



國藥控股股份有限公司

国药集团
SINOPHARM

SINOPHARM GROUP CO. LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as 國控股份有限公司)
Stock Code: 01099

2023

Sustainability Report



護佑生命 All For Health
Health For All 關愛健康

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Definitions

In this Report, unless the context otherwise requires, the following terms 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
“NDRC”	National Development and Reform Commission
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“ESG”	Environmental, Social and Governance
“ESG Reporting Guide”	Appendix C2 <i>Environmental, Social and Governance Reporting Guide</i> to the Listing Rules
“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 ₂) emissions would peak before 2030 and carbon neutrality would be achieved by 2060
“CMDC”	China National Medical Device Co., Ltd.
“GuoDa Pharmacy”	Sinopharm Holding GuoDa Drug Store Co., Ltd.
“Sinopharm Xinguang”	Sinopharm Xinguang Medical Technology Co., Ltd.
“Sinopharm Xingsha”	Sinopharm Holding Xingsha Pharmaceutical (Xiamen) Co., Ltd.
“Guorui Pharmaceutical”	China National Medicines Guorui Pharmaceutical Co., Ltd.
“Sinopharm Logistics”	Sinopharm Pharmaceutical Logistics Co., Ltd.
“Sinopharm Digital Technology”	Sinopharm Digital Technology (Shanghai) Co., Ltd.
“Shanghai OurChem”	Shanghai OurChem Bio-Technology Co., Ltd.
“Sinopharm Liuan”	Sinopharm Group Liuan Co., Ltd.
“Sinopharm Biopharmaceutical”	Sinopharm Bio-pharmaceutical Co., Ltd.
“Guangzhou Medical Management”	Sinopharm Holding Guangzhou Medical Treatment Management Co., Ltd.
“Sinopharm Wuhan Laboratory”	Sinopharm (Wuhan) Medical Laboratory Co., Ltd.
“Discipline Inspection Committee”	The Discipline Inspection Committee of the Chinese Communist Party (CCP) at Sinopharm Group Co. Ltd.
“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 (Shanghai OurChem), Guorui Pharmaceutical, etc.

About this Report

Report Introduction

Sinopharm Group Co., Ltd. is pleased to release the 2023 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 2023, and respond to the key ESG issues concerned by stakeholders. The Report is published in Chinese and English versions. Should there be any inconsistency between the Chinese and English versions, the Chinese version should prevail.

Reporting Scope

Reporting Period: Unless otherwise specified, this Reporting Period of the report is from 1 January 2023 to 31 December 2023 (hereinafter referred to as the “Reporting Period”).

Business Scope: Unless otherwise specified, the Report covers the principal businesses of the Group in 2023, including Sinopharm Group and its subsidiaries.

Reporting Guidelines

This report is prepared in accordance with Appendix C2 *Environmental, Social and Governance Reporting Guidelines* (“ESG Reporting Guide”) to the Rules Governing the Listing of Securities on 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 the extent of the impact of ESG-related issues on stakeholders, and ESG issues with high materiality have been responded to 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-ESG5.0”) issued by China Academy of Social Sciences and the relevant content of the State owned Assets Supervision and Administration Commission of the State Council (SASAC)’s *ESG Special Report Reference Indicator System for State Owned Enterprises Holding Listed Companies* (“ESG Indicator System”) and *ESG Special Report Reference Template for State Owned Enterprises Holding Listed Companies*.

Reliability Assurance

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

Dissemination Channel

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

Readers Feedback

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

Chairman's Statement

In 2023, the centennial changes are accelerating, the world economy is slowly recovering, the regulation of the pharmaceutical industry continues to become stricter, technology empowers the industry to improve quality and efficiency, and the pharmaceutical industry is entering a high-quality and rapid development track. In the face of an external environment where opportunities and challenges coexist, Sinopharm fully understands the mission and responsibility of being a leading enterprise in the pharmaceutical distribution industry. We seize the opportunities of the times, accelerate the technological transformation and service innovation of the pharmaceutical industry, continuously improve the accessibility of pharmaceuticals, deepen reforms to enhance resilience, and promote high-quality development of the industry. In 2023, it is also the 20th anniversary of the establishment of Sinopharm. After 20 years of hard work and practice, Sinopharm has always adhered to the original intention of "All for Health, Health for All", with the mission of leading the development of the pharmaceutical industry. It is committed to becoming a premium (technology-driven, innovative) global pharmaceutical and healthcare service provider, contributing to economic development, social progress, and people's well-being.

We adhere to integrity and innovation and standardize the governance system. Sinopharm has continuously strengthened the construction of a modern governance system, enhanced risk identification, early warning, and control capabilities, internalized ESG concepts, and regarded ESG as an important lever to improve corporate governance and promote business development. We have established a sound ESG governance framework, continuously strengthening the accountability and decision-making capabilities of the Board of Directors, professional committees, and various functional lines, to promote the implementation of sustainable development actions and enterprise construction, adhering to the concept of sustainable development.

With Innovation as a driving force, the Company is dedicated to offering high-quality medical and health services. With the continuous development of information and digital technology, and the intensification of cross-border competition, innovation and transformation have become a key factor and source of vitality for building core competitiveness in the pharmaceutical distribution industry. Under the premise of optimizing and strengthening its main business, Sinopharm continues to promote digital transformation and service transformation, accelerate integrated operation, strengthen technological innovation, and integrate resources and establish platforms in areas such as drug and medical device technology research and development, industrial manufacturing, commercial circulation, supply guarantee, and pharmaceutical industry park construction, seeking breakthroughs and providing the public with higher quality, intelligent, convenient, and affordable pharmaceutical products and services, continuously leading the development of the industry.

We adhere to the concept of green development and promote the transition to low carbon. Sinopharm actively responds to national strategies and continues to promote green and low-carbon transformation in various business sectors. We have formulated a green logistics development strategy, committed to building greener and low-carbon pharmaceutical logistics infrastructure, integrating business development with low-carbon transformation organically. We initiated the construction of the first carbon-neutral demonstration zone. At the same time, Sinopharm fully leverages its leading role as a flagship enterprise, actively participates in exploring the construction of green development standards in the pharmaceutical logistics industry, and explores the path of green and high-quality development in the industry.

Adhering to the concept of diversity and equality, we are committed to collaborating with stakeholders to create sustainable value together. Sinopharm actively practices the concept of diversity and equality, creating a safer, more comfortable, and equal working environment for employees. Through strengthening talent development and establishing smooth employee career paths, the mutual development of employees and the company is achieved. We focus on industry and social development, strengthen industry university research cooperation, and work with industry chain partners to create sustainable value. Ensuring and caring for public health is our important mission. Sinopharm firmly fulfills its responsibility and obligation to ensure the supply of medical supplies, supports the construction of the national medical system, fulfills the responsibility of central enterprises, and creates long-term sustainable value for social development.

Keep moving forward and set sail. The tremendous waves of the times have portrayed the innovative development of China's pharmaceutical and device distribution industry and have also created an extraordinary history and brilliant performance of Sinopharm. Standing at the new starting point of the 20th anniversary, Sinopharm will continue to leverage the network advantages of a "fully-integrated network", seize the development opportunities of policies and markets, face challenges, adhere to the original intention of "All for Health, Health for All", and work together with all sectors of society to promote the construction of a healthy China and a digital China, contributing solid strength to global sustainable development and recovery.

Yu Qingming

Secretary of the Party Committee & Chairman

Leading the Development of the Industry and Practising the Responsibility of Central Enterprises

The twenty years of Sinopharm have been a period of implementing new development concepts and rapid development. It has also served the national strategy, actively followed the development trend of the pharmaceutical distribution industry and promoted the transformation and integration of the entire industry. As the national team and main force of the pharmaceutical industry that is related to the national economy and people's livelihood, for the past twenty years, Sinopharm has always been concerned about public health, actively providing suggestions, and promoting industry reform, so that industry development can better benefit society and people's livelihoods.

Proposal from the Two Sessions to Promote the Reduction of Packaging in the Pharmaceutical Industry

During the 2022 National People's Congress and Chinese People's Political Consultative Conference, Mr. Yu Qingming, a representative of the National People's Congress, Secretary of the Party Committee, and Chairman of Sinopharm, submitted a proposal to improve the excessive packaging of some drugs, which not only wastes resources but also is not conducive to use and storage. In December 2023, this suggestion received positive feedback. The National Health Commission, the National Administration for Market Regulation, the National Radio and Television Administration, the National Administration of Traditional Chinese Medicine, and the National Medical Products Administration jointly issued a notice on the *Implementation Plan for Saving Drug Resources and Curbing Drug Waste*, proposing specific work measures and requirements from aspects such as drug production, clinical use, drug circulation, publicity and guidance, waste drug management, and organizational implementation, further improving the level of rational drug use, protecting the ecological environment, and ensuring the health of the people.



Five ministries jointly issued the *Implementation Plan for Saving Drug Resources and Curbing Drug Waste*

Proposal from the Two Sessions to Expand the Scope of Polit Trails for Rare Disease Protection

In 2024, at the National People's Congress and Chinese People's Political Consultative Conference, Yu Qingming, a representative of the National People's Congress, Secretary of Secretary of the Party Committee and Chairman of Sinopharm paid special attention to innovative policies for the demand for rare disease drugs and proposed suggestions such as "expanding the scope of the first trial for rare disease protection". He received gratitude and support from rare disease patients and their families.

National People's Congress representative Yu Qingming suggested increasing diagnostic and treatment resources, improving the diagnostic and treatment capabilities of difficult and complex rare diseases, so that patients can receive advanced diagnostic and treatment services in China, and facilitate medication and follow-up visits. He proposed establishing a whitelist of rare disease drugs in the pilot zone for rare disease drug protection, and expanding the scope of licensed import and use of rare disease drugs that have not been registered in China. Besides, he proposed supporting the construction of international rare disease diagnosis and treatment institutions, while conducting research on real-world clinical data applications, to help build a national rare disease clinical diagnosis and treatment center.



Appreciation letters from some families with rare diseases

2023 ESG Highlights

External Appraisal

 Fortune Magazine <hr/> Ranked 24th on Fortune Global 500 list	 China Securities Journal <hr/> Hong Kong Stock Investor Relations Tianma Award
 China Securities Journal, Nantong Municipal People's Government <hr/> The 25th Hong Kong Stock "Golden Bull Award"	 Board of Directors Magazine <hr/> The 18th Golden Roundtable Award of the Board of Directors of Chinese Listed Companies
 Hong Kong Dagong Wenhui Media Group <hr/> Mr. Yu Qingming, Secretary of the Party Committee and Chairman, was awarded the title of "Annual Economic Figure" at the 13th China Securities Golden Bauhinia Awards	

ESG Achievements

 MSCI ESG RATINGS A CCC B BB BBB A AA AAA	 Selected for the 2023 Fortune China ESG Influence Ranking	 恒生指數 HANG SENG INDEXES Incorporated into the "Hang Seng Hong Kong Stock Connect China Central Enterprises ESG Leading Index"
 Selected on the "Pioneer 100 Chinese ESG Listed Companies" list	 Selected in the "Central Enterprise ESG · Pioneer 100 Index"	

Performance Highlight

ESG Governance

- Completed the **appointment of the Chief Compliance Officer** and **Compliance Administrators**
- 100%** Coverage of anti-corruption training

Quality Control

- 100%** Employee quality management training
- 100%** Coverage of ISO 9001 quality system of secondary subsidiaries
- 100%** Coverage of suppliers implementing hiring practices
- RMB **77.27** million invested in safety production

Innovation and Digitization

- Sinopharm Biology was awarded the **title of the Pioneer Enterprise in Digital Transformation of Shanghai's Pharmaceutical and Biological Industry in 2023**
- Sinopharm Biology, Guangzhou Medical Management, and Sinopharm Digital Technology have obtained **High-Tech Enterprise Certifications**
- The digital transformation case of Sinopharm Digital Technology was awarded the "2023 National Medical Industry Digital Transformation Innovation Case" – **Digital Transformation Benchmark Case Award and Digital Transformation Excellence Case Award**



Information Security

- Established the Network Security and Information Technology Leadership Group, with information security organization coverage extended to over **1,000** subsidiaries
- The completion of information security training has reached **42,143** person-time, over the course of three years
- Maintained the goal of **zero information security incidents** for 3 consecutive years

Green Development

- The construction of the **first carbon-neutral demonstration zone** is about to be completed

- The monthly outbound volume of renewable particle three-dimensional bags for drug flow in Sinopharm Logistics has reached

over **60,000** pieces

Humanistic Care

- Top 20** in the Top 100 Best Employers in China in 2023

- Shortlisted for the **"2023 Outstanding Human Resource Management Award"** held by 51job

- Received the title of **"Extraordinary Employer"** on the Liepin website



- Female management accounts for **50.66%**
- Per capita training hours **64.9** hours

Social Contribution

- The total number of hours employees participated in volunteer activities was **49,648** hours, and **5,238** person-time participated in volunteer activities

- Provide targeted assistance funds of RMB **4.15** million to Zhiduo County in Qinghai Province and Jingyu County in Jilin Province

- Purchase nearly RMB **4.4** million of rural revitalization assistance agricultural products throughout the year

About Sinopharm

Company Profile

The Company established in January 2003 and listed on The Stock Exchange of Hong Kong Limited (stock code: 01099.HK in September 2009, is a core subsidiary of China National Pharmaceutical Group Co., Ltd. and a top-rank wholesaler and retailer of pharmaceutical and healthcare products and medical devices, and a leading supply chain service provider in the PRC.

The Group is mainly engaged in pharmaceutical products and medical device 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 endcustomers. 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 an efficient organizer of pharmaceutical supply chain and comprehensive service solution provider in the industrial chain.

2023 revenue RMB

596,570 million

with a year-on-year growth of

8.05%

2023 net profit RMB

15,010 million

with a year-on-year growth of

4.63%

2023 net profit attributable to owners of parent RMB

9,054 million

with a year-on-year growth of

6.19%

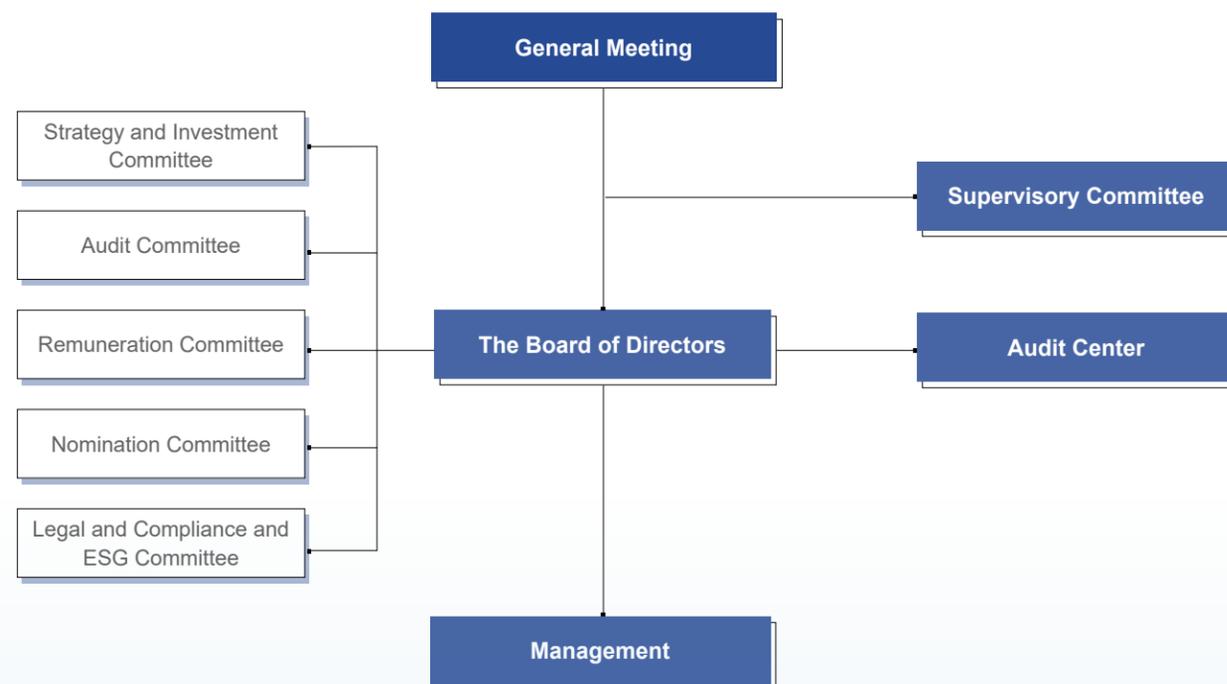


Corporate Governance

Efficient and comprehensive corporate governance is the cornerstone of high-quality development for enterprises. Sinopharm adheres to a sound corporate governance structure, promotes the effective fulfillment of responsibilities by the directors, supervisors, and senior management, continuously improves the transparency of corporate governance, better safeguards shareholder rights, and creates long-term and sustainable value for all stakeholders.

Governance Structure

Sinopharm strictly complies with laws, regulations, and regulatory requirements such as *the Company Law of the People's Republic of China*, the *Listing Rules of the Stock Exchange of Hong Kong Limited*, and the *Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)*, continuously optimizes its corporate governance system, and provides guarantees for the stable and sustainable development of the Company. 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 the 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 Strategy and Investment Committee, Audit Committee, Remuneration Committee, Nomination Committee, and Legal and Compliance and ESG Committee to provide professional advice for the Board in making decisions¹.



Sinopharm holds annual Board and committee meetings, with a total of 18 board meetings held in 2023. In addition, the Board of Directors of Sinopharm actively participates in compliance management and anti-corruption related training for listed companies, continuously improving the professional level of the Board of Directors and providing better decision-making for the Company's development. This year, Sinopharm held 2 special training sessions for the Board of Directors.

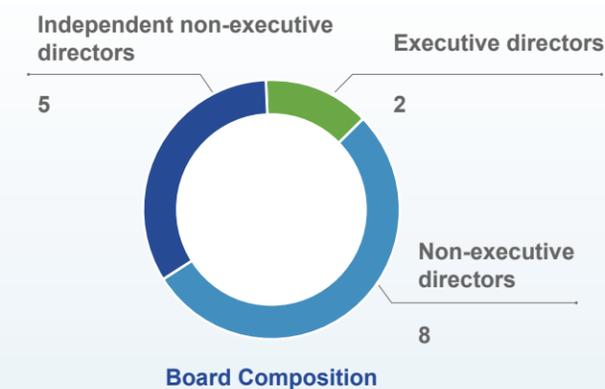
2023 Sinopharm Board Committee Meetings

Committee meetings	Number of meetings held
Audit Committee	5
Remuneration Committee	4
Nomination Committee	2
Legal and Compliance and ESG Committee	1
Strategy and Investment Committee	6

Board Diversity

Sinopharm values the diversified experience and background of its directors. We have formulated the *Sinopharm Board Diversity Policy*, adhering to the principle of talent-oriented employment and valuing various diversified factors, including but not limited to gender, age, culture and race, educational background, industry experience, skills and expertise, professional knowledge, work experience, and other factors. As of the date of this Report, the Board of Directors of Sinopharm consists of fifteen directors (including one female director), including two executive directors, eight non-executive directors, and five independent non-executive directors. The current fifteen directors of the Company are professionals in industries such as pharmaceuticals, management, finance, law, and capital markets.

We have set measurable targets for board diversity and continues to promote them. In order to achieve sustainable and balanced development, the Group will be committed to enhancing the overall diversity of the members of the board of directors of the Group in the long run. It is proposed that the average proportion of female members of the board of directors of the Company and its secondary subsidiaries within the PRC will be no less than 20% before the expiry of the term of office of the sixth session of the Board (the pharmaceutical and medical device sales network of Sinopharm has covered 31 provinces, cities, and autonomous regions nationwide). For detailed information on the Company's corporate governance work in 2023, please refer to the "Corporate Governance Report" section of the 2023 annual report of Sinopharm.



¹ For more information, please visit the official website of Sinopharm - Investor Relations - Corporate Governance section.

Risk Management

A timely and efficient risk management mechanism is an important cornerstone for the stable and compliant operation of Sinopharm. Sinopharm attaches great importance to risk management and has established a “three lines of defense” risk management system. As the highest decision-making body for risk management and internal monitoring of the Group, the Board of Directors is responsible for comprehensively supervising the effective implementation of the Group's risk management and internal monitoring work. The Audit Committee under the Board of Directors is responsible for regularly reviewing risk management and internal monitoring systems, as well as evaluating the work of external audit institutions. Sinopharm sets up a Chief Compliance Officer and compliance administrator to report on compliance management work on an annual basis. The management, Risk and Operations Management Department, Legal Compliance Department, Audit Center, Discipline Inspection Commission, and other departments of the Company regularly report their work goals and progress to the Audit Committee.

Sinopharm focuses on risk identification and early warning, preventing potential risks in advance, avoiding the occurrence of related risk events in advance, and reducing the probability and impact of risk events. This year, Sinopharm actively responded to the anti-corruption policies in the pharmaceutical industry, conducted self-inspection and self-correction of violations, and targeted training on clean practices in the pharmaceutical industry to standardize business operations and purify the industry ecosystem(Please refer to the section on “Integrity Construction” in this Report for details).

Sinopharm reviews the effectiveness of its risk management and internal monitoring system on an annual basis, evaluating all important monitoring aspects based on five internal monitoring elements: internal environment, risk assessment, control activities, information and communication, and internal supervision. This year, for the first time, we have included climate risk in the comprehensive risk management list of Sinopharm, evaluating the business impact and scope of impact brought by climate risk. In addition, the risk list also includes multiple ESG risks such as safety risks, environmental risks, quality risks, procurement, and supply chain management risks. In response to the identified major risks, the Group has developed targeted response plans and tracked and managed specific risks.

Sinopharm encourages employees to participate in the construction of the Company's risk management culture, improving the risk awareness and response ability of all employees. This year, the Group continued to improve its internal control manual, sorted out and completed the list of key processes for internal monitoring and control, and issued the *Comprehensive Risk Management Measures of Sinopharm* to standardize the objectives, principles, organization and division of labor, workflow, supervision and assessment of comprehensive risk management. In addition, this year, Sinopharm actively carried out compliance special training for subsidiary operation managers and internal monitoring professionals. The training assessment was scheduled after the training courses, and all 307 trainers passed the assessment.

Case: Sinopharm developed an online course on the theme of internal control

This year, Sinopharm has developed a total of 15 internal control training courses, with a total of 15.7 class hours. The courses 温 were jointly taught by internal and external instructors, systematically introducing the theory and practical operation of enterprise internal control. Employees can learn relevant courses through the “Sinopharm Cloud Learning”.

As of the end of this Reporting Period, the number of employees taking online course has reached 120,000 person-time. After class exams are set up for the training course, and all participants are required to pass the exams in order to complete this training.



the number of employees taking online course has reached

120,000 person-time

Responsible Disclosure

The Company strictly complies with the requirements of laws, regulations, and normative documents such as the *Company Law of the People's Republic of China*, the *Listing Rules of the Stock Exchange of Hong Kong Limited*, and the *Internal Information Disclosure Guidelines* of the Hong Kong Securities and Futures Commission. We regularly release annual/mid-term/quarterly (if applicable) reports, performance announcements, and sustainable development reports to ensure that all parties fully understand the financial and non-financial performance of the Company.

In order to ensure the standardized operation of the Company, safeguard the legitimate rights and interests of shareholders, creditors, and other stakeholders, the Company continues to strengthen information disclosure management and has formulated the *Sinopharm Listed Company Information Disclosure Management System* to standardize compliance procedures such as the content, scope, standards, and approval requirements of information disclosure by listed companies, strengthen the control of connected transactions and insider information, and improve the compliance management of listed companies in the Group.

Party Building

In 2023, Sinopharm adheres to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New era, fully implements the spirit of the 20th National Congress of the Communist Party of China, and implements the overall requirements of Party building in the new era. It effectively plays the leading role of the Party committee, guiding direction, managing the overall situation, and ensuring implementation, continuously promotes the quality and efficiency of the Party building work, and provides strong guarantees for the high-quality development of the Company.

Sinopharm has solidly carried out thematic education on studying and implementing Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, constantly improved the construction of grassroots party organizations, given full play to the battle fortress role of party branches and the vanguard and exemplary role of party members, and enhanced organizational and combat effectiveness. Sinopharm focuses on giving full play to the radiating and leading role of the "Party Building +" platform, promoting joint and common construction, integrating industry resources, building a communication platform, uniting and gathering employees, and safeguarding the legitimate rights and interests of employees.



Featured Topic

Two Decades of Excellence, with an Unwavering Dedication to the Future

In January 2003, in the era of further deepening state-owned enterprise reform, China National Pharmaceutical Group and Fosun Group formed a strong alliance and jointly invested in the establishment of Sinopharm, opening the way for the mixed ownership reform of large state-owned enterprises. Sinopharm has taken on the significant mission of deepening the mixed ownership reform of Sinopharm Group, and has also achieved innovation in the development system and mechanism of Sinopharm Group enterprises.

For the past twenty years, Sinopharm has always taken safeguarding People's lives and health as its responsibility, and leading the development of the pharmaceutical industry as its mission. It has steadfastly become stronger, better and bigger, and has created a benchmark and model for high-quality development of pharmaceutical enterprises in serving national strategies. In leading the progress and development of the industry, Sinopharm has interpreted the responsibility and responsibility of state-owned enterprises and central enterprises, continuously composing a new chapter of the high-quality development.

Twenty Year Milestone

Pioneer of Mixed Ownership Reform, Opening up a New Pattern

On 16 January, 2003, China National Pharmaceutical Group and Fosun Group jointly invested in the establishment of "China National Pharmaceutical Group Pharmaceutical Holdings Co., Ltd" (formerly known as Sinopharm), marking the first joint venture between a central state-owned enterprise and a private enterprise in the Chinese pharmaceutical commercial field. This initiative also pioneered the reform of mixed ownership in large state-owned enterprises.

In September 2009, Sinopharm was listed on HKEX, enhancing the Company's comprehensive strength while providing strong impetus for its future sustainable development, leading global investors to pay attention to China's medical and health industry.



Sinopharm Group Co., Ltd



Sinopharm was listed in Hong Kong

Network Expansion to Effectively Integrate the Industry Resources

Sinopharm closely follows national policies, conforms to the trend of marketization, scaling, and centralization in the pharmaceutical distribution industry, actively promotes the transformation and integration of China's pharmaceutical distribution industry, and gradually establishes a nationwide pharmaceutical distribution network. At the same time, Sinopharm has invested in the construction of an internationalized and modernized Sinopharm Shanghai logistics center, becoming the first enterprise in China to carry out third-party pharmaceutical logistics qualifications. It has opened up a nationwide integrated operation network and distribution system for pharmaceutical logistics, allowing patients to enjoy more convenient medical services.

- More than **600** logistics and warehousing outlets
- Business network covers **31** provinces, autonomous regions, and municipalities directly under the central government, with **7** cross provincial hubs located in Beijing, Shanghai, Guangzhou, Shenyang, Chengdu, Wuhan, and Urumqi
- Storage area of nearly **4** million square meters
- Nearly **5,000** logistics vehicles

Developing Retail and Safeguarding National Health with Original Aspiration

>> Social pharmacies represented by GuoDa Pharmacy are the frontline of Sinopharm's services to the health of the people.

Since its development in 2001, GuoDa Pharmacy has continuously expanded its network coverage, with nearly 10000 stores covering 20 provinces and cities across the country, and more than 40 million members. GuoDa Pharmacy fully leverages the characteristic of zero distance between the pharmacy and the people, providing professional and enthusiastic medical and health services to the public. During the prevention and control of COVID-19, GuoDa pharmacy fulfilled its social responsibility, coordinated the national resources, developed the "National Drug Posthouse" delivery mode, ensured the medication needs of the masses, safeguarded the safety of people's lives and their physical health.

- Nearly **10,000** stores have been established covering **20** provinces and cities across the country
- There are about **12,000** social pharmacies mainly composed of GuoDa Pharmacy and professional pharmacies mainly composed of Sinopharm SPS+
- More than **40** million members
- **35,000** employees



SPS+ Professional Pharmacy

>> SPS+ Professional Pharmacy Coverage "Last Mile"

In 2015, Sinopharm utilized its channel advantages to create a DTP (Direct-to-Patient) pharmacy model, shortening the supply chain and delivering urgently needed prescription and emergency medications from suppliers directly to patients. In 2017, Sinopharm took the "wholesale and retail integration" strategy as its lead, seizing the strategic opportunities of pharmaceutical separation, prescription outflow, and diversified drug sales terminals. Relying on its mature distribution supply chain, logistics network, and collaborative advantages of hospital customer resources, Sinopharm vigorously developed SPS+ professional pharmacy, and specialized drug services covered the "last mile".

Pharmaceutical and Mechanical Linkage, Innovation Driven Development

Medical equipment is an important material foundation for the medical and health industry. Sinopharm has accelerated its layout in the manufacturing of medical devices, achieving the distribution, service, and research and development of medical devices. We continue to promote Sinopharm's "drug device linkage" strategy, improve the performance of medical device services, and better serve the public health and well-being.

At the beginning of 2023, Sinopharm and General Electric China officially signed a joint venture agreement and launched the "Sinopharm Imaging/SINO IMAGING" brand at the end of November. The Sinopharm Imaging series of products will focus on the grassroots medical market, provide important support for serving the medical and health industry and the health needs of the people, and continuously meet People's new expectations for a better and healthy life.



Digital Transformation, Supporting Digital China

Sinopharm is fully promoting digital transformation, playing a leading role in building the core competitiveness of the digital pharmaceutical supply chain, and striving to form new breakthroughs in the field of digital technology in the pharmaceutical industry. 2021 is the first year of the implementation of Sinopharm's digital transformation strategy. The Board of Directors officially listed digital transformation as the "Number One Project", quickly building a unified digital business platform, and comprehensively improving the Company's organizational capacity and service efficiency.

In 2023, Sinopharm Xinguang's independently developed 4K endoscopic camera system and endoscopic LED cold light source were officially approved for medical device registration by the Beijing Medical Products Administration. The products achieve full chain 4K data flow control from collection, transmission, processing, and display. In terms of optical design and production technology, they reach the international leading level, allowing more high-quality medical products to benefit more patients.



Low Carbon Development, Promoting Green Transformation

Sinopharm actively responds to the national "dual carbon strategy", takes active actions to address climate risks and seize opportunities, and promotes green transformation of its business. In 2022, Sinopharm formulated and released a green logistics development strategy and overall goals, committed to taking the construction of green pharmaceutical logistics as an opportunity to continuously enhance the Company's green development standard system and market competitiveness.

- In 2022 and 2023, Sinopharm received an **A**-level rating in the MSCI ESG rating for two consecutive years.
- In 2023, the construction of the **first carbon-neutral demonstration zone** is about to be completed



Sinopharm Biology was awarded the title of Pioneer Enterprise in Digital Transformation of Shanghai's Pharmaceutical and Biological Industry in 2023



Two Decades of Excellence,
with an Unwavering
Dedication to the Future

Inheriting the Spirit of Sinopharm And Practicing The Responsibility Of Central Enterprises

Looking back at the more than 70 years of history and 20 years of development journey of Sinopharm, from its initial pharmaceutical procurement and supply station to its current leading enterprise in the pharmaceutical distribution industry, Sinopharm has always adhered to the original intention of "All for Health, Health for All", actively responded to national strategies such as rural revitalization and "Healthy China", and made every effort to ensure the supply of medical supplies in major events such as earthquake relief and epidemic prevention and control. It has successfully completed the emergency allocation and supply tasks of central reserve units and fulfilled the social responsibility of central enterprises.

In 1960

A major incident of 61 road workers suffering from food poisoning occurred in Pinglu County, Shanxi Province. At that time, as the predecessor of Sinopharm, the Beijing pharmaceutical procurement and supply station urgently allocated drugs, and quickly responded and cooperated with relevant units to prepare drugs. They were airdropped overnight to Pinglu County to protect the safety of the "61 class brothers".

In 2003

In the face of SARS, Sinopharm acted quickly and efficiently to organize the procurement, allocation, and shipment of medical equipment, ensuring smooth procurement, fast supply, reasonable prices, and reliable quality.

In 2008

Sinopharm immediately launched the emergency plan for storing disaster relief drugs and organized the delivery of disaster relief drugs to the earthquake-stricken area as quickly as possible. We efficiently arranged procurement plans for drugs with high demand and in the non-reserve drug scope to ensure drug supply.

In 2010

In 2010, Sinopharm made every effort to ensure the supply of emergency medical supplies for earthquake relief and medical reserves in Yushu County, Qinghai Province. At the same time, it carried forward the spirit of "one side facing difficulties, eight sides supporting" and extended a helping hand to the people in the disaster area.

In 2013

Sinopharm immediately launched the drug emergency support system, fully ensuring the use of drugs for earthquake relief in Ya'an.

In 2015

A major fire and explosion accident occurred in Tianjin, and Sinopharm immediately activated the emergency response plan for the major event, established an emergency response office, unified coordination of drug and equipment supply, coordinated resources, and ensured the supply of drugs and equipment.

In 2019

Sinopharm established a national controlled Jilin Jingyu Community Pharmacy in Jingyu County, Baishan City, Jilin Province. After the establishment of the pharmacy, it provided a drug assistance service with a total of 12000 impoverished households in 8 townships and 12 health centers in Jingyu County. Free drugs were distributed to local impoverished residents according to certain standards to make up for the shortage of local drugs.

From 2020 to 2022

Sinopharm formulated emergency plans as soon as possible after the outbreak of the COVID-19, relying on sea, land, and air relay transportation, coordinating the allocation of domestic and foreign resources, leveraging Sinopharm's logistics capabilities, and fully ensuring the supply of various medical supplies in Wuhan.

In 2022, at the critical moment of the shortage of prevention and control materials in Shanghai, Sinopharm responded quickly, gave full play to the advantages of the national medicine and equipment supply chain, carried out all-round work from the detection, prevention, treatment and other links of COVID-19, and provided a comprehensive material guarantee for all districts, hospitals, community front-line and enterprises and institutions in Shanghai. GuoDa Pharmacy has launched the "Drug Demand Management Platform", providing convenient online ordering services to ensure the medication needs of patients with chronic and special diseases.

*Two Decades of Excellence,
with an Unwavering
Dedication to the Future*

Based on the new starting point of its 20th anniversary development, Sinopharm continues to promote the "1-4-7" main strategy, transforming from an "integrator of the pharmaceutical distribution industry" to an "efficient pharmaceutical supply chain organizer and comprehensive service provider of the industrial chain", and delivering the answer sheet to serve the "Healthy China" strategy.



01

Implementing Responsibility Management and Strengthening the Foundation of Governance

As a participant in the pharmaceutical industry, Sinopharm continues to practice the concept of sustainable development, fulfill its corporate social responsibility, and provide the public with higher-quality medical and health services while achieving high-quality development. Sinopharm take ESG management as an important entry point to strengthen the level of corporate governance, establish a sound ESG governance structure, implement the supervision and decision-making of the Board of Directors on ESG matters, achieve regular communication with various stakeholders, and continuously strengthen management in areas such as integrity construction and information security, laying a solid foundation for the development of the enterprise.

Highly material issues addressed in this chapter

- Compliance Operations
- Corporate governance

Highlights in this chapter

- Completed the appointment of Chief Compliance Officer and establish Compliance Administrator
- Anti-corruption training coverage rate: **100%**
- Online legal compliance courses covered all-level and subsidiaries





Sustainable Development Strategy

Sinopharm has always adhered to the corporate philosophy of “All for Health, Health for All”, and is committed to becoming a premium technology-driven and innovative global pharmaceutical and healthcare service provider. We integrate the concept of sustainable development into the Company’s strategy, corporate management, and production operations, actively fulfilling various economic, environmental, and social responsibilities.



Corporate Philosophy

All for Health Health for All



Corporate Vision

Becoming a distinguished (technological and innovative) global pharmaceutical and healthcare service provider

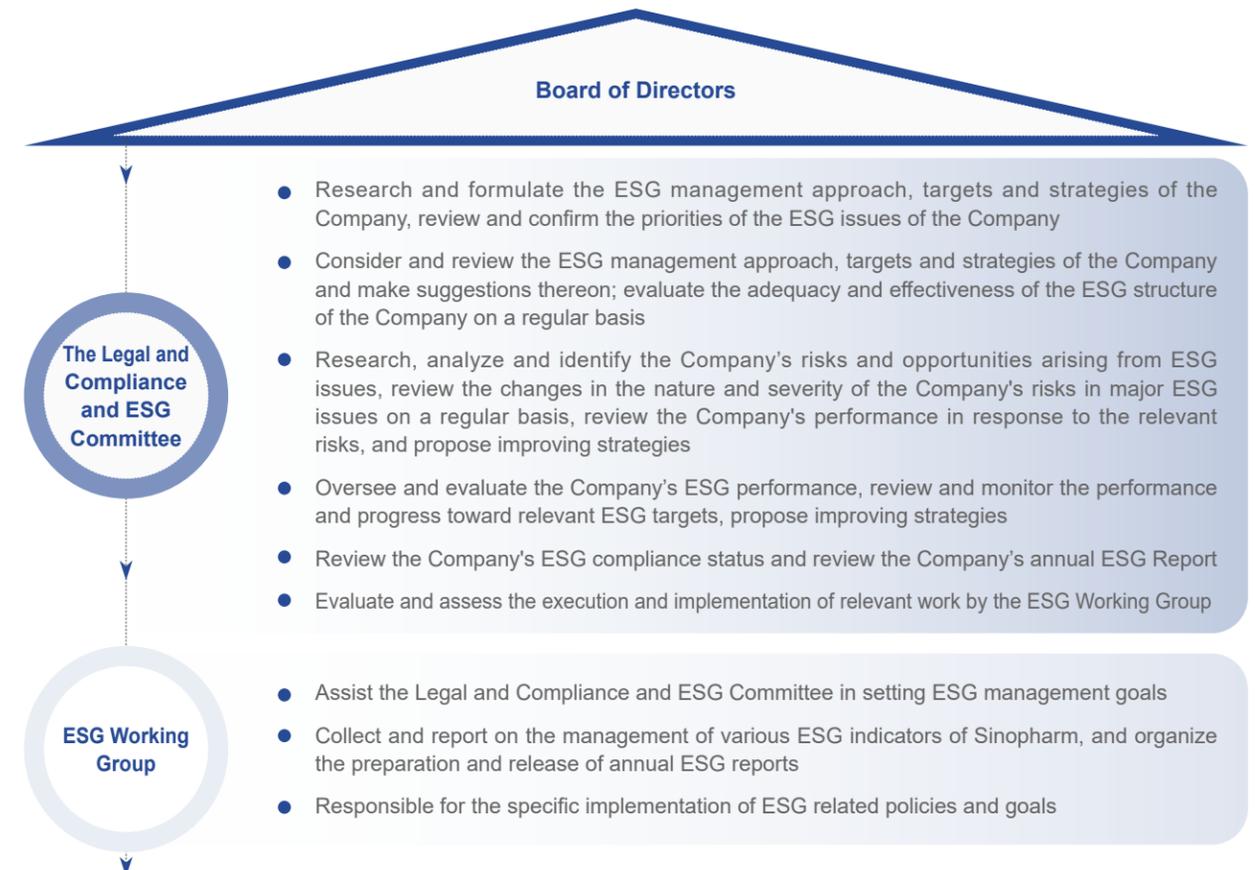
Sustainable Development Management

ESG Governance Architecture

Under the promotion of the Legal and Compliance and ESG Committee of Sinopharm, Sinopharm continues to strengthen communication with internal and external stakeholders and implement various ESG initiatives. Sinopharm has established a three-level ESG governance framework consisting of the Board of Directors, Legal and Compliance and ESG Committee, and ESG Working Group, and fully incorporates ESG responsibilities into the scope of responsibilities of various levels of organizations to ensure that ESG-related work is carried out in a standardized and orderly manner. The Legal and Compliance and ESG Committee of the Company is chaired by Mr. Yu Weifeng, an independent non-executive director, and two executive directors, Mr. Yu Qingming and Mr. Liu Yong, participate as members.

The ESG Working Group under the Legal and Compliance and ESG Committee is responsible for the specific implementation of ESG-related policies and objectives. The ESG Working Group is led by the vice president of the Company, and is composed of multiple department heads, including the board office, safety and environmental protection department, human resources department, Party affairs department etc. The relevant departments are jointly responsible for the specific implementation of ESG policies and goals. In 2023, in order to further strengthen the analysis and evaluation of the financial impact on ESG, the Company has added the finance department as a member of the ESG Working Group, to better strengthen coordination and cooperation within the ESG Working Group and ensure the effective implementation of ESG-related work.

In addition, we actively use quantitative evaluation to measure the implementation of ESG work. ESG responsibilities and indicators have been fully integrated into the Legal and Compliance and ESG Committee's scope of authority and are linked to the annual performance evaluation of directors and executives, including compliance operations, quality management, safety production, and other aspects, to ensure the effective management and implementation of all ESG work. At the same time, the Legal and Compliance and ESG Committee regularly evaluates and assesses the execution and implementation of ESG work by the ESG working group.



Board of Directors

- Research and formulate the ESG management approach, targets and strategies of the Company, review and confirm the priorities of the ESG issues of the Company
- Consider and review the ESG management approach, targets and strategies of the Company and make suggestions thereon; evaluate the adequacy and effectiveness of the ESG structure of the Company on a regular basis
- Research, analyze and identify the Company’s risks and opportunities arising from ESG issues, review the changes in the nature and severity of the Company’s risks in major ESG issues on a regular basis, review the Company’s performance in response to the relevant risks, and propose improving strategies
- Oversee and evaluate the Company’s ESG performance, review and monitor the performance and progress toward relevant ESG targets, propose improving strategies
- Review the Company’s ESG compliance status and review the Company’s annual ESG Report
- Evaluate and assess the execution and implementation of relevant work by the ESG Working Group

The Legal and Compliance and ESG Committee

ESG Working Group

- Assist the Legal and Compliance and ESG Committee in setting ESG management goals
- Collect and report on the management of various ESG indicators of Sinopharm, and organize the preparation and release of annual ESG reports
- Responsible for the specific implementation of ESG related policies and goals

Board Statement

The Board is the highest governance body for ESG issues of the Company and has overall oversight responsibility for ESG governance strategies and reporting, as well as overseeing ESG strategies and management policies formulation, ESG risk management, and ESG target reviews. 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 to the Board for review. During the Reporting Period, the Board evaluated the importance of ESG issues from a business risk perspective, and confirmed the results of the materiality assessment, to ensure our ESG work focusing on material ESG issues. For the process of Board assessment, prioritization, and management of important environmental, social, and governance-related matters, please refer to the “Risk Management” and “Stakeholder Communication” sections of this Report, which are also parts of this Board Statement. The sections “Risk Management” and “Stakeholder Engagement” of this Report are also parts of the Board Statement.

In addition, the Legal and Compliance and ESG Committee is responsible for studying and formulating ESG objectives related to the Company’s business and tracking and reviewing ESG performance and progress. The Board regularly listens to reports on ESG target management and considers and reviews the progress regarding ESG targets, which are closely related to business development, including compliance management, product and service quality, and safety production.

To further enhance the comprehensive ability level of the Board, the Company actively encouraged Board members to participate in professional training programs to improve their skills. During this Reporting Period, Board members participated in special training sessions on the *Overview of the Main Responsibilities of Directors and Supervisors, Key Points for Mergers and Acquisitions, Placing, and Continuous Related Transactions in Financial Services and Promoting the Comprehensive Strict Governance of the Party by Sinopharm*; Members of the Legal and Compliance and ESG Committee participate in training on ESG trends and regulatory responsibilities. In addition, the Company also timely updates the latest relevant legal and regulatory documents to the Board for reference and research, continuously strengthening the compliance awareness and performance ability of the board members.

Analysis of Material Issues

Sinopharm attaches great importance to the impact of the environment, society, and economy on the Company's operations and stakeholders, actively identifies important issues related to Sinopharm, and the Legal and Compliance and ESG Committee reviews the annual analysis results of important issues. In 2023, based on disclosure and rating standards, Sinopharm formed a database of material issues based on its own business characteristics and operational status, and drew on the experience and practices of global peers. Through a questionnaire survey, we collected 259 questionnaires from stakeholders such as directors, supervisors, executives, investors, and employees, and identified 25 material issues.

01

Issue identification and database of material issues formulation

A comprehensive review of the progress and achievements of Sinopharm's ESG work, mainly referring to the combination of

- The focus of internal and external stakeholders and capital markets on the sustainable development of Sinopharm;
- The main standards and initiatives for ESG report disclosure include the *ESG Reporting Guide* of the Hong Kong Stock Exchange, TCFD framework, GRI standards, and the *ESG Indicator System* of SASAC;
- Sustainable development practices and ESG development trends of leading domestic and international peers.

02

Stakeholder questionnaire survey

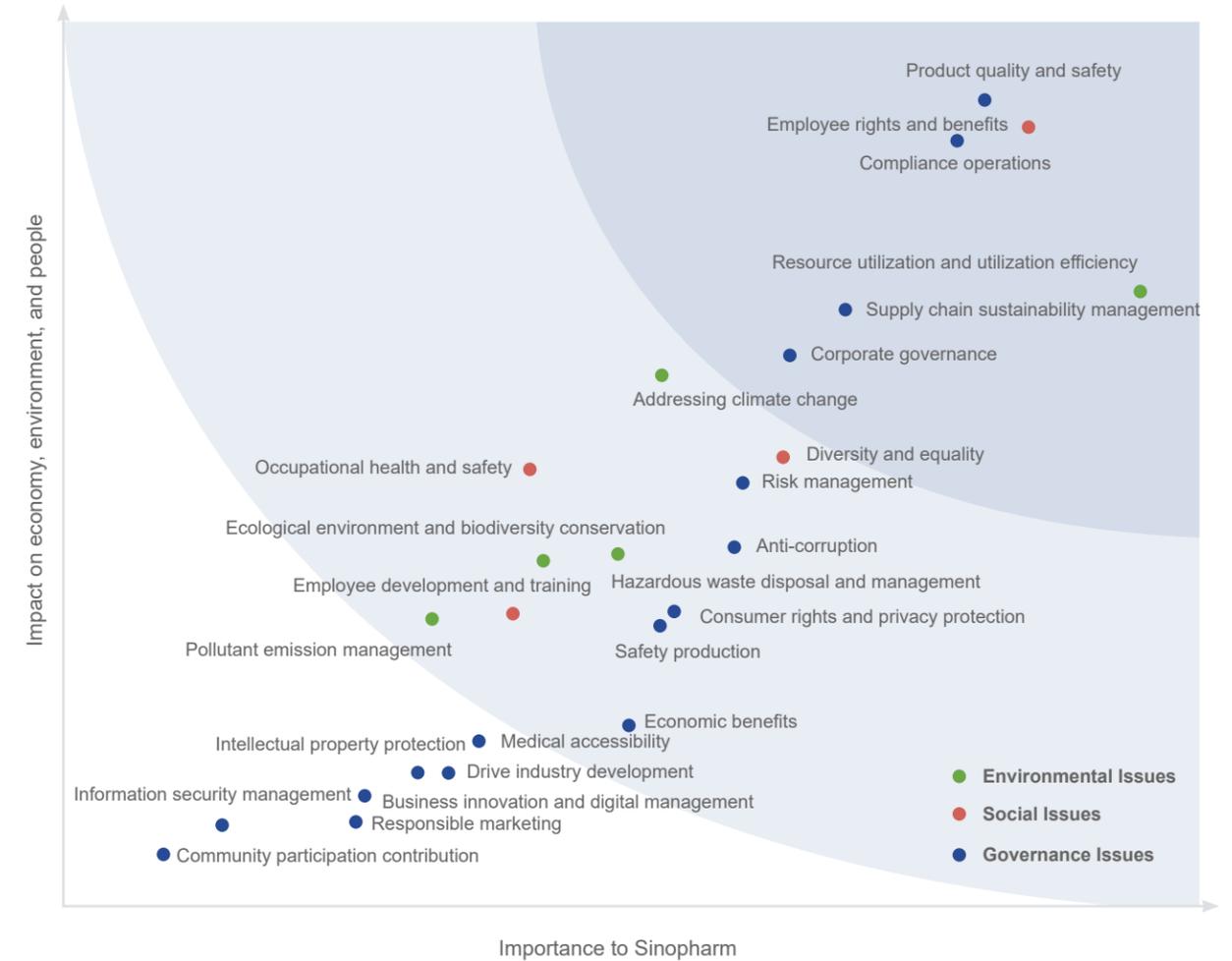
Conduct research on internal and external stakeholders of Sinopharm through online and offline methods to understand their concerns and importance ranking.

03

Ranking of material issues and formation of materiality matrix

Identify the degree of impact of issues from the dimensions of "importance to Sinopharm" and "impact on the economy, environment, and people", and rank the issues to form a materiality matrix. The matrix result has been reviewed by the Board of Directors.

Sinopharm 2023 Materiality Matrix



Governance Issue

- Product quality and safety
- Compliance operations
- Supply chain sustainability management
- Corporate governance
- Risk management
- Anti-corruption
- Consumer rights and privacy protection
- Safety production
- Economic benefits
- Medical accessibility
- Drive industry development
- Intellectual property protection
- Business innovation and digital management
- Responsible marketing
- Information security management
- Community participation contribution

Social Issue

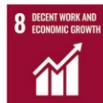
- Employee rights and benefits
- Diversity and equality
- Occupational health and safety
- Employee development and training

Environmental Issue

- Resource utilization and utilization efficiency
- Addressing climate change
- Hazardous waste disposal and management
- Ecological environment and biodiversity conservation
- Pollutant emission management

Responding to the United Nations Sustainable Development Goals

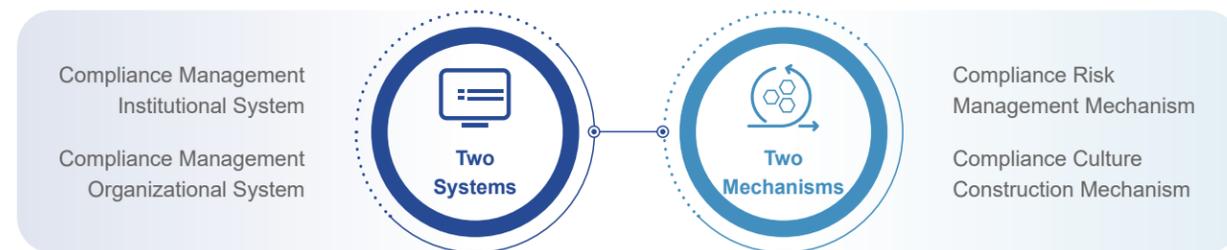
SDGs	Corresponding importance issues	Sinopharm's Action	Progress in 2023
	<ul style="list-style-type: none"> Community participation contribution 	<ul style="list-style-type: none"> Efforts will be made to promote the effective connection between the success of poverty alleviation and rural revitalization, with medical assistance and infrastructure investment as the entry points, to promote industrial development and ensure the basic livelihood of people in poverty-stricken areas 	<ul style="list-style-type: none"> Provided targeted assistance funds of RMB 4.15 million to Zhiduo County in Qinghai Province and Jingyu County in Jilin Province Purchased nearly RMB 4.4 million of rural revitalization assistance agricultural products throughout the year
	<ul style="list-style-type: none"> Medical accessibility Occupational Health and Safety 	<ul style="list-style-type: none"> Building SPS+ professional pharmacies to improve the convenience of medical services and provide consumers with more professional medical services Pay attention to rare disease groups, establish rare disease care centers, and provide full cycle care services such as medication treatment management, patient education, and disease course care for rare disease patients Improve medical accessibility, promote the approval and listing of innovative drugs and the sinking of affordable drugs, allowing the public to enjoy more convenient and affordable medical services Improve the occupational health management system, provide employees with sound welfare guarantees, implement safety production responsibilities, pay attention to occupational disease prevention and control, and safeguard employee occupational health and safety 	<ul style="list-style-type: none"> Jointly established Dongguan SPS+Sinopharm Professional Pharmacy Rare Disease Care Center with the "Guan Jia Fu" Joint Insurance Body, covering 24 rare disease treatment drugs Built a DPT integrated service platform to serve patients with major and chronic diseases
	<ul style="list-style-type: none"> Community participation contribution Drive industry development 	<ul style="list-style-type: none"> Pay attention to the education industry and regard safeguarding the right to education as an important area for rural revitalization assistance Actively carry out industry university research cooperation, rely on industrial advantages, and jointly promote the development of higher education 	<ul style="list-style-type: none"> Carried out industry university research cooperation with universities such as China Pharmaceutical University and Jiangnan University
	<ul style="list-style-type: none"> Diversity and equality Employee development and training 	<ul style="list-style-type: none"> Create a diverse and equal workplace environment, strictly implement regulations on maternity and lactation leave for female employees, and safeguard the legitimate rights and interests of female employees Adhere to equal pay for equal work and gender equality in the workplace, and support the career development of female employees 	<ul style="list-style-type: none"> Female employee ratio: 62.54% Proportion of female managers: 50.66%
	<ul style="list-style-type: none"> Community participation contribution 	<ul style="list-style-type: none"> Support the construction of rural health systems, rely on business advantages to provide precise assistance, ensure the accessibility of medical care and medication for local residents, and assist in the development of rural health undertakings 	<ul style="list-style-type: none"> Donated medical supplies to targeted assistance areas
	<ul style="list-style-type: none"> Resource utilization and utilization efficiency Addressing climate change 	<ul style="list-style-type: none"> Continuously promote the application of energy-saving equipment, increase the proportion of clean energy usage, explore clean energy usage scenarios, build green infrastructure for pharmaceutical logistics, and reduce energy consumption 	<ul style="list-style-type: none"> Improved resource utilization efficiency, increase the proportion of renewable energy usage, and optimize energy structure

SDGs	Corresponding importance issues	Sinopharm's Action	Progress in 2023
	<ul style="list-style-type: none"> Diversity and equality Employee Development and Training Employee rights and benefits 	<ul style="list-style-type: none"> Provide and create employment opportunities, provide stable job opportunities for employees, and offer competitive compensation Strictly abide by various laws and regulations, protect employee rights and interests, and standardize employment Building a comprehensive talent training system to provide employees with broad growth opportunities 	<ul style="list-style-type: none"> Employee training coverage rate: 100% Average training time: 64.9 hours
	<ul style="list-style-type: none"> Drive industry development Intellectual property protection 	<ul style="list-style-type: none"> Actively respond to the "Digital China" strategy, promote digital transformation, encourage technological innovations, and expand innovation cooperation 	<ul style="list-style-type: none"> Continuously promoted digital transformation and logistics integration construction
	<ul style="list-style-type: none"> Diversity and equality Compliant operations Employee rights and benefits 	<ul style="list-style-type: none"> Strictly eliminate the occurrence of child labor, forced labor, and other behaviors, and provide equal employment and promotion opportunities for employees of different genders, ages, ethnicities, and backgrounds 	<ul style="list-style-type: none"> No incidents of child labor, forced labor, or discrimination occurred throughout the year
	<ul style="list-style-type: none"> Community participation contribution 	<ul style="list-style-type: none"> Actively participate in social welfare activities, carry out convenient activities such as medical science popularization, care for different groups such as teenagers and the elderly, and participate in creating a harmonious community environment 	<ul style="list-style-type: none"> The total number of hours employees participated in volunteer activities was 49,648 hours 5,238 person-time participated in volunteer activities
	<ul style="list-style-type: none"> Product quality and safety Responsible marketing Compliant operations Safety production 	<ul style="list-style-type: none"> Advocate for sustainable production and consumption, and encourage the use of green and environmentally friendly packaging materials Practice the concept of responsible marketing, carry out various marketing activities in accordance with the law and regulations, and provide responsible marketing training to employees 	<ul style="list-style-type: none"> No major negative events that affected customer health and safety
	<ul style="list-style-type: none"> Addressing climate changes Resource utilization and utilization efficiency Pollutant emission management Ecological environment and biodiversity conservation 	<ul style="list-style-type: none"> Actively respond to the national "dual carbon strategy", formulate and promote the development strategy of green logistics, and promote the orderly implementation of key projects Building a green pharmaceutical logistics infrastructure, optimizing energy structure, building a digital management platform, and improving production and transportation efficiency Promote the construction of green supply chains and encourage suppliers to use more environmentally friendly raw materials 	<ul style="list-style-type: none"> The first carbon neutral logistics park of Sinopharm will be built soon

Compliance Management

The Group adheres to the concept of integrity, innovation, and compliance with the law, strictly complying with laws and regulations such as the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Compliance Management Measures for Central Enterprises*, and the *Interim Provisions on Prohibiting Commercial Bribery*. In 2023, the Company did not violate any relevant laws and regulations.

Sinopharm has established a "Two Systems, Two Mechanisms" compliance management system, which includes compliance management institutional system, compliance management organizational system, compliance risk management mechanism, and compliance cultural construction mechanism. The Company regularly reviews and improves its compliance management system and supervises its subsidiaries to promote compliance management system construction. We strengthen the effectiveness of compliance management at all levels, ensure that compliance risk control is in line with the Company's business development goals, and guarantee the Company operates in a continuous standardized manner to achieve high-quality development



Compliance System

Sinopharm has established a standardized and sound compliance management system. In terms of institutional system, Sinopharm has established systems such as the *Sinopharm Legal Compliance Management System* and the *Sinopharm Compliance Operations Manual*, and regularly updates and improves them based on legal and regulatory requirements and the Company's internal compliance management situation. It promotes to all employees of the headquarters and all subsidiaries at all levels to ensure the effective transmission of various compliance management standards. This year, Sinopharm strengthened the construction of the "three lines of defense" for compliance management, improved the compliance management system, and improved the compliance management operation mechanism, ensuring the efficient operation of the compliance systems of all secondary companies.

Progress in 2023

Institutional system

- Developed and issued the *Sinopharm Co., Ltd Anti-bribery Guidelines* and the *Three Compliance Management Lists for Sinopharm*
- Updated the *Management Measures for Tendering and Procurement of Sinopharm* and the *Prevention and Control List of Key Compliance Issues*

Management system

- Completed the appointment of Chief Compliance Officer
- Appointed Compliance Administrators

In terms of organizational system, Sinopharm has established a top-down compliance management organizational structure to ensure that the responsibilities and obligations are continuously fulfilled by the governance level, management layer, and executive level. The sound organizational structure provides a solid guarantee for the effective implementation of compliance work. In 2023, we sorted out and improved the responsibilities and key processes of key positions, actively identified various risk issues, implemented compliance requirements in our positions and embed them in our processes, focused on procurement, marketing, equity investment, fund management, and key areas of engineering projects, carried out self-assessment of compliance management, and ensured the effective implementation of compliance management work.



Compliance Mechanism

The Company has established a comprehensive compliance risk management mechanism, including five aspects: compliance risk identification and control mechanism, compliance review and reporting mechanism, compliance inspection and rectification mechanism, compliance accountability mechanism, and compliance management performance evaluation mechanism. In 2023, the Company did not find any corruption lawsuits filed against the Company or its employees that have been concluded.

Compliance risk identification and control mechanism

- Regularly analyze and evaluate risk importance indicators, establish a *Key Compliance Issue Prevention and Control List*, and control risks based on their likelihood, impact, and potential consequences.

Compliance review and reporting mechanism

- Conduct compliance reviews of major decisions, economic contracts, etc.; various professional lines within the company, such as internal audit, legal, and discipline inspection, establish a coordinated supervision mechanism; the leading compliance department regularly reports compliance management to the Board.

Compliance inspection and rectification mechanism

- Regularly develop compliance inspection plans, conduct compliance investigations on subsidiary companies annually (including on-site compliance inspections and legal research), supervise the development of rectification plans, and ensure the establishment of a regular rectification and tracking mechanism.

Compliance accountability mechanism

- Every year, sign the Compliance and Integrity Responsibility Agreement with various departments and subsidiaries, establish a punishment mechanism for violations, clarify the scope of responsibility for violations, and refine punishment standards.

Compliance management performance evaluation mechanism

- Incorporate the compliance management situation into the annual comprehensive assessment, and deduct performance from departments or individuals that generate compliance management risk events.

comprehensive compliance risk management mechanism

Main measures for compliance management

- Develop an annual compliance inspection plan and collaborate with various functional management departments (including the Legal and Compliance Department, Risk and Operations Management Department, Quality Management Department, Finance Department, Funds Department, Safety and Environmental Protection Department, etc.) to carry out comprehensive compliance inspections according to the plan
- Establish a *Key Compliance Issues Prevention and Control List* every year to ensure that risk management complies with the updated laws and regulations, compliance priorities and regulatory requirements of the pharmaceutical industry and state-owned enterprises, and help to accurately control compliance risks
- Continuously push legal and compliance related training and promotional content to all employees through online platforms, and online legal and compliance courses have covered all levels subsidiaries

Progress in 2023

- Conduct comprehensive compliance checks on 20 key subsidiaries
- Organize 7 on-site legal and compliance education and training sessions
- Conduct 8 training activities on topics such as compliance, contracts, and advertising law
- 100% participation rate in legal course related training organized by the State-owned Assets Supervision and Administration Commission
- Organize and carry out the "Constitution Propaganda Week" themed publicity and learning activities

Business Ethics

Adhering to business ethics and creating a fair and just business environment is not only the responsibility of enterprises, but also an important foundation for creating long-term commercial value. Sinopharm has formulated the *Measures for the Management of Disciplinary Inspection Commission Complaints and Problem Clues (Trial)*. In 2023, Sinopharm updated its *Anti- Commercial Bribery Guidelines*, which apply to all employees and business partners (suppliers, etc.) of the Company, and clearly prohibit commercial bribery. In addition, the Company attaches great importance to establishing and improving a reporting mechanism. In accordance with the relevant requirements of the Hong Kong Stock Exchange, the Company has formulated the *Reporting Policy of Sinopharm*, which clearly stipulates the reporting requirements, reporting scope, investigation process, and whistleblower protection measures. Sinopharm encourages employees, customers, suppliers, and other partners to report any improper behavior that violates business ethics standards or laws and regulations. The Company accepts anonymous reports and strictly maintains the confidentiality of the whistleblowers' information. Any form of retaliatory action is strictly prohibited to ensure transparency and smoothness in the reporting channel. The Company willingly subject itself to supervision from all relevant stakeholders. For complaints under review, the Audit Committee receives regular or special reports and has the authority to access and supervise the progress and outcomes of the reported matters and their handling at any time.



Reporting email of Sinopharm

whistleblow@sinopharm.com

The whistleblower can also report through letters, visits, phone calls, and other means

Integrity Construction

The Company regularly provides compliance and anti-corruption training for the Board of Directors, management, and employees, including lecture sharing, case sharing, and compliance testing, committed to spreading a culture of integrity to all levels of the Company's organizations. During the Reporting Period, members of the Board of Directors have studied materials related to promoting strict governance of the Party and clean and compliant operations by Sinopharm. The Company also engages in communication meetings with suppliers to ensure their compliance with various regulatory requirements.

During the Reporting Period, Sinopharm further enriched the training forms and channels. In addition to lectures and warning meetings, it also carried out integrity training activities such as watching warning educational films, micro video shooting, "Breeze in April" theme activities, WeChat official account dissemination, and holding honest cultural works exhibition. At the same time, a compilation of typical cases for the construction of a clean culture has been compiled and issued to strengthen the awareness and initiative of employees at all levels towards clean and compliant operations in the form of cases.

- 01 » • The Legal Compliance Department, the Disciplinary Review Office, and the Petition Office jointly review the content of the reports to determine the nature of the incidents and whether further investigation is warranted, as well as the department responsible for handling them
- 02 » • If further investigation is required, the handling department should conduct investigation and develop a preliminary handling plan
- 03 » • Take handling measures and report to the Audit Committee
- 04 » • The Audit Committee will respond to the whistleblower (if available) through the handling department, inform them if they will conduct further investigation, and, where appropriate, inform them of the actions they have taken or will take or the reasons for not conducting an investigation.

The reporting and handling process of Sinopharm's reporting policy



Reporting retaliation prevention measures

- All reasonable steps should be taken to ensure that whistleblowers are treated fairly, including avoiding unfair dismissal, victimization, or unjustified disciplinary action.
- The Group reserves the right to take appropriate action against any person who retaliates or threatens to retaliate against an honest whistleblower.



02

Quality as a Priority, Serving Healthy China

Sinopharm is committed to ensuring pharmaceutical accessibility and serving the “Healthy China” strategy. Adhering to the philosophy of “continuous improvement”, the Company continuously improves its quality management system, and standardizes the production, transportation, and business activities of drugs and medical devices. By instilling a sense of quality awareness among all staff members and rigorously controlling the quality of products and services, we aim to create a quality management system that covers the entire lifecycle. This ensures the delivery of higher quality products and services to customers and society, guarantees the accessibility of medicines, and serves the Healthy China.

Highly material issues addressed in this chapter

- Product quality and safety

Highlights in this chapter

100% coverage of employee quality training

ISO 9001 quality system coverage rate of secondary subsidiaries: **100%**

Subsidiaries at all levels conducted a total of **25,953** training sessions

Accumulated training of **811,717** person-time



Product Quality Management

Sinopharm has always attached great importance to quality management, established a sound quality management system, strictly controlled the quality of pharmaceutical products and logistics, created a quality culture atmosphere throughout the Company, took multiple measures to ensure quality and safety, and prevented quality and safety risks of products during procurement, storage, and transportation.

Quality Management System

Sinopharm has a dedicated quality management department and has established a quality management system covering the entire lifecycle, including standardized quality management systems, internal review systems, setting quality risk management goals, building a quality management culture, and providing quality management training. In 2023, Sinopharm conducted a comprehensive review of its quality management documents in accordance with national and industry policy directions as well as business arrangements. This was to ensure the timeliness of quality management system policies, clarify internal quality management requirements, and better coordinate and guide production and operation activities to meet customer and regulatory requirements.



Added

6

new quality management documents



Revised

83

existing quality management documents

Sinopharm continues to promote the certification of the ISO 9001 integrated quality system, ensuring the Company's quality management level through quality management systematization and standardization. As of the end of this Reporting Period, the ISO9001 integrated quality system has covered all secondary subsidiaries of Sinopharm. At the same time, Sinopharm has established a sound quality target responsibility system and assessment mechanism and formulated a *Quality Target Responsibility Agreement* including differentiated business formats such as pharmaceutical distribution, pharmaceutical logistics, medical devices, and pharmaceutical manufacturing. In order to better supervise the implementation of quality management responsibilities and objectives and ensure the orderly operation of the quality management system, Sinopharm regularly conducts quality audits on its subsidiaries, inspects quality issues, and urges rectification.

Completed follow-up reviews of the ISO 9001 systems for

14

subsidiaries

Advanced the integration of ISO 9001 certification system for

6

secondary and subsidiary companies

ISO 9001 quality management system coverage rate for secondary subsidiaries:

100%

Signing rate of *Quality Target Responsibility Agreement* for secondary subsidiaries and subordinate companies:

100%

In addition, Sinopharm attaches great importance to quality risk management and regards quality risk as an important component of quality management. In 2023, Sinopharm comprehensively sorted out the risk levels, conducted quality audits on 85 subsidiaries based on factors such as business format, scale, and business scope, combined with public opinion events and supervision and inspection by regulatory authorities, provided guidance on rectification, and tracked the rectification situation to ensure that quality issues were effectively resolved. For quality incidents that have already occurred, Sinopharm strictly follows the *Management Measures for Quality Event Accountability of Sinopharm Co., Ltd.* and implements quality management assessment requirements. During this Reporting Period, Sinopharm did not encounter any major quality issues.

Pharmaceutical Quality Management

Sinopharm continues to strengthen pharmaceutical quality management, ensuring medicine safety and safeguarding the lives and health of the public. Sinopharm strictly abides by laws and regulations such as the *Drug Administration Law of the People's Republic of China*, the *Vaccine Administration Law of the People's Republic of China*, the *Regulations on the Supervision and Administration of Drug Operations and Use Quality*, the *Implementation Regulations of the Drug Administration Law*, the *Quality Management Standards for Drug Operations*, the *Drug Recall Management Measures*, the *Medical Device Supervision and Administration Regulations*, and the *Medical Device Business Quality Management Standards*. Sinopharm has formulated policies such as the *Drug Transportation and Delivery Management Regulations*, the *Carrier Management Regulations*, the *Drug Acceptance Management Regulations*, the *Drug Receipt Management Regulations*, and the *Drug Storage Management Regulations* to standardize the safety and quality management of the entire process of drugs from transportation to delivery, and then to storage. In response to the recall incident of drug quality issues, Sinopharm has formulated the *Procedures for Drug Recall and Retrieval Management*, the *Sales Return Management Regulations* and other systems. In case of emergency, the recall process should be initiated as soon as possible, and relevant suppliers and manufacturers should be immediately notified to communicate, requiring them to actively cooperate in handling product quality related matters and minimize the scope of impact to the maximum extent. During this Reporting Period, the percentage of products that need to be recalled due to quality issues in the total number of products sold or shipped by the Company was 0.249%².



At the same time, Sinopharm timely issues new or revised internal management systems in accordance with requirements, norms, and business development. This year, Sinopharm revised the *Procedures for Drug Recall and Retrieval Management* based on laws and regulations such as the *Regulations on the Supervision and Administration of Drug Operations and Use Quality*, the *Quality Management Specifications for Medical Device Operations Appendix: Quality Management for Enterprises Providing Medical Device Transportation and Storage Services*, the *Regulations on Supervision and Management of Enterprises Implementing the Main Responsibility for Quality and Safety of Medical Devices*, and *Measures for the Connection between Administrative Law Enforcement and Criminal Justice in Drug Administration*, etc. The revisions clarified requirements for supervision, destruction, and recall of imported vaccines, further improving the drug quality management system, and ensuring that drug quality is controlled throughout the entire process.

During this Reporting Period:



conducted

7,084

internal self-inspection of drug quality



4,563

times of supervision and inspection by regulatory authorities

² In 2023, all specifications and batch numbers of calcium carbonate D3 tablets produced by Beijing Langdi Pharmaceutical Co., Ltd. (formerly known as Beijing Zhendong Langdi Pharmaceutical Co., Ltd.) and entrusted to Shanxi Zhendong Pharmaceutical Co., Ltd. by Beijing Langdi Pharmaceutical Co., Ltd. were recalled. Sinopharm strictly adheres to relevant regulatory and internal management systems, maintains a highly responsible attitude towards patients, relies on strong supply chain and logistics management capabilities, and fully cooperates with pharmaceutical companies to complete drug recalls with quality issues in a timely manner.

Logistics Quality Management

Standardized product transportation is one of the key links to ensure product quality. For logistics quality management, Sinopharm has formulated management systems such as the *Cold Chain Commodity Management Regulations*, the *Transportation and Delivery Management Regulations*, the *Vaccine Carrier and Distribution Management Regulations*, and the *Temperature Control Product Transportation Management Regulations*. In 2023, in order to further meet practical work needs, Sinopharm updated multiple systems, including the *Warehouse Resource Pool Management Measures* and the *Transportation Transfer Warehouse Management System*, in a targeted manner. At the same time, measures such as conducting innovative project research, implementing employee training, promoting collaborative business, and refining logistics management have been taken to further enhance the level of logistics quality management in enterprises.

Innovation research	»	Organized and carried out quality management innovation projects such as thermometer management optimization projects
Training and education	»	Invited industry experts from consulting firms and auditing agencies to provide training on regulatory changes, job qualifications, and high-risk issues, in order to improve employee quality and risk awareness
Multi warehouse collaboration	»	Cooperated with the Shanghai Drug Evaluation and Verification Center, participated in the preparation and release of the <i>Management Standards for Multi warehouse Coordination and Collaborative Operations of Drugs</i> , established unified standards for multi-warehouse operations in multiple regions of Shanghai, Zhejiang, Jiangsu, and Anhui, and jointly promoted the development of multi-warehouse collaborative businesses
Lean management	»	Set up specialized vehicles for anesthetic drugs, psychotropic drugs, and other special drugs, and implemented a two-person handover system for all special drugs Created a special drug delivery app and used it to verify the handwriting of the recipient after delivery is completed

In addition, Sinopharm continued to promote the integration of logistics construction. Building upon the digitization of logistics infrastructure, service levels, logistics costs, and operational control, efforts are underway to advance the construction of various digital logistics and transportation management platforms, including IoT, order management systems, and integrated warehouse distribution platforms. This strengthened the digital management capabilities of logistics transportation and enhanced the efficiency and quality of logistics operations.

Quality Culture Development

Sinopharm has always been committed to promoting quality culture construction within the Company, with quality concepts as the core, cultivating employee quality awareness, unifying employee values, forming cohesion and centripetal force within the Company, and promoting employees at all levels to consciously fulfill quality obligations.

This year, pre-implementation training has been organized to ensure that employees fully understand and strictly comply with the new laws and regulations in response to the newly issued *Measures for the Supervision and Management of the Quality of Drug Operation and Use*. At the same time, various quality training activities were organized at the headquarters and various levels of subsidiaries to strengthen quality awareness and improve quality skills. During this Reporting Period, the Company conducted quality training for all employees.

In 2023:

A total of
26 trainings were conducted throughout the year,

with a total of
20,000 person-time trained

Companies at all levels have participated in external training

2,999 times,

with a total of
35,646 person-time trained

Subsidiaries at all levels conducted a total of

25,953 training sessions,

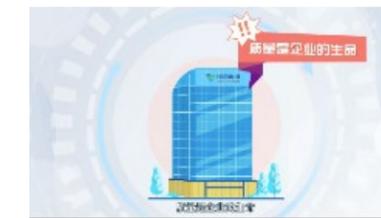
with a total of
811,717 person-time trained

Case: Sinopharm's "Quality Month" series of activities

In 2023, Sinopharm continued its tradition by organizing a series of "Quality Month" activities with the theme "Building a Strong Enterprise through Quality, Involving Everyone, Strengthening Awareness, and Safeguarding Progress." This event attracted nearly 39,000 participants, effectively enhancing the professional knowledge and capabilities in quality management across the Company.

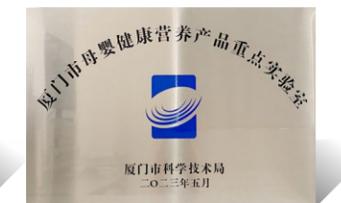


Promotion video of "Quality Month" by Sinopharm



Sinopharm's "Quality Month" Poster

To further implement targeted quality improvement actions, enhance employee autonomy and enthusiasm in quality management, and stimulate employee creativity, this year Sinopharm organized a total of 59 quality management teams in our subsidiaries at all levels, encouraging each team to carry out various quality management innovation activities. As of the end of this Reporting Period, Sinopharm has won a total of 1 national-level quality management achievement award, 1 municipal level quality management achievement award, and a total of 20 quality related honors at or above the municipal level (such as Excellent Professional Pharmacist, Quality Award, Excellent Unit, etc.).



Subsidiaries of Sinopharm have been awarded honors related to quality



Some employees of Sinopharm were awarded the title of Excellent Professional Pharmacist in Liaoning Province

Ensuring the Accessibility of Medical and Healthcare

Relying on a well-established modern logistics system, Sinopharm actively and continuously guarantees the supply of urban, rural, and pharmaceutical resources nationwide, promotes the launch of innovative drugs, promotes retail transformation, and provides customers with higher-quality medical products and services.

Caring for Rare Disease Communities

Sinopharm has always adhered to the original intention of "All For Health, Health For All", fully ensuring the safety of medication and the health of the people, and continuously enhancing the sense of gain and happiness in the construction of "Healthy China" for the public. Sinopharm focused on the rare disease community, focusing on issues such as low accessibility to medication and limited medical resources for rare disease patients. It actively provides suggestions and recommendations to promote policy establishment and industry development, aiming to make rare diseases no longer "rare."

Case: Sinopharm SPS+Professional Pharmacy Building Rare Disease Care Center

China has over 20 million rare disease patients, with over 200,000 new patients added each year. The interweaving of difficulties such as difficult diagnosis, limited treatment methods, and limited availability of drugs has put this increasingly large group in a predicament. In terms of medication, statistical data shows that rare disease patients have an average annual self-funded treatment cost of over RMB 50,000, and nearly 15% of patients are forced to stop treatment because they cannot afford medical expenses.

In June 2023, Sinopharm and Wanjiayu jointly established the Dongguan SPS+ Sinopharm Professional Pharmacy Rare Disease Care Center, aiming to provide "one-stop" management services for rare disease groups, enhance the attention and awareness of rare diseases in the whole society, and enhance everyone's awareness of rare disease prevention and control. In September 2023, the "Qingyuan Rare Disease Care Center" set up at the Qingyuan Pharmacy of Sinopharm was officially unveiled and established. This center is the first "Rare Disease Care Center" established in Qingyuan City and also the third municipal rare disease care center construction participated in by Sinopharm in Guangdong Province.

As of the end of this Reporting Period, the Dongguan SPS+ Sinopharm Professional Pharmacy Rare Disease Care Center has covered 24 types of rare disease treatment drugs. Focusing on addressing the treatment challenges of rare disease patients, it provides comprehensive care services including medication management, patient education, and disease management throughout the course of illness. This ensures that rare disease patients receive appropriate medical treatment, medications, and medical insurance.



Awarding Ceremony of Dongguan Rare Disease Care Center

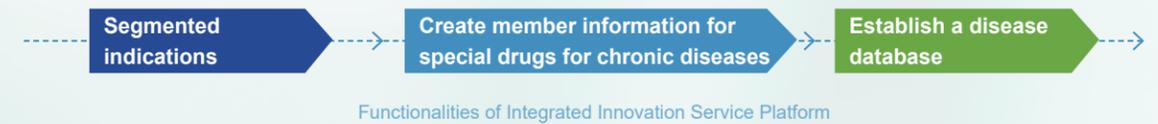


Awarding Ceremony of Qingyuan Rare Disease Care Center

SPS+ Sinopharm Professional Pharmacy upholds the mission of "All for Health, Health for All", putting compassion for "the few" into action. It advocates for social understanding, respect, and care for the rare disease community.

Safeguarding Access to Novel Pharmaceuticals

This year, Sinopharm responded to the national policy of "pioneering and piloting" in the free trade zones by establishing integrated service zones in Hainan, Guangzhou, and Tianjin ports. This initiative aims to create a coordinated mechanism for piloting and advancing services, specifically targeting the innovative drug needs of suppliers. As a result, numerous projects for introducing innovative drugs have been successfully implemented, meeting the needs of patients. Additionally, Sinopharm has developed an integrated innovative service platform called DTP (Direct to Patient), which combines innovative payment models to effectively enhance the accessibility of innovative drugs and medication management for patients with major and chronic diseases.



Medical and Healthcare Assistance

The B2B platform of Sinopharm relies on the nationwide business layout and robust logistics distribution system of Sinopharm to facilitate medication penetration, reduce public medication costs, and improve medical and healthcare accessibility. As of the end of this Reporting Period, the platform has covered 30 provinces nationwide, serving over 320,000 terminal customers across more than 230 prefecture-level cities. The platform offers a wide variety of products, with over 110,000 items available online, including OTC drugs, prescription drugs, and medical devices, meeting public health needs from multiple dimensions such as pharmaceuticals, medical devices, and big health products.

the platform has covered
30 provinces nationwide

serving over
320,000 terminal customers across
more than
230 prefecture-level cities

with over
110,000 items available online

Case: Sinopharm Helped Promote the Development and Upgrading of Social Security in Multiple Regions

Taking urban welfare insurance as an example, Sinopharm has deeply participated in various inclusive insurance projects, including Beijing "Jinghui Insurance", Shanghai "Huhui Insurance", Taiyuan "Wanhu Health Insurance", Chongqing "Yukuai Insurance", Tianjin "Huimin Insurance", and the "Yanzhao Health Insurance" covering the entire Hebei Province.

At the same time, in terms of commercial health insurance, Sinopharm has innovatively developed a variety of special health insurance for special diseases, such as assisted reproductive insurance, breast cancer recurrence insurance, special drug insurance, and early aging dementia insurance, and continues to provide more reliable health insurance solutions. In addition, Sinopharm has leveraged its industry-leading advantages, partnered with numerous pharmaceutical companies to sign innovative payment projects, and implemented joint expansion mechanisms such as innovative payment and welfare insurance, saving tens of thousands of patients hundreds of millions of RMB in treatment costs and effectively promoting the solution to the problem of expensive medical treatment.

Customer Rights Protection

The quality of medical products and services is closely related to public health. Sinopharm always adheres to the business service philosophy of "customers first", continuously improves the quality of products and services, safeguards customer rights, vigorously advocates responsible marketing, actively listens to customer demands, and continuously improves customer satisfaction.

Customer Service Management

The customer categories of Sinopharm mainly include distributors, medical institutions, and retail customers. Sinopharm has formulated the *Customer Satisfaction Management Regulations*, which aim to understand customer needs, suggestions, and opinions for different types of customers through various channels such as on-site visits and written questionnaires. Through analysis and summary, the *Customer Satisfaction Analysis Report* has been formed. Sinopharm has conducted a root cause analysis on the issues reported by customers in the survey results and proposed corrective and preventive measures to better improve and enhance service quality.

At the same time, the Company has set customer satisfaction management goals to better supervise various departments to improve service quality. During this Reporting Period, Sinopharm conducted satisfaction surveys on 150 customers, of which 98.87% expressed satisfaction with the Company's products and services, achieving the annual customer satisfaction target.

In order to further improve the quality of customer service, the Company has established a transparent and efficient complaint channel and cooperated with a series of management regulations such as the *Quality Inquiry Management Regulations* and the *Customer Complaint Handling Management Regulations* to ensure that customer complaints can be responded to and processed in a timely manner. Customers can provide feedback and complaints through various means such as phone, fax, letter, and on-site visits. After receiving effective complaint feedback, the Company would immediately fill out a complaint investigation and handling form, organize multiple departments to jointly determine the root cause of the complaint, cooperate with relevant departments actively, jointly develop relevant corrective measures, and instruct relevant responsible departments to implement corrective measures to prevent similar incidents from happening again. During this Reporting Period, the number of complaints received by the Company regarding product and service quality was 0.



conducted satisfaction surveys on

150 customers



of which

98.87%

expressed satisfaction

Customer Privacy Protection

Sinopharm attaches great importance to the protection of consumer personal information. We have formulated a user privacy policy, clearly informing users of their agreement to the solution, and clearly informing them of our data processing behaviors and obtaining their authorized consent. At the same time, Sinopharm clearly states in our privacy policy various business functions and the types of personal information collected, personal information disposal rules, and user rights protection. The privacy policy would clearly state the purpose, method, and scope of collection, and support users to cancel accounts, correct or delete personal information.

In 2023, Sinopharm formulated the *Notice on Prohibiting the Disclosure of Customer Information to Third Parties*, which specifies that employees must have a sense of prevention, protect customer personal information, and strictly comply with national regulations. They are not allowed to provide customer and member information for any third party in any form. All information systems related to consumer and user privacy in the Company have passed the Level 3 certification for equal protection. We regularly inspect the implementation of privacy policies and have set up a user privacy breach appeal channel. There have been no incidents of consumer personal information leakage during this Reporting Period. In addition, we organize relevant departments and subsidiaries to regularly conduct information security self-inspections and reinforcement work, participate in information security attack and defense drills regularly, and continuously improve the level of information security protection.

Responsible Marketing

Sinopharm strictly abides by laws and regulations such as the *Advertising Law of the People's Republic of China* and the *Drug Administration Law of the People's Republic of China*, and the *Regulations on the Management of Drug Instructions and Labels*, strictly prohibits false or misleading advertising, and conducts compliance management on advertising, promotional slogans, marketing documents, and other content. Sinopharm advocates the concept of sustainable marketing and clarifies to all employees through the *Sinopharm Compliance Manual* that the focus of the marketing process should be on preventing false advertising behavior, fulfilling anti-unfair competition obligations, and ensuring compliance in marketing behaviors, including market research, academic activities, clinical follow-up, commercial maintenance, etc.

The Group's subsidiaries, including GuoDa Pharmacy, Guorui Pharmaceutical, Sinopharm Xingsha, and other retail and industrial enterprises, effectively carry out marketing activities in compliance. In 2023, GuoDa Pharmacy revised the *GuoDa Pharmacy Front Office Business Management System* and the *Retail Price Management Measures*, adding control requirements for subsidiary large-scale marketing activities to ensure compliant marketing. Enterprises such as GuoDa Pharmacy, Guorui Pharmaceutical, and Sinopharm Xingsha consciously practice the principle of responsible marketing in their marketing activities, actively implement responsible marketing measures, and ensure that consumers use drugs economically, reasonably, and safely:



Conduct quality compliance audits before issuing marketing campaign plans;



Regularly provide compliance training for marketing personnel to strengthen their sense of responsibility;



Link compliant operations with daily performance evaluations of marketing personnel;



Carry out regular management and supervision in daily sales activities.

At the same time, Sinopharm conducted responsible marketing-related training, promoted the requirements of event management, shared excellent practical experience, and formed an internal work exchange mechanism. Nearly 100 employees from Sinopharm participated in the training. GuoDa Pharmacy, Guorui Pharmaceutical, and Sinopharm Xingsha also organized specialized employees to participate in relevant training, strengthened management requirements, and enhanced employees' sense of responsible marketing.

Case: Guorui Pharmaceutical Strengthened Responsible Marketing Management

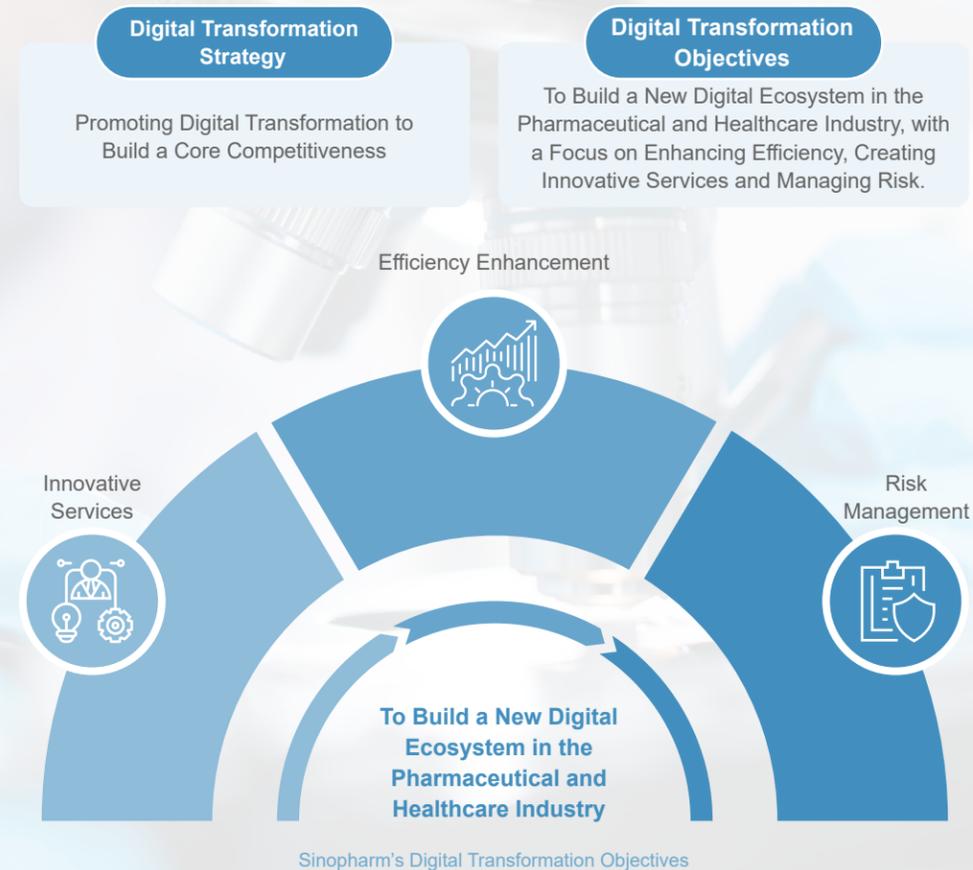
In 2023, Guorui Pharmaceutical improved the construction of its compliance management system, formulated special compliance management systems such as the *Marketing Compliance Management Measures* and *Marketing Behavior Compliance Guidelines*, and organized training on responsible marketing-related topics. Responsible employees were required to sign the *Employee Compliance Commitment* to enhance their compliance awareness from both system management and publicity dimensions.

Technology-Driven Innovation

Digital transformation and technological innovation provide a continuous internal driving force for the sustainable development of enterprises. Sinopharm has deeply implemented the national innovation and development strategy, studied, and implemented important instructions for the integration of digital economy and real economy, fully promoted the construction of digital transformation and logistics integration, accelerated the implementation and promotion of innovative achievements, created an innovative culture, and played a leading role in building the core competitiveness of the "digital pharmaceutical supply chain".

Digital Transformation

Digital transformation is an important guarantee for coordinating the integration of technology, business, and data, improving collaborative management and service levels, and stimulating future growth of the Company. Sinopharm actively seizes the opportunities for digital development. The Company has formulated a digital transformation strategy and goals, and actively promotes the implementation of various key digital transformation projects.



In terms of organizational support

Sinopharm has established a digital transformation working group and formulated relevant systems such as the *General Rules for Digital Transformation Management (Trial)*, the *Working Mechanism for Digital Working Group (Trial)*, and the *Outline of Data Management System (Trial)*. In 2023, Sinopharm issued and implemented the *Detailed Rules for Informatization and Digital Procurement Management of Sinopharm* to ensure the quality of digital construction and strengthen the staffing of procurement expert groups. At the same time, Sinopharm actively referred to industry best practices and established a digital transformation "project sponsor" organization to ensure that digital transformation projects closely align with Sinopharm's development strategy.

In terms of platform construction

Sinopharm has established the master data management platforms, the first-tier data exchange platform, and logistics digital management and other information platforms, and has launched the RPA Robot Capability Center. This year, the Company has continuously improved the construction of various platforms, expanded its coverage, and continuously improved our data governance and digital operation capabilities.

Master Data Management Platform	<ul style="list-style-type: none"> Accumulated over 400,000 pieces of master data on various drugs Accumulated over 89 types of customer master data, with a coverage rate of over 90% for grade hospitals
First-tier Data Exchange Platform	<ul style="list-style-type: none"> As of the end of this Reporting Period, the average monthly exchange volume of first-time data was 30,000, effectively reducing the printing and paper costs of first-time data under traditional methods
Logistics digital management and other information platforms	<ul style="list-style-type: none"> The logistics data service center realizes the digital display of national logistics resources The Baqiang system reduces the storage and unloading time by 20% and improves the acceptance accuracy to nearly 100%, scanning accuracy to nearly 100%, and receiving accuracy to nearly 100% The logistics order management system reduces the average processing time of orders by 80%
Digital Robotics (RPA) Capability Center	<ul style="list-style-type: none"> Since its launch, a total of 120,000 hours of labor have been saved

During this Reporting Period, Sinopharm won awards such as the "Benchmark Case Award" and "Excellent Case Award" an "Excellent Case Award" for 26 cases of digital transformation and innovation in the national pharmaceutical industry by the China Pharmaceutical Business Association. The achievements of digital transformation have been widely recognized.

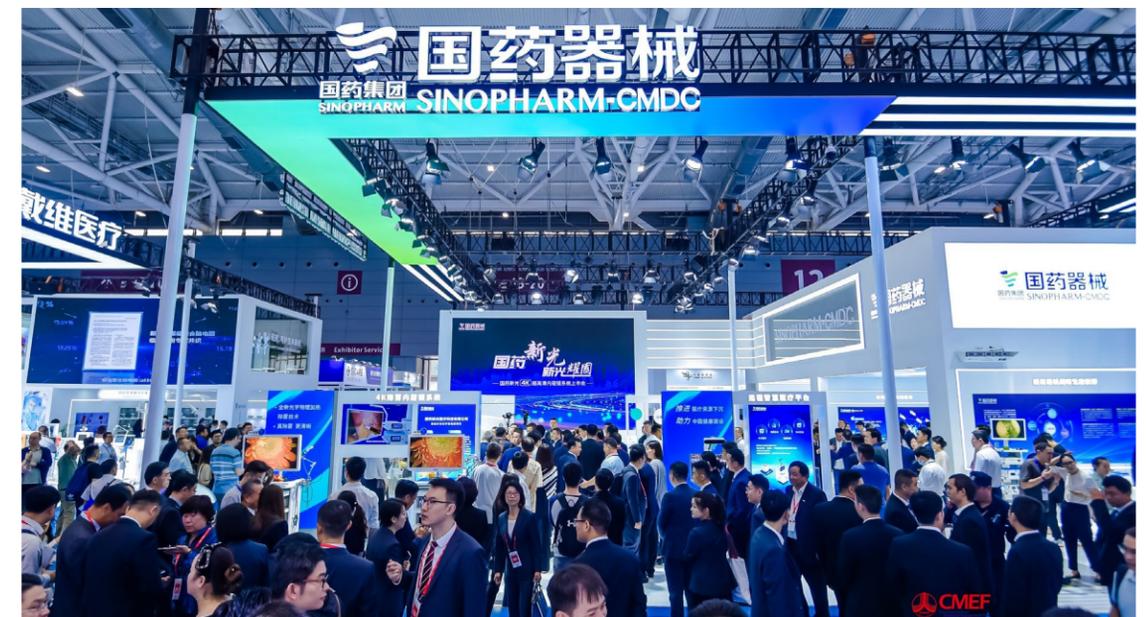
- ◆ Sinopharm Biotechnology, Guangzhou Medical Management, and Sinopharm Digital Technology have passed high-tech enterprise certification
- ◆ The Digital Robot Capability Center was awarded the "2023 Intelligent Craftsman Excellent Case" by the Information and Communication Research Institute of the Ministry of Industry and Information Technology
- ◆ Sinopharm Digital Technology's "Smart Drug Chain: Innovative Journey of Digital Transformation in the Pharmaceutical Distribution Industry" won the "2023 National Pharmaceutical Industry Digital Transformation Innovation Case" - Digital Transformation Benchmark Case Award
- ◆ "The Financial Innovation Management Practice of Pharmaceutical Distribution Enterprises under the Integration of Industry and Finance" by Sinopharm Digital Technology won the "2023 National Pharmaceutical Industry Digital Transformation Innovation Case" - Digital Transformation Excellence Case Award



Certificate of Digital Transformation Award of Sinopharm

Case: CMDC Appearing at the 88th China International Medical Device Expo

In October 2023, the 88th China International Medical Device Expo was held at the Shenzhen International Convention and Exhibition Center, with nearly 4,000 medical device companies from more than 20 countries and regions showcasing tens of thousands of products. At the meeting, Sinopharm New Light Medical Technology Co., Ltd., a subsidiary of CMDC, launched its independently developed 4K ultra high-definition endoscope system. The release and launch of new products mark a new breakthrough in the research and development field of the Chinese pharmaceutical device industry, promoting the rapid development of intelligent endoscopic products in China, promoting the popularization of minimally invasive surgical technology, and allowing more high-quality medical products to benefit more patients.



Site exhibition hall of CMDC

Case: Sinopharm Biotechnology was Awarded the Title of Pioneer Enterprise in Digital Transformation of Shanghai's Pharmaceutical and Biological Industry in 2023

During the 2023 Shanghai International Biomedical Industry Week, Sinopharm Biotechnology won the honor of the 2023 Shanghai Biopharmaceutical Industry Digital Transformation Pioneer Enterprise with its "Full Traceability" vaccine digital service platform project.

The "Full Traceability" platform independently developed by Sinopharm has connected the vaccine supply chain and logistics processes, covering all business scenarios including supply chain, logistics warehousing, cold chain distribution, Internet of Things applications, quality tracking, and cold chain monitoring, achieving a dual closed loop of vaccine supply chain business and full traceability.



Award presentation avenue

Business Model Innovation

In the continuous promotion of digital transformation work, Sinopharm adheres to exploring innovative service models, focusing on industry development and customer needs. By innovating business models and expanding business scope, it effectively provides more intelligent and convenient pharmaceutical services, continuously meeting people's new expectations for a better and healthier life. At the beginning of 2023, Sinopharm and General Electric China officially signed a joint venture agreement and launched the "Sinopharm Imaging/SINO IMAGING" brand at the end of November. The Sinopharm Imaging series of products will focus on the grassroots medical market and promote the innovative development of high-end medical equipment in China.



Sinopharm Image/SINO IMAGING" Brand

Case: The Independently Developed 4K Ultra High-Definition Endoscope System by Sinopharm Xinguang was Approved for Market Launch

In 2023, Sinopharm Xinguang's independently developed 4K endoscopic camera system and endoscopic LED cold light source were officially approved for medical device registration by the Beijing Medical Products Administration. The products achieve full chain 4K data flow control from collection, transmission, processing, and display. In terms of optical design and production technology, they reach the international leading level, allowing more high-quality medical products to benefit more patients.



Sinopharm Xinguang 4K endoscope was approved for market launch

Case: GuoDa Pharmacy Expanded the Pilot Program of "Intelligent Shopping" Pharmacy

Guoda Pharmacy actively explores the Internet+ pharmacy transformation model. In June 2022, it officially launched the Smart Pharmacy, gradually implementing intelligent gateways, self-service purchasing, Internet hospitals, member big health programs, intelligent cloud security, and contactless payments in stages. These smart pharmacy applications provide users with a convenient medication experience.

In 2023, the scope of pilot pharmacies for "Intelligent Shopping" continued to expand, with the addition of new features such as digital shelves and guide screens, further enhancing the convenience of medication purchasing for users.

Case: Multiple Achievements of Sinopharm Supporting Lean Healthcare

In the 2023 National Medical Industry Digital Transformation and Innovation Case Evaluation by the China Pharmaceutical Business Association, the "Orthopedic Digital Supply Chain Platform" and "Duocai Mall" of CMDC, as well as the "FLI+Medical Device Supply Chain Full Scenario Solution" applied by Sinopharm, won the Digital Transformation Benchmark Case Award and the Excellent Case Award, respectively. As an important application of the digital innovation achievements of Sinopharm, it has connected the intensive and collaborative services of medical institutions, medical device manufacturers, and logistics transportation platforms.

— Hospital end - FLI+medical device supply chain full-scenario solution for medical institutions

We have served medical institutions with different models such as large tertiary hospitals, secondary hospitals, and medical consortia, achieving improved hospital management efficiency and information, intelligent, and refined management. We can provide internal consumables turnover, stocking, distribution and other services for medical institutions in the same region, and continuously expand the functions of supply qualification review, online procurement, and product traceability, optimizing the consumables management mode of medical institutions from multiple dimensions.

— Manufacturer end - Orthopedic digital supply chain platform

By utilizing a nationwide business network, we have fully achieved global and full-process business collaboration that connects manufacturers, distributors, and distribution enterprises, improving the consistency of information in the upstream, midstream, and downstream of the supply chain, as well as the efficiency of inbound and outbound operations in each link.

— Dealer side - Duocai Mall

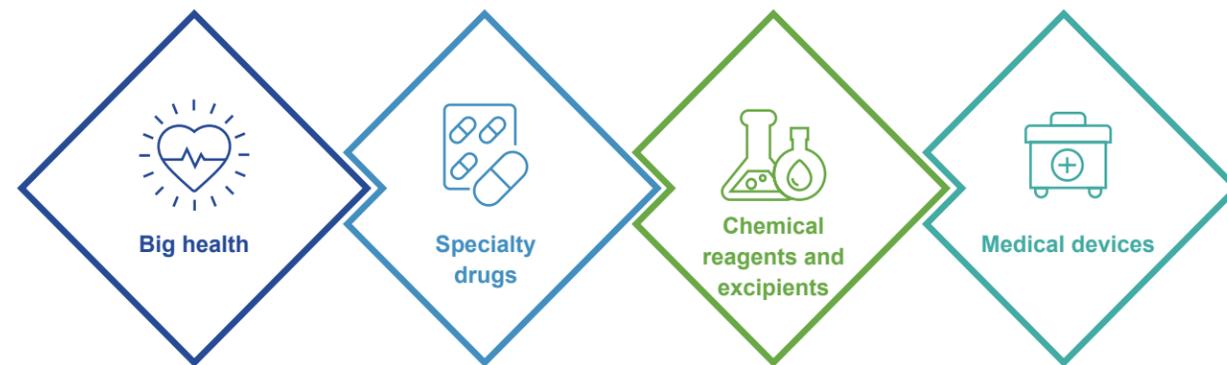
Using digital and Internet technology, medical device manufacturers, resellers, and medical institutions are converged on one platform to achieve multi-system integration and data exchange, saving 17340 hours of order processing events throughout the year.



Cultivating an Innovative Culture

Establishing a sound innovation mechanism and creating an innovative atmosphere is an important link for enterprises to continuously innovate and improve the quality of development. Sinopharm continues to strengthen industry-university research cooperation, increase investment in science and technology, and promote the continuous improvement of product and service quality.

Sinopharm has formulated a comprehensive research plan, built four major technological innovation systems, and continuously improved its technological innovation capabilities in combination with business development directions. Sinopharm has formulated the Sinopharm *Patent Management Measures*, providing strong guidance for scientific research management work.



Four major technological innovation systems of Sinopharm.

At the same time, Sinopharm continue to promote industry-university research cooperation, jointly build innovation platforms with research institutes, university laboratories, and other platforms, carry out collaborative research and development, and improve the Company's research and innovation capabilities. In 2023, Sinopharm will engage in extensive cooperation with universities, hospitals, enterprises, and institutions such as Beijing University of Chemical Technology, Tsinghua University, Beijing Tongren Hospital, and Beijing Institute of Chemical Technology of China Petrochemical Corporation. Through jointly undertaking national scientific research projects and establishing joint laboratories, we will promote multi-dimensional work such as technological research and product development, and jointly serve the "Healthy China" strategy.

School-Enterprise Cooperation - Sinopharm and China Pharmaceutical University Sign a Strategic Cooperation Agreement

In 2023, Sinopharm, Guorui Pharmaceutical and China Pharmaceutical University signed a strategic cooperation agreement to jointly build a joint research center together, further promote resource sharing and complementary advantages, innovate and lead the deep integration of industry, academia and research, and create a new situation of sustainable development in school-enterprise cooperation.



On site of the signing ceremony

School Enterprise Cooperation - Sinopharm Xingsha and Xiamen Medical College Established a Joint Laboratory

Sinopharm Xingsha and Xiamen Medical College have established the "Sinopharm Xingsha Xiamen Medical College Infant and Child Cosmetics Joint Laboratory" to expand and strengthen the field of nutrition and health, provide key technical support for the Company's innovative development of infant and child cosmetics, and create a distinctive cosmetics industry ecosystem.



Laboratory unveiling ceremony and plaque

School enterprise cooperation - Sinopharm Gene and Huazhong University of Science and Technology Established a joint engineering laboratory

Sinopharm Gene and Huazhong University of Science and Technology have established and operated a joint engineering laboratory for national and local health new technologies. They have also collaborated with the Reproductive Health Research Institute of Tongji Medical College, Huazhong University of Science and Technology to develop a mutation system and reagent kit based on Cas12a targeted recognition of new properties. Some of the research results have been validated through internal implementation.

Hospital enterprise cooperation - cooperation between Sinopharm Wuhan Laboratory and Hubei Provincial People's Hospital

Sinopharm Wuhan Laboratory and the Transplantation Department of Hubei Provincial People's Hospital jointly developed the research and development of anti-CRE mechanical perfusion organ preservation solution, which has been approved as an open project of the National Medical Device Supervision and Administration Scientific Research Base (Wuhan University).

Product Development - Sinopharm Xingsha and Jiangnan University Academician Team Innovation Workstation Launch Probiotic Products

In December 2022, Sinopharm Xingsha and Jiangnan University jointly established the Academician Team Innovation Workstation, planning to carry out in-depth cooperation in the field of nutrition and health technology innovation and industrialization. In 2023, four probiotic products, namely "Maintaining Intestinal Health", "Suitable for Allergic People", "Maintaining Oral Health", and "Suitable for Aging People", were launched by the Sinopharm Star Academician Team Innovation Workstation.

While carrying out extensive technological innovation, the Company actively creates a culture of intellectual property protection. In accordance with laws and regulations such as the *Trademark Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, and the *Patent Law of the People's Republic of China*, we have formulated the *Sinopharm Patent Management Measures* and *Sinopharm Trademark Management Measures*, continuously strengthening intellectual property management.

Information Security Management

Information security has become an important component of the ESG framework in terms of protecting sensitive data, maintaining trust and reputation, mitigating environmental and social risks, and improving corporate governance. Sinopharm continues to pay attention to the construction of information security, and strictly abides by laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Regulation on Protecting the Security of Critical Information Infrastructure* and relevant laws and regulations, Sinopharm has formulated the *Sinopharm Network Security Management Measures* and the *Sinopharm Information System Disaster Recovery Management Measures* to effectively improve the level of information and network security and reduce network security risks.

In terms of management system construction, network security and information technology leadership groups have been established at the headquarters and various levels of companies, with information security organizations covering more than 1,000 companies; Sinopharm has issued and implemented five information security compliance systems and one data security system; Over the past three years, a total of 42,143 person-time have completed information security training. In terms of ensuring secure operations, Sinopharm has achieved its goal of zero information security incidents for three consecutive years and has performed well in relevant information security activities held at the national and regional levels, receiving high recognition from internal and external institutions. The Company will further collaborate with partner companies to comprehensively optimize Sinopharm's information security framework. This includes designing and completing a blueprint for the future development of the Company's information security and implementing it on the ground. This ensures that information security efforts support the sustainable and high-quality development of Sinopharm.

During this Reporting Period, Sinopharm continued to strengthen institutional norms and establish personnel accountability mechanisms, further improving the standardized management of data flow and sharing within the group:



Developed a *Data Sharing Security Management (Trial) System*



Confirmed the data responsible person and data management permissions of different departments and corresponding data specialists based on the theme



Conducted 9 specialized training sessions for data specialists and data management staff

Case: Sinopharm Xingsha Won the Nomination Award for the 7th China Industrial Award

In March 2023, the 7th China Industrial Award was announced in Beijing. Sinopharm Xingsha Vitamin D Formulation Quality Research and Industrialization Project has been nominated for the China Industrial Award.

The China Industrial Award is the highest award in China's industrial sector approved by the State Council, known as the "Oscar" of China's industry. It aims to recognize industrial enterprises and projects that represent the highest level of industrial development in China and that have made significant contributions to enhancing comprehensive national strength and promoting national economic development.



Award plaque



- During the Reporting Period, Sinopharm set up a special area for data governance on the WeChat official account of "Sinopharm Digital Technology", regularly released data management policies, system analysis, data management standards and other topics, and read more than **10,000** person-time in total.

03

Green Operations, Advocating Low Carbon Philosophy

The World Economic Forum has rated environmental risks such as extreme weather events as the top ten global risks for many consecutive years. The frequent occurrence of climate events has also had a profound impact on global health, with extreme weather events, hot temperatures, water scarcity, and other issues putting enormous pressure on the healthcare system. The Group closely follows the trend of climate change, seizes the opportunities of climate change, actively responds to climate risks, promotes the green transformation of our business, and actively strives to reduce greenhouse gas emissions, protect biodiversity, and efficiently utilize resources, promoting sustainable economic and environmental development.

Highly material issues addressed in this chapter

- Resource utilization and utilization efficiency

Highlights in this chapter

- The first carbon-neutral demonstration zone of Sinopharm is about to be completed
- Implemented environmental goals such as energy use, carbon emissions, and pollutant emissions



Environmental Management System

Sinopharm strictly adheres to the laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Soil Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and the *Regulations on the Administration of Sewage Discharge Permits*, and has formulated a series of environmental management and energy conservation and emission reduction related systems such as the *Environmental Protection Management Regulations*, the *Clean Production Management Regulations*, the *Hazardous Waste Management Systems*, the *Supervision and Assessment Management Measures for Environmental Protection and Energy Conservation*, the *Implementation Rules on Environmental Protection and Energy Saving and Emission Reduction Management* etc. At the same time, based on the updates of environmental protection laws and regulations and the actual business situation, it continuously improves and revises internal systems to ensure that the emissions of various pollutants meet national and regional standards. There were no violations of relevant laws and regulations during this Reporting Period.

The Company has established an energy-saving and environmental protection leadership group with Chairman of the Company as the group leader and the senior leadership team as Deputy Group Leader. We promote the implementation of the environmental protection target responsibility system, sign the *Energy Conservation and Environmental Protection Responsibility Letter* with our subsidiaries every year, and inspect the implementation of relevant environmental protection indicators on a quarterly basis to ensure the effective implementation of energy conservation and environmental protection management measures. During this Reporting Period, the Company successfully achieved the environmental goals set at the beginning of this year.

Category	2023 Environmental Protection Goals
Environmental events	Zero general or above environmental liability incidents ³
Pollutant emissions	100% compliance rate for wastewater, exhaust gas, and noise emissions ⁴
Waste discharge	100% compliance rate for hazardous waste disposal ⁵

³ Environmental liability accidents are determined in accordance with the *National Emergency Plan for Sudden Environmental Incidents*.

⁴ Wastewater, exhaust gas, and noise emissions shall be in accordance with national or local standards.

⁵ Hazardous waste is disposed of in compliance with the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*.



Addressing Climate Change

Climate change has brought enormous challenges to the global natural environment, economy, and society. Sinopharm actively responds to climate change by continuously improving and reducing the dependence and impact of business operations on the environment, analyzing opportunities for climate change, and promoting the green transformation of pharmaceutical logistics services.

Governance

Sinopharm has deeply implemented the national "Dual Carbon Strategy", conducted an in-depth analysis of climate risks and opportunities, continued to promote the development and construction of green pharmaceutical logistics infrastructure, and integrated the concept of green and low-carbon into enterprise operation and development. The Board of Directors of the Company is responsible for the comprehensive management of climate and carbon reduction-related matters, regularly listening to reports and providing guidance; Members of the relevant management team also participate in monitoring and managing climate issues.

Sinopharm has established a green and low-carbon development working group, with the Vice President of the Company serving as the team leader, and relevant department heads such as the logistics business unit, safety and environmental protection department, board office, engineering management and technical services department, and finance department serving as team members to implement the specific execution work of green and low-carbon development goals.

Strategy

As a pharmaceutical logistics enterprise, Sinopharm focuses on the development of green logistics, adheres to the principle of balancing mitigation and adaptation, formulates a green logistics development strategy, and is committed to building a "Three Low and Two High" green logistics enterprise. Starting from the two directions of "system construction" and "green project construction", it improves carbon emission data management and green building certification and promotes the transformation and application of green energy-saving technologies.



Climate risk management

The risks and opportunities brought about by global climate change coexist. Sinopharm refers to the suggested framework of the Climate-Related Financial Information Disclosure Working Group (TCFD) to analyze the risks and opportunities brought about by climate change and develop corresponding strategies. We have identified short-term, medium, and long-term physical and transformation risks, as well as opportunities related to business transformation.

Climate related risks

Risk type	Climate related risks		Risk description and potential financial impact	Impact cycle ⁶	Response strategies
Physical risk	Acute risk	Extreme weather such as rainstorm, flood, typhoon, etc	Extreme weather causes disruptions in logistics transportation, damage to inventory of drugs and equipment, and business interruption	short	Conduct warehousing and logistics site selection planning through data analysis, taking into account the geographical location conditions of the site selection; Conduct climate analysis on ongoing projects and develop extreme climate response plans; Carry out green building renovation and construction to improve the seismic and flood resistance capabilities of logistics and warehousing
	Chronic risk	The temperature slowly rises	Increase the storage cost of drugs, equipment and other products, and increase operating costs; Harm employee health	medium long	In the design and construction of cold chain facilities, adverse factors such as high temperature should be considered, and reasonable backup and design redundancy of refrigeration facilities should be done technically
Transformation risk	Policy risk	More stringent low-carbon regulatory requirements for existing products and services	In order to meet increasingly strict regulatory requirements, operational costs have increased	medium long	Respond to the requirements of the national "dual carbon strategy" and formulate relevant strategies and goals; Carry out carbon emission monitoring and inventory to ensure that carbon emissions comply with relevant standards
	Technical risks	Technological research and development expenses for promoting low-carbon transformation	Low carbon technology research and application, and the use of renewable energy increase operating costs during the operation process	short medium long	Save resources, improve distribution efficiency, and reduce greenhouse gas emissions through digital and intensive management methods; Advance layout of renewable energy applications to reduce energy costs
	Reputation risk	Negative evaluations of high emissions from enterprises by stakeholders	With the increasing attention of stakeholders towards green and low-carbon, enterprises need to invest more resources to promote low-carbon transformation and communicate it to the public	short medium long	Improve information disclosure in areas such as greenhouse gas emissions and carbon reduction target review; Establish diversified communication channels with stakeholders, actively respond to issues related to carbon reduction, and gradually establish the Company's green brand image

⁶This report defines 0-3 years as short-term; 3-5 years is defined as the mid-term. More than 5 years as long-term.

Climate related opportunities

Opportunity type	Sources of climate related opportunities	Response strategies
Resource utilization efficiency	Application of digital technology and use of energy-saving equipment	<ul style="list-style-type: none"> Applying data operation analysis to optimize logistics distribution and warehousing efficiency; Replace energy-saving lighting fixtures and other equipment
Energy sources	Clean energy use	<ul style="list-style-type: none"> Promote the development and use of clean energy projects such as photovoltaics and new energy vehicles

Climate goals

Sinopharm has set green logistics development goals and actively promotes them. In 2023, Sinopharm's green logistics development goal has made good progress.

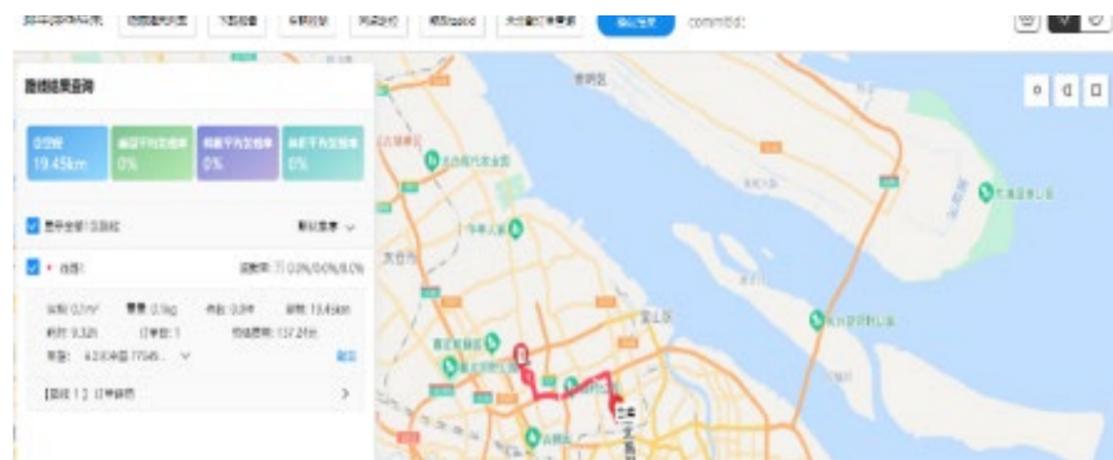
In terms of logistics transportation

Sinopharm continues to promote the integration of logistics, strengthen the collaborative integration of upstream and downstream resources in the supply chain, and strengthen the construction of a green logistics system through digital transformation. We adopt an intelligent scheduling system and apply advanced algorithms to optimize logistics transportation scheduling, reduce delivery times, reduce transportation time, improve transportation efficiency, and reduce greenhouse gas emissions during transportation.

By 2025		
Target content	Goal Progress	2023 Action
Realize a 10-15% reduction in carbon dioxide emissions per unit logistics throughput (million boxes) of major logistics parks compared to 2022	In progress	The carbon dioxide emissions per unit logistics throughput (million boxes) continue to decrease compared to 2022
Establish 2 certified zero-carbon warehouses/parks	In progress	The first carbon-neutral demonstration zone of Sinopharm is about to be completed

Case: Sinopharm Logistics utilizes intelligent scheduling to optimize distribution plans

Sinopharm Logistics adopts an intelligent scheduling system, utilizing a dynamic cellular algorithm, concave-convex algorithm, intelligent optimization engine, and artificial intelligence to form an overall distribution optimization plan for intelligent scheduling and path optimization. The fuel consumption of vehicles is formulated one by one according to vehicle type, route, and distribution network, decreasing the daily average scheduling time to 22 minutes and saving 2.1 train times during peak cargo volume days. This year, the total energy consumption of Sinopharm Logistics decreased by about 3.8% compared to the same period in 2022, and the comprehensive energy consumption of RMB 10,000 of operating revenue decreased by 6.29%.



In terms of engineering construction

the Group attaches great importance to the environmental impact of pollutant generation and resource consumption during the construction process, adheres to integrating ESG concepts into the overall goals of project design and planning, practices the overall requirements of "intelligence, green, and low carbon", and creates a green and sustainable pharmaceutical logistics infrastructure.

Case: The First Carbon-neutral Demonstration Zone of Sinopharm is about to be Completed

In 2023, the construction of warehouses 2 and 3 at the Shanghai Kangning Road Park of Sinopharm Logistics commenced and is soon to be completed and certified, making it the first carbon-neutral demonstration zone of Sinopharm. The carbon-neutral zone aims to achieve carbon neutrality certification for pharmaceutical logistics and warehousing by constructing facilities such as rooftop dispersed photovoltaics and charging stations, trial operation of battery swapping light trucks, completion of carbon inventory, construction of a carbon management system, and assistance in green equity neutralization. It is expected to achieve an annual carbon reduction of over 350 tons.



Within the park

Green building measures

- Develop a green and low-carbon overall plan, fully adhere to green building standards during project preparation, and strive to create a low-carbon demonstration park;
- Carry out industry-university research cooperation, jointly focus on dual carbon research in the pharmaceutical logistics industry, and form low-carbon technologies and standards with demonstration and influence in the pharmaceutical logistics industry;
- Conduct climate response analysis, evaluate greenhouse gas emissions, extreme weather and other factors generated during construction and put into use, and develop response plans.

Green Production

Sinopharm and its subsidiaries strictly abide by national environmental protection laws and regulations and continue to operate the ISO14001 environmental management system. Based on actual operations, they formulate and implement internal environmental policies and guidelines, continuously promote the implementation of energy conservation and consumption reduction goals and manage emissions and pollutants from multiple perspectives. They regularly carry out environmental hazard rectification and governance work in accordance with internal management systems such as the *Guidelines on Risk Assessment of Environmental Emergencies in Enterprises*. This year, we have not experienced any general or above environmental liability accidents.

Resource Management

Sinopharm adheres to the principle of "saving first", formulates multiple energy-saving and emission reduction systems, carries out multiple energy-saving and water-saving actions, actively explores the application of high-tech, integrates energy-saving and emission reduction concepts into daily production and operation work, and tracks the progress of annual energy-saving and emission reduction work through energy consumption indicators. This year, Sinopharm successfully achieved its annual energy-saving and consumption-reduction goals and gained widespread recognition. Among them, Guorui Pharmaceutical was awarded the title of "2022 Environmental Integrity Enterprise" in Anhui Province.

Sinopharm aims for refined management and builds a smart energy management platform to achieve efficient coordination and real-time control, fully tapping into the potential for energy conservation.

Case: Guorui Pharmaceutical has Formed an Energy Management Platform

This year, Guorui Pharmaceutical completed the construction of an energy management platform, passed the energy management system certification, and achieved functions such as a digital collection of water, electricity, and steam, abnormal data alarm, power quality analysis, and transformer capacity monitoring.

On the one hand, Guorui Pharmaceutical integrates energy metering, data transmission, and analysis to achieve real-time monitoring of the Company's power system, comprehensive statistical analysis of energy consumption, and analysis of the characteristics of high energy-consuming load equipment. On the other hand, Guorui Pharmaceutical has achieved real-time monitoring of energy usage, timely warning of abnormalities, and effective control of energy waste.



Guorui Pharmaceutical Energy Management Platform

The Group mainly uses municipal water supply in its business operations, and there is no issue of seeking suitable water sources. In terms of water resource utilization, the Group aims to continuously save water and gradually improve water efficiency. The subsidiary industrial enterprises actively promote measures such as water equipment renovation and wastewater reuse in production and operation. At the same time, the Group practices the concept of circular economy, focusing on the renovation of factory areas and equipment, and carrying out comprehensive energy-saving upgrades for production equipment, factory facilities, and vehicles.

Shanghai OurChem

- Completed the renovation project of the factory area and lighting roads, saving **100,000** kilowatt hours of electricity
- Renovated the terminal water discharge pipeline in the fire pump room, resulting in an annual water saving of **1,500** tons

Sinopharm Xingsha

- Replaced the fuel powered forklift with an electric one, saving **2.09** tons of standard coal per year
- Replaced LED energy-saving lamps in the workshop, saving **3.16** tons of standard coal per year
- Updated the water-cooled unit to electric heating mode, saving **451.8** tons of standard coal per year

Guorui Pharmaceutical

- Carried out the renovation of high energy consuming equipment, achieving a **28%** energy-saving rate for energy-saving water pumps and saving **117,000** kilowatt hours of electricity

For the use of packaging materials

Sinopharm has gradually promoting the 3R mode - reduce, reuse, and recycle, to comprehensively reduce the use of disposable packaging materials. Among them, Sinopharm Logistics uses renewable particle three-dimensional bags in some businesses, replacing the original cardboard boxes while ensuring safety, and the monthly inventory has reached more than 60,000 pieces. At the same time, Sinopharm actively responds to the call of departments such as the National Development and Reform Commission and the State-owned Assets Supervision and Administration Commission, and carries out energy-saving publicity activities based on actual situations.

Indicators

2023

Total greenhouse gas emissions

263,415.27 tons CO₂e

Direct greenhouse gas emissions (Scope 1)

54,715.05 tons CO₂e

Indirect greenhouse gas emissions (Scope 2)

208,700.22 tons CO₂e

Unit greenhouse gas emission density

2.27 tons CO₂e/person

Pollutant Management

Sinopharm focuses on pharmaceutical distribution, medical device distribution, and pharmaceutical retail as its main businesses, with no significant impact on the environment and natural resources. It also implements the *Supervision and Assessment Management Measures for Environmental Protection and Energy Conservation* for its subsidiaries, strictly controls pollutant emissions, conducts regular environmental testing and risk investigation, and eliminates all environmental pollution incidents.

For exhaust gas and wastewater, Sinopharm aims to achieve 100% standard emissions, strictly implements management in accordance with the requirements of the pollution discharge permit, equips industrial enterprises with exhaust gas disposal devices and sewage treatment systems, and regularly follows up on upgrades and renovations to achieve continuous waste reduction and ensure environmental safety.

- Guorui Pharmaceutical has obtained permission from the local ecological environment bureau to add sprinkler devices to the factory's exhaust gas treatment facilities, further reducing VOC emissions; And it added activated carbon filter boxes in the hazardous waste treatment warehouse, achieving a reduction of 71.3KG of non-methane hydrocarbon emissions throughout the year after renovation.
- Shanghai OurChem has completed the renovation of the wastewater pipeline in the comprehensive building laboratory, using open ditches, channels, and pipes to solve the risk of soil pollution caused by pipeline aging and burst sewage, and reduce the risk of environmental violations and illegal activities.

In regards to hazardous waste, Sinopharm aims to maintain a 100% compliance rate in handling hazardous waste and gradually reduce the emission of hazardous waste per unit. It strictly adheres to the *Regulations of Sinopharm on the Management of Hazardous Waste* to establish a sound management system and procedures for hazardous waste management and supervises and assesses related waste management tasks. In daily production inspections, Sinopharm strictly controls chemicals according to internal management systems, and conducts annual external inspections in compliance with regulations. When building new laboratories, Sinopharm uses leakproof devices to avoid all environmental risks as much as possible. This year, our hazardous and fixed waste classification storage and compliance processing rate reached 100%.

At the same time, Sinopharm integrated environmental protection concepts into employee training, continuously enhancing the professional competence and ecological awareness of personnel. In 2023, Sinopharm Xingsha organized environmental protection training for new employees, including online detection of wastewater, emergency handling of chemical spills, environmental regulations training, etc., with a total of 239 person-time.

our hazardous and fixed waste classification storage and compliance processing rate reached

100%

environmental protection training for new employees organized by Sinopharm Xingsha with a total of

239 person-time



Sinopharm Xingsha launched the theme promotion of "Energy Conservation Promotion Week"

Advocating Green Office

Sinopharm advocates for green office methods, integrating green concepts into daily office activities through various measures such as carrying out anti-waste activities, strengthening resource conservation supervision, and optimizing energy-saving equipment.

During the National Energy Conservation Promotion Week and National Low Carbon Day, the Company actively carried out low-carbon promotion activities such as energy conservation, emission reduction, efficiency enhancement, and consumption reduction using the Company's outdoor screens and office hall promotional screens; Implemented double-sided printing of documents and paper in daily office work. To address the phenomenon of food waste, The Company implemented the practice of using CDs by posting posters, launched lightweight packages, and encouraged packaging. In addition, the Company property management personnel are also arranged to patrol the building, check whether there are any unmanned areas with lights constantly on and water flowing in the building, and turn off water and electricity in a timely manner. In order to effectively promote energy conservation and build resource-saving and environmentally friendly enterprises, the Company continued to replace hardware facilities in office areas, use induction faucets, and renovate high-power-consuming lighting equipment.

The Company optimizes the management of office vehicles by reducing the number of official vehicles, standardizing vehicle management, planning vehicle routes reasonably, and replacing fuel vehicles with new energy vehicles to improve vehicle efficiency and reduce greenhouse gas emissions. In 2023, Sinopharm disposed of old and high-energy-consuming official vehicles, and strictly managed and used vehicles in daily operations in accordance with the *Management of Official Vehicles* and the *Regulations on the Use of Official Vehicles*. Due to its business characteristics, Sinopharm Logistics involves many vehicle operations and continuous optimization in exhaust emission control, fuel consumption management, and other aspects to reduce energy costs and greenhouse gas emissions.



04

Embracing Diversity and Equality, Upholding a Cohesive Workplace

Talents are precious assets of enterprises. Sinopharm always adheres to the talent concept of "being people-oriented", selects talents fairly and impartially, provides employees with a safe, comfortable, and diverse working environment and atmosphere, pays attention to their physical and mental health, helps employees achieve sustainable career development and personal growth, and brings beautiful value to society and individuals for the development of the enterprise.

Highly material issues addressed in this chapter

- Employee rights and benefits

Highlights in this chapter

- Training coverage rate **100%**, with an average of **64.9** hours of training per person, an increase of **13.26%** compared to last year
- Anti-discrimination and anti-harassment training coverage rate of Sinopharm headquarters: **100%**
- **100%** coverage of performance evaluation for executives and employees



Employee Rights Protection

Sinopharm adheres to the concept of mutual development and achievement between the enterprise and employees, treats every employee equally, and creates an inclusive work environment. We have formulated comprehensive employment and human rights protection policies and resolutely implemented them, opposing all forms of employment discrimination, implementing various salary and welfare policies, and protecting the rights and interests of employees from infringement.

Equal Employment

Sinopharm strictly complies with laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, the *Regulations on the Employment of Persons with Disabilities*, the *Law of the People's Republic of China on the Protection of Minors*, and the *Regulations on the Prohibition of Child Labor*. It has formulated management systems related to recruitment and dismissal, equal opportunities, diversification, anti-discrimination, and working hours, such as the *Recruitment Management System of Sinopharm* and the *Recruitment Management Measures of Sinopharm*, and standardized recruitment principles and processes. In 2023, Sinopharm formulated the *Personnel File Management Measures of Sinopharm* to further strengthen employee file management. During this Reporting Period, the Group has not violated any relevant laws and regulations.

We adhere to the recruitment principles of "internal and external integration, fair competition, making selection based on merits", abide by international norms such as the *Universal Declaration of Human Rights* and the *International Convention on Human Rights*, firmly oppose discrimination caused by factors such as gender, nationality, race, religious beliefs, sexual orientation, marital status, etc., conduct employee information verification in accordance with the law, and strictly prohibit the employment of child labor and forced labor. The Group has established various forms of attendance for employees in different positions, including standard working hours (no more than 8 hours per day), comprehensive calculation working hours, and irregular working hours, in accordance with national laws and regulations, based on the nature of their work. In addition, we explicitly stipulate that if the Company forces labor through violence, threats, or illegal restrictions on personal freedom, or if there are other violations of the *Labor Contract Law of the People's Republic of China*, employees can terminate their labor contracts at any time. If any violations are found, we will strictly follow the relevant procedures for handling, and punish and hold responsible employees accountable. During this Reporting Period, the Group did not employ child labor or force labor.

Case: Sinopharm Conducts Workplace Etiquette Training

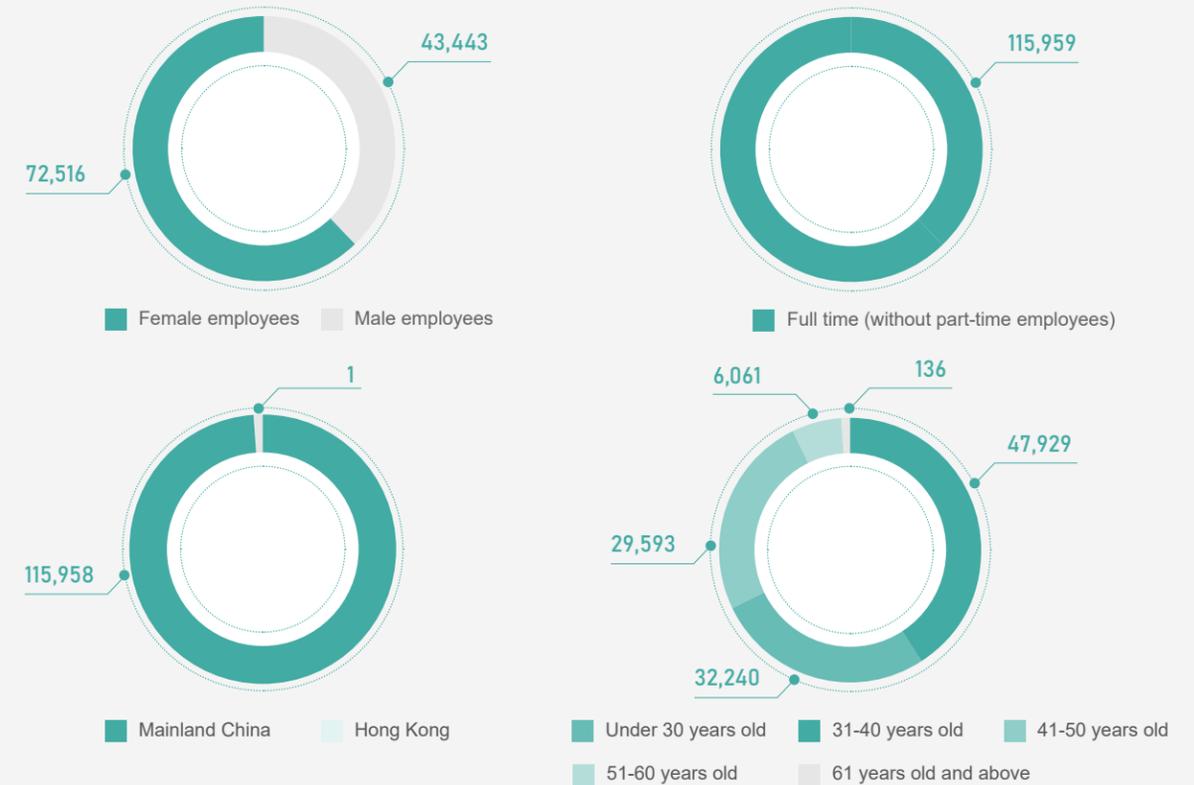
In 2023, Sinopharm conducted workplace anti-harassment and anti-discrimination training through workplace etiquette courses, with training conducted both online and offline. The training coverage rate at Sinopharm's headquarters was **100%**, while the training coverage rate for the entire group was **21.7%**.

Sinopharm was awarded



In 2023, Sinopharm continued to establish comprehensive recruitment channels, actively participating in various talent exchanges or recruitment fairs to attract young talents and high-end professionals. Additionally, Sinopharm actively fulfilled the social responsibility of central enterprises in promoting employment development, participating in the "Thousands of Schools and Ten Thousand Posts" recruitment event organized by the Central Committee of the Communist Youth League to attract excellent talent resources.

The total number of employees was 115,959, divided by gender, employment type, age group, and region as follows:



Salary and Benefits

To better attract, motivate, and retain company talents, we have established a comprehensive and industry-competitive salary and benefits system, formulated regulations such as the *Salary Management Regulations*, and taken equal pay for equal work as the basic principle to ensure a standardized and reasonable distribution of salaries. In addition, we implement the national regulations on statutory holidays to ensure that employees can fully enjoy annual leave, personal leave, sick leave, marriage leave, maternity leave, parental leave, and various national statutory holidays. We also timely revise the duration of maternity leave, parental leave, and other leave provisions in the *Employee Attendance Management System* according to the updates of national laws and regulations, to protect the rights and interests of female employees. In 2023, we have widely adopted more flexible office methods, providing remote work options for employees who are unable to work on-site due to health or other reasons, making work more convenient for employees.

At the same time, we actively create a diverse, equal, and warm working atmosphere for our employees. During this Reporting Period, the Group did not engage in overseas employment. Sinopharm focuses on ethnic minority employees and disabled employees. The Company arranges disabled employees according to a standard of no less than 1.5% for in-service employees and pays five insurances and one fund as well as an annual care fund for disabled employees in accordance with local laws. In 2023, the Group hired 53 disabled employees. As of the end of this Reporting Period, the Group has a total of 514 disabled employees. For ethnic minority employees, we encourage mutual integration, friendly communication, and full respect for their cultures and living habits. For example, in multi-ethnic regions such as Xinjiang and Ningxia, we provide halal restaurants for employees, providing warm dining services while respecting the dietary habits of ethnic minority employees, and improving their sense of happiness.



As of the end of this Reporting Period, the Group has a total of

514 disabled employees

Democratic Communication

Sinopharm attaches great importance to the system of employee representative conferences, listens to the needs of employees, and ensures smooth communication channels. At Sinopharm, employees can provide feedback to the human resources department through face-to-face communication, telephone communication, internal office system communication, and other forms of communication. In addition, employees can consult and provide feedback on related issues through online platforms such as employee self-service platforms. This year, Sinopharm completed the election of its employee representative assembly, implemented the democratic consultation system, and held a total of 61 symposiums with trade unions at all levels throughout the year.

In addition, the Company has established a comprehensive mechanism for employee appeals, complaints, and reports. Employees can file complaints or provide feedback through the CEO's mailbox, email, labor union, employee representative meetings, and symposiums. The Company strictly prohibits retaliation and effectively protects the rights and interests of complainants and whistleblowers from infringement.

Case: Sinopharm Hold the 25th Employee Representative Conference of the 2nd Session

In January 2023, Sinopharm held the 15th employee representative conference of the 2nd session. The conference listened to the work report of Sinopharm's labor union, reviewed the annual work report of Sinopharm and the headquarters employee representative reviewed the collective contract of Sinopharm headquarters.

In 2023, Sinopharm's grassroots trade unions actively organized nearly 400 skill competitions, with over 20,000 employees participated. Nearly 900 rationalized suggestions were proposed by the workers. Throughout the year, various levels of trade unions held a total of 61 symposiums.

Promoting Talent Development

Sinopharm cherishes the hard work of every employee, and through a more comprehensive career development and talent training system, provides employees with a broader development space and platform, achieving common growth between the enterprise and employees.

Career Development

The Company continuously improves the promotion and assessment mechanism and has formulated the *Headquarters Employee Promotion Management Measures* to provide employees with a fair and smooth career promotion path. This year, focusing on the Company's development goals, the Company has continuously optimized the assessment methods and efforts, improved the year-end bonus distribution method, increased incentives for outstanding employees, and fully leveraged the work enthusiasm and creativity of employees. In 2023, the coverage rate of the Company's executive and employee performance assessment was 100%.

This year, we have continued to carry out competency modeling for key positions, focusing on four dimensions: knowledge and experience, work performance, ability and quality, and personality traits. We have determined the work goals and responsibilities of key positions, formed a competency model for key positions, and set differentiated assessment indicators for employees at different levels and positions, forming a more targeted assessment and evaluation system. In addition, we continued to optimize human resource allocation, built talent pools at different job levels, adhered to a "dual wheel drive" training system that combines "knowledge accumulation" and "practical experience", promoted the use and flow of reserve talents, and ensured the healthy and sustainable development of the reserve talent team.

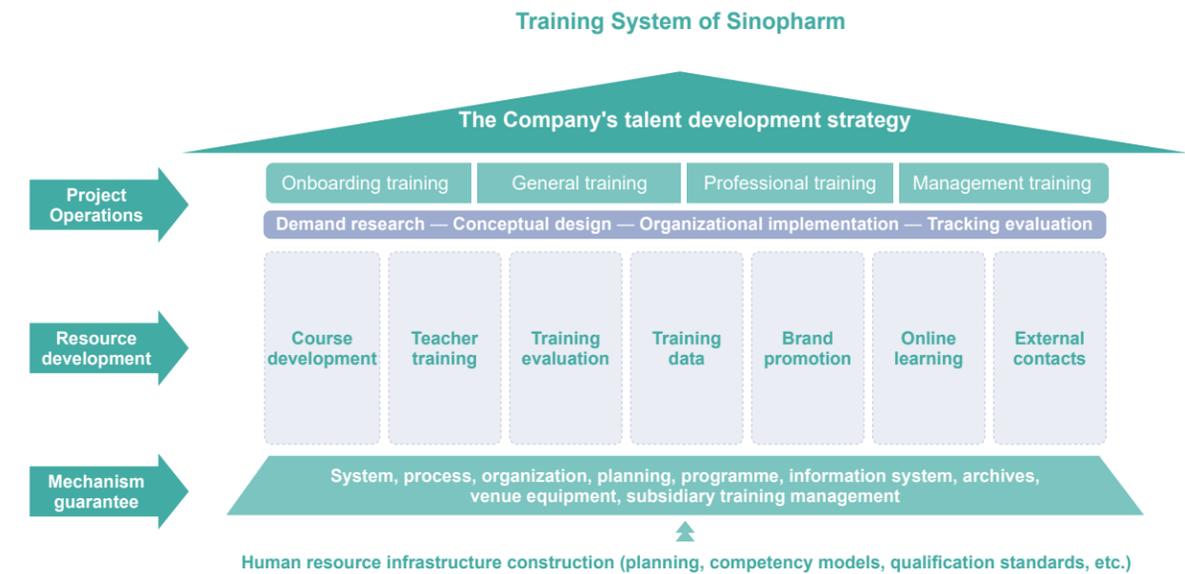


In 2023, the coverage rate of the Company's executive and employee performance assessment is

100%

Talent Cultivation

In order to enable employees to accumulate better skills and knowledge, we have formulated a comprehensive talent development strategy and based on this, developed a comprehensive training system, including mechanism guarantee, resource development, and project operation.



In 2023, we continued to carry out management and professional talent cultivation work, further improving employee management and business skills through course development, training organization, and employee on-the-job communication, accelerating talent growth, providing reserve talents for the Company's business development, and also enabling employees to better regulate and understand the Company's development direction. This year, Sinopharm organized the "Diaolong Phase III" reserve talent training course, with nearly 100 reserve talents participating in the training. Together, they shared their insights and exchanged experiences around themes such as "digital transformation" and "business innovation".

Cultivation type	Training objectives	Training situation in 2023
Management talent cultivation (Training of Reserve Talents)	<ul style="list-style-type: none"> Promote the construction of a talent pool for management at the Company headquarters and secondary companies 	<ul style="list-style-type: none"> Learn 18 online leadership courses, covering areas such as leadership and team building, while also coordinating with online class meetings and reading analysis activities
Professional talent cultivation	<ul style="list-style-type: none"> Carry out high-quality training projects according to the business and training needs of each line, and strengthen the cultivation of professional talents 	<ul style="list-style-type: none"> 61 professional training programs were organized, with approximately 420,000 person-time, covering business lines such as quality, operations, safety and environmental protection, finance, human resources, procurement, information, auditing, and data management

Case: Sinopharm Held a Special Training Course on Marketing and Procurement

In 2023, Sinopharm's "Xiangying Phase I" carried out training for marketing and procurement managers, combining industry development trends, regulatory requirements, policy interpretation, and other aspects to enhance the business level of frontline employees and strengthen inter-regional employee exchanges.



Training site

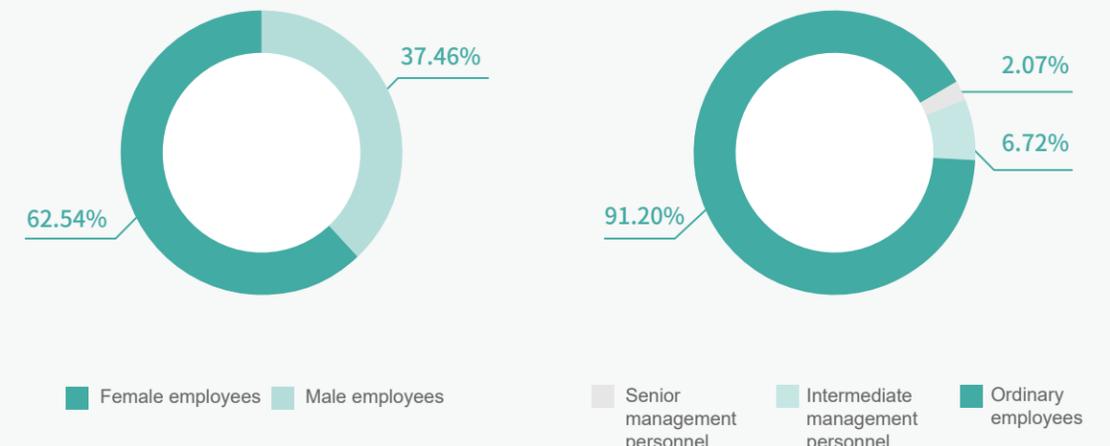
Sinopharm actively conducts training needs research and feedback, regularly collecting training needs from business departments through face-to-face interviews and online research at the end of each year, and then developing training plans for the following year. In the middle of the following year, communication is conducted on training progress to understand feedback from various departments. At the same time, we focus on daily communication among employees, collect feedback questionnaires after training, and adjust course settings in a timely manner.

In 2023, Sinopharm developed a total of 286 online teaching courses (including 253 independently and collaboratively developed courses, and 33 externally purchased courses), a year-on-year increase of 14%. It has completed approximately 34,000 training projects and trained nearly 3.7 million person-time, effectively promoting the improvement of various talent capabilities. At the same time, in order to strengthen the training and management of internal trainers, we have launched the "Jinkuihua Provincial Lecturer Micro Course Development Training Camp (Phase II)" internal trainer training course, which has successfully certified 57 new provincial lecturers; Continuously hold the "Return of the Great Sage" themed event to enhance the enthusiasm of the internal trainer team. On the basis of course development, we continued to improve the construction of the replication learning platform "Sinopharm Cloud Learning", achieving the integration of the "Sinopharm Cloud Learning" port with the online human resources system of Sinopharm; Further optimizing page layout, enriching page content, increasing project applications, and increasing employee login rate by 24.2% year-on-year. In 2023, Sinopharm was awarded the Best Digital Practice Award in Human Resources at the First Saibolan Pharmaceutical Industry Human Resources Summit.

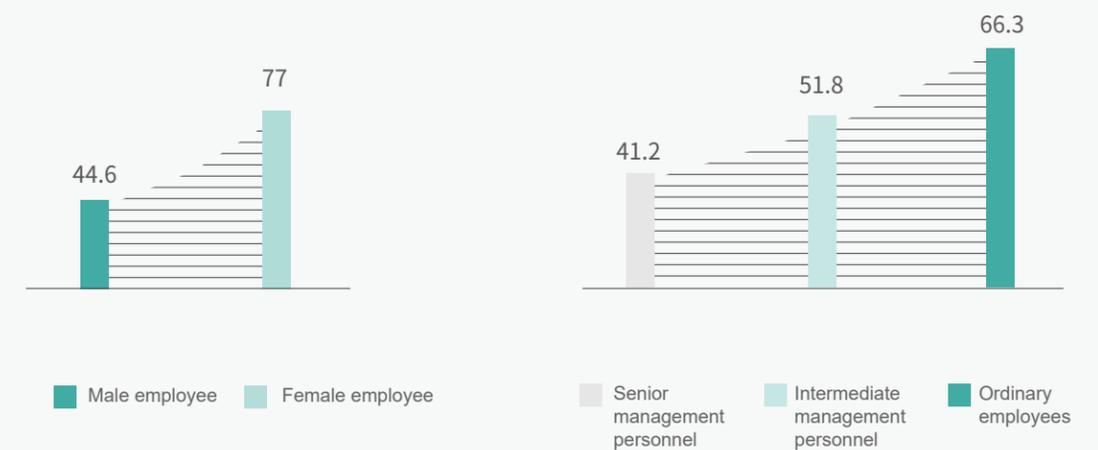
Sinopharm insists on providing equal career development opportunities for female employees. In 2023, we actively recommended outstanding female employees to participate in talent projects such as the China Young Female Scientist Award and the Future Female Scientist Program, to share insights and exchange experiences, to encourage more female employees to pursue personal career development opportunities. In addition, the Company continued to strengthen cooperation between industry, academia, and research, and maintains good thematic activity cooperation relationships with medical schools and universities in talent cultivation, continuously promoting the integration of industry and education.

In 2023, a total of 115,959 people from the Group participated in training, with an average training time of 64.9 hours per person, an increase of 13.26% compared to last year.

Training percentage by gender and employee type



Average training hours per employee by gender and employee type



Occupational Health Protection

The Group focuses on the occupational health and safety of employees, ensuring their production safety. At the same time, we strive to provide employees with an open and inclusive work environment, enriching their lives through rich club activities, event organizations, and other means.

Occupational Health Management

To protect the occupational health of employees, the Company complies with the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and regularly conducts occupational disease risk and hidden danger inspections in the workplace. By conducting occupational health surveys and detecting occupational hazards in the workplace, the Company can identify the risk points of occupational hazards, intervene and manage hidden dangers, reduce the risk of occupational diseases, improve the working environment, and minimize potential occupational hazards.

Sinopharm and its subsidiaries are equipped with sufficient health and safety protection equipment, such as automatic external defibrillators (AEDs), automatic fire alarm systems, combustible gas detectors, and electric shock prevention facilities. The facilities and equipment are tested and maintained annually. At the same time, Sinopharm regularly conducts occupational health examinations for our employees, and the number of new occupational patients added during this Reporting Period is 1. In addition, Sinopharm actively carries out health promotion activities such as the "Occupational Disease Prevention and Control Week" and the "Thyroid Health Prevention Public Science Education and Free Clinic Activity" to promote the development of a healthy lifestyle for employees.

Protecting Mental Health

The Company actively guides employees to build a healthy psychological state. In 2023, Sinopharm continued to carry out the Psychological Care Program (EAP) project. The EAP plan of Sinopharm includes salon activities, mental health examinations, on-site care consultations, remote one-on-one tutoring, etc., to help employees alleviate psychological anxiety, solve psychological problems, and achieve the healthy, harmonious, and comprehensive development of the enterprise and employees. In December 2023, Shanghai OurChem invited public welfare music teachers to give a lecture on "Psychological Stress and Sleep" to enhance employees' awareness of mental health.

Enriching Employee Life

Sinopharm cherishes the hard work of our employees and strives to create a more relaxed and balanced work and living environment for them. On the one hand, Sinopharm pays attention to the interests and hobbies of our employees and organizes various club activities, such as badminton and yoga. In addition, Sinopharm organizes themed activities such as the Goddess's Day, the celebration of the "Dragon Boat Festival with Joy", and the reading activity of the "Book Fragrance Flows Together, Good Books Are Recommended to Everyone". In addition, Sinopharm provides employees with facilities such as employee fitness centers and table tennis tables, establishes badminton, basketball, football and other clubs, regularly organizes club activities, strengthens team cohesion, and promotes a harmonious workplace atmosphere.



Case: Sinopharm Led the Formation of the "Shendong Alliance"

In 2023, under the work deployment of the Shanghai Federation of Trade Unions, Sinopharm led the establishment of the "Shendong Alliance" and host the first "Shendong Cup" badminton team competition, providing a more diverse communication platform for central enterprises in Shanghai and enriching the lives of employees.



Event site

Employee Care

Sinopharm pays attention to the needs of its employees and has established a support service system. In 2023, it visited nearly 600 employees in need, using more than RMB 1.2 million in support funds. It actively promoted the protection of trade union membership cards and mutual assistance for employees in Shanghai, benefiting nearly 800 employees and receiving compensation of RMB 989,500.

In 2023

- »» The Shanghai Trade Union Member Exclusive Guarantee Card has cumulatively benefited **800** employees and received compensation of RMB **989,500**
- »» The Company organized the "See Shanghai, Taste Shanghai, Love Shanghai" activity, benefiting more than **8,000** employees in the Shanghai area. Sinopharm Union has implemented project subsidies of over RMB **2** million

05

Value Sharing, Co-Creating Responsible Value Chain

Sinopharm actively fulfills its social responsibility in promoting industry development, building sustainable supply chains, contributing to society, and ensuring pharmaceutical accessibility. Sinopharm actively fulfills its responsibilities as a leading pharmaceutical logistics enterprise, cares about public health and people's well-being, actively supports the construction of the national medical security system and enables more people to benefit from the development of Sinopharm and enjoy more convenient and affordable medical and health products and services.

Highly material issues addressed in this chapter

- Supply chain sustainability management

Highlights in this chapter

- The total number of hours employees participating in volunteer activities was **49,648** hours, and **5,238** person-time participated in volunteer activities
- Provided targeted assistance funds of RMB **4.15** million to Zhiduo County in Qinghai Province and Jingyu County in Jilin Province
- Purchased nearly RMB **4.4** million of rural revitalization assistance agricultural products throughout the year



Collaborative Development of Industries

Sinopharm pays attention to the development and dynamics of the industry and actively participates in it. As industry leaders, Sinopharm actively leverages the scale and network coverage advantages of leading enterprises, participates in industry forums, standard construction and other work, shares our work experience, promotes industry development, and improves medical accessibility. At the same time, we actively cooperate with industry partners with an open attitude to jointly promote the healthy and high-quality development of the industry.

Leading Industry Development

As a leading enterprise in the pharmaceutical industry, Sinopharm actively participates in industry policy formulation and research, providing suggestions and strategies. In 2023, Sinopharm participated in the research and study on the revision of the *Regulations on the Administration of Anesthetic Drugs and Psychotropic Substances* by the Shanghai Municipal Drug Administration, and ultimately formed the draft of the *Regulations on the Administration of Anesthetic Drugs and Psychotropic Substances (revision comments)*. In addition, we have participated in the drafting of various national pharmaceutical regulations and actively provided suggestions based on years of business practice.

We actively monitor the development of ESG in the industry. This year, Sinopharm participated in the ESG branch activities of the China Pharmaceutical Manufacturers Association and served as the rotating president, focusing on the construction and implementation of zero-carbon strategies for pharmaceutical logistics enterprises.



participating
in policy
research

In 2023, Sinopharm and China Pharmaceutical University collaborated to launch a research project on the development path of retail pharmacies under the "dual channel" management mechanism, exploring the implementation path of improving drug accessibility and competitiveness for "dual channel" retail pharmacies.



participating in
standardization
construction

In 2023, the two group standards of the *Good Supply Practice* and the *Specification For Entrusted Distribution Management by Drug Market Authorization Holders* participated in the preliminary research of Sinopharm were promulgated and implemented.

Win-Win Cooperation

Relying on its key position in the medical industry chain, Sinopharm has partnered with local governments, university research institutions, upstream and downstream enterprises, etc. to establish cooperation alliances, promote the coordinated development of the upstream and downstream of the industry chain, create a competitive and strategic industry chain system, create a win-win cooperation situation, and help achieve the "Healthy China 2030" strategy.



Sinopharm and Takeda China Achieve Strategic Cooperation



Sinopharm and Roche Pharmaceuticals have reached a strategic cooperation agreement



Sinopharm and Geely Technology Achieve Strategic Cooperation



Sinopharm and Pfizer China Achieve Strategic Cooperation

Supply Chain Management

As “an integrator of the pharmaceutical distribution industry”, Sinopharm attaches great importance to good cooperation with upstream and downstream industry chain partners, continuously strengthens supply chain management, and works together with partners to mutually benefit and build a resilient modern supply chain system.

Supply Chain Management System

Sinopharm strictly complies with national and local laws and regulations, and issues and regularly updates procurement management systems such as the *Procurement Management Regulations*, *Recall Procedure Management Regulations* and *Sinopharm Co., Ltd. Tendering and Procurement Management Measures*. We continue to promote the construction of an integrated platform, from enterprise admission, quality verification, secondary review, risk management, etc., to control the entire process of suppliers and build a closed-loop management system for the entire process. This year, we revised the *Management Regulations for Re-evaluation of Qualified Suppliers* to strengthen the daily management and assessment of suppliers; The subsidiary Sinopharm (Shanghai) Supply Chain Service Co., Ltd. has added a new service provider management system, regularly evaluating the service capabilities of bonded transportation, warehousing, and customs declaration, and developing a daily management and KPI assessment mechanism for service providers to ensure that their operations meet the Company's business needs and quality requirements.

Supplier audit process



In the supplier admission process, we review the qualification documents such as the supplier's business license, production approval, registration certificate, and inspection report, and conduct on-site audits as needed. On this basis, we require the first-tier supplier to further provide the business licences, permits, and other qualification documents of the second-tier supplier to ensure that their qualifications, quality, and other elements meet the first-tier and employment standards.



In 2023, supplier supervision and audit management coverage rate:

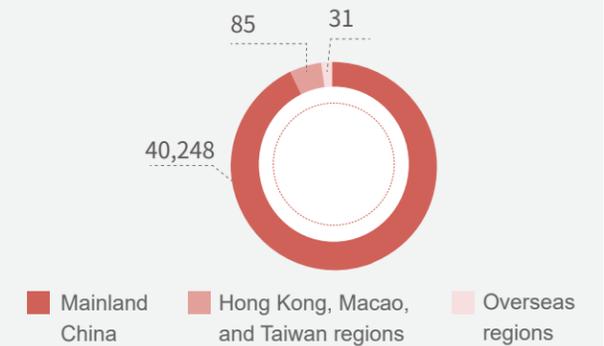
100%

During this Reporting Period, the Group had a total of 40,364 suppliers, including suppliers in the three major sectors of pharmaceuticals, retail, and devices, with suppliers in mainland China

accounting for **99.7%**

The Company strictly follows internal regulations to implement relevant employment practices for 100% of suppliers.

Supplier data:



In addition, Sinopharm focuses on supply chain risk management, monitoring supply chain risks through institutional construction, regular inspections, daily supervision, and other means to reduce the probability of risk events. We provide timely feedback on non-compliant issues discovered and urge suppliers to cooperate in quality and service improvement.



We strictly prevent corruption in the supply chain and set relevant clauses in the contract or develop the *Code of Conduct for Business Partners* in accordance with the requirements of the *Sinopharm Compliance Manual*.



The Company strictly complies with the contract provisions with contractors, timely and fully pays salaries and equipment data payments; And signs a safety responsibility agreement with the contractor at the project level to implement the contractor's compliance with various safety regulations and avoid potential risk events.



On the basis of signing a quality assurance agreement with suppliers, Sinopharm establishes a supplier reevaluation mechanism and regularly reviews them to identify and evaluate relevant risks. If there is a situation of substandard drugs, we will manage the destruction of service providers in accordance with the *External Service Provider Management Regulations* and follow the principles of green environmental protection to destroy the inventory of substandard drugs.



Practice the principle of responsible procurement, prioritize the selection of green and environmentally friendly products and services, and regularly supervise and inspect the environmental compliance of suppliers.

Building a Sustainable Supply Chain

Sinopharm is committed to building a sustainable supply chain, actively practising value chain synergy, encouraging suppliers to fulfill social responsibilities, practising ESG concepts, promoting responsible supply chain construction, and working together with partners to create solid guarantees for the global health industry. In 2023, we revised the *Management Regulations for Re-evaluation of Qualified Suppliers*, improved the evaluation standards for daily performance records, promoted the reporting process, issued a list of qualified suppliers, and took appropriate risk management measures.

In 2023, Sinopharm conducted training on the concept of "ESG leading the infrastructure construction of pharmaceutical logistics parks" for some suppliers, collaborated with supply chain enterprises to create green and sustainable modern pharmaceutical logistics projects, and implemented sustainable development goals. At the same time, Sinopharm encourages suppliers to actively use environmentally friendly, green, and low-consumption materials in cold chain recycling packaging materials, packaging boxes, and other areas. In addition, the Company insists on purchasing copy paper with environmental standard certification to minimize the impact on the environment in daily office work.



Conducting concept promotion and training for suppliers

Active Social Contribution

Sinopharm always adheres to the corporate philosophy of "All for Health, Health for All", assumes the social responsibility of central enterprises, ensures the accessibility of medicine, and is committed to providing everyone with more convenient, reliable, and affordable medical services, supporting the construction of the national medical system, ensuring drug supply, and serving society.



the total number of hours that employees of the Group participated in volunteer activities was

49,648 hours



5,238 person-time participated in volunteer activities

Sinopharm strictly adheres to the requirements of laws and regulations such as the *Law of the People's Republic of China on Donations for Public Welfare*, and actively formulates and implements the *Measures for the Administration of Sinopharm's External Donations*, further regulating external donation behavior from the aspects of donation scope, budget management, approval procedures, execution management, and donation supervision.

During this Reporting Period, the Group actively participated in public welfare activities such as drug supply guarantee, disability and education assistance, and charitable donations, contributing to the harmonious development of society. In 2023, the total number of hours that employees of the Group participating in volunteer activities was 49,648 hours, and 5,238 person-time participated in volunteer activities.

Securing Pharmaceutical Supply

The drug supply guarantee system is a major issue in deepening medical reform and an important component of the national basic medical and health system. Sinopharm actively responds to the call for national healthcare reform, continues to make efforts around the construction of the drug supply guarantee system, focuses on the two key links of drug availability and drug accessibility, explores the layout of a four-dimensional and coordinated drug supply guarantee system, expands drug varieties, improves drug accessibility, and becomes a "guardian" of people's medication.



Case: DTP integrated service platform serving patients with major and chronic diseases

DOT (Duration of Therapy), also known as "duration of drug therapy," aims to extend the treatment benefits of patients through various forms of patient services, such as patient education, follow-up management, and payment innovation.

Sinopharm provides users with more efficient and reliable health services through digital health management, creates a DTP-integrated innovative service platform, and combines innovative payment models to effectively improve the accessibility and medication management of innovative drugs for patients with serious and chronic diseases. The DTP platform provides more convenient medication services for patients with serious and chronic diseases through policy analysis and promotion, creation of chronic disease member information, and opening up the "dual channel" prescription circulation interface. In 2023, the DTP platform undertook some services for patients with chronic diseases, serving a total of 40,000 patients, improving drug refinement and service specialization.

Case: GuoDa Pharmacy guarantees medication for villagers in southwestern border areas

GuoDa Disheng Pharmacy is guarding the medication needs of the people in the southwestern border area. In 2023, GuoDa Disheng Pharmacy provided door-to-door medicine delivery services to all villagers, using motorcycles as transportation to deliver health services to every household, thereby bridging the "last mile" of medicine transportation. In addition, Disheng Pharmacy also offers free services such as blood pressure and blood sugar testing, gua sha, and therapy, providing comprehensive health guidance to local residents to prevent health issues before they arise.

Case: Sinopharm Xingsha guarantees scarce drug supply

At the beginning of 2023, Sinopharm Xingsha Phenol Amino Carmine Tablets were included in the provincial and municipal COVID-19 drug catalogue, and there was a shortage of drugs in a short time. State-controlled Sinopharm Xingsha actively formulated response measures, applied for raw material approval from the Fujian Provincial Food and Drug Administration as soon as possible, coordinated with raw material manufacturers and relevant government departments to solve the procurement and transportation of raw materials, quickly responded and seamlessly connected each link, organized personnel from various relevant departments of the Company to intensify production, and ensured market demand.



The measures taken by Sinopharm Xingsha to ensure the supply of scarce drugs have been widely recognized

Assisting in Rural Revitalization

Sinopharm strongly supports the national strategy, corresponding to major decisions and deployments for rural revitalization, consolidates and expands the achievements of poverty alleviation, and assists in the comprehensive revitalization of rural areas. In 2023, Sinopharm building upon its consumer assistance and donations, pioneered a new model of industrial support, solidifying the foundation for revitalization and achieving sustainable development.

- »» Provided targeted assistance funds of RMB **4.15** million to Zhiduo County in Qinghai Province and Jingyu County in Jilin Province
- »» Purchased nearly RMB **4.4** million of rural revitalization assistance agricultural products throughout the year



Case: Sinopharm Continuously Promotes Assistance and Cooperation in Jingyu County, Jilin Province

Since the comprehensive promotion of rural revitalization in Jingyu County, efforts have been made to consolidate and optimize basic medical security, and more emphasis has been placed on consolidating and expanding the effective connection between health poverty alleviation and rural revitalization. As a counterpart assistance enterprise, Sinopharm actively assumes corporate responsibility and has been continuously providing assistance to Jingyu County since 2019.

In 2023, the Group continued to leverage its industry advantages and fully implement its responsibilities for rural revitalization assistance and cooperation. Prioritizing medical treatment and emphasizing health security, we donated 130 varieties of medicines totaling 40,548 boxes to Jingyu County, with a total value of RMB 800,000.



Sinopharm donated drugs to the Health Bureau of Jingyu County

Case: Sinopharm Luan United with the Party Branch of the Sixth Branch of Anhui Provincial Drug Administration to Carry out Assistance Activities

Sinopharm Luan continues to promote poverty alleviation, prevention, and return to poverty care actions, actively supporting rural revitalization. In September 2023, the Sinopharm Luan Party Branch, in collaboration with the Party Branch of the Sixth Branch of the Anhui Provincial Drug Administration, went to Dingzhai Community in Gongdian Town, Lixin County to carry out paired assistance activities, jointly visited Dingzhai social industry projects, visited representatives of severely disadvantaged households, and delivered condolence materials.



On site group photo

Appendix

Responsibility Performance Table

A. Environmental Performance⁷

Category	Indicators	Unit	2022	2023
Emission ⁸	Nitrogen oxides (NO _x)	Ton	151.02	161.34
	Sulfur oxides (SO _x)	Ton	0.32	0.33
	Particulate matter	Ton	13.95	14.91
	Chemical oxygen demand (COD) *	Ton	1.28	0.85
	Biochemical oxygen demand (BOD) *	Ton	0.53	0.48
	Ammonia nitrogen *	Ton	0.11	0.06
Greenhouse Gas Emissions	Direct GHG emissions (Scope 1)	Ton CO ₂ e	52,434.34	54,715.05
	Indirect GHG emissions (Scope 2)	Ton CO ₂	200,670.94	208,700.22
	Total GHG emissions	Ton CO ₂ e	253,105.28	263,415.27
	Direct GHG emissions intensity (Scope 1)	Ton CO ₂ e /person	0.46	0.47
	Indirect GHG emissions intensity (Scope 2)	Ton CO ₂ e/person	1.75	1.80
	GHG emissions intensity	Ton CO ₂ e/person	2.20	2.27
Energy Use	Diesel consumption	MWh	124,308.96	133,209.42
	Gasoline consumption	MWh	73,167.61	71,934.12
	Natural gas consumption	MWh	6,619.03	7,742.94
	Total direct energy consumption	MWh	204,095.59	212,886.48
	Intensity of direct energy consumption	MWh/person	1.78	1.84
	Purchased electricity	MWh	329,852.10	350,224.70
	Purchased heat	MWh	31,707.80	22,644.12
	Total indirect energy consumption	MWh	361,559.90	372,868.82
	Intensity of indirect energy consumption intensity	MWh/person	3.15	3.22
	Total energy consumption	MWh	565,655.49	585,755.30
Intensity of energy consumption	MWh/person	4.93	5.05	

⁷ Data denoted by * correspond to a data collection scope of industrial enterprises under Sinopharm. The data collection scope for other data is the Group.

⁸ NO_x, SO_x, and particulate matter emissions were from vehicle use of the Group in 2023, and were calculated by referring to the Appendix II of How to Prepare An ESG Report published by HKEX.

Category	Indicators	Unit	2022	2023
Resource Use	Total amount of water consumption	Cubic meter	651,090.73	917,950.80
	Water consumption intensity	Cubic meter / person	5.67	7.92
	Carton/box*	Ton	3,508.50	3,561.00
	Packing bottle*	Ton	2,515.40	2,482.00
	Total packaging material consumption*	Ton	6,023.90	6,043.00
	Intensity of packaging material consumption*	Ton/person	4.29	3.84
Solid Waste ⁹	Total amount of non-hazardous waste	Ton	999.31	945.28
	Non-hazardous waste generation Intensity	Ton/person	0.01	0.01
	Total amount of hazardous waste*	Ton	229.15	160.42
	Hazardous waste generation intensity*	Ton/person	0.16	0.11

B. Social Performance¹⁰

Category	Indicators	Unit	2022	2023
Employment	Total number of employees	Person	114,766	115,959
	Number of male employees	Person	43,405	43,443
	Number of female employees	Person	71,361	72,516
	Number of full-time employees	Person	114,766	115,959
	Number of part-time employees	Person	0	0
	Number of employees aged 30 and below	Person	29,115	32,240
	Number of employees aged 31-40	Person	47,592	47,929
	Number of employees aged 41-50	Person	30,700	29,593
	Number of employees aged 51-60	Person	7,134	6,061
	Number of employees aged 61 and above	Person	225	136
	Number of employees in Mainland China	Person	114,765	115,958
	Number of employees in Hong Kong	Person	1	1
	Number of total leaving employees	Person	23,473	21,618
	Number of male leaving employees	Person	7,873	6,842
	Number of female leaving employees	Person	15,600	14,776

⁹ 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.

¹⁰ 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	2022	2023
Employment	Number of leaving employees aged 30 and below	Person	9,624	8,923
	Number of leaving employees aged 31-40	Person	8,165	7,294
	Number of leaving employees aged 41-50	Person	4,397	4,043
	Number of leaving employees aged 51-60	Person	1,180	1,257
	Number of leaving employees aged 61 and above	Person	107	101
	Number of leaving employees in Mainland China	Person	23,473	21,618
	Number of leaving employees in Hong Kong	Person	0	0
	Total employee turnover rate ¹¹	%	20.4	18.6
	Turnover rate of male employees	%	18.1	15.7
	Turnover rate of female employees	%	21.9	20.4
	Turnover rate of employees aged 30 and below	%	33.1	27.7
	Turnover rate of employees aged 31-40	%	17.1	15.2
	Turnover rate of employees aged 41-50	%	16.0	13.7
	Turnover rate of employees aged 51-60	%	19.8	20.7
	Turnover rate of employees aged 61 and above	%	60.1	74.3
	Turnover rate of employees in Mainland China	%	20.4	18.6
	Turnover rate of employees in Hong Kong	%	0.0	0.0
	Signing rate of labor contract*	%	100	100
	Signing rate of collective contract	%	55.70	56.1
	Occupational Health and Safety	New occupational disease cases	Person	0
Total investment in production safety		RMB 10,000	7,958	7,727
Participants in occupational health and safety training		Person-time	112,706	431,086
Participants in emergency drills		Person	32,544	51,812
Number of work-related fatalities		Person	0	0
Rate of work-related fatalities ¹²		%	0	0
Number of work-related fatalities in the past three years		Person		0
Rate of work-related fatalities in the past three years		%		0
Lost days due to work injury		Day	10,733	11,848

¹¹ Turnover rate of employees in each category = number of leaving employees in the category /total number of employees in the category * 100

¹² Rate of work-related fatalities= number of work-related fatalities /number of employees*100.

Category	Indicators	Unit	2022	2023
Employees' Training	Total employees trained	Person	114,766	115,959
	Training rate of employees	%	100	100
	Number of male employees trained	Person	43,405	43,443
	Number of female employees trained	Person	71,361	72,516
	Number of senior management trained	Person	2,454	2,406
	Number of middle management trained	Person	7,930	7,796
	Number of staff trained	Person	104,382	105,757
	Training rate of male employees	%	37.8	37.5
	Training rate of female employees	%	62.2	62.5
	Training rate of senior management	%	2.1	2.1
	Training rate of middle management	%	6.9	6.7
	Training rate of staff	%	91.0	91.2
	Average training hours of employees	Hour	57.3	64.9
	Average training hours of male employees	Hour	55.9	44.6
	Average training hours of female employees	Hour	58.1	77.0
Average training hours of senior management	Hour	40.7	41.2	
Average training hours of middle management	Hour	60.9	51.8	
Average training hours of staff	Hour	57.4	66.3	
Supply Chain Management	Total number of suppliers	/	43,060	40,364
	Number of suppliers in Mainland China	/	42,886	40,248
	Number of suppliers in Hongkong, Macaw and Taiwan	/	29	31
	Number of overseas suppliers	/	145	85
	Rate of suppliers implementing internal regulations	%	100	100
Quality Management*	Number of recalled products for safety and health reasons	Batch	30	157
	Percentage of total products recalled for safety and health reasons	%	0.069	0.249
	Number of products and service related complaints received	Case	0	0
	Customer satisfaction	%	96.4	98.87
Anti-Corruption*	Number of concluded legal cases regarding corrupt practices	Case	0	0
	Participants in anti-corruption training	Person-time	118,647	115,959
Community Investment	Total hours of volunteer activities	Hours	27,723	49,648
	Participants of volunteer activities	Person-time	3,365	5,238
	Total amount of donations	RMB 10,000	2,711.2	935.92

Hong Kong Stock Exchange ESG Reporting Guide Content Index

Aspect A1: Emissions			
General Disclosure & KPI	Indicator description	Relevant chapter	
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operations, Advocating low Carbon Philosophy: Environmental Management System	
KPI	A1.1	The types of emissions and respective emissions data.	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 Operations, Advocating low Carbon Philosophy: Green Production 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 emissions target(s) set and steps taken to achieve them.	Green Operations, Advocating low Carbon Philosophy: Environmental Management System, 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 Operations, Advocating low Carbon Philosophy: Green Production
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operations, Advocating low Carbon Philosophy: Green Production	
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 Operations, Advocating low Carbon Philosophy: Environmental Management System, Addressing Climate Change, 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 Operations, Advocating low Carbon Philosophy: 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 Environment and Natural Resources			
General Disclosure		Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Operations, Advocating low Carbon Philosophy: 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 Operations, Advocating low Carbon Philosophy: Green Production
Aspect A4: Climate Change			
General Disclosure		Policies to identify and address significant climate related issues that have already and may have an impact on the issuer.	Green Operations, Advocating low Carbon Philosophy: Addressing Climate Change
KPI	A4.1	Describe significant climate related matters that have already and may have an impact on the issuer, as well as the actions taken to address them.	Green Operations, Advocating low Carbon Philosophy: Addressing Climate Change

General Disclosure & KPI		Indicator description	Relevant chapter
Aspect B3: Development and Training			
General Disclosure		Policies related to enhancing the knowledge and skills of employees in fulfilling their job responsibilities. Describe the training activities. Note: Training refers to vocational training, which can include internal and external courses paid by the employer.	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Promoting Talent Development
KPI	B3.1	The percentage of trained employees divided by gender and employee category (such as senior management, intermediate management, etc.).	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Promoting Talent Development Appendix: Responsibility Performance Table
	B3.2	Divided by gender and employee category, the average number of hours each employee completed training.	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Promoting Talent Development Appendix: Responsibility Performance Table

B. Social

General Disclosure & KPI		Indicator description	Relevant chapter
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure		Regarding salary and termination, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti discrimination, and other benefits and benefits: (a) Policy; and (b) Comply with relevant laws and regulations that have a significant impact on the issuer.	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Employee Rights Protection
KPI	B1.1	The total number of employees divided by gender, employment type, age group, and region.	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Employee Rights Protection Appendix: Responsibility Performance Table
	B1.2	Employee turnover rate by gender, age group, and region.	Appendix: Responsibility Performance Table
Aspect B2: Health and Safety			
General Disclosure		Regarding providing a safe working environment and ensuring employees avoid occupational hazards: (a) Policy; and (b) Comply with relevant laws and regulations that have a significant impact on the issuer.	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Occupational Health Protection
KPI	B2.1	The number and rate of work-related deaths per year in the past three years (including the reporting year).	Appendix: Responsibility Performance Table
	B2.2	Lost working days due to work-related injuries.	Appendix: Responsibility Performance Table
	B2.3	Describe the occupational health and safety measures adopted, as well as the relevant implementation and monitoring methods.	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Occupational Health Protection

Aspect B4: Labour Standards			
General Disclosure		Regarding the prevention of child labor or forced labor: (a) Policy; and (b) Compliance has a significant impact on the issuer Information on relevant laws and regulations.	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Employee Rights Protection
KPI	B4.1	Describe measures to review recruitment practices to avoid child labor and forced labor.	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Employee Rights Protection
	B4.2	Describe the steps taken to eliminate violations when discovered.	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Employee Rights Protection

Operating Practices

Aspect B5: Supply Chain Management			
General Disclosure		Manage the environmental and social risk policies of the supply chain.	Value Sharing, Co-Creating Responsible Value Chain: Supply Chain Management
KPI	B5.1	Number of suppliers by region.	Value Sharing, Co-Creating Responsible Value Chain: Supply Chain Management Appendix: Responsibility Performance Table
	B5.2	Describe the practices related to hiring suppliers, the number of suppliers who have implemented these practices, and the methods of implementing and monitoring these practices.	Value Sharing, Co-Creating Responsible Value Chain: Supply Chain Management Appendix: Responsibility Performance Table
	B5.3	Describe the practices for identifying environmental and social risks at each stage of the supply chain, as well as relevant implementation and monitoring methods.	Value Sharing, Co-Creating Responsible Value Chain: Supply Chain Management
	B5.4	Describe the practice of promoting the use of environmentally friendly products and services when selecting suppliers, as well as relevant implementation and monitoring methods.	Value Sharing, Co-Creating Responsible Value Chain: Supply Chain Management

General Disclosure & KPI	Indicator description	Relevant chapter
Aspect B6: Product Responsibility		
General Disclosure	Regarding the health and safety, advertising, labeling, and privacy of the products and services provided, as well as remedies: (a) Policy; and (b) Compliance has a significant impact on the issuer Information on relevant laws and regulations.	Quality as a Priority, Serving Healthy China: Product Quality Management, Customer Rights Protection
KPI	B6.1 The percentage of products sold or shipped that need to be recycled for safety and health reasons.	Quality as a Priority, Serving Healthy China: Product Quality Management Appendix: Responsibility Performance Table
	B6.2 Number of complaints received regarding products and services and response methods.	Quality as a Priority, Serving Healthy China: Customer Rights Protection Appendix: Responsibility Performance Table
	B6.3 Describe the practices related to maintaining and safeguarding intellectual property rights.	Quality as a Priority, Serving Healthy China: Technology-Driven Innovation
	B6.4 Describe the quality inspection process and product recovery procedures.	Quality as a Priority, Serving Healthy China: Product Quality Management
	B6.5 Describe consumer data protection and privacy policies, as well as relevant implementation and monitoring methods.	Quality as a Priority, Serving Healthy China: Customer Rights Protection
Aspect B7: Anti-corruption		
General Disclosure	Regarding the prevention of bribery, extortion, fraud, and money laundering: (a) Policy; and (b) Comply with relevant laws and regulations that have a significant impact on the issuer.	Implementing Responsibility Management and Strengthening the Foundation of Governance: Compliance Management
KPI	B7.1 The number and outcome of corruption lawsuits filed and concluded against the issuer or its employees during the reporting period.	Implementing Responsibility Management and Strengthening the Foundation of Governance: Compliance Management Appendix: Responsibility Performance Table
	B7.2 Describe preventive measures and reporting procedures, as well as relevant implementation and monitoring methods.	Implementing Responsibility Management and Strengthening the Foundation of Governance: Compliance Management
	B7.3 Describe the anti-corruption training provided to directors and employees.	Implementing Responsibility Management and Strengthening the Foundation of Governance: Compliance Management Appendix: Responsibility Performance Table
Community		
Aspect B8: Community Investment		
General Disclosure	The policy of using community participation to understand the needs of the operating community and ensure that its business activities consider the interests of the community.	Value Sharing, Co-Creating Responsible Value Chain: Active Social Contribution
KPI	B8.1 Focus on contributing areas such as education, environmental issues, labor needs, health, culture, and sports.	Value Sharing, Co-Creating Responsible Value Chain: Active Social Contribution
	B8.2 The resources (such as money or time) used in the field of focus.	Value Sharing, Co-Creating Responsible Value Chain: Active Social Contribution Appendix: Responsibility Performance Table

The SASAC's ESG Special Report Reference Indicator System for State Owned Enterprises Holding Listed Companies Index Table

Disclosure Content		Chapter
Environmental category indicators		
Primary indicators	Secondary indicators	
Resource consumption	Water resources	Green Operations, Advocating low Carbon Philosophy: Environmental Management System, Green Production Appendix: Responsibility Performance Table
	material	Green Operations, Advocating low Carbon Philosophy: Environmental Management System, Green Production Appendix: Responsibility Performance Table
	energy	Green Operations, Advocating low Carbon Philosophy: Environmental Management System, Addressing Climate Change Appendix: Responsibility Performance Table
	packing material	Green Operations, Advocating low Carbon Philosophy: Environmental Management System, Green Production Appendix: Responsibility Performance Table
	wastewater	Green Operations, Advocating low Carbon Philosophy: Green Production Appendix: Responsibility Performance Table
Pollution prevention	waste gas	Green Operations, Advocating low Carbon Philosophy: Green Production Appendix: Responsibility Performance Table
	solid waste	Green Operations, Advocating low Carbon Philosophy: Green Production Appendix: Responsibility Performance Table
	greenhouse gas emissions	Green Operations, Advocating low Carbon Philosophy: Addressing Climate Change Appendix: Responsibility Performance Table
Climate change	Emission reduction management	Green Operations, Advocating low Carbon Philosophy: Green Production Appendix: Responsibility Performance Table
	Environmental equity transactions	Green Operations, Advocating low Carbon Philosophy: Addressing Climate Change Appendix: Responsibility Performance Table
	Climate risk management	Green Operations, Advocating low Carbon Philosophy: Addressing Climate Change Appendix: Responsibility Performance Table
Biodiversity	The impact of production, services, and products on biodiversity	Green Operations, Advocating low Carbon Philosophy: Environmental Management System

Disclosure Content		Chapter
Environmental category indicators		
Primary indicators	Secondary indicators	
Resource and environmental management system measures	Formulation of low-carbon development goals and strategic measures	Green Operations, Advocating low Carbon Philosophy: Addressing Climate Change
	Resource management measures	Green Operations, Advocating low Carbon Philosophy: Green Production, Advocating Green Office
	Energy conservation and carbon reduction statistical monitoring and assessment reward and punishment system	Green Operations, Advocating low Carbon Philosophy: Addressing Climate Change
	Green environmental protection actions and measures	Green Operations, Advocating low Carbon Philosophy: Addressing Climate Change, Green Production
	Green and low-carbon certification	Green Operations, Advocating low Carbon Philosophy: Addressing Climate Change
	Legal and compliant environmental field	Green Operations, Advocating low Carbon Philosophy: Environmental Management System
Social category indicators		
Primary indicators	Secondary indicators	
Employee rights	employee recruitment and employment	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Employee Rights Protection Appendix: Responsibility Performance Table
	Employee compensation and benefits	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Employee Rights Protection
	Employee health and safety	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Occupational Health Protection Appendix: Responsibility Performance Table
	Employee development and training	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Promoting Talent Development Appendix: Responsibility Performance Table
	Employee satisfaction	Embracing Diversity and Equality, Upholding a Cohesive Workplace: Employee Care Appendix: Responsibility Performance Table
Product and service management	Product safety and quality	Quality as a Priority, Serving Healthy China: Product Quality Management Appendix: Responsibility Performance Table
	Customer service and benefits	Quality as a Priority, Serving Healthy China: Customer Rights Protection Appendix: Responsibility Performance Table
	Innovative development	Quality as a Priority, Serving Healthy China: Technology-Driven Innovation Appendix: Responsibility Performance Table
Supply chain security and management	Supply chain management	Value Sharing, Co-Creating Responsible Value Chain: Supply Chain Management Appendix: Responsibility Performance Table
	Supply chain energy conservation management	Value Sharing, Co-Creating Responsible Value Chain: Supply Chain Management

Disclosure Content		Chapter
Social category indicators		
Primary indicators	Secondary indicators	
Social contribution	Tax payment situation	(Please refer to the 2023 annual report of Sinopharm)
	Community co construction	Value Sharing, Co-Creating Responsible Value Chain: Active Social Contribution
	Activities for public good	Value Sharing, Co-Creating Responsible Value Chain: Active Social Contribution Appendix: Responsibility Performance Table
	National strategic response	Value Sharing, Co-Creating Responsible Value Chain: Active Social Contribution
Governance category indicators		
Primary indicators	Secondary indicators	
Governance strategy and organizational structure	Governance strategy and process	About the Company: Corporate Governance
	Organizational structure and functions	About the Company: Corporate Governance
	Salary management	About the Company: Corporate Governance
Standardize governance	Internal control	Implementing Responsibility Management and Strengthening the Foundation of Governance: Compliance Management
	Clean construction	Implementing Responsibility Management and Strengthening the Foundation of Governance: Compliance Management Appendix: Responsibility Performance Table
	Fair competition	Implementing Responsibility Management and Strengthening the Foundation of Governance: Compliance Management
Investor relationship management and shareholder equity ¹³	Investor relations management	About the Company: Corporate Governance Implementing Responsibility Management and Strengthening the Foundation of Governance: Sustainable Development Management
	Shareholders' equity	About the Company: Corporate Governance Implementing Responsibility Management and Strengthening the Foundation of Governance: Sustainable Development Management
	Creditor's rights and interests	About the Company: Corporate Governance Implementing Responsibility Management and Strengthening the Foundation of Governance: Sustainable Development Management
Transparency of information disclosure ¹⁴	Information disclosure system	About the Company: Corporate Governance
	Quality of information disclosure	About the Company: Corporate Governance
Compliant operations and risk management	Compliant operations	Implementing Responsibility Management and Strengthening the Foundation of Governance: Compliance Management
	Risk management	About the Company: Corporate Governance

¹³ For more information, please refer to the 2023 annual report of Sinopharm

¹⁴ For more information, please refer to the 2023 annual report of Sinopharm

Readers' Feedback Form

Dear readers:

Hello!

Thank you for taking time to read the Sinopharm Group Co. Ltd. 2023 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**

1. Your overall satisfaction evaluation of this Report

Very good Good General Poor Very Poor

2. This Report fully responds to and discloses issues of concern to stakeholders

Very good Good General Poor Very Poor

3. The information and data disclosed in this Report are clear, accurate and complete

Very good Good General Poor Very Poor

4. This Report comprehensively and accurately reflects the significant impact of Sinopharm Group on the economy, society and environment

Very good Good General Poor Very Poor

5. The logic main line, language text and layout design of this Report are clear and readable

Very good Good General Poor Very Poor

■ **Please provide a brief answer to the following questions:**

1. Which parts of this Report are you most satisfied with?

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

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

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.

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