Strengthen the means of implementation and revitalize the global partnership for sustainable development

UN 2030 Agenda calls for global cooperation and joint efforts. Economic globalisation provides strong power for global economic growth and promotes commodity and capital flows as well as S&T and cultural progress. However, due to the impact of the global economic downturn and increasing trade protectionism, the demand for more openness, win-win cooperation and mutual development is increasing for all countries. China has implemented Going Global strategy and proposed the Belt and Road Initiative to respond to these calls, aiming to build an open global economy that promotes the liberalisation of trade and investment and facilitates further openness, communication, integration and development.

Advancing openness and win-win cooperation promoting sustainable growth in the value chain

Challenges and opportunities

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Strengthen the means of implementation and revitalize the global partnership for sustainable development
Our actions

Sinopec Corp. provides services that impact people’s livelihoods. We proactively implement the open cooperation strategy, stick to the integration with local economy for win-win cooperation, steadily promote diversified ownership reform, and strengthen cooperation with our partners including contractors and suppliers in the value chain, aiming to jointly propel the sustainable development.

Building an open, just, transparent and honest value chain

Sinopec Corp. advocates the pursuit of shared values with its contractors, suppliers, purchasers and operators. By promoting the use of our construction project e-trading system, we can monitor our business operations, management, trading, assessment and appraisals via an online supervision system. We also implement Business Ethics Agreement which shall be signed at the same time with the business contract.

Our self-discipline
(excerpt from Business Ethics Agreement)
- Do not claim or accept discounted fee, agency fee, commissions, cashes, securities, payment vouchers, and other valuables offered by Party B
- Do not claim any expenses from Party B that should be paid by Party A or its individuals
- Do not seek unjustified interests for spouses and/or children of Party A from Party B

Our position
(excerpt from Letter to Suppliers by Sinopec Corp.)
- Stick to openness, fairness, justness and integrity
- Promote and will improve the construction of a market credit system, and cooperate with suppliers to create a healthy business ecosystem; forbid commercial bribery and dishonesty
- Firmly fulfil social responsibilities

Our initiatives
(excerpt from White Paper of EPEC E-commerce Platform Operation)
- Uphold the philosophy of "quality first", "customers first" and "credit first"
- Comply with the company’s integrity incentives and dishonesty punishment mechanism, and create an e-commerce operating environment based on honesty, self-discipline, trustworthiness and mutual trust

Enhancing cooperation in the industrial chain

In 2016, Sinopec Corp. promoted the integration of upstream and downstream industrial chains to achieve mutual development through win-win cooperation. We cooperated with 14 provinces and cities to boost the development of our natural gas business, and focused on the market-oriented reform. We introduced social capital to the natural gas pipeline project from Sichuan to East China. Reforms of marketing company go smoothly. We are pursuing strategic cooperation with the postal industry and shipbuilding industry. We are optimising our refinery and petrochemical operations, building production bases, developing medium and high-end products, expecting to cooperate with our stakeholders.

Assuming our responsibilities with partners in value chain

Sinopec Corp. embraces responsibility culture and promotes quality management and HSE management in its value chain. We require a 100% qualification rate for project contractors, sub-contractors and carriers of hazardous chemicals and conduct credit-based assessments for all contractors and suppliers to assess their safety management. We assess suppliers to ensure they are in compliance with ISO 14000 and ISO 18000 standards, and check whether their safety production contingency management system are qualified. We also evaluate their social responsibility performance and the degree to which they handle emissions and waste disposals. We have built a safety assessment model that covers logistics systems for hazardous chemicals and established KPIs to supervise all carriers’ safety mechanism and promote safe operations.

Case study

In October 2016, Sinopec Corp. disclosed information on its oil and gas pipeline facilities and opened its available facilities with remaining capacities to third-parties. Our admittance standard outlines the necessary conditions that must be met in safety, environmental protection, and employee care etc. The main requirements are as follows:

- Respect and agree with HSE concepts of Sinopec Corp, build and improve its HSE management system, and achieve good safety performance.
- Be responsible for employees and put people first; provide premium products and services to customers; be responsible for environment and attach importance to environmental protection.
To meet the needs of companies in supply chain, Sinopec Corp. built the EPEC e-commerce platform to connect the industrial chain and supply chain via the Internet and contribute to national supply-side structural reform.

The EPEC platform utilises procurement advantages accumulated over 12 years to provide tailored services to customers. From quality supervisions to trade dispute settlement, the platform provides one-stop service for customers. The EPEC platform cooperates with financial institutions to help upstream and downstream enterprises gain access to low-cost and convenient financing channels, creating shared value and growth.

By the end of 2016, 32,000 suppliers and 2,821 purchasers (84% are external purchasers) were registered on the EPEC platform. More than 726,000 kinds of goods were available for online sale and 107,000 customers were registered. The total transaction value was about RMB 50 billion with RMB 2.64 billion of purchase amount from external enterprises.

Case study

“As a response to the ‘Internet Plus’ strategy, Sinopec Corp. leverages multiple leading internet technologies to build the EPEC platform. EPEC will build a bridge between resource management, tendering and bidding and quality control, and create an open win-win market environment. As a result, the long-term success of Sinopec EPEC can be guaranteed while collaborative cooperation and mutual benefits can be promoted between enterprises in the supply chain.”

Stephen Hinson
China Operations Leader of GE Oil & Gas, EPEC supplier

| Tender and bidding training programs for construction projects | 5,278 person times |
| Supplier training | 4,000 person times |
| Total registered suppliers | 32,000 |
| Kinds of goods for online sale | 726,000 |
| Total transaction value (RMB) | 50 billion |

Promoting growth in the value chain
Sharing resources and promoting growth in the industrial chain
Sinopec Corp. shares information and access to more than 30,000 suppliers with companies in the industrial chain and has built its EPEC e-commerce platform that encourages social enterprises to use online procurement. We present fair and just business opportunities for suppliers through specific standards and fair procedures.

Promoting the identification and prevention of risks in supply chain
Sinopec Corp. keeps track of the supply quality and progress. When major problems are detected, we issue a letter of notification to suppliers and take steps to help them control risks. We have set up goods supply risk warning system to help customers raise awareness on the importance of risk prevention and control. The ability for risk identification and prevention in the value chain has been improved.

Carrying out training sessions in the value chain
Sinopec Corp. holds training sessions for contractors and suppliers to facilitate communication on related laws and regulations, tenders and bidding management and corporate business. Through enhanced two-way communications, we promote the identification of values and help build capacity for economic, environmental and social sustainable development. In 2016, a total of 5,278 person times and over 4,000 person times were recorded in our tender and bidding training programs for construction projects and supplier trainings respectively.