



国药集团  
SINOPHARM

國藥控股股份有限公司

SINOPHARM GROUP CO. LTD.\*

(於中華人民共和國註冊成立之股份有限公司，以國藥控股股份有限公司之名稱在香港經營業務)  
股份代號：01099



# 2021 Sustainability Report

SINOPHARM GROUP CO. LTD.

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Health Care  
 Doctor  
 Hospital  
 Pharmacist  
 Nurse  
 Dentist  
 First Aid  
 Surgeon  
 Emergency

## Definitions

In this Report, unless the context otherwise requires, the following expressions shall have the following meanings:

“Company”, “Sinopharm Group” or “Sinopharm”	Sinopharm Group Co. Ltd.
“Group” or “we”	The Company and its subsidiaries
“CNPGC”	China National Pharmaceutical Group Co., Ltd.
“SASAC”	The State-owned Assets Supervision and Administration Commission of the State Council
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“ESG”	Environmental, Social and Governance
“ESG Guide”	The Environmental, Social and Governance Reporting Guide in Appendix 27 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited
“KPI”	Key performance indicators
“TCFD”	Task Force on Climate-related Financial Disclosures
“Dual carbon Goal”	China’s carbon peak and neutrality goals announced in 2020, that the nation’s carbon dioxide (CO <sub>2</sub> ) emissions would peak before 2030 and carbon neutrality would be achieved by 2060
“Sinopharm Reagent”	Sinopharm Chemical Reagent Co., Ltd.
“CMDC”	China National Medical Device Co., Ltd.
“GuoDa Drug Store”	Sinopharm Holding GuoDa Drug Store Co., Ltd.
“Sinopharm Xingsha”	Sinopharm Holding Xingsha Pharmaceutical (Xiamen) Co., Ltd.

“Guorui Pharmaceutical”	Sinopharm Guorui Pharmaceutical Co., Ltd.
“Sinopharm Logistics”	Sinopharm Pharmaceutical Logistics Co., Ltd.
“Sinopharm Fuzhou”	Sinopharm Group Fuzhou Co., Ltd.
“Sinopharm Ningxia”	Sinopharm Holding Ningxia Co., Ltd.
“Sinopharm Hubei”	Sinopharm Group Hubei Co., Ltd.
“Sinopharm Bio-pharmaceutical”	Sinopharm Shanghai Bio-pharmaceutical Co., Ltd.
“Sinopharm Qinghai”	Sinopharm Holding Qinghai Co., Ltd.
“Sinopharm Henan”	Sinopharm Holding Henan Co., Ltd.
“Sinopharm Medical Device Henan”	Sinopharm Medical Device Henan Co., Ltd.
“Sinopharm Jilin”	Sinopharm Group Jilin Co., Ltd.
“Sinopharm Xinjiang”	Sinopharm Group Xinjiang New & Special Pharmaceutical Co., Ltd.
“Sinopharm Accord”	China National Accord Medicines Corporation Ltd.
“Sinopharm Shanxi”	Sinopharm Holding Shanxi Co., Ltd.
“Discipline Inspection Committee”	Discipline Inspection Committee of Sinopharm
“Legal and Compliance and ESG Committee”	Legal and Compliance and Environmental, Social and Governance Committee of Sinopharm
“Sinopharm’s industrial enterprises”	Sinopharm’s subsidiaries which produce pharmaceutical products or chemical reagents, including Sinopharm Xingsha, Sinopharm Regent (Wokai Biology), Guorui Pharmaceutical, etc.

# About this Report

## Report Introduction

Sinopharm Group Co., Ltd. is pleased to release the 2021 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 of the Company and its subsidiaries in 2021, and respond to the key ESG issues concerned by stakeholders. The Report is published in traditional Chinese and English versions.

## Reporting Scope

**Reporting Period:** Unless otherwise specified, this reporting period of the Report is from January 1, 2021 to December 31, 2021 (hereinafter referred to as the "Reporting Period"). Part of the content in the Report extends to the March 2022.

**Business Scope:** Unless otherwise specified, the Report covers the principal businesses of the Group in 2021, including Sinopharm Group and its subsidiaries.

## Reporting Guidelines

This Report is compiled strictly in accordance with the Environmental Social and Governance Reporting Guide Appendix 27 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited issued by the Stock Exchange of Hong Kong Limited. The Report followed the reporting principles of Materiality, Quantitative, Balance and Consistency, as well as "mandatory disclosure" requirement and the "comply or explain" provisions listed in the ESG Reporting Guide.

- **Materiality:** The Group conducts materiality assessment to identify extent of impact of ESG-related issues on stakeholders, and ESG issues with high materiality have been responded and disclosed in this Report.
- **Quantitative:** The Group presents ESG key performance indicators (KPIs) in a measurable manner where practicable, and this Report discloses the basis for calculating quantitative values and the statistical methodology.
- **Balance:** This Report provides objective facts and discloses both positive and negative indicators to present the Group's ESG performance in an unbiased manner.
- **Consistency:** Unless otherwise stated, this Report uses the same statistical disclosure method as previous years, to ensure that the ESG data for this Reporting Period is comparable with historical data and future data. Changes in the statistical caliber of indicators will also be disclosed in the Report.

The preparation of this Report also abides by the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises ("CASS-CSR4.0") issued by China Academy of Social Sciences, 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.

## Report Assurance

The Board of Directors (hereinafter referred to as the "Board") of the Company understands its responsibility of 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 or 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](http://www.hkexnews.hk)), and the official website of the Company ([ir.sinopharmgroup.com.cn](http://ir.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.sinopharmholding.com](http://www.sinopharmholding.com)) or the email address of the investor relations email ([sinopharm@wsfg.hk](mailto:sinopharm@wsfg.hk) or [ir@sinopharm.com](mailto:ir@sinopharm.com)), to help us to make continuous improvement.



## Management's Statement |



2021 is the beginning of the "14th Five-Year Plan", and also the first year for China to embark on the long-term goal of building a modern socialist country in all respects and achieving "Healthy China". For Sinopharm, the "14th Five-Year Plan" is a period when challenges coexist with opportunities. In the process of pace-adjusting, transforming and upgrading, high-quality and sustainable development has become the key for us to create long-term values. As a leader in the drug circulation industry, Sinopharm always remains true to the original aspiration of "All for Health, Health for All", pursues the philosophy of innovative, coordinated, green, and shared sustainable development, and effectively integrates the social responsibilities into daily operations.

In 2021, the Company has further improved the sustainability management system, strictly controlled the quality of products and services, implemented the low-carbon, green development model, empowered the growth of employees, fully fulfilled the social responsibilities of combating the COVID-19 pandemic, rural revitalization, poverty alleviation, and serving the grassroots.

- Sinopharm organically integrates the concept of sustainable development into corporate governance. In 2021, we keep refining and implementing the sustainable management responsibilities of the Board of Directors, special committees, and functional departments. We upgrade the organizational framework and strengthen risk control to ensure the Company's robust operation. Furthermore, through a variety of channels, we actively listen and respond to the expectations and needs from the capital market and other stakeholders in the society, promoting coordinated development of corporations and industries.

- Sinopharm always adheres to the philosophy of responsible operation, builds a line of defense for compliance, strengthens the foundation of integrity and promotes safe and stable operation. In the process of operation, the Company equips itself with "high standards and strict requirements", provides customers and consumers with high-quality products and services, as well as strengthens the control over supply chain risks to create a healthy and ordered environment. The innovative service empowered by business expansion and the governance innovation brought by digital transformation also provide strong impetus for our high-quality development. In 2021, based on our main business, we actively explore the business growing in a sustainable manner, strengthen communication with partners, stepping forward to be an extraordinary innovation-based pharmaceutical and healthcare service provider.

- In the context of "green development", Sinopharm actively promotes the requirement of "synergizing the reduction of pollution and carbon emissions", further implements the "sustainable development model" of "green operation, green logistics and green office". In order to actively respond to the strategic requirements of the national "dual carbon" goals, the Company keeps strengthening the control over climate change risks during the Reporting Period, and explores the application of new energy technology to reduce the utilization of fuel energies and the greenhouse gas emissions

- Sinopharm always regards employees as the most valuable core resource of the Company and strives to create an equal, diverse, healthy, safe, comfortable and efficient working environment to protect the rights and interests of employees. In 2021, we have initiated a series of training activities to empower employees' development and help them realize their self-value. We have organized a variety of employee care activities, driving the healthy and positive development of employees and the Company.

- Sinopharm actively exerts our own business value, and deems social responsibility and the protection of people's health and safety as our bounden duties. Facing the pandemic in 2021, we made every effort to guarantee a variety of medical supplies, kept progressing in an adverse environment, and practiced the responsibility of central enterprises. We actively respond to the call of "rural revitalization" to support medical construction for grassroots, promote rural industrial development, and contribute to the comprehensive revitalization of the rural area.

Looking forward, in the face of an increasingly complex and ever-changing environment, such as the persisted pandemic, the intensification of climate disasters, and the strengthening of industry supervision, Sinopharm will position itself on the new stage of development, fully practice the concept of sustainable development, adhere to compliance management, optimize business structure, promote scientific and technological innovation, practice green development, and shoulder social responsibilities, making contribution to social harmony and healthy and green development.

Liu Yong

President and Executive Director

## 2021 Sustainability Highlights

### Financial Performance

Revenue Year-on-year growth of  
RMB **521.051** billion **14.16** %

Net profit Year-on-year growth of  
RMB **13.065** billion **8.00** %



### Compliance Operation

Establish a compliance management system of

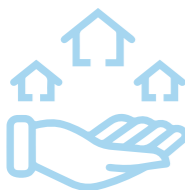
**“Two Systems,  
Two Mechanisms”**

Participants in anti-corruption training over

**8,000**

Rate of suppliers implementing internal regulations

**100** %



### Innovation and Digitalization

Technology investment  
RMB **287.3** million

Number of research projects and digital transformation projects exceeding

**100**



### Employee Care

Total number of employees

**113,234**

Newly added occupational diseases

**0**

Participants in occupational health and safety training

**103,810**

Total investment of the Company in pandemic prevention materials for employees of over

RMB **90,000**

### Responsible Governance

Enhance ESG management system, establish

**ESG Working Group**

and refine the division of responsibilities

Identify

**16**

ESG issues as highly material

### Quality Assurance

The vaccine tracking system keeps delivering COVID-19 vaccine with

**Zero Error**

Internal and external quality inspections exceeding

**9,000** times

Total investment in safe production:

RMB **88.67** million



### Green Operation

Fully achieved energy-saving target of reducing

**1.5** %

in energy consumption intensity compared with 2020

Intensity of greenhouse gas emission decrease

**0.91** %

Reused water volume of industrial enterprises over

**18,000** tons

### Community Contribution

Number of dual-channel pharmacies over

**400**

Total hours of volunteer activities (including community volunteering, combating the pandemic and rural revitalization)

**52,241**

Participants of volunteers

**15,539**



# About the Company

## Company Profile

Sinopharm Group Co., Ltd. is a core subsidiary of China National Pharmaceutical Group Co., Ltd., which was established in Shanghai in January 2003, and listed on the Stock Exchange of Hong Kong Limited (Stock Code: 01099. HK) in September 2009. 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 is mainly engaged in pharmaceutical and medical devices distribution business. Leveraging on its nationwide distribution and delivery network, the Group provides comprehensive distribution, delivery 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. Meanwhile, the Group manages its network of retail drug stores chain in major cities of China via direct operations and franchises to sell pharmaceutical and healthcare products to end customers. It has become a leader in China's pharmaceutical retail industry. 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.



Ranking

**22<sup>nd</sup>**

on the 2021 Fortune China 500



Total assets RMB

**335.412**

billion



**The largest**

pharmaceutical distributor in  
China



The only enterprise in China with  
the revenue of medical devices  
distribution over

RMB **100** billion



Number of retail pharmacies

exceeds **10,000**

Ranking **1<sup>st</sup>** in number of stores  
and scale of business in China



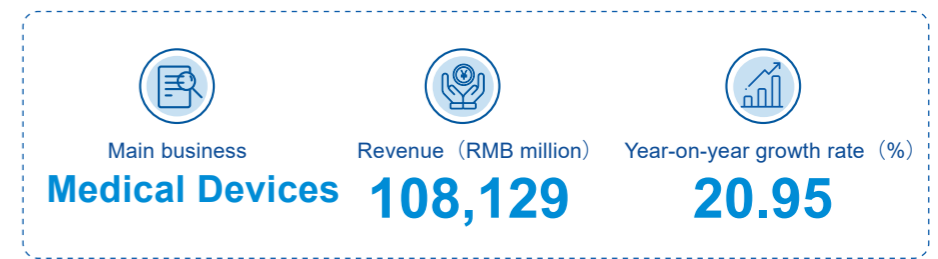
## Pharmaceutical Distribution

Leveraging on the business scalability, we further promoted the service transformation and cooperation stickiness. During the Reporting Period, the Group has promoted the transformation of pharmaceutical distribution to nationalized and intensive services by continuing to tap the scale advantage of its distribution network. By the end of 2021, the business in grassroots market continued to expand, and terminal network coverage in provinces, cities and autonomous regions continued to promote as well. Meanwhile, the Group has been actively coordinating its business resources, improving the derivation and expansion of its service model as well as enhancing the service capabilities of the supply chain to promote the sustainable and steady growth of distribution services.



## Medical Devices

We maintained high growth rate in medical device business with business layout gradually expanding. As of the end of the Reporting Period, the medical device business of the Group has covered 335 cities above the prefecture level, and the revenue from direct sales to medical institutions has exceeded RMB100 billion, with market share ranking at the forefront of the medical device distribution industry. The Group has continued to rely on its network coverage and service advantages to reform our service model and promote the rapid growth of innovative services such as centralized distribution, in-hospital logistics management and smart logistics. Meanwhile, the Group continues to enhance exploration and expansion of medical device manufacturing business and extend the products manufactured by the Group to medical equipment categories with high technology barriers. The Group is actively seeking to establish and promote its own brand, and steadily building its own service capability covering the "whole life cycle" of products in the medical device business.



Covering cities above the prefecture level **335**

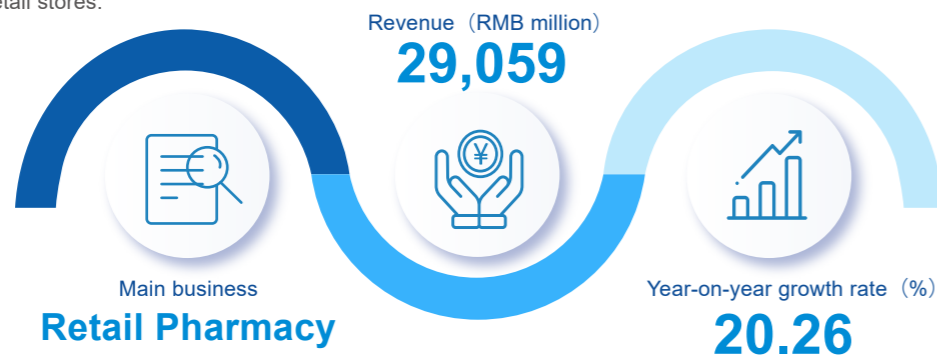
For two consecutive years revenue grown by about RMB **20** billion

Number of centralized distribution projects increased by **103**

Number of SPD projects increased by **92**

Retail Pharmacy

Pharmacies exceeded 10,000 with professional pharmaceutical care deepened the competition barrier. In the context of the “dual channel” policy, the Group has continued to promote the high growth of the retail pharmacy segment by leveraging its strong supply chain integration capability of “wholesale-retail integration”, deepening the coordination and deployment of procurement and logistics resources nationwide and actively exploring business transformation. In addition, the Group fully utilized the business advantages of synergy between professional pharmacies and traditional pharmacies and, focused on the expansion of pharmacies qualified as “social medicare pharmacies” and “dual channel” pharmacies, and strived to enhance the specialty pharmacy and marketing services capacities of retail stores.



Total number of retail stores **10,259**, with a year-on-year increase of **1,282**

Number of “dual channel” pharmacies **403**, covering **25** provinces in China

Corporate Governance

Sinopharm strives to establish high standards of corporate governance and strictly complies with the *Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Code of Governance for Public Companies* and other relevant laws, regulations and regulatory requirements. The Company

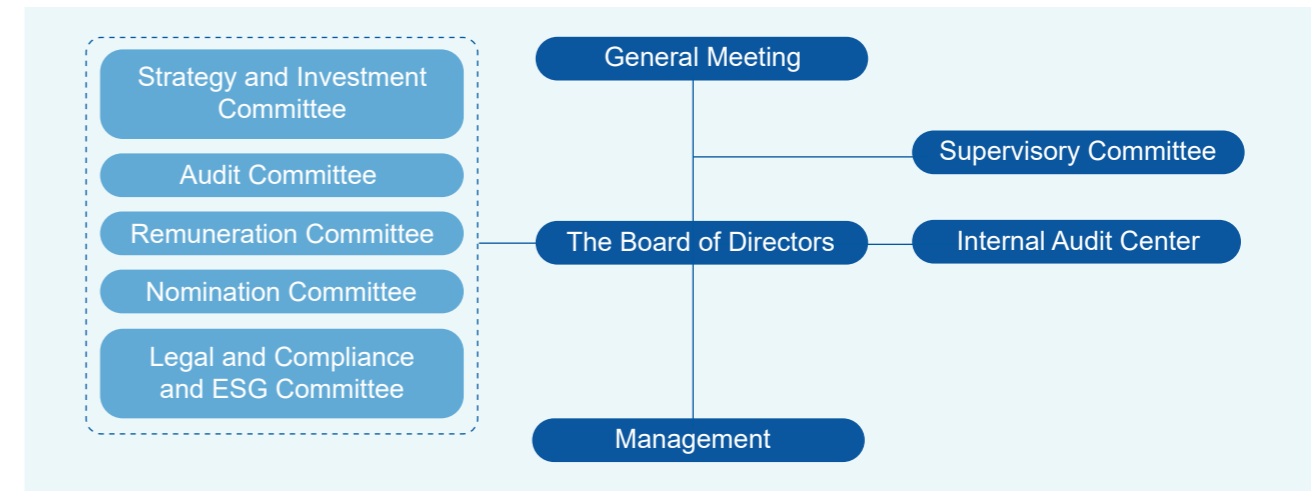
has formulated Articles of Association to regulate its operations. During the Reporting Period, Sinopharm revised and improved the internal management system in accordance with relevant laws, regulations and regulatory requirements. The Company also regularly reviewed compliance with domestic and overseas regulatory requirements and governance systems of the Company. The General Meeting of the Shareholders, the Board

of Directors, Supervisory Committee and other professional committees all strictly followed the relevant regulations.



Governance Structure

Sinopharm 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. The Board has established Audit Committee, Remuneration Committee, Nomination Committee, Strategy and Investment committee and Legal and Compliance and ESG Committee to provide professional advice to the Board in making decisions.



Board Diversity

The Board of Directors consists the independent non-executive Directors, executive Directors and non-executive Directors. As of the date of this Report, the Board of Directors of the Company consists of 14 directors, including 1 female director and 5 independent non-executive directors. The current 14 members of the Board of Directors have a wide range of experience in the fields of medicine, management, finance and law. The diverse background of the Board members enables the Board to be fully effective and enhance management efficiency.

In January 2021, the Company modified the Sinopharm Board Diversity Policy. The Board will employ talents and set measurable diversity target for members of the Board and thus to improve the decision-making quality and efficiency of the Board. The Company considers diversity factors including but not limited to, gender, age, professional qualifications, industry experience, cultural and educational background, ethnicity, and other factors as the Board deems applicable. The Company will appoint at least one female director (Ms. Feng Rongli is currently a non-executive director of the Company). The Board of Directors will gradually increase the proportion of female directors and optimize the age structure in the selection and recommendation of directors on the basis of meritocracy. The Board of Directors will also consider the expectations of stakeholders and refer to relevant laws and regulations requirements or suggestions to ensure the gender balance of the Board.

Profession and experience structure of each member of the Board<sup>1</sup>



<sup>1</sup> The percentages shown in the above chart refer to the ratio of Directors with relevant expertise and experiences to all Directors.



In 2021, 19 meetings were held by the Board, including 5 meetings held by the Audit Committee (including 5 meetings with external auditors without the presence of executive directors), 5 meetings held by the Compensation Committee, 2 meetings held by the Nomination Committee, 2 meetings held by the Legal and Compliance and ESG Committee and 5 meetings held by the Strategy and Investment Committee. In addition, the Chairman meets separately with the independent non-executive directors annually to receive their views on business development and operational matters of the Company.



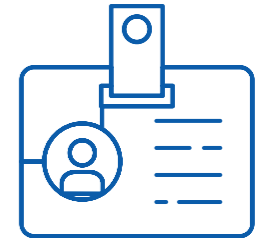
## Honors and Awards

## Party Building

2021 marks the 100th anniversary of the founding of the Communist Party of China (CPC). Adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Sinopharm has thoroughly implemented the general requirements and organizational routes for Party building in the new era, providing a strong political, ideological and organizational guarantee for promoting the reform and development of central enterprise .

During the Reporting Period, Sinopharm actively carried out a number of Party building activities, such as Party members' theme day activities, anti-corruption activities, and "Doing practical things for the people" to fully guide Party members to build awareness and firm belief, and make the Party organization more cohesive and influential.

During the epidemic, Sinopharm shouldered its responsibilities, implemented the decisions and arrangements of the CPC Central Committee and the State Council, and played an important role in the battle against the epidemic. The Group provided a large number of medical supplies for the public, completed various tasks assigned by the Party and the State, and effectively played the leading role as a pharmaceutical central enterprise.



- Sinopharm was awarded the TOP100 of the 2021 China Listed Companies Brand Value List
- Sinopharm was awarded the "2020-2021 Top 100 Chinese Drug Store Value List"
- Sinopharm was awarded the title of "Extraordinary Employer" in 2021
- Sinopharm's vaccine tracking system won the "13th Five-Year Plan" excellent case of network security and informatization of central enterprises of SASAC
- Sinopharm Reagents won the 2021 Shanghai Top 100 Emerging Industry and Manufacturing Enterprises
- The "FLI + SPD" project of China National Medical Device won the award of "Model Case of Innovative Service in Business Form" at the 2021 China International Fair for Trade in Services
- Sinopharm Holding Guangdong Logistics Co., Ltd. Intelligent Pharmaceutical Logistics Center empowered by AI was awarded the Most Valuable Innovation Demonstration Case Award



2021 China Listed Companies  
Brand Value List TOP100



"Extraordinary Employer" in 2021

# 1

## Sustainable Governance

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Sinopharm continues to establish a sound sustainable development management system and integrate the concept of social responsibility into the overall governance of the Company. By optimizing the ESG governance structure and clarifying the responsibilities of each level for ESG-related issues, Sinopharm has comprehensively enhanced the Company's sustainable development performance. The Company maintains close communication with different stakeholders and continues to respond to the expectations and needs of all parties, so as to achieve synergistic development.

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# Sustainable Governance

## Social Responsibility Philosophy

Sinopharm adheres to the philosophy of "All for Health Health for All" and insists on the mission of "Contributing to healthy and beautiful life for human being". The Company fully realizes our social responsibilities. We have established and applied advanced management systems to continually serve for economic development, industrial advancement and model upgrading. We also make great efforts to protect people's health and their needs of medical safety, fulfill the responsibilities of drug reservation and emergency relief, as well as integrate the corporate social responsibility into the Company's operation and development.



Sinopharm actively integrates the concept of social responsibility into our corporate strategy, management and operations. We are committed to responsible management and to creating a compliant and fair business environment. Quality assurance is our solid foundation and we strive to create value for consumers. We also uphold the principle of green development and promote synergy in reducing pollution and carbon emissions. In the future, we will continue to explore the path toward high quality and sustainable development. Innovation will be our driving force, and we will also use advanced technology to empower the transformation of enterprises, to further improve the quality of service and operational efficiency, as well as to contribute to the beautiful vision of "Healthy China".

## ESG Governance Framework

The advancement of ESG performance is based upon scientific and effective governance structure. During the Reporting Period, the Company reviewed and updated the ESG responsibilities of the Legal and Compliance and ESG Committee under the Board of Directors, and further integrated ESG responsibilities into the Committee's terms of reference. Relevant responsibilities include studying and formulating ESG management policies, objectives and strategies, reviewing and confirming the materiality of ESG issues, regularly assessing the Company's environmental, social and governance structure, identifying ESG risks and opportunities plus evaluating the performance in addressing risks, regularly reviewing and examining the performance and progress of ESG objectives, and supervising ESG disclosures. As of the end of the Reporting Period, the Legal and Compliance and ESG Committee of the Company consisted of three directors, including one independent non-executive director, Mr. Yu Weifeng, and two executive directors, Mr. Yu Qingming and Mr. Liu Yong, with Mr. Yu Weifeng serving as the chairman. In order to enhance ESG governance and ensure the achievement of ESG objectives, the Company has included ESG-related indicators in the annual performance appraisal of directors and senior management, including compliance, quality management and safe production, etc.

During the Reporting Period, the Company continuously refined the division of ESG responsibilities and has established the ESG Working Group under the Legal and Compliance and ESG Committee to ensure the effective promotion and implementation of ESG work. As of the date of the Report, the ESG Working Group is led by the Vice President and General Counsel of the Company, and is jointly composed of relevant departments, including the Board Office, Party Affairs Department, Security Department, Human Resources Department, the Office, Financial Department, Discipline Inspection Department, etc. The relevant departments are jointly responsible for the implementation of ESG policies and objectives. The Legal and Compliance and ESG Committee regularly evaluates and assesses the ESG Working Group's execution and implementation of ESG work.

### Sinopharm sustainability governance structure



## Board Statement

The Board of Directors is the highest governance body for ESG issues of the Company and has overall oversight responsibility for ESG governance strategies, targets and reporting. The Board oversees and manages Sinopharm's ESG governance through its Legal and Compliance and ESG Committee, and regularly listens to the report on sustainability strategies, progress and performance. The Legal and Compliance and ESG Committee is responsible for identifying relevant ESG risks and opportunities as well as reporting the performance regarding risk management and risk identification situation to the Board to ensure an efficient ESG risk management and internal control system of the Company. The Legal and Compliance and ESG Committee is also responsible for studying and formulating ESG objectives related to the Company's business and tracking and reviewing ESG performance and progress, as well as reporting them to the Board of Directors for consideration and approval regularly.

In addition, during the Reporting Period, the Board members actively participated in ESG materiality assessment and prioritized relevant ESG issues from the perspective of business risks to the Company. The Board also reviewed and approved the results of materiality assessment to ensure future ESG work focusing on material ESG issues. Meanwhile, for ESG targets related to the Group's businesses, such as compliance management, product and service quality, safe production, etc., the Board deliberated these targets and reviewed relevant ESG performances. The sections "Social Responsibility Philosophy", "ESG Risk Management" and "Stakeholder Engagement" of this chapter are also part of the Board Statement, which describe the Board's participation in assessing, prioritizing and managing ESG-related issues with high materiality.



## ESG Risk Management

Risk management is vital for enterprises to maintain orderly operation activities. The Group has established a sound risk management and internal control organization system which includes the Board, the Legal and Compliance and ESG Committee under the Board, management of the Company, the risk and operation management department, legal compliance department, audit department, discipline inspection committee and other departments.

To enhance the anti-risk ability, the Company has established "three lines of defense" risk management system: the Company's subsidiaries and business units at all levels serve as the frontline in risk management and internal control; and the Legal and Compliance and ESG Committee under the Board, the management, the risk and operation management department, the legal compliance department and the related functions are the higher level supervisors for risk management and internal control; while the highest level of supervision is carried out by the audit department and the discipline inspection committee, with the audit department and the discipline inspection committee serving as an independent supervision department that conducts internal audit for the Group's risk management system. As the highest decision maker for the Group's risk management and internal control, the Board assumes full responsibility for the establishment of a sound risk management and internal control system as well as the effectiveness of the risk management work carried out across the Group. The Group reviews the effectiveness of the risk management and internal control systems every year and assesses all important aspects of internal control based on five elements, namely, the internal environment, risk assessment, control activities, information and communication as well as internal supervision.

During the Reporting Period, the Group required each business department to identify, analyze and assess the material risks of all kinds of business on the basis of the changing internal and external environment and taking into consideration the possibility and impact of the risk. In light of the actual operation and management of its professional business, each department formulates detailed risk management proposals against material risks on a case by case basis.

ESG-related risks have been integrated into the Company's overall risk management process. The risk list of Sinopharm covers a number of ESG risks related to the Company's business operations, including safety risks, environmental risks, quality risks, procurement and supply chain risks, climate risks, etc. For the major risks identified, the Company formulates plans and measures of rectification, and follows up on the implementation of response measures in a timely manner, to form an effective closed-loop system.

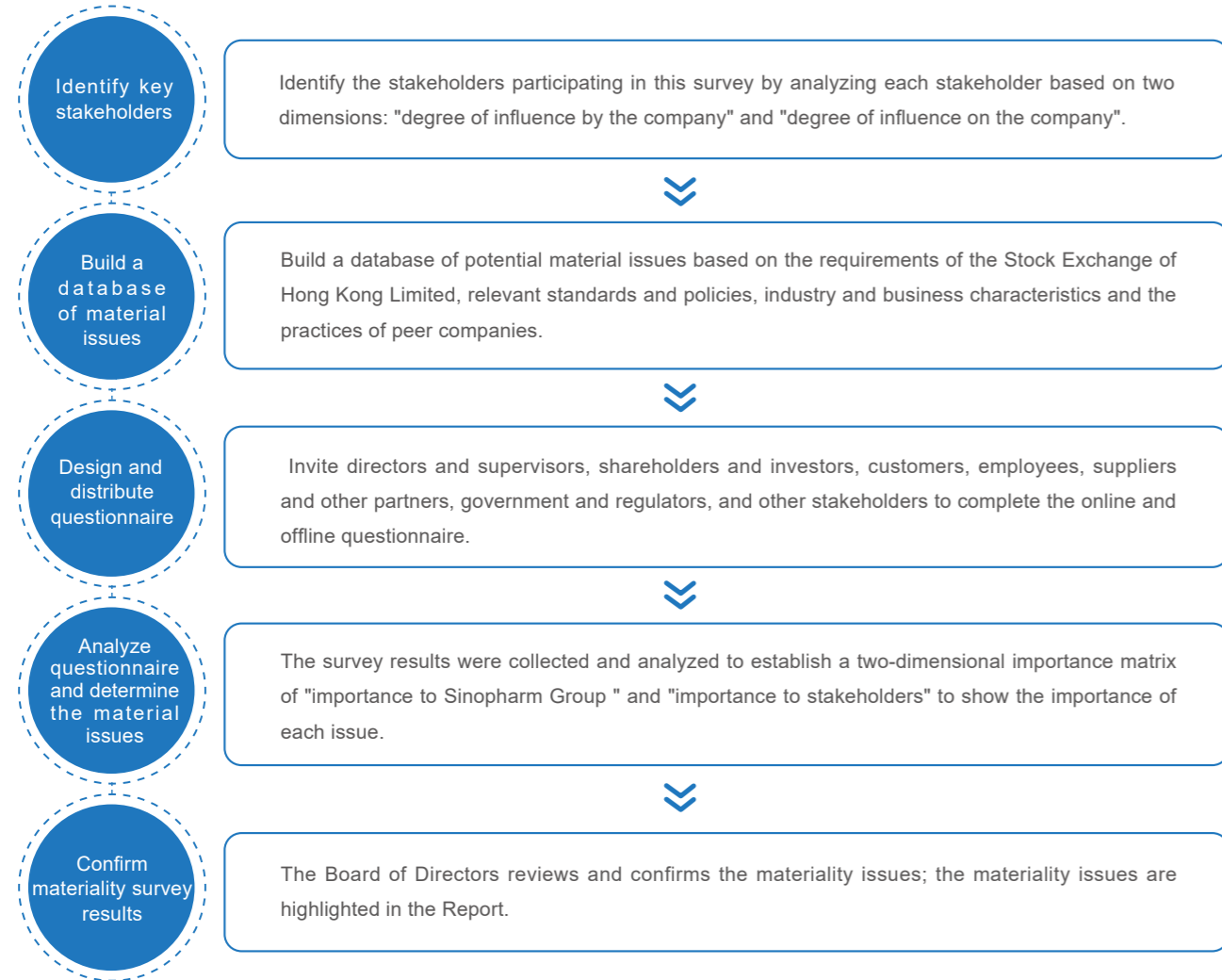


## Stakeholder Engagement

Sinopharm strives to maintain regular and multi-channel communication with its stakeholders, to understand their expectations and suggestions regarding the Company's sustainable development efforts. 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, industry associations and other non-governmental organizations.

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

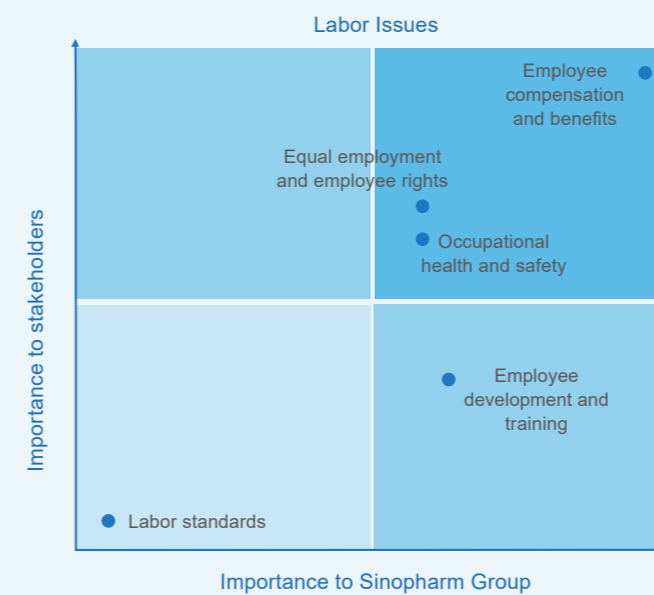
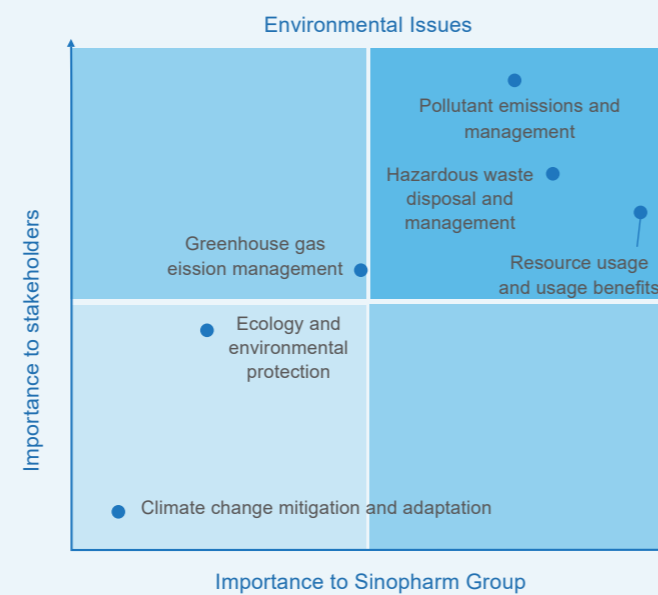
To understand the importance that stakeholders attach to the sustainability issues of Sinopharm and the related suggestions, the Company commissioned a third-party consultant to conduct a survey on the material issues of the 2021 Sustainability Report during the Reporting Period, with the main processes including:



Based on the results of the materiality survey, Sinopharm has identified 16 issues as highly material, including 3 environmental issues, 3 labor issues and 10 operational issues. The issues with high materiality have been responded in this Report in a focused manner. The table below presents materiality assessment results in 2021:

Level	Materiality Issues	Relevant Chapters
Environmental	Pollutant emissions and management	Green Operation to Protect Environment
	Resource usage and usage benefits	Green Operation to Protect Environment
	Hazardous waste disposal and management	Green Operation to Protect Environment
Labor	Employee compensation and benefits	People-oriented Development to Make Progress Together
	Equal employment and employee rights	People-oriented Development to Make Progress Together
	Occupational health and safety	People-oriented Development to Make Progress Together
Operational	Quality and safety of products and services	Quality First and Quality Assurance
	Compliance operation	Responsible Management and Compliance Operation
	Economic performance	About the Company
	Product research and development and business innovation	Quality First and Quality Assurance
	Supply chain sustainability management	Responsible Management and Compliance Operation
	Corporate governance framework	About the Company, Sustainable Governance
	Anti-corruption	Responsible Management and Compliance Operation
	Consumer rights and interests and privacy protection	Quality First and Quality Assurance
	Risk management	Sustainable Governance
	Enhance value chain social responsibility	Responsible Management and Compliance Operation

A total of 288 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.



## 2

## Responsible Management and Compliance Operation

Sinopharm promotes the stable operation of the Group's various businesses by improving compliance management and integrity building, ensuring the sustainable development of the Company. Based on this, the Company attaches great importance to responsible supply chain and the performance of environmental and social responsibilities of suppliers and partners, so as to jointly create a healthy and ordered business environment.

Compliance Management and Integrity Building 27

Supply Chain Sustainable Development Management 31

Participants in anti-corruption training over

**8,000**

Total number of suppliers (including pharmaceutical, retail and equipment segments)

**36,595**

Rate of suppliers implementing internal regulations

**100 %**

# Responsible Management and Compliance Operation

## Compliance Management and Integrity Building

The Group strictly abides by laws and regulations such as *Criminal Law of the People's Republic of China, Anti-unfair Competition Law of the People's Republic of China, Anti-money Laundering Law of the People's Republic of China, Interim Provisions on Banning Commercial Bribery*, always adheres to the concept of corporate management and integrity practice in accordance with the law and regulations. Through measures such as improving system construction, strengthening compliance risk management, initiating training on compliance culture, the Group keeps promoting compliance operation and preventing compliance risks.

In compliance with *Central Enterprise Compliance Management Guidelines (Trial), Compliance Management Regulations in the Pharmaceutical Industry, Administrative Measures for the Filing of Pharmaceutical Representatives (Trial)*, the Company has established a compliance management system of "Two Systems, Two Mechanisms". The Company regularly conducts self-review and evaluation on compliance management system, and supervises the construction of the subsidiaries' compliance management system, keeps optimizing the structure, strengthening the functions, and standardizing the process.

Two Systems	Two Mechanisms
Compliance Management Institutional System	Compliance Risk Management Mechanism
Compliance Management Organizational System	Compliance Cultural Construction Mechanism

### Compliance Management Institutional and Organizational System

#### Compliance Management Institutional System


Based on the operating conditions, Sinopharm has established management systems and management methods that are in line with the Company's development goals. During the Reporting Period, the Company has further improved and revised the original Sinopharm Compliance Manual and released the Sinopharm Compliance Manual (2021 Edition), and publicized it to all employees of the headquarters and subsidiaries at all levels to ensure the full implementation. For key compliance areas, phases and risk positions, the Company has established special compliance management measures, which are regularly tracked and updated.

In addition, the Company also fully explored the use of convenient, effective and comprehensive compliance management assistance measures, such as management forms, questionnaires, information tools, etc. In order to ensure the solid and efficient implementation of compliance affairs, the Company uses digital management methods to keep track of the important process of rule of law affairs, specifies the opinions of each node, sorts out the management responsibilities of each node, and establishes a legal data platform to master the construction of the Company's legal department and personnel at all levels.

#### Compliance Management Organizational System


Sinopharm has established a top-down and bottom-up compliance management organizational system, and continued to implement the arrangements of responsible subjects and duties of the Governance Level, Management Level to the Executive Level. The Company also attaches great importance to the compliance management of the subsidiaries, regularly conducts on-site compliance inspections and legal research on the subsidiaries, and establishes a normalized rectification and tracking mechanism.






**Governance Level**

The Board of Directors has established the Legal and Compliance and ESG Committee, which is fully responsible for and guides the legal and compliance management of the Company.



**Management Level**

At the Management Level, Sinopharm has established the Compliance Management Committee, with the president of the Company as the director, the general counsel as the deputy director, and the chief financial officer and the heads of relevant functional departments as members, and the legal compliance department as the lead.



**Executive Level**

Each functional department sets up a liaison person for compliance affairs, who is responsible for connecting the Company's compliance department with other departments to carry out compliance work.

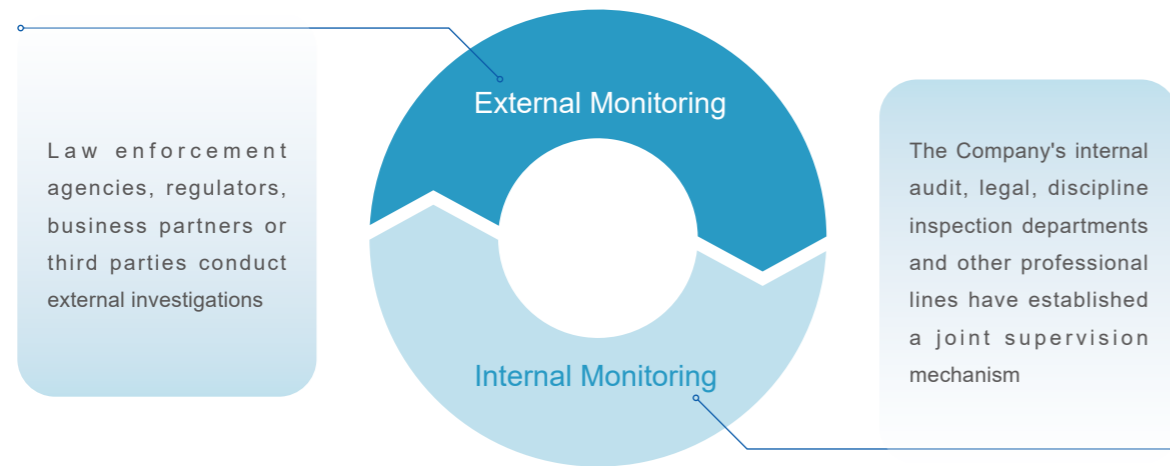
### Compliance Risk Management Mechanism

The Company keeps improving compliance risk control, establishes effective risk management mechanisms, including compliance risk identification and control mechanism, compliance inspection and rectification mechanism, compliance accountability mechanism and compliance management performance assessment mechanism. The Sinopharm Compliance Manual (2021 Edition) clarifies the key areas of compliance management risks. In 2021, the Company also formulated the Prevention and Control List of Key Compliance Issues based on the latest laws and regulations, as well as the compliance-related priorities and regulatory requirements for the pharmaceutical industry and state-owned enterprises.

Sinopharm attaches great importance to business ethics risks. The Sinopharm Compliance Manual (2021 Edition) explicitly prohibits commercial bribery and illegal transfer of public property by taking advantage of positions. In addition, Sinopharm has formulated special policies such as 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 to strictly prevent corruption at all levels. The Company has also continued to strengthen the supervision and guidance of the subsidiaries, regularly revised the Compliance Operation and Integrity Management Responsibility Letter, and organized subsidiaries at all levels to sign. The construction of integrity and compliance has been incorporated into the annual work plan, goals and tasks. During the Reporting Period, the number of concluded legal cases regarding corrupt practices brought against the Company or the employees was 0.

#### Compliance Supervisory Mechanism

In order to ensure comprehensive and effective compliance risk management and control, the Company has established internal and external compliance monitoring mechanisms based on existing resources. The external investigations (such as law enforcement agencies, regulators, business partners or third parties) coordinate with internal investigations (routine or raid inspections within the Company's systems), to ensure comprehensive coverage of compliance monitoring. The Company's internal audit, legal, discipline inspection departments and other professional lines have established a joint supervision mechanism to further strengthen internal compliance risk management and control.



The Company has also established a compliance inspection and rectification mechanism, regularly formulates compliance inspection plans, urges the formulation of rectification plans for existing problems, and tracks the implementation of the rectification plans. During the Reporting Period, the Company has conducted on-site compliance inspections and legal investigations on the 14 subsidiaries, tracked and reviewed the rectification of inspection issues of the subsidiaries, in conjunction with routine inspections by the discipline inspection department and "inspection reviews" to ensure effective internal monitoring.

**Reporting Mechanism**

The Company has formulated the Measures for the Management of Reports and Feedback from the Discipline Inspection Committee of Sinopharm (Trial) to ensure transparent and smooth reporting channels, as well as a standardized and effective supervision mechanism. During the Reporting Period, the Group further expanded the reporting channels for petitions and visits. Whistleblowers can report through letters, visits, telephone reports, direct reports or handover to relevant departments, the discipline inspection department manages petition reports and problem feedback in a centralized and unified manner, to achieve "zero omission". The discipline inspection department is responsible for conducting inspections on problem feedback and filing and reviewing employees who are suspected to be accountable for discipline-violation. According to the Company's internal institution, the processing results of real-name reporting shall be reported back to the real-name whistleblower within 15 working days from the date of completion, and the feedback shall be recorded.



**Compliance Cultural Construction Mechanism**

In order to cultivate employees' mindsets, moral standards and value orientation of legal operation, the Company has organized a variety of education and publicity activities, including comprehensive learning, cultural publicity and other projects. During the Reporting Period, based on the actual corporate conditions, the Company has continued to innovate in the form of activities, and taken advantage of various opportunities such as the annual meeting and the business lines annual meeting to carry out special meetings, case explanations, warning education and other activities to enhance employees' legal compliance awareness, publicize compliance requirements.



Compliance and Integrity Practice Training Program	Main Content
Legal Compliance Conference	Including the three major themes of "Promotion and Implementation of Legal Compliance Management Requirements", "Compliance Escort, Stable and Long-term Development", and "Legal Protection, Compliance Escort, Supporting High-quality Development of Enterprises"; launched the annual compliance warning education skit "Crossing the Boundary", with the real-life case as the background material, the content is closely related to the risk points in the actual operation, with rich and profound meaning.
Integrity Culture Month	For the eighth year in a row, launched the "April Breeze - Integrity Culture Month" activity, formulated activity plans and 7 learning contents.
Warning Education Conference	At the Warning Education Conference, the Chairman of the Board of Directors delivered a speech titled "Strength Discipline, Clean the Root, and Reshape the Political Ecology of Clean Governance". More than 5,000 employees have participated in the Warning Education Conference.
Online Promotion	The WeChat public account of "Sinopharm Integrity Talk" has set up a module of "Integrity Education", which reminds employees of the key points of integrity through regular online publication of integrity education content.

**Case Integrity building and anti-corruption conference**

At the beginning of 2022, Sinopharm held a conference on the construction of a clean and honest Party and anti-corruption work, as well as an inspection and rectification work promotion meeting. The conference conveyed the specific requirements of the state and the Group on integrity construction and anti-corruption work, deeply analyzed the cases of violations of laws and disciplines, and showed the warning education film "Lost the Way in Power and Wealth". More than 8,000 members of the Board of Directors and management personnel above the middle level of the Company, as well as human resources, party-masses, discipline inspection and other departments, attended the meeting in person and by video.



Sinopharm's conference on the construction of a clean and honest Party and anti-corruption work



The Chairman of Sinopharm attended the conference and delivered a speech





The management personnel and employees' conversation on integrity



Knowledge test on integrity and compliance



Warning Education Conference

## Supply Chain Sustainable Development Management

Sinopharm is committed to building a compliant, responsible and efficient supply chain, and continues to convey the sense of responsibility for sustainable development to suppliers and partners, seeking win-win development. In order to promote efficient supply chain management, the Company actively builds a digital management platform, strengthens monitoring of supply chain compliance and product quality, and effectively prevents supply chain social and environmental risks.

### Supplier Engagement and Monitoring Mechanisms

The Company has issued systems such as the Procurement Management Regulations, Recall Procedure Management Regulations, and reviewed the qualifications of suppliers such as business licenses, production approvals, registration certificates and inspection reports in accordance with the requirements of the systems, and conducted on-site audits as needed to ensure that their qualifications, quality and other factors meet the standards for initial operation and engagement. In the supplier selection process, the Company actively promotes the use of low-carbon and environmentally friendly products and resolutely rejects suppliers' environmental non-compliance. In addition, we encourage and promote our logic providers to use environmentally friendly, green and resource efficient material for cold chain packaging, cardboard box and other packaging purpose.

During the Reporting Period, the Group has a total of 36,595 suppliers,<sup>2</sup> including suppliers in the three major segments of pharmaceuticals, retail and medical devices. Suppliers in Mainland China accounted for 99.56%. The Group strictly implements relevant employment practices for 100% of suppliers in accordance with internal regulations.

Suppliers in the three major segments of pharmaceuticals, retail and medical devices

**36,595**

Suppliers in Mainland China **36,434**

Suppliers in Hong Kong, Macao and Taiwan **18**

Overseas suppliers **143**

Percentage of suppliers implementing internal regulations

**100%**



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 and urges suppliers to improve service quality in order to ensure the quality and quantity of products supplied. In addition, the Company will regularly review and evaluate suppliers in accordance with the provisions of the Management Regulations for Re-evaluation of Qualified Suppliers every year. The assessment criteria include accurate and timely delivery, out-of-stock situation, cooperation in emergency events, abnormal quality, customer complaints, government or media exposure, etc. The evaluation process is based on the Company's internal digital management platform, and the automatic generation of the Annual Supplier Performance Evaluation Summary Table ensures the efficiency and transparency of the management process.



### Supply Chain Risk Management

In order to prevent supply chain risks, Sinopharm has formulated the Management Regulations on Supplier Qualification Review and Change and other systems to control social and environmental risks related to quality issues in the pharmaceutical supply chain through quality management procedures such as initial quality audit, pharmacovigilance mechanism, adverse reaction reporting mechanism, recall mechanism, quality audit, supplier evaluation, purchase and sales management system, ERP business information system control and other mechanisms. At the same time, the Company actively cooperates with upstream and downstream customers of the pharmaceutical supply chain to conduct investigation and audit on the sustainable development and social responsibility of the Group's supply chain management to ensure that the environmental and social risks of the supply chain are minimized.

In addition. In order to prevent business ethics risks in drug procurement, the Sinopharm Compliance Manual (2021 Edition) requires the Company to strengthen the management and control of business ethics risks of business partners, and sets compliance provisions in contracts, or both parties formulate the Code of Conduct for Business Partners, which applies to all business partners and their employees, temporary employees, agents and sub-contractors of the Company. GuoDa Drug Store, a subsidiary, has also incorporated professional ethics into the management scope in the Procurement Business Management System, which clearly states to eliminate all forms of commercial bribery and avoid corruption as much as possible.

<sup>2</sup> During the Reporting Period, the scope of supplier data was further expanded compared with previous years, covering the suppliers of pharmaceutical, retail and medical device segments.

# 3

## Quality First and Quality Assurance

Providing customers with high-quality products and services is the core of the Group's business. Adhering to the concept of "quality first" and "customer first", Sinopharm continues to carry out various quality assurance work, and strictly controls quality risks to ensure the quality and safety of our products. The Company is committed to achieving high-quality development and creating a win-win situation with our clients.

Quality Management System	35
Quality Management of Pharmaceutical Products	37
Logistics Quality Management	37
Operation Safety Management	39
Protect Customers' Right and Interest	40
Business Innovation Development	41

COVID-19 vaccine delivering through vaccine tracking system with

**Zero Error**

Technology investment

RMB **287.3** million

Number of research projects

about **80**

Number of digital transformation projects

more than **20**

Internal quality inspection

**3,356** times

External quality inspection

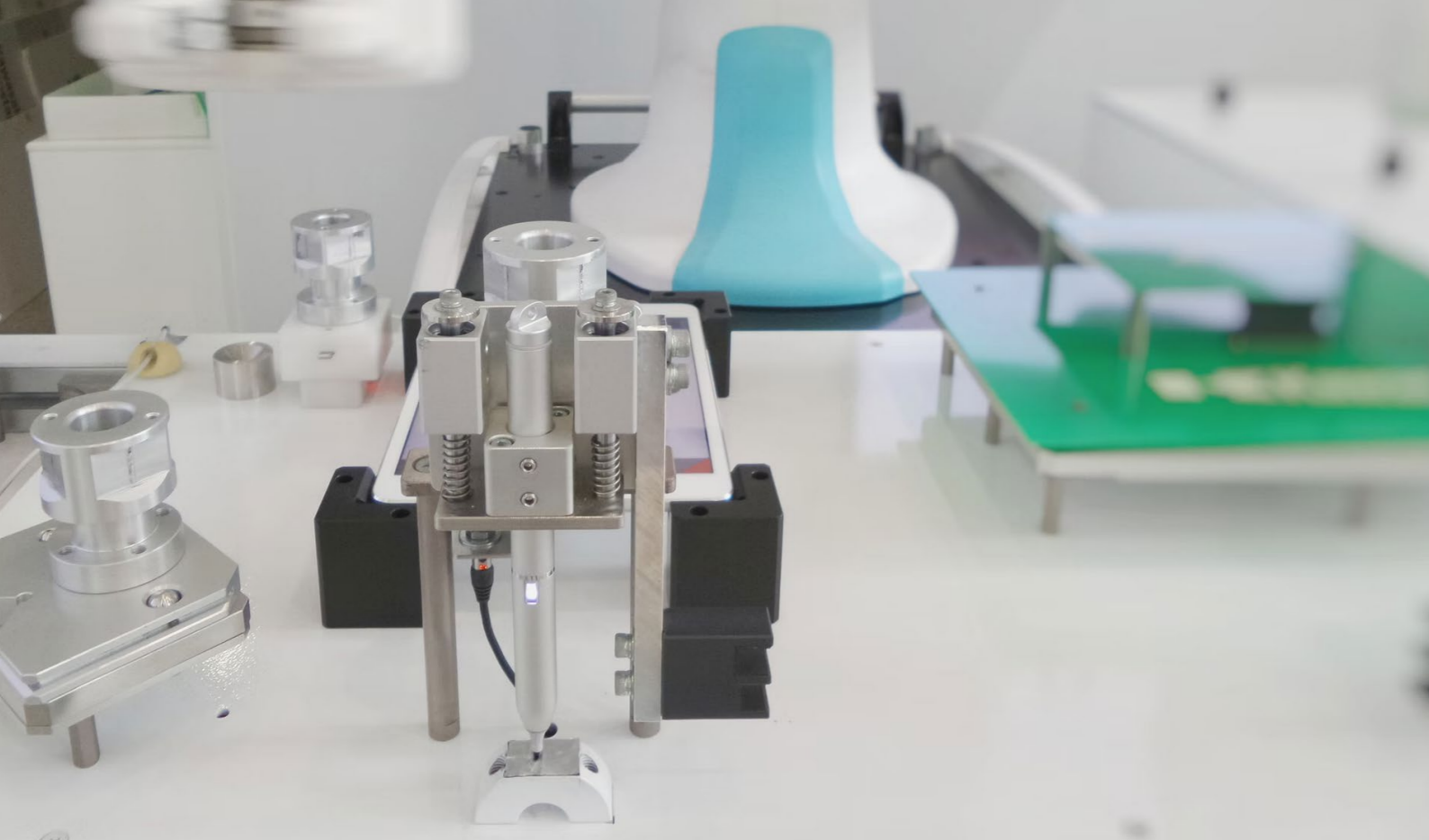
**6,165** times

Total investment in safe production

RMB **88.67** million

Year-on-year growth rate

**15.2** %



## Quality First and Quality Assurance

### Quality Management System

The Company actively promotes the quality systems for various businesses, and establishes and improves the ISO9001 quality management system and a GSP (Good Supply Practice for Pharmaceutical Products) integrated quality management system. We continuously expand the coverage of our integrated quality management system. In 2021, we conducted the follow-up review for 13 subsidiaries of the ISO9001 quality management system in accordance with the international certification rules. 5 subsidiaries under the second tier joined the ISO9001 integrated certification system, so as to further strengthen the team construction of integrated system, and meanwhile enhance the Company's capability to manage quality risks. During the Reporting Period, Sinopharm did not have any major quality incidents, and the quality system has been implemented properly.

### Quality Supervision and Management

Based on current laws and regulations and the needs for business development, the Company continuously improves and optimizes the quality management system to control operating risks. In 2021, the Company completed the revision of 56 systems in the Quality Management Regulations. In addition, the Company has reorganized and updated the quality management system regarding pharmaceutical distribution, pharmaceutical logistics, medical devices, medical device innovation services, pharmaceutical manufacturing, chemical reagents and other businesses, and formulated specific goals for different businesses. We have completed the signing of the 2021 Responsibility Letter for Quality Management with 44 second-tier subsidiaries, with a signing rate of 100%.

In terms of supervision, the Company applies a combination of measures, such as quality announcements, reports, public opinions and audits, to strengthen supervision of the whole process and control the quality risk during operation. Meanwhile, the Company attaches great importance to the quality supervision of its subsidiaries that we collect and release quality announcement for subsidiaries and track the external audit and public opinion of them. We also implement follow-up measures for subsidiaries with problems, and require them to rectify in a timely manner. Multiple measures are applied to ensure the whole Group meet the local quality supervision requirements and maintain the Company's compliance culture.



### Digitalization of Quality Management

In order to improve the corporate management level and enhance the quality control awareness of all employees, the Company has established a digital quality management platform with the concept of "safety, convenience, flexibility and comprehensiveness" as the main theme. The platform helps to devolve the responsibilities of quality management, as well as realize intelligent management of internal control. Through the digital management platform, the overall operation of the Company's quality management system can be presented to regulatory authorities and suppliers in a convenient and efficient manner, guaranteeing transparency and accuracy.

#### Case Online reporting mechanism for quality report

To ensure the implementation of quality management objectives effectively and promptly, Sinopharm has established an online reporting mechanism for quality report of second-tier subsidiaries and formulated the regulation, namely User Manual of Quality Data Reporting. The platform provides functions for online review and summary, which improves the quality of reporting data and provide data support for daily analysis. Sinopharm also conducts digital tracking of the quality announcements of each subsidiary and monitors their implements of measures to prevent and control potential quality risks effectively.

### Quality Culture Building

To improve the quality awareness of employees at all levels and respond to the national quality strategy, Sinopharm organizes various activities regarding quality management improvement to promote high-quality development of the Group. The Company along with its approximately 500 subsidiaries carried out a variety of Quality Month activities, with nearly 70,000 people participating in activities including quality training, knowledge contests, community publicity, quality meetings, standard reviews, on-site inspections, etc.

#### Case Sinopharm carried out special training on quality management



Sinopharm 2021 "Flying Eagle" professional training

Sinopharm organized the 2021 "Flying Eagle" professional training for quality personnel at all levels. The training was provided by experienced sharing and expert lectures, and the training contents included detailed study of the newly issued national laws and regulations.



## Quality Management of Pharmaceutical Products

As a distributor of pharmaceutical, healthcare and medical devices products, the Company strictly abides by 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. During the Reporting Period, the Group updated and revised a number of internal policies in accordance with the newly issued relevant laws and regulations, to ensure the compliance operation within the Group. There was no violation of the above laws and regulations during the Reporting Period.

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. Additionally, the Company actively conducts multiple quality inspections to ensure the quality and safety of pharmaceutical products in all aspects.



### Internal inspection

During the Reporting Period, the Company conducted a total of 3,356 internal audits. Regularly tracking and supervision were also taken along with continuous rectification measures.



### External inspection

During the Reporting Period, a total of 1,528 subsidiaries of the Group received 6,165 inspections by the national and local drug inspection authorities, with no severe nonconformities found. The Company continuously adopted rectification measure, and the rectification rate has reached 99.2% by the end of the Reporting Period.

The Company strictly complies with the Administrative Measures for Drug Recalls issued by the China Food and Drug Administration (CFDA). In 2021, the Company revised the internal systems, such as Management Regulations of Sales Returns and the Management Regulations of Recall/Recovery. The recall procedures for the Company's products are classified into two categories: 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 inform the suppliers to communicate with manufactures, requesting them to actively cooperate to

tackle with matters related to products with quality problems. The Company will continue to follow up the recalled products to ensure that quality issues are effectively resolved. 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 0.29%.



## Logistics Quality Management

Sinopharm has formulated the Regulations on Management of Facility Equipment, the Regulations on Management of Safety, the Detailed Regulations on Management of Temperature and Humidity, the Regulations on Management of Information, and Regulations on Management of Transport Vehicle and other management systems to ensure that the temperature range of products in stock and in-transit meets the product requirements. In addition, we regularly standardize vehicle management documents, update self-inspection mechanisms, and carry out relevant training to guarantee quality and safety of the products during transportation.

### Case Digital Logistics System

In order to build an efficient, accurate and safe digital logistics system and meet the needs of growing logistics business, 4PL platform, established by Sinopharm Logistics, has added three major services, namely, transportation tracking, carrier collaboration and carrier transportation operation:



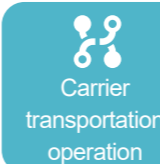
Transportation tracking

The offline manual operation has transformed into online automatic system, which helps to improve working efficiency as well as regulate business operation. The automatic system can accurately track the transportation process and provide data support for carriers' comprehensive management and performance assessment.



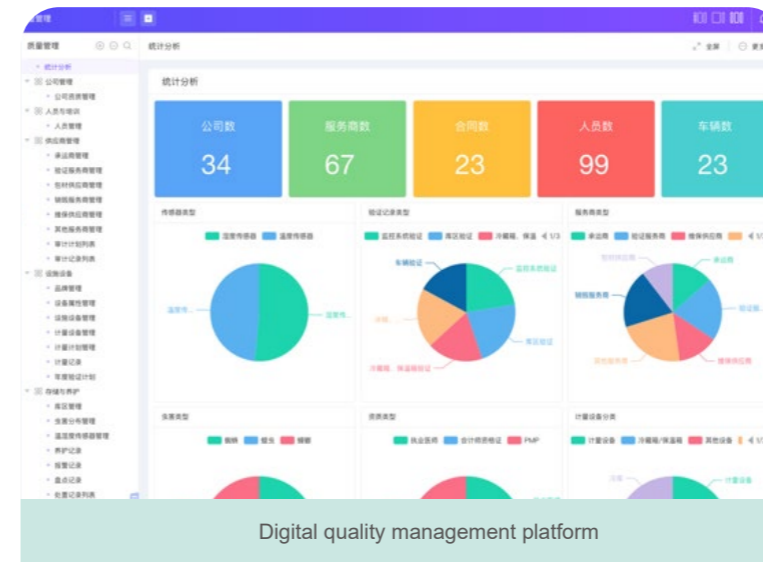
Carrier collaboration

Network collaboration platform for transport personnel and carriers has been formulated, which improves the communication efficiency and guarantees the accuracy and timeliness of data.



Carrier transportation operation

The carrier transportation operation as well as its operation data are integrated in internal digital system, improving data security and systematic performance as well.



During the COVID-19 pandemic, high-quality distribution of vaccines is greatly important for anti-pandemic. Transportation of vaccines is extremely demanding on the standardized operation and storage environment during warehousing and transportation processes. Meanwhile it also requires strict compliance with industrial regulations and policies. Therefore, the logistics and transportation of vaccines are facing great challenges. Sinopharm applied its vaccine tracking system for vaccine supply chain management, which plays a significant role in the distribution and transportation of pharmaceutical products and vaccines. The vaccines tracking system guarantees the high quality of whole transportation process of pharmaceutical products and vaccines during the epidemic.

Case The vaccine tracking system for supply chain management

The vaccine tracking system is a supply chain-logistics service digital platform developed by the Group. The system innovatively combines traceability with supply chain logistics and provides traceability-based verification services for business operations. The "one code for one thing" function in the system ensures the sharing of quality information throughout the whole process, which achieves quality tracking and control during transportation and effectively prevents the risks caused by improper distribution and utilize of pharmaceutical products. Since the system was launched in 2017, it has covered disease control centers and their subordinate vaccination units in Shanghai, Shenzhen and other cities. The system connects with the vaccine supply chain, vaccination and third-party logistics systems of the disease control centers, and assists it to establish and improve vaccine information system. The system contributes to enhancing the credibility of government in terms of public health products such as drugs and vaccines, and acquires good social effects.

Relying on the data standardization, powerful expansion capabilities, high availability of service clusters, and extremely convenient deployment capabilities of hardware sensors based on the vaccine tracking system, Sinopharm's logistics can achieve rapid expansion of flexible levels of personnel, equipment, and vehicles, and at the same time ensure the high quality completion of operations in all links of the vaccine supply chain through the automatic control after the integration of various systems. During the COVID-19 pandemic in 2021, Sinopharm Bio-pharmaceutical applied the vaccine tracking system to ensure the full traceability of more than 30 million COVID-19 vaccines and 16,000 distribution tasks in Shanghai, as well as the single vaccine from production enterprises to individual vaccination. The outstanding contribution of the vaccine tracking system was commended by all sectors of society. In November 2021, the vaccine tracking system was awarded the excellent case of network security and informatization in the 13th Five-Year Plan by SASAC Central Enterprises.



Patents of vaccine tracking system

Operation Safety Management

Safe operation is the basis for high quality of product and services. The Group has highly valued safeguarding safety and continues to improve safety management system to ensure safe operation and production. During the Reporting Period, the Company prepared 66 safety management systems, 27 operation instructions and 13 emergency plans, including safe production responsibility system, safety education and training system, forming a more scientific and comprehensive safety system. In 2021, the Company revised the safe production responsibility system and environmental protection management system in accordance with the new safe production law to implement the safety and environmental protection responsibilities of all employees of the Company, so as to ensure legal and compliant safe production.

In 2021, the Company formulated targeted and personalized safety responsibility target assessment schemes in terms of personnel organization guarantee, safe production investment and priorities implementation, and organized 46 secondary subsidiaries to sign the safety responsibility letter. The Company realized 100% signing rate of the letter of responsibility "horizontally to the boundary and vertically to the end", and achieved the full coverage of safety responsibilities.

With respect to safety risk prevention and control, Sinopharm has established a bottom-up and all-round dual prevention mechanism of "risk pre-control and hidden danger prevention and control". Safety hierarchical management and control system has been well established, which helps to classify and manage the industrial enterprises according to their risk level. The Company regularly carries out safety risk point identification and hidden danger investigation for relevant subsidiaries, and formulates a list of control measures according to the requirements of identified risk factors for targeted control. During the Reporting Period, 34,856 people of the Group participated in the emergency planning drills.

In daily operation, the Company's industrial enterprises have been actively improving their safe production capability and eliminating safety hazards by 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. To improve the safety awareness of employees and enhance their ability to respond to emergencies, industrial enterprises strictly implement the three-level safety education for newly recruited employees while providing safety education for personnel experiencing job transition and in charge of special operations to ensure that they perform standardized operation during production activities and implement the safety concept into their daily work.

2021 the Group's total investment in safe production  
RMB  
**88.67** million

Year-on-year growth rate  
**15.2** %

Number of work-related fatalities occurred in the past three years of the Company

Indicators	2019	2020	2021
Number of work-related fatalities	0	0	0

Protect Customers' Right and Interest

Sinopharm attaches great importance to customer service, and always takes "customer-oriented" as the business service concept. The Company continuously focuses on customers' satisfaction with our services and products, and strives to protect customers' rights and interests.

Customer Satisfaction and Complaint Management

Sinopharm focuses on customers' satisfaction with the Company's products and services, and continuously explores customers' needs. In 2021, Sinopharm recorded the needs, opinions and suggestions of 150 customers through on-site questionnaire survey. According to the survey results, we prepared the 2021 Analysis Report of Customer Satisfaction, and continued to improve service quality and solve problems of customers on this basis. During the Reporting Period, 99.4% of our customers were satisfied with our products and services.



In order to regulate the management system of quality complaints, Sinopharm revised the Regulations on Management of Quality Inquiry in 2021. The Company continuously promotes the communication mechanism with customers and is committed to providing better after-sales services. Our customers can give feedback on complaints through various channels such as telephone, fax, letter and door-to-door visit. After receiving a valid complaint, the Company will immediately fill in the complaint investigation form, and organize relevant departments to jointly determine the root causes of the complaint. The relevant departments will work together to formulate and implement improvement measures to prevent the recurrence of similar incidents. During the Reporting Period, the Company received no complaints about product and service quality.

### Consumer Privacy Protection and Information Security

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. There was no leakage incidents of customer information during the Reporting Period. GuoDa Drug Store subordinated to the Company has prepared the Administrative Measures for Membership, the rule "privacy and security" of which clarifies the authority and specific process for inquiry, filling, modification and export of customers personal:

Set different permissions for different positions, and the application for permission shall be approved by the direct management department of the headquarters.

Protect membership information when having cooperation with third parties. If it is necessary to provide relevant information, it shall be submitted to the relevant departments of the headquarters for confirmation and approval by the general manager. If the provided information includes member-related information, the cooperation agreement shall specify the confidentiality clause, and the third party and related responsible person shall be accountable for any disclosure incidents caused by the violation or error.

Conduct spot checks on the use of membership information and check at all levels to prevent disclosure of customer information.

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.

### Business Innovation Development

The Group vigorously promotes high-quality and innovative development to adapt to industrial transformation and rapid changes in market condition. We strive to accelerate innovation and transformation through a series of actions, such as improving management system, increasing investment in scientific research, and developing collaboration with business partners. Meanwhile, the Group also attaches great importance to the protection of intellectual property rights, which provides a compliance guarantee for business innovation and development.



### Promote Innovation and Transformation

#### R&D and Innovation

Sinopharm considers technological innovation as the primary driving force, and actively explores and develops innovative business models. During the Reporting Period, the Company established the industrial development department to coordinate the management of innovative research and development (R&D). In order to ensure proper regulations for R&D and innovation, the Company updated R&D management system, and revised more than 20 relevant internal regulations in 2021, providing a strong guarantee for scientific research. At the same time, the Group expanded the investment in R&D and increased the number of research projects. During the Reporting Period, the Group invested a total of RMB 287.3 million in R&D and carried out more than 80 research projects, steadily improving the scientific research level.

The Group also actively makes joint efforts with universities, and research institutes and carries out industrial partners development, technology transfer, and cooperative scientific research through various channels with domestic universities, research institutes, enterprises and public institutions. In 2021, the Group has conducted a total of 9 cooperation projects, promoting innovation and development with all sectors of society.

During the Reporting Period, the Group:

Technology investment

RMB **287.3** million

**41** patents were granted

(including **19** invention patents)

Preside **9** new national standards for drugs and reagents



#### Case Innovative high-quality product—Sinopharm Xingsha Vitamin D Drop

On the basis of advantages in capsule field, Sinopharm Xingsha subordinated to the Company focuses on quality control of its capsule products, and conducts research to further improve the products. The Sinopharm Xingsha D@Vitamin D Drop, which independently developed by Sinopharm Xingsha, achieves long-term clinical benefits and has become popular to the market. Since 2013, it has been awarded as a growing outstanding brand, an outstanding OTC brand and an outstanding brand for children in China's chemical and pharmaceutical industry.



At the 2021 Outstanding Brand Cultivation Program of the Chemical and Pharmaceutical Industry — Excellent Enterprise and Excellent Product Brand Summit, the Sinopharm Xingsha D@Vitamin D Drop won the "2021 Outstanding OTC Brand of the China's Chemical and Pharmaceutical Industry" and the "2021 Outstanding Brand for Children of the China's Chemical and Pharmaceutical Industry".

At the award ceremony of the first China OTC Conference and the 2021 Healthy China Traditional Chinese Medicine Promotion Conference, the Sinopharm Xingsha D@Vitamin D Drop won the first place in the ranking of 2021 China over-the-counter medicine (chemical medicine) products.

Digital Transformation

During the Reporting Period, Sinopharm accelerated the digital transformation, and established the Digital Transformation Management Committee and a leading group and a working group was set up under the committee. The Chairman served as the leader of the leading group, the President served as the executive team leader, and the Vice President of Information Management served as the leader of the working group, which is responsible for leading and implementing the digital transformation work. At the same time, to ensure the work of the leading group and the working group are conducted in a scientific and professional manner, an Expert Management Committee and an Advisory Committee have been set up to provide professional opinions and technical support.

The Group continued to promote digital transformation projects. As at the end of the Reporting Period, there were more than 20 digital transformation projects totally, covering planning, organization, retail, logistics, distribution and other fields.

Intellectual Property Protection

The Company 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 relevant laws and regulations, and also adheres to Guiding Opinions on Advancing the High-quality Development of the Intellectual Property Work of Central Enterprises. We continue to improve the management system and governance structure, and promote innovation ability as well as strengthen intellectual property management, to prevent intellectual property infringement. During the Reporting Period, there was no violation of relevant laws and regulations.

The Company also established the Measures on the Management of Trademark to protect our intellectual property rights, which clearly stipulates the application, renewal, license management and maintenance of trademarks. 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.

Case Digital transformation of the retail business of GuoDa Drug Store

As the retail business unit for the digital transformation of the Group, GuoDa Drug Store has completed the innovative projects of prescription circulation, online payment, commercial insurance, unmanned drug vending machines, Internet hospitals, medical insurance, drug inspection, and dual channel connection in 2021. GuoDa Drug Store has continuously adopted measures to accelerate the integration of digital platform system into the whole process of retail business, such as promoting the ERP platform launch within its subsidiaries, updating the national BI system, optimizing the front-end POS system and its national integration, and upgrading the online shopping mall system and OMS system.

Case Innovative exploration of the whole supply chain service information platform

The Group is committed to promoting the healthy development of the industry, continuously exploring the transformation and upgrading to a comprehensive service operator, and launching the "FLI +" one-stop lean service plan, that is, to extend the medical device products and services to the "last mile" through the in-depth service of Full Process, Lean Management, and Intelligent, which will help improve the refined management within the hospital and empower medical institutions.



The SPD<sup>3</sup> system is the main carrier of information service in the whole process lean management plan of FLI + medical consumables. The Group organically combines "FLI + SPD" to form an innovative medical device supply chain solution. The "FLI + SPD" project frees medical personnel from a large amount of time and energy in medical device management, enables medical device managers to focus more on equipment selection, supervision and evaluation, and provides medical personnel more time and energy to devote to medical services. At the same time, the post consumption settlement function of the system has greatly reduced the financial pressure of the hospital, improved the precision of medical device management of the hospital, and helped the hospital to promote compliance operation and cost control.

During the Reporting Period, the Group's SPD service continued to expand, and the total number of "FLI + SPD" projects of its subsidiary Sinopharm Medical exceeded 100. At the 2021 China International Fair for Trade in Services, "FLI + SPD" won the award of "Model Case of Innovative Services in Business Form".



<sup>3</sup> SPD is the abbreviation of supply, processing and distribution.

# 4

## Green Operation to Protect Environment

Sinopharm strictly complies with laws and regulations related to ecological and environmental protection and implements corporate responsibility of protecting environment to prevent environmental pollution incidents. We adhere to the principle of low-carbon, green and circular development, and implement the requirement of "synergizing the reduction of pollution and carbon emissions", so as to achieve sustainable and high-quality development.

Environmental Management	47
Response to Climate Change	48
Green Production	52
Green Logistics	55
Green Office	56

Energy consumption per ten thousand RMB revenue year-on-year decrease of over

**1.5%**

Intensity of greenhouse gas emission decrease

**0.91%**

Industrial enterprises of the Company have achieved:

Compliance rate of disposal of hazardous waste

**100%**

Chemical oxygen demand (COD) emissions year-on-year decrease of

**22.11%**

Biochemical oxygen demand (BOD) emissions year-on-year decrease of

**37.73%**

Reused water volume of industrial enterprises over

**18,000 tons**



# Green Operation to Protect Environment

## Environmental Management

The Group abides by *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* and other relevant laws and regulations during our business activities. In 2021, the Company revised and updated a series of internal environmental policies, including Safety and Environmental Protection Manual, Environmental Protection Management Regulations, Clean Production Management Regulations, Hazardous Waste Management Systems, Supervision and Assessment Management Measures for Environmental Protection and Energy Conservation, Implementation Rules on Environmental Protection and Energy Saving and Emission Reduction Management, etc. to enhance overall environmental management system. We have established an environmental protection leading group, and our chairman and management took the role of leader and deputy leader of the Group respectively. During the Reporting Period, the management systems have been implemented effectively, and there was no violation of the relevant laws and regulations.

In 2021, 46 second-tier subsidiaries of the Company signed the 2021 Energy Conservation and Environmental Protection Responsibility Letter and relevant management systems have been well established covering all staff and the whole procedure. All our subsidiaries made their great efforts to accomplish environmental targets issued by the Group.

The Company formulated 2021 annual target of reducing 1.5% in comprehensive energy consumption efficiency compared with 2020. We conduct quarterly inspection and assessment of our subsidiaries to ensure detected problems being solved quickly and properly. The assessment among subordinate companies has reached 100%. During the Reporting Period, the energy consumption per ten thousand RMB revenue of Sinopharm was 0.00102 tons of standard coal per ten thousand RMB, with the year-on-year decrease of 6.9%, fully achieving the environmental target. In addition to energy consumption target, the other environmental targets have also been fully completed in 2021. The Group will actively implement measures to save energy, reduce emissions, conserve water resources and properly dispose waste. In the future, the Group will maintain or gradually reduce the consumption of energy and water resources, and reduce the intensity of waste and emissions discharge with a similar operating level.

### 2021 Environmental targets and achievement



<sup>4</sup> Environmental liability incidents are determined in accordance with the *National Environmental Emergency Response Plan*.

<sup>5</sup> Waste water, air pollution and noise discharge is in accordance with national standards or local standards.

<sup>6</sup> Hazardous wastes are disposed in accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*.

Number of second-tier subsidiaries signing the Energy Conservation and Environmental Protection Responsibility Letter	46
The assessment rate among subsidiaries	100 %
Energy consumption per ten thousand RMB revenue	0.00102
tons of standard coal per ten thousand RMB	
Year-on-year decrease of	6.9 %

## Response to Climate Change

The countries all over the world have taken actions to address climate change and promote low-carbon development. In 2020, Chinese government announced the nation's carbon dioxide (CO<sub>2</sub>) emissions would peak before 2030 and carbon neutrality would be achieved by 2060. The impacts of climate change on the society, economic and environment have become apparent. Sinopharm attaches great importance to the impact of climate change, and actively explores the green way to development. We also have identified the potential risks raised by climate change and deployed measures in advance.

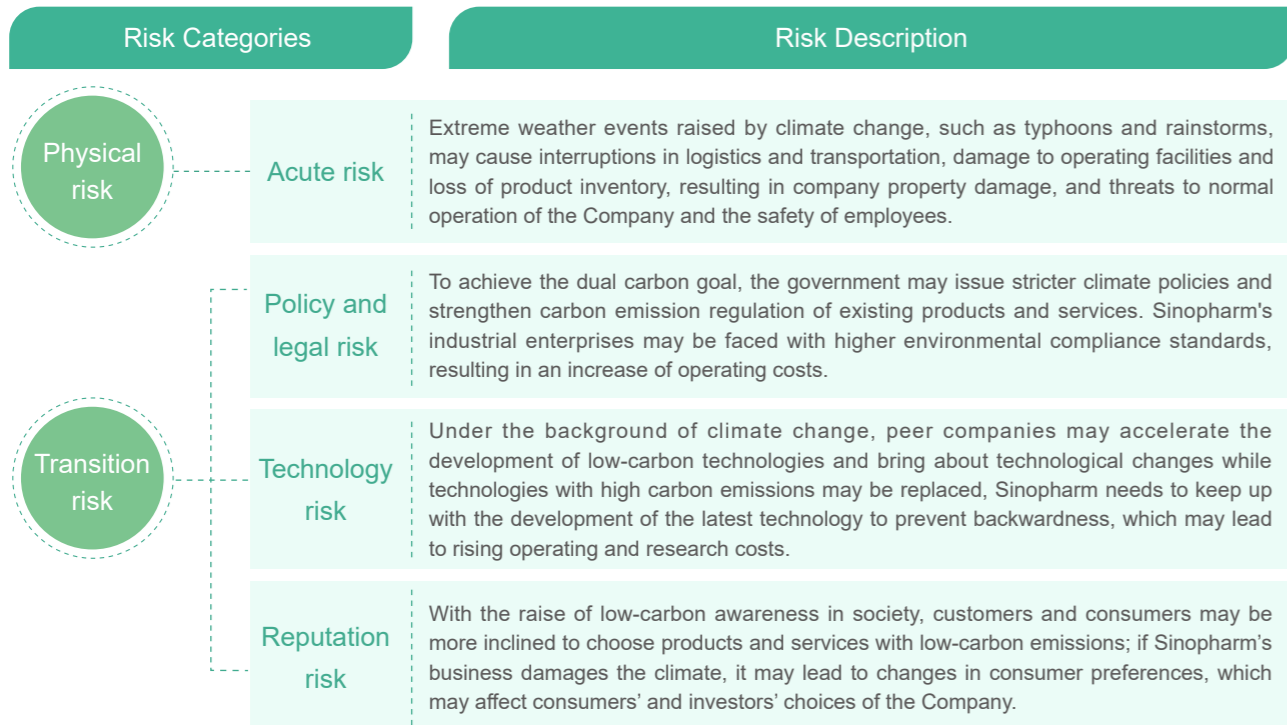
### Climate Risk Governance

Sinopharm has actively implemented the Action Plan for Carbon Dioxide Peaking Before 2030, the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy and other national policies, regarding climate change as a significant issue for the Company's development. The Company has included the climate change-related issue in materiality assessment for two consecutive years, and members of the Board and senior management have been actively participated in materiality assessment and provided guidance on climate-related issue. The relevant functional departments of the Company and its subsidiaries also supervise the implementation of measures for responding climate change during the daily operation, to ensure the effectiveness of climate risk management and governance.



### Identification and Management of Climate Risk

Based on the framework of TCFD, Sinopharm analyzed climate risks, and identified physical risk and transition risk, which may bring potential impacts to the Company.



In response to the identified acute risks and transformation risks of climate change, Sinopharm and its subsidiaries have formulated risk response measures and continuously improved relevant systems to build a stable and sustainable business operation environment. The Company actively implements climate change response strategies and continuously explores further integrate climate change issues into the Company's overall strategic planning and daily management activities.

In order to avoid the impact of physical risks caused by climate change, Sinopharm has formulated the Environmental Factors Identification and Evaluation Form, which sets priority according to the level of environmental impact, identifies risk points in advance and implements various measures to ensure that all environmental indicators are fully compliant. The industrial enterprises under the Company have formulated contingency plans for environmental emergencies, regularly conducted drills on relevant climate plans, and timely revised and improved relevant plans according to the drills. In accordance with the Emergency Plan for Typhoon and Flood Prevention, Sinopharm Logistics gives early notice of abnormal transportation information caused by seasonal changes, arranges special personnel to follow up during typhoon season, and pays close attention to and announces the route and changes of typhoons in real time, which greatly reduces the impact of extreme weather on transportation. In 2021, Sinopharm Xingsha improved the Emergency Plan for Production Safety Accidents, added the emergency plan for typhoon and rainstorm prevention, and further improved the comprehensive emergency response capabilities.

In response to the transformation risks, Sinopharm has established a complete environmental protection responsibility system and conducted assessments on its subordinate industrial enterprises to ensure that all branches and subsidiaries implement environmental management requirements and ensure environmental compliance. In addition, Sinopharm actively explores the application of digital transformation, and strives to achieve "quality and efficiency improvement" in the process of transformation, so as to improve production efficiency and reduce emissions.

### Climate Change Action

Sinopharm actively responds to the national "dual carbon goal" and continuously explores ways to reduce greenhouse gas emissions in its own operations. The commerce and logistics enterprises under the Company actively promote the use of renewable energy, including the installation of rooftop photovoltaic power stations and the development of solar energy heating projects, to help reduce the use of fossil fuels and reduce greenhouse gas emissions. In 2021, the Company's Greenhouse gas (GHG) emissions intensity has decreased by 0.91%.

Greenhouse gas emissions intensity decreasing by **0.91%**

Indicators <sup>7</sup>	Unit	2020	2021
Direct GHG emissions <sup>8</sup> (Scope 1)	Ton CO <sub>2</sub> e	52,946.47	51,430.12
Indirect GHG emissions <sup>9</sup> (Scope 2)	Ton CO <sub>2</sub>	155,266.59	164,261.33
Direct GHG emissions intensity (Scope 1)	Ton CO <sub>2</sub> e/person	0.49	0.45
Indirect GHG emissions intensity (Scope 2)	Ton CO <sub>2</sub> /person	1.43	1.45
Total GHG emissions	Ton CO <sub>2</sub> e	208,213.06	215,691.45
GHG emissions intensity	Ton CO <sub>2</sub> e/person	1.92	1.90

### Case Extreme weather disaster response

In July 2021, the heavy rainfall in Henan caused severe flooding in Zhengzhou and other cities, resulting in significant casualties and property damage. Faced with such a rare exceptionally heavy rainstorm, Sinopharm's subsidiaries in Henan quickly launched rescue and relief work. Sinopharm Medical Device Henan activated the emergency plan and set up an emergency response team to monitor the disaster. In order to ensure the safety of goods and employees, Sinopharm Medical Device Henan immediately transferred and relocated the goods from the warehouse and carried out water leakage inspection in the workplace to secure all goods and property. The subsidiary also contacted all employees quickly and made proper arrangements for the accommodation and meals of the staff to ensure their safety.

Under the extreme climate disaster, the Group responded promptly to ensure stable business operation and safe supply of medical supplies. Relying on its strong supply network, the Group provided medical supplies to various medical institutions. During the disaster, Sinopharm Henan contacted with medical institutions immediately to provide sandbags, water, food and other supplies to local hospitals, and assist local hospitals in transferring medical facilities and medicines to ensure that the medical facilities were intact.



Sinopharm donated a total of **RMB 8 million** to the disaster-affected areas through the Henan Charity Network during the disaster

<sup>7</sup> Scope 1 includes direct greenhouse gas emission generated by businesses owned or controlled by the Group; Scope 2 includes indirect greenhouse gas emission generated by the Group's internal consumption

<sup>8</sup> 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.

<sup>9</sup> The carbon emission factors of purchased electricity references the 2021 average emission factors of the National Grid as defined in the "Notice on the 2022 Greenhouse Gas Emission Reporting Management" issued by the Ministry of Ecology and Environment of the People's Republic of China. 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.

Case Photovoltaic power generation project of Sinopharm Shanxi

Sinopharm Shanxi earnestly implemented the national guidelines, policies and work requirements for energy conservation and emission reduction, actively carried out energy conservation work, and established rooftop distributed photovoltaic projects. The project is one of the first pilot projects in Shanxi general reform demonstration area, with a scale of 462 kilowatt (kW), which can help reduce carbon dioxide emissions by approximately 500 tons per year.

Scale of photovoltaic project

**462** kilowatt

Annual reduction of carbon dioxide emissions of about

**500** tons



Rooftop photovoltaics equipment of Sinopharm Shanxi

In addition, in order to further strengthen employees' awareness of the impact of climate change, during the Reporting Period, the Group organized several special trainings about energy-saving and low-carbon, which strengthened the publicity and implementation of low-carbon environmental protection policies and laws and regulations in the training, and regularly carried out energy-saving and environmental protection publicity through internal publications and online channels to enhance employees' understanding of laws and regulations and the awareness of low-carbon development.



National "dual carbon goal" publicity and training



Publicity and training initiatives of low-carbon and emission reduction



Green Production

In the production process, Sinopharm and its industrial enterprises strictly abide by national laws and regulations and internal environmental management systems. We regularly identify and evaluate environmental factors, such as energy consumption, emissions management, and waste disposal and resource use, and formulate environmental risk identification list. During the Reporting Period, the industrial enterprises under Sinopharm has fully achieved the environmental target for 2021.

Environmental Management

The industrial enterprises under Sinopharm continue to operate the ISO14001 environmental management system, carry out supervision and audit every year, and renewal audit every three years. During the Reporting Period, the Company revised the new system management system and carried out daily operation of the system to strengthened management. In order to enhance the environmental awareness of its employees, the Group also organized internal auditors certification training for the ISO14001 environmental management system.

In accordance with the requirements of internal systems such as the Guidelines on Risk Assessment of Environmental Emergencies in Enterprises, the industrial enterprises under Sinopharm have formulated strict management measures for the major environmental factors, and regularly inspected and assessed the management plans and risk points. In 2021, the Company carried out large-scale investigation of ecological and environmental protection. For the problems found in the investigation, the relevant units were required to list all the problems, and ensure the responsible person, rectification time and measures to promote the effectiveness of rectification and prevent the recurrence of the same ecological protection problems. During the Reporting Period, all our industrial enterprise has reached a rectification rate of 100%.



ISO14001 Environmental management system training

Rectification rate of environmental problems

**100%**



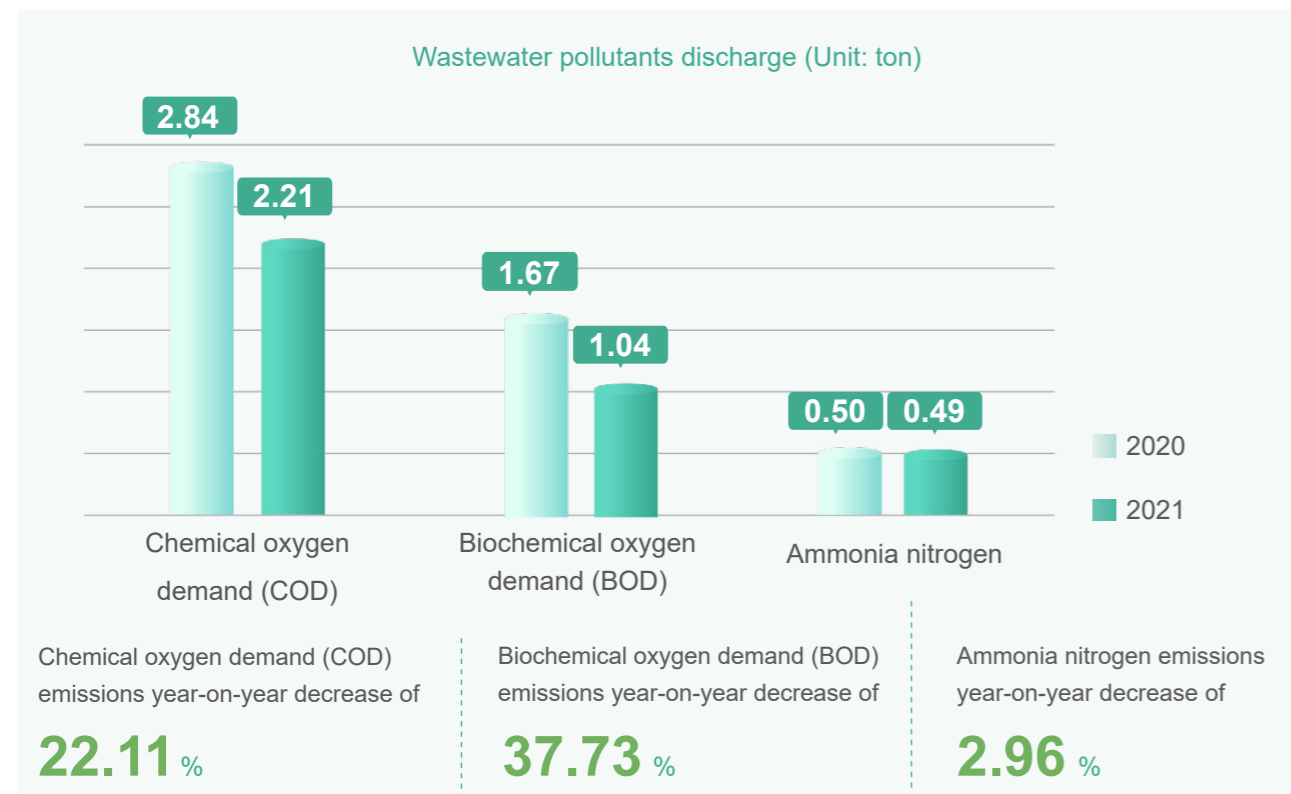
Pollutants Emission

The industrial enterprises of the Company strictly comply with the local regulatory requirements and have signed environmental monitoring contracts with the local environmental department. The local environmental monitoring stations regularly monitor the exhaust emissions, wastewater discharge and noise produced within plants of the industrial enterprises. In order to regulate environmental protection management and strengthen pollution prevention and control, the industrial enterprises under the Company have 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, 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.

For the pollutants and solid waste discharge in the production and operation process, we have formulated corresponding control measures, and optimized and upgraded the facilities with higher environmental impact, making great effort to reduce the negative impact on the environment.

In terms of exhaust emissions and wastewater discharge, the industrial enterprises under Sinopharm have strictly implemented management in accordance with the Pollutant Discharge Permits. 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 wastewater 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. During the Reporting Period, Guorui Pharmaceutical, a subsidiary of the Company, invested RMB 6,500,000 to build a new wastewater treatment system with a treatment capacity of 1,000 tons per day, which effectively alleviated the problem of increasing wastewater discharge caused by production load.

In terms of waste management, the Group has established a sound hazardous waste management system and process in strict accordance with the Regulations of Sinopharm Group on the Management of Hazardous Waste, and implemented supervision and assessment. During the Reporting Period, no subsidiaries were found to dispose of hazardous waste in violation of regulations. For hazardous waste generated from the production activities of industrial enterprises (such as laboratory wastes, etc.) and hazardous waste generated from the operation of commerce and logistics enterprises (such as expired pharmaceuticals, etc.), the Group has set up special storage facilities in strict accordance with relevant regulations, and the storage meets the requirements of "three preventions" to prevent scattering, leakage and loss. Hazardous wastes are handled in compliance with relevant national laws and regulations. Non-hazardous waste, such as domestic waste, is disposed of by the local environmental sanitation department or third parties.



**Case** The newly-added wastewater treatment facilities of Sinopharm Reagent have greatly improved the treatment efficiency

Through the addition of steam condensate collection pond and the reuse of reverse osmosis (RO) concentrated water generated from the pure water system, Sinopharm Reagent has reduced wastewater discharge compared with 2020 even the total value of wastewater has increased by 46%. The pollution factors, such as chemical oxygen demand (COD), ammonia nitrogen and volatile organic compounds (VOC) have all met the discharge standards.

**Case** Sinopharm Xingsha installed new deodorization device to prevent odor emissions

Sinopharm Xingsha installed the covers and deodorization device for main structures with odor in wastewater treatment station, including aerobic ponds, MBR ponds, sludge ponds, oxygen ponds as well as anaerobic tanks. The exhaust emissions are collected and treated in a centralized manner instead of fugitive emission. At the same time, Sinopharm Xingsha adopted two-stage chemical washing to further reduce the emission of air pollutants such as ammonia, hydrogen sulfide and odor.



**Resources Use**

Sinopharm and its industrial enterprises actively implement the national policies for energy conservation and ecological environmental protection. The Group continues to explore opportunities for resource conservation and formulate energy conservation and emission reduction management systems. We also advocate our employees to save energy and reduce consumption, to enhance their awareness of resource conservation.

In terms of energy use, the industrial enterprises under the Company strictly implement daily inspections, summary and analysis during operation and conduct timely check of abnormal values to avoid the waste of resources. In addition, industrial enterprises also actively explore the application of energy-saving technologies to integrate energy conservation into daily operation and management. For instance, Sinopharm Reagent transform the traditional lighting way, and installed 300 LED energy-saving lamps in the office building, saving 190,000 kWh of electricity every year. The Sinopharm Xingsha saved 1.5 tons of gasoline annually by reducing the use of official vehicles.

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. The Group has set the water efficiency target, that will strive to reduce water consumption and improve water efficiency continuously. During the Reporting Period, the industrial enterprises under the Company optimized their systems in reducing water consumption, with remarkable results. For example, Sinopharm Reagent, which won the honor of "water-saving enterprise", made full use of the water resources recycled by condensate water and pure water system for landscape irrigation, irrigating the area of approximately 28,200 square meters and saving around 2,000 tons of water per year. The Sinopharm Xingsha reused all the reclaimed water from the sewage treatment station for the plant greening, saving about 16,000 tons of water per year. In the future, the Group will continue to explore new water-saving models to further reduce water consumption.



Sinopharm Reagent was awarded the honorary title of water-saving enterprise

## Green Logistics

The Company is committed to develop a green logistics supply chain in the pharmaceutical distribution field, which contributes to reducing the use of natural resources as well as greenhouse gas emissions. Based on the commitment, the Company actively explores green logistics models by standardizing vehicle management, applying emission reduction technologies, and optimizing transportation routes.

In order to accurately manage the fuel consumption of vehicles in the logistics chain and make aware of fuel consumption and pollutant emissions generated in the logistics process, the Group revised the Regulations on Vehicle Fuel Card Management and other systems in 2021, further regulating the use of vehicles. The logistics subsidiaries under the Group are required to formulate a fuel consumption standard for each vehicle every year. The drivers may be rewarded based on the vehicle fuel consumption every month. In order to reduce exhaust emissions, urea is added to transportation vehicles every week, and the proportion of urea and fuel consumption is recorded. Meanwhile, environmental monitoring system is installed to monitor exhaust emissions in real time, which helps to analyze and optimize the emission reduction of vehicles.

In terms of route optimization, the Group cooperated with a number of technology enterprises for improving intelligent dispatching. We have deeply developed the intelligent algorithm, and optimized the dispatching logic. For example, Sinopharm Logistics upgraded of the logistics system in 2021, and properly integrated multiple systems, which improve the convenience of operation as well as dispatch efficiency.

## Green Office

Sinopharm has integrated the green concept into its daily office activities. The Group actively promotes green office by strengthening energy-saving management, advocating energy conservation and emission reduction, optimizing daily office processes, and organizing environmental protection activities. In addition, the Company gives priority to environmentally friendly products when purchasing office supplies such as paper. The paper purchased by the Company is certified with relevant environmental standards.

### Case

#### Renovation of Sinopharm Logistics office building to promote green office

During the Reporting Period, Sinopharm Logistics installed a non-combustible A-level PLT insulation board on the exterior wall of the office building. Sinopharm Logistics also replaced the old and more energy-intensive air-conditioning system with a more energy-saving one. These two measures effectively reduced the energy consumption of the office building by more than 65%, meeting the energy-saving requirements of the Shanghai Design Standard for Energy Efficiency of Public Buildings.

During the 2021 National Energy Conservation Week and the National Low Carbon Day, the Company and its subsidiaries actively carried out environmental protection training and adopted initiatives. For example, Sinopharm Reagent conducted low-carbon publicity activities of energy conservation and emission reduction, with the support of outdoor large screens and other facilities in the office building. The Sinopharm Xingsha put up the posters of the Energy Conservation Week and carried out a series of activities such as “walking to work without elevators” to advocate the green culture to the employees.



Environmental protection posters of Sinopharm Xingsha

In addition, the Company continued to optimize the management of official vehicles in accordance with national regulations for central enterprises. The number of official vehicles of the Company has decrease significantly from 21 as the end of 2020 to 6 as the end of 2021. At the same time, the Company has issued the Notice on Disposal of Official Vehicles, and conducted the official vehicles inspection of its subsidiaries, to further reduce the frequency of vehicle use and improved its utilization efficiency.

# 5

## People-oriented Development to Make Progress Together

Sinopharm pays attention to the physical and mental health and personal development of employees, continuously improves the human resource management system. Sinopharm implements people-oriented and humanistic management, strives to create a safe, healthy, harmonious and comfortable working environment, so that employees can obtain a sense of happiness and belonging at work, promoting the common development of employees and enterprises.

Employment Management	59
Employee Rights	60
Talent Cultivation	61
Occupational Health and Safety	64
Employee Care	66

Newly added occupational diseases

0

Participants in occupational health and safety training

103,810

Total investment of the Company in pandemic prevention materials over

RMB 90,000

Total number of employees

113,234

Rate of female employees

62.1%

Number of online training courses

2,799

Total training hours of online courses

11,910.7

# People-oriented Development to Make Progress Together

## 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, equal opportunities, diversity, anti-discrimination, such as the Regulations on the Management of Recruitment. 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, disability, gender, sexual orientation, association member, or marital status, etc. During the Reporting Period, the Group did not violate employment-related laws and regulations.

The Regulations on the Management of Recruitment clearly prohibit the hiring of personnel under the age of 16. To avoid the employment of child labor, the Company sets up a personnel evaluation and background investigation platform to screen the age, qualification and other conditions of candidates, and requires verification of the identity documents of new employees at the registration stage to prevent child labor employment. At the same time, we set age conditions in the internal personnel information entry system to send entry-restriction reminders for candidates under the age of 16 and conduct tracking management. Multiple guarantees effectively prevent the employment of child labor. In addition, if violations against other circumstances indicated in *the Labor Contract Law of the People's Republic of China* were found, the employees may terminate their employment contracts at any time. We would 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.

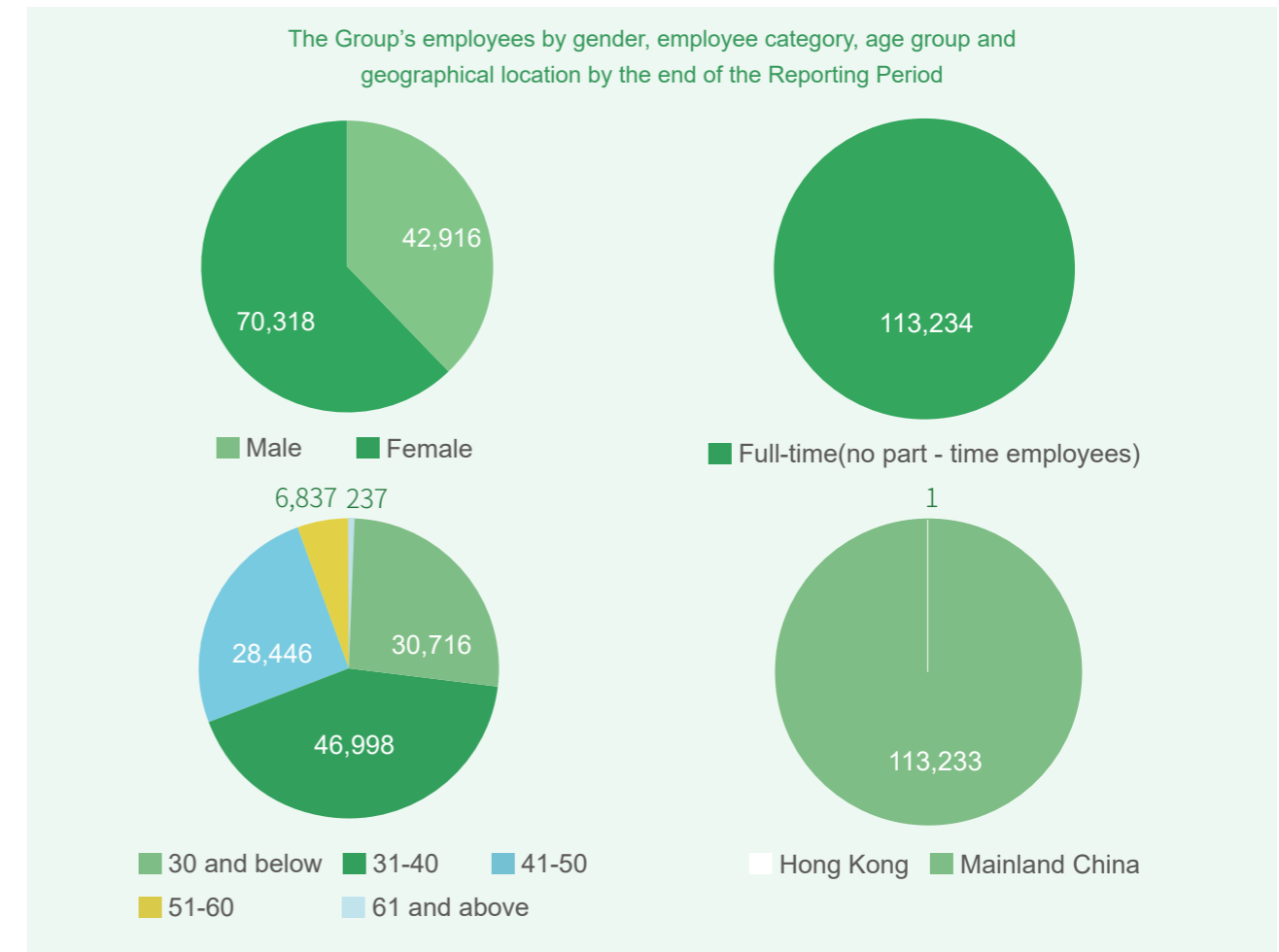
In order to broaden the recruitment channels, we set up a recruitment function platform of "channel sharing and resource sharing" to recruit from multiple channels and select talents suitable for the development of the Group in combination with internal selection. After employees are hired, we use the new employee induction management platform for information maintenance, which is convenient for employees to go through various procedures and realize the efficient management of human resources.

### Case Employee management platform "nice to meet you"

In 2021, Sinopharm updated and upgraded the new employee induction management platform of "Sinopharm road - nice to meet you". The system optimizes some functions of the new employee induction management platform in combination with the use of various companies in the early stage and the needs of integrated implementation. New employees can complete remote entry procedures through this platform, which can effectively save time. The system also includes "daily attendance", "employee satisfaction survey" and other functions to facilitate employees' daily use.



As of December 31, 2021, the total number of employees of the Group was 113,234.



## Employee Rights

In addition to the *Labor Contract Law of the People's Republic of China*, Sinopharm Group strictly complies with applicable international conventions, 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*, respects employees' professional freedom and protects employees' rights and interests.

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 calculation of working hours and irregular working hours. We implement the national regulations on statutory holidays to ensure that employees can fully enjoy annual leave, personal leave, medical leave, marriage leave, maternity leave and various national statutory holidays. In 2021, Sinopharm Group adjusted the maternity leave in the Employee Attendance Management System according to the new national regulations to ensure that the Company's regulations on maternity leave meet the national requirements and protect the rights and interests of female employees.

With respect to remuneration and benefits, the Group has formulated the Group's Remuneration Management Regulations and the Regulations on the Management of Remuneration and Regulations on the Management of Annual Income of the Head of Second-Tier Subsidiaries based on the principles of fairness, incentive, competitiveness and regularity, so as to clarify various provisions on employee salary and welfare. The Company has established a mechanism for wage plans, minimum wage thresholds and wage adjustments to provide fair treatment and equal opportunities for employees. In addition, we formulate salary adjustment plans as needed every year to ensure the reasonable distribution of salary in each year.

To protect the legal rights and interests of employees, the Group has established a comprehensive mechanism for employee appeals, complaints and reporting, while maintaining effective communication with them through the president's mailbox, emails, labor unions and staff councils, etc. The Company strictly prohibits retaliation and protects the rights and interests of complainants and reporters from infringement. In addition, to ensure more convenient and smooth communication among employees, the Company uses intelligent system to build an employee self-service platform, which significantly improves the efficiency of employee consultation.

**Case** The function of the employee self-service platform "AI Intelligent Sharing Service" had been further expanded

Sinopharm has developed an employee self-service platform "AI Intelligent Sharing Service". Employees can query and confirm all kinds of information through the platform, including monthly payroll, performance appraisal, vaccine reservation, annual physical examination, etc. This platform also provides employees with rich online learning resources for their independent learning.

During the Reporting Period, the service function of "AI Intelligent Sharing Service" platform had been further expanded, with the addition of "automatic question and answer" function, which was upgraded from manual customer service to intelligent customer service, significantly improving the efficiency of problem-solving while saving communication costs. The "AI Intelligent Sharing Service" platform classifies the businesses generally concerned and frequently consulted by employees in recent years into 95 questions with standard answers according to 9 modules, including contract renewal, probation, performance appraisal, holiday regulations and other concerns of employees. Employees can easily search through keywords, obtain automatic replies, and link with manual customer service to provide basic business Q & A services for employees 24 hours a day.

## Talent Cultivation

Sinopharm attaches great importance to the growth and development of employees, and always takes human resources as a valuable core resource. Through improving talent management system and diversified training forms, Sinopharm provides systematic learning and development paths and training courses for employees, educates employees at different levels and positions according to their aptitudes, and organizes training according to business development needs.

## Talent Management

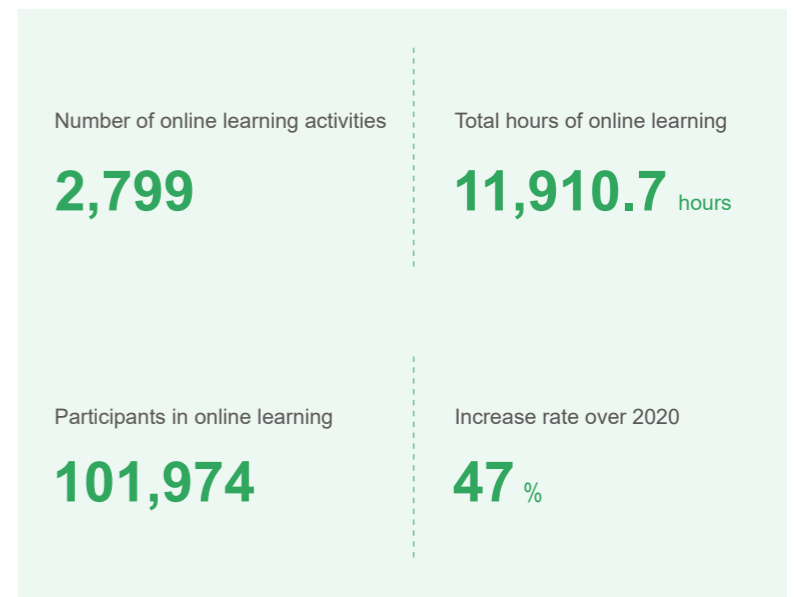
Sinopharm takes multiple measures to promote the implementation of talent management system and mechanism. In 2021, we have formulated and implemented the Management Measures for the Mobility of Sinopharm Talents, promoted the establishment of the Company's talent mobility mechanism, and created a talent training and management atmosphere of cross-organization exchange, learning, growth, development and exit. At the same time, the Company continues to promote the implementation of reserve talent construction scheme and actively establishes talent pools at different levels.

**Case** Promoting the development and training of a reserve-talent team

In 2021, Sinopharm selected more than 400 candidates recommended by self-recommendation and the Company reference, based on the principle of "broad vision, selection and accuracy". Among the candidates, 110 of them were selected to enter the reserve talent pool of Sinopharm, laying a foundation for the selection and training of reserve talents in the next step. In order to refine the "two-wheel drive" reserve talent training mechanism, the Company coordinated and promoted the training of reserve talents in the headquarters, promoted the flow of talents and realized quality training.

## Talent Training

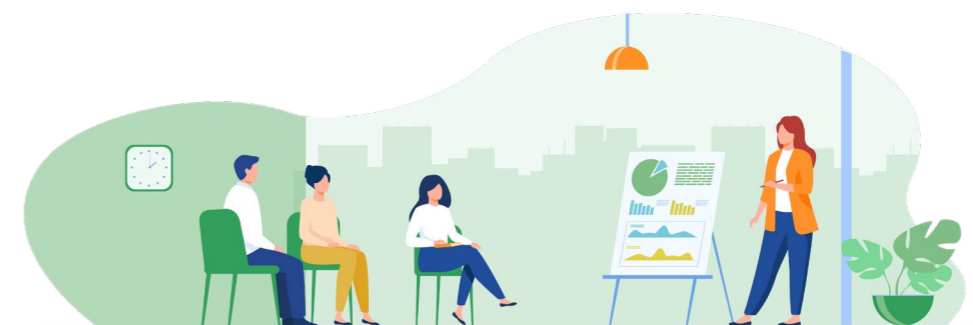
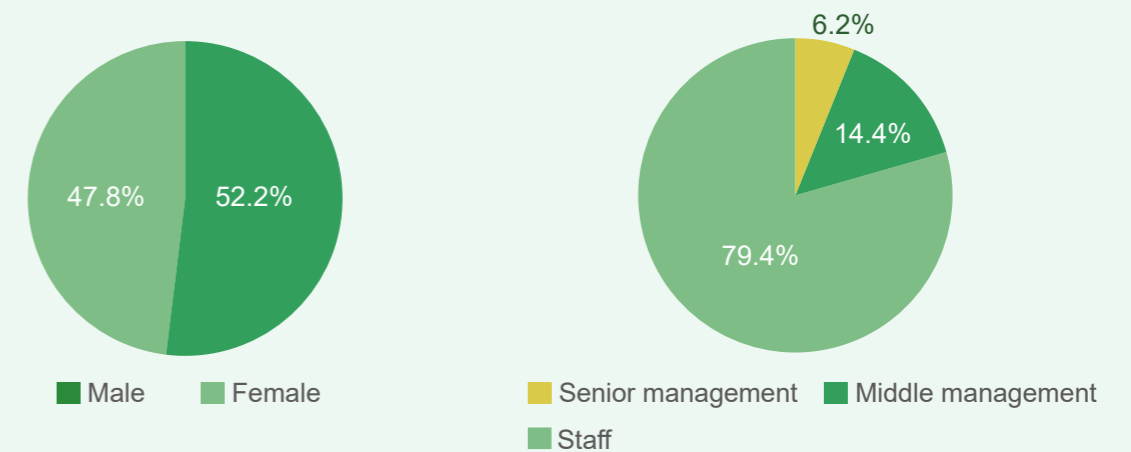
The Company formulates and implements the Sinopharm Training Management System, which specifies the training contents (such as basic competency training, job skills training, continuing education training, practice and vocational qualification training, etc.) and the training forms (such as internal training, seminars, visits and exchanges, etc.). During the pandemic period, we made full use of the development of modern science and technology to continuously optimize the online learning platform and provide efficient and convenient training courses for employees' learning and training. During the Reporting Period, Sinopharm and its subsidiaries at all levels implemented 2,799 online learning activities, with learning resources totaling



11,910.7 learning hours, attracting 101,974 people to study, an increase of 47% over 2020.

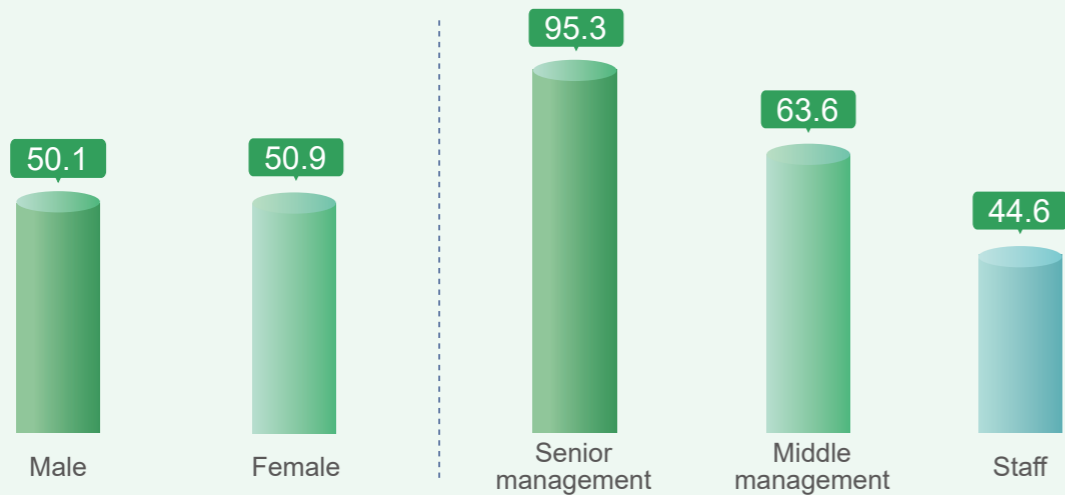
During the Reporting Period, 100% of the Company's employees received training, and the average training hours completed per employee was 50.5 hours.

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





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



HR cloud school online training course



Industry Windows online learning course



New employee training of Sinopharm in 2021  
(Shanghai Station)



Sinopharm Phase I "Flying Eagle" financial  
director training

**Case** Carefully promoting the "Carving Dragon Phase III" reserve talent training project

Sinopharm orderly promoted the implementation of the reserve talent training project in 2021. In order to meet the different needs of Carving Dragon class students and managers to quickly grasp the learning situation, Sinopharm carefully organized and designed the development of "Dragon Club" application on WeChat. Vertically, the "Learning Journey" should be taken as the main line, connects the training and class activities of each stage of Carving Dragon three years in series, and horizontally runs through the contents of each module such as students' basic information, class situation, course content and learning achievement, so as to directly master the learning achievement, understand the progress of learning tasks through the mobile phone interface and encourage students to make progress together.

**Case** Strengthening the construction of training team and consolidating the resource base

In 2021, Sinopharm organized the training of internal trainers and held the 2021 annual internal trainer working conference and "Return of the Great Sage" series of special training in online form. More than 200 national lecturers, provincial lecturers, human resources principals and training managers of secondary subsidiaries attended the meeting. At the same time, the training of "micro courses on the short video production skills" was held to empower the students in the production of micro courses. A total of 68 short videos reflecting the outstanding figures and business performance around them were developed to improve the ability of internal trainers to empower the Company with innovative tools.



Poster of the launching ceremony of the "Return of the Great Sage" series of special training

200 participants attending training of internal trainers

Number of training videos  
68

**Occupational Health and Safety**

Sinopharm has always put the health and safety of employees in the first place and is committed to creating a healthy, safe and comfortable working environment. The Group strictly abides by the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other laws and regulations related to occupational health and safety. There was no violation of relevant laws and regulations during the Reporting Period.

**Guarding Occupational Health**

To ensure the occupational safety of the Group's employees, we regularly carry out occupational health testing on the workplace and strengthen occupational health and safety management in accordance with relevant regulations. Sinopharm and its subsidiaries are equipped with adequate safety facilities and equipment, such as automatic fire alarm systems, automated external defibrillators (AED), combustible gas detectors, and shock-prevention facilities, etc., and conduct annual testing and maintenance of facilities and equipment to protect the occupational health and safety of employees.

For employees exposed to occupational disease hazards, industrial enterprises provide them with occupational disease physical examination before, during, and after work. In 2021, there were no suspected occupational patients of the Group throughout the year. In addition, we also protect employees' occupational health and safety through occupational hazard notification and warning, occupational health education and training, and regular maintenance of occupational protection facilities.

During the pandemic, to fully implement the pandemic prevention and control related work, Sinopharm established the pandemic prevention and control and emergency supply general headquarter ("general headquarter"), which is responsible for commanding the pandemic prevention work of the headquarters and its subsidiaries. The general headquarter has an emergency prevention and control office, which is responsible for organizing and arranging pandemic prevention and control work and supervising each subsidiary to implement pandemic prevention measures. In addition, the Company issued the emergency plan for pandemic prevention and control, which defined the overall requirements of pandemic prevention, emergency response measures and disposal processes, and strengthened the response preparation for pandemic emergency treatment. At the same time, we actively implemented the procurement, storage and distribution of various pandemic prevention materials, placed disinfection hand sanitizer, wet paper towels, masks and other pandemic prevention items in the building, and provided sufficient pandemic prevention materials for employees. Throughout the year, the headquarters distributed 90,900 masks, 11,250 bags of disinfection towels and 450 bottles of wash free disinfectant, and the investment in pandemic prevention materials reached more than RMB90,000. When employees enter and leave the Company's office space, we strictly implement pandemic prevention measures such as registration, temperature measurement and disinfection. A total of 2,834 times of disinfection (air conditioning disinfection twice a year) are carried out throughout the year to ensure the safety of the office space.

Disinfection throughout the year

2,834 times



Strictly implementing the temperature measurement regulations



Placing pandemic prevention items in the elevator

Building Healthy and Safety Culture

Sinopharm vigorously promotes the construction of enterprise occupational health and safety culture. In 2021, the Company carried out more than 16 special trainings such as "safe production month" and "law popularization competition", with 103,810 participants in all levels, so as to comprehensively improve the occupational health and safety awareness of employees of Sinopharm.

Case Sinopharm Accord builds a safe internal patrol team

Sinopharm Accord and the subsidiaries have organized the evaluation and certification of safety internal training courseware and special training for safety managers in 2021 in order to enrich the Company's safety training and improve the safety management level. After the recommendation of the whole Company and professional evaluation, build a team of internal trainers for the safety of Sinopharm.

In combination with the Company's business format and safety management characteristics, the internal trainer team has formulated safety training courseware for basic and professional safety management, so as to comprehensively improve employees' safety awareness and safety skills and improve the level of enterprise safety management.

Employee Care

Sinopharm adheres to people-oriented and is always committed to creating a relaxed and harmonious living and working environment for its employees. By carrying out community activities, cultural and sports activities conducive to body and mind, and carrying out a series of activities in combination with International Workers' Day, the International Women's Day and other festivals, we can help employees balance their work and life, promoting a good workplace atmosphere. In addition, we continue to pay attention to the living needs of our employees and regularly offer assistance and condolences to them. During the Reporting Period, the Group carried out extensive and rich employee care activities, so that every employee can feel a sense of happiness and belonging.

Case New employee gym in Sinopharm office building

To further enrich the amateur cultural life of employees and create an atmosphere of "healthy life and happy work", Sinopharm Group has carefully transformed and designed, reasonably arranged the site, and built a new employee gym, providing a platform for employees to strengthen their health and relieve work pressure. The gym is equipped with treadmill, spinning bike, table tennis table and other activity equipment, providing employees with a rich selection of fitness projects.

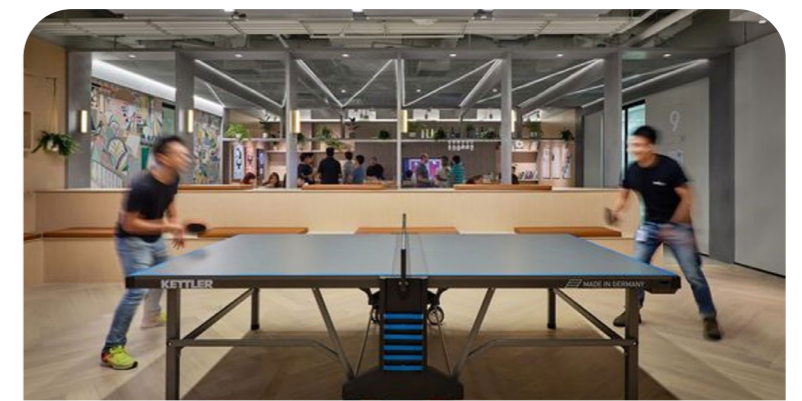


Table tennis activity room for Sinopharm employees



The labor union of Sinopharm Ningxia supported workers in difficulty



Sinopharm Hubei organized employees to participate in a basketball friendly match



Sinopharm Fuzhou held care activities on the Women's Day



# 6

## Giving Back to Society and Creating Prosperity

Sinopharm gives full play to the advantages of the pharmaceutical industry, always upholds a deep sense of responsibility and mission, and plays an important role in fighting the pandemic. In addition, the Group also actively participates in social welfare activities, sustainably gives back to the society and strives to create greater value for social development.

Community Contribution 69

Combating the Pandemic 71

Earthquake and Disaster Relief 72

Number of dual-channel pharmacies over

**400**

Total hours of volunteer activities

**52,241**

Participants of volunteer activities

**15,539**

Total amount of donations

RMB **17.2561** million

# Giving Back to Society and Creating Prosperity

## Community Contribution

Sinopharm strictly abides by the *Law of the People's Republic of China on Donations for Public Welfare* and other laws and regulations. The Company has formulated the Measures for the Administration of Sinopharm's External Donations further standardizing donation practices through the standardization of donation scope, budget management, approval procedures, executive management and donation supervision. The Group actively participates in various

public welfare activities in the fields of science and education culture, aid for education and for people with disabilities, medical and health care, and poverty alleviation, taking actions to shoulder social responsibilities and promoting positivity. During the Reporting Period, the Group's employees participated in volunteer activities for a total of 52,241 hours, with 15,539 participants. The Group's charitable donations amounted to RMB 17,256,100.



### Case Pairing assistance "Happy June 1st" charity activity

In the afternoon of 31 May 2021, Sinopharm Fuzhou and the Administrative Committee of Haixi Modern Financial Center District, Fuzhou and other companies and individuals jointly went to Sanjie Primary School in Yongtai County to carry out the "Happy June 1st" charity activity of pairing assistance, expressed festival blessings to the children of Sanjie Primary School, sent various stationaries such as school bags, pencil boxes, painting books, etc., communicated and connected with the children, learned the ritual culture and interacted with them, creating a rich and colorful day for the children.



"Happy June 1<sup>st</sup> Love Warms Children's Heart" charity activity

### Case "Scientifically Combating Pandemic and Protecting health" pandemic prevention and control publicity and free clinic activities

In order to better promote the spirit of Lei Feng and the volunteer spirit of "dedication, friendship, mutual assistance and progress", on 5 March 2021, the volunteer service team of Sinopharm Fuzhou, with more than 20 people from the volunteer service team of the Street, went to Shuxiangdadi Xinyuan Community to carry out the publicity of pandemic prevention and control and free health consultation activities of "Scientifically Combating Pandemic and Protecting health" for the residents. Doctors from community health service center provided on-site free service of blood pressure measurement, blood glucose measurement, hearing and consultation on common diseases, chronic diseases, and geriatric diseases for community residents. Volunteers distributed free masks, disinfectants and brochures on the Normalization of COVID-19 Prevention and Control to remind residents of the precautions for pandemic prevention and control. During the event, the service and patient answers from doctors and volunteers were well received by residents.



Free medical consultation in communities and publicity activities for pandemic prevention and control

### Case "dual-channel" pharmacies are committed to serving patients under insurance

Number of "dual-channel" pharmacies exceeding **400**

In May 2021, the Guiding Opinions on Establishing and Improving the "dual-channel" Management Mechanism for the National Medical Insurance Drugs Negotiation was issued. For the first time, designated retail pharmacies were incorporated into the scope of supply guarantee of medical insurance drugs from the national level, and a unified payment policy was implemented with medical institutions. The pharmacies under Sinopharm actively implement the "dual-channel", convenient and people-oriented services to provide patients with higher quality professional services, and promote the standardized, professional and healthy development of the pharmaceutical retail industry. The Group has more than 400 "dual-channel" pharmacies covering 25 provincial-level administrative regions such as Anhui, Chongqing and Fujian, which effectively helps patients who meet the drug policy to "purchase, use and reimburse".



Sinopharm has over 400 dual-channel pharmacies, covering all regions of China

## Combating the Pandemic

Facing the risks of the COVID-19 pandemic, Sinopharm fully participates in pandemic prevention and control, guarantees the distribution and supply of medical materials at war-timespeed, and makes every effort to reserve pandemic prevention materials. The Group's subsidiaries in various regions have continued to overcome difficulties and made every effort to ensure the supply of various medical materials, which played a key role in the pharmaceutical industry: the subsidiaries in Shanxi and Henan overcame difficulties and took up the distribution of pandemic-prevention materials for 18 consecutive hours; the subsidiaries in Yunnan and Heilongjiang continued to fight against the pandemic in the South and North respectively; the subsidiary in Hunan fought against the pandemic in Zhangjiajie, every second counted. During the pandemic, the Group has always shouldered the responsibility of a central enterprise with a high sense of responsibility and mission and made contributions to the prevention and control of the epidemic.



In order to support the development of COVID-19 vaccination nationwide, a number of subsidiaries of Sinopharm undertook local vaccine distribution business in 2021. To prevent distribution risks and ensure the quality of distribution vaccines, the Company has formulated the Management Regulations for Vaccine Carrier and Distribution, which sets out clear requirements for vaccine distribution of subsidiaries in terms of equipment, personnel, recording, deviations, emergency

plans and quality assurance. The subsidiaries of Sinopharm have actively fulfilled their social responsibilities while complying with the regulations, actively undertaken the task of vaccine distribution, coordinated cold chain, cold storage, vehicles and other resources, and fully leveraged the processing efficiency and service advantages of the Group's vaccine tracking system to ensure the smooth development of various COVID-19 vaccine distribution businesses, safeguarding public health.

### Case Guarantee the distribution of pandemic prevention materials

During the critical period of fighting against the pandemic in Ningxia, Sinopharm Ningxia fully demonstrated its responsibility as a central enterprise and fully carried out the reserve and distribution of pandemic prevention materials. Sinopharm Ningxia undertook more than 90% of the pandemic prevention materials in Ningxia, and reserved a total of 30 types of materials including medical surgical masks, N95 masks, protective clothing, testing reagents, etc. In the logistics park, more than 20 delivery vehicles worked day and night, and distributed materials to key areas such as quarantine areas, sampling areas, airports and railway stations.

As of November 2021, the Company has distributed more than 16,700 pieces of epidemic prevention materials to the whole region, basically meeting the material needs of each point.



Sinopharm Ningxia distributed pandemic prevention materials

### Case Digital measures to facilitate the error-free distribution of 30 million vaccines

Sinopharm Bio-pharmaceutical has applied digital measures to guarantee the quality of vaccine distribution. Leveraging on the vaccine tracking system of the Group, Sinopharm Bio-pharmaceutical has ensured the quality and safety of vaccine through the whole process of vaccine digitization and achieved closed-loop data management from vaccine delivery to personal vaccination, completed more than 16,000 orders for COVID-19 vaccine distribution in the local area, and delivered more than 30 million COVID-19 vaccines. With the outstanding results of zero error and zero accident, Sinopharm Bio-pharmaceutical has effectively progressed the COVID-19 vaccination task in Shanghai.



The "Digital Measures to Guarantee Vaccine Circulation Quality" submitted Sinopharm Bio-pharmaceutical was successfully awarded the Top Ten Cases of Digital Transformation in the Quality Management Field of Shanghai Enterprises

Completing more than **16,000** orders for vaccine distribution

Delivering more than **30 million** COVID-19 vaccines

with **Zero** error and **Zero** accident

## Earthquake and Disaster Relief

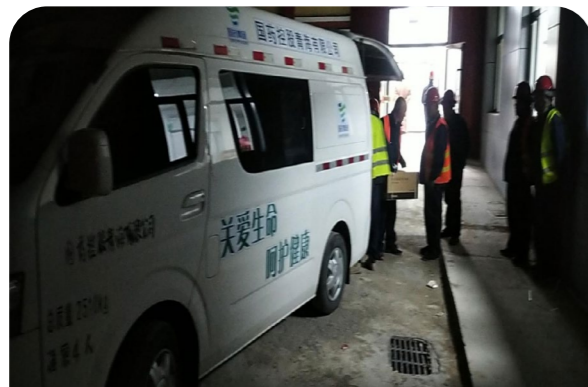
In 2021, facing the frequent occurrence of extreme weather and natural disasters, Sinopharm has given full play to its leading role, taken ensuring the life, health and safety of personnel as the top priority, immediately rushed to the front line, participated in the rescue and disaster relief work, and fully cooperated with the people in the affected areas to ensure the supply of materials, to weather the storm together.



Case Providing assistance to earthquake areas, every second counts

On 22 May 2021, a 7.4-magnitude earthquake occurred in Maduo County, Guoluo Tibetan Autonomous Prefecture, Qinghai Province. As the emergency material reserve unit in Qinghai Province, Sinopharm Qinghai responded immediately, quickly organized cargo sources, and mobilized 10 employees to set up a loading and unloading team, and strove for quick delivery and shipment. Because Xining, the capital city, is more than 500 kilometers from the earthquake zone, which has high altitude and thin oxygen, and a number of roads leading to there have been destroyed in the earthquake, the storage and logistics department of Qinghai Company selected a number of drivers with rich driving experience and 5 special drug delivery vehicles to stand by for an emergency call.

On 26 May 8.30 AM, 5 delivery vehicles carrying medical supplies went out to the earthquake zone at a "ultra-fast" speed. They arrived at the earthquake zone at 9: 19 on the evening, solving the urgent needs of the people in the zone and ensuring their needs for medication and emergency supplies.



Sinopharm Qinghai striving for quick delivery and installation



Case Distribution and donation of suppliers to earthquake areas

After the earthquake in Dali Bai Autonomous Prefecture, Yunnan Province in 2021, the subsidiary of CMDC in Yunnan took action at the first time, contacted and communicated with the Emergency Department of Yunnan Health and Health Commission, Dalizhou Emergency Response Office, Dalizhou Red Cross Society and other departments, and actively distributed and donated supplies such as drinking water and instant noodles to the local Red Cross Society.



Distribution of suppliers to earthquake areas



Suppliers' donation to disaster-affected areas





## Featured Topic: Fulfilling the Responsibility of Rural Revitalization

### Rural Medical Assistance

Sinopharm actively gives full play to the advantages of the pharmaceutical industry, adheres to sharing high-quality medical resources, and carries out rural medical assistance. The Group attaches great importance to health poverty alleviation and actively donates equipment and provides financial support to rural medical institutions.

In 2021, Sinopharm Jilin and Sinopharm Qinghai, as two provincial-level medical material allocation platforms, while fully investing in the pandemic prevention work of Jilin Province and Qinghai Province, were concerned about the two designated poverty alleviation counties of Jingyu, Jilin and Zhiduo, Qinghai. In terms of material allocation, drug supply, equipment procurement and other work, the two counterpart assistance counties were specially connected and prioritized. During the Reporting Period, the Group provided RMB 3,600,000 fixed-point assistance funds for rural revitalization to Zhiduo County, Jingyu County, and coordinated the purchase and installation of CT equipment and the construction of poverty alleviation guarantee pharmacy.

Fixed-point assistance funds RMB  
**RMB 3.6 million**

### Case Distribution of anti-pandemic materials in rural areas

Due to the recurrence of the pandemic in Northeast China, Sinopharm Holding Jilin Co., Ltd., a subsidiary of the Group, helped Baishan City and Jingyu County to provide complete medical materials, and allocated medical surgical masks, disposable medical masks, protective clothing, goggles, forehead thermometer and other scarce prevention and control materials to the front line of prevention and control at the first time.

In addition, the Group also actively provided anti pandemic medical equipment for rural hospitals, and fully equipped a number of auxiliary quarantine equipment such as digital DR machine, five-part differential hematology analyzer and auxiliary ventilation with a value of RMB 1,320,000 to the quarantine wards of Jingyu County People's Hospital, providing strong support for rural anti pandemic affairs.

### Rural Pairing Assistance

Sinopharm has actively explored ways to go deep into the front line to solve the urgent problems and hopes of rural people through the form of "pairing assistance". Sinopharm has done a good job in consolidating and expanding the achievements of poverty alleviation and effectively connecting with rural revitalization and is committed to working with the masses to help the common prosperity of the society.

**Case** Three rounds of pairing assistance in Fujun village

Since 2007, the Group has continued to carry out three rounds of pairing assistance activities with Fujun village, Gangyan Town, Chongming County. Since the development of pairing assistance, the leaders of the Company have visited Fujun village every year for two-day condolences, offered aid funds to the elderly over 80 years old, extremely poor households, persons with severe disabilities and children in extreme poverty in the village, and visited the villagers' homes to send condolences. In 2021, the Company donated RMB 100,000 to Fujun village.

**Case** "Visiting and Sending Kindness" : the stationed work team supports the construction of poor villages to get rid of poverty

Since 2014, Sinopharm XinJiang has stationed a "Visiting and Sending Kindness" team in Suke village. Sinopharm XinJiang sends 2 teams and the first secretaries of 4 deep poverty-affected villages to help each year. The 6 villages dispatched by Sinopharm XinJiang are deeply poor villages, with an average incidence of poverty of more than 30%.

With the help of the team in the village, the poor village has established a breeding base, repaired the office building of the village committee, built two national unity markets, donated agricultural machinery, purchased loading vehicles, assisted the township party committee and the people's government in building the night market and cultural square in Langan Township, distributed and developed industries, and continued to make great efforts in increasing the collective economic income of the village committee. At the same time, the team organized and carried out courtyard transformation and infrastructure construction of poor households to help villagers improve employment and income. As at the end of the Reporting Period, Sinopharm XinJiang has directly invested more than RMB 10 million in assistance funds, and the accumulated labor cost investment funds have reached more than RMB 12 million.

With the strong support of party committees and governments at all levels, Sinopharm XinJiang has achieved remarkable results. 1,170 poor households and 4,865 people in 6 deep poverty-affected villages have successfully passed the third-party assessment, inspection and acceptance of the state and autonomous regions, and the incidence of poverty has been reduced to 0.



The team of Sinopharm Xinjiang helped the villagers of poor villages get rid of poverty smoothly

Direct assistance funds over

RMB **10** million

Labor cost investment funds over

RMB **12** million

**Case** Supporting poor villages to develop collective economy

Sinopharm Ningxia has teamed up with Ligou village and Nancha village, to support the poor villages to develop the collective economy, promote agricultural production and farmers' income, and help the autonomous region win the battle against poverty.

Since the pairing assistance, the leaders of Sinopharm Ningxia have made five field visits to poor villages, actively negotiated with Xiji County and township party committees and governments and studied and demonstrated the village collective economic project scheme. Sinopharm Ningxia provided a full set of agricultural machinery equipment for the project, mainly including feed harvester, lawn mower, packer, tractor, etc., with an investment of RMB 790,000.

After the designing of the project plan, Sinopharm Ningxia immediately arranges special personnel to follow up, establish a normalized coordination and communication mechanism with the government and poverty alleviation points, comprehensively promote financial security, equipment procurement, engineering construction and other work, and take multiple measures to speed up the project construction progress. After the project was carried out, 3,986 mu of Alfalfa were collected for the village collective, and 650 mu of crops such as oats and corn were cultivated by poor households, benefiting nearly 100 poor households and saving RMB228,000 of machinery rental fees.

Field visit to poor village

**5** times

Benefiting nearly

**100** poor households



Sinopharm Ningxia provided a full set of agricultural equipment for collective economic projects in Ligou village and Nancha village





## APPENDIX

## Responsibility Performance Table

A. Environmental Performance<sup>10</sup>

Category	Indicators	Unit	2020	2021
Emission <sup>11</sup>	Nitrogen oxides (NOx)	Ton	124.44	134.28
	Sulphur oxides (SOx)	Ton	0.32	0.32
	Particulate matter	Ton	11.43	12.37
	Chemical oxygen demand (COD) *	Ton	2.84	2.21
	Biochemical oxygen demand (BOD) *	Ton	1.67	1.04
	Ammonia nitrogen *	Ton	0.50	0.49
Greenhouse Gas Emissions	Direct GHG emissions (Scope 1)	Ton CO <sub>2</sub> e	52,946.47	51,430.12
	Indirect GHG emissions (Scope 2)	Ton CO <sub>2</sub>	155,266.59	164,261.33
	Total GHG emissions	Ton CO <sub>2</sub> e	208,213.06	215,691.45
	Direct GHG emissions intensity (Scope 1)	Ton CO <sub>2</sub> e/person	0.49	0.45
	Indirect GHG emissions intensity (Scope 2)	Ton CO <sub>2</sub> /person	1.43	1.45
	GHG emissions intensity	Ton CO <sub>2</sub> e/person	1.92	1.90
Energy Use	Diesel consumption	MWh	99,698.12	109,105.18
	Gasoline consumption	MWh	102,057.26	86,852.64
	Natural gas consumption	MWh	6,042.71	4,815.39
	Total direct energy consumption	MWh	207,798.09	200,773.21
	Intensity of direct energy consumption	MWh/person	1.92	1.77
	Purchased electricity	MWh	232,473.71	262,245.04

<sup>10</sup> Data denoted by \* correspond to a data collection scope of industrial enterprises under Sinopharm. The data collection scope for other data is the Group.

<sup>11</sup> NOx, SOx, and particulate matter emissions were from vehicle use of the Group in 2021, and were calculated by referring to the Appendix II of How to Prepare An ESG Report published by HKEX.

Category	Indicators	Unit	2020	2021
Energy Use	Purchased heat	MWh	33,925.21	30,042.83
	Total indirect energy consumption	MWh	266,398.92	292,287.87
	Intensity of indirect energy consumption intensity	MWh/person	2.46	2.58
	Total energy consumption	MWh	474,197.01	493,061.07
	Intensity of energy consumption	MWh/person	4.38	4.35
Resource Use	Total amount of water consumption	Cubic meter	681,250.56 <sup>12</sup>	888,804.71
	Water consumption intensity	Cubic meter/person	6.29	7.85
	Carton/box*	Ton	2,569.00	3,204.15
	Packing bottle*	Ton	2,248.95	2,307.10
	Total packaging material consumption *	Ton	4,817.95	5,511.25
Intensity of packaging material consumption*	Ton/person	3.71	4.16	
Solid Waste <sup>13</sup>	Total amount of non-hazardous waste	Ton	1,142.99 <sup>14</sup>	1,209.20
	Non-hazardous waste generation Intensity	Ton/person	0.01	0.01
	Total amount of hazardous waste*	Ton	164.95	194.34
	Hazardous waste generation intensity*	Ton/person	0.13	0.15

B. Social Performance<sup>15</sup>

Category	Indicators	Unit	2020	2021
Employment	Total number of employees	Person	108,316	113,234
	Number of male employees	Person	40,813	42,916
	Number of female employees	Person	67,503	70,318
	Number of full-time employees	Person	108,316	113,234
	Number of part-time employees	Person	0	0
	Number of employees aged 30 and below	Person	31,059	30,716
	Number of employees aged 31-40	Person	43,773	46,998

<sup>12</sup> The calculation method of water consumption in 2021 has been changed, thus the calculation of relevant indicators of 2020 has been adjusted simultaneously.

<sup>13</sup> Non-hazardous mainly includes office waste. Hazardous waste mainly includes laboratory waste liquids, waste mineral oil, and waste drugs generated during production and operation activities of the industrial enterprises.

<sup>14</sup> The calculation method of office waste in 2021 has been changed, thus the calculation of relevant indicators of 2020 has been adjusted simultaneously.

<sup>15</sup> Data denoted by \* correspond to a data collection scope of the Company. The data collection scope for other data is the Group.

Category	Indicators	Unit	2020	2021
Employment <sup>16</sup>	Number of employees aged 41-50	Person	26,014	28,446
	Number of employees aged 51-60	Person	7,084	6,837
	Number of employees aged 61 and above	Person	386	237
	Number of employees in Mainland China	Person	108,315	113,233
	Number of employees in Hong Kong	Person	1	1
	Number of total leaving employees	Person	—	24,892
	Number of male leaving employees	Person	—	8,512
	Number of female leaving employees	Person	—	16,380
	Number of leaving employees aged 30 and below	Person	—	11,217
	Number of leaving employees aged 31-40	Person	—	8,883
	Number of leaving employees aged 41-50	Person	—	4,137
	Number of leaving employees aged 51-60	Person	—	613
	Number of leaving employees aged 61 and above	Person	—	42
	Number of leaving employees in Mainland China	Person	—	24,892
	Number of leaving employees in Hong Kong	Person	—	0
	Total employee turnover rate	%	—	22.0
	Turnover rate of male employees	%	—	19.8
	Turnover rate of female employees	%	—	23.3
	Turnover rate of employees aged 30 and below	%	—	36.5
	Turnover rate of employees aged 31-40	%	—	18.9
	Turnover rate of employees aged 41-50	%	—	14.5
	Turnover rate of employees aged 51-60	%	—	9.0
	Turnover rate of employees aged 61 and above	%	—	17.7
	Turnover rate of employees in Mainland China	%	—	22.0
	Turnover rate of employees in Hong Kong	%	—	0.0
	Signing rate of labor contract*	%	100	100
	Coverage rate of social insurance*	%	100	100
	Signing rate of collective contract	%	48.35	48.55

<sup>16</sup> Turnover rate of employees in each category = number of leaving employees in the category / total number of employees in the category \* 100

Category	Indicators	Unit	2020	2021	
Occupational Health and Safety	Newly added occupational diseases	Person	0	0	
	Rate of occupational health examination*	%	100	100	
	Total investment in production safety	RMB 10,000	7,700	8,867	
	Participants in occupational health and safety training	Person	81,131	103,810	
	Participants in emergency drills	Person	33,753	34,856	
	Number of work-related fatalities *	Person	0	0	
	Rate of work-related fatalities *	%	0	0	
	Number of work-related fatalities in 2019 *	Person	0		
	Rate of work-related fatalities in 2019 *	%	0		
	Lost days due to work injury	Day	—	6,880	
	Employees' training <sup>17</sup>	Total employees trained	Person	217	209
		Training rate of employees	%	100	100
		Number of male employees trained	Person	109	109
Number of female employees trained		Person	108	100	
Number of senior management trained		Person	13	13	
Number of middle management trained		Person	31	30	
Number of staff trained		Person	173	166	
Training rate of male employees		%	50.2	52.2	
Training rate of female employees		%	49.8	47.8	
Training rate of senior management		%	6.0	6.2	
Training rate of middle management		%	14.3	14.4	
Training rate of staff		%	79.7	79.4	
Average training hours of employees		Hour	47.7	50.5	
Average training hours of male employees		Hour	45.6	50.1	
Average training hours of female employees	Hour	49.9	50.9		
Average training hours of senior management	Hour	55.0	95.3		

<sup>17</sup> The statistical caliber of employees training KPI is the Sinopharm headquarters. The percentage of employees trained in each category = number of employees trained in the category / total number of employees trained \*100

Category	Indicators	Unit	2020	2021
Employees' training	Average training hours of middle management	Hour	48.8	63.6
	Average training hours of staff	Hour	47.0	44.6
Supply Chain Management	Total number of suppliers <sup>18</sup>	/	351	36,595
	Number of suppliers in Mainland China	/	313	36,434
	Number of suppliers in Hongkong, Macaw and Taiwan	/	10	18
	Number of overseas suppliers	/	28	143
	Rate of suppliers implementing internal regulations	%	100	100
Quality Management*	Number of recalled products for safety and health reasons	Batch	—	53
	Percentage of total products recalled for safety and health reasons	%	0.15	0.29
	Number of products and service related complaints received	Case	0	0
	Customer satisfaction	%	99.8	99.4
Anti-Corruption*	Number of concluded legal cases regarding corrupt practices	Case	—	0
Community <sup>19</sup> Investment	Total hours of volunteer activities	Hours	12,659	52,241
	Participants of volunteer activities	Man-time	1,416	15,539
	Total amount of donations	RMB 10,000	9,611.1	1,725.6

<sup>18</sup> During the Reporting Period, the scope of supplier data was further expanded compared with previous years, covering the suppliers of pharmaceutical, retail and medical device segments.

<sup>19</sup> In 2021, the Company made great efforts in organizing and participating volunteer activities, such as epidemic prevention and control, village revitalization, community service and environmental protection, and the number of volunteer participants and voluntary hours has significantly increased.

## Hong Kong Stock Exchange ESG Reporting Guide Content Index

### A.Environment

General Disclosure & KPI	Indicator description	Relevant chapter
<b>Aspect A1: Emissions</b>		
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 the Environment: Environmental Management
KPI	A1.1 The types of emissions and respective emissions data.	Green Operation to Protect the Environment: Green Production Appendix: Responsibility Performance Table
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation to Protect the Environment: Response to Climate Change Appendix: Responsibility Performance Table
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix: Responsibility Performance Table
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix: Responsibility Performance Table
	A1.5 Description of emission target (s) set and steps taken to achieve them.	Green Operation to Protect the Environment: Environmental Management, Green Production
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target (s) set and steps taken to achieve them.	Green Operation to Protect the Environment: Environmental Management, Green Production
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation to Protect the Environment: Environmental Management
KPI	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).	Appendix: Responsibility Performance Table
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix: Responsibility Performance Table
	A2.3 Description of energy use efficiency target (s) set and steps taken to achieve them.	Green Operation to Protect the Environment: Environmental Management, Green Production
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target (s) set and steps taken to achieve them.	Green Operation to Protect the Environment: Environmental Management, Green Production
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Appendix: Responsibility Performance Table

General Disclosure & KPI	Indicator description	Relevant chapter
Aspect A3: The Environmental and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Operation to Protect the Environment: Environmental Management, Green Production
KPI	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation to Protect the Environment: Green Production
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Operation to Protect the Environment: Response to Climate Change
KPI	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Operation to Protect the Environment: Response to Climate Change

B.Social

General Disclosure & KPI	Indicator description	Relevant chapter
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, anti-discrimination, and other benefits and welfare.	People-oriented Development to Make Progress Together: Employment Management
KPI	B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	People-oriented Development to Make Progress Together: Employment Management Appendix: Responsibility Performance Table
KPI	B1.2 Employee turnover rate by gender, age group and geographical region.	Appendix: Responsibility Performance Table
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 Development to Make Progress Together: Occupational Health and Safety
KPI	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Quality First and Quality Assurance: Operation Safety Management Appendix: Responsibility Performance Table
KPI	B2.2 Lost days due to work injury.	Appendix: Responsibility Performance Table
KPI	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People-oriented Development to Make Progress Together: Occupational Health and Safety

General Disclosure & KPI	Indicator description	Relevant chapter
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 Development to Make Progress Together: Talent Cultivation
KPI	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People-oriented Development to Make Progress Together: Talent Cultivation Appendix: Responsibility Performance Table
KPI	B3.2 The average training hours completed per employee by gender and employee category.	People-oriented Development to Make Progress Together: Talent Cultivation Appendix: Responsibility Performance Table
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 Development to Make Progress Together: Employment Management
KPI	B4.1 Description of measures to review employment practices to avoid child and forced labour.	People-oriented Development to Make Progress Together: Employment Management
KPI	B4.2 Description of steps taken to eliminate such practices when discovered.	People-oriented Development to Make Progress Together: Employment Management
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 Sustainable Development Management
KPI	B5.1 Number of suppliers by geographical region.	Responsible Management and Compliance Operation: Supply Chain Sustainable Development Management Appendix: Responsibility Performance Table
KPI	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Responsible Management and Compliance Operation: Supply Chain Sustainable Development Management
KPI	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Management and Compliance Operation: Supply Chain Sustainable Development Management
KPI	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Management and Compliance Operation: Supply Chain Sustainable Development Management Green Operation to Protect the Environment: Green Office
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.	Quality First and Quality Assurance: Quality Management System

General Disclosure & KPI	Indicator description	Relevant chapter
KPI	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 Product Appendix: Responsibility Performance Table
	B6.2 Number of products and service related complaints received and how they are dealt with.	Quality First and Quality Assurance: Protect Customer's Right and Interest Appendix: Responsibility Performance Table
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Quality First and Quality Assurance: Business Innovation Development
	B6.4 Description of quality assurance process and recall procedures.	Quality First and Quality Assurance: Quality Management of Pharmaceutical Product
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Quality First and Quality Assurance: Protect Customer's Right and Interest
<b>Aspect B7: Anti-corruption</b>		
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: Compliance Management and Integrity Building
KPI	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.	Responsible Management and Compliance Operation: Compliance Management and Integrity Building Appendix: Responsibility Performance Table
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Responsible Management and Compliance Operation: Compliance Management and Integrity Building
	B7.3 Description of anti-corruption training provided to directors and staff.	Responsible Management and Compliance Operation: Compliance Management and Integrity Building
<b>Aspect B8: Community Investment</b>		
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
KPI	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
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Giving Back to Society and Creating Prosperity: Community Contribution Appendix: Responsibility Performance Table

## Readers' Feedback Form

Dear readers:

Hello!

Thank you for taking time to read the Sinopharm Group Co. Ltd. 2021 Sustainability Report (hereinafter referred to as the "Report"). We would like to express our sincere gratitude to you for your valuable comments and suggestions on the Report to help improve our work.

For the following questions, please tick your choice appropriately

Election	Scoring				
1. Your overall satisfaction evaluation of this Report	<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Poor	<input type="checkbox"/> Very Poor
2. This Report fully responds to and discloses issues of concern to stakeholders	<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Poor	<input type="checkbox"/> Very Poor
3. The information and data disclosed in this Report are clear, accurate and complete	<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Poor	<input type="checkbox"/> Very Poor
4. This Report comprehensively and accurately reflects the significant impact of Sinopharm Group on the economy, society and environment	<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Poor	<input type="checkbox"/> Very Poor
5. The logic main line, language text and layout design of this Report are clear and readable	<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Poor	<input type="checkbox"/> Very Poor

Please provide a brief answer to the following questions:

1. What are your most satisfactory parts in this Report?

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2. Is there any issues that you are concerned about but has not been disclosed in this Report?

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3. What other opinions or suggestions do you have for this Report?

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You can give feedback on the questionnaire by mail, email or fax, or make a direct call. Your opinions and suggestions will be fully considered.

Address: Sinopharm Group Building, No. 385, East Longhua Road, Huangpu District, Shanghai, the PRC

Postcode: 200023

Email: ir@sinopharm.com



# SINOPHARM GROUP CO. LTD.

Sinopharm Group Building,  
No. 385, East Longhua Road,  
Huangpu District, Shanghai 200023, the PRC