

In 2015, the Group continued to take on social responsibilities actively according to the "Working Guidelines for Social Responsibilities" formulated by the Board.

This Report uses the "Environment, Social and Governance (ESG) Reporting Guide the Appendix 27" issued by the Stock Exchange as references. This Report covers the same period of the 2015 Annual Report. The contents of this Report include the Company and its wholly-owned subsidiaries and controlled subsidiaries, but do not include the associated companies and joint ventures of the Company. PT. West Point Terminal, a controlled subsidiary of the Company is also excluded from this Report for the time being as it is still in planning phase.

Overview

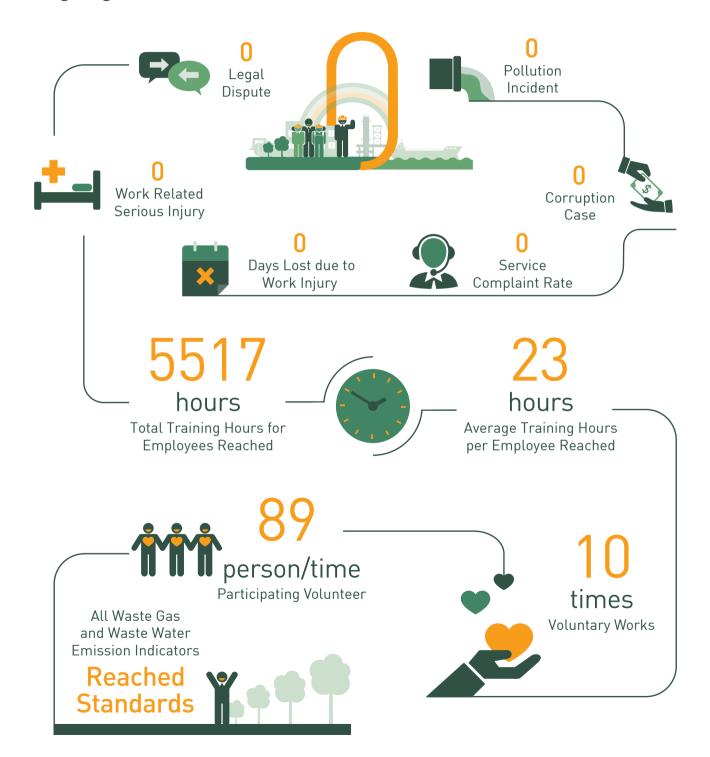
Throughout the years, we have not only operated in a responsible manner to continuously provide high quality and reliable services, but we also paid special attention to the workplace quality of employees and the involvements in and interactions with the community. In turn we are able to fulfill the expectations of all stakeholders including investors, customers, employees and the community at large and help to build an efficient, safe and clean modern operational system to promote sustainable development of our society.

In 2015, the Group considered that building and improving the social responsibility management system was the basis to perform the social responsibility management work. By establishing a system and an organizational structure, the Group has formulated the unified working regulations in four aspects including Workplace Quality, Environmental Protection, Operating Practices and Community Involvement in order to gradually establish a more comprehensive social responsibility management system for commencing social responsibility work.

In 2015, we also actively carried out the research regarding to the social responsibility aspect, procured the social responsibility education and training and continuously enhanced our staff's ability to perform their social responsibility duties. By participating in external training and consultation with professional and enhancing internal communication in multiple levels and with different methods, the Company has included the social responsibility training into the overall sustainable development training system for the Company's staff.



Highlights



Awards 2015



- "Order Less Waste Less, More Blessings"Campaign Appreciation Award Certificate
 - awarded by Friends of the Earth
- "Corporate Green Driving Award Scheme"
 - Most Significant Fuel Consumption Saver Champion
 - Gold-Tier Fuel Efficiency Improvement
 - Gold-Tier Fuel Consumption Saver
 jointly awarded by Friends of the Earth and Standard Chartered Bank
- 3 "2015 China Financial Market
 - The Best Listed Company Award"
 - The Best Corporate Governance Award awarded by China Financial Market
- 4 "Coastal Watch Project"
 - Coastal Watch Cleaning Certificate
 - Coastal Watch Project
 awarded by World Wide Fund for Nature
- **6** Certificate of Participation award by Hong Kong Beach & Country Park Concerning Group
- Concerning Group

 6 "Flag-selling"
 - Activities Appreciation Award Certificate
 awarded by Hong Kong Children & Youth Services
- "HK Office Paper Recycling Campaign"
 -Certificate of Appreciation
 awarded by Eco Association





Workplace Quality

Employees are our most precious resources and wealth. The development and success of the Group are the results of efforts contributed by all employees. The Group has been led by the idea of "People-centered" to improve the working conditions of employees, paying attention to employees' physical and mental health, concern about the future development of employees and achieving growth of both the Group and its employees.

Working Conditions

A Fair and Just Working Conditions

The Group strictly complies with international conventions related to labour and human rights, respects and protects the legal rights of the staff, and advocates equal and non-discriminatory working conditions, treating all staff in fair and just ways regardless of nationality, race, gender, religion and cultural background.

The Group recruits its staff through extensive sources. As the subsidiary of the Sinopec Group, leveraging on the advantage of attracting professional talents by our controlling shareholder Sinopec Group, the Group recruits its staff in Hong Kong by internal hiring within Sinopec Group and by fair and open market hiring. The Group recruits a large local workforce in Hong Kong, including quality immigrants. Sinopec Guangzhou Branch Company is responsible for the recruitment of Huade Petrochemical, a wholly-owned subsidiary of the Company, by using the online recruitment platform of Sinopec to hold a public hiring. The recruitment platform has different channels with transparency including campus recruitment and social recruitment.

In 2015, the Group had a total of 244^[1] employees, the number of staff turnover was 16^[2], the number of staff retired was 1.

- (1) Excluding 10 staff who were working in Batam Project
- (2) Excluding 2 staff who were working in Batam Project

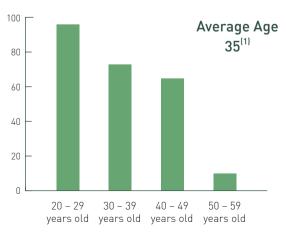
Year 2015	GEOGRAPHICAL REGION		AGE		TOTAL	
	Mainland China	Hong Kong	Overseas	Age from 18 to 40	Age above 40	
The Group	226	17	1	192	52	244
Number of newly-added staff ⁽¹⁾	5	3	0	3	8	11
Number of staff turnover ⁽²⁾	15	3	1	9	10[4]	16
Number of staff at the beginning of the year	237	17	2	202	10	256(5)
Turnover rate ⁽³⁾	6.32%	17.64%	50.00%	4.46%	18.52%	6.25%

- (1) Definition of number of newly-added staff: new staff added from secondment and recruitment
- (2) Definition of number of staff turnover: resigned and terminated staff, not including retired staff
- (3) Turnover rate= Number of staff turnover for the current period ÷ total number of staff at the end of the period × 100%
- (4) Excluding one staff who retired in 2015
- (5) Including one staff who retired in 2015

Clear Legal Protection

The Group strictly follows the relevant laws and regulations of the places where the companies operate, employment of child labour is strictly prohibited and rejected, and the Group vigorously avoids forced labour. Written contracts are signed with all staff, specifying the details of employment, remuneration, working hours, rest, leave entitlement, insurance and benefits, etc.; we implement a system according to work and equal pay for equal work, the same wages are offered for the same positions, and statutory benefits are granted to all those employed under the employment terms with the Group in accordance with laws.

Age Range of Staff



(1) Age calculated by rounding-up



Participation in the Sino-HK Enterprises Job Expo

From 7 to 8 October 2015, the Company participated for the first time in the Sino-HK Enterprises Job Expo jointly organized by the Hong Kong Labour Department and the Hong Kong Chinese Enterprises Association, and provided recruitment information enquiry, job application and registration services with other well-known enterprises of Mainland China and Hong Kong.

Warm Birthday Parties

In 2015, in order to enhance sense of belongings of our staff, and to give them the feeling of family-like warmth, the Company held a birthday party each month to celebrate the staff's birthdays in that month and give warm blessings to them.



Well Structured and Clear Remuneration System

The Group has a well structured salary grading and appraisal mechanism with established method of assessment and incentive bonuses, and basic salary adjustment is closely tied with situations such as position adjustment, ability enhancement and appraisal results of staff, so that morality can be properly maintained, and allows the building of career path for talented staff and the sustainable and harmonious development of the enterprise.

When recruiting the staff, the Company assesses the candidates based on the factors such as job position, ability, qualification and market level in a comprehensive and integrated manner to determine the salary of the employee. In order to ensure and enhance the quality and efficiency of the employee, the Company has implemented various tests at the end of the year to assess the daily work performance, ability and attitude of the employee. The result of the assessment is an important basis for determining the year-end bonus, salary increment, job promotion, rating and training opportunities.

The salary of Huade Petrochemical's staff in China is based on the local market rate, including basic salary, overtime allowance, welfare benefits and bonus. The basic salary system of various job positions has classified into three aspects including Operating Management, Professional Skills and Practical Operation with different levels in order to integrate and reflect the contributions and capabilities of the staff in their own field. Based on the job duties and difficulties, Huade Petrochemical has 23 basic salary levels with 18 to 24 grades in each level. For the operating management and professional technicians and operators, adjustment ranges are given in the basic salary levels according to their professional skills qualification and occupational skill level.

Good Welfare Protection

The Group tries its best not to arrange nor encourage staff to work overtime. If it is necessary to arrange staff to extend working hours in working days or work on statutory holidays, compensation leave will be granted, depending on the situations, or overtime payment will be given according to the relevant policy.

The Group strictly follows the laws and regulations of places where it operates, and to ensure staff are entitled to public holiday, paid leave, sick leave, casual leave, maternity leave, marriage leave, bereavement leave, etc., in accordance with the system of the Group. Huade Petrochemical also strictly follows the "Labour Law of the PRC" and takes out endowment insurance, medical insurance, maternity insurance, unemployment insurance, work-related injury insurance and the Housing Fund for the staff in full amount.

Besides, the Group is highly concern of the health of its staff. In 2015, the Company continued to provide free healthy lunch for staff in Hong Kong. The meals are specially prepared to meet nutritional requirements and relieve the burden of staff for going out for meals. In consideration of remote location of crude oil location in Mabianzhou Island, which is far away from city by ship, Huade Petrochemical specially sets up staff canteen in the island and reservoir area, and provides free breakfast, lunch, dinner and supper services, and also provides snack services for shifting staff.

Harmonious and Joyful Working Atmosphere

The Group shows its care for staff in many different ways, creating an atmosphere of a harmonious big family, the following one examples to reflect how the Group cares for the physical and mental health of staff.



Health and Safety

Emphasis on Safety and Health Awareness

The Group is committed to enhance the safety and health awareness of the staff and to provide a safe and healthy environment to all our staff. In March 2015, the Company organized a program for all staff to undergo HSSE (Health, Safety, Security, Environmental Protection) training, staff have to sign a HSSE letter of undertaking and take initiative to follow HSSE principles of the Company, so that the three core safety concepts of "Safety in my heart", "Everyone is safety officer", "Protect the enterprise and surrounding environment, maintain good relationship with the local communities" are deeply rooted in the minds of our staff. Through relevant professional training, each of our staff is



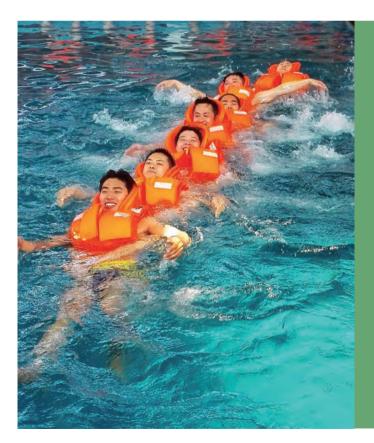
familiarized with emergency measures of their own positions, and they have learnt to call the police, fire extinguishing, self-rescue, mutual-rescue. The Group places high importance to the establishment of safety system. In 2015, on the basis of summarizing previous experience in safety monitoring, the Company formulated and amended the Regulations on Public Safety Management, Contingency Plans for "Public Safety Incidents", "Contingency Management System"



and "Vehicle Use and Maintenance Management System". Promotion and training were conducted for each system. To further improve the public safety of the Company, the Company convened safety meetings weekly, demanded public safety reports on the Company and subsidiaries and concurrently conducted training and education of public safety since the second half of 2015.

In order to deepen the safety philosophy, the Company has implemented a safety education training plan for Hong Kong head quarter's staff, and safety knowledge training to the Hong Kong head quarter's staff have been raised, and also the Company has set June 2015 as the first safety production month. The Company implemented and issued "Activity Details in Relation to Safety Diagnosis and Safety Production Month", and organized all staff to learn new "Safety Production Law" and "Environmental Protection Law" in that month, and participated in competition activities related to laws knowledge. The Company also organized all staff to learn safety education information such as "Bhopal Incident Review" and "Defensive Driving" etc., staff's understanding in relation to safety production management laws were deepened.

Due to the special demand for safety in the operation of crude oil pier, Huade Petrochemical conducted re-training in safety and technical training for practitioners in various positions, consistently helping staff to reinforce the safety awareness and enhance business skills. For new staff, Huade Petrochemical holds 3-tier safety education as induction every year. Only those who pass can commence their appointment officially. For positions which have special requirements for qualifications, such as electrician and boiler technician, Huade Petrochemical also organizes professional training for them to obtain corresponding qualification.



Organize a Safety Skill Training for Short-term Offshore Workers

In April 2015, in compliance with the national oceanic safety laws and regulations, Huade Petrochemical organized a group of short-term offshore workers to Zhanjiang Port to perform sea safety skill training. The scope of training covered accident cases, self-help and mutual rescue in sea escape, how to use lifesaving tools and facilities and fire-fighting equipment, and environment simulation etc. Staff acquired practical self-rescue and mutual rescue skills under emergency situations. Finally, all staff receiving training have obtained qualification for certification in the five aspects of swimming, ship escape, fire-fighting, first-aid and life-raft operation.



A Safe and Healthy Working Environment

According to the law and requirements of Fire Services of Hong Kong, under central arrangement of the property management centre, the Company has deployed fire hoses in Hong Kong office, fire hazards in office were checked thoroughly, portable fire extinguishers were added, incorrect escape signs were modified, and smoke escape hoods were given to each staff. In order to protect the staff quarters from the threat of fire, the Company also employs professional firm to check the fire system of staff residences in Hong Kong, the safety conditions of equipment such as water, electricity and gas have been checked in particular, any issues discovered were modified in time.

Huade Petrochemical engages in unloading, storage and delivery of crude oil business. Crude oil is inflammable and easily explosive and therefore is dangerous. In accordance with "Oil Storage Design Specification", Huade Petrochemical is equipped with foam fire extinguishing system and fire cooling water system, and it also has fire engines and professional fire-fighting team, optic fiber grating automatic fire alarm system is installed at its oil tanks, and manual alarm system is set along the factory area of Huade Petrochemical. At the same time, in accordance with the "Building Fire Extinguisher Configuration Design Specifications", Huade Petrochemical has sufficient dry powder and fire extinguishers, fire sand etc. Besides, due to the special characteristics of some positions of Huade Petrochemical, it has engaged Huizhou City Occupational Disease Prevention Hospital to perform annual checking for poisonous or dangerous factors for staff in certain positions of Huade Petrochemical, the results of such checking is posted provide to relieve any worries of staff. Such measures provide a safe environment and peace of mind to staff.

Protects Staff, Prevents Occupational Hazards

Different industries have different occupational diseases. The Company encourages staff to perform outdoor exercises, and fitness exercises are organized for staff in office regularly to give relaxation to the body.

Huade Petrochemical, as a production enterprise, has a regulation system in respect of preventing of occupational hazards production. The HSE (Health, Safety, Environment) charter of Huade Petrochemical provides that, all staff have to wear safety helmet properly with antistatic labour protective clothing put on before entering the production zone. Storage and transportation staff have to wear oil resistant antiskid safety shoes, while power handling staff (electricians) have to wear insulation safety shoes and insulation gloves. Huade Petrochemical also provides labour protection supplies such as gloves, earplugs and gas masks to staff whenever necessary to prevent staff suffering from occupational injury.













In both 2014 and 2015

Launch of Fire Extinguishing Training and First-aid Training

On 10 April 2015, staff of the Company went to Mabianzhou Island of Huade Petrochemical to receive fire extinguishing and first-aid trainings. Fire services and first-aid professionals of Haude Petrochemical explained to the staff the basic principles and operation methods of dry powder and carbon dioxide fire extinguisher, air-respirator, filter self-rescue respirator and cardiopulmonary resuscitation, and operation demonstration was performed afterwards. Later on, practical training of self-rescue and mutual-rescue equipment, and demonstration of dry powder fire extinguisher to put out fire in oil basin was performed. Through this training, safety awareness of staff have been enhanced, fire extinguishing and first-aid skills were better understood and grasped by staff, the safety ability requirement of staff of the Company have been reached as "call the police, fire extinguishing, self-rescue, mutual-rescue and risk prevention, not to be harmed by their own selves, would not harm others and not to be harmed by others".



Well-covered Medical Benefits

In order to protect the safety of staff, besides basic medical benefits, in 2015, the Company continued to take up travel insurance for all staff in Hong Kong who have fulfilled the insurance conditions, thus protecting each of our staff during their business trips.

Besides, depending on the different situations where occupational hazards may be suffered by its staff, Huade Petrochemical organizes occupational health check for the staff every year in Huizhou City Occupational Disease Prevention Hospital, Daya Bay work station. After checking, the medical results are notified in writing to staff on time, occupational health records are also kept for each staff. For staff who are more vulnerable to occupational hazards, Huade Petrochemical strictly follows the instructions of the safety production supervision and management department and health administration department of the State Council and occupational health checks for staff are performed before employment, during employment and when leaving the company. The occupational health check fees are borne by Huade Petrochemical. Besides, Huade Petrochemical provides particular medical insurance for different types of staff. For example, body checking for vulnerable diseases for the elderly will be included for elderly staff; a specific female body checking is included for female staff every year.



Fitness Exercise

In June 2015, according to "General Occupational Safety and Health Courses Guide" issued by the Occupational Safety & Health Council, the Company organized fitness exercises for all staff to participate in the first working day of the week, so that staff can learn muscles relaxation techniques, and reduce body strains which are caused by the use of computer.

Development & Training

In 2015, the total number of training hours of staff of the Group reached 5517 hours, and average number of training hours per staff was 23 hours.

GROUP DATA 2015	NUMBER OF STAFF	AVERAGE TRAINING HOURS PER STAFF
Senior management	11	36
Middle management	20	26
General staff	212	22
Total number	244	23

Comprehensive Annual Training Program

At the beginning of every year, the Group organizes and plans "Staff Training Program" for such year. During the year afterwards, the Group organized non-regular training for staff, which is based on planning, and combing methods of professional, characteristics and remote and on-site training. Such that an intensive training which is closely related to work can be achieved, and to promote the staff to keep learning and lifelong learning, and the staff's skills were enhanced.

Enriches Content for Growth Expansion

In 2015, the Group continued to strengthen the construction of the staff growth ladder, and focused on the occupational development of professional technical and technical operators staff. In 2015, the contents of training programs were enriched, covering a lot of topics such as safety education, operation skills, equipment management, financial management, operational management, information management, administrative management, anti-corruption, comprehensive quality, etc. to fully satisfy the requirements of staff.

In the course of training, the Group also increased effort to staff training management to achieve better training results. The Group adopts closed-loop management including making application in advance, tracking during the course and making a summing-up after training. Such management has effectively increased the training results of the staff. After completion of training, the Company will make an examination to the training staff were also performed. Besides, Huade Petrochemical also reviews its training work on a quarterly basis and staff with good performance will be appraised to comprehensively raise the initiative for participation in training programs.





Environmental Protection

The Group highly stresses on the work of environmental protection, and includes the work of environmental protection and energy saving and emission reduction and resources reservation in the working agenda. The Group, on one hand, strictly monitor emissions produced by the industry, and implements emission treatment policies in details for waste gas, waste water and waste, to ensure the emissions are all under reasonable control, and to fully prepare for the environmental risks, on the other hand, and brings energy saving and emission reduction to its focus, work towards its targets and attach responsibilities.





In both 2014 and 2015

In 2015, there was no pollution incident in the Group, and good environmental, economic and social benefits were achieved.

Emissions

All Waste Gases and Greenhouse Gases Emission Reach Standards

Huade Petrochemcial factory area is divided into two divisions, the south stove oil depot and Mabianzhou first stop, among which, the south stove oil depot does not produce any waste gas and dust. Greenhouse gas and dust will be produced with the commissioning of the boiler in Mabianzhou, and upon checking and testing by Huizhou Environmental Protection Bureau, all of them have passed the emission standards of "The Emission Standard of Air Pollutant from Boiler" (GB13271-2001) as required by the State.

Don't let a single drop of oil pollute the sea, let coastal residents live at ease

Since the commencement of operation of Huade Petrochmeical, it has strictly complied with the environmental protection principle of "Don't let a single drop of oil pollute the sea, let coastal residents live at ease", and strictly

TYPES OF EMISSIONS OF HUADE PETROCHEMICAL AND DATA IN 2015			
Total greenhouse gas emission	Nitrogen oxides etc. 11		
Toxic gas emission	Carbon monoxide	3116.61kg	
Other toxic gas emission	Sulfur dioxide	1520kg	
Dust emission	Industrial dust	0	
	Soot	95.665kg	
Other toxic substances emission	Volatile organic solvents	0	
Non-toxic substance emission	Total sewage after treatment (Recycled water, used for greening in the island)	35555ton	
Total emission charges	Waste gas, dust, waste water etc.	RMB4738.00	

The above data are Huizhou Environmental Protection Bureau's data

followed the management system of "Three Wastes" by the state and Sinopec Group, and no sewage has ever been discharged into the sea. Production sewage produced by Mabianzhou area and the pier, household sewage and rain water collected are all discharged together into the 1200 m³ sewage discharge station built by the Group. Oil and water were firstly separated, recycled and utilized. The remaining sewage will be used for greening in the island after biochemical treatment and examination being passed. As for domestic sewage produced by south oil depot, it will be further processed by the sewage treatment plant after treatment in the station.

Thorough Hazardous and Non-Hazardous Wastes Policies

Huade Petrochemical mainly engages in crude oil unloading, storage and transmission business. As for production, Huade Petrochemical also advocates the safety and environmental friendly concepts of "Not allowing a single drop of oil pollute the sea, let coastal residents live without worry", all hazardous wastes such as oil sludge and grease produced during the overhaul of crude oil tanks are handled by a qualified enterprise, Huizhou Dongjiang Veolia Environmental Services Limited, and other solid wastes, household waste are also treated by qualified enterprise.

Up to 2015, hazardous waste treated by Huizhou Dongjiang Veolia Environmental Services Limited amounted to 60.79 tons in total.

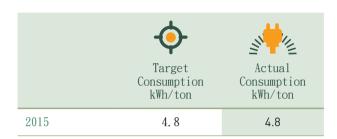
Emission of sewage of Huade Petrochemical in 2015 [1]

TYPES	THE FIRST CLASS STANDARD (FIRST TIME PERIOD) MAXIMUM AMOUNT OF WASTE WATER LOCAL DISCHARGING STANDARD (DB4426-2001) OF GUANGDONG PROVINCE	HUIZHOU ENVIRONMENTAL PROTECTION BUREAU DATA OF 2015
CODCr	100	46
Ammonia nitrogen	10	0.867
SS	70	17
Petroleum	5.0	0.04
рН	6-9	7.69

⁽¹⁾ Concentrations are all in mg/L, except pH

Use of Resources

Oil Consumption Data of Huade Petrochemical



The electricity consumption by Huade Petrochemical is mainly used for oil transmission. Based on the Guangzhou Petrochemical annual purchasing plan for crude oil, Huade Petrochemical has a complete and perfect energy-saving proposal, starting from selection and took production operation mode, Huade Petrochemical prepares its annual budget for unit electricity consumption and sets target for unit consumption, and such target is compared with actual unit electricity consumption on a regular basis. When there is deviation (exceeding the unit electricity consumption target), Huade Petrochemical carries out economic accountability assessment based on the system, which can achieve the objective of complete control finally.



LED Lighting Retrofit

In 2015, Huade Petrochemical entered into the "LEE Lighting Energy Saving Retrofits Agreement" with an energy conservation engineering company to implement the LED lighting energy saving retrofit project in Mabianzhou First Station. The retrofit involves zero cost input for Huade Petrochemical. The equipment cost is paid by 5 installments from the electricity charge savings every year.

The results after retrofit are obvious. For example, there are 20 roundabout road lights with 5355W of power before retrofit which is reduced 2132.4W after retrofit. It helps to reduce 151.1% of energy consumption. Energy saving per year is 326,700 kWh and electricity charge saving amounts to RMB284, 200 (electricity charge: RMB0.87/kWh).

Energy Conservation After Retrofit:



[Note: Based on around 0.404 kg of coal per 1 kWh of electricity saving, burning of 1 kg coal would release 2.62 kg of ${\rm CO_2}$ and 0.085 kg of ${\rm SO_2}$]



Huade Petrochemical Retrofits Water Cooling Operating System

In 2015, an operator in Huade Petrochemical retrofited the cooling water discharging path of screw compressor based on the water flow and the actual situation of the first station with the help of technical management staff to discharge drained cooling water to the oxidation pond as water used in firefighting. This act not only expressed the sense of ownership and initiatives, and also helped the Company to save costs.

After calculations, some 1200 m³ of cooling water is collected each month. At the cost of RMB8/ton for desalinated water, the total cost saved is about RMB110,000 per year.

Effective Use of Water

Huade Petrochemical prepares the budget for annual production and daily water consumption based on the actual situation. The sub-station sets up target for water consumption, and compares the water consumption with the target value every month and analyzes the reasons for the deviation. When there is positive deviation (water consumption exceeds the target), the Company carries out economic accountability assessment based on the system.

Effective Use of Energy

Huade Petrochemical consumes fuel (diesel oil) in order to deliver heat diesel oil to tugboats, tankers and boilers. Huade Petrochemical combines the number of tankers and the high-pont crude oil arrived to the port for distribution to make an annual plan, so as to formulate indicators for single operation of each tugboat and consumption of boiler heat diesel oil and to compare the fuel consumption per month and target value and

Water Consumption Data of Huade Petrochemical

			·Q:
	Target Consumption m³	Actual Consumption m ³	Analysis
Mabianzhou First Station	47,409	28,777	✓ In control
South Stove Oil Depot	20 000	22,159	In control ^[1]
Yuan Zhou Intermediate Station	2,500	1,572	✓ In control
Total	69,909	52,508	✓ In control

^[1] Due to the increase in joint training exercise with the local government and the frequency of fire drills and the enhancement of fire drilling equipment, approximately 3000 m³ more of water consumed.

Receives One Champion and Double Gold Awards in Take a "Brake" Awards Ceremony

On 10 February 2015, the Take a "Brake" awards ceremony organized by Friends of the Earth was held in Central, Hong Kong. With strong advocation to employees' health and green driving habits, the Company out competed 54 participating organizations and won three awards from the organizing institution: "Most Significant Fuel Consumption Saver Champion", "Gold-Tier Fuel Efficiency Improvement" and "Gold-Tier Fuel Consumption Saver".



Energy Consumption of Huade Petrochemical

	Annual	Actual Usage	•Q:
	Target	in 2015	Analysis
Water (m³)	69,909	52,508	✓ In control
Electricity (kWh/t)	4.8	4.45	✓ In control
Diesel Oil of 3,600hp Tugboat (t/time)	1.1	0.91	✓ In control
Diesel Oil of 5,200hp Tugboat (t/time)	1.4	1.39	✓ In control
Boiler Diesel Oil (t)	300	151	✓ In control

analyse the causes of deviation and analyzes the reasons for such deviation. When there is positive deviation (fuel consumption higher than the target), the Company carries out economic accountability assessment based on the system.

In addition, Huade Petrochemical closely cooperates with Guangzhou Petrochemical to optimize the production and reasonably arranges the unloading, storage and delivery of high pour-point oil, so as to prevent the high pour-point oil from solidifying and freezing to reduce the operation risk for high pour-point oil of Huade Petrochemical effectively and meanwhile, lessen the heating time of high pour-point oil in a maximum extent to reduce the fuel consumption of boiler effectively.

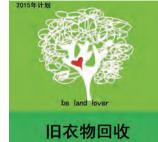
Reuse and Emphasis on Green Office

The Company has adopted a series of green office measures such as effective use of each resources, strengthening promotion and education of green office and encouraging the staff to live a low-carbon life.

Promotion Method

- Strengthen the management of electric office equipment and promote the use of energy efficient equipment
- Post slogans of saving water and encourage employees to save water
- Promote taking public transport and control the fuel consumption of company cars
- Reduce the consumption of office supplies and promote double-sided printing
- Stream line various meetings and trainings. Priority is given to the use of video conferencing.





THE COMPANY DATA	2015	2014
Paper recycled (kg)	300	294
Plastic bottles recycled (pieces)	320	351
Used batteries recycled (pieces)	26	25
Old clothes recycled (pieces)	76	20

The Company has set up recycling collection points in the office pantry in Hong Kong which is convenient for the staff to collect used office papers, plastic bottles, old batteries and old clothes for recycling. It also encourages staff to save papers through double-sided printing in order to treasure the resources of the earth and reduce wastes and gas emission. During the past year, the Company also actively participated in various energy saving activities organized by groups and organizations in Hong Kong, such as Earth Hour and Hong Kong No Air Con Night etc.



Participates in Low-carbon Office Operation Programme

In 2015, the Company replaced a series of electric equipment in accordance with the Low-carbon Office Operation Programme held by World Wide Fund (WWF) to maximize our efforts in reducing energy consumption. The Company upgraded all waste fluorescent tubes from level 1 to level 3 so that each lamp could save 75% energy consumption; it purchased refrigerators with Grade 3 energy label and maintained avacancy rate of refrigerators at around 20% if possible, saving 35% electricity consumption of refrigerators when compared to the past; and adjusted the average room temperature upward by 2 degrees for an equivalent lowering in energy consumption.



Participates in Order less Waste less, more Blessings Campaign

In 2015, the Company participated in the "Order less Waste less, more Blessings" Campaign held by Friends of the Earth and encouraged employees to take part in "Clear your plate" and "Take away the leftovers". After one year, the Company was awarded participation award by the organizing institution.

Participates in Lai See Packets Recycling Campaign

From 26 February to 11 March 2015, the Company has participated in "Lai See Packets Recycling Campaign" held by Greeners Action to encourage employees to recycle and reuse the used Lai See Packets. A total of 650 packets were collected in the campaign.

Environment and Natural Resources

"The operating activities of Huade Petrochemical have not significantly affected the central core of Daya Bay, nor the Northwest core, Southwest core, South core and core of protection of sea turtles were affected. Oil spill would cause certain effects to the buffer zone. However, it can effectively control over 95% of harm of oil spill by adopting contingency measures against the spreadof oil spill."

"Report on Environmental Impact of Expansion Project of Guangzhou Petrochemical Crude Oil Terminal", the research of which was completed in 2005 by the Environmental Science Research Institute of Sun Yat-Sen University

Establishes thorough Contingency Plan against Pollution Incidents Caused by Oil Spills

The only possible risk of accidental contamination of Huade Petrochemical is from crude oil spill during loading and unloading. To prevent from oil spill, Huade Petrochemical has established an oil spill contingency plan with sufficient oil spill contingency equipment in place including oil containment boom (oil recovery rate of oil containment boom generally can reach 90%), oil collection machine and oil-absorbing roll. Huade Petrochemical also organizes regular drillstotrain staff from all departments to cooperate in handling oil spill, containing the affected area to within the sea areas in the vicinity of the pier.

In 2015, Huade Petrochemical added an oil spill alerting system at two oil terminals to make use of advanced technology for early detection so that any oil spill can be discovered in time and effectively controlled to prevent further deterioration of the situation.

As estimated by the Environmental Science Research Institute of Sun Yat-Sen University, through adoption of the above contingency measures, "one ton of oil spill at low tide would not affect the buffer zone of the sea area", which can largely reduce the harm to the environment caused by possible oil spill incidents in the Company's operation.



Operating Practices

The Group strictly complies with the laws and regulations of the places where company operates, constantly improves its corporate governance, strictly complies with the open and fair supplier tender mechanism and reviews it carefully. The business of the Group is operated with demanding and stringent standards, dedicated to provide satisfactory services for customers. Furthermore, being a storage and logistics company, safety monitoring and management are essential to the Company's survival and the fundamental whole-region development. To reinforce its safety foundation, the Group adopts measures such as regulating safety system, more stringent inspections and rectification, striving to maintain the safety, stability and effectiveness of production operation.

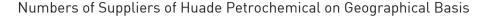
Supply Chain Management

An Open and Fair Tendering Mechanism for Suppliers

The Group cooperates with suppliers under the concept of "law compliance, openness, competitiveness, selection for quality and win-win basis" and continues to promote fair competition based on a continually improved tender management. The Group promotes "open access to tender information and announcement of non-tender information" for the purpose of implementing an open, transparent and positive tender management system. Huade Petrochemical implements entire process management and business work flow management including planning, purchasing and tendering through information management system of materials purchase, allowing information and results of materials purchase can be shared and traceable.

Unified System and Merit-based Competition

Huade Petrochemical adopts a unified supplier management system: suppliers who apply for joining Huade Petrochemicals hall file with the standardized information management system of Sinopec. After that, the quality, safety, manpower, environmental qualification and commercial reputation and record of operation which complies with laws of the supplier would be carefully assessed by the staff of the system. Any candidate having supply misconducts or improper competition behaviors within three years will be immediately disqualified.





Management Mechanism of Reward and Punishment

Huade Petrochemical makes monthly assessment to its suppliers to examine the suppliers. It establishes a perfect incentive mechanism of suppliers to continue to optimize suppliers' structure and to cultivate its main supplier group and strategic supplier group. Suppliers with higher ranking in operating result would be first chosen when placing orders and sharing of demand information. A penalty system is also established and penalties in the form of warning, notification, suspension, cancellation and blacklisting will be given to underperforming suppliers.

Up to now, Huade Petrochemical has maintained good cooperation relationship with suppliers and the assessment passing rate of suppliers is 100%, which provides Huade Petrochemical with a stable supply base for its long-term development.

Service Responsibility

High Customer Satisfaction

The Group insists on promoting safe production, green production and resources-saving production, highly advocating ecologically-civilized construction and forming a resources-saving and environmental-friendly enterprise.

Huade Petrochemical conducts the business operation of Guangzhou Petrochemical include oil loading and unloading, storage and transportation, and always strives to provide on-time world-class services with stability, safety and low oil-spill rate. Since the commencement of operation, in line with safe production, Huade Petrochemical has guaranteed Guangzhou Petrochemical stable supply of crude oil. Over the years, both parties have cooperated well in smooth coordination. The excellent services of Huade Petrochemical ensure that Guangzhou Petrochemical can offer safe and stable production.

• Timely and Stable Loading and Unloading of Crude Oil

Huade Pertrochemical strictly follows the production demand of Guangzhou Pertochemical, its downstream customer, in setting up the crude oil loading, unloading and delivery plan. During the implementation of the plan, Huade Petrochemical follows up the execution of the production plans from time to time during implementation and make dynamic adjustment to the production plan in time based on the actual condition with the seamless connection with Guangzhou Petroleum which guarantees the supply work of crude oil from Guangzhou Petroleum on the ground of safe production.

• High Unloading Rate of Oil Tankers

During the process of unloading crude oil, Huade Petrochemical, in compliance with state law and regulation, actively cooperates with the work in relation to measurement and sampling done by the government supervision department. At the same time, the process of unloading oil tankers is handled by designated personnel to make sure the unloading rate is at their utmost level.

• Tank Transportation Safety

Huade Pertochemical possesses storage tanks for 1,110,000 tank capacity in total. Pursuant to the relative criteria of "Regulations related to the safety design, construction and management in operation of the enormous petrified floating roof storage tanks in China", Huade Petrochemical formulated the "Regulations on the management of normal pressure storage tanks" and strictly put management of the storage tanks in practice to ensure the safe operations of storage tanks. At the same time, pursuant to the requirement of the regulations, Huade Petrochemical has formulated an over haul plan for its storage tanks, each year 2 storage tanks will be emptied for overhauled each year. Storage tank facilities will be always in perfect condition to ensure the quality services of Huade Petrochemical in crude oil loading, storage and transmission, which in turn guarantees the safe supply of crude oil to Guangzhou Petroleum.

HUADE PERTOCHEMICAL DATA	2015	NUMBER OF COMPLAINT CASES	COMPLAINT RATE
Crude oil unloading services (ten thousand tonnes)	1213.709	0	0
Storage tanks services (ten thousand tonnes)	2596.4591	0	0
Crude oil transmission services (ten thousand tonnes)	1205.8089	0	0
Number of oil tankers	89	0	0

Operational Safety

Safety is the cornerstone for the existence and development of the Company, without safety, the Company loses the basis to exist, not even to mention efficiency and development. The Group always insisted a safety management guideline of "safety first, prevention crucial", actively promoted health, safety, security and environment ("HSSE") management system, increased the safety management and checking of the subsidiaries, set up a safety management system, and strived to achieve the safety regulatory standardization of the Group.



Much Strengthened HSSE Framework

In 2015, the Company with risk management at its core fully advanced the establishment of HSSE management system and continued to raise its HSSE management standard. Combining the safety control standards of international oil terminal companies and our own actual conditions, the Company has set up HSSE management system framework for the Company in 2015, which included, ten elements, one management handbook and 52 management system, which covered in full the HSSE management work for headquarter of the Company and its subsidiaries. At present, the preparation work of the relevant system has almost been completed, the setting up of HSSE management system has shown its prototype.

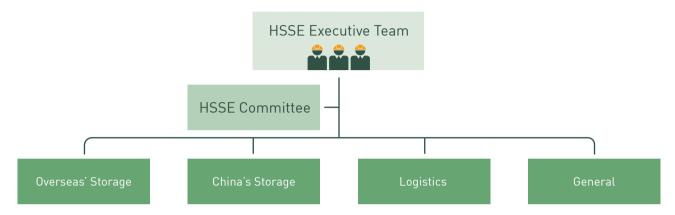
Optimized emergency system, and reinforced emergency response drill

Focus on the characteristics of subsidiaries of the Company which have extensive area, in order to satisfy the requirement of safety management system, the Company implemented an emergency management plan of the Company, and a general emergency plan and a specific emergency plan of the Company were revised and emergency task force was set up, which comprised general manager as the leader, heads of related business as deputy leaders and departmental managers as members. Each position has clearly defined roles and responsibilities which reinforced the contingency mechanism and framework.

Operational Safety Project



Safety Responsibility System



In order to reinforce the emergency rescue and accidents prevention, and to combine actual operation with the system, the Company organized a four-tier joint emergency response drill in May between the Vesta Terminal Company – Vesta Joint Venture – the Company – UNIPEC. Huade Petrochemical launched a sea oil spill response drill in December, internal organization and coordination and external communications and supports were examined, and on-site emergency response ability and reporting procedures of accidentals were also included. Through rehearsals, the suitability, effectiveness and operability of emergency plan were practically enhanced.

Establishes HSSE Committee, Enhances Safety Awareness

In order to define safety responsibility, and to enforce the professional management, based on the principle of "Person-in-charge is the Responsible Person", the Company establishes HSSE Committees on the basis of HSSE executive team, responsible person of each department is the member of HSSE Committee, which consists four professional committees, namely, Overseas' Storage, China's Storage, Logistics and General. The Company promotes its headquarter staff to sign "HSSE undertaking letters", to ensure each department and each position has its responsibility, and to promote the implementation of HSSE undertaking letters. The Company also promotes the system into its overseas joint ventures, and "2015 HSSE responsibility letter" was signed by PT. West Point Terminal.



Establishes Mechanism of Regular Weekly Meetings

In order to ensure the standard of subsidiaries' safety management and to give instructions to resolve practical problems in safety management, the Company setup regular weekly meetings of the Safety Committee. During meetings, which is chaired by the managing director, the business department gives a weekly report on the conditions of safety production of subsidiaries, analyses problems and studies and formulates corresponding responses and plans. Rectification is carried out by subsidiaries under the supervision of the business department, forming a closed-loop management system. After one-year operation, the concept of safe production is firmly implanted and the quality of safety management has been effectively raised. The condition of our safety management has been significantly reshaped.

Increases Safety Monitor and Strict Control the Safety Production

In 2015, the Company placed strong emphasis on actively launching the examination of safety of subsidiaries, we strived to implement basic system of "inspection in place and effective rectification", so as to gradually form an effective working method.

With emphasis on new developments such as Fujairah Oil Terminal FZC began operation and the aging of Vesta Joint Venture facilities, the Company set stringent demands for management of HSSE, raising management standards and strengthening the safety management of each subsidiary. Meanwhile, business department of the Company and joint ventures set up safety incidents report, regular work meetings and regular inspections. Through weekly teleconferencing, the Company and joint ventures have the opportunities to analysis the problems in daily management, and rectification measures are formulated and the progress of rectification is monitored on an ongoing basis. The quality of safety management of joint ventures is therefore enhanced.

According to the deployment of the Group Company, the Company spot checked the work of "Rectification of Safety Hidden Risks of Petrochemical Enterprises" performed by seven domestic terminal companies in June, and strictly required each enterprise to implement the "Five Fixed" measure. At the end of June, self-checking work of seven terminal companies have been completed. Since August, the Company performed monthly safety checking on Huade Petrochemical, the Company's wholly-owned subsidiary, important production districts and places such as Mabianzhou first station, south stove oil depot and "Ma-Guang" long pipelines were all covered. After the explosion incident of Tianjian Port warehouse happened on 12 August, the Company performed a comprehensive safety checking to six domestic terminal companies, to check their safety hidden risks and to further enhance the safety management work. Besides regular inspections by the Company, Huade Petrochemical, our wholly-owned subsidiary, insists to organize and perform risks assessment in respect of material and intolerable risks and set up annual HSE working plan and arrange routine HSE inspections. Each team arranges staff to carry out daily checking at fixed intervals. On each Friday,

self-inspection is organized by staff at their own stations. Comprehensive HSE examination is carried out quarterly. Specific inspection is arranged before the Chinese New Year and national day holidays. In March and September every year, lightning protection and electrostatic prevention inspection is arranged. Also, there are inspections for drainage and flood control before the raining season and for typhoon prevention before the typhoon season. Through these meticulous and practical inspections, Huade Petrochemical tries to extinguish any risks of accidents at the beginning stage.

Inspection in place and effective rectification



Solidifying Safety Foundation

In 2015, Huade Petrochemical is giving priority to manage and control the safety and operational risk of pipelines and fully strengthened the process of scheduled inspections and risks rectification involved in oil and gas pipelines. It is Huade Petrochemical's responsibility to secure the personal and property safety in the communities around our pipelines by establishing special workforce to carry out scheduled inspections and risks rectifications for the long gas pipelines and inter-factory pipeline and tanking facilities. A subordinated working group was formed to seriously organize the scheduled inspections and risks rectifications, and the 205 hidden risks found were analyzed and classified into grading. The rectification works of the hidden risks were implemented and the progress of which were monitored, so that it can be implemented on time.

In December 2015, general hidden risks rectification works were almost completed, the remaining five rectification works were performing in full, among which, three safety hidden risks belonged to material hidden risks of pipelines, the other two safety hidden risks belonged to tank's hidden risks, the grading of which belonged to material hidden risks and greater hidden risks. It is expected that the pipeline hidden risks will be completed on 1 January 2016.

Anti-Corruption

The Group continued to optimize system to strengthen supervision and identify and eliminate the risk of corruption. In 2015, the Company strictly implemented internal control and management system and enhanced procedural supervision. Projects were closely monitored according to the overall situation after considering all construction projects to severely avoid corruption.





Participating in Anti-corruption Law Seminars

In 2015, the Company organized staff to participate in two anti-corruption seminars, to work out the spirit of fighting against corruption and the awareness of the anti-corruption of staff was raised. On 12 March 2015, the Company arranged staff to attend the International Anti-corruption Laws Seminar held by Sinopec Group, at which the common issues that multinational corporations usually face with in fighting against bribery and corruption were illustrated, and specific risks coming with different business models of companies were also discussed.

On 17 September 2015, the Company arranged staff to attend the video seminar for antifraud organized by Sinopec Group, which was mainly related to fraud within a company and related risk management measures, the awareness of anti-corruption among our staff was raised.

[1] Legal case regarding corruption includes but not limited to bribery, blackmail, fraud and money laundering.

Participates in Anti-corruption Promotion and Education Workshop



On 13 January 2015, Huade Petrochemical organized the 2015 Anti-corruption Promotion and Education Workshop. for 46 staff, including the senior management, all mid-level managers and risk management personnel, attended the workshop and watched micro movies on the theme of anti-corruption. Also, Anti-corruption Undertaking Letter of the Management of Huade Petrochemical was signed. Through such learning activity and the undertaking made, we believe that all staff will be alerted to any potential corruption and help to build a "Honesty working environment without corruption".

Visiting Anticorruption Education Center in Guangdong Province, the PRC

On 26 May 2015, to further raise the awareness of anti-corruption among the staff, Huade Petrochemical organized a visit to Guangdong Province Anti-corruption Education Center for staff from various departments. The activity, on the theme of "Fighting against and Being Alerted to Corruption", focused on education by illustrating the idea of anti-corruption with talks, photo displays, physical simulation, multimedia interaction, monitoring image of prison and screen projection, making up a lively presented, innovative and impressive anti-corruption lesson for our staff.





Community Involvement

The Group insists to combine the development of the Company with the sustainable development of the community where our business is located, actively participates in the building up of the community, brings the relationship between the Company and the society closer, promotes the harmonic development of the economy and community, and becomes a good neighbor of the community. In particular, human resources were invested into aspects such as caring for the physical and mental health of elderly people and young people, and to construct a clean society, and undertake social responsibilities.

Community Investment



Fund Donation to Subsidize Poor Students in Under-privileged Schools

In August 2015, the Company organized staff to participate in a Donation campaign for funding underprivileged schools in poor regions, organized by Sinopec Corp. and UNIPEC. It was led by leaders from the Group headquarter and went to the poor regions in Hunan for fund donation. All donations were used to buy teaching materials for local schools to help local students to have better growth and learning.



Building Small Flowery Pond for Community Environmental Improvement

In July 2015, during rectification of defects of Huiyang long pipeline section, Huade Petrochemical discovered that part of the area along the Qiuzhang town pipeline was affected by a stone factory nearby as too many stones and debris were found at a distance of 60m along the pipeline and surrounding areas. This created certain potential safety hazards and damaged the environment.

In order to improve the environment of the community, and bring convenience to its residents, Huade Petrochemical spent approximately RMB100,000 and spent some 20 days to organize staff of the company to clear stones and debris in such sections. After clearing, Huade Petrochemical built a small flowery pond in such area, which eliminated the hidden risks of the pipeline and also improved the environment, and was highly praised by the local residents.



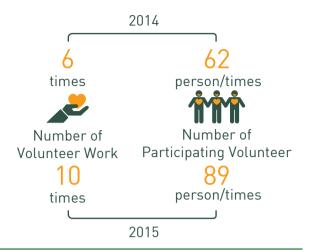
Protect Student Safety, Closer Relationship between the Company and Local Government

In 2015, during the elimination of the potential hazards of the "Nan-Guang" long distance pipeline, Huade Petrochemical discovered that such pipeline passed through the playground of Huizhou City Zhongkai District Huake Lilin School. In order to eliminate the safety hazard, Huade Petrochemical spent RMB600,000 and spent over 1 year's time to negotiate and communicate with the local government, the school and other related parties, to segregate part of the school playground and removed the potential safety hazards of the long distance pipeline.

In order to have a better exercise place for the students in the school, after that, Huade Petrochemical donated two sets of basketball stands which worth RMB11,200 to Huake School for students to do more exercises.

Community Participation

In 2015, staff of the Group actively participated in volunteer work, and displayed an excellent team spirit and cohesion. Plenty of social service works not only enhanced the corporate image of the Company, such that the Company can have a better social relationship, and also harmonious and positive interaction between the Company and society can be effectively achieved.



Participation in "Care for the Elderly" Volunteer Activity



In the morning on 11 January 2015, 17 staff of Huade Petrochemical went to an elderly home in Xin Wei County in Huizhou to provide volunteer service in the "Caring for the Elderly" campaign to clean the home for the elderly people living alone. Through this activity, not only the living environment of the elderly living alone was greatly improved, they could also feel the warmth from the volunteers.

Participates in "Coastal Watch" Charity Activity

On 30 May 2015, the Company and marine scientists of the Worldwide Fund for Nature and the local residents of Discovery Bay jointly carried out a cleanup and research campaign at the beach of Discovery Bay in Hong Kong. This was a continuation of last year's related campaign. Through this campaign, the staff discovered that 80% of the coastal trash was man-made, every participant said that in the future they would use less plastic products so as to help reducing waste and preserving the ocean.

8 staff were awarded cleaning certificates for their participation in one time of sea cleaning and one training program, and 9 staff were awarded cleaning awards for their participation in two times of sea cleaning and two training programs.



Participates in "Flag-selling Donation" Charity Activity



On 10 April 2015, in order to build a harmonious and helpful environment and perform corporate responsibility, the Company organized staff to participate in the flag-selling at four different locations of the MTR Admiralty Station in Hong Kong to raise fund for the Hong Kong Children and Youth Services to support their work in helping the young people and underprivileged in the society. All staff participated in the activity were awarded service certificates by the organization.

Participates in "Hong Kong Beach and Country Park Concern Group" Charity Activity

In order to support the environmental protection work in Hong Kong and to establish a good corporate image, the Company organized staff to participate in the community work organized by "Hong Kong Beach and Country Park Concern Group" which was formed by the Hong Kong Representative Office of Sinopec on 25 April 2015 and 9 August 2015. They actively responded to the call of Hong Kong government and participated in rubbish clearing activity held in Lung Kwu Tan, Tuen Mun.



The "Love my Park and Cleaning Comes First" Charity Activity

On 29 April 2015, Huade Petrochemical organized staff to participate in a charity activity with the theme of "love my park and cleaning comes first" held in Huizhou Daya Bay Development Zone, and contributed to the environmental improvement of the community.





Participates in "Climbing at Chongyang Festival, Environmental Protection by the Youth"

On 21 October 2015, Huade Petrochemical organized over 20 staff went to Yagong Peak Forest Park at Huiyang District, Huizhou to launch a voluntary activity with the theme of "Climbing at Chongyang Festival, Environmental Protection by the Youth" To clear up public rubbish at the two sides of Yagong Peak Road. During climbing and clearing rubbish, young staff lived out the spirits of "not afraid of dirts and not afraid of tiredness" and "every one has responsibility to support environmental protection". Yagong Peak Road had a new look after one hour's effort.