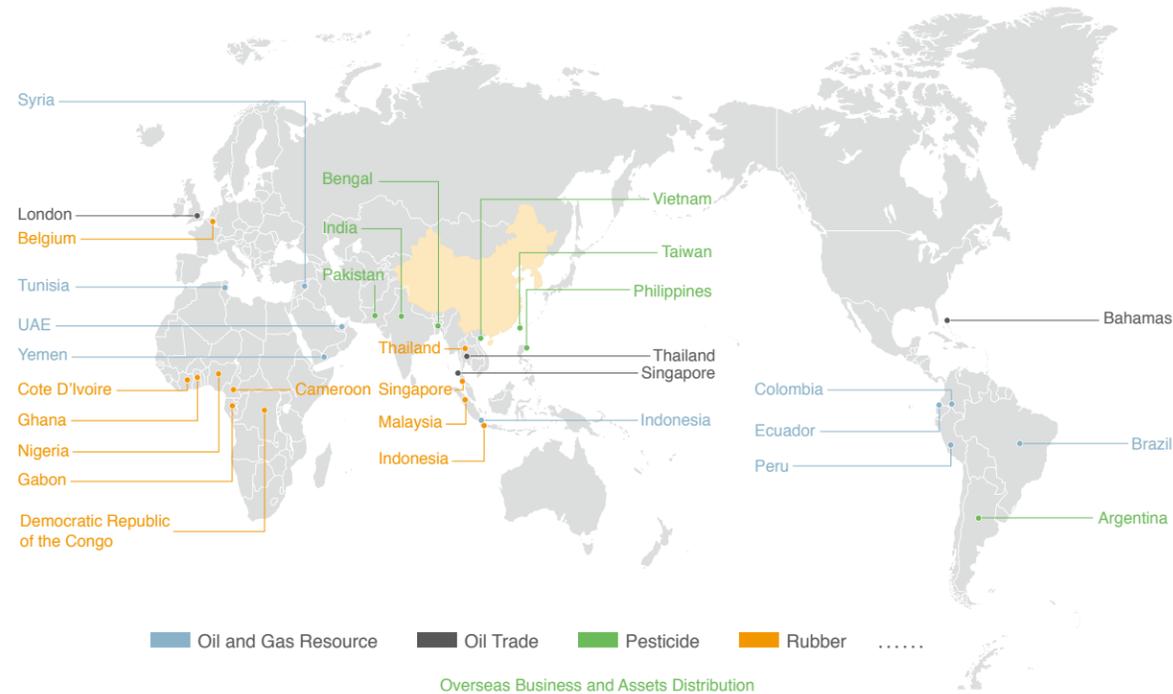


Feature Report—Global Operations

Global Responsibility

Sinochem Group was once the largest trade company in China. Since 1998, we have pressed ahead with our strategic transformation, coping with external changes to leverage “the two resources and two markets” inside and outside China to organize resources from a global perspective. We have blazed a path for market-orientated operations; we utilize resources and technology as well as lean management processes and have transformed from a traditional trade company into a multinational corporation with strong market presence and influence.



FORTUNE World's Most Admired Companies 2013

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Most Admired: All Companies | State: All | Industry: Trading | More Data: Industry Rank

Rank	Company Name	Location	Industry Rank
1	Sinochem Group	China	1
2	COFCO	China	2
3	Mitsubishi	Japan	3
4	Samsung C&T	South Korea	4

Sinochem has appeared on the Fortune Global 500 twenty-two times, ranking 113th in 2012. In the “World’s Most Admired Companies” list released by Fortune Magazine in February 2013 Sinochem ranked 1st on the trade company category, and boasts the best record of all Chinese companies on the list. That ranking reflects the general view of industrial executives, board directors and analysts on the growth and reputation of Sinochem.

As a member of the UNGC, we see our corporate social responsibility (CSR) as an organic part of our corporate genes. We are trying to integrate CSR into our business operation throughout the whole process of internationalization. We have established a great image of “responsible Sinochem and responsible Chinese enterprise” overseas. Our case for building overseas community was granted the “2012 China Best Practice Award of UNGC”

“Multinational companies are operating with global footprint and strong market influence; therefore their CSR action can not only mobilize and enhance other companies’ CSR awareness and capability worldwide, but can intensify their own CSR competitiveness, which helps them to grow farther and stronger in the international arena.”

—Liu Deshu,
President & CEO of Sinochem Group

Global Operations: Developing with the Local Economy

Sinochem has positioned itself as a “global resource and market organizer” during its strategic transformation. We make the best use of our strength in international operation, and are speeding up our pace to be more international. At present, our overseas projects are mainly located in Africa, Latin America, and the Middle East, covering business sectors such as energy, rubber, and pesticides. From 1998 to 2012, we accumulatively invested RMB 95 billion. By the end of 2012, our overseas assets, overseas revenue, and overseas profit accounted for 49%, 67%, and 37% of our total. We have more than 60 overseas subsidiaries and branches, and our foreign employees make up 20% of our total employees.

Energy

With the global strength to organize resources and render professional services, we have become an important crude oil supplier to the Asia-Pacific region, providing crude oil for refineries in China, Southeast Asia, Europe and America. Our import and entropot trade volume exceeds 50 million MT.

In 1999, we made a strategic decision to “extend to the upstream oil sector”. For more than a decade, we have expanded globally and acquired 33 blocks in 10 countries in the Middle East and South America. Thirteen blocks among them are under production, four are under development appraisal, and the remaining 13 are under exploration. We work as operator in 13 blocks, and have formed a strategic development network with the UAE, Colombia and Brazil, each serving as a core region and covering the surrounding countries. In 2012, our equity production reached 3.42 million MT (oil equivalent).

- In January, 2002, we signed an agreement with PGS to purchase Atlantis Holdings Norway AS, making our first stride into the petroleum E&P area.
- In February, 2007, we acquired 100% equity of New XCL China LLC to obtain 24.5% of non-operator interest in Zhaodong Block located in Bohai Bay region, marking our entrance to the domestic oil E&P sector.
- In October 2009, we acquired 100% interest in UK-listed Emerald Company and now own around 50%-100% operator equity in 11 blocks in Syria, Colombia, and Peru.

We established oil production bases in Colombia, cultivated a team of operators, and initially formed a strategic plan that blankets South America and the Middle East.

- In May 2012, we acquired 40% equity of the Peregrino Project from Statoil. This offshore project is located at Block BMC-7 and Block BMC-47 in Campo Basin, 85 kilometers away from the Brazilian coast. This acquisition was the largest of its kind in Sinochem’s history. It has greatly expanded our E&P portfolio, and increased our reserve by a large margin.



Pesticide

- In 2008, Sinochem acquired Monsanto pesticide's distribution rights in India, Philippines, Thailand, Vietnam, Pakistan, Bangladesh, and Taiwan, and set up sales channels and a network abroad. We own 45 brands in Southeast Asia, and are consistently increasing our market presence. For example, our glyphosate takes up 40% of the Philippines market.
- We keep enhancing our presence in other important markets worldwide, too. In 2011, we established a subsidiary in Argentina. In 2012, we opened our branches in Brazil, Mexico, and Australia.
- In March 2013, the company acquired the exclusive distribution rights to Monsanto's Roundup herbicide in Australia and New Zealand, becoming an important supplier of Monsanto agrichemical products.
- Our pesticide import and export volume always tops lists in China, with our products covering South America, North America, Brazil, the EU, Northwest Asia, the Middle East, and Africa.

Rubber

Through years of development of our natural rubber business, we currently own 73,000 hectares of plantations, 240,000 hectares of land bank, 22 production plants in eight rubber-producing countries, and have a total capacity of 680,000 MT. In 2012, our global sales reached 800,000 MT, taking third place in the world, and penetrating 8% of the European and American market.

- In September 2008, Sinochem Singapore acquired the Singapore-listed GMG Global Ltd., which provided a platform for us to reach out to the ASEAN countries. GMG Global Ltd is a company that integrates rubber planting, processing and distribution. Its planting and processing business covers ASEAN countries like Indonesia and Thailand, and African countries like Cameroon and Cote D'Ivoire. In Indonesia and Thailand, we own several natural rubber companies and plants with a total capacity of 10,000 MT, with all products going to Europe, America, and Asia. This acquisition enhanced our competitiveness and influence in the natural rubber industry.
- In November 2010, we acquired TBH, a natural rubber tycoon in Thailand. At present, TBH has a production capacity of 200,000 MT, with its five plants located in the major rubber-producing region in the south of Thailand, which has the highest rubber plant density in the world. TBH's processing capacity and brand advantages in the natural rubber production area have enhanced our overall strength in the industry.
- In July 2012, we invested RMB 1.6 billion in acquiring 35% of SIAT NV, Belgium. SIAT's major business involves the planting, processing, production, and sales of natural rubber and oil palm. Its major assets are distributed in West Africa, including Cote D'Ivoire, Ghana, Nigeria, and Gabon. At present, it has 51,500 hectares of plantation for natural rubber and oil palm. The deal has increased our resources and land bank in Africa, and helped to create synergy with our existing business, and significantly supports the global rubber resource consolidation and distribution strategy of Sinochem.

Pharmaceuticals

On 31 August 2011, Sinochem and DSM set up a global anti-infective joint venture, DSM-Sinochem Pharmaceuticals (DSP). DSP's major production facilities are located in Europe, America, and Asia.

- On 9 December 2011, DSP kicked off the construction for the new generation of the green enzymatic solution facility, which adopts DSM's proprietary green enzymatic biotechnology to manufacture new semisynthetic cephalosporins.
- On 21 June 2012, DSM-Sinochem Biochemical Intermediates (Changchun) Co., Ltd., which is DSP's intermediate manufacturing base in Yushu of Changchun, Jilin province, was officially opened. It will produce the key intermediates for semi-synthetic penicillin.

Global Responsibility: Being an Outstanding Corporate Citizen

We are delivering our CSR commitments by developing local economies, society, and employment markets, and protecting the local environment in our global operation processes. We are trying to be an international CSR role model, and hope to command the respect and trust of the international community.

Harmonious Coexistence with the Environment

We value our harmonious coexistence with the environment, and make it a benchmark for every project we conduct to achieve a balance between human activity and the natural ecology. We are actively protecting the local environment.

- Our overseas E&P projects have an HSE (health, safety, and environment protection) management system that covers the lifecycle of our projects, reduces safety hazards and our environmental impact. Our HSE management in the UAQ offshore gas field in UAE was selected as a case of good practice in *Emerging Best Practices of Chinese Globalizers: the Corporate Global Citizenship Challenge*, a report co-published by the World Economic Forum and the Boston Consulting Group. Our management system involves all stakeholders including clients, suppliers, and contractors. It covers all project operation links, including design, purchasing, construction, transportation, and production, and runs standardized risk controls in new projects M&A as well as asset divestiture. Using this management system has contributed to our safe operations for more than 1,700 days on the UAQ project.
- In Africa, we have established a green circular economy for our natural rubber business. We signed an agreement with WWF, and Hevecam Campo Ma'an National Park to protect land for primeval forests and to balance the ecology in our plantations. In addition, we have developed a biological circular mechanism that is suitable for the plantations and is based on local conditions. We use waste from oil palm processing as feed for livestock or burn raw materials to generate heat, we collect waste timber and use as organic fertilizer, and we have introduced advanced water treatment technology to our rubber processing plants. The local government and local people have speak highly about these measures because they have developed local resources, protect the local environment, and have established a local circular economy.
- DSM-Sinochem Pharmaceuticals employs the new generation of green enzymatic technology for production. Compared with the traditional way, we save energy by 50% for each kilogram of products, reduce organic solvent by 90%, and VOC discharge by 90%, which effectively promote the sustainable development of the pharmaceutical industry.



• When Sinochem closed its US Agri-Chemicals Company in 2005, a phosphate fertilizer production subsidiary of Sinochem, it shouldered the follow-up environment protection work. In fact, we promised to conduct 50 years of environment monitoring and maintainance after the closure, committing significant funding to the project. We believe this commitment fully reflects our CSR commitment to local residents and the local environment. In the eight years following the closure, we have utilized internationally advanced environment treatment processes. In 2013, we completed the backfill of phosphorite. To date, our efforts have reached all international environmental protection monitoring standards and indicators for special projects. Our approach has won praise from people from all walks of life in Fort Meade City, Florida State, the project location.



Prior to the treatment



Post treatment



"The closure of US Agri-Chemicals is progressing very well. We are very satisfied with the closure work."

— —Comment from an officer from the local Environment Protection Department

Common Development with the Local Community

We always upholds the principle of "being friendly with and being partner of the neighbors" while developing our overseas community. Our overseas projects are primarily located in Africa, South America, and the Middle East, and involve many diverse cultures. In the long process of "Going Global", we have successfully implemented a win-win cooperation model with local communities that help us coordinate our approach with the local economy, society and environment.

To effectively communicate with local communities we set up specialized Community Liaison Department at overseas projects. We dispatch a Community Coordinator to hold project presentations and inviting project personnel and community representatives attend. This helps us understand the concerns of local residents and win their support and participation during the construction of our projects.

One way that we contribute to the economy of local communities is by procuring and sourcing work locally, and hiring local agencies to provide services. This approach also creates employment opportunities, and promotes equality and harmony in the local community.

In Cameroon, we invest USD 2.2 million annually in building hospitals and schools. To date, we have built 17 kindergartens, 26 elementary schools, 2 middle schools, and 1 vocational training school. We also built public hospitals and an obstetrical and gynecological hospital.



In Colombia, we signed a contract with Healing the Children to provide health care treatment for children. To date, the project has cured difficult illnesses for more than 160 children, and provided medical services to more than 500 children suffering linguistically, helping them regain their health. We have cooperated with the Social Security Department of Colombia to provide funding for the purchasing of ambulances for hospitals, which has greatly benefited the residents in 22 communities around our GIGANTE oilfield. In terms of infrastructure construction, Sinochem cooperates with many institutions on the renovation and expansion of school dormitories, canteens, classrooms, medical care centers, and kindergartens. This has benefited more than 5,000 people.



The manager of Colombia Emerald project is having conversation with the head of the local community

Growing with the Local Talents

We understand the importance of training local employees. We recruit local and international staff. Based on the local community's requirements, we recruit 100% of our non-technical workers locally, and for technical positions we give priority to the local employment market. We also provide sufficient training to employees at all levels of the company to help them develop and grow in their career with us. We build new residential accommodation for our employees' families and use clubs to create a safe and stable working environment and living conditions.

Every year, in our Excellent Employees Selection, we have special awards for "Foreign Model Workers". We invite the award winner to China and to the Sinochem Headquarters for an awards ceremony and the spring festival gala to let them see and better understand our Sinochem family.

The "recruiting locally" policy has played an important role in improving local salaries and people's livelihoods. For instance, our rubber business has created more than 18,000 jobs in Africa. As we continue our fast growth internationally, we will create more job opportunities in the future.



We invite excellent employees and their family to visit Sinochem Group Headquarters