

Sinopec Corp. has been long dedicated to achieving a coordinated development between Health, Safety and Environment (HSE) and economic growth, and establishing a mechanism for long-term safe operations. The Company has strictly adhere to its social responsibilities, and solemnly carried out its operating motto featuring “safety first, preventative measures, full participation, comprehensive governance, environment improvement, health protection, scientific management, and sustainable development”. In 2004, the Company continued to maintain its safe and stable production, endeavored to provide the society with safe, reliable, high-quality and environment-friendly products, protected the environment, cared for the health of its employees, continuously improved its relationship with the community, established a good social image, and achieved even better performance in HSE.

1 Steady improvement of HSE management

Since the announcement of HSE management system in 2001, the Company has proactively promoted HSE management system in its subsidiaries. By the end of 2004, each branch company and subsidiary of the Company has established and put into operation a relatively complete HSE management system.

2 Implementation of a precaution-oriented policy and safety evaluation for new projects

In 2004, the Company completed safety evaluations for a number of new revamping projects, such as the construction of crude oil pipeline along the Yangtz River and refined oil product pipeline in Zhujiang River Delta, and the expansion of MTBE Unit in Sinopec Zhenhai Refining and Chemical Co., Ltd. It also evaluated the risks, on a regular basis, arising from those existing facilities and utilities systems. Moreover, core facilities and critical parts were subject to dynamic monitoring and management by designated operators. For any potential problems found during the evaluation, the Company would monitor the entire trouble shooting process to ensure the full elimination of problems and safe production.

3 Active promotion of clean production to save water and reduce effluents

In 2004, on the basis of the clean production pilot program and in accordance with the Standard of Clean Production for Enterprises, the branch companies and subsidiaries of Sinopec Corp. carried out full-scale “clean” production and further standardized environmental management practices in line with the HSE management system so that effluents discharged were continuously reduced. Besides, the Company reinforced its control of water consumption, conducted a more intensive assessment on the use of water, and actively developed practical water-saving techniques. Compared with the year 2003, despite of a large increase in the production volume, the water consumption for industrial purpose was still reduced by 2% in 2004.

4 Providing cleaner fuel for the society

Since 1 July 2002, the Company fully complied with the new national standard for light diesel. Under the new standard, sulphur content was reduced from 1.0% to 0.2% (m/m). Since 1 July 2003, the Company has fully complied with the new national standard of gasoline for motor vehicles and sulphur content was reduced from 0.1% to 0.08% (m/m). Since 1 October 2004, the Company started to supply gasoline and diesel which are in compliant with the Euro II standard to the Beijing market.

The Company will fully apply the upcoming national standard of gasoline and diesel for motor vehicles (equivalent to Euro II standard), which will be effective from 1 July 2005. According to this standard, sulphur content in gasoline for motor vehicles will be further reduced from 0.08% to 0.05% (m/m), and sulphur content in diesel for motor vehicles will be further reduced from 0.2% to 0.05% (m/m). At the same time, the Company will supply gasoline and diesel products which are in compliant with Euro III standard to the Beijing market.