

ALL FOR HEALTH HEALTH FOR ALL



SINOPHARM GROUP CO. LTD.

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**ALL FOR HEALTH
HEALTH FOR ALL**

**2020
Sustainability Report**

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About this Report

Report Introduction

Sinopharm Group Co. Ltd. (hereinafter referred to as the “Company”, “Sinopharm Group” or “Sinopharm”) is pleased to release the 2020 Sustainability Report (hereinafter referred to as the “Report”). The Report is aimed to disclose the efforts and performance on the aspect of Environmental, Social and Governance (hereinafter referred to as “ESG”) of the Company and its subsidiaries (hereinafter referred to as the “Group” or “We”) in 2020, and respond to the key ESG issues concerned by stakeholders. The report is published in electronic forms in traditional Chinese and English.

Reporting Scope

Reporting Period: Unless otherwise specified, this reporting period of the report is from January 1st, 2020 to December 31st, 2020 (hereinafter referred to as the “Reporting Period”).

Business Scope: Unless otherwise specified, the Report covers the principal businesses of the Group in 2020, including Sinopharm Group and its subsidiaries.

Reporting Guidelines

This Report is compiled strictly in accordance with the *Environmental, Social and Governance Reporting Guide* (hereinafter referred to as the “ESG Reporting Guide”) in Appendix 27 of the *Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited* (hereinafter referred to as the “Listing Rules”) issued by the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “HKEX”). The Report followed the reporting principles of Materiality, Quantitative, Balance and Consistency, and the “comply or explain” provisions listed in the *ESG Reporting Guide*. The preparation of this Report also abides by the series of standards of GB/T 36000-2015 *Guidance on Social Responsibility*, and *Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities* issued by the State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”).

Report Assurance

The Board of Directors (hereinafter referred to as the “Board”) of the Company understand its responsibility for ensuring the authenticity and effectiveness of the information in the Report. The Board has reviewed the report and confirmed that there are no false representations, misleading statements contained in this report.

Access to the Report

This Report can be read and downloaded from the HKEX News websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), and the official website of the Company (www.sinopharmgroup.com.cn).

Readers Feedback

If you have any comments or suggestions about this Report, please feel free to provide feedback through the official website of the Company (www.sinopharmgroup.com.cn) or the email address of the investor relations email (ir@sinopharm.com), help us to make continuous improvement.

Chairman’s Statement

The global spread of the COVID-19 pandemic further highlights the substantial business risks that natural and ecological factors may bring as a systemic risk in the global economic system. Green, risk-resistance, and inclusive development have become the keywords for the transformation and development of the global economy and society. As a leading distributor, retailer and supply chain service provider of pharmaceuticals, healthcare products and medical devices in China, the Group firmly follows the path of low-carbon, green and sustainable development and is committed to better integrating environmental protection, social responsibility and modern corporate governance into its strategic development, production and operations, so as to support the global public health development and sustainable transition. In 2020, the Group continued to improve its sustainability management system, actively responded to the concerns and demands from capital market and all sectors of the community, integrated the green, diversified and sustainable concept of Environmental, Social and Governance into its daily operations, and made positive progress in key areas such as corporate governance, quality management, risk operations, employee development, integrity and transparency, as well as social responsibility.

- Sinopharm has been a listed company for more than 11 years. In terms of corporate governance, the Board of Directors and special committees under the Board operated in a diversified, professional and efficient manner to ensure the rapid development of Sinopharm. Various reward and punishment mechanisms have been established to strengthen the incentive and guidance. While fulfilling our own environmental and social responsibilities, the Group insists on the principles of shared responsibility and values, strives to develop strategic cooperation with supplier partners and continuously promotes innovation and digital transformation of the supply chain, so as to build a safe and reliable green supply chain.

- The Group values the quality implementing of products and services as fundamentals for its continuous development. In 2020, the Group continues to expand the coverage of its integrated quality management system to effectively monitor and prevent quality-related risks and maintain a good compliance level with regulatory inspections. With the gradual popularization of COVID-19 vaccine, the Group has developed an overall digital traceability system and cold-chain technology to ensure the safe, timely and efficient distribution of vaccines throughout the country.

- By actively implementing high-quality sustainable development strategy, the Group keeps expanding expenditure on environmental protection, and conducts a series of systematic environmental management program including green production, green logistics and green office to improve our capability of green development and tackle climate change. In 2020, the Group and its subsidiaries vigorously promoted the application of new technology, new materials, new equipment and new processes for energy-saving and emission reductions, aiming to minimize the waste generation and maximize the usage efficiency of resources. At the same time, under the smart energy strategic framework of the Group, we actively promoted the use of renewable energy to reduce the use of fossil fuels and greenhouse gas emissions. In 2020, the Group achieved the goal of reducing the energy consumption per ten thousand RMB added values relative to the end of 2015 by 15% by the end of 2020, and carried out a number of photovoltaic power generation projects with significant environmental benefits.

- We put people at the central of everything we do. We keep optimizing the system and mechanism to encourage innovation, unblock the path of career development, and strengthen employee education and training. We are committed to providing all employees with a fair, inclusive, open, diverse and dynamic working environment, and empowering their development and innovation. In 2020, to create a talent highland and support the high-quality development of the Company, we carried out a variety of staff activities, focusing on the core themes of Digital Learning and Leadership Improvement to promote and train leading talents and internal trainer teams.

- The Group strictly complies with national laws and regulations. We have established a comprehensive control mechanism of anti-corruption and integrity, and continuously enhance employee awareness and ability to prevent and control integrity risks with a commitment to creating a “clean, efficient and harmonious” enterprise environment and preventing possible occurrence of illegal activities and wrongdoings. We adhere to the role of corporate citizenship and actively fulfill social responsibilities. Combining our own professional advantages in 2020, we organized and participated in various public welfare activities in the fields of science and education development, aid for education and assisting the disabled, medical and health development, and poverty alleviation, and encouraged our employees to serve the community with their own practical actions.

The year 2020 was an extraordinary year for the world and Sinopharm. Faced with the sudden outbreak of the COVID-19 pandemic, the Group responded quickly and spared no effort to ensure the supply of medical supplies to fight the pandemic despite difficulties and hardships, making great contributions to the control of the pandemic nationwide and even worldwide, and fully demonstrating the willingness of Sinopharm to take on responsibilities. Looking ahead, the Group will continue to remain true to its original aspiration and philosophy of “All for Health, Health for All”, further grasp the opportunities arising from the strategic industry transformation and follow the development trend of a “Healthy China”, continue to promote digital transformation, increase investment in technology and innovation, enhance the Group’s core competitiveness and lead the industrial development trend, and continue to contribute to establishing a healthy, green and harmonious society.

About the Company

Sinopharm Group Co. Ltd. is a core subsidiary of China National Pharmaceutical Group Co. Ltd. ("CNPGC"), which was established in January 2003, and listed on the Stock Exchange of Hong Kong Limited (Stock Code: 01099. HK) in September 2009. Leading by corporate philosophy of "All for Health, Health for All", Sinopharm Group has become the largest wholesaler and retailer of pharmaceutical, medical devices and healthcare products, and a leading supply-chain services provider in China. The Group has more than 1,000 subsidiaries and ranked 22nd in the Fortune China 500 in 2020.

The Group is mainly engaged in pharmaceutical distribution business. Leveraging on its nationwide distribution and delivery network, the Group has become the leading distributor and retailer in Chinese pharmaceutical and medical device industry, and the leading supplier of supply chain services. The Group provides comprehensive distribution, logistics and other value-added services to domestic and foreign manufacturers and suppliers of pharmaceutical products, medical devices and consumables and other healthcare products, and also to downstream customers including hospitals, other distributors, retail drug stores and primary health services institutions.

The Group has a solidified leading position in distribution, and keeps improving its advantages in network collaboration. By the end of 2020, the Group's distribution and delivery network has covered 30 provinces, municipalities and autonomous regions. To cope with the transformation to flattened network and downward extension of channels brought by the medical insurance reform, the Group proactively followed the industry trend, continued to explore the scale advantages of the distribution network covering all levels of medical institutions, and enhanced its intensive operation capabilities. At the same time, the Group actively integrated existing nationwide network and business resources, promoted model innovation, and successfully built a nationwide integrated marketing service platforms.

The medical devices business of the Group grew steadily, and the service advantages gradually emerged. By the end of 2020, facing the challenges brought by COVID-19 outbreak, the medical devices business still recorded a year-on-year increase of 29.02% in revenue. At the same time, the group also focused on promoting the innovation and upgrading of business models and supply chain service capabilities, to make full use of the competitive advantages of "drug-device synergic development", and promote business synergy and technological empowerment, continuously driving the rapid development of value-added services such as centralized delivery, in-hospital logistics management, and smart logistics.

The retail network of the Group continues to grow, and has achieved coordinated development through resource integration. The Group established retail pharmacies with Sinopharm Holding Guoda Drugstore Co., Ltd. as a mainstay and specialized pharmacies with SPS+ as a mainstay. By the end of 2020, the total number of the Group's retail stores has reached 8,977. Despite the impact of the COVID-19 pandemic, the Group's retail pharmacy business recorded a year-on-year growth of 22.02% in revenue. By making the most of "wholesale-retail integration" strategy, the retail pharmacy business of the Group actively explores the integrated development of online and offline business, and continuously improves professional pharmacy service capabilities through continued improvement of the convenient community service model and in-depth cooperation with medical institutions at all levels, to provide more professional and convenient service for consumers of retail pharmacies.

Besides, the Group is also engaged in the production and sale of pharmaceutical products, chemical reagents and laboratory supplies, and actively engaged in the innovation of pharmaceutical, medical services and other health-related industries, to explore the synergistic development of its diversified businesses.

Taking advantage of its superior economies of scale, customer resources, network platforms and brand position, the Group will fully leverage on China's pharmaceutical and healthcare market, which shows steady and healthy growth, and capture opportunities arising from healthcare reform to further consolidate and enhance its market leadership, actively striving to become a pharmaceutical and healthcare service provider with international competitiveness. In 2020, the Group's revenue was approximately RMB 456.415 billion, up 7.32% of year-on-year growth, and net profit for the full year was RMB 12,097 million, up 13.91% of year-on-year growth.



Main Business Sector	Year-on-year Growth Rate (%)
 Pharmaceutical distribution 348,294.38 Million RMB ↑ 3.25%	
 Medical devices 89,402.25 Million RMB ↑ 29.02%	
 Retail pharmacy 24,164.34 Million RMB ↑ 22.02%	



Pharmaceutical distribution

348,294.38 Million RMB ↑ **3.25%**



Medical devices

89,402.25 Million RMB ↑ **29.02%**



Retail pharmacy

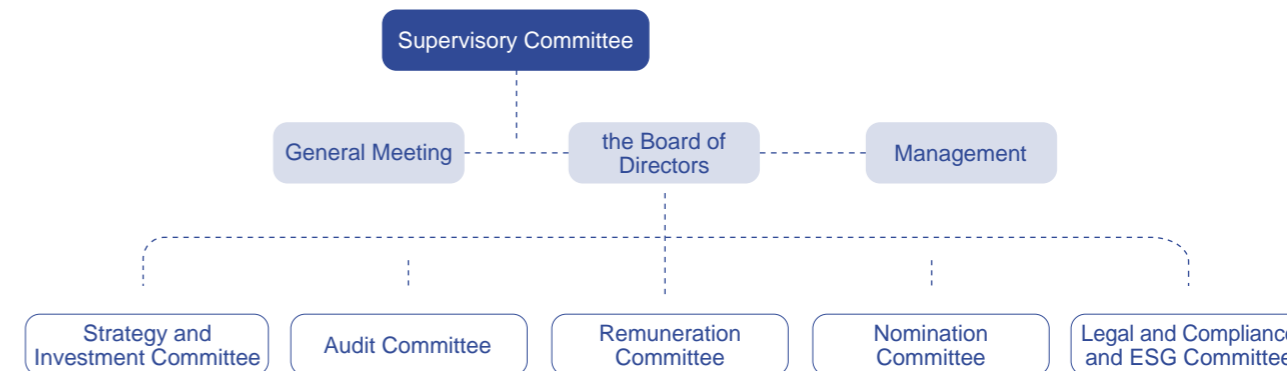
24,164.34 Million RMB ↑ **22.02%**



Corporate Governance

Sinopharm strictly complies with laws and regulations to operate, including the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the "Listing Rules"), the *Code of Corporate Governance of Listed Companies* by the China Securities Regulatory Commission and other laws and regulations, as well as the *Articles of Association by Sinopharm Group*. During this Reporting Period, the General Meeting of the Shareholders and other decision-making and supervision bodies including the Board of Directors, Supervisory Committee operated in a standardized and effective manner, and all professional committees performed their corresponding duties well.

Sinopharm has always been committed to and constantly improve the corporate governance structure of effective checks and balances, as well as equal protection. The company has established the General Meeting of shareholders as the highest authority, with subordinate Supervisory Committee performing supervisory duties and the Board of Directors as decision maker. The Supervisory Committee and the Board of Directors are appointed by the General Meeting of Shareholders, and the Board of Directors employs the Management as the executive body, and five special committees to provide professional advice for the decision-making of the Board of Directors.



Supervisory Committee supervises the Board and the Management, which is composed of the employee Supervisor, independent Supervisor, and shareholder representative Supervisor. Employee supervisors are elected or dismissed through meetings of Employee and Employee Representative or other democratic forms, and fully represents the interests of the employee to exercise the supervisory power.

The Board of Directors is built by the independent non-executive Directors, executive Directors and non-executive Directors. Directors are screened in accordance with the diversity policy of the Board of Directors, taking full account of factors such as the candidate's professional background, work experience, educational background, area of expertise and gender, and other factors. The members of the Company's Board of Directors have the skills, experience and diverse backgrounds relevant to the Company's strategy, governance and business, as well as the expertise in their own fields, creating an effective Board of Directors. The Board of Directors of the Company consists of 14 directors, including 2 female directors and 5 independent non-executive directors. In 2020, 18 meetings were held by the Board, 6 meetings were held by the Audit Committee, 4 meetings were held by the Remuneration Committee, 2 meetings were held by the Nomination Committee, 1 meeting was held by the Legal and Compliance and ESG Committee meeting, and 9 meetings were held by the Strategy and Investment Committee. In addition, the Chairman of the Company also meets separately with the independent non-executive directors on an annual basis to receive their views on the Company's business development and operations.

During this Reporting Period, the controlling shareholders of the Company strictly complied with the *Code of Corporate Governance of Listed Companies in China* and related laws and regulations. They were separated from the Company in such aspects as personnel, assets and financial affairs, independent in institutional and business, practiced independent business accounting, and independently bore risks and obligations. They did not directly or indirectly interfere with the Company's decisions, or business activities conducted in accordance with the law, and haven't impaired the Company and other shareholders' rights and interests.

Party Building

Sinopharm was officially listed as a pilot enterprise for mixed-ownership economic reform by the State-owned Assets Supervision and Administration Commission of the State Council in December 2014. The company's party committee closely integrated its pilot practice and actively explored a scientific, institutionalized, and standardized model for party building in mixed-ownership enterprises.

In 2020, under the leadership of the Party Committee of the Group, the Party Committee of Sinopharm adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and thoroughly implemented the spirit of 19th National Congress of the Communist Party of China (CPC) and the Second, Third, Fourth and Fifth Plenary Sessions of the 19th CPC Central Committee, insisted on full and strict governance over the Party, and attentively implemented the *Regulations on the Work of Grassroots Organizations of State-owned Enterprises of the Communist Party of China (Trial)* attached great importance to the deep integration of enterprise party building with its production and operation, so as to provide a strong political, organizational and ideological guarantee for Sinopharm to win the battle against the pandemic and achieve sustained and stable growth in business in 2020.

By focusing on the central task and serving the overall interests, and adhering to the basic-level needs and being problem-oriented, insisting on exploring the characteristics of Sinopharm party building, the Party Committee working group of Sinopharm actively organizes political theory study activities among the majority of party members and cadres, to improve the political literacy of the party members and continually deepen the working mechanism of party building in different areas, as well as to highlight the advantages and characteristics of each area, and promote a grass-roots party building pattern of "One area, one characteristic". Through the organization of selection and promotion of advanced collectives and individuals, the Party Committee working group of Sinopharm further strengthened the building of the party atmosphere in Sinopharm.

In 2021, on the 100th anniversary of the founding of the CPC, the Party Committee of Sinopharm will highlight the implementation of the spirit of the Fifth Plenary Session of the 19th Central Committee of the CPC, and provide strong ideological and political guarantee for the first year of the "14th Five-Year" strategic plan of Sinopharm, and escort the high-quality development of the Company through high-quality party building.

Featured Topic With Full Strength to Combat the Pandemic

After the outbreak of the COVID-19 pandemic in early 2020, Sinopharm, as the "National Medical Central Enterprise Team", quickly responded to the order of the Party Central Committee to mobilize all levels of companies and cooperate with each other to fight the pandemic and provide a solid supply of anti-pandemic drugs and protective materials required by medical institutions in various regions, fully demonstrating the strength of Sinopharm Group, and the responsibility of central enterprises.

Medical Reserve, Circulation and Supply

Relying on its own emergency system and network advantages, Sinopharm responded quickly to coordinate resources and establish "fast lanes" for the distribution of anti-pandemic emergency materials. The company's reserve departments cooperated closely with the Sinopharm Holding Hubei Co., Ltd to overcome the numerous difficulties regarding traffic control and regional management and control, and ensured the supply of all kinds of emergency medical materials through multi-modal transportation by sea, land and air, and cross-regional multi-measures relay. In the most stressful period of the front-line fight against the pandemic, Sinopharm has distributed more than 490 million masks, 22.93 million protective suits, 90 million pairs of gloves, 1.67 million goggles, and 383 million boxes of various drugs nationwide. On this basis, in 2020, the Company and the various subsidiary provincial and municipal companies donated disinfectants, masks, medicines, equipment and other medical and health materials actively to local Red Cross and medical institutions, with total value of 39,416,100 RMB. Leishenshan and Huoshenshan Hospitals in Wuhan were the places to collectively treating new patients infected by the coronavirus and the "Hope Mountains" for combating the pandemic in Wuhan. The subsidiaries of Sinopharm Group utilized their advantages to provide various services, playing an important role to ensure the speedy construction of "two Mountains". The National Central Steering Group of Anti-pandemic highly recognized Sinopharm Group's performance of "Combating the Pandemic" and praised Sinopharm's significant contribution to provide supply of pandemic prevention materials in Wuhan City, Hubei Province and all over the country with "War Footing" efficiency during the prevention and control period, which greatly supported and safeguarded the comprehensive prevention and control of pandemic in the country.

In the process of ensuring the distribution and supply of medicines, various information systems and platforms have played a vital role. The Group's "Saifei" supply-chain management cloud service platform covers 184 warehouses, 606 pharmaceutical and medical device production and operation companies, and 78,655 pharmaceutical product regulations in 31 provinces and cities across the country. The platform can provide real-time medical inventory information to support the allocation of materials for pandemic prevention and control agencies, and the procurement and sourcing of upstream and downstream enterprises in the supply chain, and as a result, the efficiency of inventory statistics has been improved from the original several hours to less than 10 seconds. In addition, with the aim to alleviate the difficulty of obtaining masks for the public, we have launched a low-price mask reservation system to provide residents in 11 cities with scheduled and appointment issuing service for masks.



Support the Resumption of Production

In order to maximize the protection of staff health and safety and promote the resumption of Work and Production, companies of the Group at all levels have adopted strict pandemic prevention and control measures, such as regular disinfection of public areas, separate dining, daily temperature measurements, visitor management, and the implementation of the peak shifting commute. At the same time, we actively educate the employees with the knowledge of pandemic prevention and control, including personal protection, psychological mitigation, disease information, and provide employees with masks, disinfectants and other personal protective supplies. For employees who need isolation observation, the Group provided procurement of living materials and other assistance.

In addition, the Company has built an online video conferencing system in 2020 to support working remotely, using video and live meetings to streamline the conference process, improve meeting efficiency, and expand the scope of participation while reducing expenses

Ensure the Safety of Vaccine Transportation

With the gradual generalizing the COVID-19 vaccines in the second half of 2020, Sinopharm Pharmaceutical Logistics Co., Ltd. (Sinopharm Logistics), a subsidiary of Sinopharm, issued the Transport Safety Protection Measures to ensure the safety and quality of vaccine transportation, in which the drivers were required to be familiar with the operation requirements of the vaccine cold chain, to receive unified safety education before departure, to carry out distribution in strict accordance with the order routes, and to equip each vehicle with special anti-terrorism equipment, and provide dedicated demonstration of operation to ensure that every driver can master the operation. At the same time, Sinopharm Logistic conducted real-time monitoring for the entire transportation process, and entered the records of vehicle information, distribution, receiving unit and other information into the system to ensure the traceability of all processes of distribution. In December 2020, Sinopharm carried out a national distribution exercise of the COVID-19 vaccines and refrigerated vehicle transport emergency drill to ensure the safety, timeliness and efficiency of national distribution after the large-scale marketing of the vaccine. During the COVID-19 vaccination process, Sinopharm Bio-pharmaceutical Co., Ltd., a subsidiary of Sinopharm Group, is mainly responsible for the distribution of vaccines in Shanghai and create the "Full Tracable" platform for vaccine distribution. The platform applies technologies of the internet, cloud computing, Internet of Things (IoT), big data and opens up the the information flow among all units of vaccine production, logistic, CDC and vaccination facilities. This platform has achieved fully traceability of each vaccine, covering the whole process of order, vaccine, logistic, vaccination center, frontline doctors, and a prevention and correction mechanism. Once a problematic vaccine is found, the fully traceable platform can use the quick locking function through batch number and a unique trace code to forbid the sale and use of the vaccine, so as to ensure the safety of vaccination.



Sustainability Governance

Sinopharm continues to improve its sustainable development management system and actively takes ESG-related factors into consideration in its daily business decisions, and includes ESG-related indicators in the annual performance appraisals of directors and executives, such as energy saving and emission reduction, compliance, safe production, quality management, and anti-corruption, so as to correlate ESG-related issues with the performance-based annual salary of directors and executives.

- Governance Framework
- Board Statement
- Stakeholder Engagement



Governance Framework

During the Reporting Period, the Company reviewed and updated the responsibilities of the committees under the Board of Directors, integrating ESG-related responsibilities into the Legal and Compliance and ESG Committee, consolidating the Company's governance framework for ESG issues and clarifying the division of responsibilities. The Committee includes one independent non-executive Director with specialty of Law, and two executive Directors who play important roles in the Board and familiar with operation and governance of the Company. Two executive Directors in this Committee are the Chairman of the Board of Directors and the President of the Company. The combination is beneficial for leading the Board to pay attention to ESG issues and promoting and guiding the Company's ESG related works.

The Board will be responsible for discussing, evaluating and approving significant ESG risks and material ESG issues, business objectives and information disclosure, etc. The Legal and Compliance and ESG Committee is responsible for developing ESG regulatory strategies, management charters and functional mechanisms, as well as researching and developing ESG management policies, objectives and strategies, regularly assessing the adequate and effectiveness of the Company's environmental, social and governance structure, identifying ESG risks and opportunities, and reviewing ESG disclosures. The Company will further refine the division of ESG responsibilities, and establish ESG working group or standing organization to working in accordance with the decisions and plans, requirements and responsibility divisions at the committee level, and carry out execution tasks according to the arrangement of ESG working group. The ESG work group typically include, but not limited to, Office of Board of Director, the Board office, Party Affairs Departments, Security Departments, Human Resources Departments, Quality Control Departments, Discipline Inspection departments, and other related departments and subsidiaries from headquarters.

Board Statement

The Company's Board of Directors has overall responsibility for ESG governance strategy and reporting. The Board of Directors oversees and manages the ESG governance of Sinopharm through its Legal and Compliance and ESG Committee. The Legal and Compliance and ESG Committee is responsible for identifying relevant ESG risks and opportunities and reporting to the Board of Directors on a regular basis to ensure that the Company has established a reasonable and effective ESG risk management and internal control system. The Company's business and functional departments regularly review the Company's operations to assess the importance of relevant ESG issues to the Company's business and stakeholders, and report to the management and the Legal and Compliance and ESG Committee aperiodically.

To enhance the ESG management awareness and capability of the Board members, the Company conducted ESG knowledge training for the Board in 2020 to learn the latest domestic and international regulatory requirements and initiatives as well as industry best practices, and to jointly explore the direction of Sinopharm's ESG management improvement. At the same time, Board members actively participated in the ESG materiality assessment, prioritized relevant ESG issues from the perspective of business risks to the Company, and the results were combined with the opinions of other stakeholders to select highly important issues as the focus of future ESG work.

In addition, the Legal and Compliance and ESG Committee is responsible for studying and formulating ESG objectives related to the Company's business and reporting them to the Board of Directors for consideration and approval, and then reviewing and monitoring the progress of ESG objectives and reporting them to the Board for consideration. The Board of Directors and its committees will further improve the ESG target setting and tracking mechanism in the future to promote the continuous improvement of the Company's ESG standards.

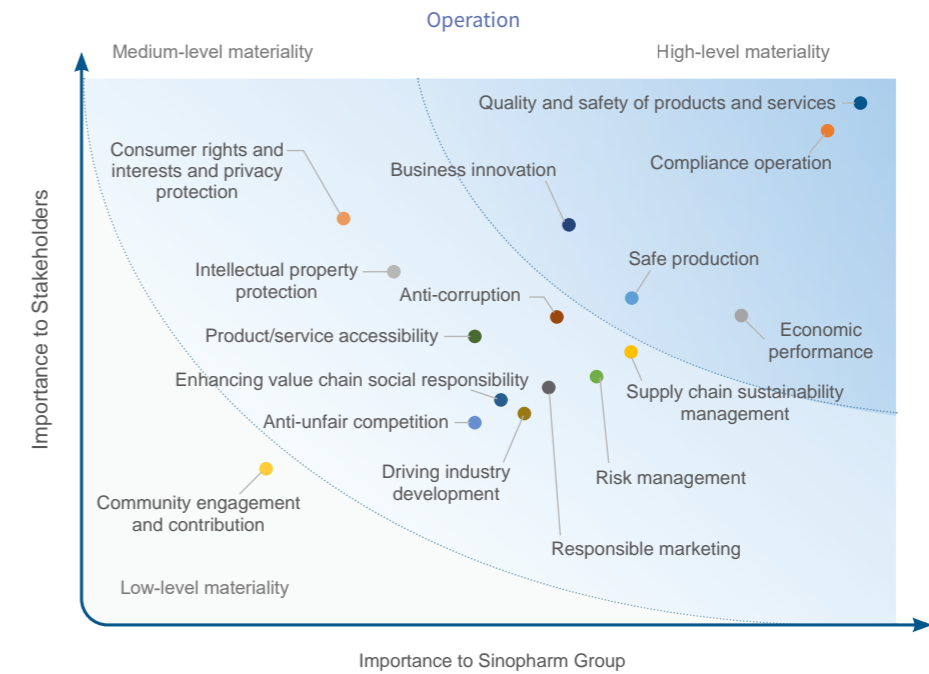
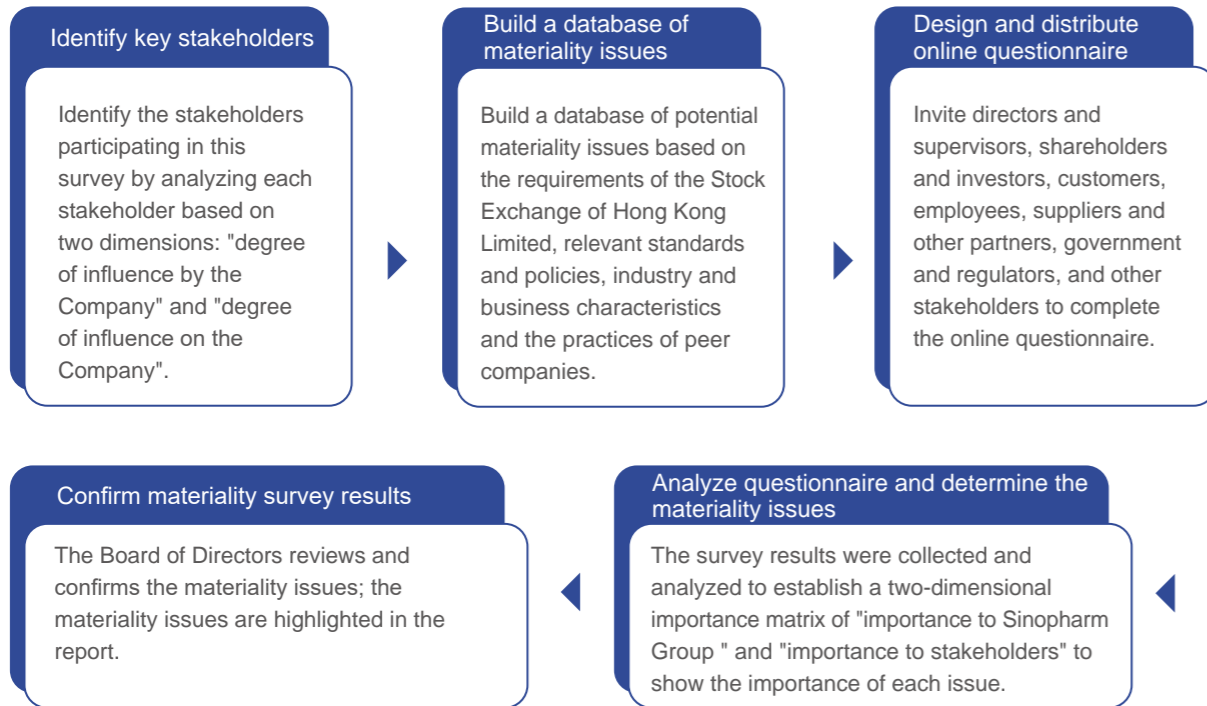


Stakeholder Engagement

Sinopharm attaches great importance to stakeholder's engagement and actively seeks to understand their expectations and suggestions regarding the Company's sustainable development efforts through various communication channels. The Company's major stakeholders include shareholders and investors, government and regulators, employees, customers, suppliers and other partners, the media, the community and the public, the industry associations and other non-governmental organizations.

Stakeholders	Concerns and Expectations	Method of Communication
 Shareholders and investors	<ul style="list-style-type: none"> Economic performance Compliance operation Business innovation Anti-corruption 	<ul style="list-style-type: none"> General meetings Meetings of the investors and roadshow News release and announcement Website publishing Company report
 Employees	<ul style="list-style-type: none"> Employee compensation and benefits Equal employment and employee rights Occupational health and safety Employee development and training Construction of labor union 	<ul style="list-style-type: none"> Union activities Employee forum Employee party Manager's mailbox Volunteer activities Daily Communication
 Customers	<ul style="list-style-type: none"> Consumer rights and privacy protection Quality and safety of products and services Anti-corruption Compliance operation Customer satisfaction and complaint handling 	<ul style="list-style-type: none"> Customer satisfaction survey Regular visits Industry exhibitions and forums Customer Service center/hotline
 Government and regulators	<ul style="list-style-type: none"> Compliance operations Pollutant emissions and management Equal employment and employee rights Quality and safety of products and services Intellectual property protection 	<ul style="list-style-type: none"> High-level meetings Seminars Compliance report
 Suppliers and other partners	<ul style="list-style-type: none"> Supplier management Quality and safety of products and services Safe Production Compliance operation 	<ul style="list-style-type: none"> Seminars and meetings Marketing summits Supplier evaluation Field visit Daily communication
 Media	<ul style="list-style-type: none"> Quality and safety of products and services Consumer rights and privacy protection Safe production Compliance operation 	<ul style="list-style-type: none"> Press releases and announcements Media events
 Communities and the public	<ul style="list-style-type: none"> Consumer rights and privacy protection Quality and safety of products and services Pollutant emissions and management Poverty alleviation 	<ul style="list-style-type: none"> Voluntary activities Charity/public service activities
 Industry associations and other non-governmental organizations	<ul style="list-style-type: none"> Quality and safety of products and services Compliance operation Pollutant emissions and Management 	<ul style="list-style-type: none"> Industry exhibitions and forums Website publishing Company report

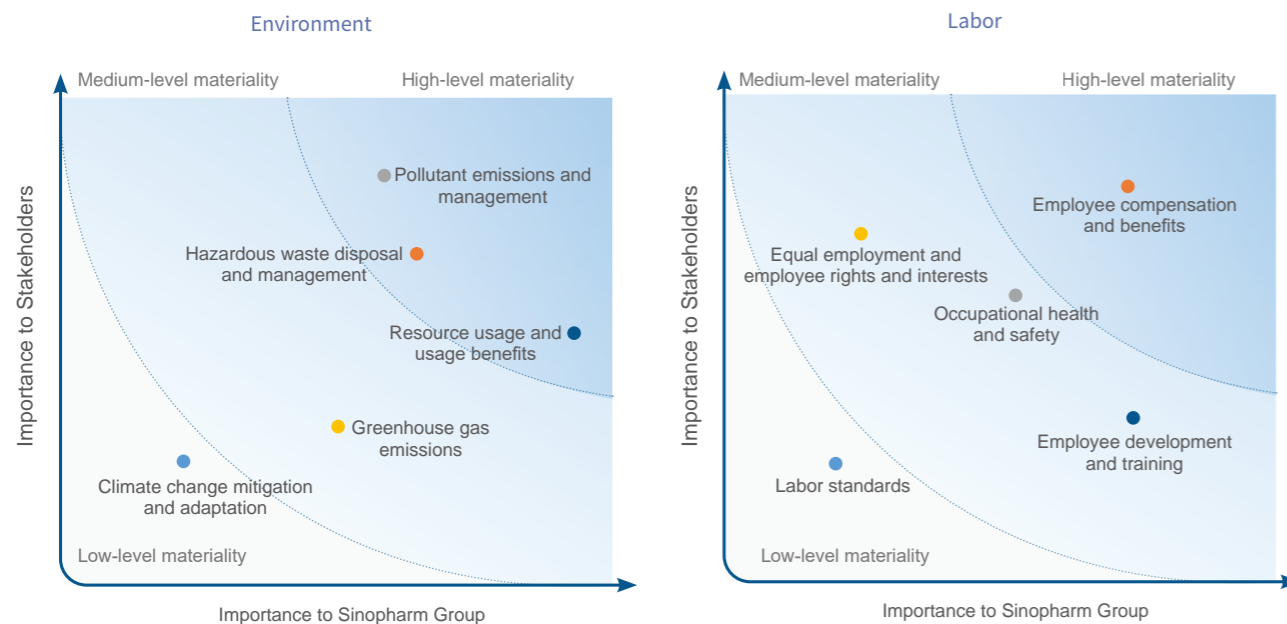
To understand the importance that stakeholders attach to the sustainability issues of Sinopharm and the related suggestions, the Company commissioned a third-party consultant to conduct a survey on the material issues of the 2020 Sustainability Report during the Reporting Period, with the main processes include:



Based on the results of the materiality survey, the Company has identified the following nine issues as highly material and has focused its responses in this Report.

A total of 216 valid questionnaires were collected from this survey. The analysis of the questionnaires resulted in the following matrix of materiality issues at the environmental, labor, and operational levels.

Sinopharm Group 2020 Materiality Matrix



Level	Materiality Issues	Relevant Chapters
Environmental	Pollutant emissions and management	Green Operation to Protect Environment
	Hazardous waste disposal and management	Green Operation to Protect Environment
	Resource usage and usage benefits	Green Operation to Protect Environment
Labor	Employee compensation and benefits	Employee-oriented to Make Progress Together
Operation	Quality and safety of products and services	Quality First and Quality Assurance
	Compliance operation	Responsible Management and Compliance Operation
	Business innovation	Responsible Management and Compliance Operation Green Operation to Protect Environment
	Safe production	Employee-oriented to Make Progress Together
	Economic performance	About the Company



Responsible Management and Compliance Operation

Sinopharm adheres to the rule of law and deeply integrates legal compliance management with business management to promote the safe and stable operation of the Group's various businesses. At the same time, the Company has set relevant requirements for the environmental and social responsibility of its supplier partners to promote the sustainable development of the supply chain.

- Compliance Operation
- Integrity Building
- Intellectual Property Protection
- Supply Chain Sustainability Management



Compliance Operation

In compliance with the requirements of the *Central Enterprise Compliance Management Guidelines (Trial)*, the Company has set up a legal compliance and ESG committee at the board level and a compliance management committee at the operation level and held regular meetings to make decisions and determine major compliance matters. During the Reporting Period, we strengthened compliance awareness at all levels and implemented compliance management responsibilities through various means, including revising and issuing the 2020 Prevention and Control List of Key Compliance Issues, signing the 2020 Sinopharm Compliance Operation and Integrity Management Responsibility Letter with the responsible persons of each functional department and each subsidiary of the Company, and conducting annual compliance inspections of our subsidiaries. At the same time, we organized various legal compliance training activities during the Reporting Period and promoted the construction of rule of law culture throughout the Group.

Integrity Building

The Company strictly abides by laws and regulations related to bribery, extortion, fraud, and money laundering such as the *Criminal Law of the People's Republic of China(2017 Amendment)*, *Anti-Unfair Competition Law of the People's Republic of China(2017 Revision)*, *Anti-Money Laundering Law of the People's Republic of China*, *Interim Provisions on Banning Commercial Bribery (the Order No.60 of the State Administration for Industry and Commerce of the People's Republic of China)*. The Group has always adhered to the concept of corporate management and integrity practice in accordance with the law and regulations. Through effective measures such as improving the management and control system, strengthening organizational system, the Group strictly prevents the occurrence of bribery, extortion, fraud and money laundering and other illegal acts.

To effectively prevent corruption, we sign the Responsibility Letter for Construction of the Party Conduct and an Honest and Clean Governance with the relevant persons in charge of the Company and its subsidiaries every year, in accordance with the Implementation Measures of Sinopharm on the Responsibility System for Construction of the Party Conduct and an Honest and Clean Governance and Measures of CNPGC Party Committee on Implementing the Main Responsibility for Construction of the Party Conduct and an Honest and Clean Governance, so as to clarify the subject and content of responsibility, implement the work of construction of the Party conduct and an honest and clean governance and anti-corruption at all levels. The implementation of the responsibilities will be included in the annual work assessment of the relevant responsible persons. In view of the potential unfair competition such as commercial bribery in business activities, we have formulated a series of marketing compliance management systems, management methods and approval processes, signed a Compliance Commitment with all business personnel, and launched marketing compliance training and assessment to ensure the compliance development of pharmaceutical marketing work.

The Group has built an effective compliance supervisory mechanism for the prevention of corruption and anti-corruption work. The Discipline Inspection Department of Sinopharm is responsible for receiving letters, visits and telephone reports, reports from higher-level Discipline Inspection Committees, and reports and feedback from other units or departments. We have formulated and implemented the Measures for the Management of Reports and Feedback from the Discipline Inspection Committee of Sinopharm (Trial) to further regulate and monitor the acceptance of relevant reports, such as requiring that the processing results of real-name reports be reported back to the real-name reporter within 15 working days from the date of completion, and recording the feedback situation.



Foster Culture of Integrity

In 2020, we launched integrity promotion and education activities for employees at all levels to continuously enhance their awareness and ability to prevent and control integrity risks, including:

Training Target	Training Description
Sinopharm employees at all levels	<ul style="list-style-type: none"> Sinopharm University "Let's Talk" Online Integrity Training For the seventh year in a row, we launched the "April Cleanliness - Integrity Culture Month" activity Sending more than 50 messages on integrity and discipline through the "Sinopharm Integrity Talk" WeChat official account on a point-to-point basis Issued reminders for integrity holidays at least three times a year before important holidays
Middle-level management employee and party and disciplinary employee at all levels	<ul style="list-style-type: none"> Convened a half-day Party Conduct and an Honest and Clean Governance Construction Education Conference
General manager of each subsidiary	<ul style="list-style-type: none"> The 7th General Manager Training Course of Sinopharm University, which introduced the management system reporting procedures and typical violations of connected transaction.
Party Committee Secretary of each subsidiary	<ul style="list-style-type: none"> Training Course for Party Organization Secretaries of Sinopharm, which analyzed the situation of fully and rigorous Party self-governance and reaffirmed the requirements of discipline through some typical cases.

Case

On December 29, 2020, Sinopharm's Party Committee held the 2020 Party Conduct and an Honest and Clean Governance Construction Education Conference, which included the form of live and video form, with more than 480 video sessions, and was attended by more than 6,400 participants from the middle-level management and above of Sinopharm at all levels, as well as employee of the Party Affairs and Disciplinary Inspection departments. The meeting reported the cases of violation of the spirit of the Eight Provisions of the Central Government in 2020 and showed a warning education film based on real cases of our subsidiaries, so that everyone could learn a lesson and strictly abide by the discipline.



2020 Party Conduct and an Honest and Clean Governance Construction Education Conference

Carry out internal inspections

In 2020, the Company issued the Guidelines for the Operation of Internal Inspection, which made unified regulations for all aspects of the internal inspection work and established a problem notification mechanism. The Company and its second-tier subsidiaries conducted in-depth internal inspections such as regular inspections and special inspections in accordance with the inspection work plan and annual arrangements of the Sinopharm Party Committee, and put forward rectification suggestions to help reduce the risk of violations of regulations and disciplines at all levels of companies.

Intellectual Property Protection

The Group strictly abides by the *Trademark Law of the People's Republic of China*, *Advertising Law of the People's Republic of China*, *Patent Law of the People's Republic of China* and other laws and regulations related to intellectual property protection. During the Reporting Period, there was no violation of relevant laws and regulations. The Group respects intellectual property rights, conducts commercial publicity in accordance with the law, and strictly prevents infringement of intellectual property rights and illegal publicity through effective methods such as improving management and control and safeguarding the organizational system.

With regard to the protection of its intellectual property rights, the Company has established the Measures on the Management of Trademark, which clearly stipulates the application, renewal, license management and maintenance of trademarks to protect its own intellectual property rights. If an enterprise within the Group needs to use Sinopharm's trademarks and trade names, it must apply through the prescribed process, obtain approval, and sign a license contract before using them within the permitted scope. If we need to use the intellectual property rights of others, we will actively contact and negotiate with the property owners and use them after obtaining authorization. At the same time, we publish articles from time to time on our WeChat official account on general legal knowledge to promote intellectual property protection and risk prevention and control to enhance employees' awareness of intellectual property protection.

Supply Chain Sustainability Management

In addition to fulfilling own environmental and social responsibilities, the Company actively communicates its sustainability awareness to suppliers and properly manages the environmental and social risks in our supply chain. The Company has established internal policies such as quality management procedures, procurement management system and compliance management system. Through new supplier quality audit, pharmacovigilance mechanism, adverse reaction reporting mechanism, recall mechanism, quality audit, supplier evaluation and other quality management procedures, as well as procurement and sales management system and ERP business information system control, the Company duly manages the social and environmental risks related to quality issues in the pharmaceutical supply chain. At the same time, the Company actively fulfills requests from customers up and down the pharmaceutical supply chain to conduct sustainability and social responsibility audits on the Company's supply chain management, ensuring the environmental and social risks in the supply chain are minimized. In addition, as our logistics service provider, Sinopharm Pharmaceutical Logistics Co., Ltd. actively uses environmentally friendly, green and resource efficient materials for cold chain packaging and other packaging purposes.



Supplier Engagement and Monitoring

In the selection and admission process of pharmaceutical suppliers, the Company actively conducts supplier sourcing, and verifies suppliers' business licenses, production approvals, registration certificates, inspection reports and other qualifications, and conducts on-site audits as appropriate to ensure that their qualifications, quality and other attributes meet supplier onboarding standards. The Company and the pharmaceutical suppliers carefully prepare and approve cooperation agreements, fully stipulate the rights, obligations and responsibilities of each party, and carry out business activities in strict accordance with the agreements signed by both parties in a lawful and compliant manner. Within the agreement duration, the Company continuously supervises the product quality, delivery speed and the level of cooperation of the pharmaceutical suppliers, provides timely feedback on problems encountered and urges suppliers to improve service quality in order to ensure the quality and quantity of products supplied.

The Company also evaluates suppliers annually in accordance with the Management Regulations on the Reappraisal of Qualified Suppliers. By evaluating suppliers' performance related to procurement volume, accuracy and timeliness of product delivery, degree of cooperation with returns and exchanges, inventory status, degree of cooperation with emergencies, product quality upon acceptance check and quality defects, the Company distinguishes between qualified and unqualified suppliers. In 2020, the Company evaluated 200 suppliers for reappraisal.

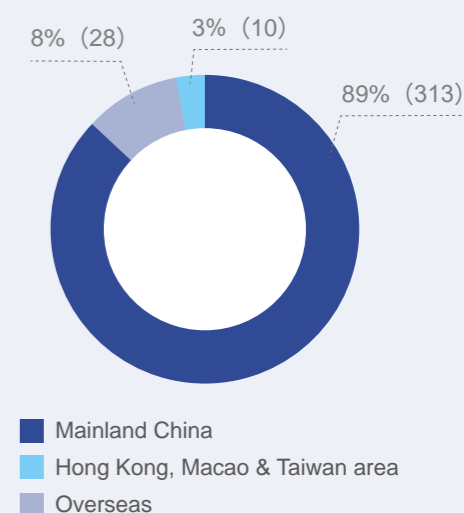
In order to continuously improve quality and prevent relevant risks, the Company regularly issues questionnaires to customers downstream of the pharmaceutical supply chain in accordance with customer satisfaction survey protocols. The survey collects customer satisfaction ratings on quality, logistics, service, varieties and other elements, enabling the Company to continuously improve service quality based on customer feedback. During the Reporting Period, the Company's supply chain did not identify any significant environmental and social risks or negative impacts.

Innovation and Digital Transformation

The Group firmly grasps the strategic opportunity of building a "Healthy China", thoroughly researches and evaluates industry development trends and opportunities, brings the Group's business advantages into full play and continues to promote innovation and digital transformation of the supply chain, so as to lay a solid foundation for the high-quality development and core competitiveness enhancement of the Group.

In order to build an integrated marketing service platform, the Company uses innovative technology to build a comprehensive procurement supply chain platform "Guo Yao Tong", aiming at establishing a multi-dimensional industry chain service platform for the pharmaceutical industry from online to offline, and from manufacturers to end-users. The Company is dedicated to connecting retail channels with medical channels, retail business with wholesale business, and online business with offline business, in order to build a smart supply chain based on the digital transformation of the Company. In 2020, the Company fully established its online "F2B" pharmaceutical supply chain service platform covered multiple business units of drug research and development, drug marketing, circulation and commerce, sales terminals, and etc., to provide customers with one-stop service. At the same time, the Company continues to enrich the resources of its "B2all" retail product service platform and promote the "Yao Ling Tong" B2B business platform and "Guan Ai You" special drug service platform, driving the Company's diversified development and facilitating the Group's digital transformation.

During the Reporting Period, the Company engaged 351 pharmaceutical and medical device suppliers. The number of suppliers by geographical region is shown below.





Quality First and Quality Assurance

Ensuring the quality of the products and services is the top priority of the Group's production and operation. As the largest distributor of medical devices and a leading supply chain service provider in China, we strictly abide by related laws and regulations in our operation, and control the quality of our products, logistics and customer services, and are committed to raising industry standards, purifying the industry market, and leading the healthy development of the industry. In the post-pandemic era, with the increasing rate of vaccination, we promptly issued an internal policy on quality control of vaccine transportation to ensure the safe, timely and efficient distribution of vaccines throughout the country.

- Quality Management System
- Quality Management of Pharmaceutical Products
- Logistics Quality Management
- Protect Customers' Rights and Interests



Quality Management System

Since 2006, the Company has established a comprehensive ISO9001 quality management system and a GSP (Good Supply Practices for Pharmaceutical Products) integrated quality management system (the "Integrated Quality Management System"), and passed the ISO9001:2015 system review and certification in May 2020. On the basis of incorporating the second-tier subsidiaries into the Integrated Quality Management System, we have continuously expanded the coverage of the system in the past three years and have now incorporated some of the third-tier subsidiaries into the management to better prevent the related quality risks.

Management Procedures and Target Setting

According to the relevant requirements of ISO9001 and GSP and the actual operation of the Company, the Company has formulated the Quality Management Manual as the code of conduct to guide the operation of the quality management system. At the same time, the Company issues the Responsibility Letter for Quality Management to the general manager of each second-tier subsidiary every year, requiring them to be responsible for the operation and implementation of the quality management system of their respective companies in accordance with the contents of the responsibility letter, and to report the effectiveness of the implementation of the quality management system to the quality officer and president of the Company every year.

At the beginning of each year, the Company issues the general objectives related to the quality of pharmaceuticals and medical devices to each subsidiary, and explicitly requests each subsidiary to formulate implementation details in accordance with the Decomposition Index and Implementation Plan of Policy Targets, and conducts regular self-inspection and assessment on the achievement of objectives and the implementation of the plan to identify problems and make timely improvements to ensure the effectiveness of the operation of the quality management system of each subsidiary and the comprehensive achievement of the general quality objectives.

Quality Audit Management

Every year, the Company strictly follows the audit plan prepared at the beginning of the year and combines with key management points to complete the audit of second-tier subsidiaries. For third-tier subsidiaries with relatively poor performance, the quality management department carries out focused inspection and provide special guidance. The Company issues an audit report for each audit detailing the risk reminders of relevant defects, and requires subsidiaries to submit a rectification report against defects, clarify rectification measures and estimated time of completion, and track the implementation details of rectification, thus gradually improve the quality control level of subsidiaries.

Quality Culture Building

Sinopharm attaches great importance to the construction of quality culture and organizes all subsidiaries to actively carry out quality month activities during this Reporting Period. Among them, three QC teams of the Group won the first, second and third prizes respectively in the Second Central Enterprise Quality Management Team ("QC Team") Achievement Presentation Competition of the Group. In addition, the Company actively mobilized all employees to participate in the "Two Laws" Knowledge Contest and the Total Quality Management Knowledge Contest to deepen their understanding of relevant laws and regulations and quality management methods and to continuously improve the overall quality management level of the Company.

Quality Management of Pharmaceutical Products

As a distributor of pharmaceuticals and healthcare products, the Company strictly complies with the *Drug Administration Law of the People's Republic of China*, *Vaccine Administration Law*, *Drug Administration Law*, *Good Supply Practices of Pharmaceutical Products*, *Regulations on the Supervision and Administration of Medical Devices*, *Medical Device Operation Quality Management Rules*, and other laws and regulations related to product quality that have a significant impact on the Company (such as those affecting the Company's business and distribution qualifications and the Company's reputation). During the Reporting Period, there was no violation of the above laws and regulations.

In accordance with the industry management requirements, distributors are not required to inspect the drugs, but should obtain and confirm the qualified documents of the drugs. Therefore, to ensure the quality of incoming, in-store and outgoing pharmaceutical products, the Company has formulated corresponding operational procedures, such as the *Regulations on Management of Drug Receipts*, *Regulations on Management of Drug Acceptance*, *Regulations on Management of Drug Storage*, *Regulations on management of Drug Transportation and Delivery*, and *Regulations on Management of Carriers* etc. The receipt of drugs must be accompanied by qualified drug inspection reports, and the storage and transportation of drugs are carried out in strict accordance with the requirements of the instruction manual. We ensure the quality and safety of pharmaceuticals in all aspects. In 2020, the Company has passed 6 times of the special inspections by the Shanghai Market Supervision and Administration Bureau on special administrative drugs, medicinal toxic drug and precursor drugs. No defects were found, and the inspection pass rate was 100%. In addition, the subsidiaries of the Company received a total of 454 inspections from drug administration department at all levels, and all inspections met the requirements with no severe nonconformities found, representing the efforts and performance of the Company in the terms of quality control and compliance operation.

The Company has formulated the *Regulations on Management of Recall/Recovery* in accordance with the *Administrative Measures for Drug Recalls* issued by China Food and Drug Administration (CFDA). For products recalled voluntarily by suppliers, after receiving notices from suppliers, the quality management department will issue recall notices (except for the drugs that cannot be recalled as stipulated by Chinese laws and regulations) to recall relevant varieties. For recall or unqualified products after spot check noticed by CFDA, the quality management department will implement recall at the earliest time and the procurement department will inform immediately relevant suppliers, and the suppliers can communicate with manufactures at the earliest time, requesting them to actively cooperate to tackle with matters related to products with quality problems in positively cooperative manner. During the Reporting Period, the percentage of the Company's total sold or shipped products that had to be recalled due to health and safety factors was 0.15%.

Logistics Quality Management

To ensure that the temperature range of products in stock and in-transit meets the product requirements, the Company has formulated system files such as Regulations on Management of Facility Equipment, Regulations on Management of Safety, Detailed Regulations on Management of Temperature and Humidity, Regulations on Management of Information and Regulations on Management of Transport Vehicle, which set clear requirements for temperature control equipment, temperature monitoring systems, hydropower supply management, firefighting equipment, vehicle dispatching and maintenance, etc. for product storage regulation. The Company regularly maintains facilities and equipment to ensure their effective operation, thereby effectively controlling risks during product storage and transportation.

To further ensure the quality and safety of our products in the transportation sector, we have taken the following measures.



Establish vehicle accounts

Establish vehicle accounts for own vehicles and manage by experts, and arrange maintenance work in time according to vehicle running conditions. We establish a verification plan for refrigerated vehicles, verify the vehicles when the temperature is higher and lower, evaluate the vehicle operation, and ensure the safety of cold chain products in transit.



Establish vehicle and personnel management documents

The Company has established a series of quality system documents to guide the operation and vehicle maintenance work in all aspects of transportation, such as: Regulations on Management of Transport Vehicle, Regulations on Management of Transportation Delivery, Regulations on Management of Training, Driver Work Details, Reefer Transportation Emergency Plan, Regulations on Management of Vehicle Repair and Maintenance, etc.

Regular training for operators

Every year, operators are trained in accordance with the *Drug Administration Law of the People's Republic of China*, *Vaccine Administration Law of the People's Republic of China* and other laws and regulations and policy requirements, and written examinations are conducted according to their positions.



Establish a self-inspection mechanism

The Company conducts annual on-site inspection of transport management-related departments to monitor compliance and enforcement of laws and regulations and quality system documents. For risks identified in the inspection, the Company promptly urges the relevant departments to implement corrective actions.

Protect Customers' Rights and Interests

With the philosophy of "Customer is the foundation of the enterprise", we are committed to providing quality, reliable and efficient services to our customers. We understand the needs of our customers in a timely manner through customer satisfaction surveys and complaint management mechanisms, and are committed to protecting the privacy of our customers.

Customer Satisfaction and Complaint Management

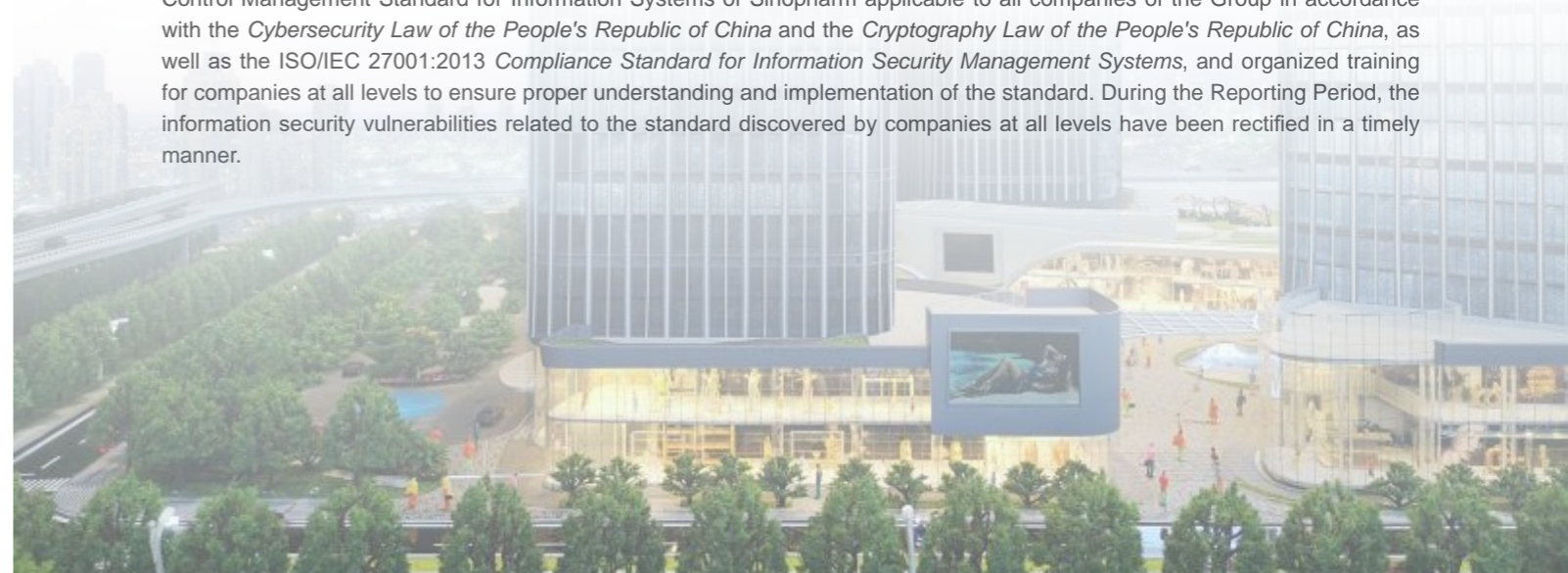
In order to enhance customer satisfaction and loyalty to our services, the Company has formulated the Regulations on Management of Customer Satisfaction. It gained the customer perception through home visits, written questionnaires and other ways and confirmed through comparison with other competitors in the industry. In addition, it periodically prepared the Analysis Report of Customer Satisfaction, and included customer satisfaction rate and customer satisfaction trends into the performance management as important assessment indicators of relevant departments. During the Reporting Period, a total of 100 clients participated in the customer satisfaction survey, and the results showed that 99.8% were satisfied with our services.

The Company developed a series of management systems related to customer inquiry and complaint, such as Regulations on Management of Quality Inquiry and Regulations on Management of Customer Complaint Handling. When customers have questions or demands on the Company's operation of drugs or medical devices, they can submit a query to the Company by visits, letters, fax, telephone, mail and other ways, and the Company shall upon the receipt of the query, make an investigation and provide feedback. In the event of customer dissatisfaction caused by the quality of products and services not conforming to the standards, the quality management department shall timely take containment measures such as product recall/recovery after verification through investigation to prevent further loss to the customer. Relevant departments shall determine jointly the cause of the complaint and make correct measures to better satisfy customers. During the Reporting Period, we did not receive products and service related complaints.

Consumer Privacy Protection and Information Safety

The Company has strictly complied with the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests* and has kept the personal information of consumers strictly confidential. No personal information breaches were found during the Reporting Period. Sinopharm Holding Guoda Drugstore Co., Ltd., a subsidiary of the Group, has prepared the Administrative Measures for Membership, subsidiaries shall conduct approval process management of data export for membership information. At the same time, subsidiaries are required to conduct membership data sorting and analysis at least once a month. In case of abnormal number of transactions, transaction amount and discount information, the subsidiaries track and properly manage the anomalies in order to better protect the privacy and interests of members.

During the Reporting Period, in order to further safeguard information security, the Company formulated and issued the Access Control Management Standard for Information Systems of Sinopharm applicable to all companies of the Group in accordance with the *Cybersecurity Law of the People's Republic of China* and the *Cryptography Law of the People's Republic of China*, as well as the ISO/IEC 27001:2013 *Compliance Standard for Information Security Management Systems*, and organized training for companies at all levels to ensure proper understanding and implementation of the standard. During the Reporting Period, the information security vulnerabilities related to the standard discovered by companies at all levels have been rectified in a timely manner.





Green Operation to Protect Environment

The Group is mainly engaged in pharmaceutical distribution, medical device distribution, as well as pharmaceutical retail, with minor involvement in industrial production. We strictly comply with the laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Soil Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and the *Regulations on the Administration of Sewage Discharge Permits* during our business activities and there was no violation of the relevant laws and regulations during the Reporting Period.

- Environmental Management
- Green Production
- Green Logistics
- Green Office
- Environmental Performance



Environmental Management

The Company has formulated a series of management systems such as Environmental Protection Management Regulations, Clean Production Management Regulations, Hazardous Waste Management Regulations and Environmental Accident Emergency Plan, which clearly define the responsibilities of environmental management, energy conservation and emission reduction to be borne by personnel at all levels, strengthen the environmental awareness of each enterprise, and strive to minimize the potential impact of the Group's business activities on the environment and natural resources, such as atmospheric pollution, water pollution, energy consumption, etc. Executives of each subsidiary are the primary personnel for environmental protection, and the performance of environmental protection has been included in the annual evaluation indicators of the executives of the subsidiary, making efforts to raise the awareness of environmental protection among the leaders and cadres of each enterprise, realizing the management of the target-oriented responsibility system.

At the beginning of 2020, the 48 second-tier subsidiaries of Sinopharm completed the signing of the Energy Conservation and Environmental Protection Responsibility Letter, and each provincial-level subsidiary signed the Energy Conservation and Environmental Protection Responsibility Letter with its subordinate companies at each level to clarify the control objectives and work requirements of subordinate companies at each level, fully implementing the responsibility for energy conservation and environmental protection. The coverage rates of the signing of the responsibility letter as well as the assessment of energy conservation and environmental protection among subordinate companies at each level both reached 100%. At the same time, all second-tier subsidiaries made their greatest efforts to control environmental risks and strictly implemented the Implementation Rules of Sinopharm Holdings on Environmental Protection and Energy Saving and Emission Reduction Management to effectively control the emission of major pollutants and conserve energy and resources, insisted on the principle of "Prioritizing prevention and combining prevention with remediation", advocated clean production, resource recycling and energy conservation, and avoided or reduced the generation of pollutants at source.

During the Reporting Period, each subsidiary combined the contents of the Energy Conservation and Environmental Protection Responsibility and the requirements of its higher-level company to fully achieve the target of reducing 15% in energy consumption per ten thousand RMB added value relative to the end of 2015 by the end of 2020, laying a concrete foundation for the special tasks on energy conservation and environmental protection during the 14th Five-Year Plan period.

Green Production

The industrial production subsidiaries under Sinopharm have all established relatively sound environmental management systems and strictly comply with national and regional environmental laws and regulations during their production activities, while actively reducing exhaust emissions, wastewater discharge and waste generation through innovative measures, maximizing the use of energy, water and other resources to minimize the impact on the environment and natural resources while ensuring normal production operations.

Management of Environmental Protection

All the industrial enterprises under the Company have completed the certification of ISO14001 environmental management system, among which Sinopharm Holding Xingsha Pharmaceutical (Xiamen) Co., Ltd. and China National Pharmaceutical Group Chemical Reagent Co., Ltd. (Taicang Shanghai Chemical Reagent) have passed clean production audits, and Sinopharm Guorui Pharmaceutical Co., Ltd.'s Contract Energy Management is under implementation. Sinopharm continues to implement the China Pharmaceutical Group Energy Management System Industrial Upgrade Guide, guide its subsidiaries to carry out energy management system certification, energy audits and green factory applications, actively implement energy conservation evaluation and review, and improve energy management efficiency and production performance.

To strengthen environmental risk identification and prevention, the Company's industrial enterprises strictly follow the requirements of the Guidelines on Risk Assessment of Environmental Emergencies in Enterprises and Guidelines on Environmental Protection for Industrial Enterprises of China Pharmaceutical Group to carry out the identification of environmental risk factors and ensure that all environmental factors are identified and controlled with a coverage rate of 100%.

To ensure timely detection and rectification of potential environmental hazards during operation, subsidiaries of Sinopharm at all levels conducted routine safety and environmental as well as special inspections every year, and ensured the implementation of rectification measures through interviews, admonishment and supervision. In 2020, the Company's industrial enterprises actively carried out environmental inspections, and promptly rectified any problems identified. The rectification rate for potential hazards was 100%.



a **100%** rectification
rate of potential hazards

Pollutant Emissions

Each of the Company's industrial enterprises has signed a monitoring contract with the local environmental monitoring department, and the local environmental monitoring stations regularly monitor exhaust emissions, wastewater discharge and noise produced within plants. To further standardize environmental protection management and strengthen pollution prevention and control, each of the Company's industrial enterprises not only accepted supervision from local environmental protection departments and other external organizations, but also established a sound statistical monitoring system for environmental protection, energy conservation and emission reduction in accordance with the Supervision and Assessment Management Measures for Environmental Protection and Energy Conservation of Sinopharm Holdings, strengthened statistical monitoring of pollutant emissions during production and operation, investigated potential environmental risks and hazards, and enhanced the evaluation system as well as measures for reward and punishment.

Regarding exhaust emissions and wastewater discharge, all industrial enterprises under Sinopharm have obtained discharge permits, registered for the discharge permits, and strictly managed their discharge in accordance with the permit requirements. All industrial enterprises are equipped with exhaust emission handling devices and have dedicated personnel responsible for daily maintenance and management to ensure the normal operation of the exhaust emission treatment system and that all pollutants emitted meet the relevant requirements of the local emission standards for atmospheric pollutants. In addition, each industrial enterprise is equipped with a sewage treatment system, wastewater generated by the enterprises with the demand for wastewater discharge is directed into the municipal wastewater network after treatment, and the quality of the discharged wastewater meets the local wastewater discharge standards.

Regarding waste generation and disposal, the Company's subsidiaries at all levels have established sound hazardous waste management systems and processes in strict compliance with the Regulations of Sinopharm Group on the Management of Hazardous Waste, strengthened the investigation of potential hazards in the disposal of expired pharmaceuticals and other hazardous waste by its subsidiaries, and carried out supervision and assessment. No violations found during the Reporting Period. Hazardous wastes generated in the production activities of industrial enterprises (such as laboratory wastes, etc.), as well as hazardous wastes generated in the operation of trade and logistics enterprises (such as expired pharmaceuticals, etc.) are disposed of in accordance with relevant national laws and regulations and harmless wastes are disposed of by the local environmental sanitation department or third parties. During the Reporting Period, Sinopharm Holding Xingsha Pharmaceutical (Xiamen) Co., Ltd. reduced the amount of hazardous waste generated by improving the product qualification rate and recycling intermediate media such as mineral oil; other wastes were sorted by category, where recyclable wastes were handed over to a third party for recycling to promote waste recycling while reducing the generation of end-user non-hazardous wastes.

The Company encourages its subsidiaries to vigorously promote the application of "four new" in energy conservation and emission reduction (new technologies, new materials, new processes, and new equipment), reduce pollutant emissions, promote resource conservation, and create environmental benefits while enhancing the safety and operational efficiency of enterprises. For example, China National Pharmaceutical Group Chemical Reagent Co., Ltd. (Wokai Biology) invested more than RMB 1 million to use Programmable Logic Control (PLC) to enhance the process control and safety of the distillation device, ensuring the stability of product quality, effectively reducing energy consumption per unit and the environmental risks, while enhancing device safety.



Resource Use

In terms of energy use, the industrial enterprises under the Company conduct regular technical and economic analyses of major energy-using equipment, process systems and energy utilization, and combine them with necessary tests and statistical analyses of energy consumption to determine the level of energy use, identify energy-saving potential and clarify the direction of energy conservation, so as to provide scientific evidence for improving energy management, carrying out energy-saving technical transformation and improving energy utilization. The industrial enterprises also actively research and develop energy-saving technology, implement intelligent production, and achieve efficiency reduction while improving the utilization of resources. For example, on the basis of analysis of the deficiencies of yarn plate drying and market research in the pharmaceutical equipment industry, Sinopharm Holding Xingsha Pharmaceutical (Xiamen) Co., Ltd. has adapted the soft capsule dehumidification drying technology, which has been equipped with independent rotating-wheel dehumidification unit, to replace the traditional yarn drying mode and significantly improved the intelligent, labor efficiency, and energy consumption efficiency. Sinopharm Guorui Pharmaceutical Co., Ltd. improved the resource recycle capability through production process upgrade and new technology applications. These measures saved a total of RMB 2.22 million in energy consumption costs from January to November 2020.

In addition, various business and logistics subsidiaries actively promote the use of renewable energy, including the installation of rooftop photovoltaic power stations and the development of solar heating projects, which help reduce the use of fossil fuels and greenhouse gas emissions. For example, the photovoltaic power generation system project of Sinopharm Holding Jiaying Co., Ltd. helped reduce the use of around 302 tons of standard coal from 2015 to the end of the Reporting Period; the 462 kw rooftop photovoltaic power generation project of Sinopharm Holding Shanxi Logistics Co., Ltd. helped reduce carbon dioxide emissions by about 500 tons per year. At the same time, under the smart energy strategic framework of the Sinopharm Group, Shanghai Power Equipment Research Institute, a subsidiary of the State Power Investment Corporation Limited, conducted feasibility research on the pilot commercial logistics enterprises of Sinopharm and formed a preliminary plan for the logistics integrated smart energy project. The two companies further discussed the specific projects to ensure the implementation of energy conservation and environmental protection projects in the pilot logistics enterprises. Sinopharm will also vigorously promote energy-saving equipment facilities, energy storage, comprehensive energy saving and photovoltaic applications in large-scale logistics enterprises and encourage large-scale logistics enterprises in the process of new construction to adapt the modular management measures, promote energy-saving technology such as cold storage and photovoltaic technology.

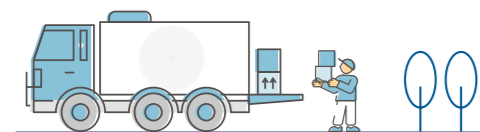


Rooftop Photovoltaics Equipment of Sinopharm Holding Shanxi Logistics Co., Ltd.

Regarding the use of water resources, the Group mainly used municipal water supply in its business operations and did not have any problem in seeking suitable water sources. During the Reporting Period, the Company's industrial enterprises actively promoted water efficiency in their production and operation activities. Among them, Sinopharm Guorui Pharmaceutical Co., Ltd. completed the "full reuse" wastewater treatment system and adopted a new type of energy-saving circulation pump to renovate the refrigeration station, which significantly improved the extent of water recycling; Sinopharm Holding Xingsha Pharmaceutical (Xiamen) Co., Ltd. established a wastewater treatment station, in which the wastewater was treated to meet quality standards and then reused for landscape irrigation; China National Pharmaceutical Chemical Reagent Co., Ltd. (Wokai Biology) used the backwash water of its equipment for landscape irrigation and site cleaning, saving approximately 1,000 tons of water annually.

Green Logistics

Pharmaceutical distribution is one of the Group's primary businesses, and the energy consumption and greenhouse gas emissions associated with its segments of logistics and warehousing may bring certain impact on the environment and natural resources. In this regard, the Group has established a comprehensive transportation management system and incentive mechanism to continuously optimize the warehouse management procedures and operation regulations to reduce the use of resources and emissions in the logistics segment.



Transportation Management

To ensure the efficient and safe operation of the transportation fleet and the exhaust emission of vehicles, the Group has formulated and implemented a monthly vehicle maintenance plan to ensure that the vehicles are in good condition. To save vehicle fuel consumption, we designated relevant personnel to monitor fuel consumption of all vehicles, and if abnormal fuel consumption was spotted, we would analyze the situation together with vehicle supervisors to identify the causes and implement improvement measures accordingly. In addition, we have set up a fuel consumption reward and punishment mechanism to provide cash incentives to drivers who save fuel and penalties to drivers who exceed fuel consumption every month, to further enhance employees' awareness of energy conservation and consumption reduction. In addition, we actively upgrade vehicles to meet the higher emission standards, to support energy-saving and emission reductions.

In terms of transportation planning, we optimize transportation routes and improve vehicle loading rates to reduce the total number of vehicles put in use and the total mileage traveled to achieve fuel conservation and emissions reduction. At the same time, reasonable transportation planning can help reduce the frequency of loading and unloading, save warehouse resources, and improve the recycling rates of certain packaging materials.






Warehouse Management

Improving the energy efficiency of cold storage is another important way to build up green logistics. On one hand, we strengthened daily integrity inspection of the warehouse envelope structure to avoid the generation of cold bridges as well as holes through the walls, so as to reduce heat transfer from outside of the warehouse to inside, thereby reducing the cold load loss of the cold storage envelope structure; improving the utilization rate of cold storage (such as timely consolidation of goods according to the storage temperature during the off-season) can also effectively reduce energy waste. In addition, the Group has gradually implemented intelligent control in the controlled warehouses, such as the installation of infrared sensor lights in the main aisles of the

On the other hand, the continuous optimization of the operating procedures and daily management of employees has also improved the energy efficiency of the warehouse. By reducing the opening time of the cold storage doors and sorting the goods after stored, the management has been able to reduce the energy consumption of the cold storage operation. Through the above measures, the Shanghai Warehouse of Sinopharm Pharmaceutical Logistics Co., Ltd., a logistics enterprise of the Company, has reduced its electricity consumption by more than 170,000 kWh in 2020 relative to 2019, representing a 12% decrease.

Green Office

In our daily office activities, we take a number of measures to help the office save energy and reduce emissions:

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 - Strengthen the management of lighting and power conservation, so that people leave the lights off, eliminate daytime lights and long-lasting lights, and reduce lighting in public areas at night as much as possible; replace hallway and corridor lighting with energy-saving ones.
- 
 - Strengthen the daily maintenance and management of water fixtures, conserve water, and eliminate the occurrence of water running, fuming, dripping, leaking and non-stop flowing.
- 
 - Advocate paperless office, general business notices, data transmission, etc. through the OA online office system, and ensure work communication, report approval and daily business operations are all electronic.
- 
 - Reinforce quota management system of departments for printing and office supplies, requiring double-sided printing for documents that require to be printed; reusing low-consumption items such as briefcases and paper clips.
- 
 - In 2020, the Company and its subsidiaries actively promoted World Environment Day and National Energy Conservation Week to popularize the concept of green office among the employees.

Environmental Performance

	Unit	2020	2019	2018	Change in 2020 compared with 2019
Emissions					
NO _x	ton	124.44	74.10	65.78	67.94%
SO _x	ton	0.32	0.23	0.19	39.13%
Particulate Matter	ton	11.43	6.79	6.04	68.34%
Chemical Oxygen Demand (COD)*	ton	2.84	0.52	0.84	-
Biochemical Oxygen Demand (BOD)*	ton	1.67	0.06	0.13	-
Ammonia Nitrogen*	ton	0.50	0.01	0.22	-
Greenhouse Gas Emissions					
Scope 1	ton CO ₂ e	52,946.47	37,435.63	30,741.54	41.43%
Scope 2	ton CO ₂	155,266.59	105,924.73	88,611.47	46.58%
Greenhouse Gas Emissions Intensity					
Scope 1	ton CO ₂ e/person	0.49	0.40	0.44	22.50%
Scope 2	ton CO ₂ /person	1.43	1.13	1.27	26.55%
Direct Energy Consumption by Type					
Diesel	MWh	99,698.12	69,918.89	62,795.17	42.59%
Gasoline	MWh	102,057.26	66,227.71	50,502.28	54.10%
Natural Gas	MWh	6,042.71	-	-	-
Indirect Energy Consumption by Type					
Purchased Electricity	MWh	232,473.71	136,237.57	115,208.83	70.64%
Purchased Heat	MWh	33,925.21	33,279.62	25,709.94	1.94%
Direct/Indirect Energy Consumption Intensity					
Diesel	MWh/person	0.92	0.75	0.90	22.67%
Gasoline	MWh/person	0.94	0.71	0.72	32.39%
Natural Gas	MWh/person	0.06	-	-	-
Purchased Electricity	MWh/person	2.15	1.45	1.65	48.28%
Purchased Heat	MWh/person	0.31	0.35	0.37	-11.43%

	Unit	2020	2019	2018	Change in 2020 compared with 2019
Water Consumption					
Total Amount of Water Consumption	cubic meter	1,838,778.23	1,607,033.20	1,191,321.36	14.42%
Water Consumption Intensity	cubic meter/person	16.98	17.14	17.09	-0.93%
Packaging Material Used by Finished Products *					
Carton/Box	ton	2,569.00	2,349.00	2,210.00	9.37%
Packing Bottle	ton	2,248.95	2,597.00	2,890.87	-13.40%
Unit Amount of Packaging Material Used by Finished Products	ton/person	3.71	-	-	-
Non-hazardous Waste					
Total Amount of Office Waste	ton	4,571.97	3,635.59	2,703.91	25.76%
Office Waste Generation Intensity	ton/person	0.04	0.04	0.04	0.00%
Hazardous Waste *					
Total Amount of Hazardous Waste	ton	164.95	-	-	-
Hazardous Waste Generation Intensity	ton/person	0.13	-	-	-

Note:

* Data denoted by * correspond to a data collection scope of industrial enterprises under Sinopharm. The data collection scope for other data is the Group.

1. NO_x, SO_x, and particulate matter emissions were from vehicle use of the Group in 2020, and were calculated by referring to the *Appendix II of How to Prepare An ESG Report* published by HKEX.
2. Emissions of COD, BOD, and Ammonia Nitrogen increased in 2020 due to expanded data collection scope as a result of added production lines.
3. Scope 1 emission includes direct greenhouse gas emission generated by the Group's natural gas consumption, and diesel and gasoline consumption from vehicle use; Scope 2 emission resulted from the Group's purchased electricity and heat consumption.
4. Scope 1 emission was calculated by referring to the *Land Transport Enterprise Greenhouse Gas Emissions Accounting and Reporting Guidelines (Trial)* published by the National Development and Reform Commission of the People's Republic of China.
5. The carbon emission factor of purchased electricity references the 2015 average emission factor of the National Grid as defined in the *Notice on the 2018 Carbon Emission Reporting and Verification and Emission Monitoring Plan Formulation*, published by the Ministry of Ecology and Environment of the People's Republic of China.
6. The carbon emission factor of purchased heat comes from the *Land Transport Enterprise Greenhouse Gas Emissions Accounting and Reporting Guidelines (Trial)* published by the National Development and Reform Commission of the People's Republic of China.
7. Hazardous waste mainly include laboratory waste liquids, waste mineral oil, and waste drugs generated during production and operation activities of the industrial enterprises.

People-oriented to Make Progress Together

We regard employees as our core resources and most precious treasure, insist on being people-oriented, implement humanized management, adhere to the principle of respect for employees, cultivation of employees and service for employees, strive to provide a safe, healthy, harmonious, and comfortable working environment for all employees, and actively drive the common development of employees and enterprises to promote social progress.

- Employment Management
- Employee Rights
- Talent Cultivation
- Health and Safety
- Employee Care



Employment Management

The Group strictly complies with the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, *Regulations on the Employment of Persons with Disabilities*, *Law of the People's Republic of China on the Protection of Minors*, and the *Regulations on the Prohibition of Child Labor*. The Group has established a set of management systems for remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits, such as the *Regulations on the Management of Recruitment*, *Regulations on the Management of Remuneration* and *Regulations on the Management of Annual Income of the Head of Second-Tier Subsidiaries During the Reporting Period*, the Group did not violate any employment-related laws and regulations.

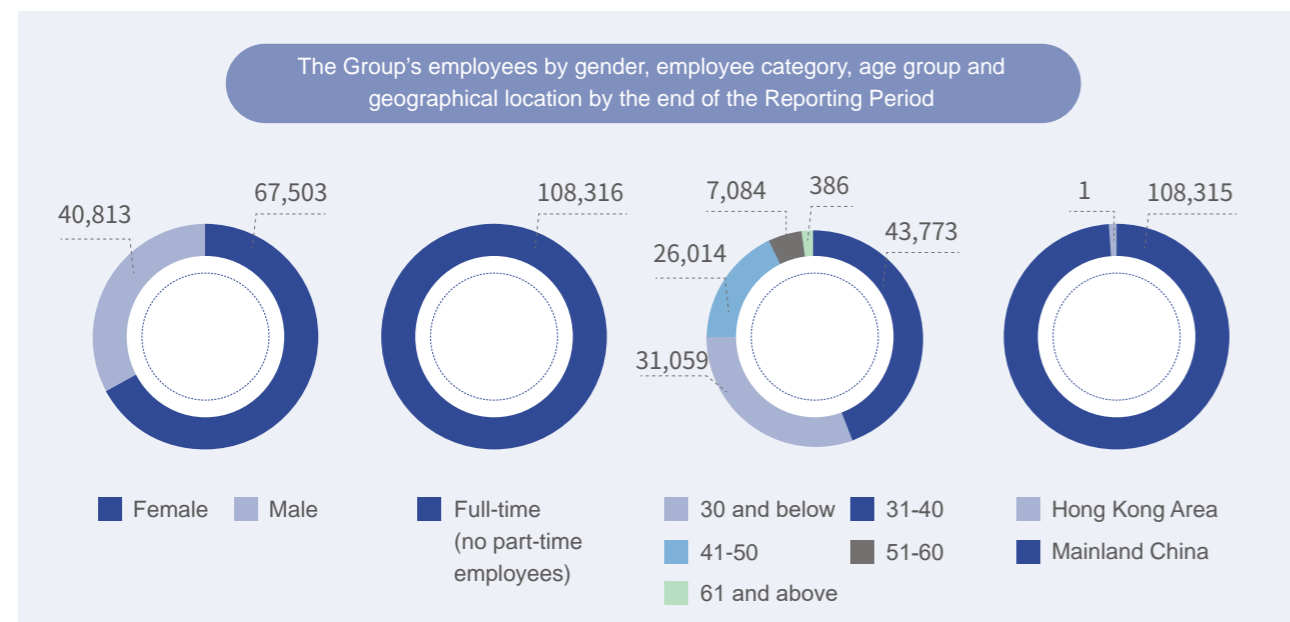
At the same time, the *Recruitment Management Regulations* of Sinopharm clearly prohibit the hiring of personnel under the age of 16 and require verification of the identity documents of new employees when they come for registration to prevent child labor employment. In addition, we explicitly stipulate that employees may terminate their labor contracts at any time if companies force them to work by means of violence, threat, or illegal restriction of personal freedom, or if companies fail to pay labor compensation in full and on time, or if companies violate other circumstances indicated in the *Labor Contract Law of the People's Republic of China*. If violations are found, we handle the cases in strict accordance with the relevant procedures, punish and hold accountable of the employees in charge. During the Reporting Period, the Group did not employ any child labor or forced labor.

We adhere to the recruitment principles of internal and external integration, fair competition, making selection based on merits, and oppose employment discrimination in various forms; enter into labor contracts with employees while ensuring them being protected from discrimination due to race, religion, physical disability, gender, sexual orientation, association member, or marital status, etc.

The Group selects talented employees who are suitable for the Group's development through multi-channel social recruitment as well as internal selection. Prior to proceeding the registration for new employees, we inform them of the job responsibilities, qualifications, working environment, job locations, occupational hazards, safe production conditions, labor compensation and other employment conditions along with work conditions through recruitment advertisements, job descriptions and interviews. Employee may directly inquire the HR Department in case of any questions.

The Group clearly indicates that employees have the rights to resign from the Company during the term of the labor contract. Employees within probation period shall submit a written resignation report to the head of the department 3 days in advance, while regular employees shall submit the registration 30 days in advance. The Company has the rights to terminate the labor contract in case of malpractice, violation of the Company's management regulations, violation of the operation rules resulting in the injury or death of others or losses of the Company, and criminal sanction or criminal detention.

As of December 31, 2020, the total number of employees of the Group was 108,316.



Employee Rights

We strictly comply with applicable laws and regulations, international conventions, and oaths regarding human rights, such as the *International Covenant on Civil and Political Rights*, *International Covenant on Economic, Social and Cultural Rights*, *Convention on the Elimination of All Forms of Discrimination against Women*, and *International Convention on the Elimination of All Forms of Racial Discrimination*, and respect employees' rights to employment freedom and decent work as well as living. To protect the legal rights and interests of employees, the Group has established a comprehensive mechanism for employee complaints, grievances and reporting, while maintaining effective communication with employees through the president's mailbox, emails, labor unions and staff councils, etc. We strictly prohibit retaliation and protect the rights and interests of complainants and reporters from infringement.

Regarding working hours, in accordance with national laws and regulations, we have established various forms of attendance for employees in different positions based on work nature, including standard working hours (daily working hours of no more than 8 hours), comprehensive working hours and irregular working hours, so as to ensure employees' rights and interests while improving work efficiency. We implement the national regulations on statutory holidays to ensure that employees can fully enjoy annual leave, personal leave, sick leave, marriage leave, maternity leave and various national statutory holidays.

With respect to remuneration and benefits, the Group has established a mechanism for wage plans, minimum wage thresholds and wage adjustments based on the principles of fairness, motivation, competitiveness and regularity, so as to provide fair treatment and equal opportunities for employees. In addition to the remuneration and benefits outlined in the Group's *Remuneration Management Regulations* (such as wages, social insurance, housing provident fund, statutory holidays, etc.), each subsidiary establishes additional welfares according to its own circumstances, such as lunch allowance, holiday allowance, cash for birthday/marriage/childbirth as gifts, health inspection, financial allowance for employees in need, and commercial insurance for employees in special positions.

Talent Cultivation

Sinopharm always regards human resources as its core resources and gives top priority to the cultivation of talents, and has formulated and implemented the *Sinopharm Training Management System*, which specifies the training contents (such as basic competency training, job skills training, continuing education training, practice and vocational qualification training, etc.) and the training forms (such as internal training, seminars, visits and exchanges, etc.), while requiring the training to be tailored to the needs of employees at all levels.

To provide large-scale, standardized and systematic employee training, the Company conducted planning and management of employee training for the Company and its subsidiaries through *Sinopharm University*, which has been found in 2011. In 2020, based on the Company's strategic requirements, *Sinopharm University* focused on the two core themes of "digital learning" and "leadership improvement" to promote digital learning, cultivate leadership talent, collaborate with business development, and strengthen the team of internal instructors in response to the huge impact of the pandemic on employee learning and training.

Case 1: Promoting digital learning to help resume work and production

To ensure business activities would not be affected by the pandemic outbreak, *Sinopharm University* coordinated relevant training resources, promptly uploaded a total of 41 courses on pandemic prevention and control, telecommuting, etc. to help employees protect their health and safety, prevent and control the pandemic, and smoothly carry out their work.



Online courses on pandemic prevention and control

Case 2: Launching the "Soaring Dragon" program to empower the middle management of the subsidiaries

In response to the common problems of the training shortage in middle management, the lack of training standards and inconsistent contents, we launched the "Leaping Dragon Online Blended Learning" program to enrich the Company's talent pool based on Sinopharm's unified competency model and online project operation model. The program is designed according to the "70-20-10 trainee-centered" principle and adopts three means of learning, including "online self-learning" (10%), "community learning" (20%), and "practice as well as reflection" (70%), which received warm welcomes and enthusiastic participation from our subsidiaries as soon as it was launched.

Case 3: Supporting front-line business activities by cooperating with professional lines

In 2020, Sinopharm University cooperated with the Risk and Operation Department as well as Security Department of Sinopharm to implement business line training and launched the "Professional Line Core Position Knowledge and Skills Course Development Program", recording 14 online courses with a duration of 14 hours for five primary professional lines, uploading 15 national outstanding logistics cases and one set of online courses for the Licensed Pharmacist Examination, laying the foundation for cultivating a professional talent team.

Case 4: Cultivating instructor talents and strengthening teaching team

Sinopharm's Golden Sunflower Instructor Training Program provides systematic learning for students to improve their teaching skills, on-site control capability, teaching activity design and curriculum development skills. The program is divided into three parts, including provincial instructor certification courses, provincial promotion courses for national instructors, and national instructor training. 23 outstanding provincial instructors from the Company and 18 of its subsidiaries were selected by Sinopharm University to participate in the national instructor training camp in 2020. In response to the shortage of instructor resources in the Southwest, Sinopharm held the Southwest Region Golden Sunflower Provincial Instructor Training Program, in which a total of 40 trainees participated.

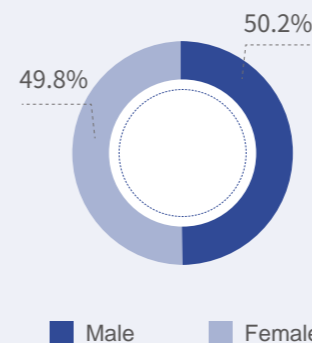


2020 Sinopharm Southwest Region Golden Sunflower Provincial Instructor Program

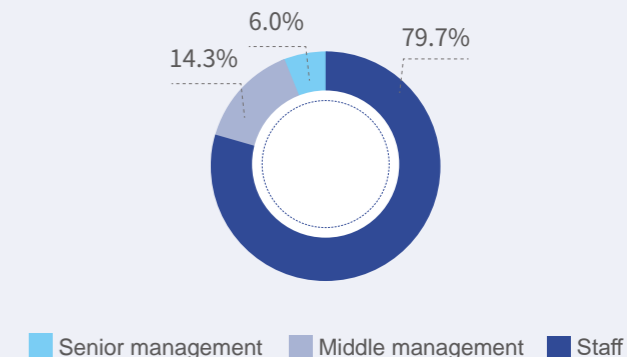
During the Reporting Period, 100% of the Company's employees received training, and the average training hours completed per employee was 47.7 hours.

Percentage of the Company's employees trained by gender and employee category during the Reporting Period

The percentage of employees trained by gender

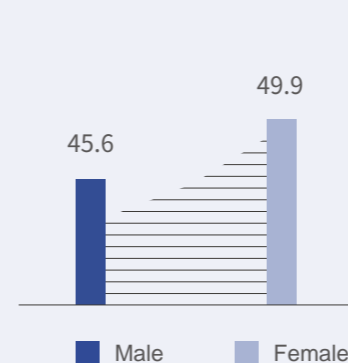


The percentage of employees trained by employee category



The average number of training hours completed per employee of the Company during the Reporting Period, by gender and employee category

The average training hours completed per employee by gender



The average training hours completed per employee by employee category



Health and Safety

We are committed to creating a healthy, safe and comfortable working and living environment for our employees. The Group strictly complies with the laws and regulations on occupational health and safety such as the *Law of the People's Republic of China on Production Safety* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, etc. No violation of relevant laws and regulations occurred during the Reporting Period, nor there was any case of work-related employee fatalities.

Safety Management and Monitoring

Sinopharm and its subsidiaries have established management systems in accordance with international occupational health and safety management systems and safety standardization requirements, formulated comprehensive occupational health and production safety management system documents, implemented various health and safety measures in strict accordance with the requirements of the management systems, complied with the requirements of relevant health and safety laws and regulations, and safeguarded the occupational health and safety of employees.

In 2020, Sinopharm revised and improved the Safety and Environmental Protection Management Manual, which incorporated updates from the latest national policy requirements and implementation measures, comprehensively sorted out the standard clauses for hazardous chemicals section, industrial section, logistics section and retail section, and established the Potential Hazards Checklist of Sinopharm Group based on the Safety and Environmental Protection Management Manual, used to guide the daily safety management of each business segment. During the Reporting Period, we organized safety production supervision and inspection, conducted potential hazard inspection, and launched special inspection tasks focusing on industry- and season-dependent safety hazards, such as "hazardous chemicals", "special operations", "vehicle safety", "typhoon and flood prevention" and "winter season fire prevention".

To continuously implement the standardization of production safety, we strengthened our safety foundation management, and kept improving the level of safety standardized certification. At the same time, we continued to strengthen the team of full-time safety personnel and enhance their professionalism. All hazardous chemicals and industrial sections under the Company were equipped with registered safety engineers. In 2020, we conducted online training and assessment for safety personnel in our second and third-tier subsidiaries to continuously enhance the safety management capability of relevant personnel according to the Safety and Environmental Protection Management Manual of Sinopharm.

Guaranteeing Safe Production

To ensure that all production safety risks are under control, Sinopharm focuses on high-risk enterprises, processes, sites and steps, specifying that each subsidiary has established a safety risk classification and control system, categorizing and managing primary production enterprises based on their risk levels, and continuously conducting dynamic safety risk identification and potential hazard investigation, ultimately forming a bottom-up comprehensive prevention mechanism of "risk pre-control and potential hazard prevention".

During the Reporting Period, as high-risk enterprises in the field of safety production, the Company's industrial enterprises have been actively improving their safe production capability and eliminating safety hazards by means of renovating facilities and equipment as well as strengthening special inspections, including explosion-proof renovation of fire-fighting facilities and electrical lines, regular source identification of hazards and formulation of control mechanisms, and in-depth special inspections of hazardous chemical products. At the same time, industrial enterprises strictly implement the three-level safety education for newly recruited employees while provide safety education for personnel experiencing job transition and in charge of special operations to ensure that employees perform standardized operation during production activities and are well versed in emergency response measures.

Guarding Occupational Health

Both Sinopharm and its subsidiaries are equipped with adequate safety facilities and equipment, such as automatic fire alarm systems, combustible gas detectors, and anti-shock facilities, etc., and conduct annual testing and maintenance of facilities and equipment to protect the occupational health and safety of employees. In addition, we installed air filtration facilities, ventilation facilities and air-conditioning systems in office areas, to create a comfortable and healthy working environment for our employees. Our subordinate industrial enterprises conducted training for first-aid personnel, procured first-aid equipment such as eye washers and emergency showers, and first-aid medicine kits, and provided employees with protective equipment such as protective glasses, ear plugs, and gas masks to reduce risks to employees' health and safety.

For positions prone to occupational diseases, industrial enterprises ensure the occupational health and safety of employees through a series of measures such as occupational health inspections prior to, during and after employment, occupational hazard notification and warning, occupational health education and training, occupational hazard reporting and occupational hazard protection, and annual on-site inspection of occupational disease hazards in production factories or storage warehouses of dangerous goods.

Building a Safety Culture

In 2020, Sinopharm launched a series of activities under the theme of "Eliminating Hazards of Accidents and Building a Safety Line of Defense" with aim to thoroughly implement the requirements of the 19th "Safety Production Month" across the nation, raising employees' awareness of safety and building a culture of safety across the Group. The activities included the creation of a standardized safety management demonstration team, the "Let's Talk about Safety Production" online class, emergency-related knowledge advertisement and emergency plan drills, and defensive driving training, etc., effectively achieved the goals of motivating work and ensuring safety through activities.

China National Pharmaceutical Group Chemical Reagent Co., Ltd. and China National Accord Medicines Corporation Ltd., the enterprises under Sinopharm, were the pilot enterprises for building the Group's corporate safety culture in 2020, focusing on the promotion and education of safety-oriented culture. China National Pharmaceutical Chemical Reagent Co., Ltd. launched publicity activities by setting up safety signs and hanging safety production banners, while requiring all employees to identify the hazards related to their positions and improving their safety knowledge and skills through assessment. China National Accord Medicines Co., Ltd. launched activities such as "Occupational Health Week", "Fire Fighting Skills Competition" and CPR training to continuously strengthen the foundation of safety culture. In addition, the subsidiaries of Sinopharm conducted various emergency drills on a regular basis, as well as fire drills in conjunction with the "Safety Month and 119 Fire Services Day" to improve the emergency response capabilities of employees.

Employee Care

The Group strives to create a healthy and comfortable working and living environment for its employees and carries out various employee care activities to help employees balance their work and life. Sinopharm and its subsidiaries organize healthy walking, long-distance running, and various sports contests from time to time every year to help employees improve their health and relieve their working pressure; organize health knowledge seminars, flower arrangement and baking activities for female employees; provide assistance and sympathy to employees in difficulty to enhance their sense of belonging, actively creating a happy, open, healthy, friendly and harmonious working and living atmosphere.



Sinopharm Holding Jilin Co., Ltd. held a hiking activity at South Lake in October 2020



Sinopharm Holding Dongying Co., Ltd. held a group birthday party for employees



Sinopharm Holding Lingshang Co., Ltd. presented high temperature gifts to logistics warehouse staff in July 2020



Sinopharm Holding Henan Co., Ltd. launched winter warmth campaign for employees in difficulty at the end of 2020



Giving Back to Society and Creating Prosperity

The Group attaches great importance to participating in various social public welfare activities, and take targeted poverty reduction measures including paired-up assistance and consumption promotion in poverty alleviation to support the achievement of national poverty alleviation goals, continually giving back to the society by demonstrating the vision and the efforts as central enterprises.

- Community Contribution
- Targeted Poverty Alleviation



Community Contribution

Sinopharm strictly abides by the *Law of the People's Republic of China on Donations for Public Welfare*. The Company has formulated the Measures for the Administration of Sinopharm's External Donations based on the *Notice on Matters Related to Strengthening the Administration of External Donations by Central Enterprises* and the *Supplementary Notice on Matters Related to the Administration of External Donations by Central Enterprises* by the SASAC, further standardizing donation practices through the standardization of donation scope, budget management, approval procedures, executive management and donation supervision.

Combining its own professional advantages and corporate characteristics, the Group actively participates in various public welfare activities in the fields of science and education development, aid for education and assisting the disabled, medical and health development, and poverty alleviation, etc. The Group encourages employees to carry forward the corporate's tradition of "serving the society and contributing to the society" with practice. During the Reporting Period, the total number of hours the employees of the Group participated in volunteer activities was 12,659 hours, and the Group's public welfare donation expenditure amounted to RMB 96,111,600.

Case 1: "Medicine Delivered Uphill" to get through the "last mile"

Since the first launch of the "Medicine Delivery Uphill" convenience service activity, Sinopharm Holding Lishui Co., Ltd. has actively organized employees to carry out drug safety knowledge publicity activities in Taohualing Village, Choumen Village, Danzhi Village, and Muli Village and provided free summer medicines for villagers, answer villagers' questions regarding daily medicine purchase. In 2020, more than 450 Chinese medicine sachets and summer medicine were given out for villagers. The Company also organized volunteers to launch "Food Safety Publicity Month" event in Jinyun County, distributing publicity materials to the citizens and patiently explaining food and drug safety related knowledge for them. In addition, on the day of the event, the Company measured blood pressure, conducted medication consultations and presented small gifts for citizens for free. More than 100 people conducted blood pressure measure, and over 100 publicity materials and small gifts were given out.



Community Convenience Services and the Medicine Delivered Uphill

Case 2: Sinopharm Shanxi bring benefits to the elderly and students

On September 9, 2020, Sinopharm Holding Shanxi (Datong) Co., Ltd. organized the "West Yixing Primary School Condolence and Donation Activity on Teacher's Day", bringing 100 schoolbags and 100 thermos cups which worth 8,350 RMB to the students. On March 30, 2020, the Party branch of Sinopharm Holding Shanxi (Datong) Co., Ltd. donated 150 cartons of milk worth 3,450 RMB to the Anyi Nursing Home in Datong City to express its blessing and care to the elderly.



The Condolence Activities in School and Nursing Home

Case 3: Entering the community and serving chronic diseases

On November 20, 2020, the Party branch of Sinopharm Medical Technology (Tianjin) Co., Ltd., together with the Party branch of the Collaborative Innovation Office of Nankai District, Tianjin, and the Party Committee of Tianda Xinyuan Village, Xuefu Street, Nankai District, held the "Lectures and Practical Activities of Chronic Diseases and Free Clinic by the Party members". The Group cared for the lives of the elderly in the community, practiced the exemplary role of Party members, and benefited more than 30 senior residents in the community.



Lectures and Practical Activities of Chronic Diseases and Free Clinic for the Elderly

Targeted Poverty Alleviation

Actively responding to the national policy and initiative for targeted poverty alleviation, the Group promoted poverty alleviation through various means including consumption promotion, medical assistance and industrial development, and dispatched a number of teams stationed in the village, which laid a solid foundation for poverty alleviation work. During the Reporting Period, the Group invested a total of RMB 11,078,000 in poverty alleviation and all designated poverty alleviation counties have been successfully lifted out of poverty.

Case 1: "Poverty alleviation through consumption, love to help farmers"

Starting from July 2020, Sinopharm Hunan Health Industry Co., Ltd. has been vigorously carrying out "Poverty alleviation through consumption, love to help farmers" activities based on the "Health to Home" e-commerce platform, helping farmers to realize production and sales matching, opening up online "green channels" for agricultural products, formulating a series of special marketing plans, broadening sales channels, and helping local communities to solve the problem of agricultural products that are difficult to sell. Over the past year, Hunan's local Yanling yellow peaches, Changde Shimen's five-fold honey and wild forest eggs, Shaanxi Meixian Xu Xiang monkey peaches, Sichuan Daliang Mountain chestnuts and other agricultural products have been sold well on the "Health to Home" e-commerce platform, and farmers' income has increased significantly.



"Poverty alleviation through consumption, love to help farmers" activities

Case 2: Precise policy-making to help get rid of poverty

In order to solve the problem of single industrial structure in Suke Village, and in response to the call of the county Party committee to adopt the model of "enterprise + cooperative + low-income households + farmers" to develop multi-industries, Sinopharm Xinjiang Co., Ltd. invested RMB 150,000 to build an 11,000-square-meter breeding base in Suke Village, laying the foundation to upgrade its industrial layout. In addition, Sinopharm Holding Xinjiang Co., Ltd. also helped to establish a villagers' breeding cooperative, supported wealthy leaders to involve poor households, and used micro-finance to poor and marginal households, absorbing a total of RMB 205,000 in cooperative sheep breeding, and directly distributed RMB 62,500 in that year, helping 14 villagers to lift out of poverty.



Establish a breeding cooperative to help alleviate poverty

Case 3: Reaching out to the grassroots and providing medical assistance

In 2020, Sinopharm Guizhou Medical Instrument Co., Ltd. combined its corporate resources and industry advantages to reach out the grassroots and poor areas to share high-quality medical resources and carry out medical assistance and precise poverty alleviation work. In 2020, Sinopharm Guizhou Medical Instrument Co., Ltd. conducted a total of three poverty-stricken sympathy, health lectures/academic exchanges, and charity clinics activities to provide medical assistance, material aid and technical support to communities, rural health centers, medical personnel and people in need.



Share high-quality medical resources, provide material and technical support to poor areas

Appendix

Hong Kong Stock Exchange ESG Reporting Guide Content Index

A. Environmental			
General Disclosures and Key Performance Indicators (KPIs) Description		Relevant Chapter(s)	
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operation to Protect Environment	
KPIs	A1.1	The types of emissions and respective emissions data.	
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation to Protect Environment; Environmental Performance
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	A1.5	Description of measures to mitigate emissions and results achieved.	Green Operation to Protect Environment; Green Production
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation to Protect Environment; Green Production	
KPIs	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Operation to Protect Environment; Environmental Performance
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
	A2.3	Description of energy use efficiency initiatives and results achieved.	Green Operation to Protect Environment; Environmental Management, Green Production, Green Logistics
	A2.4	Description of whether there are any issues in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Green Operation to Protect Environment; Green Production
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Operation to Protect Environment; Environmental Performance
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Green Operation to Protect Environment; Environmental Management	
KPIs	A3.1		Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

B. Social		
General Disclosures and Key Performance Indicators (KPIs) Description		Relevant Chapter(s)
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	People-oriented to Make Progress Together: Employment Management
KPIs	B1.1 Total workforce by gender, employment type, age group and geographical region.	People-oriented to Make Progress Together: Employment Management
	B1.2 Employee turnover rate by gender, age group and geographical region.	Will be disclosed in future reports
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	People-oriented to Make Progress Together: Health and Safety
KPIs	B2.1 Number and rate of work-related fatalities.	People-oriented to Make Progress Together: Health and Safety
	B2.2 Lost days due to work injury.	Will be disclosed in future reports
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	People-oriented to Make Progress Together: Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People-oriented to Make Progress Together: Talent Cultivation
KPIs	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
	B3.2 The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	People-oriented to Make Progress Together: Employment Management
KPIs	B4.1 Description of measures to review employment practices to avoid child and forced labour.	
	B4.2 Description of steps taken to eliminate such practices when discovered.	

B. Social		
General Disclosures and Key Performance Indicators (KPIs) Description		Relevant Chapter(s)
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Management and Compliance Operation: Supply Chain Sustainability Management
KPIs	B5.1 Number of suppliers by geographical region.	
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible Management and Compliance Operation: Intellectual Property Protection Quality First and Quality Assurance: Quality Management of Pharmaceutical Products, Protect Customers' Rights and Interests
KPIs	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality First and Quality Assurance: Quality Management of Pharmaceutical Products
	B6.2 Number of products and service related complaints received and how they are dealt with.	Quality First and Quality Assurance: Protect Customers' Rights and Interests
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Responsible Management and Compliance Operation: Intellectual Property Protection
	B6.4 Description of quality assurance process and recall procedures.	Quality First and Quality Assurance: Quality Management of Pharmaceutical Products
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Quality First and Quality Assurance: Protect Customers' Rights and Interests
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Responsible Management and Compliance Operation: Integrity Building
KPIs	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Will be disclosed in future reports
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Responsible Management and Compliance Operation: Integrity Building
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Giving Back to Society and Creating Prosperity: Community Contribution
KPIs	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving Back to Society and Creating Prosperity: Community Contribution, Targeted Poverty Alleviation
	B8.2 Resources contributed (e.g. money or time) to the focus area.	