model		G1.1
CSR Progress	2.10/4.8/4.12	P5.1/P5.3/G2.1/G2.3/G2.4/G4.3/G6.4
CSR Honors		P5.3
Communication with Stakeholders	4.14/4.17	G2.2/G5.1/G5.3/P5.1
Serve National Economy and People's Livelihood, Contribute to National Prosperity		
Safeguarding National Energy Security	2.7	P4.4/S1.6
Safeguarding National Agricultural Security	2.7/EN26	S1.6/E3.4
Advance Chemical Industry	2.7	E3.4
Serve People and Create Happiness	2.7	E3.4
Technological Innovation Enhances Growth Potential		M2.8/M2.9/M2.10/M2.11/M2.12
Continue to Enhance the Shareholders' Value	EC1	M1.4/M1.5/M1.6
Provide Value-added Services, Develop with Our Clients		
Enhance the End-customer Service Quality for Our Oil Business	2.7	M2.1
Complete Agricultural Service System	2.7	M2.1
Provide Professional Comprehensive Chemicals Service	2.7/EN29	M2.1
Provide High Quality Property and Property Management Service	2.7	M2.1
Provide Credible and Efficient Financial and Tendering Service	2.7	M2.1/M2.3
Practice Safety and Environment Protection, in Harmony with the Nature		
Strengthen HSE Management		E1.1/E1.2/E1.6/E1.7
Materialize Safety Actions	LA7	S2.17/S2.18/S2.19/S2.20/S2.22/S3.1/S3.2/S3.3/S3.4
Dedication to Environment Protection	EN2/EN5/EN6/EN7/EN10/EN11/EN12/EN13/EN15/EN18/EN22	E1.4/EN1.10/EN2.1/E2.2/E2.4/E2.5/E2.6/E2.7/E2.8/E2.9/E2.10/E2.11/E2.12/E2.13/E2.14/E2.15/E2.16/E2.18/E3.5/E4.1/E4.2/E4.3/E4.5
Respect the Value of Talents, Grow with Our Staff		
Safeguard Employees' Lawful Rights	EC3/LA1/LA4/LA13	P4.5/S1.7/S1.8/S2.3/S2.4/S2.9/S2.13/S2.31
Realizing Employees' Value	LA10/LA11/LA12	S2.24/S2.25/S2.26
Enhance the Sense of Belonging of Our Staff	LA8	S2.27/S2.28/S2.29
Contribute to Public Welfare Undertakings, Dedicated to Social Progress		
Poverty Relief		S1.6/S4.4
Advance Win-Win Cooperation	EC6	S1.5/S1.7/G3.2/M3.1/M3.5/M3.6/M3.7/M3.8/E3.2
Being an Active Member of Charitable Activities	EC8	S4.4/S4.8/S4.9/S4.10/S4.11
Special Column on Responsibility		
Prospect		A1
Status of the 10 Principles in the Global Compact		M1.3
Experts' Comments	3.13	A2
Indicators Index	3.12	A3
Feedback Form		P1.5/A4

Feedback Form

Your feedback is greatly appreciated and serves as an important basis for our improvement and progress as the pursuit of Corporate Social Responsibility is our priority.

Your Personal Information

Name: _____ Company: _____
 Telephone: _____ E-mail: _____

Your Evaluation

1. What do you think of the report?

Excellent Good Average Poor Very Poor

2. What do you think of the disclosed information?

Excellent Good Average Poor Very Poor

3. What do you think of the report in terms of information quality?

Excellent Good Average Poor Very Poor

4. What do you think of the report in terms of structure?

Excellent Good Average Poor Very Poor

5. What do you think of the report in terms of format?

Excellent Good Average Poor Very Poor

6. Please offer your value advice or recommendations in connection with corporate social responsibility, report drafting, or publishing, etc.

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The year 2015 coincides with the last year of the “12th Five-year Plan”. It is also the 65th year of advancement by Sinochem staff, during which time strategic transformation has been roughly realized and market performance is robust.

As a respectable corporation with global impact, Sinochem will always adheres to the core principle of “Creating value, Pursuing excellence”, creating value for the public and relevant stakeholders and being a staunch practitioner of sustainable development.

The robust tree, a symbol of Sinochem, occupies most of the space of the cover. Fruits symbolizing economy, customers, environment, staff, society, grows in the tree. Tree branches and leaves are entangled with the fruits, symbolizing the capability and efficacy of the corporation in serving the society.