



2020

SUSTAINABILITY
REPORT



科学至上
IN SCIENCE WE TRUST



About the Report

This is the first sustainability report of Sinochem Holdings Corporation Ltd. Sinochem Group issued CSR reports for 4 years in a roll from 2007 to 2010, and sustainability reports for 10 years from 2011 to 2020; ChemChina released the sustainability reports for 8 years from 2010 to 2017.

Reporting Period

This report covers Sinochem Holdings' activities between January 1 and December 31, 2020. Parts of the content may reflect activities and data from previous years.

Reporting Cycle

This is an annual report.

Reporting Scope

This report includes Sinochem Holdings and its subsidiaries at all levels.

Compilation References

The report refers to the national standards *GB/T 36001-2015 Guidance on Social Responsibility Reporting, Guidelines to the Central State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities* by the SASAC, the Ten Principles of the United Nations Global Compact, *GRI Sustainability Reporting Standards(GRI Standards)* of the Global Sustainability Standard Board (GSSB and the ISO 26000: 2010 *Guidance on Social Responsibility* issued by the International Organization for Standardization (ISO).

Compilation Process

- Step 1: Formulate the reporting scheme and establish a compilation task group;
- Step 2: Identify stakeholders and key topics and determine the reporting framework;
- Step 3: Prepare the report, make revision and improvement;
- Step 4: Reviewed by the leadership team;
- Step 5: Release the report, and collect feedback to make continuous improvements.

Improvements

Improvements to this year's report include:

- Adjust the reporting framework according to the four elements of corporate value management and update the sustainability model
- Respond to major events and systematically demonstrate Sinochem Holdings' firm attitude and solid actions in response to major national policies
- Focus on the hot spots of the times and showcase the power of the youth in Sinochem Holdings' development

Data Sources

The data used in this report comes from the official documents and statistical reports of Sinochem Holdings. Considering the statistical calibre, the report makes corrections to previous data. In case of any discrepancy, the information in this report shall prevail.

Appellation

In the report, Sinochem Holdings Corporation Ltd. is also referred to as "Sinochem Holdings," "the Company" and "we"; Sinochem Group Co., Ltd. is also referred to as "Sinochem Group"; China National Chemical Corporation is also referred to as "ChemChina."

Languages

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

Report Access

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

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Chairman of Sinochem Holdings and
Secretary of the Party Group
Mr. Frank Ning

宁高宁



Chairman's Message

Building a world-class chemical conglomerate and contributing to a beautiful world with harmonious coexistence

When you open this report, a brand new Sinochem Holdings introduces itself to you. On behalf of the 220,000 employees worldwide, I express my sincere gratitude for your attention and support.

Sinochem Holdings Corporation Ltd. ("Sinochem Holdings" for short) came into being by restructuring Sinochem Group Co., Ltd. ("Sinochem Group") and China National Chemical Corporation Ltd. ("ChemChina") Through integrating the two enterprises' competitive strengths and distinctive culture, Sinochem Holdings carries forward the vision of building a world-class chemical conglomerate.

The two enterprises are now passing on their missions to Sinochem Holdings. In the 1950s, Sinochem Group was established in line with the country's mission. A large number of chemical enterprises and research institutes under the Group have

supported national strategies. Over these years, the two enterprises have grown and thrived in competition and challenges, ranking among the Fortune Global 500.

There is a call for action in this new era. The latest development stage of China, new dynamism of the global chemical industry, recent progress in deepening China's SOE reform are all calling upon China to have a world-class chemical conglomerate with great leadership and innovation capability.

The establishment of Sinochem Holdings is conducive to setting itself as a role model in accelerating high-quality development, supply-side structural reform, and transformation and upgrading of the chemical industry. The Company's increased role as a backbone in innovation-driven R&D and the building of an "ecosystem" and source of independent innovation enables it to be a pace-setter in linking the domestic

and international circulations, forming an organically complementary industrial chain, and creating new advantages in global economic cooperation and competition. Entering a track where we can benchmark against and compete with world-class enterprises, we are very honored to shoulder that responsibility. Therefore, we need to grasp the features of the new development stage, apply new concepts, and step up efforts to create a new pattern to promote high-quality development.

We enhance consensus building and responsibility fulfillment. A great business fits its times and promotes the transformation and social progress of the era. Building a world-class chemical conglomerate is the shared goal of our 220,000 employees. It means more than greater business scale, profit and market share, but also bringing more benefits to society, clients, investors, and all the employees.

Honoring "In Science We Trust," we evolve our genes of innovation to fulfill responsibilities. Chemistry is the science of human exploration of substances, while the chemical industry is about the continuous discovery of new substances and products. The concept of "In Science We Trust" will guide us to focus on technological R&D, cultivate core competitiveness, and build an open, diversified and industrialized innovation system in the long term. In doing so, we will meet customer needs in a forward-looking manner and provide more scientific, full-range solutions to address challenges in sustainability.

We practice green development to realize the strategic goals of carbon peak and carbon neutrality. Since China proposed carbon peak and carbon neutrality, we have formulated development goals, implementation paths, and action plans for this purpose. We actively explore green development paths through industrial restructuring, energy conservation

and carbon reduction technologies, energy consumption transformation, and renewable energy utilization, contributing to China's ecological progress of a beautiful China.

With openness and synergy, we create value through shouldering responsibilities. While completing the high-quality business restructuring, we spare no effort to build a more efficient global industrial chain and supply chain and an innovation ecosystem in the sector. Joining hands with upstream and downstream clients of the industrial chain and the whole society, we seek new cooperation mechanisms and business models with clients to achieve win-win results in openness and sharing.

Despite difficulties and challenges, we will embark on a new journey of development. In the historical juncture when the timeframes of the two centenary goals converge, Sinochem Holdings will be dedicated to rejuvenating the Chinese

nation and implementing the innovation-driven development strategy, "In Science We Trust" spirit, and globalized and market-oriented operation model. Sinochem Holdings aims to become a world-class technology-driven chemical conglomerate guided by life and materials sciences, supported by basic chemical engineering, guaranteed by environmental science, so as to create more values for clients, shareholders and employees, promote high-quality development of the industry and contribute more wisdom to the sustainable development of society and humanity.

About Sinochem Holdings

Company Profile

Sinochem Holdings Corporation Ltd. ("Sinochem Holdings" for short) was formed by restructuring Sinochem Group Co., Ltd. ("Sinochem Group") and China National Chemical Corporation Ltd. ("ChemChina"). It is a leading state-owned enterprise under the the State-owned Assets Supervision and Administration Commission of the State Council (SASAC). Headquartered in Beijing, Sinochem Holdings has 220,000 employees.

Upon restructuring, Sinochem Holdings became the world's largest chemical conglomerate in scale whose business covers eight fields, namely, life science, materials science, petrochemicals, environmental science, rubber & tire, machinery & equipment, city operation, and industrial finance. Sinochem Holdings leads in many industry subdivisions, such as agrochemicals and animal nutrition in life science, and fluorine silicon materials, engineering plastics and rubber additives in materials science. With distinctive features in its basic chemicals business, the Company has formed a business model across the entire petrochemical industrial chain. At the same time, the focus of its fast-growing environmental science business is on industrial ecological protection. Sinochem Holdings is a global leader in the high-end tire business and the top market player in the plastic machinery business. In the field of city operation, Sinochem Holdings is among the 16 state-owned enterprises with real estate as their main business approved by the SASAC. China Jinmao Holdings Group Limited (China Jinmao), one of its subsidiaries, is an outstanding city operator in China. In industrial finance, Sinochem Holdings is licensed to operate multiple financial businesses with significant advantages in trust and leasing.

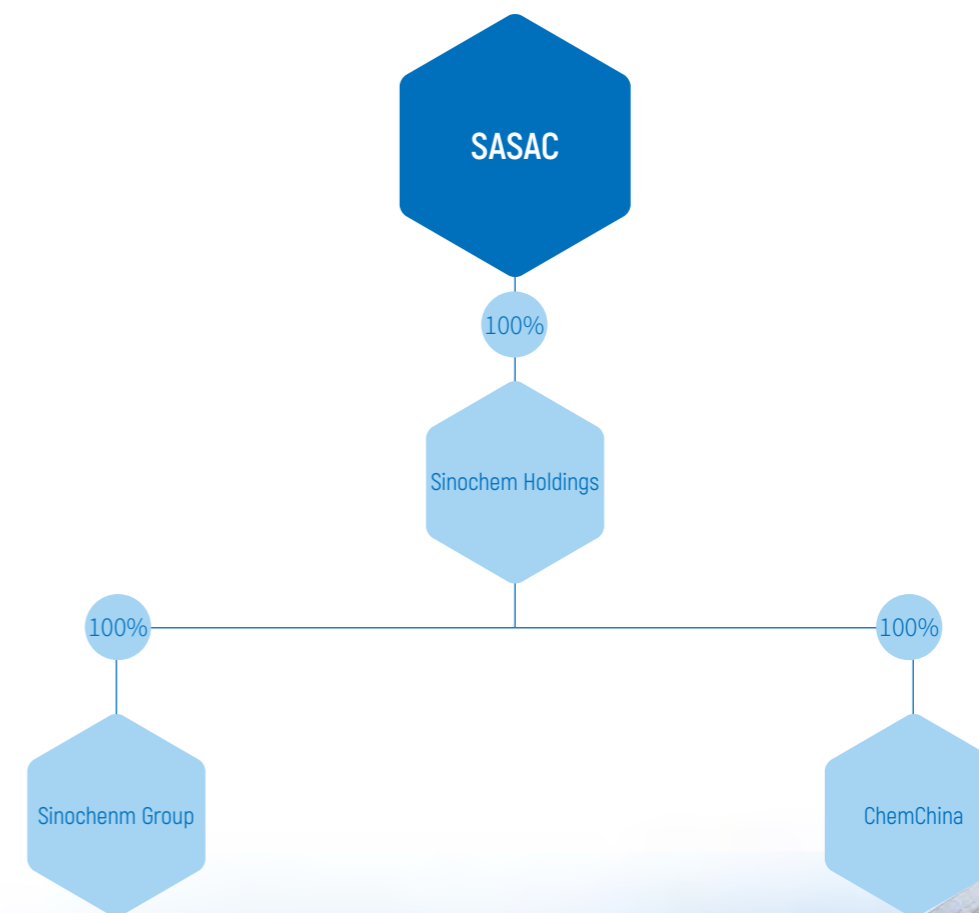
Sinochem Holdings owns production bases and R&D facilities in more than 150 countries and regions worldwide with a full-fledged marketing network. After restructuring, Sinochem Holdings now has 16 listed companies at home and abroad, including Yangnong Chemical (600486.SH), ADAMA (000553.SZ), Adisseo (600299.SH), Sinochem International (600500.SH), Luxi Chemical (000830.SZ), Haohua Tech (600378.SH), Elkem (ELK.OL), Pirelli (PIRC.MI), China Jinmao (00817.HK).

Looking ahead, Sinochem Holdings, upholding "In Science We Trust," will strive to become a tech-laden innovator and a world-class chemical conglomerate, creating maximum value for clients, shareholders and employees, and contributing its share to the chemical industry and social progress with better innovation, core competitiveness, and sustainability.



△ Sinochem Holdings Corporation Ltd. was established On May 8, 2021

组织架构



Business Overview

Life Science



Boasting agrochemicals and animal nutrition business, Sinochem Holdings' life science segment is mainly operated by Syngenta Group, a leader in both the fertilizer market and agricultural solutions in China. Headquartered in China, Syngenta Group draws strength from its four business divisions: Syngenta Crop Protection headquartered in Switzerland, Syngenta Seeds headquartered in the United States, ADAMA headquartered in Israel, and Syngenta Group China. It provides industry-leading products and integrated solutions for clients worldwide, with annual sales exceeding USD 23 billion and nearly 50,000 employees. Syngenta Group strives to transform agriculture through breakthroughs in products and technologies and plays a vital role in enabling the food chain to feed the world in a safe, sustainable, and environmentally-friendly way.

Syngenta Crop Protection and Syngenta Seeds are world-class agrochemical high-tech enterprises, boasting a cumulative R&D investment of USD14 billion and over 10,000 patents in the past decade.

ADAMA is the world's largest generic pesticides supplier, possessing unique mixtures, formulations and applications.

Leveraging its competitive edge in seeds, crop protection, crop nutrition, modern agricultural services and digital agriculture, Syngenta Group China has built up a rich business portfolio, aiming to establish a modern agricultural service platform that pools quality internal and external industry resources. Syngenta Group China is a core driver to Syngenta Group's global value growth.

The animal nutrition segment is mainly operated by Adisseo, which provides additives and nutritional solutions for animal feed. Its main products, such as methionine, vitamins, and biological enzymes, help upgrade feed supply in livestock and poultry farms globally, providing better nutritional ingredients for animals to digest and grow. Besides, it helps protect the natural environment by reducing the waste generated from livestock and poultry farms. Adisseo ranks second in the global methionine market.

Materials Science



As a leading Chinese new chemical materials service provider, Sinochem Holdings has laid out the industrial chain aligning with core industries of the national economy, focusing on developing high-end, differentiated and specialty products with high added value. Our materials science segment encompasses a broad portfolio, including engineering plastics, silicon materials, polymer additives, fluorine chemicals, electronic chemicals, specialty fibers, etc. We are committed to becoming a world-class supplier of automotive materials solutions and providing key raw materials for industries.

Our materials science segment consists of several companies listed at home and abroad, such as Sinochem International (600500.SH), Luxi Chemical (000830.SZ), Haohua Technology (600378.SH) and Elkem (ELK.OL), etc. Operating globally, we own production bases in China, France, Spain, Norway, Brazil, South Africa, Iceland, South Korea, among other countries. We have comparative advantages with global competitiveness in several subdivisions, including polyphenylene ether (PPE), polycarbonate (PC), nylon, epoxy resin, silicone, rubber antioxidants, fluorine rubber, polytetrafluoroethylene (PTFE), refrigerant, nitrogen trifluoride (NF3), para-aramid and other products.

PetroChemicals



Dominated by petrochemicals, our basic chemicals cover chlor-alkali chemicals, coal chemicals and inorganic chemicals. Our products include basic petroleum products and petrochemicals, C1 downstream specialty products, chlor-alkali products, chemical intermediates, and some inorganic chemicals. At the same time, we mainly provide services for oil trading, petroleum products marketing, petrochemical and chemical products marketing, petrochemical warehousing, industrial park development, and energy internet construction. Production bases of basic chemicals are primarily in Quanzhou, Shenyang, Liaocheng, Lianyungang, Weifang, and Dongying, running by entities such as Quanzhou Petrochemical, Luxi Chemical, Changyi Petrochemical, Huaxing Petrochemicals, Sinochem Zhenghe, Shenyang Research Institute of Chemical Industry, Jiangsu Yangnong Chemical Group and industrial park companies. Our products are widely applied to petrochemicals, agriculture, automobile transportation, textile, packaging, electronics and electrical appliances, nutrition and health, among others.

Relying on 70 years of experience in the petroleum industry, our subsidiaries, represented by Sinochem Oil Company, Sinochem Oil Marketing Company, Sinochem Petrochemical Distribution Company, and Sinochem Energy High-Tech Co., Ltd., provide services across the value chain of basic chemicals, from crude oil trading at the upstream to sales of petrochemical and chemical products.

Environmental Science



Sinochem Holdings prioritizes environmental science as a strategic new business for the green growth of China's chemical industry, playing a pivotal role in pollution reduction and the building of ecological civilization.

Our environmental science business covers various fields such as water, atmosphere, solid waste, soil remediation and testing, with consultation and design and engineering services concerning water treatment membrane and equipment. The seawater desalination, wastewater recycling and industrial water pretreatment businesses lead the Chinese market, hazardous waste treatment and soil remediation businesses develop rapidly, and our water treatment membrane products are first-class in China.

Our vision is to "become an environmental protection expert on chemicals." We prioritize environmental protection in chemical engineering, with industrial parks and industrial enterprises as our main clients. Focusing on polluted site remediation, industrial solid waste and wastewater treatment, we enhance four major capabilities in technology innovation, engineering service, equipment integration, and investment and operation, aspiring to become a leading and most valuable comprehensive environmental service provider in the industrial field in China.

Rubber & Tire



Sinochem Holdings owns a globally leading rubber and tire products manufacturer, China National Tire & Rubber Co., Ltd., which aims to be a world-class comprehensive rubber and tire enterprise by technological innovation and brand building. The Company has 24 plants in 13 countries and sales network in over 160 countries and regions worldwide. Our business covers the development, manufacturing and distribution of consumer tires (including car/SUV tires, motorcycle tires, bicycle tires, etc.), industrial tires (including truck and bus tires (TBR), off-the-road tires (OTR), agricultural tires (AGRO), etc.), rubber conveyor belts, etc.

We are the controlling shareholder of two listed companies: Pirelli & C. S. p. A (PIRC.MI) listed on Milan Stock Exchange in Italy and Aeolus Tyre Co. (600469.SH) listed on Shanghai Stock Exchange in China. Other major assets include Prometeon Tyre Group S.R.L. (PTG) and Qingdao Rubber Six Conveyor Belt Ltd., etc. As a world-class enterprise of high-end consumer tires, Pirelli takes the lead in the luxury class original equipment (OE) consumer tire market and is the global partner for the F1 World Grand Prix. After spinning off from former Pirelli, PTG is a well-known international producer of industrial tires.. Aeolus is a leading industrial tire manufacturer in China and a major strategic tire supplier for construction and mining machinery. Qingdao Rubber Six is a top player in heavy-duty rubber conveyor belt production in China. The brands of "Aeolus" tire and "Rubber Six" conveyor belt are recognized as "China Well-known Trademark."

Machinery & Equipment



As a first-class provider of overall solutions for chemical equipment, Sinochem Holdings supplies comprehensive products and technical services for clients worldwide. Leveraging innovation in products, processes, digital, and service solutions, we continue to create high-quality plastic machinery, rubber machinery, chemical equipment, and modern manufacturing service solutions. In addition, we rely on the global footprint and sales and service network to help clients achieve green, intelligent, and digital growth.

City Operation



Sinochem Holdings is a central state-owned enterprise approved by the SASAC, mainly engaging in property development and hotel operations. China Jinmao Holdings Group Limited, a subsidiary of Sinochem Holdings, is well-positioned to provide high-end and premium products and services in adherence to its corporate mission of "Unleashing Future Vitality of Cities." China Jinmao is committed to becoming China's leading city operator through its quality-oriented "Two Wheels and Two Wings" strategy and "Dual-driver, Dual-upgrade" city operation model.

Based on the foresight on city potentials, China Jinmao has holistically upgraded regional functions and urban vitality by pooling world-leading premium resources and introducing the urban planning concept in favor of reasonable interdependence. China Jinmao has steadily expanded its business in over 50 core cities and created high-end branded series products.

Industrial Finance



Sinochem Holdings' financial business includes trust, financial leasing, life insurance, industrial funds, commercial factoring, insurance brokerage, securities investment funds, futures, and comprehensive business services. We have formed financial portfolios with complete qualifications and cultivated competitive and influential brands, including FOTIC, Far East Horizon, Manulife-Sinochem and Lion Fund. We also possess industry-leading risk control competence and profitability.

The Finance SBU was formed to integrate financial businesses in 2017. In early 2018, Sinochem Capital Co. Ltd. and Sinochem Capital Investment Management Co., Ltd. were founded, based on which we completed the restructuring of financial businesses to promote the introduction of strategic investors. Guided by the Industrial Finance, Circle & Chain Platform and Internet Technology (ICI) strategy, our finance business aims to create a fintech-leading smart financial services platform focusing on consumer finance, industrial finance, investment, and market services, financial investment and financial technology in China's booming consumption circle and broad consumer base in the upgraded industrial chain. We are committed to becoming China's most valuable and innovative provider of industrial financial services.

2020 is the final year of China's 13th Five-Year Plan period (2016-2020) and a fruitful year for Sinochem Holdings. During the 13th Five-Year Plan period, under the guidance of Chairman Frank Ning, Sinochem Holdings upheld the core value of "In Science We Trust" and continued improving technological innovation, core competitiveness, and sustainable development. We substantially enhanced our industrial influence and leadership, becoming a significant player in promoting industrial development and social progress.

Ten Achievements



01

The philosophy of "In Science We Trust" leads strategic development

In 2018, Chairman Frank Ning proposed the development philosophy of "In Science We Trust, Upon Knowledge We Act," to transform the company into an innovative and tech-driven enterprise within five to ten years. Guided by this philosophy, Sinochem Group and ChemChina have made continuous progress towards the common goal of a world-class technology-driven chemical conglomerate through the implementation of the "Innovation and Upgrading strategy" (by Sinochem Group) and "Triple Three Strategy" (by ChemChina).



02

Reform management to facilitate strategy implementation

Based on the "strategic control" role of the headquarters, we started the management innovation project to streamline the headquarters' functions, optimize control mode, and reshape the organizational structure. The eight control procedures are reorganized into six management systems: Party building, overall supervision, 6S, OMI scientific and technological innovation, operation and corporate culture. Benchmarking against world-class practices, Sinochem Holdings forms the corporate value management model featured by "four elements" (society, clients, shareholders, and employees) with the Party leadership and corporate mission and values as the core, which provides a methodology for comprehensive benchmarking.



03

Operating performance reaches a new high

During the 13th Five-Year Plan period, the total assets of Sinochem Group and ChemChina increased by 106%, the net assets by 109%, the revenue by 33%, and the net profit by 449%. The operating performance assessment of the heads of central SOEs from 2016 to 2020 was all rated "A."



04

Progress made in structural adjustment

Strategic business assets have been enhanced through the M&A of Syngenta Group and Luxi Group, the ethylene project of Quanzhou Petrochemical and Lianyungang base construction, and the increasing equity holding of Yangnong Chemical Group. At the same time, we withdrew from non-strategic assets such as Intel, DSP, and SIAT and reduced shares of China Jinmao to optimize the business portfolio. We thus focus more on main businesses and responsibilities with the total assets and revenue of the chemical business increased by 79% and 29% respectively during the 13th Five-Year Plan period turning into profit in terms of net profit. In 2020, the Company expanded its global presence as its pure overseas assets reached 54%, and related income accounted for 62%.



05

Talent team building strengthened

By the end of 2020, Sinochem Group and ChemChina had 215,294 employees, 23,625 more than that at the end of 2015, and overseas employees accounted for 44%, mainly in Syngenta, Pirelli, and Halcyon Agri, etc. Through the New Power Project, a total of 74 people aged about 40 have been selected for key positions. Sinochem Group brought in 747 comprehensive chemical business R&D personnel and 22 leading talents through the Sinochem Introduction Plan for Scientific and Technological Talent, and ChemChina also acquired 274 people through the Thousand Doctors Program.



10

Party building comprehensively improved

Based on the progressive work of implementation in 2018, expansion in 2019, and consolidation and improvement in 2020, we build a Party building work system in line with the concept of "In Science We Trust" and the reform and transformation strategy of the Company from four aspects, including ideal and belief education, implementation of Party policies, strengthening the Party organizational construction and giving full play to the role of Party members. It provides a strong political guarantee for the building of a world-class chemical conglomerate.



09

Efficient and outstanding performance of social responsibility

We invested 720 million yuan in assisting poor areas, and 312 million yuan in the Central SOEs Industrial Investment Fund for Poverty-stricken Regions. All the nine recipient areas in five provinces and autonomous regions have been lifted out of poverty. We have been rated as "Good" in the Assessment of Designated Poverty Alleviation of central organizations and won the Poverty Relief Responsibility Fulfillment of Central SOEs of the Year as well as the Targeted Poverty Alleviation Award of China Social Responsibility 100 Forum.



08

Enhanced influence and recognition in the industry

The proportion of the world's top three comprehensive chemical businesses of Sinochem Group and ChemChina in the Company's overall chemical business (excluding crude oil trade) increased from 12% in 2015 to 35% in 2019. The influence in the industry enhanced a lot, and the global competitiveness continued to grow. According to the simulated combined data of Sinochem Group and ChemChina in 2020, Sinochem Holdings ranks 49th among the Fortune Global 500.



07

Outstanding achievements in scientific and technological innovation

In 2020, the R&D input of Sinochem Group and ChemChina reached 17.8 billion yuan, an increase of 131% over 2015; R&D investment intensity increased from 1.2% in 2015 to 2.08% in 2020. In 2020, sales revenue of new products reached 59.85 billion yuan, jumping 364% over 2015; new product sales in main business revenue increased from 2.0% in 2015 to 7.0% in 2020; the number of valid authorized patents surged from 10,042 in 2015 to 26,812 in 2020, an increase of 167%.



06

Progress made in SOE reform

We completed the relisting of Pirelli and Elkem and capital operations by consolidating assets of Sinochem Crop/Agricultural Research Company, ADAMA, KraussMaffei, and technology-based enterprises with A-share listed companies. We also held shares of Luxi Chemical and Winall Hi-tech. There are 16 listed companies in the statements of Sinochem Group and ChemChina, including 15 comprehensive chemical industrial companies. Sinochem Energy, Sinochem International, Nantong Xingchen and Shenyang Chemical were selected into the "Double Hundred Action". Sinochem Environment, Shenyang Research Institute of Chemical Industry, Haohua Tech and China Bluestar Chengrand were listed as enterprises of the "Demonstrative Actions on Reforms of Technology-Based SOEs". Sinochem Energy and Sinochem Capital have completed the first round of strategic investment attraction.

Integration of Sinochem Group and ChemChina

Starting from reorganizing the industrial chain, Sinochem Group and ChemChina completed restructuring within five years, providing a new paradigm for SOEs reforms. The restructuring gave birth to an industry-leading chemical conglomerate and accelerated the supply-side structural reform, as well as the transformation and upgrading of the chemical industry. Moreover, it further optimized the allocation of corporate resources, formed an organic synergy in the industry chain, and enhanced R&D and innovation capability to release the vitality of the enterprise.

In the future, Sinochem Holdings will focus more on innovation areas of green development. In agriculture, the Company will provide high-level agricultural resources and services to transform and upgrade agriculture in China. In environmental protection in chemical engineering, the Company will vigorously promote energy conservation and emission reduction to support China in achieving carbon peak and neutrality.



Integration of agricultural sectors of Sinochem Group and ChemChina

On January 5, 2020, Sinochem Group announced its plan to inject the main assets of its agricultural sector into Syngenta Group Co., Ltd., a subsidiary of China National Chemical Corporation. The measure further deepened SOE reform and optimized the allocation of resources, which was also a pivotal step to strengthen the cooperation between Sinochem Group and ChemChina. On January 14, Syngenta Group changed its name. On June 19, Syngenta Group China was established, committed to promoting China's agricultural technology and modernization transformation.



Innovation Achievements

R&D platforms

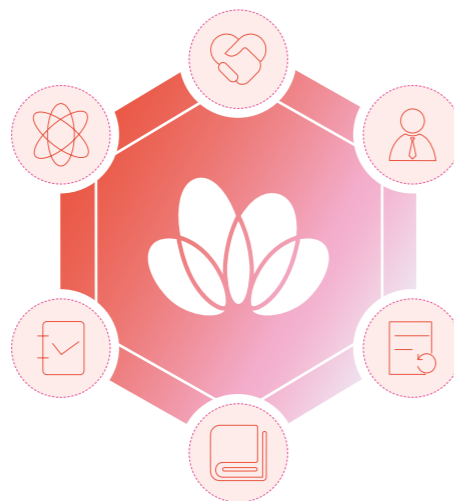
- 3** National key labs
- 3** National engineering (technology) platforms
- 3** National enterprise technology centers
- 2,880** Valid patents granted
- 1,555** invention patents
- 244** Overseas granted patents
- 136** New plant varieties
- 179** Software copyrights

Independent intellectual property rights

Source of data: Sinochem Group

Strategic alliances

- 3** State-level strategic alliances for industrial technology innovation



- 46** National R&D projects

National projects

Leading talents

- 4** People selected into the National Multi-Million Talent Project

- 8** International standards of the Food and Agriculture Organization (FAO standards)
- 2** International standards of World Health Organization (WHO standards)

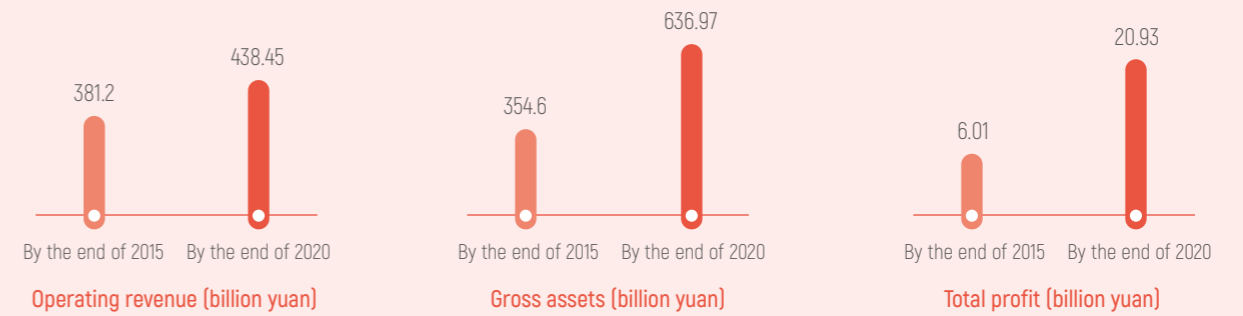
- 457** National standards
- 667** Industrial standards (valid)

- 457** National standards
- 667** Industrial standards (valid)

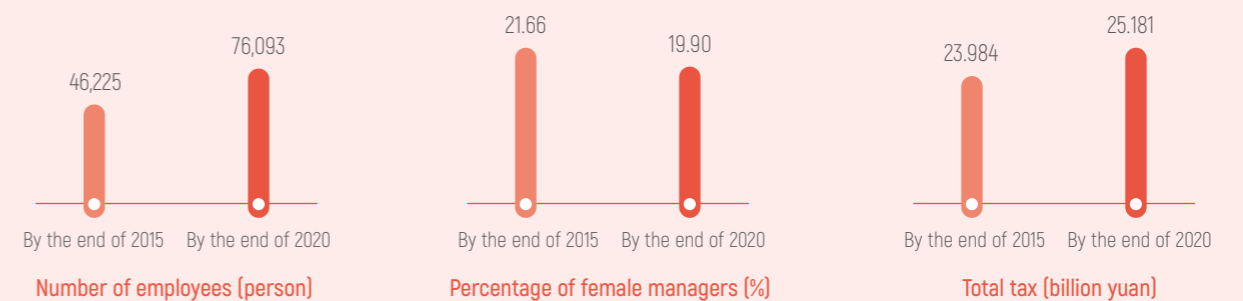
Standard setting

Value Creation

Economic indicator



Social indicator



670 million yuan
Invested in poverty alleviation since 2002

7
Poor counties out of poverty

Environmental indicator



Source of data: Sinochem Group

CSR Feature
Leading Reform and Development through High-quality Party Building



Sinochem Holdings thoroughly implements Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We maintain political integrity, think in big-picture terms, follow the leadership core, and align with the central Party leadership. Also, We stay confident in the path, theory, system, and culture of socialism with Chinese characteristics, uphold the core position of the General Secretary Xi Jinping on the CPC Central Committee and in the Party as a whole, and uphold the Central Committee's authority and its centralized, unified leadership. It promotes high-quality development while pursuing Party leadership, improving Party building, enhancing political awareness, and exercising complete and strict Party self-governance, which realizes Party building concurrent with deepening reform in four aspects. In this way, Sinochem strengthens political oversight to enhance organizational guarantee, promotes integrated development of Party building to gather development momentum, and steadily strives to build a world-class chemical conglomerate.

Improving theoretical work to cement the foundation of Party building

Taking Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the ideological foundation for high-quality development, we have carried out multi-level Party- and government-led publicity and awareness-raising events in various forms, strictly implemented democratic centralism, and improved the political stand and professionalism of officials, enabling high-quality corporate development through high-quality Party building.



Setting political progress as our overarching principle while equipping ourselves with new theories

We prioritize the study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the primary political task, giving full play to the leading role of the Party's theory learning group to study General Secretary Xi Jinping's speeches and the CPC Central Committee's major decisions and plans in a comprehensive, systematic and timely manner. In 2020, we held an online training on the guiding principles of the Fourth Plenary Session of the 19th CPC Central Committee with 3,644 participants. We have also worked out the division of duties for the Company to implement the guiding principles of the Fourth Plenary Session of the 19th CPC Central Committee, combining the study and implementation of the guiding principles with the preparation of the Company's 14th Five-Year Plan, so as to ensure the implementation of the guiding principles.



Staying true to the Party's founding mission, implementing relevant decisions and plans

Giving full play to the role of the "national pillar" as a central SOE, we have actively promoted the spirit of entrepreneurship, identified the proper positioning in the overall plan of the Party and the nation, integrated into local economic and social development, performed duties and taken responsibilities.

Supporting COVID-19 prevention & control and resumption of work & production

- We have established a leading group and working group of the Party Group to ensure the COVID-19 situation to be controllable, resume production, and fulfill social responsibilities.

Building an innovation-driven enterprise

- We have released the guidelines for technological innovation support policies, promoted "Stage-Gate" management, and improved the layout of project R&D pipelines.

Promoting the restructuring of Sinochem Group and ChemChina

- We coordinate the strategies and businesses of Sinochem Group and ChemChina, as well as their key sectors and project resources.

Winning the final battle against poverty

- With the "1+4" poverty alleviation model, we have completed all the tasks specified in the Responsibility Letter of Central SOEs in Poverty Alleviation and won the National Advanced Group for Poverty Alleviation honor by the Party Central Committee and State Council.

Promoting growth of the seed industry

- We have established a leading group for the strategic development of the seed sector of Sinochem Group and ChemChina, and formulated a specialized plan of seed industry during the 14th Five-Year Plan period, striving to deploy technological innovation to solve "neck sticking" problems in the industry.

Exploring the integrated development of Party building to gather momentum for corporate development

We have integrated Party building with our reform and development. To enhance the integration through vigorous assessments, we have learned popular theories specified in Benchmarking Against World-class Practices and Striving for an Advanced Group. Characteristic Party building activities are incorporated into every link of production and operation, giving full play to the leading role of Party building.

Themed-campaign of "staying true to our founding mission"

In September 2020, the Party committee of ChemChina held a Party Day campaign on the theme of "staying true to our founding mission" at the National Museum of China, and organized Party member representatives to visit the themed exhibition of "Road to Rejuvenation New Era." Frank Ning, Party Secretary and Chairman of the Board, attended the event and delivered a speech, calling on all officials and employees to unify their thoughts and actions around the CPC Central Committee and contribute to the development of the group.



△ Campaign on the theme of "staying true to our founding mission" held by the Party Committee of ChemChina

 **Party members of Huaxing Petrochemicals create the work safety demonstration post**

Huaxing Petrochemicals, a subsidiary of ChemChina Petrochemical, launched the campaign to create the work safety demonstration post to promote basic-level safety management. During the activity, the Party committee of Huaxing Petrochemicals further clarified the standards, contents, and requirements. Based on the actual situation, all basic-level work groups launched learning activities to create a good atmosphere for learning safety skills and improving safety culture, comprehensively promoting the safety management and emergency response capacity of basic-level workgroups.



△ Learning activities based on the actual situation by ChemChina Petrochemical



△ "Dual Leading" Themed Activity held by the Party Committee of Sinochem Energy



△ Party members of Sinochem Shandong Fertilizers rush to support the frontline of spring plowing

Empowering the workforce and ensuring responsibility fulfillment as a major player

With the "two consistencies (bolstering the Party's leadership over SOEs and building a modern enterprise system)" as the institutional guarantee, we have taken the organizational system construction as a solid foundation and responsibility fulfillment as a key to Party building, to enhance Party building, political functions and organizational capability at the group level.



Improving the leadership system of the Party Group

- We have formulated several working mechanisms such as the *List of Responsibilities of the Party Group of Sinochem Group for Enforcing Full and Strict Party Self-governance*.
- We have released the operation plans for "Three Meetings" to ensure scientific and efficient decision-making compliance with laws and regulations.
- We have implemented the mechanism in which the Secretary of the Party Group and Chairman shoulder major responsibilities to integrate Party leadership into corporate governance.

Fulfilling the responsibilities of Party building

- We have formed a closed loop of Party building responsibility management, covering overall planning, supervision and guidance, promotion and implementation, as well as assessment and inspection.

Enhancing Party building at the grassroots level

- We have established a model Party branch to improve Party branch building at the grassroots level.
- We have carried out regular education sessions for Party members to strengthen their capacity to fulfill responsibilities.
- We have conducted special inspections for weak Party branches and organized assistance to improve the functions of primary-level Party organizations in all respects.

Strengthening supervision and rectifying problems

We have strengthened supervision on responsibility fulfillment and rectified problems, implemented a more rigid accountability system, and continued to fight against corruption, to effectively improve Party conducts and clean governance.

Consolidating the rectification achievements by the central inspection team

- We have carried out the "Retrospective" inspection with solid organization, standards, and efforts.
- We have held thematic meetings on democratic consultation and Sinochem warning & education to disclose problems and violations, analyze issues of politics, work, and conduct, and enhance the effect of warnings, striving to purge the political environment.

Rectifying problems through Party building assessment pinpointed by SASAC

- We have formulated the *Rectification Measures for Problems Pinpointed by SASAC in Party Building Accountability Assessment in 2019*, making a long-term and effective rectification mechanism to ensure high-quality task completion.

Sinochem Holdings

439
Rectification measures formulated

420
Rectification measures implemented

95.67 %
Proportion of rectification measures implemented

Creating Value for Society

At Sinochem Holdings, sustainable development drives corporate growth. To fulfill our corporate responsibility, we closely combine our development with the needs of employees, clients, shareholders, and society. While constantly promoting innovation and upgrading to strengthen core businesses, we engage in social welfare activities to boost high-quality and sustainable social and economic development.




Spotlight


Unite as One to
 Fight COVID-19

Strict prevention and control measures to ensure steady resumption of work and production


Sinochem Holdings paid close attention to the entire pandemic prevention and control process, with strong leadership and accurate and effective measures. We used the resources of Sinochem Group and ChemChina in a coordinated way to ensure the production and operation as well as pandemic precaution measures.



Targeted measures are taken across the whole process of COVID-19 response



Scientific decisions made to establish an effective COVID-19 response system



Emergency response is taken to ensure the effective COVID-19 response at home and abroad

Digital COVID-19 response enables digital resumption of work and production.

Under the unified command of the COVID-19 response working group of Sinochem Group, the IT team of the group office promptly established a digital COVID-19 response working group. More than 30 engineers worked day and night remotely to build the employee health status reporting system within 24 hours and the pandemic big data system in 36 hours, making it the first among central SOEs to achieve full coverage of employees with timely, comprehensive, and accurate information supporting measures for COVID-19 response.



△ Sinochem Group COVID-19 big data analysis system



△ Sinochem Group reporting system

In the face of the raging pandemic at the beginning of 2020, Sinochem Holdings resolutely responded to the instructions of the CPC Central Committee by establishing the COVID-19 response system quickly and efficiently with the goal of "leaving no one behind". To fulfill our responsibility, we supported the frontline workers dealing with COVID-19 and helped resume work and production, with remarkable results achieved.

Material donations to ensure supplies

Sinochem Holdings actively performed its political and social responsibilities as a central SOE by gathering resources to produce emergency supplies for pandemic control. We worked together with people across China to overcome difficulties and took multiple measures to fight the disease.

Sinochem Holdings

Over **90.33** million yuan
Donated during the pandemic

Over **6.4** billion
Masks donated

Over **8.18** million tons
Disinfection water donated

Over **23** million yuan
Worth of agricultural products
of Hubei sold

Shouldering the responsibility to ensure anti-pandemic materials supply

After the outbreak of COVID-19, China Haohua quickly started to supply anti-pandemic materials by formulating a material production plan. The company soon developed a new personal protective gown and mask materials, providing a strong support in winning the battle against the virus. It took only five days to complete the design, production, and delivery of the first batch of PPEs to the frontline. In total, 49,000 sets have been produced during the pandemic with 3,000 sets per day, which effectively alleviated the shortage of PPEs supply at the frontline. The company courageously shouldered great responsibilities of ensuring the medical supply. It was commended at the central SOEs' Commendation Conference and Exemplary Deeds Report Meeting on Fighting COVID-19.



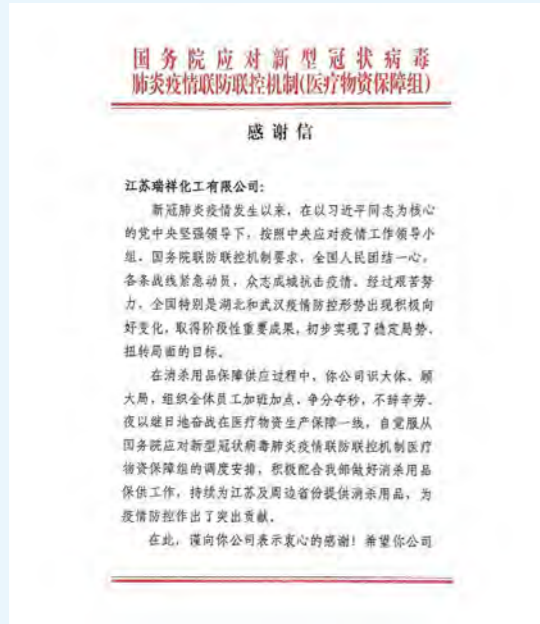
△ Zhonghao Chenguang Research Institute gave full play to its technical advantages of organic fluorine materials and quickly developed and launched e-PTFE microfiltration membrane, the core material of high-efficiency protective mask, effectively alleviating the shortage of melt-blown fabric.



△ Shengyang Research Institute of Chemical Industry designed the first sample of personal protective suits within 36 hours, manufactured them within 48 hours, and started mass production.

Concerted effort to fight COVID-19

Adhering to the idea of "ensuring production while fighting COVID-19," Sinochem Holdings made a plan for early resumption of work to support stable social development and economic growth.



△ Jiangsu Ruixiang Chemical Co. Ltd., affiliated to the Chemicals SBU, was included in the first batch of key enterprises supporting COVID-19 response by the Ministry of Industry and Information Technology. A letter of thanks from the State Council



△ Preventive materials donated by Sinochem Group and ChemChina to the frontline in Hubei



△ Chartered flight organized by Quanzhou Petrochemical for employees to resume work and production



△ China Central Television reports Sinochem Holdings' efforts to resume work and production whilst ensuring both stringent COVID-19 response and spring plowing



△ 10,000 liters of gasoline donated by Sinochem Group to assist the construction of Huoshenshan Hospital



△ Pandemic prevention and Control launched by MAP employees in Xinmin, Liaoning

Ensuring stable energy supply



- **Production and sales of oil products:** We ensured a 24/7 supply of safe oil products at a reasonable price with quality service.
- **Petrochemical warehousing:** We cared about customer needs with smooth logistics.
- **Energy technology services:** We provided data services free of charge to industrial chain partners to help clients make preemptive production plans.

Taking advantage of chemical technologies to supply anti-COVID-19 materials



- **Technical assistance:** By virtue of its comprehensive technology and equipment capacity in producing high fluidity medical melt-blown materials, Tianhua Institute of Chemical Machinery & Automation rushed to aid medical supply manufacturers, built new production lines or transformed and upgraded technology to expand production capacity and mitigate the shortage of PPEs. Shenyang Research Institute of Chemical Industry produced the paste resin for medical gloves at its total capacity and made its latest R&D achievement, high-quality paste resin for medical gloves, available in the market to meet the needs of downstream enterprises and protect human lives.
- **Material supply:** Our Ruixiang Factory operated at full capacity to produce disinfectant stock solutions to supply Hubei and surrounding provinces and cities.

"Supporting COVID-19 response and spring plowing" to ensure food security



- **Assisting epidemic prevention in rural areas:** We launched the "MAP public welfare project for joint pandemic prevention and disinfection in rural areas" to support the efforts in rural public space.
- **Preparing for spring plowing:** We made every effort to ensure production and purchased spring plowing with sufficient supply and at a reasonable price.
- **Unblocking logistics for agricultural materials:** We cleared the logistic channel to address the "last-mile" delivery in rural areas through field research, real-time monitoring, and coordination with the government.

Cooperating with real estate stakeholders to fight COVID-19



- **Construction and operation:** We strengthened disinfection and precaution measures to ensure people's safety and smooth business operation. We exempted the rent of all stores in China Jinmao's shopping malls for 17 days to tide them through the difficult time.
- **Sales:** We ensured a sufficient supply of consumer goods at a reasonable price to protect people's livelihood in surrounding areas.

Providing stable and quality financial services



- **Improving the epidemic response mechanism:** We adopted a flexible working system and job rotation system to ensure the normal operation of all departments and companies.
- **Online services:** We launched the automatic valuation system and other online services such as live-streaming to enable clients to access high-quality services at home.

Supporting global partners in COVID-19 response



- Sinochem Agriculture shared anti-epidemic experiences with overseas partners along the Belt and Road, including Jordan's Arab Potash Company, Russia's Uralkali Potash Company, and Morocco's OCP Group. Our China National BlueStar, through its advantage in trade, and supported overseas enterprises in COVID-19 response. The company organized the customs declaration and air transportation of preventive supplies and exported more than 24,000 masks in 6 batches. Pirelli prepared 65 ventilators, 5,000 sets of PPEs, and 20,000 masks to help the Lombardy government's support to local hospitals.

Making HSE our Core Competitiveness

Sinochem Holdings thoroughly studies and implements President Xi Jinping's Thought on Ecological Civilization and his instructions on work safety. Focusing on risk management, we take system building as the starting point, keep problem-oriented principles, and benchmark against advanced models to continuously improve the operation of the HSE system. We prevent accidents, cement our achievements of pollution prevention and control, and ensure employees' physical and mental health, reforming and growing Sinochem Holdings with advanced HSE as core competitiveness.

<p>System</p> <p>The standard of the HSE system is improved to be more adaptable</p>	<p>Sinochem Group</p> <p>2,753 HSE systems added or revised</p>
<p>Appraisal</p> <p>We optimized the appraisal system and made the HSE responsibility network cover a broader range and reach a deeper level.</p>	<p>Sinochem Holdings HSE assessment system</p> <ul style="list-style-type: none"> 100% included in the positive appraisal of organizations at all levels 100% included in the performance appraisal of functional departments 100% included in the personal action plan of the leadership 100% included in the formulation and appraisal of post responsibility
<p>Audit</p> <p>We expanded the mandate of the HSE audit team with 100% HSE self-assessment in each SBU and enhanced the audit system based on "3 transformations plus 4 actions".</p>	<p>Sinochem Group</p> <p>The number of HSE auditors increased by 58% over the last year</p>
<p>Trainings</p> <p>HSE training is strengthened with enriched course resources, better internal trainers, and various forms of awareness-promotion and training events such as weekly class, daily share, expert interviews, and short videos</p>	<p>Sinochem Holdings</p> <ul style="list-style-type: none"> 5,302 HSE courses developed 2,625,129 hours of trainings completed 575,268 participants in training
<p>IT-based HSE management</p> <p>The HSE management information system is launched, which plays an important role in data standards formulation, data visualization management, dynamic risk early warning, automatic assessment of HSE system operation, management cost reduction, standardizing process supervision, improving safety, and providing scientific decisions with higher HSE management efficiency.</p>	<p>Sinochem Holdings</p> <ul style="list-style-type: none"> 1,211 enterprises accessible to the HSE management information system 1,700,000 pieces of data collected 230,000+ times of data reviews

<p>Sinochem Group</p> <p>0</p> <p>General and above environmental events</p>	<p>ChemChina</p> <p>0</p> <p>General and above environmental events</p>
<p>0</p> <p>Major negative HSE public opinion</p>	<p>0</p> <p>Major negative HSE public opinion</p>

Boosting Green and Low-Carbon Development

Striving to pioneer and practice China's proposal of "peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060", we earnestly practice "lucid waters and lush mountains are invaluable assets", benchmark against world-class enterprises, and strengthen targeted governance. With measures like structural adjustment, clean production, upgrading and transformation, phasing out outdated techniques, and advancing technology, we reverse the energy-intensive growth model and strengthen efforts in green and high-quality development.

<p>Energy efficiency improvement and clean energy substitution</p> <ul style="list-style-type: none"> Promote the energy utilization of existing and new projects and key energy-consuming devices to reach the top level in the industry and reduce the intensity of carbon emission as well as the total amount of carbon emission. Implement the clean and renewable energy substitution plan to gradually reduce the proportion of fossil energy consumption such as coal. Explore the construction of distributed photovoltaic power generation projects on roofs and open spaces to promote photovoltaic projects as well as the transformation of energy structure.
<p>Upgrading of industrial structure</p> <ul style="list-style-type: none"> Extend the industrial chain and business scale of key chemical materials into wind power and photovoltaic. Develop core battery materials and green chemical material business such as degradable plastics, and enhance green construction chemicals business to facilitate carbon peak and carbon neutrality in the whole society.
<p>Utilization of carbon dioxide in chemical industry and development of new green hydrogen technology</p> <ul style="list-style-type: none"> Develop, reserve, and apply new technologies of using carbon dioxide in the chemical industry, such as producing degradable plastics to reduce carbon emission in the whole industry. In preparation and utilization of hydrogen resources, we must develop and apply green hydrogen technologies to become a leader in this sector.
<p>Low-carbon agriculture</p> <ul style="list-style-type: none"> Improve planting efficiency and reduce carbon emissions in agricultural practice through implementing MAP strategy and intensive planting. Improve crops photosynthetic efficiency and agricultural carbon sink capacity.
<p>Utilization of industrial waste</p> <ul style="list-style-type: none"> Convert industrial waste into new energy or resources to achieve recycling and cut industrial emissions.

In comparison with that of 2019

<p>Sinochem Group</p> <p>30.6%</p> <p>Decrease of chemical oxygen demand emissions</p>	<p>ChemChina</p> <p>40.13%</p> <p>Decrease of chemical oxygen demand emissions</p>
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<p>8.79%</p> <p>Decrease of ammonia nitrogen emissions</p>	<p>64.33%</p> <p>Decrease of ammonia nitrogen emissions</p>
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<p>46.5%</p> <p>Decrease of NOx emissions</p>	<p>21.70%</p> <p>Decrease of NOx emissions</p>
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<p>69.5%</p> <p>Decrease of SO₂ emissions</p>	<p>36.43%</p> <p>Decrease of SO₂ emissions</p>
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2020

1.5879 million tons

General solid waste used

3.936 million tons

General solid waste used

Quanzhou Petrochemical explores low-carbon management

Quanzhou Petrochemical is a pacesetter in low-carbon management and carbon asset management of Sinochem Group. Since Fujian Province started carbon trading in 2016, Quanzhou Petrochemical has actively carried out carbon emission management, improved carbon emission management system, and promoted energy conservation and consumption reduction with technological innovation. It was awarded as a Leader in Energy Efficiency of Crude Oil Processing by the Ministry of Industry and Information Technology in 2019 and the title of Green Factory of Fujian Province in 2020. As an internal pilot, it carried out carbon emission trading with Sinochem Oil Co., Ltd. in 2020 and took the lead in both high energy efficiency and low carbon emission.

Sinochem International incorporates energy consumption into annual management indicators

Since launching the FINE 2030 Initiative in 2019, Sinochem International has included energy consumption into the annual management indicators, with the total consumption being broken down to each plant unit. The company continues its energy management measures such as corporate energy conservation assessment and energy audit, achieving lean management of energy consumption. It reduces energy consumption through all-round technological innovation, energy conservation management, cascade energy utilization, phasing out energy-consuming equipment and low-carbon energy structure. In 2020, Sinochem International's overall carbon emissions were reduced by 220,000 tons compared with that of 2019.

ChemChina Petrochemical reaches a balance between hydrogen production and consumption

Responding to "lucid waters and lush mountains are invaluable assets," the development concept of President Xi Jinping, and the goal of reducing coal consumption at the start of the 14th Five-Year Plan, Changyi Petrochemical, a subsidiary of ChemChina Petrochemical, has struck a balance between the hydrogen production and energy consumption by finding a clean alternative for coal since February. A series of optimization measures have been adopted to shelve the 10,000 standard cubic meter/ hour hydrogen production equipment. More than 1,400 tons of fuel gas are saved every month for the power department, equivalent to 2,100 tons of coal consumption and 4,437 tons of CO2 emission. Remarkable improvements have been achieved in energy efficiency.

Bluestar Elkem: Advocating the application of biochar to promote climate neutral in metal smelting

As an important ferrosilicon product supplier globally, Bluestar Elkem has been actively advocating the use of biochar in production. It invested 140 million Norwegian Kroner in its plant in Rana, Norway, to build production equipment using biochar, aiming to reduce carbon dioxide and nitrogen oxide emissions. By using biochar, the reduced nitrogen oxide emission was equivalent to removing nearly 20,000 diesel vehicles on the road. In 2019, the plant in Paraguay used 100% charcoal as the reducing agent for industrial silicon production and Eucalyptus wood as the supplementary energy, becoming the first plant of Bluestar Eken to realize 100% biochar usage in the world. In 2020, Bluestar Elkem decided to invest in a biochar pilot plant in Canada. It would use renewable biochar to replace coal as the reducing agent in producing metal silicon and ferrosilicon to make metal smelting more climate neutral.



△ Bluestar Elkem's plant in Rana, Norway

Optimizing Safety Management

Sinochem Holdings has established an awareness of safety red line, adheres to tapping both the symptoms and the root causes, and focuses on preventing and containing accidents.

Incremental risk control has been further enhanced

- Paying close attention to the stages from construction project feasibility study, design to completion acceptance, establishing a traceability mechanism for hidden quality hazards, strengthening due diligence and problem rectification of mergers and acquisitions projects, and moving the critical window forward.

Existing risks have been further reduced

- Focusing on the goal of improving intrinsic safety, and the improvement of process safety and facility integrity management; targeting the dual prevention mechanism of risk prevention and control as well as investigation and rectification of hidden danger, enhancing the three-year action plan on work safety; consequently, the intrinsic safety has been significantly improved.

The emergency rescue capability has been further enhanced

- Strengthening the key steps systematically and make up for weakness through capability assessment; enhancing efforts on fundamental work to improve pragmatic ability; making preparation to respond to extreme weather and flood, achieving stepwise results in the construction of emergency base; carrying out multiple national rescue tasks, and demonstrating Sinochem Holdings' CSR in practical actions.

Efficient emergency response safeguards the last line of defense for safety

Zhoushan base made a breakthrough in the tactical research on the full surface fire of 100,000 cubic meters of crude oil storage tanks. Besides, it undertook the national and internal technical services and trainings; Quanzhou Petrochemical Base base successfully completed more than 60 times of external rescue tasks. The two bases participated in the rescue of "3.7" collapse of Xinjia Hotel in Quanzhou, the "8.20" hazardous chemical ship fire accident in the Yangtze Estuary and the emergency response to super typhoons such as Typhoon Hagupit. They were commended by the Ministry of Emergency Management.



△ Quanzhou Petrochemical emergency base participates in the rescue of the "3.7" collapse of Xinjia Hotel in Quanzhou



△ Sinochem Zhoushan emergency base participates in the rescue of the "8.20" hazardous chemical ship fire accident in the Yangtze Estuary

Sinochem Group

100%
Reduction of major accidents

100%
Registration and inspection of special equipment

100%
Implementation of the "Source chief system" for major hazard sources

100%
Equipment mounted ratio and series commissioning ratio of two major safety instruments

109,957
Equipment-related hazards identified

92,501
Hidden hazards investigated

17,311
Three-year actions on work safety

49%
Year-on-year increase of full-time emergency team members

33%
Year-on-year increase of emergency equipment

1,786
Drills carried out in total

46,034
Participants

Promoting High-Quality Employment

Based on its own scale, technological strength and international level, Sinochem Holdings continues to provide high-quality and high-level job opportunities for the society, attracting high-quality talents for fueling the Company's development. Especially against the backdrop of COVID-19, Sinochem Holdings resolutely promotes "anti-pandemic stabilization and employment expansion", provides as many jobs as possible to the society, and absorbs high-quality talents.

Campus and social recruitment

As an important "reservoir" for creating jobs, Sinochem Holdings actively plays a role as a model for stabilizing employment. In 2020, the number of college graduates and the total number of newly recruited employees reached 8,808.

Special Recruitment in Hubei

Faced with the impact of the pandemic on social employment, the "Online Mutual Selection Event" was held to ensure that "employment services will not shut down", and we recruited more college graduates in Hubei. Our subsidiaries held [participated] 4 special recruitment sessions in Hubei.

Engaging in Public Welfare

Based on the principle of win-win cooperation, Sinochem Holdings grows together with all stakeholders, actively participates in social welfare undertakings, serves the national economy and the people's livelihood, and shares the high-quality development achievements with the society.

Empowering growth for teenagers

Sinochem Holdings organized various education activities to help children grow healthily. The "Dreams Come True" charity event organized officials and employees as volunteers to provide "one-on-one" paired assistance and help teenagers in recipient areas complete their education from primary school to high school, making children in poverty-stricken areas realize their "dream of seeking knowledge". Together with CCTV Science and Education Channel, ChemChina brought the science education activity of "chemical industry makes life better" show to children, which has stimulated the curiosity of teenagers and children, and cultivated the promising youth to pursue for science, dreams as well as scientific innovation.



△ Young volunteers from Sinochem Holdings carry out "Dreams Come True" charity event to support education in Ar Horqin Banner, Inner Mongolia



△ Chemical show science education activity by ChemChina Museum and CCTV Science and Education Channel

China Jinmao Cup" fitness running event

On the first day of 2020, the "China Jinmao Cup" fitness running event was held, cumulatively attracting nearly 30,000 Wenzhou citizens. China Jinmao has integrated the "green and healthy" philosophy into the life of Wenzhou people, actively created pleasant sports conditions for the society. It has sponsored the new year health running for three consecutive years, facilitating Wenzhou to build into a "healthy city".



△ "China Jinmao Cup" fitness running event

Sinochem Guangdong provides free services for people returning home

Sinochem Guangdong has launched the initiative during China's Spring Festival for ten consecutive years by setting up stations for people returning home at several gas stations. The company assists them to load luggage, provides road condition and safety information consultation as well as free motorcycle washing services to ensure that they return home safe and sound.



△ Sinochem Guangdong employees provide free services to facilitate motorcyclist returning home

Sinochem Quanzhou held the beach cleaning activity

Quanzhou Petrochemical held the volunteer activity of "clean the beach and protect the beautiful ocean, we are in action". Our volunteers went to Yueliang Bay located in Hui'an County, Quanzhou City, to clean the beach, and removed nearly 35 kg of beach waste. This activity not only promoted a sound atmosphere in coastal areas to preserve the marine ecological environment, but also contributed to solving the pollution of floating garbage and building a beautiful coastal zone.



△ "Clean the beach and protect the beautiful ocean, we are in action" activity

Spotlight

Empowering Rural Vitalization

Adhering to the Central Government's target of securing a decisive victory in building a moderately prosperous society in all respects and the three-year guideline on winning the battle against poverty, Sinochem Holdings has completed the tasks and objectives of the *Responsibility of Targeted Poverty Alleviation for Central Organizations* with high quality. All regions assisted by Sinochem Group were removed from the poor counties list in 2020, including Horinger County, Qingshuihe County, Linxi County and Ar Horqin Banner in Inner Mongolia, Da Qaidam and Delhi City in Qinghai, and Gangba County in Tibet. Pingshan County of Hebei Province and Gulang County of Gansu Province, assisted by ChemChina were removed from the the poor counties list as well in September 2018 and February 2020 respectively. During the transition period from poverty alleviation to rural revitalization, we will continue to coordinate the two and contribute to the improvement of the living standards of both urban and rural residents as well as the development of agriculture, rural areas and farmers.



Sinochem Group			
670 million yuan Invested in poverty alleviation cumulatively	40 Officials dispatched in total	213 Projects implemented in total	302 million yuan Invested in the Central SOEs Industrial Investment Fund for Poverty-stricken Region
ChemChina			
51.84 million yuan Invested in poverty alleviation cumulatively	10 Officials dispatched	59 Projects implemented in total	160,700 Beneficiaries cumulatively



△ Sinochem Holdings' MAP poverty alleviation team is awarded National Advanced Collective for Poverty Alleviation by giving full play to the advantages of integrated operation of agricultural inputs and services to realize scaled-up and intensive operation and prosper agriculture by technological means



△ Sinochem Holdings assists Pingshan in Hebei Province to carry out high-quality vegetable planting projects, producing vegetables with high yield, better appearance and robust quality





△ Full view of Gangba County in Tibet Autonomous Region assisted by Sinochem Holdings

Promote the transition from poverty alleviation to rural vitalization

Sinochem Holdings keeps working on and investing in rural vitalization with the same policy support and assistance. To boost rural vitalization, we closely follow the rise of new agricultural business entities and the upgrading trend of market consumption, focus on new agricultural entities, and formulate the whole-process solutions for modern agriculture, so as to unblock industrial chains, and drive the transformation of organizational operation mode of agricultural production.



△ Employees form volunteer teams give lectures to students during the "Dreams Come True" campaign

Conduct strategic cooperation on rural vitalization

Sinochem Holdings teams up with China Post Group to jointly contribute to the rural vitalization strategy. The two parties give full play to their respective superior resources to launch cooperations in the fields of building a comprehensive service ecology for agriculture, rural areas and farmers, and co-creation and sharing of agricultural big data information, so as to continuously extend the industrial chain, optimize the supply chain, upgrade the value chain, and expand the ecological chain, contributing due experiences and strength to fuel the stable development of agriculture and assist farmers to increase their income.



Promoting the matchmaking between production and sales, and continuously boosting rural vitalization

Leveraging Syngenta's technical advantages in plant protection and seed industry, we're dedicated to help Gulang County deal with wolfberry planting barrier, with the approach of introducing Syngenta fund and building a 200-mu wolfberry demonstration park in Yangguang new village, Xijing Town, assisting the county to build its own wolfberry brand. We have invested in e-commerce support fund to develop the "Authentic Gulang" e-commerce platform and "Good Fellows 365" Pingshan e-commerce platform, as well as Gulang e-commerce public service center and 3 e-commerce service stations. In addition, we have also cooperated with several banks to help sell agricultural products of poor counties in bank APPs, further broadened the circulation channels of agricultural products, and boosted the vitalization of Gulang village. In 2020, the cumulative sales of Gulang via various e-commerce platforms reached 9.723 million yuan, with a year-on-year increase of 8.823 million yuan, and a growth rate of 980%.



△ Gulang Wolfberry Deep Processing Plant assisted by Sinochem Holdings



△ The "Authentic Gulang" e-commerce platform

Scale up special service model for rural vitalization

Sinochem Holdings has built the modern agricultural service platform (MAP), aiming at "increasing production and income of large planting households and enabling small farmers to enjoy common prosperity", which marks an important part of rural vitalization. We also focus on the philosophy of "science and technology make better agriculture", and make headway to maximize value for farmers while honoring the original aspiration and mission of "bringing happiness for Chinese farmers and transforming China's agriculture", so as to propel the transformation of agricultural production and management from "specialized production" to "consumption upgrade".



Enhancing agricultural technological services

- 418 variety screening and supporting technological research platforms have been built, to work out the planting technological plan of achieving "high-quality, efficient, simplified and sustainable" approach, and provide to farmers for free
- Multi-dimensional trainings are provided for farmers, aiming at improving their resource use efficiency and refining product quality



Building a service system at both county and township level

- 276 MAP technical service centers and 330 MAP farms have been built, to provide all-round agricultural technical support for farmers



Establishing the digital agricultural service system

- The MAP intelligent agriculture system has been developed, to directly reach farmers and move up scientific planting decision-making and efficient planting management



Establishing the service platform for the matchmaking of production and sales

- "End-to-end" services consisting of "defining quality standards - selecting fixed planting bases - optimizing planting plan - providing targeted purchasing", makes high-quality agricultural products marketable and also empowers the upstream and downstream of the industrial chain



Providing agricultural inclusive financial services

- An all-round agricultural inclusive financial system has been formed, to provide farmers with a variety of agricultural loans and insurance



Cultivating a service team with expertise and care for farmers

- The strategic cooperative relationship with scientific research institutes has been established, to train Mapper agronomists, and provide talent support for agriculture, rural areas and farmers

Creating Value for Clientss

Sinochem Holdings takes the creation of value for clients as the ultimate goal of corporate operations, and integrates the customer-centric philosophy throughout strategy, R&D, operation, and service sectors. The Company exerts the driving force of technological innovation, unleashes the supporting role of excellent operation, and builds a capability system to create value for clients, in an effort to constantly adapts to market demand and provide clients with competitive products and services.






Technological Innovation Drives Value Creation

Supported by the "Innovation Triangle", Sinochem Holdings has closely focused on clients' needs and introduced a series of technological innovation measures to promote the establishment of a technological innovation system, build a platform for industry-academia-research cooperation, cultivate high-level scientific and technological talents, and develop high-quality customer service models and innovative products, which enable technological innovation serve as an "accelerator" and "propellant" that creates value for clients.

Refining the technological innovation system

Aligning the national strategy of innovation-driven development, upholding the philosophy of "In Science We Trust" and taking the "Innovation Triangle" as the guidance, aiming at the development of strategic technological force, and benchmarking against world-class enterprises, we renew our efforts to build an open and diversified industrialized technological innovation system, and strive to build ourselves towards a "high-throughput innovation machine".

Innovation triangle	Progress in 2020
 <p>Subjects</p>	<ul style="list-style-type: none"> Making up for the gaps of new chemical materials: established the "Engineering Technological Innovation Center of Sinochem Group" with the foundation of Luxi Group Improving independent innovation capability: invested in the Innovation Fund for the construction project of the State Key Laboratory of Zhejiang Research Institute of Chemical Industry; and important progress has been made in the application of the National Corn Seed Industry Innovation Center Enhancing the top-level design of scientific and technological talents: formulated the plan of scientific and technological R&D leading team, and completed the assessment and employment of the first batch of scientific and technological R&D senior experts (T5)
 <p>Approaches</p>	<ul style="list-style-type: none"> Augmenting support for innovative activities: formulated the <i>Outline of Sinochem Group's Support Policy for Science and Technology Innovation (2020)</i>, identifying 87 specific measures Implementing equity incentive projects: released the <i>Medium- and Long-term Incentive Guidelines of Sinochem Group</i>, and implemented a number of medium- and long-term incentive tools
 <p>Culture</p>	<ul style="list-style-type: none"> Formulating scientific and technological development layout plan: organized research on the scientific and technological development layout during the 14th Five-year Plan and formed a preliminary plan focusing on innovation capability and R&D projects Carrying out key scientific and technological projects: moved forward key scientific and technological projects orderly and exceeded the annual plan objectives Increasing investment in science and technology: identified the benchmarking indicators of science and technology investment in main business areas, and promoted the continuous and rapid rise of the corresponding investment

The first approved equity incentive scheme for technological companies

On November 11, 2020, the equity incentive scheme of the Testing Technology Co., Ltd., subordinate to Shenyang Research Institute of Chemical Industry, was approved, enabling it to become the first technological company of Sinochem Group to implement equity incentives in accordance with the *Interim Measures for Equity and Dividend Incentives of State-owned Technology Enterprises*. It is planned to grant 10% of the registered capital of the company, covering 84 core employees, 83.3% of which are technological personnel, which will play a positive role in improving the corporate governance system, promoting enterprise development and business performance, and enhancing employees' awareness of entrepreneurship and innovation.

747

By means of the Sinochem Introduction Plan for Scientific and Technological Talents, Sinochem Group has cumulatively introduced R&D talents of comprehensive chemical business (excluding the merged Luxi Group)

22

Leading talents

274

ChemChina has cumulatively introduced talents by means of the "Thousand Doctors Program"

Building an industry-academia-research platform

Focusing on the needs of technological innovation, and joining hands with more than 10 key Chinese universities and scientific research institutes including the Chinese Academy of Sciences, Tsinghua University and Beijing University of Chemical Technology, as well as several well-known academician teams, we have built an open innovation platform by means of joint laboratories, academician workstations, postdoctoral workstations, industry-academia-research cooperation bases and technological alliances, etc., to carry out collaborative research on key technologies.



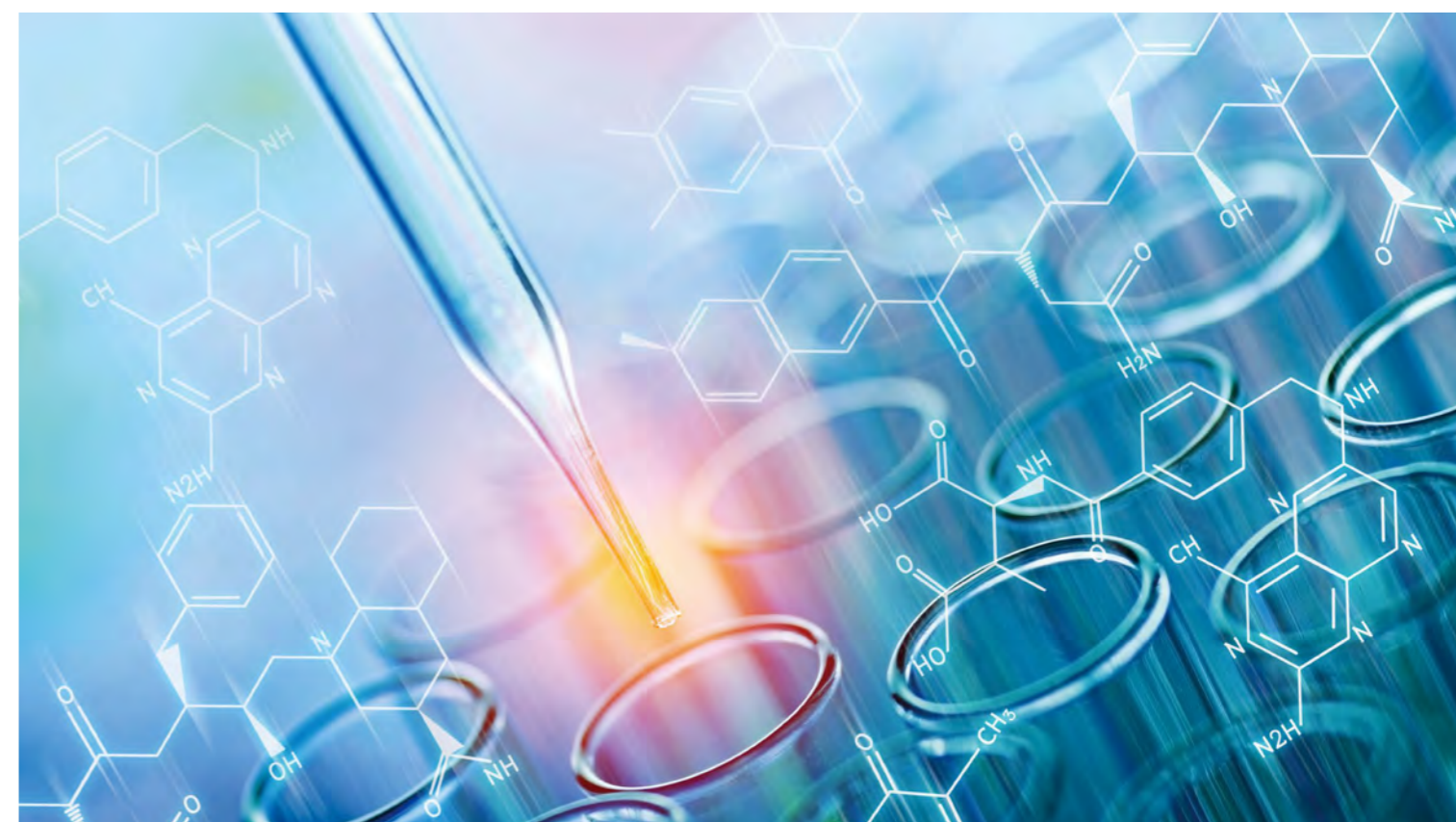
Building an integrated industry-academia-research platform for optical materials

In December 2020, Xinnuolixing Optical Resin Subcenter of the National Stress-Loaded Structure and Plastics Engineering and Technology Research Center under Sinochem Holdings was inaugurated. In view of the reality that China heavily rely on imports for medium and high-end optical materials, and shortage of domestic production capacity, we have built an R&D platform integrating basic research, laboratory development, engineering development, analysis and testing of optical materials. This platform focuses on the development of industrialized preparation technology for optical-grade engineering plastics with independent intellectual property rights, and the emerging material markets, so as to quickly realize the transformation and industrialization of scientific research results.



Establishing the Polyurethane Material Application Center, which will speed up the domestic production

In May 2020, the Polyurethane Material Application Center of ChemChina Composite Material Joint R&D Center was established, which will give full play to the advantages of the cutting-edge material R&D of Liming Research Institute of Chemical Industry and KraussMaffei's high-end intelligent manufacturing. It aims to accelerate the domestic production of industry-related materials, which is of great significance to enhance both parties' technical R&D capability and market expansion in the polyurethane field.



Transforming technological innovation achievements

In 2020, Sinochem Group invested 18.68 billion yuan in technological innovation, 1,036 new product (new process) projects and reached a sales revenue of 40.1 billion yuan. Shenyang Research Institute of Chemical Industry, Sinochem Environment, Haohua Tech and China Bluestar Chengrand were selected into the list of the Demonstrative Actions on Reform of Technology-Based Enterprises by the steering group of SOE reform of the State Council. They have carried out research on key and core technologies, and worked out a batch of key products and technologies in the industry.

Independent intellectual property rights:

3,347

Patent applications, including

2,316

Invention patents

2,874

Authorized patents, including

1,947

Invention patents

1

Patent won the China Patent Silver Award

2

Patents won the China Patent Excellence Award

4

Patents won the Patent Excellence Award presented by China Petroleum and Chemical Federation (CPCIF)

1

Patent won Zhejiang Patent Gold Award

Standard formulation:

57

Newly formulated and revised national standards

33

Industry standards

Science and technology awards

72

Science and technology awards at provincial and ministerial level or higher

National projects

63

Undertook national R&D projects

Sinochem Group won several technological innovation awards in the petrochemical industry

6 scientific research projects of Sinochem Group were commended in the 2020 China Petroleum and Chemical Technology Innovation Conference organized by China Petroleum and Chemical Industry Federation, with 2 second prizes, 3 third prizes, 4 excellent patent awards and 8 excellent scientific and technological workers awards.

The international standard formulated by ChemChina has been formally released

The *ISO 23222: Corrosion control engineering life cycle – Risk assessment*, the international standard formulated by ChemChina on behalf of the chemical industry was approved, and the International Organization for Standardization (ISO) officially released it globally. The issuance and implementation of this standard are of great and far-reaching significance for promoting the high-quality development of the chemical industry, enhancing the awareness of safety, and focusing on corporate safety management and control.

27 standards formulated in the agricultural industry by Shenyang Research Institute of Chemical Industry

Among the 95 industry standards released by the Ministry of Agriculture and Rural Affairs, 27 of them are organized and formulated by Shenyang Research Institute of Chemical Industry, setting technical requirements for pesticide products based on indicators like pesticide product requirements and test methods, etc., which will effectively standardize the production of pesticide products in China and enable to improve product quality.

China's first framework of a standard system for HFOs refrigerants established by Zhejiang Research Institute of Chemical Industry

The *Formulation of Series of National Standards for Hydrofluoroolefins (HFOs) Refrigerants* by Zhejiang Research Institute of Chemical Industry established the framework of China's standard system for HFOs, provided the first quality assessment standard for the new generation of environmental-friendly refrigerants home and abroad, which was listed as the world's leading standard cultivation subject by the Standardization Administration of China, and has been presented the Major Contribution Award of Zhejiang Standard Innovation Contribution Award.

Bluestar Elkem's Xinghuo Organic Silicones win the first prize for innovation of industry standard

The "Vinyl-terminated Dimethyl Silicone Oil" group standard mainly drafted by Bluestar Elkem's Xinghuo Organic Silicones won the first prize of innovation for China's fluorine and silicone industry standard, and was selected into the 100 group standard application demonstration projects of the Ministry of Industry and Information Technology, which has filled the gap for the national and industrial standards for vinyl-terminated dimethyl silicone oil products, standardized the production indicators and testing methods, and reduced the non-qualified rate of organic silicone downstream products with expanded applications.

Multiple breakthroughs in recycling and reuse of chemical waste salt recycling and zero-emission technology of Sinochem Environment

Sinochem Environment has made a bunch of breakthroughs in the field of chemical waste salt recycling and zero-emission: the jingtai waste salt recycling project has been officially put into operation to move up the industrial chain from treatment to utilization of waste salt; we have cooperated with Bluestar and Hangzhou Water Treatment Technology Development Center of Sinochem Group and ChemChina to complete the pilot test of zero discharge technology of high-salt wastewater; we have also cooperated with Jiangsu Yangnong Chemical Group to launch the recycling project of refractory wastewater with high salt content and high COD, so as to facilitate the fine chemical industry to solve issues including chemical waste salt disposal.

Honors

Shenyang Research Institute of Chemical Industry, Sinochem Environment, Haohua Tech and China Bluestar Chengrand were selected into the list of the Demonstrative Actions on Reforms of Technology-Based Enterprises by the steering group of SOE reform of the State Council

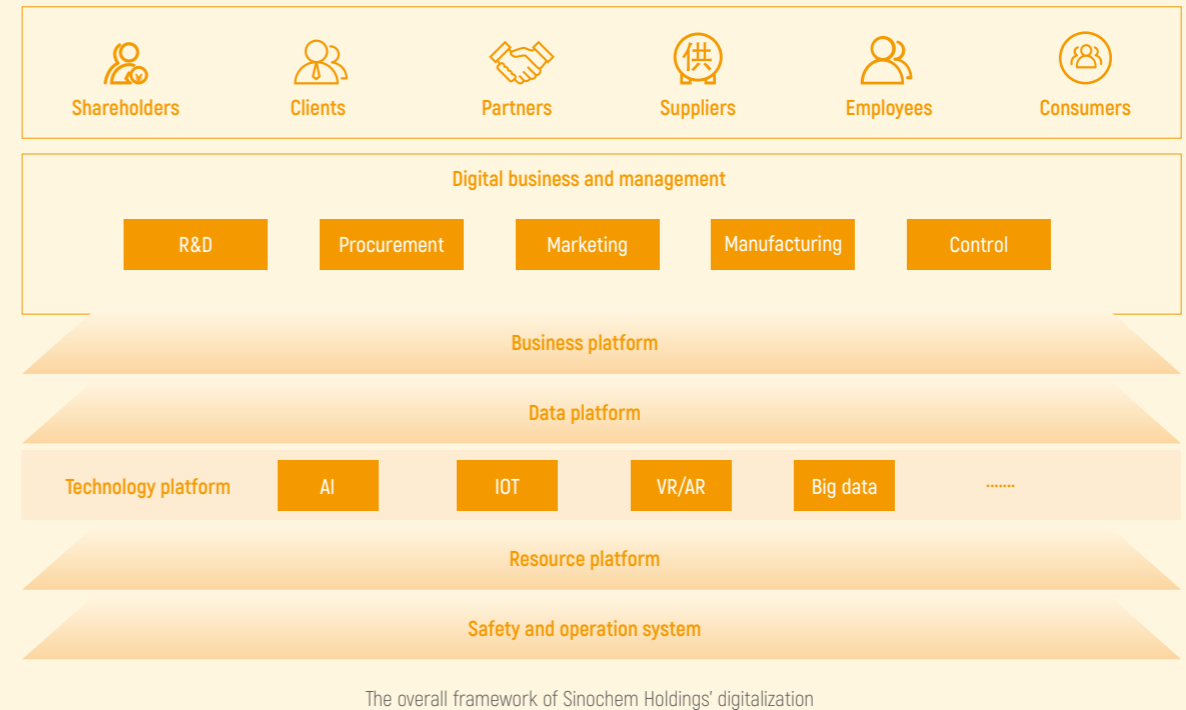
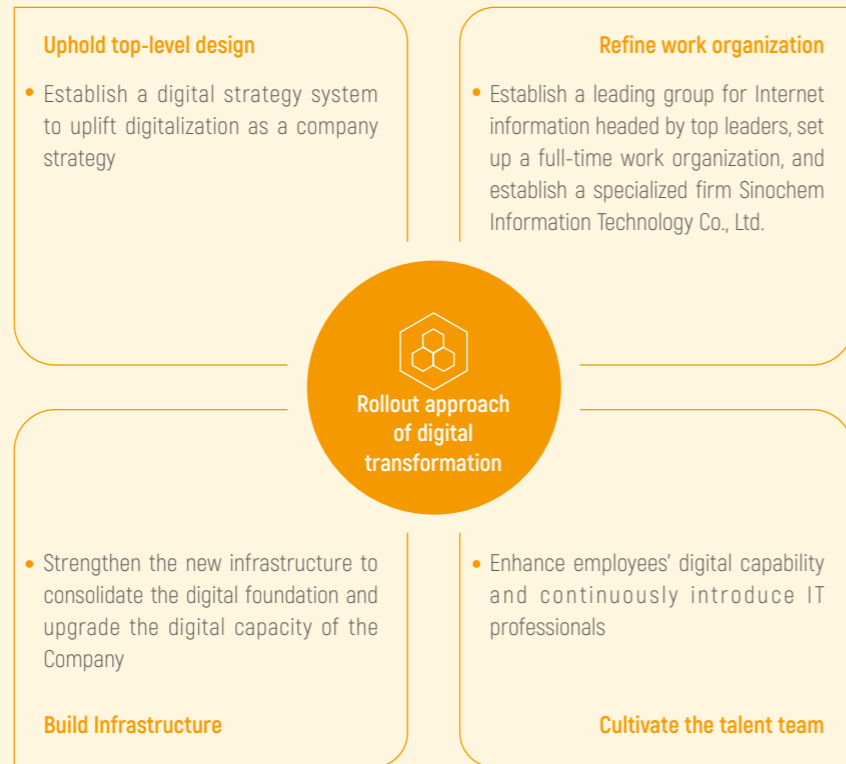
Luxi Group, Sennics Anhui, Chenguang were selected into the list of National Technological Innovation Demonstration Enterprises 2020 by the Ministry of Industry and Information Technology

Liming Research Institute of Chemical Industry was selected into the list of the 27th batch of national enterprise technology centers



Operational Excellence Drives Development

Digitization has fostered new productive forces, new ways of trade and company management. Under the strategic background of reorganizing Sinochem Group and ChemChina, Sinochem Holdings adheres to the principle of "In Science We Trust," and puts forward the "Online Sinochem" strategy to vigorously carry out digital transformation, promote the reorganization and transformation of business processes and production methods, reconstruct customer service and product innovation, and enhance the overall upgrading of IT-based, digitalized and intelligent management and business innovation and transformation, with the aim of achieving excellent operation.



Ecological synergy layer
Core business layer
Technical support layer
Cultural governance layer

Distinctive digital innovation practices

Building a new digital platform

- The 66 cloud chain energy and chemical supply chain system developed by Sinochem Energy provides one-stop online logistics solutions for vehicles transportation, marine transportation and warehousing, as well as blockchain-based digital warehouse receipt.
- Sinochem Lantian has built an innovative fine chemical intelligent factory, which witnesses the great improvement of device operation, quality management, warehousing, logistics and equipment management with sound benefits.

Providing new solutions for business and products

- Sinochem Logistics Port supports the big data center based on a large number of basic data on automatic control instrument system of petrochemical storage enterprises and brings information sharing and value-added services to interested parties.
- Pirelli provides Cyber-Tyre solutions to the automatic driving system, which identifies and passes potential hazards associated risks with road conditions through data technology to empower safe driving.

Creating new model of smart agriculture

- The accuracy of meteorological prediction has been improved through data fusion and machine learning. Thirty-two agricultural weather disaster prediction models have been launched, and a special reporting service system for major disastrous weather has been established.
- The enterprise edition of a pest early warning has been launched to realize the complete application of the three elements of pest epidemic in the algorithm, and a pesticide database has been built to generate electronic prescriptions for plant protection.

Inaugurating a new life of intelligent residence

- The Jinmao community with "ten smart systems," including smart security, smart fire control and smart elevator, has greatly improved service efficiency and operation quality, ensuring residential safety.
- Remote control and automatic identification have been realized in eight customized scenes around the four aspects of smart interaction, smart scenes, smart learning, and smart energy, which contributes to realizing the smart life.

Offering new ways to reduce financial risks

- The generic blockchain identity recognition product has been launched to integrate functions including identity management, platform login authentication, electronic signature, which greatly improved transaction efficiency with much lower costs.
- An application platform with independent data collection and data analysis has been built to provide support for big data anti-fraud, risk control and business decision-making for small and micro-businesses.

Diversified Services Cater for Different Needs

Sinochem Holdings continues to provide clients with high-quality, low-cost, and competitive products and services to meet their diverse needs and improve customer satisfaction.

Improving petroleum services

Digging into its advantages in the entire petrochemical industry chain, Sinochem Holdings diversifies services for the petroleum business and continuously extends the business. Leveraging online platforms and big data to explore new professional service modes, we strives to provide clients with excellent petroleum reserve services and product consumption services.

Launching "high-quality fuel"

The "Yuexinqing" high-quality fuel, the first to be certified as China Clean Fuel (CCF) by the Chinese Research Academy of Environmental Sciences, owns patents for its unique power performance and improved burning durability, which is a high-quality fuel adapted to direct injection engines in China, delivering an excellent driving experience to clients.

Building a blockchain-based digital warehouse receipt platform

The Blockchain Digital Warehouse Receipt Platform addresses the financial painpoints of the petrochemical supply chain by facilitating the key nodes of third-party warehousing of liquid logistics, to ensure that digital warehouse receipts are strictly matched to warehouse goods, resolving the difficulties in goods delivery. Blockchain certificates of deposit can achieve immediate delivery and pledging, which boosts the credibility level of the whole industry.



Integrated service platform for intelligent gas stations

"Fuel E Purchasing" app is the first digital platform in China to realize the whole process of the online transaction of refining and chemical products. Connected with the international crude oil market, this app enables users to transact at night with core functions such as 24-hour product sales, online payment, automatic delivery, big data analysis, and mobile orders placement, which can meet the needs of clients with just one click and simplify the sales of fuel while improving customer experience.

Safe bulk commodity logistics

Following "financial technology services based on industrial digitalization", 66 cloud chain upholds the business philosophy of creating value for clients and adopts leading technologies such as the Internet of Things, blockchain, and digital twin. Based on its existing 66 express, shipping gang and canghai gang, and other related digital products and service systems, the Company makes real-time and online multi-party collaboration in the supply chain possible for shippers and provides shippers with safe, efficient, and credible digital supply chain businesses and service systems. The leverage of in-depth digitalization enables high-level development and ushers in a digital age for the energy and chemical industry.

Sinochem Energy Logistics Company established

On May 20, 2020, Sinochem Energy Logistics Co., Ltd. was registered and established in Zhoushan, Zhejiang Province. Focusing on the five major regions of Zhoushan, Quanzhou, East China, South China, and Bohai Rim, the Company handles near 50 million tons of goods each year. As the largest and most comprehensive third-party petrochemical warehousing and logistics service provider in China, it is committed to providing clients with excellent supply chain integration services.



Providing high-standard chemical services

Technological innovation has been holistically introduced into the chemical business at Sinochem Holdings. Exploring new business models to provide clients with various fine chemical products and high-quality chemical services, we aspire to be China's leading comprehensive service provider of chemical products and a provider of innovative, high-quality, and green and integrated products and solutions.

One-stop petrochemical product service solutions

The online sales platform, 1chemical (www.1chemic.com), takes advantage of digital technologies to realize the online full-process operation of the offer, transaction confirmation, contract signing, payment, delivery planning, settlement, and invoicing for upstream and downstream enterprises in the chemical industry, which has empowered the petrochemical industry chain and contributed to an efficient and win-win petrochemical ecosystem.

Green agrochemicals services

Developing and producing highly efficient, less toxic, pollution-free, drug-resistance-free green agrochemical products, we are committed to assisting farmers to increase production and income via better agricultural production solutions, thus contributing to the development of green agriculture.

1,698
Registered users

9.35 million tons
Goods processed annually

32.6 billion yuan
Volume of transaction

Agricultural Chemicals	Crops	Benefits
Hanyiduo	 Rice	<ul style="list-style-type: none"> Weeds are controlled during the young and most sensitive period, effectively controlling unearthed weeds, and scientifically and efficiently weeding.
Maitian	 Wheat	<ul style="list-style-type: none"> Efficient prevention and control of head blight: considering different regions, varieties, environments and disease pressures, the control effect of head blight is increased by 10%-40% compared with conventional schemes.. Concurrently preventing diseases: it has a comprehensive and concurrently preventive effect on the diseases of leaves and ears in the middle and late stages of wheat. Production increase: an average increase of 12% or more than the conventional plan. Improved quality: low bad kernel rate; healthy, beautiful, big, and plump kernels, significantly reducing vomitoxin.
Durui & Fuge	 Sugar cane	<ul style="list-style-type: none"> Reduced insects: using Durui & Fuge during the planting and soil cultivation periods of sugar cane can significantly reduce the number of sugar cane affected by pests. Making agricultural chemicals less toxic. Reduced chemicals and increased efficacy: the effective components used to prevent and control sugarcane pests are reduced by 90-92% per mu (around 666 square meters). The volume of unqualified products per one million mu is reduced by 2,960 tons.

Sustainable and biodegradable plastics

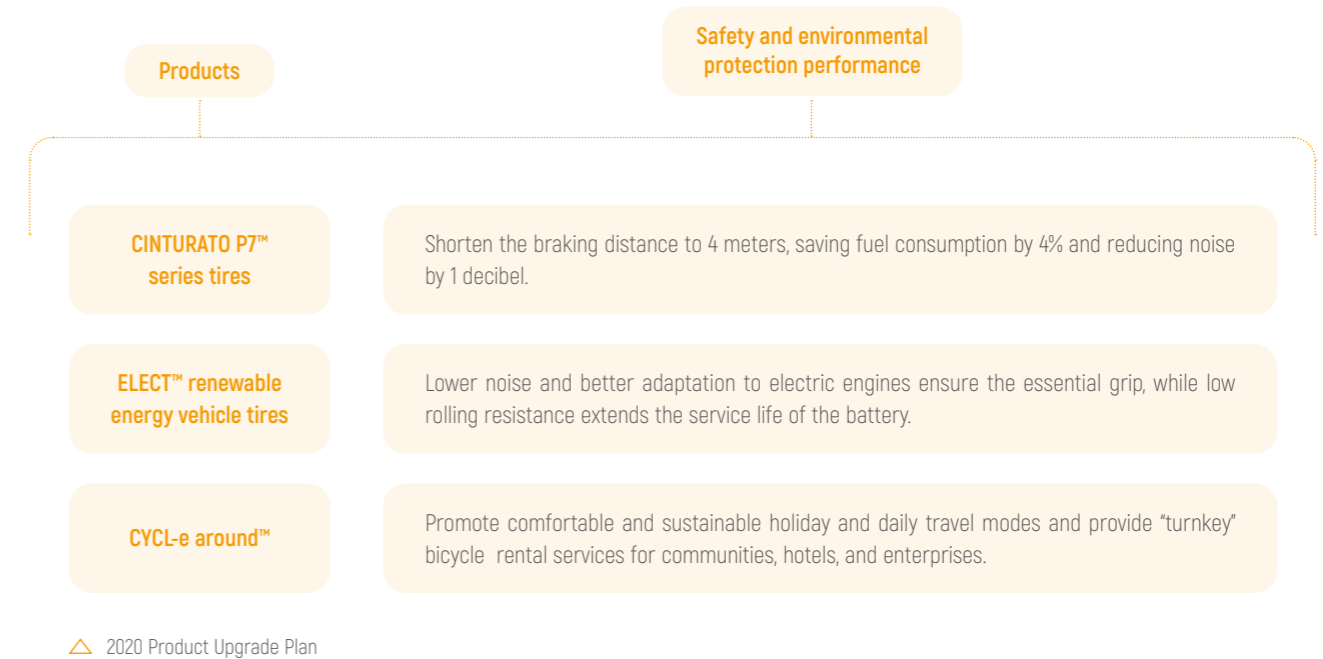
KraussMaffei, our subsidiary, focuses on the rubber and plastics industry. At KraussMaffei, biodegradable materials are blended into plastic products with a short life-cycle to make the plastics suitable for landfills; hard plastic products are reduced and recycled. It provides clients with bespoke sustainable solutions to boost green and sustainable economic development.

Providing full-process solutions for biodegradable material production and application

KraussMaffei has developed the ZE gold power/blue power twin-screw extruder, providing a full-process solution from material handling to extrusion and packaging, which demands less time and energy consumption while maintaining a higher production capacity. This can be used in agriculture, food packaging, tableware, logistics, and other fields alike to help clients produce biodegradable materials stably in the long term.

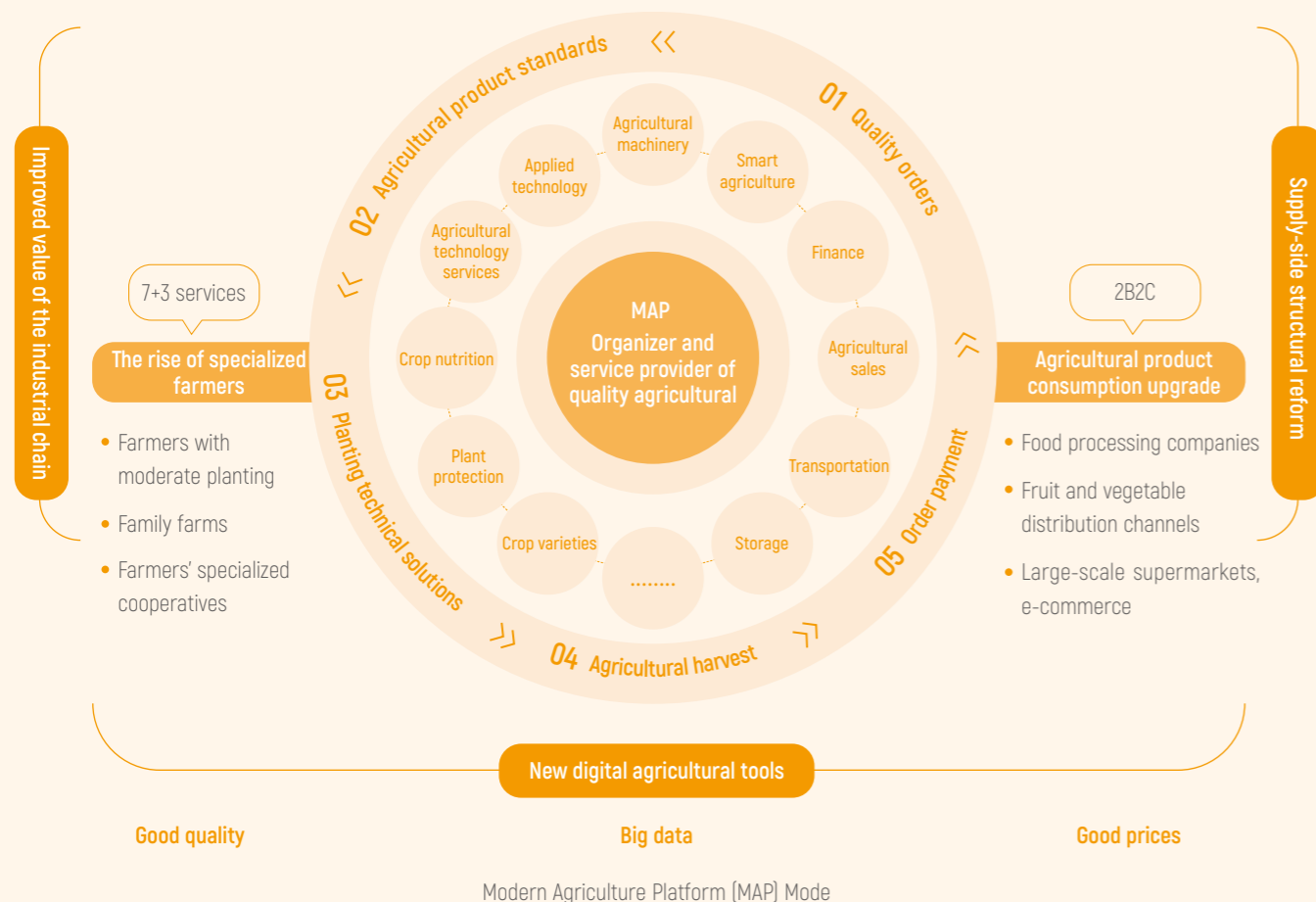
Eco-friendly rubber products

Pirelli, a subsidiary of the Company, focuses on the development of tire technology and is committed to providing eco-friendly solutions on safety and technology. Following the prerequisite of environmentally sustainable development, it aims to improve product safety and the potential of vehicles.



Creating a modern agricultural technology service platform - MAP

Sinochem Holdings proposes the Modern Agriculture Platform (MAP) strategy, which applies innovative modern agricultural technologies to improve the quality of agricultural products and modernize the agriculture industry by means of transforming the methods of planting and organizing, thus enabling continuous and stable profitmaking.



Provide technological innovation solutions

Establishing 418 varieties for selection and supporting technology research platforms, MAP provides farmers with innovative products and planting technology solutions that "improve quality and efficiency while ensuring simplification and sustainability." It also breaks through the traditional planting models and promotes digital planting management. Loans and insurance are leveraged to help farmers maximize their planting scale and hedge risks. In 2020, the first "big data output insurance" in China was offered in joint efforts with CHIC to safeguard the interests of farmers.

Building a big data platform for precision planting empowered by all-round monitoring

MAP Smart Agriculture strives to build a precision planting big data platform that integrates air, weather and land monitoring. The national remote sensing automated production platform has realized automatic identification of plots and blocks, crops monitoring, and yield estimation for 600,000 plots. Precise weather forecasts provide agrometeorological services by kilometer and by hour. Early warnings for 72 kinds of major field pests and diseases nationwide in the upcoming 10 days have been well-placed. The AI disease and pest automatic identification system, "Wise Eye," can identify more than 700 varieties of pests and weeds, empowering agricultural planting with technologies.

Provide guidance for green production

Focusing on the main grain production areas and critical protected areas for agricultural production, MAP builds a service system for counties and towns consisting of MAP technical service centers, MAP farms, and MAP rural service stations at county and township levels. Specialized agronomists provide on-site guidance and conduct soil and leaf testing in the laboratory to formulate targeted management plans for farmers on water and fertilizer, plant protection, etc.

Enable quality improvement

MAP organizes a quality agricultural service platform, guides the upstream and downstream of the industry chain to focus on quality indicators including nutrition and flavor substances, etc., promotes order-oriented agriculture, and helps processors and distributors to secure a stable supply of high-quality raw materials while enabling farmers to increase their income through high-quality products at high-prices.

Launching the "MAP beside" to endorse the quality of agricultural products

On April 27, 2020, Sinochem Agriculture teamed up with Hema Fresh to market the Tianjin Xiaozhan rice with the label "MAP beSide" at stores throughout the Beijing stores. "MAP beSide" is a brand with full-process planting control launched by Sinochem Agriculture, which endorses the quality of products produced by Sinochem Agriculture's MAP full-process planting service farm, which meets the national quality standards and acceptance requirements.



Deepening city operations

China Jinmao upgrades “technology + service” as its two major sectors. While safeguarding product quality and safety, it continues to advance technological innovation and optimize customer-oriented designs. It is committed to providing clients with full-process and diversified services for a better living environment and meeting their needs for quality and better life.

Optimize product design

Region-specific design. Considering different urban environmental features, China Jinmao puts in place a system of science and technology that addresses urban climate issues to provide the same comfortable living environment for homeowners of different cities.



△ Longcheng Jinmao Mansion in Taiyuan City renovated with a technological system targeting dry climate, air pollution, and hard water quality



△ Dayungu Laoshan Jinmao Mansion in Qingdao City strengthens dehumidification and anti-condensation for oceanic climate

On-demand adaptation. We fully consider the needs of clients of different ages, occupations, and identities, along with the project location, community environment, and other factors. The needs of different customer groups for apartment structure, space configuration, refined decoration, and landscape architecture are integrated into product design to provide clients with diversified choices.

Personalized products for young people

China Jinmao has an insight into the needs of young clients. Tapping the growth needs of young families, it provides special products such as exquisite decorations preferred by young people, large social spaces, and “N+1” growth-style apartments. Targetting the post-90s home buyers, it has completed a tailor-made series of “international community” products, with an aim to create shared spaces within a community, develop the culture suitable with young people’s values and aesthetics, and customize a quality life for young people.

Provide diversified services

Building smart communities. The digital property management platform is adopted to build a new ecosystem of “platform+scenario” smart community services, propelling the communities to be safer, more efficient, more energy-saving, and smarter, and offering clients with a safe, comfortable, smart, and convenient living environment.





Pursuing future education. With Jinmao School as the carrier, we will position a modern and international future school, build an education and teaching cloud platform, and integrate smart teaching systems, smart evaluation learning systems, and smart management systems to create a smart campus environment in an all-round way.



△ In 2020, Baoshan Jinmao School in Shanghai, the first school invested, constructed, owned, and operated by China Jinmao, started construction

Promoting innovation in financial products and services

Relying on large-scale industrial clusters and taking industrial finance as the core, Sinochem Holdings provides financial services covering industrial finance, trust, industrial investment, comprehensive business services, and others alike, continues to improve its service capabilities, and creates new product models to meet the diversified needs of clients.

Businesses	Upgrade service quality
 <p>Industrial financial service</p>	<ul style="list-style-type: none"> Innovative and upgraded products: launch innovative products, such as “energy insurance,” “responsive insurance,” “financial lease,” “fertilizer credit factoring,” “bill factoring,” “ABN (accounts receivable sheets of member units)” and other innovative products. Better market-oriented customer services: build a professional customer service platform, set up the East China workstation, establish the customer and market information monitoring and response mechanism to provide clients with targeted services and personalized products. Build a digital service platform: set up a service platform related to industrial chain finance to provide clients with analysis of order credit, financing willingness and demand management, and industrial chain information, etc.
 <p>Trust service</p>	<ul style="list-style-type: none"> Upgrade service platforms: upgrade the exclusive securities platform, Wuhang cloud wealth management platform, etc. Develop digital middle office: build the intelligent project management platform for achieving the whole-process management and control of projects, so as to improve the monitoring of asset integration and the efficiency of fund settlements.
 <p>Industrial investment service</p>	<ul style="list-style-type: none"> Diversified investment and financing services: the fund layout has begun to take shape, with cumulative management of over 10 billion yuan; based on industry-financed synergy, actively deploy leading companies in sub-sectors, with an incremental investment of 1.9 billion yuan.
 <p>Comprehensive business services</p>	<ul style="list-style-type: none"> Digitalization improves service level: leverage the PISP platform to implement closed-loop management of the entire procurement process, capitalize the visualization of the entire procurement process, and the process of contract management; use big data and blockchain technology to build an identity authentication system for electronic bidding entities. Upgrade the whole-process engineering consulting capabilities: compile and release system documents such as the whole-process consulting management regulations, and obtain Class B qualification for project cost.

Partnership Network for Long-Term Development

Attaching great importance to cooperation and exchanges with the government, enterprises, universities and other industrial partners, Sinochem Holdings strives to realize mutual benefit with stakeholders through the integration of favorable resources of all parties.

Boosting local economic development

- Sinochem Group and ChemChina have negotiated and signed strategic cooperation agreements with Fujian, Zhejiang, Guangdong, Shandong and Sichuan provinces, respectively, to carry out all-round cooperation in energy and chemical industry, modern agriculture, urban operation, equipment manufacturing, modern finance, environmental protection as well as business consulting, to facilitate regional economic development and achieve mutual benefit.

Promoting industrial development

- Sinochem Agriculture signed a strategic cooperation framework agreement with the People's Government of Bayannur Municipality, Inner Mongolia Autonomous Region, to promote the implementation of MAP strategy in Bayannur City, which facilitates the modernization of local agriculture and animal husbandry.
- Sinochem International signed a cooperation agreement with Zhongwei Municipal Government of Ningxia Hui Autonomous Region to build an industry-leading, integrated and internationally competitive Sinochem Zhongwei Circular Economy Industrial Park.
- China Jinmao signed a cooperation agreement with Jinyi New Area (Jindong District), Jinhua City, Zhejiang Province on the city-industry integration project in Dongmei area, with an aim to gather people and promote production in the city, and guide Jinhua to realize high-quality urbanization.
- Sinofert Holding signed a strategic cooperation agreement with Hubei Yihua Group to carry out all-round cooperation on nitrogen, phosphorus, potassium, compound fertilizers and sulfur, etc.

Carrying out trade cooperation

- Sinochem Group and ChemChina jointly held a special signing ceremony at the Third China International Import Expo, with 34 cooperation agreements signed with clients on site, which were conducive to optimizing the industrial and supply chain and realizing high-quality development.

Strengthening scientific and technological R&D

- Syngenta Group signed a strategic cooperation framework agreement with the Chinese Academy of Agricultural Sciences to further strengthen R&D cooperation in the seed industry and enhance the training of R&D talents in the seed industry.
- Sinochem (Zhejiang) Membrane Industry Development Co., Ltd. and the National Engineering Research Center of Industrial Crystallization Technology under Tianjin University jointly established Sinochem Membrane and Crystallization Salt Separation Research Institute.
- Sinochem Lantian signed a strategic cooperation agreement with Zhejiang University of Technology (ZJUT) to establish the Sinochem Lantian - ZJUT R&D Center to further move forward the in-depth integration of industry, university and research.
- Sinochem Oil Marketing Co., Ltd. and the Chinese Academy of Environmental Sciences jointly established the "Motor Vehicle Emission Monitoring Center of the Ministry of Ecology and Environment - Refined Oil Joint Research Center of Sinochem Oil."

Moving up industry progress

- Sinochem Agrochemical signed a strategic cooperation agreement with the Soil and Agricultural and Rural Ecological Environment Monitoring Technology Center under the Ministry of Ecology and Environment to carry out relevant research and business cooperation on pollution issues on chemicals, pesticide, and chemical fertilizer, which aims to solve environmental issues such as heavily polluted sites by the chemical industry and promote the development and reuse of contaminated land, contributing to the solution of soil pollution in similar industries with heavy pollution in China.



△ Sinochem Group and ChemChina sign a strategic cooperation agreement with Fujian provincial government, delivering mutual benefit in the petrochemical industry, modern agriculture and urban operation



△ Signing Ceremony for Sinochem Group, ChemChina and Partners

Creating Value for Shareholders

The shareholder of SOEs is the nation, which shoulders the critical mission of serving the nation and the people. Sinochem Holdings has always taken building a more competitive SOE as its responsibility, stimulated development vitality through reform, and adopted multiple measures to improve the operation and allocation efficiency of state-owned assets, achieving the preservation and appreciation of state-owned assets. We also support the China's development strategies and promote an open world economy, injecting impetus into China's economic development.

Year	Sinochem Group			ChemChina		
	2018	2019	2020	2018	2019	2020
Operating revenue (billion yuan)	591.1	555.28	438.45	445.8	454.3	417.4
Total profit (billion yuan)	15.95	18.39	20.93	1.4	4.2	5.25
Net profit (billion yuan)	9.81	13.31	15.7	-1.4	2.8	1.71
Gross assets (billion yuan)	489.7	548.89	636.97	798.8	844	857.4
Total tax (billion yuan)	27.808	24.105	25.181	20.3	16.3	10.8

Deepening Reform and Transformation

Sinochem Holdings has earnestly implemented the decisions and plans of the Central Party Committee and the State Council on deepening reform, launched a three-year campaign of reform, and focused on innovation to promote technological progress, transformation & upgrade, and high-quality development of the enterprises.

Identifying the orientation of reform

Combining the business layout and strategic development, and focusing on enhancing the group's vitality and market competitiveness, Sinochem Group has formulated the *Three-Year Action Plan for Deepening Reform* and the list of tasks for each business unit. In total, 97 main tasks and 401 sub-tasks have been determined, rolling out a roadmap for the three-year action plan.

Consolidating the guarantee system

We hold monthly thematic meetings of the deep reform leading group, reform the bi-weekly regular meeting mechanism of contacts, build the "Sinochem Group's online tracking system for three-year action of deepening reform", incorporate deepening reforms into the assessment scope of each unit and large-scale supervision plan, and ensure various tasks implemented in a solid and orderly manner.



△ Online tracking system for the three-year action plan of deepening reform

Managing special projects

The Double Hundred Action

Sinochem Energy was rated A in the assessment of SASAC's three-system SOE reform (labor, human resources, income distribution). Sinochem Energy, Sinochem International, Nantong Xingchen and Shenyang Research Institute of Chemical Industry's reform practices were included in the *Samples of Reform: Collection of Cases of the Double Hundred Action for SOE Reform* as the demonstration among China's SOEs.

Demonstrative Actions on Reforms of Technology-Based SOEs

Shenyang Research Institute of Chemical Industry, Sinochem Environment, Haohua Tech and Bluestar Chengrand Chemical Research Institute were selected as enterprises of the Demonstrative Actions on Reforms of Technology-Based SOEs, for they have made significant breakthroughs in tenure system and contract management, mid- and long-term incentives, the introduction of technological talents and output of reform achievements.

Quick response and implementation

Actively promoting the implementation of various reform measures around the deepening reform plan, we have made positive progress and achieved remarkable results in the construction of the board of directors, mixed ownership reform, market-based employment, and medium- and long-term incentives.

<p>Mixed ownership reform</p>	<ul style="list-style-type: none"> Supported by the successful strategic investment attraction, Sinochem Energy has actively promoted the A-share IPO process and focused on mixed ownership reform to advance the mechanism reform. Elkem's Xinghuo Organic Silicones has completed IPO in Norway and 13 companies in the technology sector have been injected into listing platforms to improve the efficiency of state-owned capital.
<p>Improving the market-oriented mechanism</p>	<ul style="list-style-type: none"> Sinochem International has taken the initiative to launch the restrictive stock incentive program and carried out departmental director position competition to boost internal innovation.
<p>Optimizing business layout</p>	<ul style="list-style-type: none"> The agricultural sectors of Sinochem Group and ChemChina are the first to be restructured. We established Syngenta Group China, and built a branding-new corporate governance structure, which improves our internal governance. Haohua gas company has been established, integrating Haohua's electronic gas and special gas business, which creates a unified platform for the development of electronic chemical business.

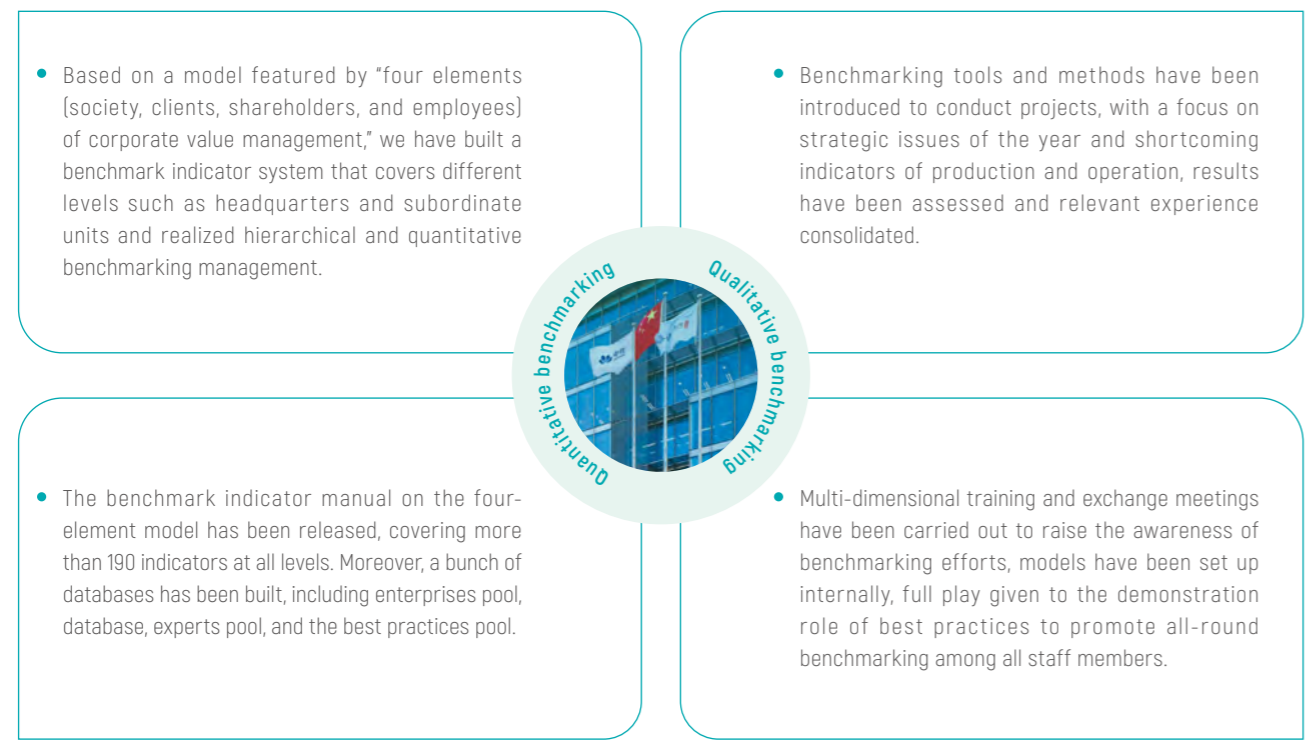


Refining Corporate Governance

Focusing on the development requirements of the Company's reform and transformation, Sinochem Holdings takes comprehensive benchmarking management as the starting point, and keeps improving the organization mechanism, strengthening system construction, promoting project implementation, and strengthening training exchanges, etc., thus continuously improving corporate governance, and vigorously improving the modern management level.

All-round benchmarking management

On the theme of "the Year of All-round Benchmarking and Mechanism Building", Sinochem Holdings has taken SASAC's action of benchmarking against world-class management as the opportunity to conduct all-round management based on a model featured by "four elements (society, clients, shareholders, and employees) of corporate value management", adapted hybrid form of quantitative and qualitative benchmarking and integrated it to the corporate strategies, in order to tap potentials and improve operation management, striving to build itself as a world-class chemical conglomerate.



"Benchmark management is about looking at ourselves in a big coordinate system. This coordinate system must be accurate, and we must figure out our position, the trends, and the true core in this system. The four-element model helps us in positioning ourselves and building a company with high uniformity."

Frank Ning
Chairman & Party Secretary of Sinochem Holdings



Sinochem Group and ChemChina jointly plan for benchmarking against world-class management

On November 3, 2020, Sinochem Group and ChemChina jointly held a meeting to launch the improvement plan of action for benchmarking against world-class management, identifying specific requirements of SASAC for eight management fields. A list of benchmarking tasks has been formed, covering 40 key tasks and more than 120 measures for further improvement. The goal of these efforts is to enhance digital, intelligent management and advance modernization of the management system and capability.



Operation in compliance with laws and regulations

Deeply implementing the SASAC's requirements for enhancing compliance management in all respects, we have strengthened the fulfillment of key responsibilities, promoted the implementation of compliance management level by level, and improved the legal compliance team to incorporate integrity, law-abidance, and compliance operation and management into the our culture and management system, to move forward the stable and long-term strategic development and reform innovation.



24

In 2020, the headquarter of Sinochem Group was not involved in any major legal dispute cases; the subsidiaries of Sinochem Group handled major legal dispute cases

459 million yuan

Recovering economic losses of

100 %

The contract performance rate reached

Audit supervision





The audit work thoroughly implements the four "full coverage" principle requirements, with the goal of "centralization, unification, high efficiency and authority, and high coordination." The Company continuously optimizes the supervision structure to form a joint force of dedicated and functional supervision. Various professional departments jointly carry out supervision to achieve personnel sharing, information sharing, and problem sharing, strengthening the use of supervision results. In 2020, Sinochem Group carried out 119 audit projects and put forward 908 management recommendations, and ChemChina completed 64 audit projects and put forward 414 management recommendations, providing audit support for the Company's reform and innovation and high-quality and healthy development.

Financial management

We attach great importance to financial management, strengthen fund concentration, steadily improve the efficiency of fund use, pilot various fund concentration models, and guide listed companies to increase deposit levels; we actively expand domestic and foreign financing channels, take active steps to connect with external sources of funds in the context of the outbreak of the COVID-19 pandemic in 2020, increase the internal loan support, save the overall financial expenses of the Company, control the overall debt scale, ease the pressure on the liquidity of subsidiaries, and ensure the safety of production and operation.

Risk control

With "continuous evaluation, matching, and effectiveness" as the guiding mindset of the work, we honor "knowable, controllable and bearable risks" as the general goal, combine with the actual situation of the Company, and benchmark against world-class enterprises. From various aspects including system, mechanism, and culture, we set out to further improve the risk management and internal control system, and continuously improve the system construction and operational effectiveness.

System Upgrading	Specific Measures
 <p>Enhance top-level design</p>	<ul style="list-style-type: none"> Revised the <i>Regulations of Sinochem Group on Risk Control and the Regulations of Sinochem Group on Internal Control</i>, translating external regulatory requirements and internal control needs into internal rules and provisions, which facilitates the further integration of risk management, internal control and compliance systems.
 <p>Optimize internal control standards</p>	<ul style="list-style-type: none"> Released the updated version of the <i>Internal Control Standards of Sinochem Group</i> to identify the responsibilities and requirements of management, align management language and employees' understanding of the management system, and facilitate management integration and output of newly merged or newly established enterprises.
 <p>Strengthen risk tracking and monitoring</p>	<ul style="list-style-type: none"> Formulated the <i>Regulations of Sinochem Group on Risk Incidents Reporting</i> and built a full-caliber, all-level monthly reporting mechanism for risk incidents to develop a risk reporting management system.
 <p>Organize exchanges and training activities</p>	<ul style="list-style-type: none"> Organized experience sharing and exchange activities, invited experts to interpret regulatory policies on risk management and internal control, and conducted thematic training with risk quantification tools including stress testing and scenario analysis.

Stabilizing the Core Industrial Chain

Sinochem Holdings has always supported China's strategies by stabilizing the core industrial chain. Based on the ultra-large-scale domestic market and domestic demand potential, we have given full play to the demonstration role of central SOEs in facilitating the building of a new development pattern where priority is given to domestic circulation and positive interplay exists between domestic and international circulation.

Safeguarding national energy supply

Honoring the double-driver strategy of "management + technology," we have taken oil refining as our core business and promoted the businesses of oil trading, warehousing and logistics, and oil sales at the same time. While expanding sales channels of oil and petrochemical products, we have empowered new energy businesses with Internet technology, built a well-positioned oil refining industrial chain, and participated in national research on strategic oil reserve systems and energy development plans, playing an important role in domestic and international energy markets.

Year	2016	2017	2018	2019	2020
Crude oil trade volume (million tons)	120	150	>100	97	80
2P oil and gas in equity (probable & proved)oil and gas reserve (million barrels of oil equivalent)	934	1,007	800	940	1,012
Oil distribution and retailing volume(million tons)	5.7	8.5	11.21	13.98	14.2
Operation and storage warehouse capacity (million cubic meters)	13.1	13.1	13.1	13.12	13.14
Oil refining capacity (million tons)	12	12	12	12	15

Exploration & Development

- With 22 oil and gas project blocks in nine countries distributed in North America, South America, Middle East, and the Asia-Pacific region, an overseas strategic layout has been basically formed for upstream oil businesses, covering the exploration, development, production, transportation, and sales of conventional oil, natural gas, shale oil, and a production capacity of approximately 4 million tons/year has been built.

Oil Trading

- With a strong capacity in acquiring overseas petroleum resources, the Company has an annual crude oil product capacity amounting to more than 70 million tons. With a good reputation, rich operating channels, and strong technical means, the Company has provided quality crude oil and professional services to clients at home and abroad and established a stable and extensive global distribution network. While meeting domestic market demand, the Company has increased entrepot trade in mainly Southeast Asia, Europe, and North America, making it an important crude oil supplier in some countries and regions.

Oil Refining

- Quanzhou Petrochemical is a large refinery enterprise specializing in refining, warehousing, transportation, and marketing of petroleum and petrochemical products. In 2020, Quanzhou Petrochemical processed 12.855 million tons of crude oil, with a comparable comprehensive product ratio of 94%. In ethylene and oil refining renovation and expansion projects, 13 sets of ethylene equipment were put into production, realizing the transformation from oil refining to refining and chemical integration.

Oil Sales

- Through years of efforts, Sinochem Oil Marketing has become one of the top four salers of oil products. Sinochem Group has formed a strategic footprint of oil marketing covering 22 provinces in South China, East China, Central China, North China, and Northeast China, with 23 regional sales companies, more than 1,300 gas stations under construction or in operation, and 50 distribution depots, providing consumers with clean, high-quality fuel and value-added services to meet differentiated needs with flexible and diverse marketing means.

Petrochemical Sales

- Taking the Fujian region as the fulcrum, Sinochem Holdings has formed a sales network radiating East China and South China, equipped with nearly 70 transit warehouses. We have set up an overseas trade platform in Singapore, established long-term cooperative relationships with large international petrochemical companies in the Asia-Pacific, Middle East and other regions, and can leverage a strong distribution network and complete resource acquisition capabilities to meet the needs of domestic and overseas resource allocation in the upstream and downstream industrial chain.

Warehousing and logistics

- Sinochem Holdings has undertaken the construction and storage of national strategic petroleum reserves and the storage and alternation of national refined oil reserves, and further expanded the scale of crude oil reserves, proactively contributing to national petroleum security.

Petrochemical Parks

- As an exclusive petrochemical park of Sinochem Holdings, Sinochem Quanzhou Park is an important part of Meizhou Bay Petrochemical Industrial Base, with a total planned area of 33.6 square kilometers. The petrochemical park boasts locational and land advantages, as well as convenient logistics and transportation, rich shoreline resources, and superior environmental bearing capacity, rendering it a natural treasure land for developing harbor-based petrochemical industry.

Energy Technology

- Supported by artificial intelligence (AI), blockchain, Internet of Things (IoT), cloud computing, big data, and other advanced technologies, Sinochem Group has built an industrial digital platform integrating supply chain management, oil station operation, refinery optimization, and promoted in-depth integration of network technology and petrochemical industry, which has become a smart petrochemical operator.

Facilitating the development of chemical industry

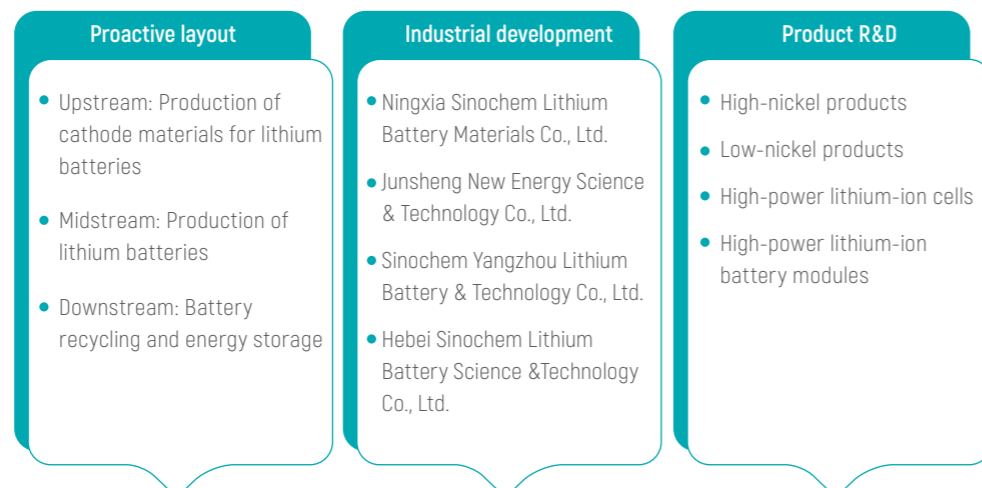
Sinochem Holdings focuses on the fields of new energy and new chemical materials, and continues to release innovative vitality. With high-quality, green and sustainable chemical products and comprehensive solutions, Sinochem Holdings is committed to creating a better and happy life and promoting the continuous progress of the chemical industry.

Providing fine chemical products

Sinochem International actively expands the fine chemical business. Based on independent research, it has planned and built three innovation platforms for high-performance fiber materials, lithium battery materials, and new functional materials; strengthened open innovation, and actively promoted cooperation with academicians, superior universities and enterprises; benchmarked advanced enterprises in the industry to improve engineering R&D personnel and capabilities; guided R&D projects through market demand, enhanced industrialization results, and promoted the integration of research, production and marketing.

Deep dive in new energy

New energy and renewable energy are the cornerstone of future energy for human society. Sinochem Holdings has developed the layout of new energy businesses and enhanced the exploration and utilization of clean energy. Relying on the advantages in upstream lithium ore-related products marketing and chemical raw materials processing, Sinochem Holdings has extended the upstream and downstream industrial chains with lithium batteries and power batteries and enabled low-carbon, green, and sustainable transportation.



△ The production line of lithium batteries



Developing diversified new materials

New chemical materials are a fundamental, leading sector that matters much to the development of technology, which is also a key area that supports China's high-quality economic development and facilitates the country to build strength in the petrochemical industry. Sinochem Holdings has focused on the R&D and industrial application of lightweight and high-performance materials, advanced the green development of high-end manufacturing and scaled up the transformation and upgrade of the chemical industry.

Area	Industrial Layout
 High-performance membrane materials	<ul style="list-style-type: none"> Specialize in integrated solutions of water treatment and membrane separation and provide products such as reverse osmosis membranes, nanofiltration (NF) membranes, degassing membranes, and electrodeposited ionic membranes, which can be applied in zero emissions, reuse of sewage, desalination of brackish water, purification of ultrapure water, and domestic water purification, providing technical support for developing a green and circular economy.
 Lightweight materials	<ul style="list-style-type: none"> Elix Polymers, a subsidiary of Sinochem International, provides customized, high-quality thermoplastics for automotive manufacturing, healthcare, electrical equipment, electronic devices, etc., delivering outstanding performance on ecological protection.
 Polyolefin resins	<ul style="list-style-type: none"> The newly developed polyolefin resin that features an easy spraying process can be used in fiber-reinforced composites for wind turbine blades, which effectively reduces dust and environmental pollution.
 Biodegradable plastics	<ul style="list-style-type: none"> Cooperate with Tsinghua University, Bluepha Co., Ltd., and other partners to develop biodegradable PHA (polyhydroxyalkanoate), providing positive and effective solutions to reduce white pollution.
 Organic fluorine industrial chain	<ul style="list-style-type: none"> Own a complete industrial chain from the production of basic raw materials including hydrogen fluoride and dichloromethane from fluorite to the production of fluorine-containing fine chemicals such as tetrafluoroethylene, vinylidene fluoride, and hexafluoropropylene, and the further synthesis of fluorine resin, fluorine rubber, and organic fluorine materials.

 **Luxi Group officially joins Sinochem Group**

On June 15, 2020, Sinochem Group officially became the dominant shareholder of Luxi Group and the actual controller of Luxi Chemical. As a pivotal subsidiary of Sinochem Group in materials science, Luxi Chemical will further upgrade its industrial structure that is driven by new chemical materials and high-end chemical equipment, accelerate the transformation of old and new growth drivers, and realize high-quality, leapfrog development in the future.



Participating in the formulation of industry standards

Shenyang Research Institute of Chemical Industry's primary areas of research and industrialization projects include new industrial chemicals, eco-friendly agriculture, industrial biochemicals, pharmaceuticals, chemical testing and evaluation, risk assessment of chemical reaction, and authentication of hazardous waste products. Shenyang Research Institute of Chemical Industry has promoted technological research and conducted standard consultation and training. In 2020, it participated in the formulation of 76 national and industry standards, mainly covering pesticides and dyestuff, which has played a critical role in advancing industrial structure adjustment, transformation, and upgrade of the enterprise, application of new technologies, and domestic and overseas product trading.






Building China's strength in food industry

Sinochem Holdings has deepened strategic cooperation with Ministry of Agriculture and Rural Affairs, the National Food and Strategic Reserves Administration, and other government departments on implementing the national strategy of food security, building China's strength in food industry, and creating a model of poverty alleviation, contributing to solving problems that could strangle us, promoting the supply-side structural reform of China's agriculture industry, and implementing the rural revitalization strategy.


Stabilizing the supply of chemical fertilizer products

Sinochem Holdings is committed to the R&D and introduction of high-quality chemical fertilizer resources, participates in the commercial reserve of chemical fertilizer and provides services for agricultural production. In 2020, we undertook the storage task of national chemical fertilizer reserves, including 420,000 tons of fertilizers for spring plowing, 600,000 tons of potash fertilizers, and 180,000 tons of disaster relief fertilizers.

Business Coverage	Progress in 2020
 <p>Nitrogenous Fertilizer</p>	<ul style="list-style-type: none"> Partnered with the Chinese Academy of Agricultural Sciences to upgrade products, increasing the utilization rate from 5-7% to 8-10% gradually alleviated soil compaction and improved organic matter content, to strengthen crop resistance. Partnered with Chongqing Jiakang Technology Co., Ltd. to develop Simba urea with Chelating zinc, which improves the content of medium and trace elements, which can increase the rice yield by 28 kg while reducing 20% usage.
 <p>Phosphate Fertilizer</p>	<ul style="list-style-type: none"> Partnered with the Chinese Academy of Agricultural Sciences to develop and promote Meilinmei-related projects according to different soil situations and crop needs, formed a product portfolio that reduces fertilizer usage volume and improves effectiveness, and scaled up the proper usage of phosphate fertilizer.
 <p>Potash Fertilizer</p>	<ul style="list-style-type: none"> Guided local farmers to increase potassium fertilization and adjust the ratio of nitrogen, phosphorus, and potassium fertilization through field trials and demonstrations, to move up crop yield and quality.

Carrying forward the quality food project

Based on the modern agricultural service platform (MAP), a brand new service mode for the entire agricultural industry chain, Sinochem Holdings has implemented the high-quality grain project, and continuously increased the supply of green and quality grains, so as to further play its role as a national pillar in ensuring food security, lead and drive the development of modern agriculture, and contribute its share to building China's strength in food industry.

 **Sinochem Holdings builds a demonstration project of quality grain and oil in Funan county**

The quality grain project is deeply implemented in Funan County. Taking scalability and standardization as the entry point, the planting structure has been optimized by reducing more than 160 local messy varieties to 3 high-quality varieties, which increased the supply of high-quality grain by nearly 200 million kilograms and the income of 200,000 *mu* of high-quality wheat by about 200 yuan per *mu*, which has put nearly 80,000 tons of idle granaries into active operation again, led the transformation of three-grain depots and gathered 74 farmers' specialized cooperatives to work together, creating a "Funan model" of quality food project.

Revitalizing the seed industry

Seed is the top priority for ensuring food security. As the only national-level seed company and a central SOE that focuses on crop and seed industry and specializes in developing, producing, and promoting varieties in the market, Sinochem Holdings seeks breakthroughs in key and core technologies and enhances protection and utilization of seed resources as well as selective breeding and promotion, undertaking the mission of a national pillar in the seed industry.

Business Coverage	Progress in 2020
 <p>Organizational Support</p>	<ul style="list-style-type: none"> Established a leading group of strategic development for the seed industry within Sinochem Group and ChemChina led by Chairman Frank Ning.
 <p>Technological Innovation</p>	<ul style="list-style-type: none"> Made breakthroughs in technologies that could strangle us, organized wheat experiments in the Yellow and Huai River Valleys Wheat Zone (YHRVWZ), and partnered with leading seed research institutes to establish 24 variety testing sites and test 28 high-yield, high-quality, and multi-resistant varieties. Cooperated with Sinopharm Seed to establish the research laboratory for the protection of Chinese medicinal herbs.
 <p>Win-win Cooperation</p>	<ul style="list-style-type: none"> Signed a strategic cooperation framework agreement with Chinese Academy of Agricultural Sciences to further strengthen seed research and cooperation, and promote the exchange of global leading technologies and seed innovation.
 <p>Overseas Cooperation</p>	<ul style="list-style-type: none"> Syngenta Group cooperated with more than 400 universities, research institutions, and business organizations around the world to study seed technology, digital agronomic tools, and platforms, so as to create customized seeds for farmers globally.

Promoting more effective agricultural programs

Sinochem Holdings has comprehensively enhanced its service capabilities of the entire pesticide industry chain, covering product R&D, production of technical materials, preparation, processing and sub-packaging, product registration, brand marketing, etc., while advancing its industrial application of self-developed products and endeavoring to promote high-efficiency, low-toxicity, low-residue, and eco-friendly pesticides for green agriculture for China and the world.



Honors

The Project of *Microchannel Continuous Flow Catalytic Synthesis of Pyridine Heterocyclic Product Clean Production Technology and Its Industrial Application* of Yangnong Chemical Group won the first prize for technology innovation by China Crop Protection Industry Association (CCPIA) and the first prize for science and technology by Jiangsu Society of Chemical Engineering.

Participating in the Construction of "New Infrastructure"

In active response to China's call for expediting new infrastructure construction, Sinochem Holdings has given full play to its advantages to promote the development of new infrastructure with investment and hardcore technology, striving to become an investor, developer, and builder of the new infrastructure industrial chain and facilitate the high-quality economic development.

New Infrastructure Areas	Measures
 <p>Big Data</p>	<p>Facilitating the digital transformation of petrochemical logistics</p> <ul style="list-style-type: none"> Sinochem Energy has built a smart petrochemical supply chain platform - 66 cloud chain, offering three product lines: 66 express (express vehicle), Canghai gang (warehousing), and shipping gang (shipping). It provides complete logistics solutions for the petrochemical industry, and virtually connects industry stakeholders such as consignors, warehouses, vehicle fleets, shipowners, ports, governments, commodity inspectors, shipping agencies, and financial stakeholders to create a digital infrastructure for the petrochemical supply chain that integrates warehousing, vehicle and ship transportation.
 <p>New Energy Vehicles (NEVs) Charging</p>	<p>Developing the omni-industrial chain of new energy</p> <ul style="list-style-type: none"> Sinochem International has developed the new energy industrial chain in all aspects, covering the production of cathode materials for lithium batteries and electrolytes in upstream, production of self-developed batteries in midstream, and battery recycling in downstream, committed to becoming a global leading NEV solution provider and promoting the development of China's NEV industry.
 <p>Industrial Internet</p>	<p>Accelerating digital transformation of fertilizer trade through by means of "Internet +"</p> <ul style="list-style-type: none"> Sinochem Agriculture has created the integrated e-commerce platform "Feiyitong" that offers multi-dimensional services such as industry updates, transaction, logistics, and finance, empowering the upstream and downstream industrial chains. Capitalizing on the blockchain technology to design supply chain finance, it aims to provide rapid financing support for clients and make breakthroughs in the innovation of business and profit models.
 <p>UHV</p>	<p>New UHV external insulation materials R&D</p> <ul style="list-style-type: none"> China Bluestar Chengrand partnered with Henan PingGao Electric Co., Ltd. under State Grid Corporation of China, fully combined the industrial advantages of Henan PingGao Electric Co., Ltd. in the field of UHV equipment with the technical advantages of China Bluestar Chengrand in UHV silicone insulation materials to expand cooperation from product supply and marketing to the joint development of front-end new products and technologies, providing solutions for global power transmission equipment.



Guided by the new development philosophy and driven by technological innovation, new infrastructure construction (abbreviated as "new infrastructure") is based on an information network to provide an infrastructure system for services including digital transformation, smart upgrading, and integrated innovation, so as to meet the needs of high-quality development.

Creating Value for Employees

Employees are treasured fortune of a company, and they team up to jointly create the corporate value. Regarding employees as the core force for its development, Sinochem Holdings protects employees' rights and interests, meets employees' reasonable demand, cares for employees' life, and empowers employees' growth. Westrive to create a fair, forward-looking and harmonious corporate atmosphere for employees to create value and facilitate the common growth of employees and the Company.



Safeguarding Employees' Rights and Interests

Employment equity

Sinochem Holdings pays attention to the protection of employees' rights and interests, strictly abides by various labor laws and regulations, resolutely safeguards the legitimate rights and interests of employees, establishes formal and legal labor relations with employees, and pays social insurance and housing provident funds for employees in accordance with the law. It adheres to equal employment, opposes any form of discrimination, resolutely prohibits the employment and use of child labor, resists all forms of forced and compulsory labor, and creates a fair and just enterprise internal environment.

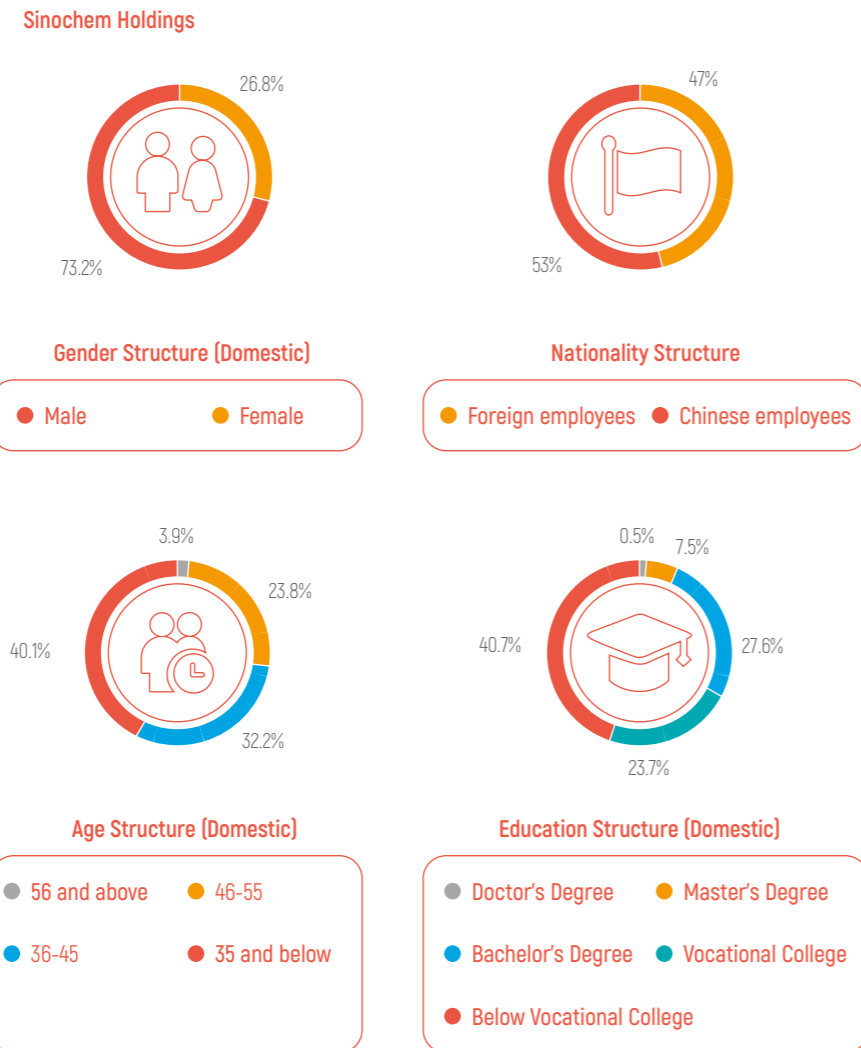
Sinochem Holdings

100%
Labor contract signing rate

220,000
Employees worldwide

22.9%
Female middle and senior managers

3.04%
Minority employees



Incentive system

Upholding the incentive philosophy of "closing to marketization unlimitedly under the premise of remaining SOE's attribute," Sinochem Holdings adheres to pay for posts, performance and ability, and continuously improves the diversified incentive system. A "six-dimensional incentive system" has been established to provide all-round incentives to employees from six aspects, namely fixed salary, floating incentives, medium and long-term incentives, employee benefits, honorary recognition and career development.

Democratic management

Sinochem Holdings keeps standardizing and strengthening democratic management based on the workers congress and democratic life meeting. While implementing the basic functions of workers congress, such as rights of deliberation, review and supervision, we protect employees' rights to know and to participate, continuously strengthen their sense of ownership, enhance their sense of belonging, and consolidate employees' cohesion.

Facilitating Employees' Development

Giving top priority to the building and improvement of the talent team, Sinochem Holdings has provided rich and diverse training for employees and continues to improve the incentive and promotion mechanism. We make every effort to create value, scientifically evaluate the value and reasonably distribute value, striving to fully mobilize the enthusiasm and creativity of talents and enable them to enjoy free and adequate development.

Talents mechanism reform

Honoring the operation law of enterprises, Sinochem Holdings has reformed the management method of corporate leaders, implemented the model of TOP core business managers, continued to boost the "New Power Project," promoted the signing of corporate manager tenure contract of Double Hundred Action for SOE Reform and Demonstrative Actions on Reforms of Technology-Based SOEs. On top of that, annual comprehensive evaluation has been strengthened, and achieved dynamic adjustment and continuous optimization of officials, aiming to build a team pursuing progress with open minds and strong execution.

Sinochem Group moves up the capability of managers

Sinochem Group implemented the "TOP Manager" project, paid equal attention to hierarchical management and value management, broke hierarchical restrictions, established an evaluation model around business scale, profit contribution, strategic importance and operating difficulty to identify job value, and promoted the virtuous circle of "creation-recognition-re-creation" for generating corporate value. Through the dynamic adjustment mechanism, the manager team has realized the survival of the fittest and broadened the career path. The project won the "Best Practice Award" of the 10th China Human Resources Management Academy Awards in 2020 organized by the Renmin Business School and the China Human Resources Theory and Practice Alliance.

Sinochem Holdings

56.21 million yuan
Training expenditure in 2020

200,000+
Participants of training (excluding online training) in total

Smooth promotion channels

Benchmarking with the practices of excellent enterprises, we have built a full-coverage and consistent ranking structure, and divided the three series of management (M series), technology (T series) and working technique (W series) and corresponding sub-series; we have built uniform management rules to identify the promotion channels and management rules of employees at different posts, as well as the competency standards, training course and time requirements of personnel at all levels, paving smooth pathways for their career development.



Sinochem Group's first batch of technological R&D senior experts cultivated

On June 1, Sinochem's Party Group released the *Notice on the Appointment of Liu Changling and Other Technological R&D Senior Experts (T5 Level)*, appointing Liu Changling and Cheng Chunsheng as senior experts and Yang Hui'e and other four as high-level experts of Sinochem Group. This appointment of the first batch of T5 level technological R&D personnel has revealed the leading technological talent within the Group and greatly encouraged the entrepreneurial enthusiasm of technological talents, which is a landmark in the building of the Group's technological talent team.

Improving capability and quality

Guided by the Company's development strategy and customer demand, Sinochem Holdings adheres to the philosophy of "empowering people," honors the "refined talents" tactics, builds a training system centered on quality courses, and develops a variety of curriculum and project system with diverse forms and rich content, which has cultivated batches of outstanding hierarchical talents with remarkable skills and innovative spirit.

Team building for management talents

- Sinochem Group carries out the third training session on learning and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Fifty-seven trainees from key posts of the functional departments of the Group's headquarters and other units participated in the training. Group leaders, experts and professors from NDRC, National Defense University and other universities alike were invited to deliver lectures. Courses such as political theory, Party spirit education, reform and innovation and business management were included to cover key positions of the whole group.
- ChemChina held a reading class to study and implement the guiding principles of the Fifth Plenary Session of the 19th CPC Central Committee. Professor Li Lei from the Department of Teaching and Research on Economics, Party School of the CPC Central Committee, was invited to explain how to deep dive the guiding principles of the Fifth Plenary Session. About 300 leaders of all departments at all levels of the Company participated in the centralized training in rotation.

Team building for professional and skilled talents

- Granted the qualification to appraise occupational skill by Fujian Provincial Department of Human Resources and Social Security, Quanzhou Petrochemical carried out the first occupational skill appraisal in 2020 with 32 sets of devices and 1,234 people appraised, accounting for 85% of all skilled operators.
- Relying on the national skilled master studio, Fujian Tianhua explores new models for cultivating skilled talents. Focusing on technical breakthroughs, cultivation of new talents and knowledge sharing, it plays an active role in solving the difficulties in production, which has trained more than 20 innovative and technical experts.



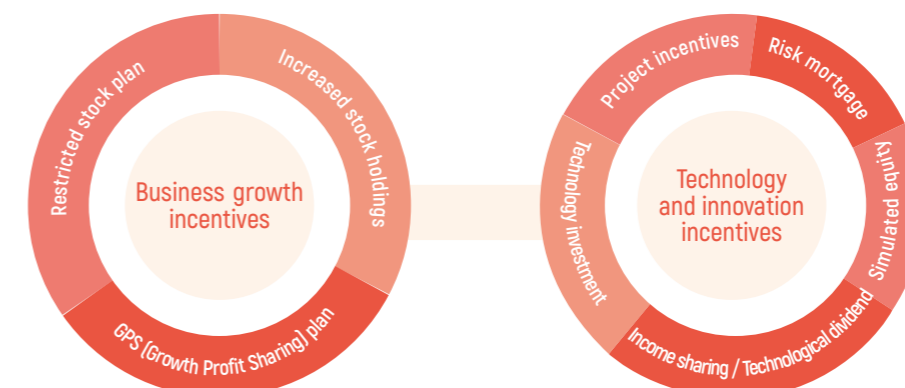
△ Training on-site at Luxi Group's staff training base



△ Skill training, on-the-job training and skill competition carried out by Aeolus

Improving the incentive mechanism

We have built a diversified incentive system focusing on "business growth" and "development of technology and innovation projects". To start with short-term and cash incentives, and then gradually explore medium and long-term equity incentives. We have developed and released the *Guidelines for the Medium and Long-term Incentives of Sinochem Group*, and made breakthroughs in equity incentives for technology. The coverage of dividend incentives for technology has been expanded and growth profit-sharing realizes smooth progress. As for the allocation of remuneration and resources, the linkage between resource allocation and performance achievement has been strengthened, and a special reward for "budget guarantee" has been designed, so as to fully stimulate the endogenous motivation of BUs and business units and to ensure completion of all indicators for the year.



Safeguarding Occupational Health

Sinochem Holdings pays attention to occupational safety and health, promotes all units to implement the main responsibility of occupational disease prevention and control, and enhances the level of occupational health control and employees' awareness of occupational health protection; the Company continues to strengthen the construction of occupational health infrastructure, further promotes the management of occupational disease hazards, carries out employees' physical and mental health management, maintaining "zero" new occupational diseases.

01

Occupational hazard identification

- Fully acquired the basic management data by means of identifying occupational disease hazards and sorting out the posts exposed to hazards. In total, 145 main occupational disease hazard factors, 3,676 posts susceptible to occupational hazards and 9,181 workers exposed to occupational diseases and hazards were identified from 879 subsidiaries of Sinochem Group. 216 main occupational disease hazard factors and 33,743 workers exposed to occupational diseases and hazards were identified from 78 subsidiaries of ChemChina.

02

Team building for the management personnel

- Sinochem Group has increased occupational health management personnel, and the number of full-time occupational health management posts increased by 35% year on year. rease of 52% in 2020. ChemChina has increased occupational health management personnel, and the number of full-time occupational health management posts increase by 35% year-on-year in 2020.

03

Special investigation on occupational health of contractors and contract workers

- Through the investigation, we have improved the management of contractors and contract workers, filled legal loopholes and eliminated control risks. Sinochem Group investigated 210 enterprises and nearly 400 contractors, and discovered more than 1,500 problems. 537 times of occupational health supervision and inspection were conducted by ChemChina, with 672 problems and hidden dangers identified and solved. Among them, the contractors of 75 enterprises were investigated and more than 450 problems were identified.

04

Remarkable effect of occupational hazard treatment by promoting intrinsic safety

- Sinochem Group has further enhanced the control of occupational hazards in workplace, marked with a 3% year-on-year increase of the qualified rate of hazard detection and overall compliance of the dust concentration excluding noise. Throughout the year, 33 occupational hazard construction projects were added. While the number of posts exposed to hazards saw a year-on-year increase of 1,863, the total number of people exposed to hazards decreased through hazard treatment, with a year-on-year increase of only 102. ChemChina strengthened source control and reduced hazardous factors. A total of 13,022 workplaces were detected on occupational hazard factors, including 140 places exceeding the standard with an exceeding rate of 1.1%, 1% lower than that in 2019.

05

Care for employees' physical and mental health by advocating a healthy lifestyle

- Sinochem Group has cumulatively carried out over 1,000 online and offline health trainings, with more than 50,000 trainees. ChemChina has carried out education and training for employees, and 33,743 people were exposed to occupational hazard factors in the whole system, mainly including physical factors, chemical factors, dust and other hazard factors. ChemChina also provides on-the-job occupational health training and education based on the characteristics of different posts, with a total of 36,841 participants, which has raised employees' awareness of occupational health protection.



△ Zhejiang Research Institute of Chemical Industry provides employees with electric air supply protective respirators to prevent inhalation of harmful gases and ensure experimental safety



△ Sinochem Lantian Fluorine Materials Co., Ltd. sets up a clinic



△ Sinochem Energy SBU organizes a first-aid knowledge training



△ ChemChina Xinghuo Organic Silicone carries out a special investigation of occupational health hazards



△ China Jinmao carries out a front-line free clinic activity in collaboration with developers

Caring Employees' Life

Sinochem Holdings provides employees with a good working environment, creates a harmonious and pleasant working atmosphere, respects and cares for female employees, and attaches importance to employees' needs of "food, clothing, living, transportation and belongings." The Company cares about employees' lives and families, organizes various leisure and entertainment activities, and relieves employees' physical and mental stress, aiming to empower employees live a happy life in all-round way and continuously enhance their sense of belonging to Sinochem Holdings.

Enriching spare time

- Organizing rich and diverse cultural activities such as Tai Chi, yoga, football, basketball and mountaineering, etc.

Safeguarding physical and mental health

- Advancing Employee Assistance Program (EAP) to provide one-on-one psychological counseling
- Building female clinics

Balancing work and life

- Holding trusteeship camps for the children of employees in winter and summer vacations
- Organizing the youth fellowship activity of "chemistry gathering youth"



△ Sinochem running team dispatches 100 employees to participate in the Sinochem International "Sinochem Membrane Industry Cup" Xiangshan Damu Bay half marathon



△ Spring Festival activity held by Finance SBU



△ Family Open Day organized by Syngenta Group China



△ Holiday gifts for children of staff on Children's Day by the North Paint & Coatings Industry Research and Design Institute (North Institute)



△ Relay race by Zhenghe Petrochemical



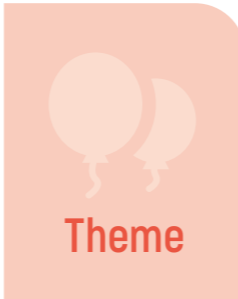
△ The second "National Day Cup" eight-person amateur football match by the labor union of Elkem's Xinghuo Organic Silicones

Cultivating Harmonious Corporate Culture

Upholding the philosophy of people first and "In Science We Trust," Sinochem Holdings continues to build its corporate culture in the interaction between the Company and employees, as well as among employees themselves. The excellent and advanced corporate culture imperceptibly affects employees' behavior, condenses unity, enhances employees' sense of identity, and cultivates a harmonious and civilized fashion.

Carrying out celebrating activities

Taking the opportunity of celebrating the 70th anniversary, Sinochem Group held the event under the theme of "with 70 years of innovation and entrepreneurship, pursuing for a common future featuring In Science We Trust". This event displayed remarkable shows of songs, dances, poetry recitation, etc., commending employees who have over 30 years of dedication. On top of that, the thematic feature film, album, anthology have been produced and a series of activities organized, including "Sinochem Readers · Youth Reading Club", which strengthened the link between the Group and employees and interiorized the corporate culture and philosophy in their mind.

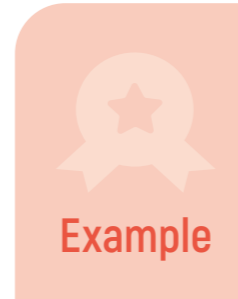


Theme



△ 70th Anniversary Event of Sinochem Group

Highlighting the power of role models



Example

Sinochem Holdings has organized various awards presenting events to commend the advanced, establish role models, and give full play to the demonstration and leading role of advanced figures and collectives, which has created a strong atmosphere that advocates for science, firm belief, and pursuit of transformation and innovation throughout the Company.

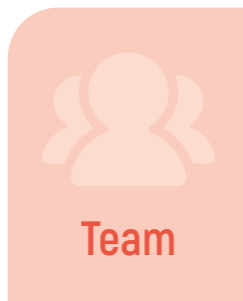


△ President Qin Hengde of Syngenta Group China wins the honorary title of Central SOE Model



△ Advanced individual of Sinochem Oil Marketing Co., Ltd. in combating COVID-19 was commended by the SASAC

Cultivating team spirit



Team

Sinochem Holdings advocates the team spirit featuring professionalism, dedication, win-win cooperation, openness and inclusiveness. By means of organizing various teamwork and experience-sharing activities, we aim to promote exchanges among employees and enhance the team cohesion and collaboration as a whole.



△ The "Running Group" of Changyi Petrochemical to cultivate team spirit



△ Team building activities organized by China Jinmao

Encouraging technological innovation

Aligning with the philosophy of "In Science We Trust," Sinochem Holdings encourages and supports its BUs and specialized companies to launch activities such as innovation training camps and creative competitions, to tackle technical difficulties and make innovations in research models. We also provide professional resources and invite practitioners to give lectures on innovation, so as to continuously inject innovative vitality, and concretely implement the spirit of seeking facts, truth, changes and progress.



Technology



△ The technicians of Winall Hi-tech are conducting breeding research and experiments to promote innovation



△ Quanzhou Petrochemical establishes a research organization

Spotlight

The New Generation, Sinochem Holdings', Youth Power

Sinochem Holdings provides sufficient space and opportunities for employees' growth, supports and encourages employees to take initiatives and make a difference, to fully unleash the wisdom and talents of young employees. We have unified personal value with corporate value and social value, and created better conditions for youth to establish themselves in Sinochem, engage in the front line, and work hard to make contributions to the nation. The Communist Party and the Youth League call for them to take action. In response, the youth of Sinochem Holdings shoulder their due responsibilities with practical actions.

Be responsible Yang Bo of MAP Grain Production

Being responsible is a noble character of Sinochem employees. The young Party member, Yang Bo, is a financial manager of MAP grain production in Ningxia Autonomous Region. During COVID-19, in order to improve the approval efficiency of farmers' loans, and ensure spring sowing, he gathered his colleagues of MAP Finance for enclosed online office in the Helan Center. From 8 a.m. to 12 p.m., except for meals and rest breaks, he had been making calls, checking assets and collecting information. By using telephone and WeChat surveys, he collected more than 900 clients with loan needs in 2020, and submitted loan applications for 500 households, providing sufficient financial support for farmers' spring sowing.

Be hard-working and diligent Du Jiang of Sinochem Commerce

Hard-working marks an excellent quality of Sinochem employees. Du Jiang, a young Party member of Sinochem Commerce, rushed to Xiong'an immediately as he received the notice of the launch of the H Project in Xiong'an new area. Under the tighter schedule of the project, only 5 days were left for him from contacting the new bidding team to issuing the notice. At the same time, no accommodation is available due to the pandemic. In order not to delay the progress of the project, he ate and slept in the guard duty room and kept working for 5 days and nights. Under his leadership, the Xiong'an team completed all filing materials for admission with high quality. As the only bidding agent to complete the announcement before the required deadline against the pandemic, they won this arduous battle.

Being determined to forge ahead Yao Xiuchao of Shengyang Research Institute of Chemical Industry

Being determined to forge ahead is the unique temperament of Sinochem employees. Facing the pandemic, Shengyang Research Institute of Chemical Industry volunteered to undertake the task of developing and producing isolation suits and quickly established a youth commando for scientific research. Yao was appointed as the team leader. To develop the isolation suit as soon as possible, the R&D team gave up rest, made it within 36 hours, and successfully put it into production in 5 days, creating the "Haohua speed." After that, Yao was appointed as the technical director of the protective mask silicone rubber cover project. He worked over 10 hours a day to conduct plenty of preliminary exploration tests, and successfully formulated the process procedures and raw material standards most suitable for the production of the Institute. Consequently, he won the China Youth May 4th Medal for his outstanding performance.

Keeping the faith The port team of ChemChina Logistics Co Ltd.

It is the fine tradition of Sinochem employees to strengthen their faith and vigorously carry forward the "nail spirit" in their work. The port team of ChemChina Logistics Co Ltd. is mainly responsible for the receiving and unloading of imported crude oil ships. They coordinate the preparation before the ships arrive at the port and transfer the crude oil back to the plant safely and smoothly via different transportation modes, to ensure the company's interests are intact. Every sector demands the efforts of all team members, from procedures handling to ship berthing and from ship unloading to transporting into the plant. Their undertaking ensures the supply of raw materials for the company. In the face of many challenges brought by port coordination, they have always been stationed on the front line and closely contacting with various ports to ensure the supply for all parties with measures including "overseas separation," "bartering inside and outside the system," "four-way transportation" and "special berth." They are busy communicating with the headquarters, enterprises and ports every day to contribute to reducing delay and loss of enterprises, which has highlighted the responsibilities of young employees in the new era.

Innovative and efficient Youth team of AEOLUS R&D Center

Innovation is the driving force for the high-quality development of Sinochem Holdings. The R&D team of AEOLUS R&D Center, with an average age of less than 35, is a nationally recognized enterprise technology center. It also serves as Henan Tire Manufacturing Engineering Technology Center and Henan Industrial Design Center. In recent years, it has made remarkable achievements in innovation with 1 second prize and 2 third prizes of Scientific and Technological Progress of Henan Province. The high-performance TBR tire won the title of National Green New Product. It led and participated in the formulation of more than 10 national standards and obtained more than 70 patents. In April 2021, the team was awarded the honorary title of Central SOE Youth Civilization.

Humanistic care Shangyu base team of Sinochem Lantian

Humanistic care is the key for Sinochem Holdings to promote the all-round development of employees and enhance their sense of belonging. Shangyu base team of Sinochem Lantian organized special cultural activities to enrich corporate culture, guide young people to learn the corporate culture, and grow together with the company. It gives full humanistic care to encourage employees to actively participate in the building of corporate culture, improve employees' association mechanism, and enrich employees' spiritual culture and life outside work, which is conducive to further uniting all employees. It also strengthens the sense of belonging and professional skills of employees and expands the space for employees' growth through Party building research projects, rich and colorful training sessions, awards presenting and skill competitions.



Being kind to others The Wuhan Angel team of China Jinmao

Being kind to others is a merit of Sinochem employees. Wu Xuelin, a young Party member of the post-90s generation in China Jinmao Wuhan, united with her friends to establish the Wuhan Angel volunteer service team. Against the backdrop of the pandemic, they worked hard day and night to contact suppliers with inventory via various channels and mobilize people around them to raise money and advocated social volunteers to form a transport team. According to incomplete statistics, since January 24, their team has raised more than 600,000 yuan, donated 10,000 protective suits to Wuhan Charity Federation, raised 7,930 pieces / sets of protective suits and 100,000 masks for 55 medical institutions, and provided free resource allocation services for many secondary medical institutions in the tier-two cities and counties of Hubei Province.



Working on the COVID-19 frontline Wang Zhihang of Chemicals SBU

Standing fast at one's post is the belief engraved into the flesh and blood of Sinochem employees. As Chemicals SBU's strategic project of "winning the decisive battle against Xuwei" entered a critical stage, the young Party member Wang Zhihang volunteered to undertake all the work of on-site coordination, including the isolation and accommodation of workers leaving other places for Liangyungang, on-site inspection and elimination of potential safety hazards. Meanwhile, he actively assisted the comprehensive management and human resources department with onsite office construction, COVID-19 responses, new employees' guidance and so on. During the temporary power construction of the project, he led his colleagues to repeatedly communicate with the construction unit, successfully saving hundreds of thousands of yuan for the Company. For more than 50 days and nights, Wang Zhihang held fast to the frontline and never slackened.



Making concerted efforts Anti-COVID-19 volunteer service team of Ningxia Lithium Battery

Unity and cooperation represents a powerful weapon of Sinochem employees. Under the guidance of Guo Xiaotong, the temporarily established anti-pandemic volunteer service team of Ningxia Lithium Battery made concerted efforts and fought a hard battle against the pandemic in the desert region in the western China. The youth service team was responsible for daily statistics and reporting the temperature of the isolation personnel in the apartment. In less than a month, they delivered 1,390 meals, and purchased 650 living materials and 47 thermometers. They persistently and tirelessly publicized and strictly supervised the implementation of preventive measures. The team members said, "This team will not be dismissed. We will always be there as long as there is a need."

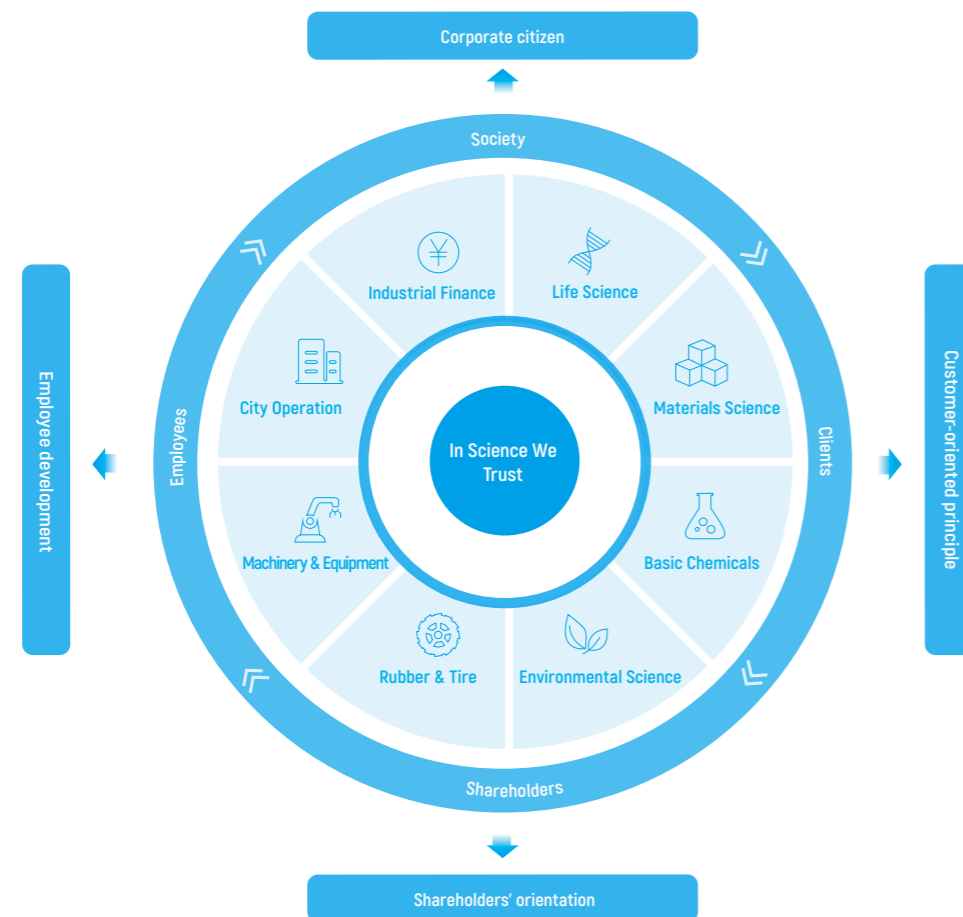


Sustainability Management

In active response to China's strategic development goals of "carbon emission peak and carbon neutrality," Sinochem Holdings has enhanced social responsibility management based on our development strategies and operation models, integrating sustainable development into the four elements of corporate management. On top of that, we have improved system building concerning human resources management, division of duties, policies and regulations, etc., and conducted extensive communication with stakeholders to achieve sustainable development of the Company and stakeholders.

Sustainability Model

Upholding the philosophy of "In Science We Trust," Sinochem Holdings has integrated sustainable development into our corporate operation based on the "four elements (society, clients, shareholders, and employees) of corporate value management." Considering both business characteristics and stakeholders' demand, we have conducted six responsibility fulfillment practices and made explorations to build a sustainable development model with Sinochem's characteristics.



Progress in Sustainable Development

Sinochem Holdings has always regarded sustainable development as part of our DNA which has been integrated into strategic management. Focusing on philosophy integration, system building and practice guidance, we have facilitated the sustainable development with a top-down approach and continuously integrate it into our business and management.

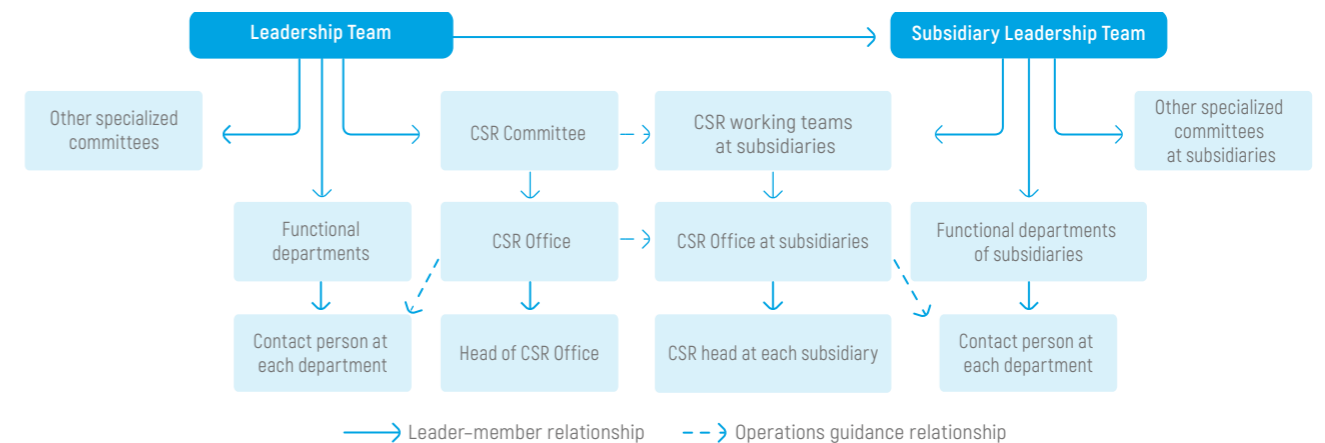
Philosophy integration

We have continuously strengthened the sustainable development philosophy of the "Three Compatibilities" and "Three Integrations" and integrated it into our corporate mission, culture, and values. With innovation-driven development and excellent management, we have provided first-class products and services, and delivered maximum value for clients, shareholders and employees, becoming a model for resource conservation and environmental protection in the whole industry. We pursue the harmonious development of the Company, society and the environment, striving to build ourselves as an industry-leading, respectable world-class company.



System building

We have established a sustainable development system covering headquarters and subsidiaries at different levels, and adjusted the composition of the sustainable development committee by including relevant functional departments and leaders of key subordinate enterprises to make sustainable development work more compatible with corporate management. Subsidiaries at all levels set up leading groups for sustainable development, identifying the heads and contacts, and organizing practices.



Practice guidance

We have compiled the *Guide and Management Rules for Sustainable Development* to instruct and fuel sustainable development of the Company and subsidiaries. Moreover, we also encourage the whole company, from the group level to all subsidiaries, to organize diverse CSR activities based on their own circumstances and achieve social influence. In addition, we have collected sustainable development practices, identified highlighted cases, shaped the brand of responsibility, and encouraged all subsidiaries to uphold sustainable development.

Stakeholder Communication

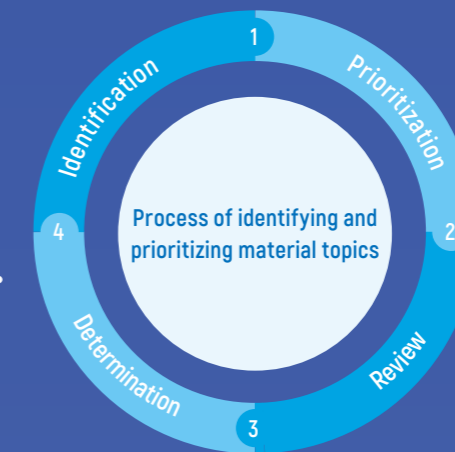
Sinochem Holdings maintains active and efficient communication with all stakeholders. We understand and respond to stakeholders' expectations and requirements in a timely manner, and join hands with them to achieve common development.

Stakeholders	Expectations and Appeals	Communication and Responses
 Government	<ul style="list-style-type: none"> Compliant with laws and regulations Boost economic growth Serve national economy and people's livelihood 	<ul style="list-style-type: none"> Operate in compliance with laws and regulations Pay taxes proactively Participate in policy research and formulation of plans
 Shareholders	<ul style="list-style-type: none"> Enhance profitability Scale up corporate governance structure Fulfill information disclosure obligations Preservation and appreciation of state-owned assets 	<ul style="list-style-type: none"> Convene general meetings of shareholders Improve management capabilities Issue annual reports regularly Disclose corporate information transparently
 Clients	<ul style="list-style-type: none"> Open and transparent information Enhance service quality Considerate services Cater for diversified needs 	<ul style="list-style-type: none"> Release information through the official website and new media platforms Understand clients needs Provide people-oriented services Conduct customer satisfaction surveys
 Suppliers/Industry/Partners	<ul style="list-style-type: none"> Fair competition Facilitate technological progress in the industry Transparent procurement Industrial chain extension, industrial services expansion 	<ul style="list-style-type: none"> Execute contracts with integrity Enhance research and development capabilities Disclose tendering and bidding information transparently Strengthen supply chain management and cooperation Actively participate in events of the industry
 Employees	<ul style="list-style-type: none"> Competitive compensation and benefits Provide occupational training Foreseeable career development paths Create satisfactory working environment 	<ul style="list-style-type: none"> Pay wages on time and in full Provide employee training Improve employee promotion mechanisms Collect and respond to the comments and recommendations of employees Organize various activities
 Environment	<ul style="list-style-type: none"> Reasonable utilization of resources Energy conservation and emissions reduction Pollution prevention and control Better HSE management system 	<ul style="list-style-type: none"> Keep communication with environmental protection departments and social groups Utilize green chemicals Advance pollution prevention and control Learn and exchange advanced experiences at home and abroad
 The public/Community	<ul style="list-style-type: none"> Engagement in public welfare Contribution to community development 	<ul style="list-style-type: none"> Keep communication with government agencies and social groups Support targeted poverty alleviation projects Participate in public welfare activities in communities

Materiality Management

Based on corporate strategy and operation management, Sinochem Holdings actively identifies key issues on sustainable development and responds to the expectations and appeals of our stakeholders. We keep improving our performance to achieve shared development with all stakeholders.

- Establish the topic pool based on the analysis of standards and guidelines
- Identify the topics highly related to the 5 major businesses of Sinochem Holdings by benchmarking against the industrial champions
- Identify the topics with universal social needs by studying policies and public opinions

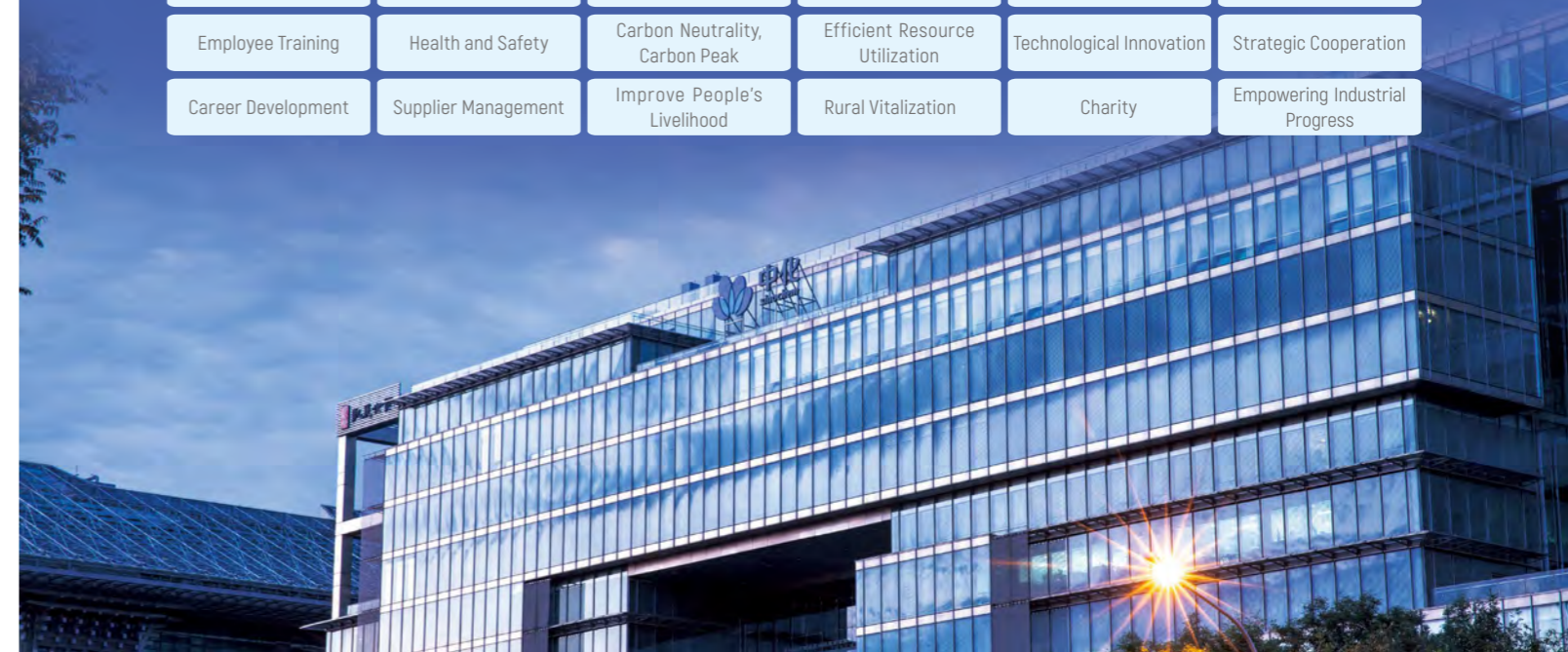


- Impact on the Company including strategy, operation and management
- Impact on stakeholders in terms of their significance

- Determine material topics in various areas for the compilation of reports

- Internally: reviewed by the leadership, CSR Committee, functional departments, subsidiaries and all employees
- Externally: reviewed by social responsibility experts

Key Material Topics					
Honest Operation	Anti-corruption	Work Safety	Synergic Development Across Businesses	Equal Employment	Compensation and Benefits
Employee Training	Health and Safety	Carbon Neutrality, Carbon Peak	Efficient Resource Utilization	Technological Innovation	Strategic Cooperation
Career Development	Supplier Management	Improve People's Livelihood	Rural Vitalization	Charity	Empowering Industrial Progress



Outlook

2021 marks the 100th anniversary of the founding of the Communist Party of China (CPC), the first year of the 14th Five-Year Plan, and also the first year of building China into a fully modern socialist country. Grounding Sinochem Holdings' efforts in the new development stage, we will adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and earnestly implement the important decisions made by General Secretary Xi Jinping on the restructuring of Sinochem Group and ChemChina. With the innovation-driven development strategy and the philosophy of "In Science We Trust", we will focus on national strategies, our main businesses and responsibilities, optimize the business layout, and speed up building a world-class chemical conglomerate, making headway to create more values for society, clients, shareholders and employees to celebrate the 100th anniversary of the founding of CPC.

Serving national strategies and people's livelihoods

We will focus on the hotspots of the times, actively respond to major national policies and strategies, and implement the positioning and decisions made by the Central Party Committee, the State Council, and SASAC. We will proactively respond to the country's efforts to achieve the goals of carbon peak and carbon neutrality, make plans and roadmaps for peaking carbon dioxide emissions, practice green development philosophies, and incorporate them into the whole process of R&D, production, operation and sales. Moreover, we will align our efforts in consolidating the achievements of poverty alleviation with rural vitalization. In particular, we will focus on five aspects, i.e., industry, talent, culture, organization, and ecological revitalization, to establish a long-term assistance mechanism and prevent against the bottom line of scalable returning to poverty.

Seizing the opportunities of restructuring to maximize benefits

We will seize the development opportunities brought about by the restructuring of Sinochem Group and ChemChina to further optimize the allocation of enterprise resources. Focusing on the core industrial chain, we will follow the inherent logic of industry chain development and business synergy, achieve specialized integration, and maximize overall benefits through collaborative efforts. Taking into account the overseas enterprises' strategies in China, we will take a customer- and market-oriented approach, build clear-cut industrial chains and business clusters, and improve market share and industrial competitiveness. On top of that, we will further develop industrial parks and bases to further reduce costs, improve overall benefits of the industrial chain, and maximize efficiency.

Building a world-class conglomerate with innovation-driven development strategy

We will continue to pursue technology-driven, high-quality development with enhanced technical capabilities. We will increase investment in innovation, give play to the role of R&D, and lead high-quality development with technological drivers. Instead of compromising scale and short-term profit goals, we will develop digitalization, intelligentization, and industrial Internet, promote in-depth synergy integration with the industry, and build a world-class chemical conglomerate driven by technological innovation.



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Feedback Form

We are constantly striving to improve our corporate social responsibility work. Your feedback is therefore greatly appreciated and serves as an important basis for our improvements.

Personal information:

Name: _____ Company: _____

Telephone: _____ E-mail: _____

Your evaluation:

1. What do you think of the report?

Excellent Good Satisfactory Poor Very Poor

2. What do you think of the disclosed information?

Excellent Good Satisfactory Poor Very Poor

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

Excellent Good Satisfactory Poor Very Poor

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

Excellent Good Satisfactory Poor Very Poor

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

Excellent Good Satisfactory Poor Very Poor

6. Please offer your valued opinions or recommendations in connection with Sinochem Holdings' social responsibility, report drafting, or publishing, etc.

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Sinochem Holdings' official
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