

**Rules and Procedures  
for  
Supervisory Committee's Meetings  
of  
China Petroleum & Chemical Corporation**

**Revised at the Annual General Meeting for the Year 2014 on 27 May 2015**

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## **CHAPTER 1    GENERAL PROVISIONS**

- Article 1**    In order to further regulate the discussion model and the voting procedures of the supervisory committee of China Petroleum & Chemical Corporation (the “Company”), and to perfect the governance structure of corporate legal person, these Rules are formulated according to the “Company Law of the People’s Republic of China” (the “Company law”), the "Securities Laws of the People's Republic of China", “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas”, “Guidelines for the Articles of Association of Listed Companies” and “Standards for the Governance of Listed Companies” and other relevant laws and regulations regulating listed companies inside and outside the PRC and the Articles of Association of China Petroleum & Chemical Corporation (“Articles of Association”).
- Article 2**    The supervisory committee is accountable to the shareholders’ general meetings. It shall be responsible for supervising the financial affairs of the Company and the lawfulness of the performance of their duties by the directors, and the senior management personnel so as to safeguard the legitimate interests of the Company and its shareholders.
- Article 3**    The Company shall take measures to ensure the supervisors’ rights to know the Company’s affairs, and provide them with necessary information and materials, so as to enable the supervisory committee to conduct effective supervision, inspection and evaluation of the financial status and management situation of the Company.

The president shall report to the supervisory committee the entering into of, and the enforcement of, material contracts by the Company, the use of capitals and the profitability of the Company upon the request of the supervisory committee. The president shall ensure the truthfulness of such report.

## **CHAPTER 2    FUNCTIONS AND POWERS OF THE SUPERVISORY COMMITTEE**

- Article 4**    The supervisory committee shall exercise the following functions and powers in accordance with law:
- (i)    to review the Company’s financial position;
  - (ii)    to supervise the directors, and the senior management personnel in order to ensure that they do not act in contravention of any law, regulation or the Articles of Association (and its appendices) in performing their duties, raising opinions suggesting the removal of directors and senior management personnel who violates laws, administrative rules, the Articles of Association or the resolutions made by the shareholders' general meeting;
  - (iii)    to demand the directors, and the senior management personnel who acts in a manner which is harmful to the Company’s interest to rectify such acts;
  - (iv)    to check and inspect the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders’ general meetings and to authorize, in the Company’s name, publicly certified and practicing accountants to assist in reviewing such information should any doubt arise in respect thereof, examine and opine in writing on the periodical reports of the Company prepared by the board of directors;
  - (v)    to propose to convene an extraordinary general meeting, where the board of directors fails to perform the duties in relation to convene or preside a shareholders meeting as required by the Company Laws, to convene and preside the shareholders meeting;
  - (vi)    To put forward motions at the shareholders’ general meeting;

- (vii) to propose to convene provisional board meetings;
- (viii) to represent the Company in negotiations with or in bringing actions against a director or senior management personnel;
- (ix) to investigate into any abnormalities in operation of the Company; if necessary, to engage accounting firms, law firms and other professional institutions to assist its work, and the expenses shall be borne by the Company;
- (x) other duties and powers provided for in the Articles of Association and these Rules.

The supervisors shall attend meetings of the board of directors, and may enquire or advise on matters in the resolutions of the board of directors.

**Article 5** All reasonable fees incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.

The expenses incurred by the supervisors in attending the supervisors' meeting shall be borne by the Company. These expenses shall include the transport fares incurred by the supervisors in travelling from their own addresses to the places of the meetings, and fees for the accommodation and meals during the meeting.

**Article 6** The chairman of the supervisory committee shall exercise the following functions and powers:

- (i) to convene and chair the meetings of the supervisory committee;
- (ii) to organise and carry out the duties of the supervisory committee;
- (iii) to review and approve, and signing the reports of the supervisory committee and other important documents;
- (iv) to represent the supervisory committee to report to the shareholders' general meetings;
- (v) other duties that shall be performed by him in accordance with law or the Articles of Association and these Rules.

**Article 7** In performing its duties, the supervisory committee may report to the board of directors and the shareholders general meetings the breach of laws and rules relating to the Company's financial affairs and the acts of the directors, and the senior management personnel which are in violation of laws, regulations or the Articles of Association and its appendices and these Rules. It may also directly report the same to the securities regulatory authorities of the State Council and other relevant authorities.

**Article 8** A supervisor shall abide by the laws, administrative regulations, the Articles of Association and these Rules, and shall perform his supervisory duties truthfully, faithfully and diligently.

### **CHAPTER 3 COMPOSITION OF THE SUPERVISORY COMMITTEE AND ITS ADMINISTRATIVE OFFICE**

**Article 9** The supervisory committee shall compose of 7-9 supervisors. Of which, supervisors assumed by representatives of workers and staff of the Company shall not be less than 1/3. The supervisory committee shall have one chairman and may include deputy chairman(s).

**Article 10** Each supervisor shall serve for a term of 3 years, which term is renewable upon re-election and

re-appointment. Within the supervisory committee, the supervisors assumed by non-representatives of the employee shall be elected and dismissed in the shareholders' meeting; supervisors assumed by representatives of employees shall be elected or dismissed by the employees of the Company through the employee representatives' meeting, employees' meeting or other democratic elections.

**Article 11** Except for complying with the eligibility requirements as set out in the Company Law and the Articles of Association, the supervisors shall possess professional knowledge and work experience in the field of law or accounting.

**Article 12** The supervisory committee shall have an administrative office responsible for handling daily affairs of the supervisory committee.

#### **CHAPTER 4 RULES OF THE SUPERVISORS' MEETINGS**

**Article 13** The supervisors' meetings shall be divided into regular meetings and provisional meetings according to the regularity of such meetings.

**Article 14** The regular meetings shall be convened at least four times each year, including the meeting examining the annual results, meeting approving interim results and meetings approving quarterly report.

The meeting examining annual results shall be convened within 120 days from the end of the accounting year of the Company. The supervisors shall listen to and approve the Company's annual reports and deal with other relevant matters at such meetings.

The meeting examining interim results shall be convened within 60 days from the end of the first 6 months of the accounting year of the Company. The supervisors shall listen to and examine the Company's interim reports, the interim financial statements and deal with other relevant matters at such meetings.

**Article 15** A provisional supervisors' meeting shall be convened in any one of the following events:

- (i) here the chairman of the supervisory committee considers necessary;
- (ii) where the supervisor(s) propose;
- (iii) where the Company has suffered or is suffering loss of substantial assets causing the shareholders' interests to be damaged;
- (iv) where the directors, and senior management personnel act in a way which is in contravention of laws, regulations or the Articles of Association causing the Company's interests to be seriously damaged.
- (v) where required by laws, administrative rules, regulations of competent authorities and the Articles of Association.

**Article 16** The supervisors' meetings shall be divided into on-site meetings, video-telephone meetings and meetings by way of written resolutions.

All the meetings of the supervisory committee may be held by the way of on-site meeting.

The meetings of the supervisory committee may be held by the way of video-telephone meetings, provided that the attending supervisors are able to hear clearly the supervisor who speaks at the meeting and communicate amongst themselves. In the event that the attending supervisors are unable to sign for the resolutions on site, they shall express their opinions orally during the meeting and shall complete the signing procedures as soon as practicable.

Where an on-site meeting or a video-telephone meeting is impractical, the supervisors' meeting may be held by way of written resolutions, in which case details of the motions to be discussed and examined at the meeting, which are in the written form, shall be despatched to the supervisors for decision. Unless otherwise expressed by the supervisors, signing on the written resolutions by the supervisors shall be sufficient evidence that they have agreed to the resolutions.

**Article 17** A supervisors' meeting shall be validly convened by the presence of not less than two-thirds of the supervisors.

The supervisors shall be physically present at the supervisors' meetings. If for any reason a supervisor is unable to attend the meeting, he shall by written authorisation appoint another supervisor to act as his proxy to attend the meeting and exercise his functions and powers. The written authorisation shall state the name of the proxy, the scope of the authorisation, the authority of the proxy and the period of validity. It shall also be signed by the proxy or affix the seal of the proxy.

## **CHAPTER 5 PROCEEDINGS OF THE SUPERVISORS' MEETING**

**Article 18** The supervisory committee shall put forward motions according to the matters to be examined by the board of directors and matters proposed by the supervisors.

**Article 19** The administrative office of the supervisory committee shall be responsible for gathering the matters to be examined by the board of directors and the matters proposed by the supervisors, and shall submit these matters to the chairman of the supervisory committee in time. The chairman of the supervisory committee shall determine whether to submit these matters to the supervisory committee for review according to the importance and urgency of these matters.

**Article 20** The chairman of the supervisory committee shall be responsible for convening the supervisors' meeting, and shall sign the notice of the meeting. Such notice shall state the date, place, duration, agenda, reasons and subject matters of the meeting and other relevant information, as well as the date of the issuance of such notice.

The notice of a supervisors' meeting shall be delivered to the supervisors ten days before the date of the meeting. Any supervisor may waive his right to demand the notice of the meeting.

The notice of the meeting may be served on the supervisors by courier, facsimile, telegraph or mail.

**Article 21** The notice of the supervisory committee meeting shall include the followings:

- (i) date, place and time limit of the meeting;
- (ii) reason and topic for discussion;
- (iii) date of issuance of the notice.

**Article 22** After the issue of the notice of a meeting and before the date of the meeting, the administrative office of the supervisory committee shall be responsible for, and shall communicate and liaise with all supervisors, to seek their opinions or suggestions in respect of the motions of the meeting, so as to enable necessary amendments to be made to them.

**Article 23** The supervisors' meeting shall be chaired by the chairman of the committee. Where circumstances preclude the chairman to chair the meeting, the deputy chairman of the supervisory committee shall chair the meetings; where circumstances preclude the deputy chairman to chair the meeting, over half of the supervisors shall jointly recommend a supervisor, who shall chair the meetings.

**Article 24** The chairman of the meeting shall declare the commencement of the meeting as scheduled. The supervisors in presence shall reach an agreement on the agenda of the meeting thereafter.

Where more than one-fourth of the supervisors or two external supervisors are of the opinion that the information in respect of one specific motion is insufficient to allow judgment to be made, or the motion is not convincing, they may in their joint name propose to postpone the examination of such a motion, and the chairman of the meeting shall adopt their proposal.

Where an agreement is reached in respect of the agenda of the meeting by the supervisors present at the meeting, the chairman of the meeting shall direct the motions to be examined one by one.

**Article 25** In reviewing the relevant motions and reports, the supervisors' meeting may require the directors, and senior management personnel and the internal and external auditors of the Company to attend the meeting to give necessary explanations to the relevant matters, and to answer the questions which the supervisory committee is concerned with.

**Article 26** In reviewing the motions at supervisors' meetings, all attending supervisors shall deliver their opinions in respect of approval or objection to such motions or abstention from voting.

The supervisors who are acting as proxies of others shall exercise the rights of voting within the authorization.

Where a supervisor is not present at a supervisors' meeting and fails to appoint a proxy to act on his behalf, such supervisor shall be deemed to have waived his rights to vote at the meeting.

**Article 27** In principle, resolutions shall be made on the matters examined at the supervisors' meeting. Such resolutions shall be decided on a poll or show of hands, and each supervisor enjoys one vote. No resolution shall be effective unless approved by more than two-thirds of all the supervisors.

**Article 28** Detailed minutes of a supervisors' meeting shall be recorded as proof of the resolutions on the matters examined at the meeting.

The minutes of the meeting shall state the date and place of the meeting, name of the chairman of the meeting, names of the supervisors attending the meeting and names of the principals and proxies who have fulfilled the necessary procedures for attending the meeting, agenda of the meeting, main points of each supervisor's speech, the methods of voting for each matter to be resolved on and the voting result (the result shall state the number of votes for approval or objection to the motion or abstention).

The administrative office of the supervisory committee shall arrange for the matters examined at the meeting to be recorded. The minutes of each meeting shall be provided to the attending supervisors for review without delay. Supervisors present at the meeting and the minutes-taking officer shall sign the minutes of that meeting. A supervisor shall have the right to request an explanatory note be made for his speech at the meeting.

**Article 29** Minutes of a supervisors' meeting and the resolutions passed at such meeting, being important documents, shall be properly kept by the administrative office of the supervisory committee at the Company's place of business for at least 10 years.

## **CHAPTER 6 DISCLOSURE OF INFORMATION RELATING TO THE SUPERVISORS' MEETING**

**Article 30** The Company shall comply with the requirements of the regulatory authorities and the stock exchanges on which the Company's shares are listed in relation to the disclosure of information. It shall ensure that matters examined or resolutions passed at supervisors' meetings which are discloseable are disclosed accurately and in a timely manner.

**Article 31** Regarding confidential information, the persons who possess relevant information must keep such information confidential. Punishment shall be imposed on those who are in breach of this duty.

## **CHAPTER 7    IMPLEMENTATION OF THE RESOLUTIONS OF THE SUPERVISORS' MEETING AND FEEDBACKS**

- Article 32** The supervisory committee may pass resolutions and make proposals to the board of directors and the shareholders' general meetings. These resolutions and proposals shall be implemented by the relevant departments of the Company under the direction of the board of directors.
- Article 33** The administrative office of the supervisory committee shall, under the direction of the committee and its chairman, take initiative to obtain the information in respect of the implementation of the relevant resolutions, and shall report and make proposals to the supervisory committee and the chairman of the committee.
- Article 34** Where resolutions concerning the proposals to convene a provisional board meeting or shareholders' extraordinary general meeting, or the submission of provisional motions to the shareholders' meeting are passed by the supervisory committee, the supervisory committee shall, within a specified period, submit to the board of directors or other convenors the subjects of such meetings and the detailed motions in writing, and shall ensure that the contents of the motions comply with relevant laws, regulations and the Articles of Association and these Rules.

## **CHAPTER 8        SUPPLEMENTARY ARTICLES**

- Article 35** These Rules shall be interpreted by the supervisory committee.
- Article 36** Where these Rules fail to comply with relevant laws, regulations and other regulatory documents or regulatory provisions in the place where the Company's shares is listed as promulgated from time to time, these laws, regulations and other regulatory documents or regulatory provisions in the place where the Company's shares is listed shall prevail.