





# SINOPEC

## TO BUILD A WORLD LEADING ENERGY AND CHEMICAL COMPANY

### CONTENTS



About Us

04



Chairman's  
Address

06



Organizational  
Structure

08



Financial  
Overview

10



Investment  
Overview

13



#### China Operations

15

Oil & Gas Exploration and Production

16

Refining Operations

18

Chemical Operations

19

Products Marketing and Service

20

Oilfield Services

24

Refining and Chemical Engineering Services

26

Key Engineering and Construction Projects

27



#### International Operations

29

International Oil and Gas E&P

30

International Oilfield Services

30

International Refining & Chemical Ventures

31

International Refining & Chemical Engineering Services

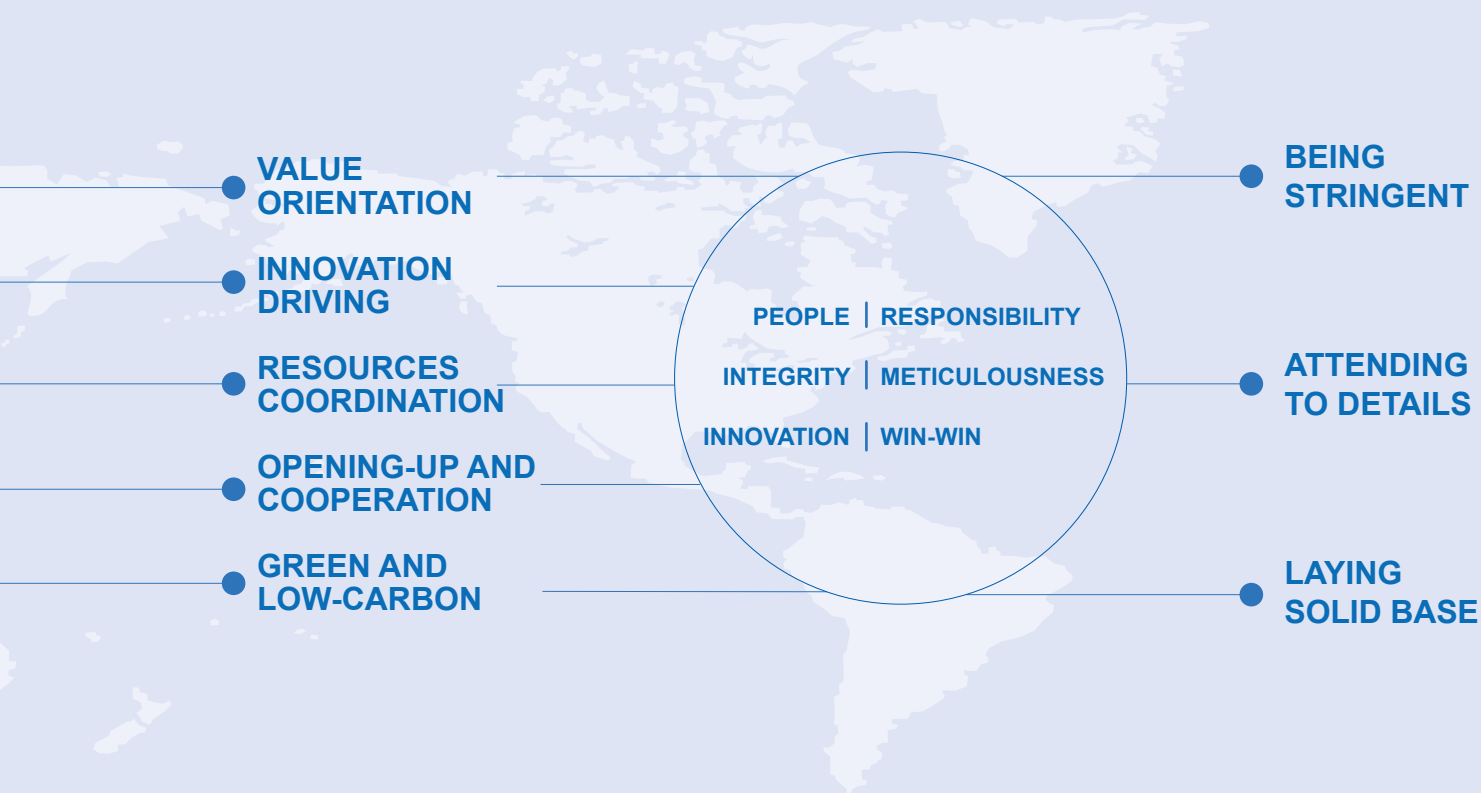
31

International Trade

32

Our Operations outside China

34



## Science and Technology Innovation

37

Major Technology Development	38
New Products Development	38
Science and Technology Achievements	39



## Social Responsibility

53

Safety, Security and Occupational Health	54
Green Enterprise Campaign	56
Green & Low-carbon Development	58
Community Development	62
Social Contribution	63



## Corporate Management

41

Reform and Management	42
HR Management	43
Integration of Industrialization and Informatization	44
Corporate Governance	46
Corporate Culture	47
Brand Building	47
CPC Building	50



## Major Events

66



# About Us

China Petrochemical Corporation (Sinopec Group) is a super-large petroleum and petrochemical enterprise group, established by the state in July 1998 on the basis of the former China Petrochemical Corporation, and further incorporated as a limited liability corporation in August 2018. A super large petroleum and petrochemical group, the company has a registered capital of 274.9 billion yuan with the board chairman of Sinopec Group serving as its legal representative. It exercises the investor's rights to the related state assets owned by its full subsidiaries, controlled companies and share-holding companies, including receiving returns on assets, making major decisions and appointing managers. It operates, manages and supervises state assets according to related laws, and shoulders the corresponding responsibility of maintaining and increasing the value of state assets.

Principal businesses of Sinopec Group include industrial investment and investment management; petroleum and natural gas exploration, production, storage and transportation (including pipeline transportation), sales and comprehensive utilization; coal production, sales, storage and transportation; oil refining; storage, transportation, wholesale and retail of oil products; production, sales, storage, transportation of petrochemical products, gas-based chemicals, coal chemical products and other chemical products; production, sales, storage and transportation of energy products such as new energy and geothermal energy; design, consulting, construction and installation of petroleum and petrochemical engineering projects; overhaul and maintenance of petroleum and petrochemical equipment; R&D, manufacturing and sales of electrical and mechanical equipment; production and sale of electricity, steam, water and industrial gas; research, development, application and consulting services of technology, e-commerce, information and alternative energy products; import & export, including import and export agency business of self-support products and commodities and technologies; foreign project contracting, bidding and purchasing, and labor export; international storage and logistics business.

Sinopec Group is the largest oil and petrochemical products suppliers and the second largest oil and gas producer in China, the largest refining company and the third largest chemical company in the world. Its total number of gas stations rank the second place in the world. Sinopec Group ranked the 3rd on Fortune's Global 500 List in 2018.

Sinopec Group ranked the **3<sup>rd</sup>**  
on Fortune's Global 500 List  
in 2018

---

## Directors of the Board

Dai Houliang	Ma Yongsheng	Ding Zhongzhi
Wang Lili	Liu Xihan	Shi Huan

## Management Committee

Dai Houliang	Chairman, Secretary of Party Leadership Group
Ma Yongsheng	Director, President, Deputy Secretary of Party Leadership Group
Li Yunpeng	Deputy Secretary of Party Leadership Group, Vice President
Yu Baocai	Member of Party Leadership Group, Vice President
Jiang Liangping	Member of Party Leadership Group, Team Leader of Party Discipline Inspection and Supervision
Zhao Dong	Member of Party Leadership Group, Chief Accountant
Ling Yiqun	Member of Party Leadership Group, Vice President
Liu Zhongyun	Member of Party Leadership Group, Vice President
Li Yong	Member of Party Leadership Group, Vice President



## Chairman's Address



**Dai Houliang, Chairman**

Thank you for reading this edition of our Annual Report and constantly supporting and helping Sinopec over the years.

Year 2018 marked the start of implementing the spirit of the 19th National Congress of CPC and securing a decisive victory in building an all-round sustainable company. Faced with complex international environment and demanding tasks of reform and development, we stuck to our four-pronged strategies and implemented the "reform, management, innovation and development" working principle, pooling all strengths together and achieving satisfying results in sustained and quality growth under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at its core. The company recorded a revenue of 2.94 trillion yuan, up by 22.5%, generated a profit of 96.74 billion yuan, up by 66.2%, and our tax contribution reached 358.1 billion yuan.

In 2018, we optimized operations with a focus on ensuring

steady growth and profit. In China, we were able to maintain oil production, increase gas output and reduce cost in upstream. Oil production was 35.06 million tonnes, gas output was 27.58 billion cubic meters and unit total cost for oil and gas was further lowered. Our overseas operations continued to improve with equity oil and gas production reached 42.5 million tonnes of oil equivalent and cash operating cost per barrel lowered as well. Refining and marketing integration strengthened our business chain competitive edge and market position with crude throughput hitting 246 million tonnes and sales volume of refined products in home market reaching 180 million tonnes. The chemical business saw continued progress in upgrading and profit enhancement with 11.51 million tonnes of ethylene production and 4.76 million tonnes of PX and higher proportion of synthetic materials and other high added value products. Natural gas saw rapid business volume growth, and refinery byproducts sales volume hit historic high. Premium lubricant products sales volume also grew. Market development for oilfield services and petrochemical engineering services was also effective.

We fastened transformation by centering around restructuring. Guided by the strategy of building a world-leading company and its phased goals, we developed action plans matching our strategy. We constantly optimized investment and pushed forward construction of key projects. We made new discoveries through oil and gas exploration in Shunbei, Weirong and other places, reversing the declining of SEC-measured reserve replacement ratio. Phase 2 of the Fuling shale gas project was accelerated and Weirong shale gas field was on track to become another important contributor after Fuling. New progresses were made in integrated refining and chemical sites construction with the projects of Zhenhai ethylene and Zhongke pushed ahead. Pilot service stations of new energy were being developed and breakthrough in overseas oil products retail business were made. We made substantial progress in projects of Tianjin LNG, Erdos-Anping-Cangzhou pipeline, Wen-23 gas storage facilities, etc. New business platforms grew rapidly including EPEC, chememall, Easy Joy, and turnover and profit increased fast for non-fuel business. Clean energy business such as geothermal and heat recovery solutions also developed steadily. Key and critical technologies breakthrough was made while integration of industrialization and informatization was accelerated. Over the year, we won one award for national technology invention and three awards for national technology advance, continuing our leading position for patents applied and granted among central SOEs.

We deepened comprehensive reform to invigorate the company and increase efficiency. Sinopec Capital Co., Ltd. was incorporated in Xiong'an New District and operational, whereas Sinopec Marketing Co., Ltd. was registered. We continued with the



three tasks of controlling risks, reducing loss-making subsidiaries and transferring non-core functions. Our debt ratio was lowered by 0.8 percentage point as compared to the beginning of 2018. We completed the target of reducing loss at 39 subsidiaries which were required by SASAC, and all agreements for functions transfer of supplying heat, water, electricity and steam were signed. Transferring other social functions of the independent working and mining areas also started. Human resources policies reform further deepened with organizational and staffing policies for all direct subsidiaries implemented. The reform at selected pilot subsidiaries proved effective. Corporate reform, management hierarchy and legal entity flattening were completed. Integrated shared service was progressed with all domestic subsidiaries connected. Mixed ownership reform for geothermal business was well on track and substantial progress was made in mechanism reform for mining acreages transfer, contracting operations and development of difficult reserves. Fine management was further promoted, the role of planning was constantly strengthened, total cost management further pursued, HSSE management system was in place and corporate governance became more effective.

We deepened strict Party governance to strengthen the company's root and spirit. Through thorough learning of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the 19th National Congress of the CPC, all employees further strengthened their awareness for the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment, the confidence in the path, theory, system, and culture of socialism with Chinese characteristics, and the need to resolutely uphold General Secretary Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and resolutely uphold the Party Central Committee's authority and its centralized, unified leadership. Incorporating Party construction into the articles of associations of companies at various levels was pushed ahead, and the practice of concurrent appointment of Party secretary and chairman or executive director or company representative was put in place, making the Party's leadership role more systematic and standardized. We unwaveringly strengthened anti-corruption, implemented correction measures addressing problems identified by the central inspection and improved total supervision. We carried out the "empowering corporate growth by talents" programme and initiated training and development programme for young leaders. Grass-root Party construction work was significantly improved. Meanwhile, we strengthened corporate culture and spirit building through showcasing fine traditions and legacies of the oil industry.

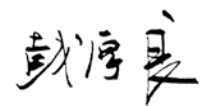
We stuck to the principle of growing the company and benefiting society. We actively took part in the government's targeted

poverty alleviation programme, shouldered the responsibility of aiding eight counties and 750 villages for which we directly invested 230 million yuan and sent 1,149 people for poverty alleviation. The Yuexi County of Anhui Province was lifted out of poverty. We completed the quality upgrading of GB VI fuels and stressed on work safety responsibility and accountability. In addition, we kicked off the "Green Enterprise Campaign" programme to aid the battle for environmental protection. We also secured gas supply during winter by expanding sources for gas and making gas available for civil use. We continued our contribution in disaster relief, sponsoring education, helping the needed, etc. A total of 200,000 cataract patients have been cured from the Sinopec Lifeline Express programme. We provided free service for environment workers at our stations in 13 provinces and municipalities, and continued the "service station that cares" programme and "Open Day" programme, deepening our communication with communities.

The achievements were not won easily. We credit them to the strong leadership of the Party with Xi Jinping at its core, to the support from all walks of society, to the trust from our clients and customers, and to the cooperation with our partners. On behalf of the Board of Directors and the management team, I'd like to thank all of you for your kindest help and support.

Year 2019 is the 70th anniversary of the founding of the People's Republic of China. It is also a critical year in building a moderately prosperous society in all respects and securing a decisive victory in the company's all-round sustainable development. Under the CPC Central Committee leadership with Comrade Xi Jinping at its core and guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will stick to new development concept, focus on development quality, implement growth strategies and working principles, give full play to specialization, market orientation, international operation and integration, and deepen supply-side structural reform. We will seek steady growth while maintaining stability, ensure all strategies and plans are implemented and lay a solid foundation for all-round sustainable growth. To celebrate the 70th anniversary, we are committed to making new and greater contribution to securing a decisive victory in building a moderately prosperous society and socialism with Chinese Characteristics for a New Era.

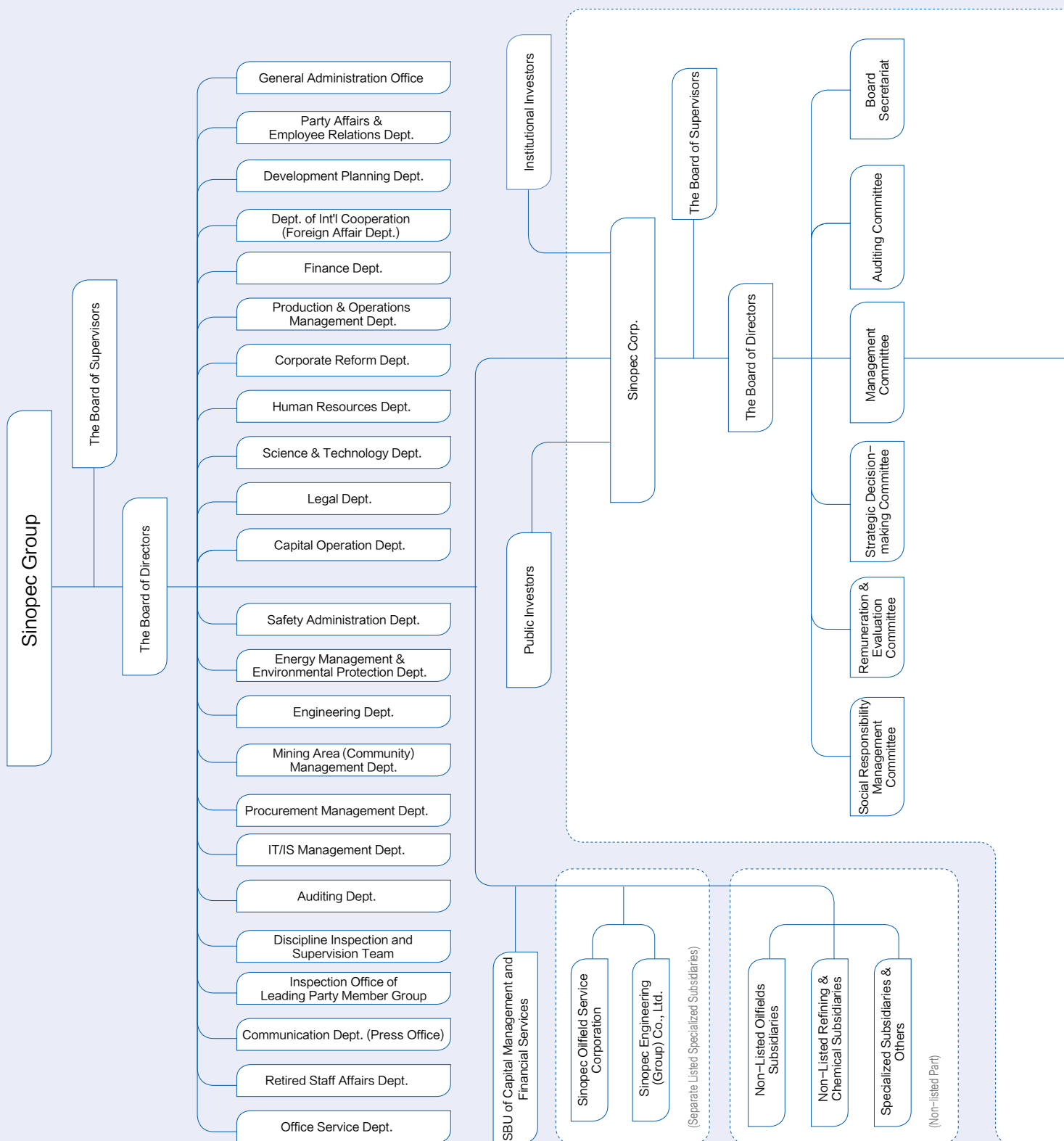
We look forward to strengthening cooperation and working together with you for a better tomorrow.



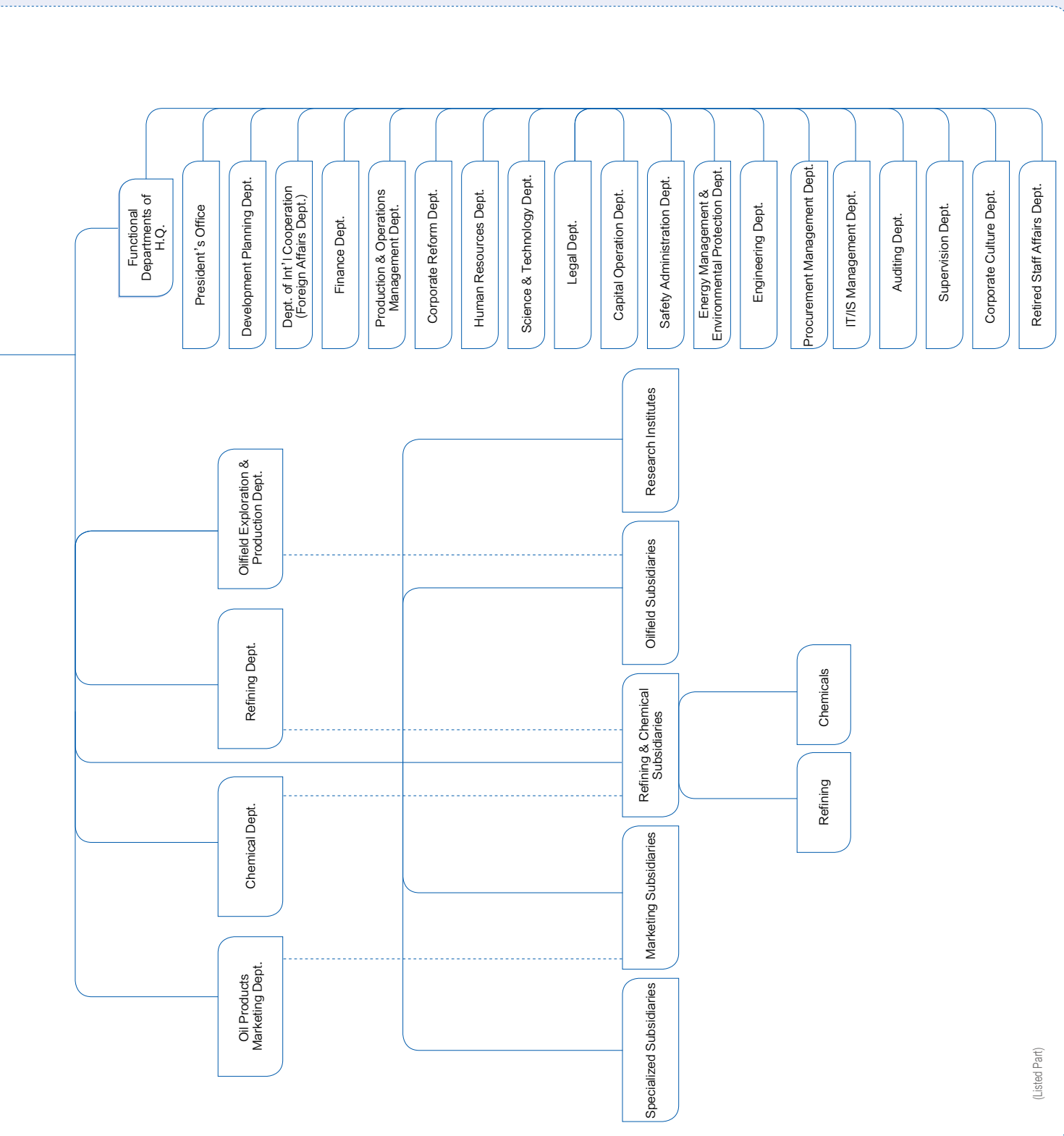


# Organizational Structure

(As of 31 December 2018)







(Listed Part)

# Financial Overview

## Balance Sheet

Item	2018	2017 (adjusted)	2017 (unadjusted)	2016
<b>Current assets</b>				
Cash and cash equivalent	200,150.24	169,209.22	195,941.37	164,674.77
Bills receivable and accounts receivable	86,013.55	94,142.56	94,142.56	79,885.38
Prepayments	19,374.99	12,996.71	12,996.71	10,785.00
Other receivables	30,288.67	28,434.88	28,552.60	30,207.92
Inventories	241,515.19	248,782.83	263,249.59	251,050.09
Contract assets	14,299.71	14,466.76	—	—
Non-current assets maturing within one year	92,567.01	79,452.22	79,632.86	68,961.43
Other current assets	117,429.01	153,534.86	120,901.84	54,400.42
<b>Total current assets</b>	<b>801,638.37</b>	<b>801,020.04</b>	<b>795,417.54</b>	<b>659,965.02</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	—	—	18,666.87	23,780.40
Other debt investment	4,192.47	5,015.70	—	—
Long-term receivables	39,411.30	37,031.72	37,031.72	36,750.34
Long-term equity investments	137,959.30	128,166.34	128,166.34	120,215.52
Other equity instruments investment	12,318.67	7,806.84	—	—
Fixed assets	570,594.05	590,388.77	590,388.77	591,036.09
Oil and gas assets	145,507.89	171,898.03	171,898.03	215,240.03
Construction in progress	154,489.32	134,646.58	134,646.58	151,304.24
Intangible assets	130,430.87	124,385.50	124,385.50	110,494.67
Goodwill	10,861.15	10,818.77	10,818.77	8,537.35
Long-term deferred expenses	20,038.86	18,514.19	18,514.19	17,408.51
Deferred income tax assets	23,586.76	16,740.38	16,740.38	8,331.61
Other non-current assets	209,065.33	209,906.06	210,023.09	216,327.67
<b>Total non-current assets</b>	<b>1,458,455.97</b>	<b>1,455,318.87</b>	<b>1,461,280.22</b>	<b>1,499,426.43</b>
<b>Total assets</b>	<b>2,260,094.34</b>	<b>2,256,338.91</b>	<b>2,256,697.76</b>	<b>2,159,391.45</b>

Note: In accordance with the new financial instrument accounting standards issued in 2017 by China's Ministry of Finance, Sinopec Group adopted the standards since 1st January of 2018. As a result, the item of "Impairment loss on credit" was added, and "Operating revenue" and "Other gains" were adjusted according to the requirements for financial reporting forms issued by the Ministry of Finance in 2018.

RMB MILLIONS

Item	2018	2017 (adjusted)	2017 (unadjusted)	2016
<b>Current liabilities</b>				
Short-term borrowings	93,371.52	145,496.76	145,496.76	116,268.59
Bills payable and accounts payable	269,260.90	258,936.29	258,936.29	235,687.72
Payments received in advance	—	—	149,295.20	126,054.32
Contract liability	143,068.44	149,743.17	—	—
Employee benefits payable	14,852.64	10,200.19	10,200.19	5,386.87
Taxes and surcharges payable	93,369.12	77,417.95	77,417.95	60,020.40
Other payables	80,586.76	85,387.86	85,387.86	59,170.54
Non-current liabilities maturing within one year	38,424.90	76,838.07	76,838.07	71,976.97
Other current liabilities	50,867.03	38,855.93	38,855.93	53,522.47
<b>Total current liabilities</b>	<b>783,801.31</b>	<b>842,876.22</b>	<b>842,428.25</b>	<b>728,087.89</b>
<b>Non-current liabilities</b>				
Long-term borrowings	62,850.03	37,676.58	37,676.58	66,306.44
Debt securities issued	227,833.56	218,537.45	218,537.45	216,687.70
Long-term payables	31,208.50	17,653.79	17,653.79	17,616.84
Long-term compensation payable	2,428.47	2,348.52	2,348.52	2,418.70
Estimated Liabilities	43,764.96	40,309.96	40,280.62	39,619.79
Deferred tax liabilities	6,696.25	6,704.71	6,704.71	8,079.05
Other non-current liabilities	12,907.56	12,054.10	12,502.07	7,674.47
<b>Total non-current liabilities</b>	<b>387,689.33</b>	<b>335,285.12</b>	<b>335,703.75</b>	<b>358,402.97</b>
<b>Total liabilities</b>	<b>1,171,490.64</b>	<b>1,178,161.34</b>	<b>1,178,132.00</b>	<b>1,086,490.86</b>
<b>Owners' equity</b>				
Paid-up capital	326,547.22	326,374.05	326,374.05	325,907.53
Capital reserves	54,722.61	96,983.53	96,983.53	97,561.40
Other consolidated income	-27,999.04	-25,320.24	-24,995.44	-23,850.48
Appropriative reserve	2,069.04	1,260.23	1,260.23	1,090.80
Surplus reserves	217,355.85	209,418.03	209,414.82	205,373.07
General risk allowance	1,765.24	1,459.93	1,459.93	1,327.72
Retained profits	147,683.67	129,917.95	129,984.55	132,869.39
<b>Total equity attributable to the shareholders of parent company</b>	<b>722,144.60</b>	<b>740,093.49</b>	<b>740,481.67</b>	<b>740,279.43</b>
Minority owners' equity	366,459.10	338,084.08	338,084.08	332,621.17
<b>Total owner's equity</b>	<b>1,088,603.70</b>	<b>1,078,177.57</b>	<b>1,078,565.76</b>	<b>1,072,900.59</b>
<b>Total liabilities and owners' equity</b>	<b>2,260,094.34</b>	<b>2,256,338.91</b>	<b>2,256,697.76</b>	<b>2,159,391.45</b>

## Income Statement

RMB MILLIONS

Item	2018	2017 (adjusted)	2017 (unadjusted)	2016
Operating income	2,936,840.85	2,400,281.00	2,400,318.21	1,969,219.82
Overall costs	2,858,076.74	2,358,007.16	2,358,007.16	1,934,382.26
Sales from operations	2,425,746.15	1,920,377.43	1,920,377.43	1,528,839.65
Tax and additions	251,392.65	239,627.09	239,627.09	237,977.64
Selling and distribution expenses	61,166.33	57,832.63	57,832.63	51,197.87
General and administrative expenses	81,144.46	73,530.30	73,530.30	70,198.50
R&D expenditure	11,339.89	8,247.51	8,247.51	7,706.96
Exploration expenses	10,753.27	11,120.18	11,120.18	11,047.45
Financial expenses	32.65	4,182.80	4,182.80	8,402.14
Impairment loss on assets	16,172.02	43,089.23	43,089.23	19,012.04
Impairment loss on credit	329.31	—	—	—
Add: Other income	8,178.58	5,372.15	5,334.94	—
Investment income	13,282.33	13,093.45	13,093.45	16,818.97
Gain or loss from changes in fair values	2,028.11	-8.73	-8.73	-209.04
Asset disposal gains	-846.81	-2,221.77	-2,221.77	-1,182.78
Profit from operations	101,406.33	58,508.95	58,508.95	50,264.72
Add: Non-operating profit	8,049.71	3,546.35	3,546.35	6,650.11
Less: Non-operating expenses	12,717.94	3,850.29	3,850.29	4,011.36
Profit before tax	96,738.09	58,205.01	58,205.01	52,903.46
Less: Income tax expenses	24,253.45	19,245.04	19,245.04	24,704.68
Net profit	72,484.64	38,959.97	38,959.97	28,198.78
Less: Minority interest	33,821.92	28,566.84	28,566.84	19,841.85
Net profit attributable to parent company	38,662.72	10,393.13	10,393.13	8,356.93

Note: In accordance with the new financial instrument accounting standards and standards for income issued in 2017 by China's Ministry of Finance, Sinopec Group adopted the standards since 1st January of 2018 and adjusted related items according to the requirements for financial reporting forms issued by the Ministry of Finance in 2018.



# Investment Overview

In 2018, concentrating on the targets of decisive victory of comprehensive sustainable and high-quality development and building Sinopec into a world-leading company, we adhered to the investment guidelines of adjusting expenditure according to income, controlling total investment, highlighting key areas, optimizing projects and increasing returns, and pushed ahead the supply-side structural reform to further leverage our integration advantage and to maximize the total investment return. 2018 saw a total capital investment of 168.5 billion yuan.

The oilfield subsidiaries intensified efforts on risk exploration and pre-exploration in new blocks and areas, constantly increasing SEC economic recoverable reserve replacement ratio and reserve-production ratio. We made every effort to push ahead and achieved profitable production in the key areas of Jiyang, Shunbei, Tahe and Qintong. We also sped up the integration and construction for natural gas production, supply, storage and sales, and projects including Tianjin LNG terminal and Erdos-Anping-Cangzhou pipeline Phase I were put into operation. For overseas oil & gas exploration and production, we placed emphasis on risk control and meticulous operation of existing assets and projects.

The refining subsidiaries operated with market orientation, implemented projects including heavy oil conversion with high efficiency, product slate adjustment and upgrading of gasoline and diesel, and successfully completed GB VI upgrading. The oil products marketing subsidiaries centered on market share to further

consolidate network advantages and newly added 1,220 service stations.

Chemical subsidiaries closely interlinked production and sales, further adjusted structures of facilities, feedstock and products. More high-value added products were produced, and running indexes regarding for heat, power and water were improved steadily.

Engineering subsidiaries put more efforts on resource integration and overall-planning, laid stringent regulations on facility procurement, in order to improve utilization efficiency of equipment and guarantee smooth execution of supporting projects.

We increased R&D investment including scientific research infrastructure and middle and high-end equipments. We actively promoted the overseas R&D center development, pilot projects for new technologies and materials as well as scientific and technological incubators. We deepened informatization and its application, advanced the integration of informatization and industrialization and achieved substantial results. Our shared services were improved and applied in more areas, and new accomplishments were made regarding constructions of smart plants, smart oil & gas fields and smart gas stations.

We ensured our investments in safety and environmental projects, promoting comprehensive HSE management in key areas including "2+26" cities and the Yangtze River economic zone, and expediting the special action plan of double-hull tanks.







16

Oil & Gas  
Exploration and  
Production

18

Refining  
Operations

19

Chemical  
Operations

20

Products  
Marketing and  
Service

24

Oilfield  
Services

26

Refining and  
Chemical  
Engineering Services



27

Key Engineering  
and  
Construction Projects



# China Operations





## Oil & Gas Exploration and Production

---

In 2018, we added 84 million tonnes of proven oil reserve, 169 million tonnes of probable oil reserve, and 200 million tonnes of possible oil reserve. For natural gas, the newly added proven reserve was 165.5 billion cubic meters, that for probable reserve was 172.7 billion cubic meters, and that for possible reserve was 369.4 billion cubic meters. The annual crude production was

35.06 million tonnes. The production and sales of natural gas reached record high, with an annual production of 27.58 billion cubic meters, increased by 1.84 billion cubic meters year on year. Our newly added crude production capacity was 2.57 million tonnes, increased by 430,000 tonnes year on year. Our newly added natural gas production capacity was 1.9 billion cubic meters.

### Oil & Gas Exploration

We achieved accomplishments of “12 new discoveries, 20 commercial discoveries and 6 potentials”, which exceeded the annual reserves task.

**For oil exploration**, through exploration in a larger area, crucial discoveries were made in the faulted zone of Number 1, Number 5 and Number 7 of Block 1, Shunbei area of Tarim Basin. Important discovery was also made in the buried hill of depression bed rock of Guaizihu, Yin-E Basin of Inner Mongolia, providing us a new area for oil reserve development. In addition, we also achieved commercial discovery in certain scale in Jiyang depression.

**For conventional gas exploration**, we for the first time reached high energy shoal of platform margin faced gas reservoir in Maokou formation, Sichuan Basin. High-production gas

flow was achieved in risk exploratory well 7 of Yuanba, which demonstrated an excellent exploration future of Yuanba area with multi-formations. Important discovery was made in Leikoupo formation of forward structures in Guanghan slope belt in West Sichuan depression. New discovery was made in medium-basic volcanic rocks in Huoshiling Formation of Songnan.

**For shale gas**, the newly-added proven reserve in Weirong gas field of Sichuan Basin reached 124.7 billion cubic meters, marking another significant commercial discovery after Fuling gas field. We achieved stable industrial gas flow in 10HF well in Jinfo slope, Nanchuan, which was an important discovery for atmospheric shale gas exploration in complex formation.



## Oil Field Development

We improved our construction scale for oil production capacity and reduced the decline rate of existing oil fields. We produced 6,000 tonnes of crude oil more than our annual plan.

**For the new capacity,** we added 57.73 million tonnes of reserve available for development, among which 45.17 million tonnes of reserve was developed. We made every effort to increase the production capacity with efficiency in Jiyang, Shunbei, Tahe and Qintong. The annual added production capacity reached 2.57 million tonnes, increased by 430,000 tonnes over last year.

**For the existing capacity,** we enhanced efforts to stabilize production. Thanks to the wide application of low-cost technologies for EOR, the natural decline rate was reduced by 0.5 percentage point. Continuous efforts were made on water-flooding, bringing down the natural decline rate by 0.6 percentage point.

For heavy oil reservoirs, through strengthening total-process heat efficiency management, production was kept above 4.8 million tonnes, with the oil and gas ratio above 0.53. We adopted more water and gas flooding methods in carbonate fractured reservoir in Tahe, and reduced the natural decline rate by 0.8 percentage point. We popularized binary combination flooding and heterogeneous composite flooding technologies to enhance our recovery rates, with an incremental volume of 1.16 million tonnes through tertiary process. Various measures were taken to enhance oil recovery for 596 wells, increased the oil output by 62,000 tonnes. We constantly promoted profitable production, recovered well production capability and increased the in-operation rate of oil and water wells by 0.5 percentage point compared with the beginning of the year.

## Natural Gas Development

**For conventional gas,** we strengthened the rolling exploration and reservoir assessment in west Sichuan gas field and North Hubei, and increased 119 billion cubic meters of reserve available for development. We constantly pushed ahead the capacity construction in Dongsheng and west Sichuan, and further analyzed the dynamic status for production adjustments and potential tapping of the gas fields including Puguang, Daniudi and Yuanba. Tremendous work was also done for solution gas recovery in Shunbei oilfield. We added 1.41 billion cubic meters production capacity annually, produced 20.58 billion cubic meters of gas, increased by 1.15 billion cubic meters year on year.

**For shale gas,** we actively pushed forward the capacity

construction of Weirong shale gas project phase I, accelerated the surface engineering construction and the new wells' production of Fuling project phase II, expedited pressure boosting engineering construction, and conducted upper gas reservoir development and well pattern infilling. We achieved a new annual shale gas production capacity of 500 million cubic meters, produced 6.62 billion cubic meters of gas, up by 620 million cubic meters compared with last year.

**For coal-bed methane,** we steadily arranged our intricate development in Yanchuan South gas field, and achieved an annual gas output of 380 million cubic meters.



## Refining Operations

### **The total processing volume increased dramatically.**

This was accomplished through expanding export and improving domestic sales of refined oil products by combining production and sales, and providing feedstock for chemicals production with full efforts. The annual crude processing volume was 246 million tonnes, increased by 5.84 million tonnes year on year, up by 2.4%. The output of refined oil products reached 155 million tonnes, up by 2.7%.

**Refined oil product mix was further improved.** We strengthened integration of production and sales, optimized production schemes and steadily adjusted product slate. We produced more gasoline, jet fuel and light chemical feedstock and less diesel to reduce the diesel-gasoline ratio. The annual gasoline production volume increased by 7.3%, and jet fuel output was up by 7.6%. The diesel-gasoline production ratio was 1.06 : 1, down by 0.11 unit compared with last year.

**Quality and efficiency were promoted steadily.** Our new FCC unit was smoothly put into production in the Jinan subsidiary. Jet fuel production expansion revamping were completed in Yang-

zi petrochemical subsidiary, Shanghai petrochemical subsidiary and Jingmen petrochemical subsidiary. Our in-house sulfuric acid alkylation technology was commercialized in Shijiazhuang petrochemical subsidiary. We completed facility constructions for refined oil products export in Tianjin petrochemical subsidiary and Shanghai petrochemical subsidiary, reaching an export volume capacity of 30 million tonnes per year. Our refining development structure has been constantly optimized, and the foundation for further development was continuously strengthened.

**Quality upgrading of refined oil products was successfully completed.** We pressed ahead quality upgrading projects, optimized production and product slate, combined production and sales, and completed the quality upgrading for GB VI ahead of schedule. We supplied upgraded products to Henan in May, to Hainan in July, to Guangdong, Jiangsu, Tianjin, Shanghai and Kunming in August, and nationwide in October. This maintained our leading advantage in refined oil products' quality upgrading in China.



crude processing  
volume

**246** million tonnes

the output of  
refined oil products

**155** million tonnes

the export volume capacity of  
refined oil products

**30** million tonnes per year





## Chemical Operations

**Profit hit historic high.** We produced 11.51 million tonnes of ethylene, 4.76 million tonnes of PX, increased by 140,000 tonnes, synthetic resin 16.24 million tonnes, up by 30,000 tonnes, synthetic rubber 1.18 million tonnes, up by 80,000 tonnes, synthetic fiber polymers 3.19 million tonnes, increased by 50,000 tonnes, and fine chemicals 580,000 tonnes (excluding joint ventures production), up by 7,000 tonnes.

**Cost efficiency targets were accomplished completely.** Comprehensive energy consumption per 10,000 yuan output value from the listed business was reduced by 1.96%. The all-in cost per tonne of product was 33 yuan lower than our annual target.

**Structural optimization was steadily made across the whole business.** We optimized the feedstock structure, reaching an annual ethylene-related products yield of 66%, flat with last year. We reduced the cost per tonne of ethylene feedstock by 25 yuan, translating to 290 million yuan of cost reduction. We optimized the product mix, increased the portion of new synthetic resin products and specialties by 1.3 percentage points, improved the high-value added synthetic rubber products production ratio by 1.6 percentage points, and elevated differentiation ratio of synthetic fibers by 1.4 percentage points. We also produced 80,000 tonnes of new fine chemicals with high added value. We optimized

facility operations, scheduled periodical turnaround, and reduced loss by 175 million yuan. We also increased external sales of ethylene and increased profit by nearly 100 million yuan.

**Coal chemicals witnessed sound continuous development.** For the Ningxia energy and chemical project, we commissioned and reached the production capacity of Yinxing No.2 coal mine, completed the first annual overhaul and debottlenecking, and produced 1.4019 million tonnes of chemicals and 1.215 million tonnes of raw coal. For the Zhongtian Hechuang project, we achieved the target methanol production volume and MTO commissioning volume even if it was the first year of full operation. We have accumulatively produced 4 million tonnes of MTO ethanol, 1.27 million tonnes of polyolefin products and 12.55 million tonnes of raw coal. The engineering construction and production preparation of the Zhongan Lianhe project was pressed ahead fast with mechanical completion expected soon. Breakthrough was made in the preliminary work for the Guizhou Energy and Chemical project, and construction of the supporting coal mine resumed. Work for the Xinjiang coal to gas project was executed smoothly.

**We will develop the business with speed and high quality.** Batches of projects were completed and put into production, adding 410,000 tonnes of new production capacity annually. Key engineering projects were promoted in order.



ethylene volume

**11.51** million tonnes

PX volume

**4.76** million tonnes

synthetic resin volume

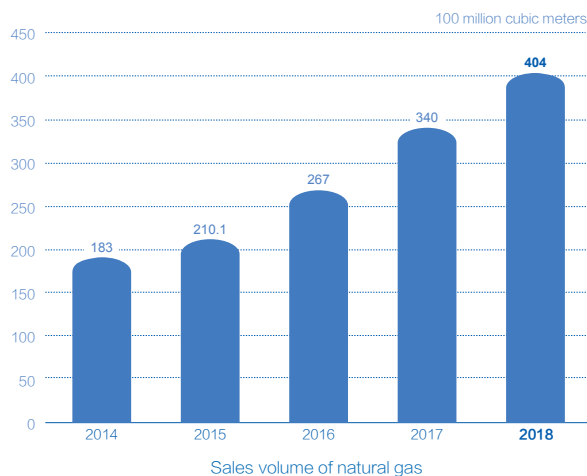
**16.24** million tonnes

# Products Marketing and Service

## Natural Gas

In 2018, the company sold 40.4 billion cubic meters of natural gas, an increase of 18.6%, among which 27.58 billion cubic meters of natural gas were produced by Sinopec, an increase of 7.2%.

**Highlighting growth in both quantity and efficiency and constantly optimizing the market structure,** we diversified resource supplies and filled in regional supply gap by purchasing from LNG spot market and other domestic suppliers. We allocated imported LNG and domestic gas production based on market conditions, optimized gas structure of pipeline gas users, and increased liquids sales. We developed high-quality users in sectors like town gas, industries and power generation, sped up end-user business development, and developed 87 new pipeline users and 43 liquids users. We strengthened gas supply, optimized peak-shaving demand, and supplied 11.7 billion cubic meters of gas, achieving stable supply to key users in key areas for important periods.

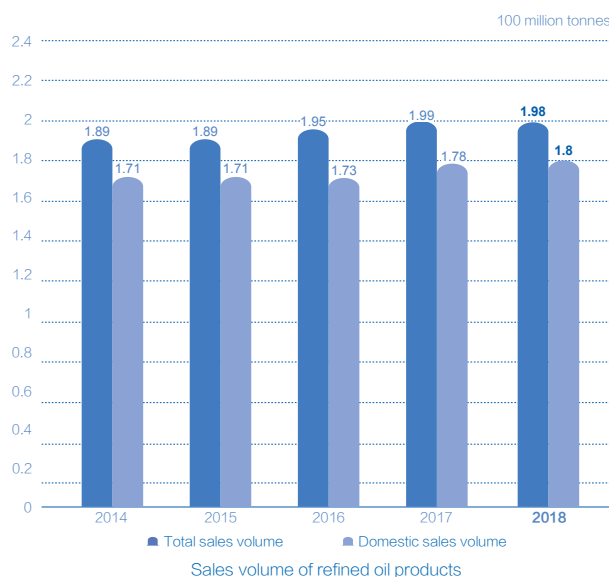


## Refined Oil Products and Non-fuel Business

In 2018, the total sales volume of oil products was 198 million tonnes. Domestic refined oil product sales volume was 180 million tonnes, an increase of 1.4%. Non-fuel business increased by 29%.

**Refined oil product marketing and service.** In different regions, we adopted differentiated means to promote both fuel and non-fuel business and point-to-point competition, and put in place incentive policies and urged the government to curb illicit business practices. Direct distribution operation adopted flexible pricing, vigorously developing strategic customers and end users. We coordinated the "two markets" at home and abroad, deepened cooperation between production and marketing subsidiaries, optimized export structure, and enhanced export capacity so as to create a favorable environment for expanding sales and increasing efficiency. We well managed two resources and optimized supplier structure. We further promoted logistic optimization and substantially reduced freight and incidental charges.

**Non-fuel business.** We adhered to the development mode of "brand+capital+products+services", promoted further integration of fuel and non-fuel business, and drove the coordinated development of multiple business formats. We expanded the sales of our own brands and key products and strived to improve the efficiency of convenience stores. We sped up the development of new formats such as car wash, fast food, insurance, tourism and store-within-store and actively built integrated service, automobile service and community stores. We promoted the O2O business, and Wechat account follows continued to grow. Focusing on the 10th anniversary of Easy Joy, we formulated "Easy to Enjoy Festival", launch an upgraded version of convenience stores.





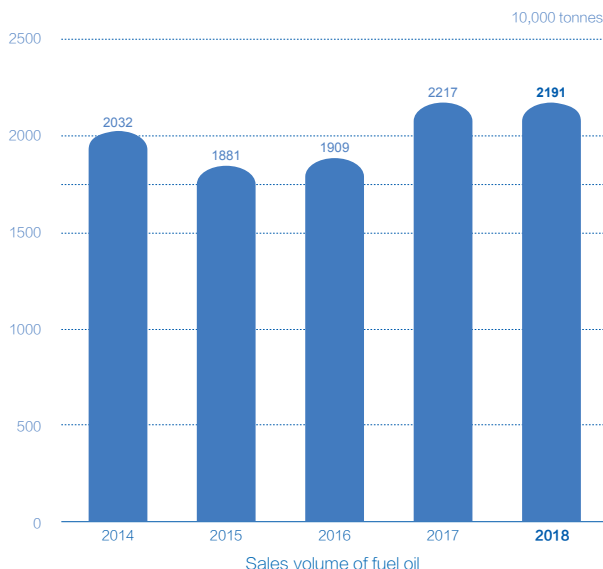
## Fuel Oil

In 2018, the total sales volume of fuel oil was 21.91 million tonnes.

### The profitability of domestic trade continued to grow.

We strengthened overall management, made well-informed judgment on market conditions, implemented target-oriented marketing, and effectively avoided the risk of falling oil prices. Leveraging the advantages of business integration, we achieved rapid growth in scale. We are promoting the incorporation of the of inland bunker fuel standards into the national standards, and the specialized management of light bunker fuel. Sales volume for the year reached 3.35 million tonnes.

**Economies of scale grew significantly for bonded business.** We were an active player in the construction of coastal free trade zones, and established a global ship refueling business center in Zhejiang (Zhoushan) free trade zone. The annual sales volume of blended products in China reached 5.26 million tonnes, an increase of 30%, and accounted for a market share of 36%, up by 3 percentage points.



## Other Refined Products

For the first time, the total sales volume of refined products marketed through Sinopec channels exceeded 40 million tonnes, an increase of 9%, and the market share continued to maintain the leading position in China. The company strengthened the integration of production, marketing and research. Asphalt customized service was welcomed by key projects like the new Beijing airport and 2022 Winter Olympic Games. The total sales volume of lubricating oil increased by 23%. The company continued to cooperate

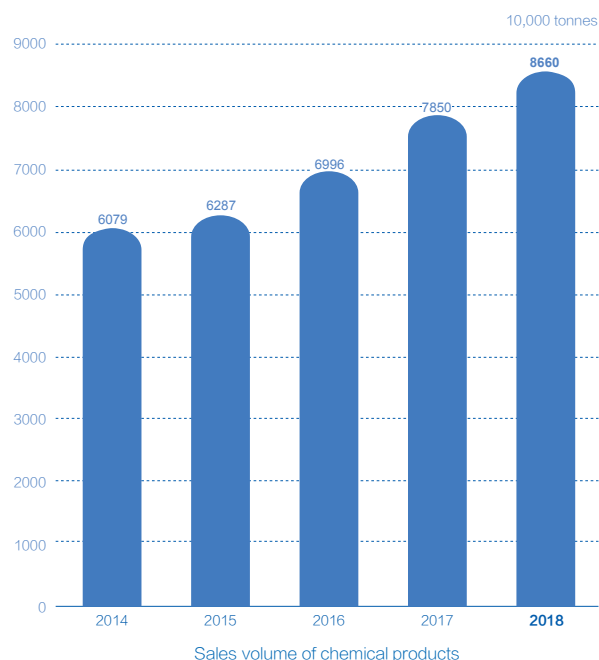
with high-end manufacturers, supported space missions, started CFM bench test of engine oil for jet planes, won the bid for "Hualong 1" nuclear power plant project, and sales volume of high-end products increased by 17%. The company won 66 international certifications in 2018. 69 new products were developed and 86 patents were applied. The ASTM analytical method standards of lubricating oil, established under the leadership of the company, passed the project review.





## Chemical Products

In 2018, the total sales volume of chemical products reached 86.6 million tonnes, an increase of 10.32%, among which the self-marketed volume increased by 10.4%. The company continued to deepen customer-by-customer targeted marketing, gave full play to the 95388 customer service hotline, established service brand, and further improved customer satisfaction. The company further improved the regional distribution of marketing, adding new outlets in Hainan, Guangxi and Guizhou. The company prepared for startup of the Russian office and improved the layout of domestic and international outlets. Joint ventures in Ningbo and Qingdao operated well. The company sought innovative e-commerce business model, enabling efficient transactions, convenient payment, intelligent logistics, intelligent services and the integration of every link along the value chain. The petrochemical e-commerce platform officially launched on July 1, 2018. The company steadily promoted futures business, improved market analysis, position-taking methods as well as risk prevention and control system. The total sales volume of catalyst products continuously increased, and new breakthroughs were made in key markets. Domestic catalyst sales grew by 29%, and customer satisfaction continued to improve.



# Oilfield Services

**The achievements of geophysical technology innovation are outstanding.** The single-point high-density geophone achieved commercial application and could accurately identify 25-mm shallow river geological body. The research and development of autonomous node acquisition system was completed. Field tests were carried out in Linyibei 3D, Puguang Phase II 3D and Chengdu Urban Underground Space Survey.

**The matching drilling technologies for deep and ultra-deep wells further improved.** In the northwest area, a series of technologies were developed, such as stratified drilling, ultra-deep directional drilling, ultra-deep small-gap cementing and Shunbei Silurian plugging, setting many records. In the southwest area, technologies that integrated optimization of drilling methods in upper formation, optimization and control of well trajectory, optimization and improvement of PDC bits and optimization of speed-up tools were developed.

**The drilling technologies of shale gas wells improved continuously.** The one-trip drilling technology for shale gas horizontal wells was developed, and successfully applied in 11 wells in Fuling, with an average penetrate rate increase of 54.36% and a drilling cycle shortened by 17.81% compared to the design.

**Drilling fluid technologies achieved breakthroughs.** By using YJJS-1 high-performance water-based drilling fluid, problems such as borehole stability, rheological property of

drilling fluid, borehole lubrication and drilling speed increase during shale drilling were solved. Near-oil-based drilling fluid technology with alkyl glycoside as main agent helped to solve the problem that water-based drilling fluid cannot safely drill through long open-hole pure mudstone. The successful application in Pine Shale 2HF well site marked a revolutionary breakthrough in domestic water-based drilling fluid technology.

**New drilling tools were deployed to improve efficiency.** New tools such as home developed torsional impactor, 175°C high-temperature MWD measurement system, integral centralizer, near-bit geological steering system, three-dimensional vibration impactor and rapid automatic grouting system were popularized and used to reduce downhole complex faults and improve drilling efficiency.

**Logging technology achieved leap-frog progress.** A new generation of SINOLOG900 IT imaging logging system took shape. Transient electromagnetic through-casing logging technology, a new residual oil evaluation method, continued to improve. The preliminary development of storage/direct reading horizontal well production profile logging tool proved to be of great significance for gas production profile monitoring under the condition of high deviation/low gas content in horizontal wells. We integrated the tractor advantage technology with multi-stage perforation construction, and introduced AI research





outcome into mud logging, including the research on intelligent analysis of well site video and development of early warning system for violation behavior.

**The development of special operation technology continuously improved.** Horizontal well subdivision fracturing, large-scale acid fracturing, acid gas testing, high temperature and high pressure oil and gas well testing, horizontal well workover and other technical services capacity continued to increase, and built the domestic highest experimental conditions of high temperature and high pressure downhole tool testing center, "shale gas well pressure operation technology" won the Silver Medal of Petrochemical Science and Technology Achievements Conversion and Promotion Conference. New records have been made for underground special operation.

**The innovative achievements of ground engineering technology are remarkable.** Significant progress was made in energy-saving and environmental protection technology innovation and application; self-developed desulfurizer entered the stage of commercial application for the first time; 29 sets of self-developed "oil and gas field and long-distance pipeline integrated electrical control cabin" were successfully applied in the Ordos-Anping-Cangzhou pipeline project, and built the first offshore wind power platform in the northern Yellow Sea.

**The market competitiveness of petroleum machinery manufacturing significantly improved.** In addition to serving the key projects of Sinopec Group with high quality and high efficiency, electric fracturing equipment, skid cementing equipment, hybrid drill bits, PDM drill, high frequency welded pipes and other products entered the domestic and foreign markets. Coiled tubing and skid fracturing equipment were exported to Russia for the first time, high pressure pipes sold to the United States for the first time, and steel pipes entered the network of Kuwait Petroleum Company. Product R&D and technological innovation accelerated the development of deep shale gas, ultra-deep oil and gas development and other high-end fields. 16 sets of 5,000 full-electric fracturing equipment with multi-phase drive and double pumps were applied in Fuling, Tuha and Daqing. The company successfully developed and put into industrial test the 7,000-meter automatic drilling rig was developed and tested in commercial pilots. The first 9,000-meter electric drilling rig withstood severe test in Shunbei. The first shale gas booster compressor showed excellent results in Fuling, and the individualized series of high-efficiency drilling rigs were developed. High-efficiency drilling bits and PDM drill set 246 new records in Sichuan, Chongqing, Northwest, Changqing, Kuwait and other domestic and foreign markets.



# Refining and Chemical Engineering Services

In 2018, the company executed 933 engineering, consulting, EPC and construction projects, among which 400 projects achieved mechanical completion. Along with national and the company's key projects, the company successfully completed the engineering, EPC, construction and overhaul of projects owned by Zhong'an Coal Chemical, Jinan Catalysis, Tianjin Alkylation, CNOOC Huizhou Petrochemical with safety and quality well controlled.

**The service level of engineering services continued to improve.** The company launched special campaigns for design optimization and precise design and published *the Guide to International Project Management*. *The Digital Delivery Standards for Petrochemical Engineering*, the national standards was edited and issued. The acceptance and delivery platform for the digital factories of Zhongke and Zhongsha projects were completed and put into operation. The company provided new integrated solutions for coal chemical, LNG, bio-energy, soil treatment, and is gradually transforming from an EPC contractor to a one-stop integrated solution provider.

**Key technology R&D missions labeled "Ten Dragons" were completed.** 22 projects are well underway. 7 projects, including development of packaged technologies for high-grade base oil production through hydroisomeric dewaxing as well as development and commercial application of new technology for sulfuric acid alkylation, achieved key research objectives. Five projects such as development and commercial application Maoming LAO, PAO production technology were included in the "Ten Dragons" missions. The development and commercial application of the second generation of highly efficient and environment-friendly aromatic technology, development of packaged technologies of 20,000 tonnes per year fluid bed anthraquinone hydrogen peroxide technology and development of SE water coal slurry (coke) gasification technology finished detailed design and started construction.

**R&D of a number of key projects progressed well.** Development and commercial application of complete set of new technologies for 200,000 tonnes per year solid acid alkylation, development of key technologies for increasing the production of low-carbon olefins and BTX from heavy feedstock, development and pilot test of C5/C6 isomerization technology as well as demonstration and application of 2,000 tonnes SE coal gasification technology accomplished key objectives at different stages.





# Key Engineering and Construction Projects

In 2018, we launched 32 key engineering and construction projects (including project clusters) covering oilfield service, refining & chemical and pipeline, storage and transportation. 3 oilfield or gas field surface engineering projects, 14 refining and chemical units, 7 sets of oil and gas storage and transmission facilities and pipelines were completed and put into use. 12 key revamping projects were shut down for overhaul. In particular, phase I of Erdos-Anping-Cangzhou gas transmission pipeline was an important component for establishing China's natural gas production-supply-distribution system as well as a key energy project in China's 13th five-year plan. Being operational after 7 months' rapid and efficient construction, the project played a vital role in treating the air pollution in China's northern part, mitigating the environment pressure and promoting the green and low-carbon economic growth of the region.

The phase I capacity building project of Jiaoshiba Block in Fuling shale gas field won the 2018 National Quality Engineering Gold Award as the project tackled 5 major technological challenges and formed 6 unique theoretical technology systems. It set a good example of the theoretical, technological, and management innovation leading the exploration and production of marine facies shale gas in China. Another two projects won the 2018 National Quality Engineering Awards, namely the capacity building project of Sinopec Yuanba gas field and the oil products quality upgrading project in Sinopec Jiujiang Petrochemical Company.

**Key oil and gas field surface engineering projects.** The capacity building of the frontier area in northwest Chengdao oilfield of Sinopec Shengli, the water scrubbing dechlorination facility for the master gas gathering station of Sinopec Puguang gas field and the master treatment station of Sinopec Dongsheng gas field were completed and put into operation. 17 gas gathering station for the phase II of Sinopec Fuling shale gas field were completed and put in to use and the construction of the supporting pipelines was stepped up.

**Key refining and chemical engineering projects.** The facilities of Dalian catalyst base, alkylation projects in Shijiashuang and Tianjin, Beihai, Jinan S-Zorb project, Jinling sulfur recovery project, Maoming CCR project, and Jinan FCC project were put into operation. The main installations of Zhong'an United coal chemical project was mechanically completed, with utilities operational step by step and all commissioning preparation well underway.

The second aromatic unit of Sinopec Hainan Petrochemical Company as well as ZRCC refining structural adjustment and quality upgrading project went into the final stage of construction. The civil works of Sinopec Zhongke integrated refining and chemical integrated project were delivered and the follow-up installation work was unfolding. Projects like Sinopec-Sabir (Tianjin) polycarbonate, Sinopec Fujian Gulei integrated refining and chemical project, Tianjin and Luoyang refining product structural adjustment projects, Sinopec Maoming product mix optimization project and supporting units, Sinopec Jingmen RFCC and Sinopec YPC EVA projects were under construction. 8 alkylation facilities in Sinopec Qilu Company, ZRCC, YPC, Luoyang, Jinmen, Anqing, Jiujiang and Wuhan went into the peak period for installing equipments and pipelines. The construction of ZRCC petrochemical site, Sinopec Hainan 1mtpa ethylene and refining revamping and expansion project kicked off successfully. Sinopec Great Wall Energy and Chemical Company (Guizhou)'s coal chemical project, Sinopec-SK ethylene debottlenecking project, Shanghai R&D office complex were under construction preparation.

**Key pipeline storage and transportation engineering projects.** Tianjin LNG terminal, Fuling LNG plant, Ningbo-Taizhou-Wenzhou oil product pipeline and supporting facilities, Linyi-Jinan crude oil double pipeline project, Guangxi LNG gas transmission pipeline and Erdos-Anping-Cangzhou gas transmission pipeline phase I were put into use. The projects to build connection between Guangxi LNG outbound transmission pipeline and Qinzhou Port sub-line of China-Myanmar pipeline, between Guangxi LNG transmission pipeline and Laibin gas transmission station of China-Myanmar pipeline, and between Qingshan station of West to East natural gas pipeline No.1 branch line and the Nanjing sub-line of Sichuan to East China gas pipeline were completed as scheduled for operation. Wen 23 gas storage phase I, Rizhao-Luoyang crude oil pipeline, Qianjiang-Shaoguan gas pipeline, supporting gas pipeline for the Zhongke integrated refining and chemical project, Jingmen-Xiangyang and Zhanjiang-Beihai oil products pipelines were undergoing construction.

**Key projects of overhaul and revamping.** We finished 12 major overhaul and revamping projects, including 299 major production facilities with safety man-hour amounting to 19.745 million hours and qualification rate of spot check on welding quality reaching 98.9%.



30

International  
Oil and Gas  
E&P

30

International  
Oilfield  
Services

31

International  
Refining &  
Chemical  
Ventures

31

International  
Refining &  
Chemical  
Engineering  
Services

32

International Trade





34

Our Operations  
outside China



# International Operations





## International Oil and Gas E&P

Based on optimization efforts, strict control in investment and cost, continuous optimization for operation, and strengthened HSSE risk control, we increased free cash flow and obtained multiple results in E&P. Our achievement in development and production exceeded expectation and more profits were generated in our performance, showing a steady and good momentum. Throughout the year, we had several commercial discoveries and exploration breakthrough in Daylight project in Canada,

Andes project in Ecuador, Apache project in Egypt and Angola. We had 2 exploration breakthroughs in Angola 1506 project with newly-added reserve of 432 million barrels. We accomplished test on 41 exploration and evaluation wells and harvested commercial oil and gas flow with 75% success rate. The new 2P+2C reserve reached 9 million tonnes of oil and gas equivalent. By the end of 2018, Sinopec had 50 oil and gas E&P projects in 26 countries.

	2018	2017	2016	2015	2014
Overseas equity crude oil (million tonnes)	33.39	34.32	34.49	36.93	34.32
Overseas equity natural gas (billion cubic meter)	11.12	11.45	10.32	9.03	8.03

## International Oilfield Services

Overseas business saw steady progress and profits were further enhanced. By the end of 2018, we had executed 626 upstream service projects in over 40 countries, with a total contract value of

USD 17.054 billion. In 2018, the contract value of new orders was USD 3.15 billion and the completed contract value was USD 2.592 billion.



## International Refining & Chemical Ventures

---

Overseas refining and chemical investment projects also gained good momentum. Operation was steady and smooth for projects like YASREF in Saudi Arabia, the equity participation project in Sibur, the Fujairah storage project in UAE, Krasnoyarskiy NBR JV project in Russia, the lubricants plant in Singapore and VESTA storage project in Holland. We actively explored markets

in countries along and nearby the Belt and Road Initiative. The preliminary work for Amur natural gas chemical project in Russia and synthetic rubber project in Saudi Arabia were advanced as planned. By the end of 2018, Sinopec had owned 6 overseas projects of refining and chemical as well as storage and logistics in 5 countries.

## International Refining & Chemical Engineering Services

---

We optimized our business structure and expanded markets for more profits, which yielded relatively good production and operation results. In 2018, we executed 77 overseas contracts (50 projects) in 12 countries, with a total contractual amount of USD 8.874 billion. The value for newly-signed overseas contracts

reached USD 728 million and that for completed contracts was USD 1.556 billion. We further solidified our market share in traditional markets like Saudi Arabia and Kuwait. We completed projects like FCC project in Kazakhstan, refining and CDU projects in Jazan, Saudi Arabia.



# International Trade

---

We imported 219 million tonnes of crude oil in 2018, up by 8.76 million tonnes. We optimized the export volume and grade of oil products and increased refinery utilization rate. Total oil products export in 2018 increased by 2.42 million tonnes to 22.42 million tonnes. The LNG import in 2018 reached at 9.269 million tonnes, equaling to 13.27 billion cubic meters of natural gas which rose by 5.37 billion cubic meters or 68%.

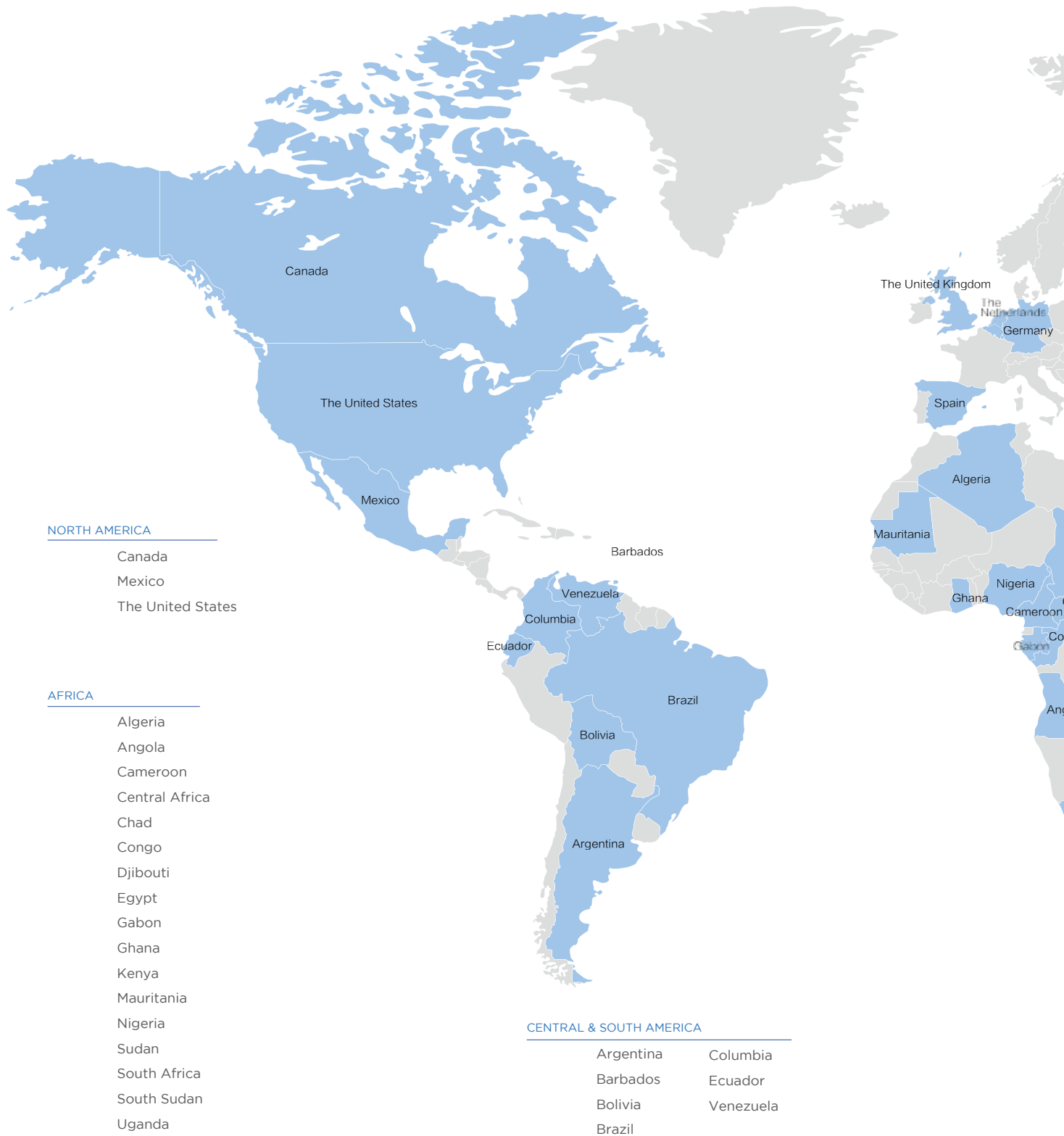
The realized annual international trade volume for petrochemical products, equipment and materials reached USD 5.183 billion, up by 90.4%. Realized coal import and third country trade was USD 889 million, up by 123.37%. Total chemical product export and import were 8.37 million tonnes, among which export accounted for 1.8 million tonnes, up by 30.2%. The product

mix of exported catalysts was more consistent with the market demand and achieved fruitful results in various markets with multiple product slates. The revenue and profit remarkably went up though overseas sales volume kept flat with last year. The fuel oil business expanded its global presence with an annual realized overseas trade volume at 13.14 million tonnes. Lubricant business mainly targeted at high-end market. Overseas sales supplied for Chinese companies operating outside China rose by 51% and overseas total market sales grew by 23%. By the end of 2018, we had established long-term cooperation with 233 international dealers for our lubricant business as we actively explored market in countries along the Belt and Road initiative.





# Our Operations outside China





#### ASIA-PACIFIC

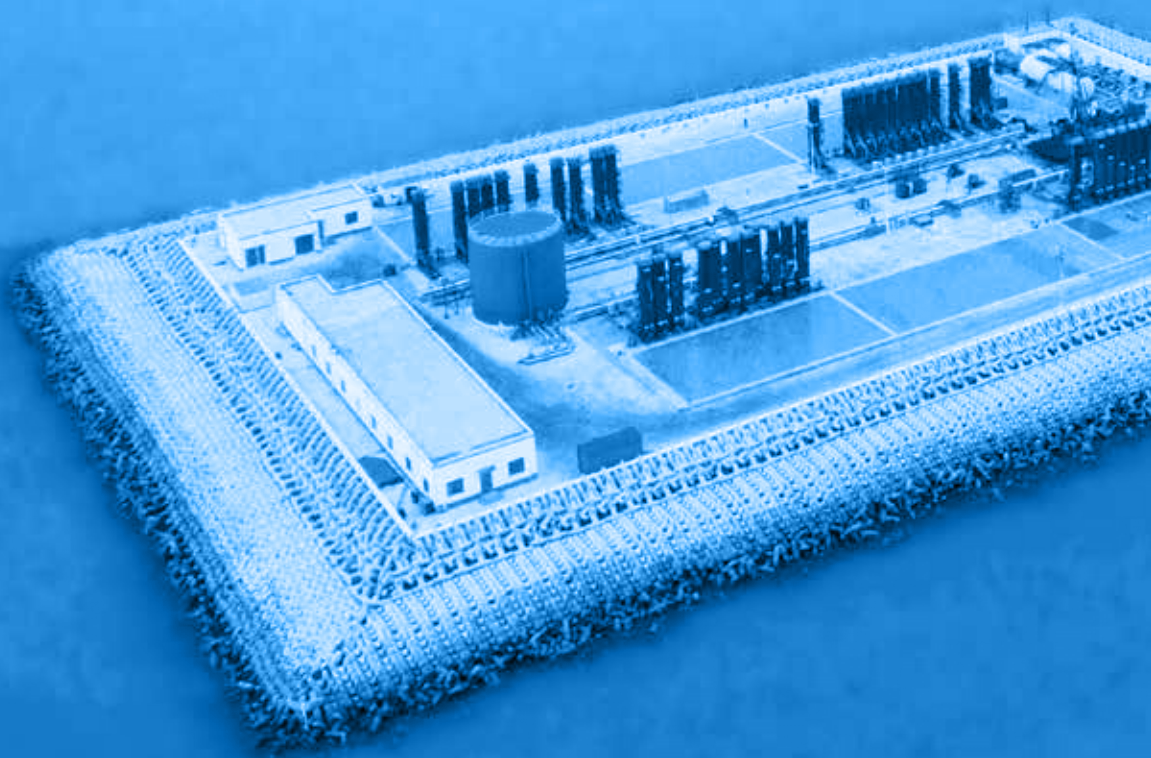
Australia  
Bangladesh  
Brunei  
Hong Kong, China  
India  
Indonesia  
Japan  
Korea  
Macau, China  
Malaysia  
Mongolia  
Myanmar  
Pakistan  
Singapore  
Taiwan, China  
Thailand  
Vietnam

#### EUROPE AND EURASIA

Germany	The Netherlands
Kazakhstan	The United Kingdom
Kyrgyzstan	Turkmenistan
Russia	Ukraine
Spain	

#### WEST ASIA

Iraq	Syria
Kuwait	Turkey
Oman	UAE
Saudi Arabia	



38

Major  
Technology  
Development

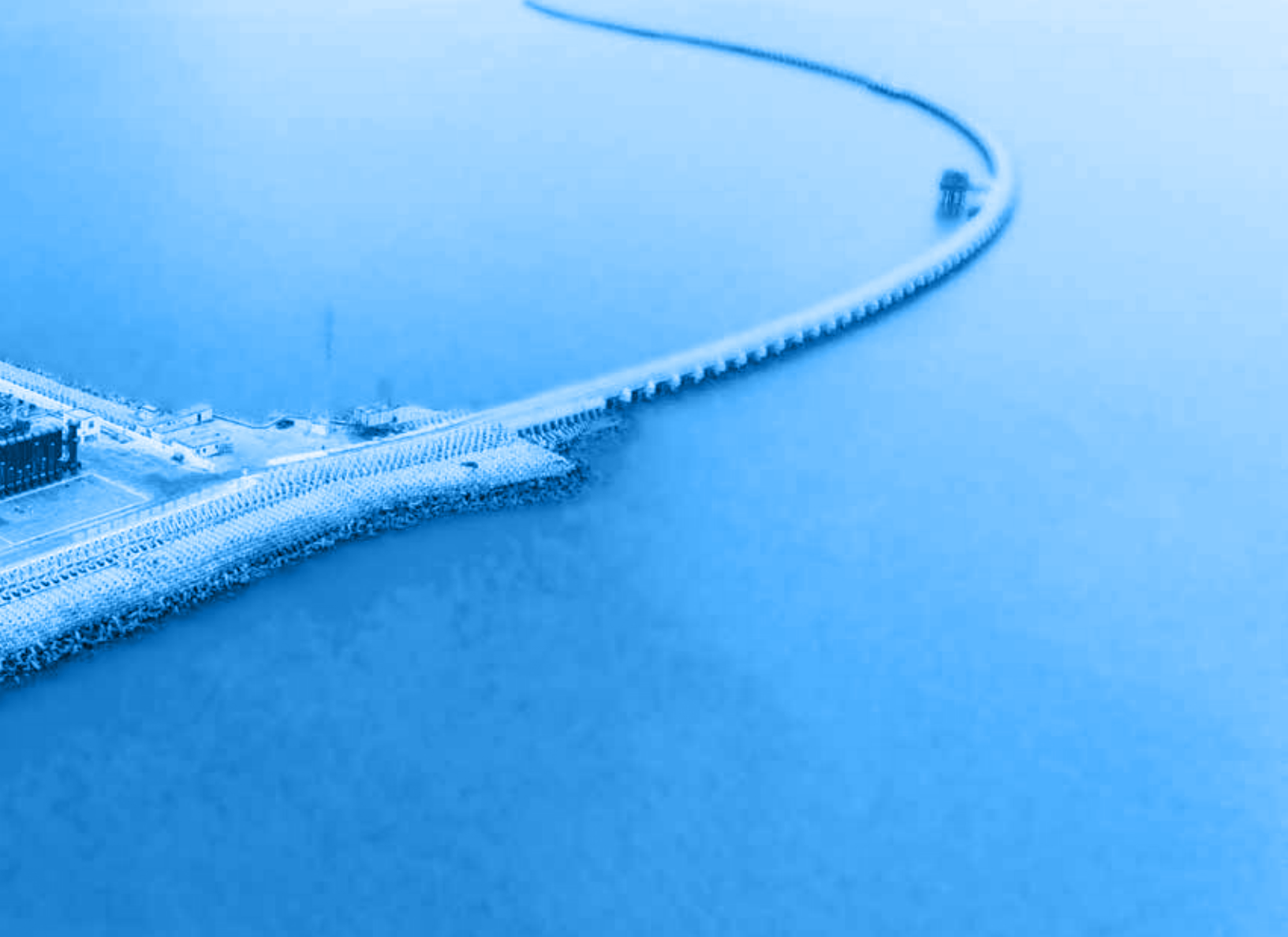
38

New  
Products  
Development

39

Science and Technology  
Achievements





# Science and Technology Innovation

In 2018, the Company further carried out the innovation-driven strategy, gave high priority to R&D and followed the basic principle of development-orientation, deepening reform, strengthening incentives, open-up and coordination. We continued to deepen systematic reform of R&D mechanism and stepped up efforts in making progress in key and cutting-edge technologies as well as commercializing our research findings. Our capability to support and guide the Company's business growth was further improved.

## Major Technology Development

---

**E&P Technology.** Progress was made in the development of technologies like target characterization for bed-rock buried hill, comprehensive forecast for complex carbonate reservoir, and long-acting fine separate-layer water injection. High temperature measurement while drilling (MWD) system was successfully implemented.

**Refining Technology.** We made technology progress in oil products quality upgrading and refined products structural adjustment. Technology packages like new sulfuric acid alkylation,

C<sub>4</sub> olefin selective oligomerization, hydro-isomerization dewaxing for producing high grade base oil were industrialized.

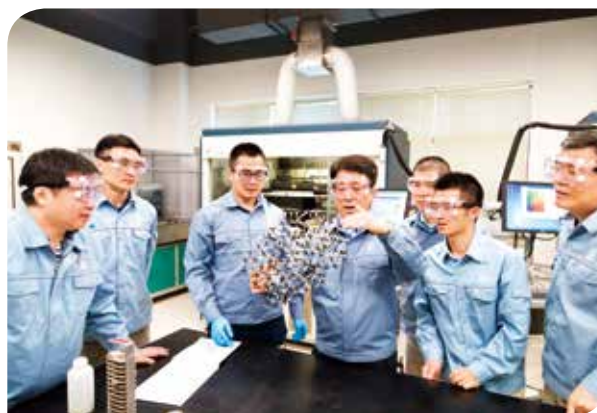
**Petrochemical Technology.** HPPO and long chain dicarboxylic acid purification technologies were commercialized.

**Utilities Technology.** Engineering technology package for large-scale LNG terminal was put into industrial use. HSE technologies such as sealed decoking for delayed coking unit became industrialized.

## New Products Development

---

We continued to develop high-value-added synthetic resin with 29 grades of new products already in mass production. We also achieved commercial production of PE film, thermoplastic polyvinyl alcohol film, long glass fiber reinforced PP for automobiles, and a special resin of autoclave-process-made expanded PP. In May 2018, a novel-structured zeolite material SCM-14(Sinopec Composite Material 14), developed by Sinopec Shanghai Research Institute of Petrochemical Technology (SRIPT), was officially awarded the framework type code SOR by International Zeolite Association, making Sinopec China's first company to gain a zeolite framework type code. It was a groundbreaking achievement of Chinese industrial companies in the synthesis of new-structured zeolite.



# Science and Technology Achievements

In 2018, the Company applied for 7,184 patents, among which, 5,241 were granted. The Company won 1 second-prize of National Technological Invention Award, 3 second-prizes of National Science & Technology Progress Award, 4 Silver Awards and 4 Honorable Mentions of China Patent Award.



## National Technology Awards in 2018

Item	Project Name	Prize
1	Key technology and industrialized application of oil and gas pipeline system integrity	Second prize of National Technological Invention Award
2	Well drilling and completion technology and application for complex carbonate oilfield in highly acidic and active thick asphalt formation	Second prize of National Science & Technology Progress Award
3	High efficient catalyst and technology package for the value-added conversion of dilute ethylene	Second prize of National Science & Technology Progress Award
4	Stress corrosion cracking and fatigue resistance technology and application for special surface impact strengthening	Second prize of National Science & Technology Progress Award

## Chinese Patent Awards in 2018

Item	Name of Patent	Prize
1	Method and composite solvent to separate aromatics by extraction and distillation	Silver Award of Chinese Patent Award
2	Solid catalyst component for olefin polymerization and the catalyst that contains such component and its application	Silver Award of Chinese Patent Award
3	Sliding sleeve fracturing module, facility to use that module and the application of such facility	Silver Award of Chinese Patent Award
4	A high-temperature-resisted cleansing emulsion or micro emulsion fracture fluid and its production method	Silver Award of Chinese Patent Award
5	Method for double bond isomerization of butene	Honorable Mention of Chinese Patent Award
6	Hydrogenation catalyst for purifying crude TPA	Honorable Mention of Chinese Patent Award
7	An offshore multi-dimensional jack-up oil drilling platform	Honorable Mention of Chinese Patent Award
8	A hydrophobic silica gel for oil and gas recovery	Honorable Mention of Chinese Patent Award



A group of men in dark uniforms are standing on a ship's deck, which has a blue surface with white markings. They are holding a long blue banner with white Chinese characters. The background shows the sea and a clear sky. The banner reads: 为美好生活加油.

为美好生活加油

42

Reform  
and  
Management

43

HR Management

44

Integration of  
Industrialization  
and  
Informatization

46

Corporate  
Governance

47

Corporate  
Culture



47

Brand  
Building

50

CPC  
Building



# Corporate Management

# Reform and Management

In 2018, the company acted on the requirement of Central Committee of CPC, the State Council and the company's leading Party members group. Following the general principle of pursuing progress while ensuring stability, we took holistic measures in deepening reform and improving corporate management, which provided solid foundation for sustainable growth across the board.

## **Deepening reform with fast steps and sound progress.**

We formulated and put into practice the general plan for comprehensively deepening reform. In 2018, the Department of International Cooperation and the SBU of Capital and Financial Services were newly established, Sinopec Capital Company was put into operation and Sinopec Marketing Co., Ltd was registered. In the meantime, the governance relations among such specialized subsidiaries as Sinopec Gas Company and Sinopec Pipeline Storage and Transportation Company were clarified and readjusted. We fought three critical battles to forestall potential risks, address subsidiaries operating in extreme difficulties or losses through consolidation or shutdown, as well as transfer functions of supplying heat, water, electricity and steam and property management to regional governments. The debt to capital ratio was under control, and financial derivatives operation was under effective management. We completed the treatment of 39 subsidiaries in difficulties which were supervised by SASAC, with the proportion of unprofitable subsidiaries at all levels lowered to 16%. We shut down 8 subsidiaries including the Hangzhou Refinery and the Dongfang Petrochemical Company. We are leading the pack among all SOEs in separating and transferring functions of sup-

plying water, electricity, heating and gas, property management as well as other social functions, with all official agreements signed. The transfer of the businesses, functions and assets reached the performance assessment targets set by SASAC. And the pilot work in the transfer of other social functions in the independent Mining Area (Community) was advanced smoothly. Human resources reform was deepened along with the improvement of supportive policies. The plan for "function, organization and position scale identification" at subsidiary level was well under way in all aspects. The Double 100 Actions piloted in 3 subsidiaries and comprehensive pilot reforms in other 9 subsidiaries all achieved preliminary success. We also successfully completed the reform towards standard companies, streamlining organizations by cutting legal entities at management and property levels.

## **Continuous improvement in corporate management.**

We strengthened corporate management according to laws and regulations. We formulated and implemented 2018 action plan, achieved continuous improvement in internal control and risk control, and followed the top-down decision-making procedure for major matters. We achieved tangible progress in improving corporate management towards strictness, precision and excellence. We promoted standardization for "Three Basics" management, emphasized on "Three Disciplines", job accountability system and sense of responsibility, and improved fundamental work at grassroots level. We promoted the campaign "Take Quick Action and Meet the Mission" and improved work efficiency significantly at the Headquarters.





**Leadership and management team building.** We made active progress to engage Chairman of the company (or executive director or the representative from subsidiary) serve as Party Secretary of the respective organization. The general requirements for Party building work were written into the company's Articles of Associations. We adopted higher selection criteria in human resources management and training to ensure stronger management teams in place and guided by elite top leaders. By focusing on the five systems for management team building, including the training, identification, recruitment, management and incentive systems, we promoted all-round performance assessment mechanism covering each member of the management team and on regular basis. We adopted specialized selecting and recruiting system to attract and engage quality talents. We took special inspections across the whole selecting and recruiting process, with the general HR satisfaction improved for 4 consecutive years. At group level, we unified regulations and standards for middle level management when reviewing their performance or when they leaving the incumbent post. We gave special supervision and guidance in streamlining the middle management, with the total number of middle level management posts cut on target by 14%.

**Compensation and Performance Management.** We revised the total payroll management system and supportive measures while improving the incentive-constraint mechanism. Total domestic employees on payroll was down by 44,000 people. We made an overall plan to balance inter-segment and inter-subsidiary HR supply with its demand, optimizing the allocation of 27,000 employees. We formulated the pilot work scheme on recruiting professional employees and put it into pilot practice in finance, capital management and E-business segments. We made discipline a common practice across the company by conducting special programs to emphasize labor discipline and attendance records. We improved compensation distribution based on a clearly defined, value-driven and market-oriented model. We optimized labor cost budget model based on the market benchmark, and linked the compensation with profit. We created the wage growth guide wire, linked the total payroll with the economic results, and correlated wage budget with financial budget and performance assessment. We organized special inspection on compensation compliance, assisted our subsidiaries to improve the compensation distribution standards. We promoted the compensation system shifted from one unified system to be categorized and differentiated. We advanced compensation reform in key areas, emerging businesses and sci-tech innovation companies, and formulated overseas HR management and compensation distribution systems. We amended 1+3 annuity system to link it with economic results, improved long-term incentive mechanism on key professionals in emerging business units and completed the

transfer of social insurance from 5 subsidiaries. We optimized the assessment on compensation distribution system and designated the assessment management function to HR department. We amended Regulations on Performance Assessment with KPI system and distribution management system optimized.

**Talent team building, training and development.** Guided by the "Empowering Corporate Growth by Talent" campaign, we made further progress in developing high-level experts and high-caliber talent team. 12 chief experts, 60 senior experts and 27 technical masters were selected through public process. We earnestly implemented the reform scheme on developing industrial workers' team for a new era. With a focus on technical talent pooling, we organized technical proficiency contests at national and company levels while recommending elite candidates to participate the selection process for national honorary titles. In 2018, 58 Sinopec employees were granted special government subsidy by the State Council, 2 people were awarded the National Technical Skill Prize, 9 people were awarded the national technical experts, 2 people were selected Young and Middle Aged Sci-Tech Innovation Talents, and 2 people were given Sun Yueqi Youth Sci-Tech Award. We advanced the talent team building at Sinopec Headquarters and made massive efforts in selecting and engaging young elite management staff. We stepped up efforts in talent development mechanism to formulate flexible measures for introducing and managing various talents, experts, academician and back-up talents. We launched capacity building plan to develop the capabilities of professional employees and implemented "BRI International Talent training program", strengthened technical training in new energy and new materials area, and promoted ideological training for overseas project managers. The human resources reform has been well underway. We promoted HR market-oriented mechanism. The evaluation system has been established based on the models for efficiency, effectiveness, efficacy and economic results. We intensified competitive selection for middle-level and grassroots-level management staff. We optimized management team structure with more flexible selection and assessment measures covering all levels. We conducted regular reviews on experts with flexible selection and assessment measures.

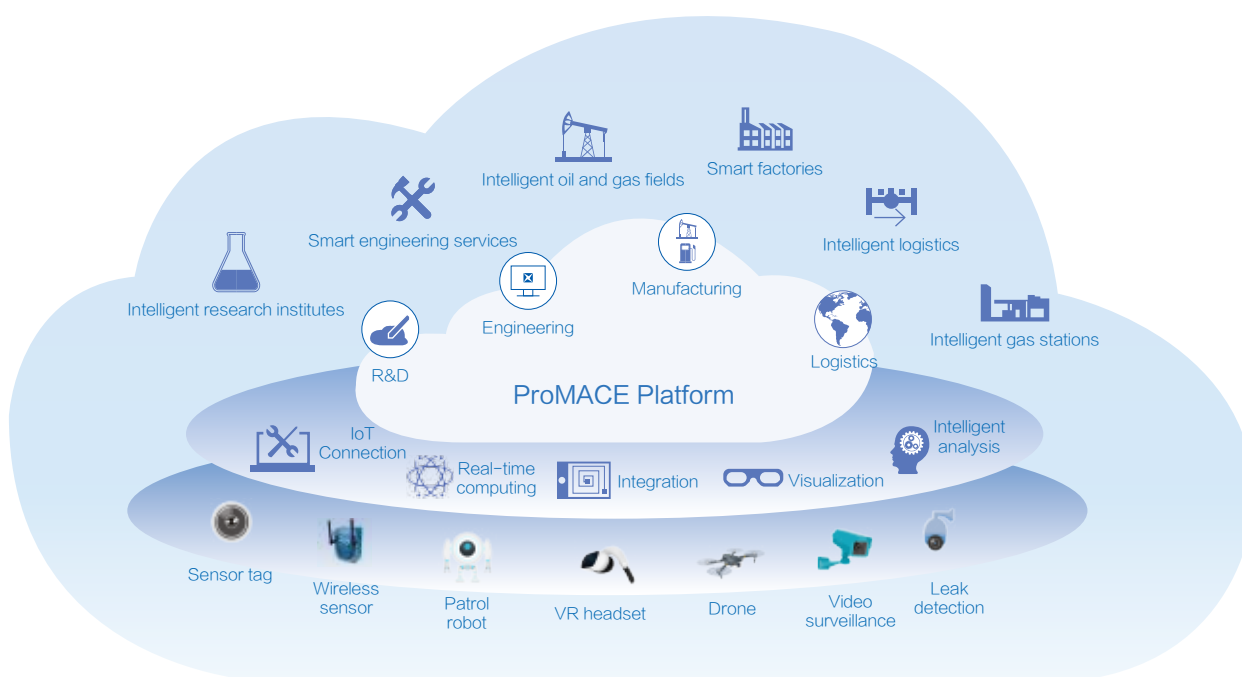
Sinopec HR Shared Services have been put into online operation, with 90 new subsidiaries added and achieving 115 subsidiaries in total. The HR shared service system supported 430,000 employees and 360,000 retirees, with service covering 25 items in 6 categories of HR shared services. We completed allocation optimization for compensation accounting and distribution at subsidiary level. We developed functions for HR platform, including public recruitment, flexible introduction of talents and business services, achieving one-click, whole-process, online recruitment management.

# Integration of Industrialization and Informatization

We committed to the new development philosophy. We promoted deeper integration of internet, big data, AI with petroleum and chemical industry, stepped up digital and smart transformation, and fostered new drivers of growth based on IT application.

## Promoting Smart Manufacturing

**Industrial Cloud Platform.** The company successfully developed ProMACE, an intelligent manufacturing industrial cloud platform. The Platform was selected by the Ministry of Industry and Information Technology as “2018 Industrial Internet Pilot Demonstration Project”.



**Smart Factory.** Technological upgrading was completed in the pilot Smart Factories 2.0 at Sinopec Zhenhai Refining and Chemical Company and Sinopec Jiujiang Company. A comprehensive management system for equipment repairs and maintenance was established in Sinopec ZRCC, where the equipment failures can be addressed in advance through data analysis and diagnosis. As a result, the reliability and utilization of equipment have been improved, with the maintenance cost down by 20% and unscheduled shutdowns reduced by 50%. In the meantime, Sinopec Maoming Company improved its daily economic results with higher system optimization, achieved better utilization of C<sub>4</sub> stream and added over 10 million yuan in its annual economic results. The

Smart Factory 2.0 solution based on ProMACE platform has been widely applied in 6 Sinopec subsidiaries, including Shanghai Petrochemical Company, Sinopec Qilu Petrochemical Company. Sinopec Shanghai Petrochemical Company was selected by the Ministry of Industry and Information Technology as “2018 Smart Manufacturing Pilot Demonstration Project”. We carried out big data pilot application to address equipment erosion and achieve process and operation optimization in refineries and chemical subsidiaries, so as to prevent the erosion hazards and forecast the plant operation status. We leveraged machine-learning, visual identification technologies to identify defects, detect labor safety and forecast abnormal status at work site. As a result, we achieved

better performance in work safety, green production and higher productivity.

**Smart oil and gas fields.** We carried out pilot demonstration projects of smart oil and gas fields in Sinopec Northwest oil field and Sinopec Zhongyuan oil field. The No.3 plant in Sinopec Northwest oil field has been able to conduct diagnosis, risk precaution, drone patrol and visual identification on leakage risks. We widely applied Exploration and Production Business Platform (EPBP) and achieved synergy and data-sharing analysis. We completed the application of Production Command System (PCS) in 155 oil and gas management regions, promoted the revolution in the management system of oil and gas fields and increased labor productivity.

**Pilot smart gas stations.** We made exploratory efforts in applying AI and Internet of Things to the gas stations in such cities and provinces as Beijing, Guangdong and Jiangsu, where car plate number identification, smart pay and digital marketing services are available.

**Upstream R&D knowledge management system.** We built ten-million-node exploration and development knowledge atlas in Sinopec EDRI, Sinopec Research Institute of Petroleum Engineering, Sinopec Geophysical Research Institute and Sinopec Henan oil field, so as to improve R&D and innovation efficiency. The system was granted 2018 Most Innovative Knowledge Enterprise (MIKE) award.

## Develop Modern Service Industry

**EPEC and procurement service value chain.** We continuously improved EPEC, the Industrial Product E-Commerce Platform in Sinopec, with multilingual portals available in English, Russia, etc. The platform supports multiple functions including business factoring services and vertical procurement zones, providing integrated information from hundreds of strategic suppliers and increased the buyers' procurement efficiency and user engagement. We built in place the big data applications such as 360° panoramic view, flow analysis model, business opportunity management and customer development, so as to improve tailor-made customer services. As a result, EPEC has demonstrated higher market influence with its annual online transaction volume over 280 billion yuan.

**Chememall—an integrated marketing and service system.** Based on Chememall.com, the online chemical trading platform, we added new applications including contracted procurement, bidding transaction and payment services, which facilitated online trading of refined products and chemicals.

**Connect people, mobility and life through resource consolidation.** Based on an internet-based matrix of services including E-Commerce, WeChat platform and mobile Apps, Sinopec marketing subsidiaries consolidated customer resources, integrated refueling business with non-fuel business, and provided crossover services connecting people, mobility and life. As a result, the company secured its dominant market share in China's refined products market.





# Corporate Governance

## Law-based Governance

The company implemented the development strategy of adhering to the overall improvement of management according to laws and regulations, enhanced top-level design of rule of law, carried out the policy specifying that top management members shoulder the primary responsibility in implementing the rule of law, focused on legal assessment of major decision-making matters, executed legal risks prevention and control responsibility system, and protected the corporate legitimate rights and interests.

The company issued the *Opinion on Sinopec's Overall Improvement of Management According to Laws and Regulations*, which was a guiding document for the rule of law. Actively responding to SASAC's requirements, the company carried out the policy of top management members shouldering the primary responsibility of the rule of law both at corporate and subsidiary level, receiving an A-class rating and ranking among the top in SASAC's special examinations. The company has a sound general counsel system at both corporate and subsidiary levels, strictly follows legal ap-

proval procedure of major decision-making matters in systematic and constant manner.

The company established a periodical report mechanism of legal risks litigation and disposal, implemented monthly joint conference for overseas legal risks review and disposal. With the approach of "one case, one policy" to key cases and risks, some key cases and overseas legal risks have been properly resolved. Contract management was continuously intensified, for all the contracts submitted online were reviewed by the legal team.

The company carried out a trial for legal professionals selection and training, and completed the corporate senior legal expert evaluation and recruit for the first time. The company continued to push forward the integration of contract information system, expense reimbursement system and finance sharing platform, completed the second phase improvement of legal information management system, and start up the construction of legal sharing working platform.



## Audit Supervision

In 2018, the company carried out 1,118 auditing projects of various types, which effectively provided supervision and promotion for businesses and operations. This year, the company focused on compliance auditing, including 312 economic responsibility auditing, 49 financial auditing, 82 internal control

independent auditing, 234 project investment auditing, and 16 auditing of subsidiaries with international businesses. The company also implemented in-depth special audits or surveys for problems correction, risks litigation, connections or transactions between the company and restructured enterprises, unprofitable firms, etc.

## Corporate Culture

The company focused on promoting specific cultural genes in safety, honesty, etc. to facilitate the implementation of key work. The company reinforced honesty culture construction and drafted relevant implementation measures.

The company filmed *Providing Energy for a Better Life*, a corporate video introducing Sinopec's growth path and its corporate culture. Yongli Ammonium Plant (Former Sinopec Nanjing Chemical Company), founded in 1934, was the first company to produce industrial acid in China and was known as the cradle for China's chemical industry. It was included in the first China's Industrial Heritage Protection List in 2018.

The company actively fostered and fulfilled the core value of socialism, and further pushed forward spiritual civilization construction through strengthening selection of role models. In 2018, the company selected 12 employees for spiritual civilization construction, 144 individuals for spiritual civilization construction and 20 outstanding volunteer projects with a new record of 130,000 people giving a thumb-

up online. Dai Xusheng and Tian Ming were awarded as the 2017 Top 10 Chinese Craftsman, Zhang Baotong from Yanshan Petrochemical Company was elected as one of SOEs' models and Top 10 Beijing Figures, Lubricant Company was appraised as one of Beijing Models of Advanced Unit, RIPP and Baichuan Company were awarded as one of Beijing Advanced Units. In addition, the songs of *Workers of the New Era* and *Dancing Rosy Clouds* and the film of *Trump Card in Adversity* have won the Excellent Works Award of the Third SOEs' "Five One Project".

The company organized over 500 "Open Day" and invited over 20,000 visitors. The company did not only convey the corporate concepts of technological innovation, safety and environmental protection and quality management, but also creatively integrated staff training, media communication, public relation and government relation maintenance into the "Open Day", built up dialog mechanism through Q & A platform, which satisfied consumption demands, united people and established a good corporate brand and image. Sinopec's Open Day has won the golden prize of SABRE Award.



## Brand Building

The company further enhanced brand structure management and built a model of "one major brand and numerous quality sub-brands", which would form a positive interaction between the parent brand and sub-brands. The company continued to include the corporate VI management into the Party building assessment, constantly improved the system and effectiveness of brand identification. We checked the JVs without actual control and applied legal measures to protect the brand asset of Sinopec. In 2018 Top

100 of China's Brand Value, Sinopec's brand ranked the 5th with a total value of 246.288 billion yuan, the highest among all domestic energy and chemical brands. At the same time, on the Top 50 China's Brand Value in IT, energy and chemical industry, the brand values of Sinopec EPEC, Greatwall Lubricant and Easy Joy was 7.403 billion yuan, 6.686 billion yuan and 2.569 billion yuan, respectively.



# REMAIN TRUE TO OUR ORIGINAL ASPIRATION AND MISSION, KEEP WORKING TOWARDS OUR GOALS

## Individuals and Teams Awarded the Touching Stories of Sinopec Prize

12 July 2018 marked Sinopec's 35th anniversary. Over the past 35 years, Sinopec has developed a highly qualified and capable team. They were represented by the 6 individuals and 3 teams who were awarded Touching Stories of Sinopec.

Chen Junwu



Li Gansheng



Wang Youzhong



Sun Tonggen



Zhang Congbang



Zhu Weihua







Olefin Department of ZRCC



Huxi Street Gas Station in  
Nanjing, Jiangsu



R&D Team of the Aerospace Lubricating  
Technology Center at Sinopec Lubricant  
Company



# CPC Building

## Party and Employee Relations Work

In 2018, the company adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the 19th National Congress of the CPC, implemented the requirements of CPC building in the new era with all-out efforts, closely followed the strategic planning of building a world-class corporation, took political construction as the guiding principle, reinforced the capacity construction for setting direction, managing the big picture and implementation at corporate level, carried out organization competence enhancement program for grass-root Party branch, improved the vitality and motivation of Party members for entrepreneurship, coordinated and strengthened Party construction works in various aspects, constantly enhanced the quality of Party construction, which provided a solid foundation for building Sinopec into a world-class company with global competitiveness.

**Co-organizer of SASAC's first site conference on Party Building to implement the spirit of the National Work Conference on Organization and to promote Party Building at grassroots of central enterprises.** Sinopec shared best practices at the conference. Deputy Secretaries, heads of Party and employee relations departments, representatives of leading grassroots organizations from central enterprises and related officials from SASAC attended the conference. The attendees also learnt about practices by Sinopec Shengli oilfield.

**Setting general plan and key measures of the company's CPC building in a new era.** The company held a promotion conference for quality improvement of Party construction, setting a clear agenda for Party construction in the future, sorting out 12 means to give full play to Party committee at corporate level, and mapping out key tasks for grass-root Party construction.

**Promoting the integration of Party construction and business operation.** The company held promotion conferences of Party construction for subsidiaries in Shandong Province and Shanghai, pushed forward the integration of Party construction with HSE, production and operation, stability maintenance, media monitoring, effectively secure the safety and stability of major events. In addition, the company institutionalized the guidance of Party construction for HSE work.

**Enhancing grass-root construction of the Party.** The company

implemented the organization competence improvement program, and "Five Improvement" project, which were actively responded by the grass-root Party branches. The company initiated the building of "Two Demonstrations", with the model set by the leading Party member group, good results were achieved. In addition, the company explored and carried out "the tour of model Party branch secretary", helping the nearby Party branches to improve together. Moreover, the company continued to organize training course for Party branch secretary, with totally over 8,700 people were trained in 113 sessions of the training so far.

**Implementing strict governance of the Party.** For the fifth consecutive year, the company carried out Party-building evaluations covering the whole system, completed on-site inspection of 75 subsidiaries, implemented the system that Party secretary is the major responsible person for Party-building report and appraisal at subsidiary level, and for the first time applied the system at HQ level in order to conduct more precise evaluation of HQ department Party-building, continued to choose randomly some of the Party secretaries to report Party-building to the leading Party member group.

**Improving the work effectiveness over non-Party members.** The company completed commendation of models, prepared the publicity of model stories, vigorously carried out skills contests, successfully held the first company's Youth League Congress, established company's leading group on united front work, and issue the guidance on united front work.



## Anti-Corruption Construction

In 2018, the company adhered to the work principle of making progress while maintaining stable performance, pragmatically promote strict Party governance, paced up the establishment of a healthy

political atmosphere for integrity and entrepreneurship. As a result, notable progress was achieved in developing honest work style of the Party and combat against corruption.

**Further purifying political ecological.** The company implemented the decision of the central committee of CPC, continued to enhance the supervision and promotion of such implementation, continued to purify and restore political atmosphere, pragmatically pushed forward implementation of 33 key tasks. The company also reviewed 140 correction measures for the problems found in the disciplinary inspection in 2015, and promoted the effective implementation of those measures, notable results were achieved in corruption in poverty alleviation, work style problem correction, profit improvement of SIPC. We set up archives for Party members and conducted honesty screen for 726 Party members at managerial position, so as to prevent and correct malpractices in selection and utilization of personnel.

**Constantly consolidating the improvement of work style.** We conducted specific inspections for resident offices in Beijing (liaison office) set up by our subsidiaries, investigated, dealt with and corrected violations of disciplines and regulations. We studied and issued *Implementation Opinion on Correction of Formalism and Bureaucracy*. We took strict and prompt action to the complaint letters regarding work style problems, reported the malpractices against Eight-Point Decision to the public, and sustained the deterrent effect against unhealthy conduct and work style.

**Jointly promoting “Three No” mechanism construction.** We took a strict approach in supervision, discipline execution and accountability inspection, paid high attention to the problem of huge corruption and mini corruption at grass-root level, precisely apply

“Four Forms” to prevent and cope with those cases as early as possible, set up successive lines of defense for such problems. The existing cases since the 18th National Congress of the CPC were all addressed, existing clues of potential problems were reduced significantly, the number of complaint letters dropped by 18.7%. We amended and issued Staff Disciplinary Provision, made a series of mechanisms to reinforce the restraint and supervision of power, and encouraged staff to be more active in the combat against corruption. The company pragmatically promoted after-case work, used those cases for education and promotion of correction, and carried out a whole month of anti-corruption publicity activity in order to enhance the warning, clarify the bottom line, strengthen deterrent effect, help staff to learn lessons from those typical cases, turn punishment effect into governance effect, and enhance staff’s self-awareness against corruption.

**Continuously improving the Oversight effect.** The company extended the depth and broadness of the Oversight, continued to improve the work regulations and relevant mechanisms of corporate Supervision Committee, implemented monthly work conference mechanism so as to make the Oversight more coherent and smooth, carried out overall studies on key supervision tasks, conducted supervision in a coordinated way, discovered and solved a number of key risks. We also actively contact with over 20 provincial and municipal discipline inspection commission and supervision commission, so as to explore effective means of supervision with joint efforts.

## Disciplinary Inspection

In 2018, the company’s leading Party member group actively shouldered the political responsibility of enhancing strict Party discipline, took “Two Resolute Safeguards” as the guideline and soul of the disciplinary inspection, and pushed forward the inspection with unprecedented efforts. Considering the actual content for the disciplinary inspection, the company explored the problem check list and correction system, implemented the disciplinary inspection for 19 subsidiaries, and preliminarily built up an inspection network at both HQ and subsidiary levels.

In 2018, the company carried out 6 batches of disciplinary inspection for 56 subsidiaries, dispatching 143 inspectors in 10 teams. It was the first time for the company to achieve full coverage of such inspection for all subsidiaries. The company drew “portraits” for over 300 leading managers under direct leadership of the company’s leading Party member group, interviewed more than 6,000 staff individually, reviewed about 65,000 documents, visited over 400 grass-root units and held over 200 symposiums.

According to the three-step requirements of “Loss Reduction, Reform, and Accountability Investigation”, we strengthened the problem correction of the subsidiaries by setting up lists of problems, responsibilities and tasks, and dealing with those items one by one with certain time limit, so as to insure the correction and improvement being carried out in a effective manner and make full use of the deterrent effect of disciplinary inspection.





54

Safety,  
Security and  
Occupational  
Health

56

Green  
Enterprise Campaign

58

Green &  
Low-carbon  
Development

62

Community  
Development





63

Social Contribution



# Social Responsibility



# Safety, Security and Occupational Health

## Production Safety

**Carrying forward HSSE management system and building long-term work scheme on production safety.** We formulated the HSSE management system of our company and officially implemented it on 1st January, 2019. We revised and improved 87 items of HSSE management regulations, streamlining 84 items. We established a steering committee on production safety standards, and formulated an initial framework of the relevant standards. We actively participated in revising China's national HSSE standards, and put forth modification opinions based on the reality of oil and petrochemical sector.

**Intensifying dual-prevention mechanism and improving control in risks and potential hazards.** We established a list of safety production risks and potential hazards of various levels. Among the 30 company-level significant risks, we eliminated 19 risks and left the rest 11 for continuous improvement in 2019. We addressed 147 out of 191 significant company-level potential hazards. We stepped to take comprehensive measures in addressing hazardous chemicals, conducted all-around inspection on major sources of danger, established a risk profile for hazardous chemicals, and treated a number of safety hazards related to dangerous chemicals and chemical processes. We launched 17 specific checks on hidden risks. We completed the first round of HAZOP analysis and the SIL evaluation on key production facilities. We gave special evaluation on the safety risks related to chlorination and coal chemical units. We carried out special control over dangerous chemical leakage and eliminated the risks one by one. The leakage rate dropped by a large margin.

**Strengthening contractor management and operational safety.** We continued to carry out special inspections on contractor management without giving pre-notice. In case of pursuing outsourcing instead of direct management, we immediately suspended the construction and strictly held the contractors and safety violators accountable. We adopted 13 hard safety measures in direct operation to strengthen on-site safety management. We sorted out 2,477 unusual or temporary operation items, each of which should go through Job Safety Analysis (JSA) in advance. We actively pushed forward practical training programs for contractors. We set up contractor safety management system for dangerous chemicals transportation, formulated qualifying standards for contractors and vehicles in terms of review, approval and assessment. We initially put in place a safety management system of dangerous chemicals transportation covering information management of the contractor and carrier tool, supervision on transportation, precaution, emergency response, and statistics analysis.

**Earnest inspections and supervisions pave the way for work safety.** We conducted annual HSSE safety check with trouble-shooting approach. We established coal mine safety management office in Sinopec Great Wall Energy and Chemical Company. We took inspections and dynamic supervision on offshore production and operation facilities, and issued warnings to high-risk operations.

**Enhancing grass-root safety system and emergency response capability.** We optimized the precautionary and on-site measures for emergency response. We broadened the professional functions of fire extinguishing teams, adding comprehensive rescue duties such as emergency leakage stoppage. We developed safety system at grass-root level, with specific requirements and duties defined for grass-root organizations. We had in place volunteer emergency teams at production subsidiaries, and improved the emergency response capability of frontline staff. We strengthened on-the-job training for all employees, held technical skill contests on safety management and emergency. As a result, the safety awareness and capability have been improved among all employees.

**Strengthening long-distance pipeline protection and natural disaster prevention.** We made High Consequence Area (HCA) Identification Risk analysis and risk control along long-distance pipelines. We carried out pipeline inspections, testing and defect remediation. In 2018, we completed 4,968-kilometer-long pipeline inspections, with the inner-pipeline inspection rate increased to 82%. We completed inspection on the subsea pipeline of Hangzhou Bay for the first time. In flood season, we took precautionary measures with emergency shift timetable at subsidiaries, applied daily "zero accident report" system and real-time detection.

**Improving public security management.** We made holistic arrangement and succeed in ensuring public security work in time



of such big international events as Boao Forum for Asia (BFA) and Shanghai Cooperation (SCO) Forum. We strengthened public secu-

rity for oil and gas operations by advancing the judiciary tracing of criminals.

## Overseas Public Security

In 2018, our company adhered to the principle of “never pursuing development at the expense of people’s lives”, and pushed forward prevention-driven management in overseas public security. Throughout the year, no major overseas public security accidents occurred, and we honored the record of “zero accident” in overseas public security for 11 consecutive years.

**Enhancing risk assessment and control and eliminating source of risks.** We organized risk assessment workshops on new projects. We submitted 78 risk assessment reports at country level and 210 reports for newly added overseas branches or projects, and we filed for 228 dynamic risk reports for existing overseas branches or projects.

**Strengthening training and raising risk awareness and skills.** We carried out 149 public security training programs in China, including primary training and retraining on 3,720 employees, organized training programs in host countries for 226 employees working overseas, and built on-site security facility models. As a result, the effectiveness of training was improved.

**Reinforcing security facilities and force.** We sent 43 per-

son-times of security advisors and officers on overseas mission for 2,832 days.

**Improving information analysis with improved timeliness.** correctness and effectiveness. We worked with external professional agencies to consult their advice, and provided written guidance for employees on business missions in 12 countries (regions).

**Strengthening employee care for physical and mental health.** We provided psychological health counseling and round medical visits for over 3,000 overseas employees, and gave tailor-made counseling for more than 40 overseas employees. We organized training courses for overseas emergency rescuers and part-time counselors.

We earnestly implemented overseas emergency reporting system to properly address all kinds of emergent incidents. We advanced overseas public security auditing to effectively improve overseas public security management. We promoted institutional development and information application to support the fundamental work on overseas public security.

## Occupational Health

**Emphasizing “occupational health” and controlling health risks.** We conducted checks on employees’ health and job adaptability, and enhanced health care for key staff. For those who have occupational contraindication, high blood pressure and cardio-cerebral diseases of secondary level or above, we arranged job reassignment and continued health care for them, thus reducing the on-job death from sudden illness by 40%.

**Conducting special treatment against dusts, toxicants and noise.** Through continuous treatment in the past 3 years, excessive toxics and dusts have been brought under control. The

qualification rates of dusts and toxicants in terms of concentration have been raised to 98.1% and 99.1% respectively. We launched technical standards and intensified quality spot checks on safety shoes, so that the quality of safety shoes has been guaranteed.

**Caring for psychological health.** We incorporated safety psychology and post-accident (crisis) mental intervention into Employee Assistance Program (EAP). We cared for employees’ safety behavior after work, and maintained stability and harmony of employees.

# Green Enterprise Campaign

---

On 2nd April 2018, Sinopec officially launched the “Green Enterprise Campaign Plan”. Chairman Dai Houliang delivers keynote speech (then President of Sinopec Group).

Pursuing the philosophy of “clean energy and green development”, we take the “Green Enterprise Campaign Plan” to supply clean energy through green production and lead the pack in green growth. Aiming to become a clean, efficient and

low-carbon enterprise by 2023, we are committed to developing our core competitiveness featured with low-carbon and green growth. The Plan involves six aspects of actions, including green development, green energy, green services, green technologies and green culture. It represents the largest green action initiative across the wholly integrated industrial value chain.









# Green & Low-carbon Development

In 2018, guided by the green and low-carbon development strategy, the concepts of providing clean energy and pursuing green development, and the principle of environmental protection priority, the company continuously improved the integrated management of energy and environment, continued to advance the Green Enterprise Campaign, pushed forward the “Energy Efficiency Doubling” plan in an orderly manner, enhanced clean production, continued to strengthen pollution prevention and control, and effectively controlled major environmental risks. As a result, the company achieved an overall control of various indicators, promoted the sustainable development in an all-round way and was awarded the title of China's Low-Carbon Model.

## Energy Management

**The energy and water saving targets were fully met.** The company's comprehensive energy consumption per 10,000 yuan of output is 0.527 tonnes of standard coal (calculated at the comparable prices in 2010), down by 0.86%, saving 804,000 tonnes of standard coal of energy; industrial water withdrawal decreased by 1.1%, all of which met the annual targets.

**The energy structure was optimized.** Effective use of geothermal and solar energy helped the company provide clean energy. In its 8 subsidiaries, the company promoted the construction of 58 distributed photovoltaic power stations with an installed capacity of 2,059 kW and a reduction of electricity cost of 1.31 million yuan. The company eliminated high-energy-consumption equipment to ensure the compliance with regulations on energy consumption. 7,650 sets of generators, 774 transformers and 120 pumps were out of service throughout the year.

**The company continued to promote the construction of the energy management center.** The company completed the acceptance of the energy management information system project phase I and the construction of phase II, and started the construction of phase III. 38 subsidiaries established energy management systems that meet the requirements of the state and are connected with the integrated management of the company.

**The “Energy Efficiency Doubling” plan was steadily promoted.** 481 projects under the plan were implemented, achieving an annual energy saving of 705,000 tonnes of standard coal and making a profit of 1.04 billion yuan.

**The company made great efforts in promoting ener-**

**gy-saving technologies.** The company promoted the application of mature and applicable energy-saving technologies, implemented a total of 280 technological transformation projects, saved 279,000 tonnes of standard coal, and achieved a profit of 450 million yuan.

**The company actively reinforced water conservation management.** The company strictly managed the plan for total water withdrawal and set a full-caliber industrial water withdrawal target. Water conservation management was strengthened and water use efficiency was improved. By strengthening the water-saving management in the whole process, the company reduced and avoided the loss and waste of water in production and auxiliary production, continuously raised the reuse rate of industrial water, reduced the comprehensive loss rate of water, and achieved efficient and rational use of water resources.

**The company promoted the application of water saving technology.** Upstream subsidiaries applied “biochemical and low-energy consumption membrane treatment technology for waste water with oil content” and achieved good results in the reduction of fresh water re-injection. The refining and chemical subsidiaries applied “packaged technology for water-saving and emission reduction in refining”, “appropriate treatment and reuse technology for discharge by standard refining”, etc., to turn waste water into resources. The industrial water reuse rate reached 98.3%, and water consumption indicators reached the advanced level of the industry.

## Environmental Protection

**An overall plan for the pollution prevention and control work were made in the next three years.** The company formulated and issued the *Three-Year Implementation Plan for Pollution Prevention and Control of Sinopec Green Enterprise Campaign*,

which defined 23 specific tasks in detail.

**The basic management was continuously improved.** The company completed the survey on pollution sources. The environmental protection informatization work was promoted in

an orderly manner. Supervisory monitoring and inspection were organized to continuously improve environmental monitoring compliance.

**More efforts were made in addressing environmental hazards.** The company intensified the implementation of environmental hazards control projects, completed 117 compliance remediation projects and 56 VOCs comprehensive remediation projects for tank farms, loading, offloading and sewage fields, implemented ultra-low emission transformation projects for 32 furnaces, completed the low-nitrogen combustion transformation of more than 500 process heating furnaces cumulatively; completed the anti-seepage renovation of the buried oil tanks of about 10,000 gas stations; continued to promote the construction of hazardous waste storage facilities and the solid waste reduction technology, and reduced the amount of hazardous waste by about 152,000 tonnes.

**The company continuously intensified solid waste management.** The company conducted the special inspection of solid waste management, supervised subsidiaries to implement national and local governments' solid waste management requirements. Hazardous waste lists for each sector was compiled for the systematic study on the internal utilization of hazardous wastes and the compliance disposal plan. The company improved the supporting hazardous waste storage facilities and did a good job in the management of standardized hazardous wastes. The amount of solid waste was reduced through the expansion of solid waste reduction and clean production technologies and the reinforcement of process control.

**Waste gas treatment projects were accelerated.** The company continued to promote the upgrading of environmental protection facilities, carried out ultra-low emission transformation of coal-fired furnaces, completed low-nitrogen combustion transformation projects of process heating furnaces, and treated the VOCs

in tank farms, loading, offloading and sewage fields. The company organized its subsidiaries in Beijing, Tianjin and Hebei, the surrounding areas, the plains of the Fenhe River and the Weihe River and the Yangtze River Delta to do a good job in the prevention and control of air pollution in autumn and winter; organized the subsidiaries in "2+26" regions, in Hainan, Shandong, Shanghai, Zhejiang, Suzhou and Anhui to help guarantee the good air quality during the "two sessions of NPC and CPPCC", the BOAO Forum for Asia, the SCO Summit, and the China International Import Expo in Shanghai.

**The company accelerated the implementation of wastewater treatment projects.** The company continued to promote the upgrading of the sewage fields, increased the nitrogen and phosphorus removal facilities, expanded the treatment capacity of the sewage fields, and increased the nitrogen and phosphorus online monitoring facilities as required to ensure the standard discharge of wastewater. Special environmental protection inspections for subsidiaries along the Yangtze River was carried out for more strict environmental protection. The company monitored soil and groundwater, and implemented anti-seepage renovation projects of buried tanks in gas stations to meet national and local soil and groundwater pollution control requirements.

**Clean production was further enhanced.** The company completed the on-site inspection and acceptance of clean production of Sinopec Guangzhou Company, Sinopec Wuhan Company and Changling Refining & Chemical; and the review of Zhongyuan Oilfield, Great Wall Energy and Chemical, Sinopec Tahe Company and Sinopec Jinling Company. Clean production technology collection was organized and 95 relatively mature technologies were selected. The *Clean Production Standards for Petrochemical Subsidiaries* and *Rules for the Review of Sinopec Subsidiaries Clean Production* were revised.

## Climate Change Mitigation

**The basic management of carbon assets was strengthened.** The company carried out greenhouse gas emission reduction assessment, examined two result indicators of total carbon emissions and carbon emission intensity and seven process indicators including carbon inventory, carbon trading of business units and subsidiaries to clarify the subsidiaries' main responsibility of greenhouse gas emission reduction. The company continued to reinforce the information management of carbon assets, started the carbon assets information management in refining and oilfield subsidiaries to improve the efficiency of carbon emission data collection. Priorities were given to the substantial reduction of greenhouse gas emissions and carbon footprint accounting to build green enterprises. The company strengthened the management of voluntary greenhouse gas emission reduction projects for

subsidiaries without mandate reduction targets, and carried out project development feasibility study based on relevant national methodologies.

**The company increased its efforts to reduce greenhouse gas emissions.** The company continued to carry out carbon dioxide capture and recycling in oilfields and refining subsidiaries. Refining companies captured 1.01 million tonnes of carbon dioxide, making the accumulative number 2.45 million tonnes, for oil displacement, industrial gas or food-grade processing gases. The oilfield subsidiaries promoted the oil displacement by carbon dioxide demonstration projects, injecting 240,000 tonnes of carbon dioxide, making the accumulative amount 3.44 million tonnes. The company strengthened methane recovery and utilization from oilfield associated gas, test oil and test gas, and crude



oil gathering and transportation system, recovered about 226 million cubic meters of methane, and correspondingly reduced greenhouse gas emissions by about 3.35 million tonnes of carbon dioxide equivalent. Refining subsidiaries pushed forward biogas recovery and utilization technology. Shanghai Petrochemical and Yizheng Chemical Fiber continuously optimized the operation and management of methane combustion through biogas facilities projects, improved the utilization efficiency of methane, and recy-

clered 11 million cubic meters of methane annually.

#### **The company actively participated in carbon trading.**

26 carbon trading pilot subsidiaries formulated reasonable implementation plans and trading plans, actively used CCER quota deduction policy, completed 2017 annual carbon quota and reduced costs. The company's carbon trading volume in 2018 was 1.72 million tonnes and the transaction amount was 36.32 million yuan.

## Green Technologies

In 2018, we promoted environmental protection starting from the very beginning throughout the whole production, secured breakthroughs in key green technologies, and achieved highly effective pollution control. We are committed to be the industrial leader in green development and contributor to the sustained, circular and low-carbon economy.

We achieved commercialization in the technology package of sealed decoking, transportation and storage for delayed cok-

ing process, the energy efficiency improvement and low carbon technology package, put into operation the wastewater treatment pilot plant for coal-to-EG unit. We achieved industrialization in a number of technologies including the integrated ethylene-cracking and denitration reactor, zero-emission of waste gas for asphalt storage, VOCs treatment with membrane process, and waste water stripping and long cycle operation, thus effectively underpinning Sinopec's green and low-carbon development.





## Green New Energy

**Stable geothermal development.** The distribution of geothermal development has been increasingly rational and creating much stronger economic results. We generated a revenue of 609 million yuan in geothermal business, up by 23.5%, added geothermal heating capacity of 7.94 million m<sup>2</sup> and achieved the heating area of 6.9 million m<sup>2</sup>. The cumulative heating capacity amounted to 48.31 million m<sup>2</sup>, and heating area reached 35.03 million m<sup>2</sup>, saving 800,000 tonnes of standard coal annually and reducing 2 million tons of CO<sub>2</sub>.

**Steadily geothermal market expansion.** We signed geothermal heating cooperation documents with a number of municipalities and regions in China, including 4.94 million m<sup>2</sup> of heating area with 8 counties including Bazhou and Dongguang in Hebei province, 3.7 million m<sup>2</sup> with Gucheng and Qinghe regions, 1.28 million m<sup>2</sup> with Taiyuan and Quwo, 630,000 m<sup>2</sup> with Xi'an and Xixian new area, 600,000 m<sup>2</sup> with Puyang which was eligible for grant of clean energy subsidy, and 770,000 m<sup>2</sup> with Dongying and Qihe. In the meantime, we obtained the franchise license for operating in the geothermal-cooling area of 2.1 million m<sup>2</sup> in Binjiang business district of Hankou in Hubei province, and the proposal of building a JV project in the region has been approved.

**Rapid development of geothermal+ business in Xiong'an**

**New Area.** We completed the research on geothermal development in Xiong'an New Area, and received the certificate from Hebei Provincial Leading Group Office of Promoting Beijing-Tianjin-Hebei Coordinated Development. The geothermal heating and cooling plan has been incorporated into the overall development plan of Xiong'an New Area. Focusing on the heating market of the Rongdong region, we made smooth progress in geothermal exploration, conducting 3D seismic exploration in the area of 14 km<sup>2</sup> and drilling 4 exploration wells. We completed geothermal reserve characterization report and got the heating and cooling plans approved by the Administrative Committee of Xiong'an New Area. We built real-time monitoring information system of geothermal development in Xiong County and Rongcheng County, which effectively supported the dynamic monitoring of geothermal development in the New Area.

**Active low-carbon development and utilization of excessive geothermal heat, solar and PV.** The cumulative utilization of excessive heat amounted to 880,000 GJ per year and the installed generated capacity reached 15 MW with power generation of 51 million kW·h. The number of grid-connected PV projects were 33, with installed capacity of 81 MW and cumulative power generation breaking 100 million kW·h.



# Community Development

## Continuous Community Management and Services

We made continued effort in community development. We added into our community service system the philosophy of “building happy, civilized and harmonious communities in safe and clean environment and providing sincere services and health care”. We kept improving the residential communities featured with better living environment, service quality, civilized level and residents’ satisfaction. We cumulatively built 254 civilized and harmonious demonstration communities of

4A and 5A levels, accounting for 32% of self-governing communities. We continuously intensified greening management, promoted voluntary tree-planting and added 120 hectares of green lands annually to achieve 23,000 hectares in the total green lands of Sinopec. The afforestation rate of Sinopec reached 30% and 8 Sinopec subsidiaries were awarded national model in afforestation.

## Steady Progress in Public-benefit Projects

We launched housing project to build 5,267 new suites which were co-funded by the company and employees or public rental housing, reconstructed 1,511 housing suites, and delivered

2,600 suites for the residents to move in. We cumulatively carried out 16 run-down houses projects, with 19,220 houses renovated.



## Social Contribution

### Sinopec Lifeline Express

In 2018, the Sinopec Lifeline Express traveled to Shangqiu in Henan, Yili in Xinjiang and Zhaoqing in Guangdong, cured more than 3,000 poor cataract patients free of charge. As of end of 2018, Sinopec had donated more than 150 million yuan and cured more than 44,000 cataract patients in 36 regions in 18 provinces, devoting to the "Lifeline Express" project, and achieving remarkable accomplishments. It had also sponsored the building of 20 lifeline express centers for eye care. Sinopec's "Lifeline Express" programme had been awarded "outstanding contribution prize" for 14 consecutive years by China Lifeline Express Foundation. It was also awarded the nation's "best volunteer project" title and outstanding volunteer project among central enterprises by CPC Publicity Department.



### The Gas Station that Cares: A Better Road Home

Since 2013, Sinopec has been carrying out the project of providing care and services to peasant workers travelling home during the Spring Festival. Free refuels and hot congee, ginger soup, refresh areas and baby care rooms were provided for mo-

torcyclists and car drivers in our service stations. By the end of 2018, more than 35,000 volunteers had serviced more than 40 million travelers through this programme.



## Service Stations with Love

In May 2018, Sinopec inaugurated the “Service Stations with Love for Environment Workers” programme in Nanjing of Jiangsu Province. We announced that this programme would start from 13 provinces and municipalities including Beijing, Tianjin, Sichuan, Chongqing and cities in Hebei, the Yangtze River Delta and Pearl River Delta. In Jiangsu alone, services would

be added to another 100 stations, making the total number reach 270 in that province. In December 2018, this programme was awarded “Sustainable Development 2018 Enterprise Best Practice” prize by the Chinese Network of the United Nations Global Compact (UNGC).



## Support for Law Popularization

Sinopec has donated to China Legal Aid Foundation for 7 consecutive years and supported “1+1” China Legal Aid Volunteer Project. The project is themed on poverty alleviation in

2018 with 140 volunteer lawyers and 98 volunteer university students and grassroots legal services workers travelling to 140 counties in 15 provinces and municipalities to provide legal aid.

## Serving Farming Season

In 2018, in order to guarantee the production in busy farming seasons like spring plough, summer and autumn harvests, Sinopec increased resource input, optimized resource allocation, carried out policies supporting agriculture and benefiting

farmers and ensured the supply of oil products for agriculture. Through utilizing oil tank trucks and delivery vehicles, we sent fuels to farmlands to help during the peak seasons.

## Rescue and Relief

Sinopec always participated in rescue and relief work as soon as possible when disasters like earthquake, fire and typhoon happened. In September 2018, super Typhoon Mangkhut hit Guangdong Province. Sinopec Guangdong fuels subsidiary's

2,300 service stations continued business to ensure emergency response work-related fuels supply, opening green channel for disaster relief vehicles.



## Supporting Major Events

In 2018, Sinopec provided strong support for the nation's major events such as the Second Plenary Session of the 19th CPC Central Committee, the Conference for the 40th Anniversary of Reform and Opening Up, the Qingdao Summit of the Shanghai Cooperation Organization Shanghai Cooperation Summit in Qingdao, Annual Meeting of New Champions in Tianjin, the Beijing Summit of the Forum on China-Africa Cooperation, and the first China International Import Expo in Shanghai, etc. We optimized resources allocation and distribution routes, strengthened inventory monitoring and ensured secure and stable supply of fuels.



## Volunteer Services

Sinopec encourages its employees to actively participate in volunteer services regularly so as to inject positive energy into the society. By the end of 2018, Sinopec had over 200,000 registered volunteers, over 1,500 volunteer teams and more than 2,000 volunteer service bases.



## Targeted Assistance and Poverty Alleviation

In 2018, Sinopec continued to aid Dongxiang in Gansu, Yuexi and Yingshang in Anhui, Fenghuang and Luxi in Hunan, and Yuepuhu in Xinjiang. We also undertook the task of providing aid to Ban'ge County in Tibet and Zeku County in Qinghai. We invested 150 million yuan in 67 poverty alleviation projects, benefiting 13,000 poverty-stricken households and 37,000 people, and pro-

moting local economic and social development. Yuexi and Ban'ge were lifted out of poverty in 2018 and 2019, respectively. We released the second edition of *White Paper of Sinopec Targeted Poverty Alleviation (2017-2018)* and the first *Sinopec in Xinjiang Social Responsibility Report (1978-2018)*, comprehensively reviewed our practices.





# Major Events

## January

8<sup>th</sup>

The 2017 National Science Award Conference was held in the Great Hall of the People. Sinopec won 2 Second Prizes of National Award for Science and Technology Invention and 3 First Prizes of National Award for Science and Technology Progress.

## February

14<sup>th</sup>

Tianjin LNG receiving terminal was officially put into operation.

## March

26<sup>th</sup>

The company announced that the annual production capacity of 10 billion cubic meters of the first large shale gas field in China, Fuling shale gas field, was completed as scheduled.

## April

2<sup>nd</sup>

The company's "Green Enterprise Campaign" was officially launched, which marked the largest domestic green enterprise campaign covering the full industry chain.

20<sup>th</sup>

The company's third session of Public Open Day was held. The company's 50 subsidiaries were open to the public on the same day in 36 cities in China, recording nearly 2,000 visits.

## May

9<sup>th</sup>

The "2018 Top 100 Most Valuable Chinese Brands List" was released, and Sinopec ranked fifth, becoming the most valuable energy and chemical brand in China.

15<sup>th</sup>

The company's new structural molecular sieve material officially obtained the structural code granted by the International Molecular Sieve Association, achieving the 1st breakthrough in the field of new structural molecular sieve synthesis by a Chinese industrial enterprise.

23<sup>rd</sup>

The company released the *2017 Social Responsibility Report*, which shows that in 2017, the company paid taxes of 362.3 billion yuan, providing 199 million tonnes of refined oil and 78.5 million tonnes of chemical products to society, with a total investment of 160 million yuan in poverty alleviation.

## June

17<sup>th</sup>

According to the decision of the Party Central Committee and the State Council, Yu Baocai was appointed as Vice President and member of the leading party member group of Sinopec Group. Jiao Fangzheng no longer served as Vice President and member of the leading party member group of Sinopec Group.

18<sup>th</sup>

The commissioning of the newly independently developed sulfuric acid alkylation unit was successful.

28<sup>th</sup>

For the eighth consecutive year, the company was awarded the "China Low Carbon Model".

## July

12<sup>th</sup>

The company held 35th anniversary and the 2018 mid-term work conference to review the glorious development history under the leadership of the CPC, look forward to the great prospects in the new era, and mobilize the cadres and employees to remain true to the original aspiration, keep the mission firmly in mind, strive for better development all the time and build the company into a world-class energy and chemical company that will last.

19<sup>th</sup>

The Fortune magazine released the ranking of Top 500 Companies, among which Sinopec ranked third.

20<sup>th</sup>

The Organization Department of the Central Committee of the Communist Party of China announced the decisions of the Central Committee on the appointment of the chairman and party secretary of Sinopec Group: Dai Houliang was appointed as Chairman and Party Secretary of Sinopec Group, and was relieved of his position as President of Sinopec Group.

20<sup>th</sup>

Dai Houliang attended the signing ceremony of the official oil and gas cooperation partner of the Beijing 2022 Winter Olympics and Winter Paralympic Games. The company became the official oil and gas partner of the Beijing 2022 Winter Olympics and Winter Paralympic Games.

## August

20<sup>th</sup>

The corporate system reform was completed and the company was renamed China Petrochemical Corporation Ltd.

20<sup>th</sup>

The company signed a strategic cooperation framework agreement with China Merchants Group Co., Ltd. to strengthen strategic cooperation in the fields of energy transportation, product supply and marketing, and financial services.

## September

18<sup>th</sup>

For the 14th consecutive year, the company was awarded the "Special Contribution Award" by the Lifeline Express Foundation.

## October

16<sup>th</sup>

*The Sinopec Targeted Poverty Alleviation White Paper (2017-2018)* was released in Beijing.

24<sup>th</sup>

The high-performance ropes made of ultra-high molecular polyethylene fiber which is developed and produced by Sinopec were applied to the Hong Kong-Zhuhai-Macao Bridge, providing important support for the opening of the Bridge.

25<sup>th</sup>

The successful test of the 185 °C high temperature measurement while drilling system marks that the company's R&D and manufacturing capabilities for measurement while drilling instruments have reached the world-leading level.

30<sup>th</sup>

The main project of the company's Zhenhai base project-the expansion of 15 million tonnes/year of refining, 1.2 million tonnes per year of ethylene project started construction.

## November

15<sup>th</sup>

The emergency section of the Erdos-Anping-Cangzhou Gas Transmission Pipeline Project (Phase I) was put into operation, which played an important role in ensuring the supply of natural gas in the North China region in winter.

23<sup>rd</sup>

The 100,000 tonnes/year HPPO packaged technology passed the appraisal, making Sinopec the third company in the world to own this technology.

24<sup>th</sup>

Sinopec won the "2018 Responsible Enterprise" Award and became the only central enterprise that has won this honor for eight consecutive years.

## December

28<sup>th</sup>

The construction of Hainan Petrochemical 1 million tonnes per year ethylene and refining upgrading and expansion project was started.





LOVE FOR CHINA PROSPERITY FOR SINOPEC