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**BIOSINO BIO-TECHNOLOGY AND
SCIENCE INCORPORATION**

**ENVIRONMENTAL SOCIAL
AND GOVERNANCE
REPORT**

2023

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I ABOUT THIS REPORT

Overview

This report is the third environmental, social and governance report independently issued by Biosino Bio-Technology and Science Incorporation, hereinafter referred to as "Biosino", the "Company" and "we", which comprehensively reflects the Company's performance in ESG. This report covers the performance of the financial year from January 1, 2023 to December 31, 2023. Some related information is traced out of the Reporting Period.

Report methodology

This report is prepared in accordance with the requirements of Appendix C2 "Environmental, Social and Governance Reporting Guide" of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. In addressing climate change disclosure, reference is made to The Stock Exchange of Hong Kong Limited's "Guidance on the Recommended Disclosure of Climate-related Information according to the TCFD Recommendations."

Report scope

The policies and data provided in this report covers the company and its subsidiaries, and the scope of the report is consistent with the annual report. The data and cases in this report are mainly from the company's statistic reports and relevant documents. The disclosure boundary is: (a) Subsidiaries with consolidated financial statements; (b) Subsidiaries actually controlled; (c) The company has been put into operation for two natural years or more.

The board of directors of promises that there are no false records and misleading statements in this report, and is responsible for the authenticity, accuracy and completeness of its contents.

Report language

The report is drafted in Chinese and English.

Confirmation and Approval

This report was approved by the Board on March 31, 2024, following confirmation by the board of directors

Acquisition method

This report is provided in both paper and electronic forms. The electronic version of this report can be viewed and downloaded from the official website of BIOSINO, and published on the website of the stock exchange at the same time.

I MESSAGE FROM THE CHAIRMAN

Dear shareholders,

In 2023, we jointly witnessed the challenges in the IVD industry. This year, the complex and volatile macroeconomic environment has brought considerable pressure to the entire industry. Coupled with the centralized procurement policy for IVD projects, the industry landscape has undergone a reshape, and corporate profits have been significantly affected. However, it is in such an environment that Zhongsheng has demonstrated resilience and vitality. Although the overall sales has decreased slightly, our sales quantity has increased, and the sales quantity of self-produced reagents has also increased significantly. This fully demonstrates that Zhongsheng maintains strong internal growth potential in market competition.

Looking back, Zhongsheng's new products and technologies, represented by flow cytometers, have gradually transformed from "potential" to "strength" and "vitality". The rapid growth in performance proves the profound foundation and accumulation of Zhongsheng in technological innovation. At the same time, we have also built an increasingly mature biochemical system, including cost-effective reagents, calibration products, and the implementation of biochemical analyzer pipelines, which not only improves our products but also enhances our competitive position in the industry, laying a solid foundation for the company's sustainable development.

Moreover, Zhongsheng has actively expanded its business scope, gradually transforming from an initial biochemical reagent manufacturer to a company with increasingly comprehensive IVD industry categories. We have actively explored the markets outside hospitals, communities, and home testing. The newly incubated third-party laboratories and health centers are also becoming increasingly mature, gradually forming a "new productive force" in the health and IVD industries.

Looking ahead to 2024, I firmly believe that Zhongsheng will embrace an even brighter future. With the improvement of technology and economic levels, health has become a rigid demand for consumers. Zhongsheng will continue to focus on core products such as flow cytometers to achieve larger-scale growth. At the same time, we will also promote the penetration of biochemical system solutions into the market of hospitals above the second-tier level, contributing to the establishment of a "safe and reliable" system for China's in vitro diagnostic industry.

In addition, Zhongsheng will further activate innovation elements, especially the previously unutilized fixed assets, to provide strong support for the company's technological innovation, business model innovation, and operational capability enhancement. We will actively and cautiously implement an expansion strategy, integrate resources, and help the company move towards a more intelligent and digital future.

Regarding green and low-carbon development, Zhongsheng has always adhered to the concept of green and low-carbon development, not only considering it an important mission for our enterprise but also an important driving force for promoting industry progress. Zhongsheng actively explores the path, technology, and model of low-carbon development in the IVD industry, committed to achieving low carbonization in all aspects of technological innovation, product research and development, and production processes. We implement low-carbon and green management involving all personnel, all factors, and the entire process throughout the company to ensure that energy consumption and environmental pollution are reduced from the source. We have also revised and established relevant systems and measures for low-carbon green development, providing solid institutional guarantees for the company's low-carbon green development.

In terms of social responsibility, Zhongsheng has embraced patriotism since its foundation, actively shouldering social responsibilities and committing to the research and production of IVD products with significant cost advantages. We not only actively provide affordable products to consumers and the general public but also put the concept of "beautifying life with technology" into action, actively contributing to providing high-quality and affordable products and choices for society and the people.

In research and development, Zhongsheng has always regarded technological innovation as the foundation of the corporation and is a practitioner and pioneer in the integration of industry, academia, and research. In the future, Zhongsheng will continue to focus on the frontier progress of life sciences, timely achieve the transformation of scientific and technological achievements, and actively explore and strive in areas such as companion diagnostics, precision medicine, and inclusive healthcare, becoming a platform for biotechnology transformation and the integration of industry and research.

Today, we stand at a new starting point in Zhongsheng's development journey spanning over 50 years. Since the birth of our first product in 1973, we have weathered storms and overcome countless difficulties and crises. However, every challenge has become a stepping stone for Zhongsheng's growth. History has proven that Zhongsheng is not only a resilient enterprise but also one capable of sustainable development. Let us wait patiently for the flowers to bloom and witness a brighter future for Zhongsheng together.



Chairman of BIOSINO Lebin Wu

2023 PERFORMANCE HIGHLIGHTS

01 Financial Performance



Annual revenue for 2023:
2.891 million yuan

02 Corporate Governance

- 9 board members
- 3 supervisory board members
- 16 ESG committee members
- 24 significant ESG issues.
- 100% board member participation in business ethics training courses
- 5 board meetings
- 2 shareholder meetings
- 2 supervisory board meetings

03 Product Innovation

- 35.8 million yuan R&D investment for 2023
- 148 Number of R&D center staff
- 56 Granted invention patents
- 60 Granted utility model patents
- 11 Granted design patents
- 18 Software copyrights 29 Trademarks
- 48 Published papers
- 279 Product registration certificates held
- 23 Successfully applied for group procurement for liver function and biochemical test reagent projects
- 22 renal and cardiac group procurement projects.

04 Green and Low Carbon



Total carbon emissions (Scope 1+Scope 2) for 2023
2987.85 tCO₂e

Carbon emission intensity
0.1034 tCO₂e per ten thousand RMB

05 Ecological Co-construction



- 1 supplier ESG training session
- 2 training sessions for employees and industry partners
- 4 new product exposures at international and domestic exhibitions

06 Employee Development

- Total number of employees
537
- Percentage of female employees
42.86%
- Employee training coverage rate
100%
- Anti-corruption training for all employees
100%
- Safety education training coverage rate
100%
- Safety risk protection training coverage rate
100%
- Occupational injury insurance coverage rate for employees
100%
- Employee health check coverage rate
100%

KEY EVENTS OF 2023

Corporate Governance

- Completed the election of the new session of the board of directors, supervisory board, and senior management.
- Passed the "High-Tech Enterprise" certification again.
- Selected as a leading enterprise in innovation credit in Beijing for the year 2023.
- Wind Corporate ESG rating upgraded from BBB to A.
- Biosino Medical (Hefei) Co., Ltd. was awarded the title of "Star of Enterprise Growth in Achievement Transformation" by universities and institutes in Hefei.



Product Innovation

- Biosino Technology Achievement Transformation Center was established in Hefei.
- Obtained 97 inter-laboratory quality evaluation certificates from the National Health Commission's Clinical Inspection Center.
- Released SinoCyte, a 3-laser, 15-color scientific research flow cytometer.
- BioCyte, a 3-laser, 15-color clinical flow cytometer, obtained its registration certificate.
- Started construction of a production line for an automatic sample processing system.
- FlowCyte, a single-laser, 5-color flow cytometer, was certified for market entry.
- Launched the ProSample X series of sample preprocessing systems.
- Officially launched TORCH, a ten-item test kit.
- Biosino Medical's SinoCyte flow cytometer was selected as a "Top Domestic Instrument."



Green and Low Carbon

- Initiated a smart power distribution room renovation project, which is expected to save about 176,000 yuan in electricity costs and reduce CO₂e emissions by 174 tons per year.
- Conducted climate change risk identification and management in accordance with the International Sustainability Standards Board (ISSB)'s "IFRS S2 Climate-related Disclosures (Exposure Draft)."



save about electricity
176,000

Reduce CO₂ emissions
174t

Ecological Co-construction

- Showcased new products at the 17th National Clinical Laboratory Medicine Academic Conference (2023 NCLM) of the Chinese Medical Association.
- Participated in the 87th CMEF China International Medical Equipment Fair with new products.
- Showcased new products at the 20th China International Laboratory Medicine and Blood Transfusion Instruments and Reagents Expo.
- Initiated strategic cooperation with the East China Industry Research Institute of Life Sciences of Peking University.
- Participated in the drafting and implementation of the industry standard for "Glycerol Triacetate Determination Kit (Enzymatic Method)."
- PHC Group's Medience Corporation visited for deepening cooperation.
- Started strategic cooperation with the First and Second Affiliated Hospitals of Nanchang University.
- Biosino's product line passed Abbott's quality system audit with high praise.
- Participated in the German MEDICA exhibition with new products.
- Attended the founding conference of the Laboratory Medicine Branch of the China Association of Non-Public Healthcare Institutions and the Laboratory Medicine Discipline Development Forum with new products.
- The President of Biosino and relevant senior executives visited the Hong Kong Institute of Innovation of the Chinese Academy of Sciences for exchange.



Giving Back to Society

- Organized a 5-day "Biosino Product + Service Enhancement Training" and the first session of "Biosino Lecture Hall" for employees and partners.
- Led the inter-provincial alliance procurement for renal function and myocardium in Jiangxi Province, with Biosino advancing steadily into Group A.



Organized "Biosino Product + Service Enhancement Training"
5 days

Advanced Renal Function Myocardial Inter-Provincial Alliance Group Procurement
Group A

ABOUT BIOSINO

Biosino Bio-Technology and Science Incorporation is a high-tech listed company founded and controlled by the Institute of Biophysics, Chinese Academy of Sciences. The company primarily engages in the research, development, production, sales, and service of in vitro diagnostic (IVD) products. Since its establishment in 1973, it has always been guided by the need to meet public welfare demands, actively promoting the development of the national IVD industry, creating an independent innovation system integrating production, study, research, and application. It explores an "international, group-based, and compound" business model, constructing a "systematic, serialized, integrated, and intelligent" all-in-one industry chain to enhance core competitiveness and establish a leading position in the industry.

Since pioneering China's enzymatic mono and dual biochemical reagents, Biosino has, over the years, developed a complete biochemical testing product platform and diversified IVD products, including immunology, molecular, and flow cytometry, dedicated to creating comprehensive clinical diagnostic solutions.

Rooted in the fertile ground of knowledge innovation at the Chinese Academy of Sciences, Biosino has always taken it upon itself to actively push forward the development of the national IVD industry. The company boasts a research and development team composed of numerous PhDs and Masters, has established an "enterprise post-doctoral research workstation," jointly established an in vitro diagnostic engineering research center with the country's highest-level research institutions in the life sciences field, and has conducted comprehensive cooperation with internationally renowned companies. Biosino has undertaken numerous national scientific and technological tasks, including the "863 Program," National Science and Technology Support Program, National High-tech Industrial Demonstration Project, and Knowledge Innovation Project of the Chinese Academy of Sciences, being recognized as an "Innovative Enterprise" in the national independent innovation demonstration zone.

Biosino has a 16,000 square meter production base constructed strictly according to GMP standards and has passed ISO9001, ISO13485, European Union CE, South Korea KGMP, and Canada CMDCAS quality management system certifications. It has been accredited by ISO/IEC 17025:2017 "General Requirements for the Competence of Testing and Calibration Laboratories" and is authorized to use the CNAS laboratory accreditation mark. Currently, the company has obtained more than 260 in vitro diagnostic reagent product registration certificates, mainly covering twelve categories of biochemical detection projects such as liver function, renal function, blood lipids, cardiovascular, diabetes, and rheumatism, making it one of the manufacturers with the most comprehensive range of biochemical diagnostic reagent products in China.

Biosino has over 500 agents and dealers, has established branches in most provinces across the country and overseas, and has built a nationwide marketing network and technical service support system. The company always adheres to the marketing strategy of simultaneous development in both domestic and international markets, involving domestic sales, international trade, innovative business, technical, and application support, achieving scientific marketing system capability building and channel layout. Over the years, the company's diagnostic products have maintained a leading position in the domestic market and continue to expand overseas, exporting products to over 60 countries and regions including Europe, North America, Africa, and Southeast Asia.

After fifty years of changes and perseverance through challenges, as a participant and promoter of the development of the national IVD industry, Biosino has always been committed to public health and innovation, leading the industry with excellent achievements. Bearing the corporate mission of "beautifying life with technology" and the vision of "becoming a leader in the IVD industry with international competitiveness," adhering to the corporate values of "being honest, putting others first," and upholding the spirit of "integrity, cooperation, dedication, innovation," Biosino focuses on the field of in vitro diagnostics, concentrates on innovation, and pursues lean management. Biosino will continue to accelerate the strengthening of its scientific and technological innovation capabilities and capacity building, continuously providing the IVD industry with more accurate and comprehensive solutions through new products, new technologies, and new models, contributing more and better Biosino power to global health!

- Corporate Mission: To beautify life through technology.
- Corporate Vision: To become a leader in the IVD industry with international competitiveness.
- Corporate Values: Be honest and place integrity first.
- Corporate Spirit: Integrity, cooperation, dedication, innovation.
- Business Philosophy: Focus on the core business, build the industrial chain, and develop competitiveness.
- Talent Philosophy: Believe in the future, embrace change, transform oneself, create value.
- Quality Policy: High quality, efficiency, craft premium reagents; accurate, stable, measure vital functions.

RECOGNITION AND AWARDS



- National High-Tech Enterprise
- Beijing Specialized and Special New "Little Giant" Enterprise
- Leading Enterprise in Enterprise Innovation Credit in Beijing
- Innovative Enterprise in the National Independent Innovation Demonstration Zone
- Zhongguancun High-Tech Enterprise
- Wind Corporate ESG Rating upgraded from BBB to A



GOVERNANCE

During the reporting period, the company has consistently complied with all code provisions listed in Appendix C1 "Corporate Governance Code" of the "GEM Listing Rules" of the Hong Kong Stock Exchange and has adopted the recommended best practices listed therein where appropriate.

The company has established the "Biosino Bio-Technology and Science Incorporation Articles of Association" and, in accordance with the "Board of Directors Meeting Rules," "Shareholders' Meeting Rules," and "Supervisory Board Meeting Rules" and other system requirements, regularly convened shareholder meetings, board meetings, and supervisory board meetings for management decision-making and operational oversight. In this fiscal year, the company's decision-making and supervisory bodies, including the shareholders' meeting, board of directors, and supervisory board, have strictly managed decision-making and operational oversight in accordance with normative operating rules and internal systems. The board of directors convened five times, deliberating on 18 proposals in total; the shareholders' meeting was held twice, with a total of 11 proposals; the supervisory board convened twice, reviewing 2 proposals.

GOVERNANCE STRUCTURE

The company has established a governance structure composed of the Shareholders' Meeting, the Board of Directors and its special committees, the Supervisory Board, and the senior management team. The Board of Directors has established three committees: the Remuneration Committee, the Nomination Committee, and the Audit Committee, to oversee specific areas of the company's affairs.

BOARD DIVERSITY

On January 8, 2019, the Board of Directors adopted the "Board Member Diversity Policy," which specifies that the selection of Board members will be based on a range of diversity categories, taking into account the company's business model and specific needs. This includes, but is not limited to, gender, age, race, language, cultural background, educational background, industry experience, and professional experience.

Currently, the Board consists of 2 executive directors, 4 non-executive directors, and 3 independent non-executive directors. In terms of educational background among the Board members, there are 4 with doctoral degrees, 4 with master's degrees, and 1 with a bachelor's or other degree. Regarding tenure as directors of the company, one director has served for more than 20 years, while the others have served for less than 5 years. The current 9 directors are professionals with extensive experience in fields such as biological sciences, risk management, accounting, and law.

Board Members:

- Percentage with Doctoral Degrees: 44%
- Percentage with Master's Degrees or Higher: 89%



BOARD OF DIRECTORS' ESG STATEMENT

Biosino has established an ESG control structure covering three levels: decision-making level, management level and executive level. The Board is the decision-making level of ESG and the highest decision-making body of ESG. The ESG Committee of the board of directors is responsible for formulating the Company's ESG strategic policy, reviewing and making decisions on major ESG matters of the Company, regularly supervising and inspecting the progress of ESG related matters, fulfilling the ESG work requirements put forward by the Listing Supervision Department to the Board, and providing support for ESG decisions of the Board. At the same time, timely and accurately identifying the demands of various stakeholders, carrying out evaluation, and determining and revising material ESG issues. At the same time, we would discuss relevant issues, including but not limited to product quality, climate change, anti-corruption and other fields, and respond to the demands of various stakeholders.

The chairman takes charge of the ESG Committee and is responsible for presiding over the work of the Committee. The Secretary of the Board and all senior executives of the Company form the ESG leading group to formulate the Company's ESG management system, monthly inspect the implementation of the Company's ESG work, and regularly report the work progress to the ESG Committee. All departments of Biosino dispatch a representative to form an ESG working group to implement the decisions of the management and be responsible for the implementation of ESG objectives. On April 15, 2022, the chairman of the Board, Mr. Wu Lebin announced the establishment of the ESG Committee and the executive group under the Board, and held the deployment meeting of the Company's ESG and carbon assessment, which conducted on-site discussion and work deployment on important topics, annual objectives and future implementation plans of ESG.

The main responsibilities of the ESG Committee include: Develop ESG vision, strategy and policy; Monitor the implementation of ESG strategy; Monitor the expenditure of ESG work; Supervise the company's external communication and dissemination; Review the annual ESG report and make recommendations to the board of directors for approval.

The main responsibilities of ESG management include: Regularly carry out stakeholder communication, clarify the annual ESG focus, continuously improve and enrich the Company's ESG development strategy and development plan, and continuously follow up the implementation of ESG related matters valued by stakeholders.

The main responsibilities of ESG executive layer include: Around the Company's mission and vision, take specific improvement measures on the Company's compliance with business norms, green and low-carbon operation, product technology innovation, promoting supply chain development, protecting employees' rights and interests and supporting social development to ensure the completion of the annual ESG goal.

ESG Organizational structure



INTERNAL CONTROLS AND RISK MANAGEMENT

The Board of Directors is responsible for maintaining an appropriate and effective internal control and risk management system to protect the interests of the company and its shareholders. It regularly reviews and supervises the effectiveness of the internal control and risk management systems to ensure they are comprehensive and adequate. The related internal audit functions performed by the Board include establishing formal arrangements for applying financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations; the company appoints external consultants to review the areas defined by the Audit Committee. The existing organizational structure and close supervision by management, along with the appointment of external consultants, enable the company to maintain sufficient risk management and internal controls. The Board will from time to time review the necessity of establishing an internal audit function and may establish an internal audit team when needed. The company has developed related system documents such as the "Risk Management Control Procedures" and "Financial System Manual," which define the processes and methods for risk management.

Risk Identification

The company regularly organizes meetings to discuss financial, operational, compliance control, and risk management processes. At the same time, it hires independent external auditing institutions, and third-party professional companies assess the risks faced by the enterprise and the response measures to ensure that effective measures have been taken to identify existing and potential risks, including compliance risks, operational risks, and business continuity risks, and further clarify the priorities of risk management based on the potential impact and likelihood of risks.

Specialized Risk Training and Dissemination

To enhance employees' awareness of compliance and risk management, the company regularly conducts diversified specialized risk training and dissemination for all employees, covering key areas such as compliance, information security, product quality, and ESG, to ensure that all employees are fully aware of internal compliance and risk control policies and procedures. During the reporting period, the company conducted nearly 100 training sessions on laws and regulations, risk management, anti-corruption, ESG, etc.

Risk Reporting Mechanism

On the basis of the whistleblowing mechanism, the company has set up a suggestion box (yjjianxiang@zhongsheng.com.cn) to encourage employees to proactively identify risks related to business ethics and report any identified risks to the company.

BUSINESS ETHICS AND ANTI-CORRUPTION POLICY

Biosino issued the anti corruption policy to fully support and uphold the high standards of integrity, honesty and fair competition in carrying out the Company's business, and will never tolerate any form of bribery or corruption. The policy clearly states that employees should abide by all applicable anti bribery laws, especially the Hong Kong bribery Prevention Ordinance, the British Anti Bribery Act, the People's Republic of China ("PRC") Criminal Law and the PRC Anti Unfair Competition Act, and common law relating to crimes to avoid misconduct of public officials. The Company regularly provides anti-corruption training and briefings for all employees. The training courses include online courses and on-site demonstrations. The Company actively encourages employees to report any concerns about bribery and corruption. All business departments keep records of suspected and actual accidents, and report relevant statistics to the financial controller of the Company on a quarterly basis. During the Reporting Period, there was no corruption incident in the Company.

The Board of Directors is responsible for the implementation of anti-bribery and anti-corruption efforts within the group. The executive directors of the company are responsible for ensuring the effective implementation and monitoring of any significant bribery or corruption activities within the group. During the reporting period, Biosino launched two specialized training sessions on anti-commercial bribery and legal regulations, sharing the training materials with all employees. The training content mainly included the definition of commercial bribery, forms and common misconceptions of commercial bribery, liability and risk control in commercial bribery.

Biosino maintains an open, trusting, and respectful atmosphere. It issued a "Notice on Initiating Opinion Collection Work," setting up three methods for reporting and collecting opinions. Employees can provide anonymous feedback or reports through a suggestion box, email (email address: yjianxiang@zhongsheng.com.cn), or directly to the company's supervisor and worker representative Ren Junhe. If confidentiality is required, the company's supervisor Ren Junhe will keep the information confidential. Once a report is received, management will take timely action to ensure that no whistleblower will suffer discrimination, unfair treatment, or retaliation, thereby protecting whistleblowers to the greatest extent.



BUSINESS INFORMATION SECURITY

Biosino strictly adheres to relevant laws, regulations, and the rules of the Hong Kong Stock Exchange, as well as the company's internal "Articles of Association" and "Information Disclosure System." The company has diligently fulfilled its information disclosure responsibilities as a listed company. Biosino ensures that all publicly disclosed information is timely, fair, true, accurate, and complete, to guarantee that all investors have equal and timely access to relevant company information. During the reporting period, the company did not find any information that should have been disclosed but was not disclosed in a timely manner.

The governance of Biosino does not have significant differences from the requirements of the China Securities Regulatory Commission and the Hong Kong Stock Exchange. The company will continue to consolidate and further improve its governance level, enhance corporate competitiveness, and thereby return better operating results to our investors.

Biosino places great emphasis on the protection of customers' trade secrets, data information, and personal privacy. Through strict internal control processes, we have achieved the security and controllability of information collection, processing, and transmission. Biosino strives to implement the security of business information in every aspect of serving our customers. We strictly comply with laws, regulations, policies, and industry standards related to customer privacy protection. New employees sign a confidentiality agreement upon joining the company, agreeing to confidentiality obligations during and after their employment.

Biosino accepts audits from customers on the company's data security, data center management, and general control processes to ensure risks are maintained at a controllable level. In response to cybersecurity issues, the company has established complaint and reporting channels, allowing all employees to report through a suggestion box, email (email address: yjianxiang@zhongsheng.com.cn), or directly to the company's supervisor and worker representative Ren Junhe. During the reporting period, there were no significant cybersecurity incidents or commercial information leaks.

STAKEHOLDER IDENTIFICATION

It is confirmed that in combination with the Company's own business characteristics and drawing on the experience of its peers, the main stakeholders of Biosino include: shareholders and investors, customers, employees, the Board and management, suppliers and partners, regulators and the government, as well as local society, non-governmental organizations and the media. Biosino can fully respect the legitimate rights of stakeholders and actively cooperate with them on the basis of fairness, rationality and mutual benefit to jointly promote the sustainable and healthy development of the Company. This year, we communicated with stakeholders in many ways through online and offline meetings, face-to-face interviews, questionnaire, etc.

Stakeholders	Issues of Concern	Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> Compliance operation Information transparency Return on investment Improve product and service quality Risk management Corporate governance Market position 	<ul style="list-style-type: none"> General meeting of shareholders Timely release ,on the information disclosure website Roadshows and public events Set up telephone, email and other communication channels
Customers	<ul style="list-style-type: none"> Stable relationship Customer service quality Protect customer privacy Business integrity and ethics Health and safety 	<ul style="list-style-type: none"> Service visit Satisfaction survey Product training Telephone Wechat Email
Employees	<ul style="list-style-type: none"> Development and training Occupational health and safety Compensation and benefits Employee care Employee communication 	<ul style="list-style-type: none"> Satisfaction survey Signing agreements Hold meetings Discussion Organizing activities
the Board of Directors and management	<ul style="list-style-type: none"> Compliance operation Anti corruption Talent retention Enterprise sustainable development 	<ul style="list-style-type: none"> Hold a meeting Online communication
Suppliers and Partners	<ul style="list-style-type: none"> Fair bidding Business ethics and reputation Long term cooperative relationship 	<ul style="list-style-type: none"> Supplier meetings Field investigation Signing the contract Telephone Wechat Email real-time communication
Government and Regulators	<ul style="list-style-type: none"> Compliance with regulations Policy implementation Pay taxes Responding to national strategies 	<ul style="list-style-type: none"> Accept inspection and research Fill out a form Assist in review
NGO and media	<ul style="list-style-type: none"> Give back to society environmental protection social welfare Health and safety 	<ul style="list-style-type: none"> Exchange, interview and contact Community activities

Biosino is able to fully respect the legitimate rights and interests of stakeholders such as product users, creditors, suppliers, employees, and communities. We will actively cooperate with them on the basis of fairness, reciprocity, and compliance with laws and regulations, to promote the sustainable and healthy development of our company.

The company strictly follows the procedures specified in the "Articles of Association" for appointing supervisors. The supervisory board is composed of three members, two of whom are representatives nominated by shareholders, and one is an employee representative elected by the staff representative assembly. The company's supervisory board can independently and effectively exercise the rights of supervision and inspection over directors and senior management. The supervisory board regularly convenes meetings and holds special meetings as needed in a timely manner.

MATERIALITY ASSESSMENT

In accordance with the "Environmental, Social, and Governance (ESG) Reporting Guide" of the Hong Kong Stock Exchange, and taking into account both internal and external stakeholders' assessment of potential issues listed, as well as the business attributes of Biosino, the company identified 24 significant issues related to its business. It invited stakeholders such as employees, customers, suppliers, and company executives to participate in both online and offline surveys, to score and rank these potential significant issues. Finally, based on the survey results, the company revised and supplemented the content of the significant issues and created a significance issue matrix.

Materiality assessment



PRODUCT RESEARCH AND DEVELOPMENT AND INNOVATION

HEALTHCARE INCLUSIVITY



Benefiting the Public Through Centralized Procurement

Since the implementation of the national policy for bulk purchasing of biochemical diagnostic reagents, Biosino Bio-Technology and Science Incorporation, a high-tech enterprise nurtured by the Institute of Biophysics of the Chinese Academy of Sciences, has always adhered to the principle of prioritizing national interests and has taken on the national mission by actively participating in centralized procurement work. The company, through technological innovation, lean production, and cost reduction and quality improvement strategies, effectively ensures product quality and market competitiveness. In product development, quality improvement, cost control, and application services, Biosino, with its nearly half-century of profound accumulation and continuous innovation in the field of biochemical diagnostics, demonstrates a development trend that keeps pace with the times.

Aiming to reduce patients' financial burdens and lower healthcare costs, the company actively responds to the national healthcare reform. In the national centralized procurement of biochemical diagnostic reagents, Biosino stands out with its superior product performance and efficient cost control capabilities. The company applied for centralized bulk purchasing of liver function biochemical test reagents through the provincial alliance for 23 projects, 21 of which entered Group A, with 9 projects ranking first in Group A, and another 7 projects ranking second to fifth; it reported 22 projects for centralized procurement of renal function and myocardial enzyme biochemical test reagents through the provincial alliance, covering 12 renal function items and 10 myocardial enzyme items, with 19 projects entering Group A.



Research Ethics

The company follows the ethical principles of the Declaration of Helsinki by the World Medical Association and the national requirements for the ethics of biomedical research involving humans. In the development process of in vitro diagnostic reagents, it strictly adheres to the "Regulations for the Registration and Record Management of In Vitro Diagnostic Reagents," "Quality Management Standards for Medical Device Clinical Trials," "Technical Guidelines for Clinical Research of In Vitro Diagnostic Reagents," and relevant laws and regulations to ensure our R&D activities are both innovative and responsible, prioritizing the rights, safety, and health of research subjects above scientific and social interests.

During clinical research, we consider the acquisition of trial samples and the risk of trial results to subjects, seeking ethical committee review to ensure that the trial does not expose subjects to unreasonable risks. Before the trial, clinical trial protocols, informed consent forms, and other relevant documents are submitted to the medical ethics committee of the hospital where the clinical trial responsible unit is located by the hospital's clinical trial management department, and clinical trials can only begin after obtaining approval from the ethics committee.

If it is objectively impossible to obtain informed consent from research subjects or the study uses patients' residual samples from routine diagnostic and treatment processes without any contact with the patients, posing virtually no risk to the subjects, exemption from informed consent may be granted after review and approval by the ethics committee.

Research testing results are only used for product registration applications, with no link between results and individual patient identity information, and no test reports sent to patients. There is no harm to the rights, safety, or privacy of research subjects.

Through these measures, our company is committed to reflecting high ethical standards in the R&D process to protect the rights and welfare of participants while advancing medical science.

Category	High Importance Issues	Medium Importance Issues
Corporate Governance	<ul style="list-style-type: none"> Risk Management Corporate Culture and Employee Relations Management Business Information Security The Importance of Biosafety in the IVD Field ESG Governance 	<ul style="list-style-type: none"> Supply Chain ESG Management Business Ethics and Anti-Corruption Internal Control and Supervision Responsible Marketing
Product Innovation	<ul style="list-style-type: none"> Technology and Innovation Product and Service Quality 	<ul style="list-style-type: none"> Intellectual Property Protection
Green and Low-Carbon	<ul style="list-style-type: none"> Emissions Management Resource Consumption Management 	<ul style="list-style-type: none"> Energy Management Environmental Management System Climate Change Mitigation and Adaptation
Employee Development	<ul style="list-style-type: none"> Talent Development and Retention Employee Rights and Benefits 	<ul style="list-style-type: none"> Occupational Health and Safety Diversity and Equality
Giving Back to Society		<ul style="list-style-type: none"> Health Promotion and Inclusivity Industry Development and Win-Win Cooperation Community and Philanthropy

For ESG materiality issues, this report is based on the reporting principles of importance, quantification, balance and consistency. Major content changes have been reviewed and presented in the form of annual comparison for review by stakeholders.

- Importance. When the issues related to ESG will have a significant impact on investors and other equity holders, they need to be disclosed in the report.
- Quantification. Make the key performance indicators measurable so that the benefits of ESG management system can be evaluated and verified.
- Balance. The ESG report presents the performance of the issuer in an impartial manner to avoid the possibility of improperly affecting the decision-making or judgment of the readers.
- Consistency. This report adopts the same data disclosure method as in previous years, without comparing data from different years, and includes changes in statistical methods and key performance indicators.



Responsible Marketing

The company makes every effort to identify and reduce potential compliance risks caused by improper marketing practices, strictly adhering to the laws, regulations, and industry standards related to marketing in the operating locations. The company regularly provides specialized training on responsible marketing to all employees related to marketing positions, including laws and regulations, internal rules and regulations, and product knowledge. Training is conducted both online and offline to help marketing personnel understand the group's regulations related to marketing, ensuring they promote and sell products and services reasonably and compliantly. A material review and supervision procedure has been established based on responsible marketing principles, with all marketing materials requiring approval from authorized company personnel before release.

During the reporting period, the company did not experience any incidents violating product and service information and labeling regulations and/or voluntary codes, nor did it have any violations related to marketing communication (including advertising, promotion, and sponsorship) regulations and/or voluntary codes.

TECHNOLOGY AND INNOVATION

The company has established a project-centric performance evaluation system, shifting the focus of R&D center management from project process control to the initiation and acceptance of outcomes.

Since pioneering China's enzymatic mono and dual biochemical reagents, Biosino has been guided by the need to meet public welfare demands and taken it upon itself to promote the development of the national IVD industry. The company emphasizes investment in technological R&D, actively carries out technological innovations, perfects the intellectual property protection system, fully leverages the advantages of its proprietary intellectual property, and insists on continuous independent innovation. It has established multiple research platforms, including enzymatic reaction systems, chemical reaction systems, reference materials, immunological detection methods, genetic diagnosis technologies, clinical rapid diagnosis, and flow cytometry. The company boasts a 39-member R&D team, a 3,000 square meter R&D center, and advanced diagnostic equipment.

On January 5th, the Biosino Technology Achievement Transformation Center was established at the Hefei Comprehensive National Science Center's Institute for Big Health, marking a phase of victory in further advancing cooperation between institutes and enterprises, scientific research cooperation, technological exchange, and achievement transformation. It is an important step in Biosino's industrial strategic layout.

The company actively participates in technological innovation and outcome transformation. Biosino's medical research flow cytometer, SinoCyte, was selected for the fifth edition of the "Top Domestic Instruments" list, reflecting the product's excellent performance and market recognition. Additionally, Biosino Medical (Hefei) Co., Ltd. won the "Star of Enterprise Growth in Achievement Transformation" honor from universities and institutes in Hefei, showcasing its outstanding performance in technological achievement transformation.

- **Biosino's medical research flow cytometer, SinoCyte, was selected for the fifth edition of the "Top Domestic Instruments" list.**
- **Biosino Medical (Hefei) Co., Ltd. was awarded the "Star of Enterprise Growth in Achievement Transformation" honor.**



On September 10th, the company's fully automatic sample processing system production line began construction. The intelligent, intensive, and fully automatic process is closer to customer needs, providing a full-process automation management, compact footprint, automatic retesting, automatic quality control, and other functions to offer customers scientific and lean management solutions.



Product Innovation

The high-end clinical flow cytometer SinoCyte 3-laser 15-color obtained its registration certificate on August 11th. This instrument uses advanced optical technology and data analysis algorithms to efficiently and accurately analyze multiparameter data, providing more comprehensive and accurate analysis results for clinical doctors. The FlowCyte single-laser 5-color flow cytometer was certified for market entry on November 10th, using innovative technology and design concepts to meet diverse user needs and offer customized services. The ProSample X series sample preprocessing system was launched on December 8th, available in two specifications to fit different flow cytometers, providing an efficient and precise sample processing solution for flow cytometry.

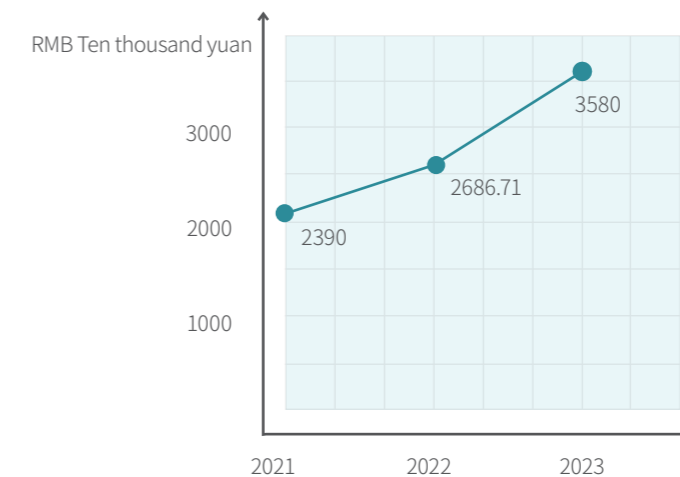


Intellectual Property Protection

The company continues to increase R&D investment, continuously improves technology and production processes, focuses on product quality system construction, is committed to extending product lifecycles, reducing costs, and providing safer and more effective products and services. To protect related intellectual property, the company's R&D personnel write patent applications for the products developed.

On the path of insisting on independent innovation, Biosino continues to deepen product reforms, focusing on strengthening the protection and application of intellectual property, accelerating product innovation, and promoting outcome transformation. To date, the company has obtained 132 authorized patents, including 56 invention patents, 60 utility model patents, and 11 design patents; obtained 18 software copyrights, a total of 29 trademarks, and published 48 papers.

Access to intellectual property



Registered Products

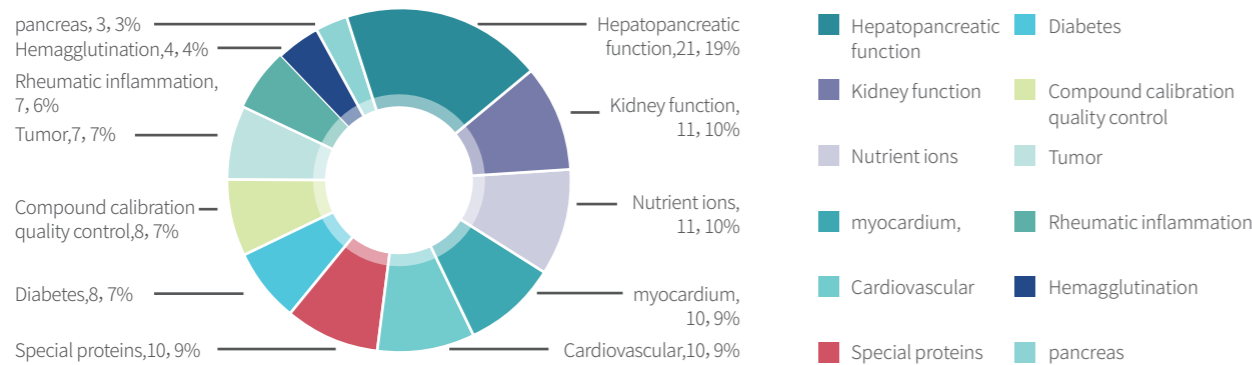
The group company currently holds a total of 279 medical device registration certificates, of which the parent company has 268 certificates (13 Class III products and 255 Class II products), the Hefei company has 2, and Biosino Gene has 9. According to the "Beijing-Tianjin-Hebei Medical Device Industry Development Report (2023)," as of December 29, 2023, there were 2,048 companies in the Beijing-Tianjin-Hebei region with registered Class II medical device products, and the parent company, Biosino, ranked first in the number of registration certificates. The company owns 16 EU CE certificates for reagent kits and real-time fluorescence immunoassay instruments. In 2024, the company will register other new products to ensure its leading position in registration certificates.

Number of Class II Medical Device Product Registrations by Enterprises (Within Validity Period)



The company's products mainly cover 12 categories of biochemical tests including liver function, kidney function, blood lipids, cardiovascular, diabetes, rheumatism, etc. Among these, liver and pancreatic function include 21 items, kidney function and nutritional ions each have 11 items; myocardial, cardiovascular, and special protein categories each have 10 items; diabetes and composite class calibration quality control each have 8 items; rheumatic inflammation and tumors each have 7 items; blood coagulation has 3 items; and pancreas has 3 items.

The classification and distribution map of biochemical diagnostic reagents, total number: 110 (Category name, number of items, percentage in the total)



During the reporting period, 76 Class II in vitro diagnostic products underwent packaging specification and applicable model changes, expanding their application range; 13 Class II in vitro diagnostic products underwent national standard material changes in registration, ensuring product compliance with national accuracy requirements; 7 Class II in vitro diagnostic products had their shelf life extended, benefiting long-term stable clinical use; and 21 Class II in vitro diagnostic products underwent renewal registration, ensuring the continuous validity of the registration certificates.

During the reporting period, the company obtained the registration amendment approval for three types of products: the TORCH ten-item reagent (chemiluminescence method) and the matching fully automatic chemiluminescence instrument, enabling the comprehensive testing of ten items in the field of eugenics on the same platform with multi-tasking, multi-channel, and parallel processing capabilities. At the same time, the company received continuation registration approvals for ten products, extending the validity of the product registration certificates until 2029, ensuring their ongoing validity.

PRODUCT AND SERVICE QUALITY

As one of the largest industrial bases of medical biochemical diagnostic reagents in China, Biosino adopts international advanced management mode to realize advanced production processes such as microcomputer networking and automatic connection, and the production environment is fully closed, clean and automatic temperature control. At the same time, in strict accordance with the standard requirements of ISO 13485:2016, quality management personnel, quality control personnel and production operators with strong sense of responsibility and excellent technology are equipped to monitor the whole production process, and a perfect and strict quality control system is established. Quality control is carried out in the production process to ensure the repeatability and stability within and between batches of products; By participating in the inter room quality assessment activities of the Ministry of health and Beijing authorities, the accuracy of the products can meet or exceed the standard requirements. During the Reporting Period, the Company did not return products for safety and health reasons. Because the products sold by the Company do not reach consumers directly, it does not involve the protection of consumer data and privacy policies.

During the reporting period, the company had no products returned for safety and health reasons; since the company's products did not reach consumers directly, there were also no issues related to the protection of consumer data and privacy policies.

In order to promote partners to continuously improve their quality management level, the quality manual formulated in 2009 is revised and improved every year according to the requirements of laws, regulations and quality management system.

Obtained 97 inter-laboratory quality assessment certificates from the National Health Commission's Clinical Inspection Center.



Quality management commitment

The highest rank supervisor of the Company's quality management system is the president. In order to ensure the establishment, implementation and effectiveness of the Company's quality management system, the Company promises:

- Establish the guiding ideology of "focusing on customers" among all employees and translate it into the specific requirements of the Company;
- Formulate quality policy;
- Formulate quality objectives;
- Conduct management review regularly;
- Ensure the availability of resources and continuously improve the effectiveness of the quality management system.

Quality Management System

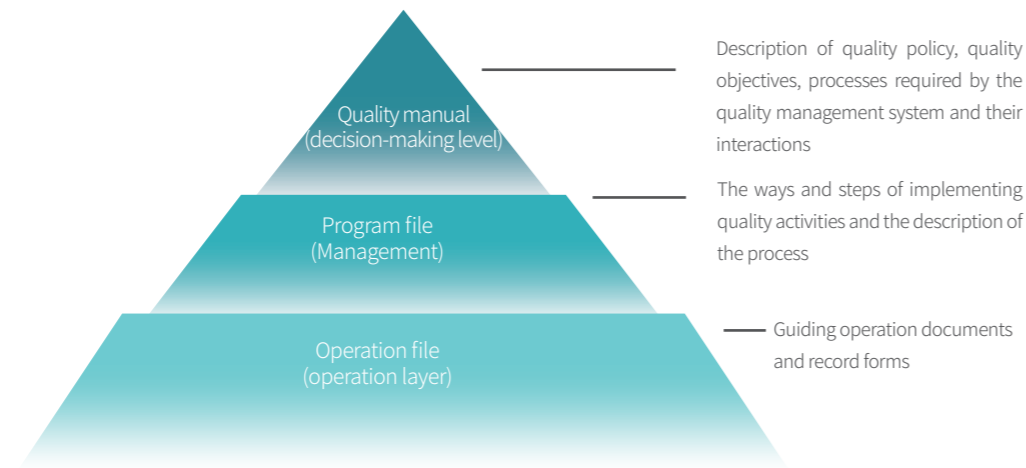
As a manufacturer of IVD, Biosino establishes, implements and maintains a quality management system and maintains its effectiveness in accordance with the requirements of ISO 13485:2016 "Medical Device Quality Management System Requirements for Regulations" and "Medical Device Production Quality Management Specifications".

- Quality policy**
High quality, efficient, innovative premium reagent products Accurate, stable, detect life functions



As a manufacturer of in vitro diagnostic reagents, Biosino determines the required processes, including those related to management responsibilities, resource management, product realization, measurement analysis and improvement; the risk management control procedure is established and implemented to manage the process throughout the product life cycle. The sequence and interaction of the processes are clearly defined.

Document structure of quality management system



In 2005, Biosino was the first to establish a microcomputer managed automatic production line in China and built a new plant in strict accordance with GMP standards. At the same time, in order to ensure the stability of product quality, the Company is equipped with international leading full-automatic biochemical analyzers such as Hitachi, Beckman and Abbott. It has automatic filling and plugging linkage machine, three head screw sub packer, freeze dryer and other automatic production equipment. Pure water treatment system and ultra pure water device are introduced. Combined with advanced production technology and management means, it provides strong technical support for the all-round compliance of clinical diagnostic reagents of Biosino.

Safety and Quality system Certification

Biosino has obtained a series of safety and quality management system certification, laboratory accreditation and other certificates:

- Three level review certificate of enterprise safety production standardization issued by the State Emergency Management Bureau;



- ISO13485:2016 Medical Device Quality Management System Certification



- ISO / IEC 17025:2017 General requirements for the competence of the laboratories in testing and calibration.



Since its establishment in 1988, Biosino has placed great emphasis on technology research and development and innovation, continuously improving its management and technical capabilities, and strictly controlling product quality, always striving for innovation and excellence. Biosino has once again successfully passed the qualification review and regular review of the China National Accreditation Service for Conformity Assessment (CNAS), indicating that its calibration and testing services have been upgraded and its management and technical capabilities have been recognized by the state, demonstrating the company's comprehensive strength in the industry.

Service Guarantee

Biosino pursues the purpose of "technical service first", and has set up a technical service department to appoint high-quality talents majoring in inspection, pharmacy, medicine and marketing to conduct regular market patrol research and user follow-up. By holding training courses, holding academic exchanges, regularly publishing the bulletin of laboratory medicine technology, and combining with online interaction, we can provide users with professional technical support and services, and solve various difficult problems in product application on site. We also endeavour to provide customers with the best service at the first time.

The Company has established and implemented the customer feedback management procedure to standardize the customer complaint handling process in accordance with applicable laws and regulations, clarify the responsibilities of each department, and clarify the timeliness and effectiveness of customer complaint handling. The quality management department shall keep complaint handling records. The record includes:

- Receiving and recording information;
- Evaluate the information to determine whether the feedback constitutes a complaint;
- Investigate complaints;
- Determine whether information needs to be reported to the appropriate regulatory authorities;
- Dispose of products related to complaints;
- Determine whether corrective actions need to be initiated or not.

In 2023, there were no complaints regarding product quality. There were 3 cases of returns due to product packaging damage and leakage in individual products, and the returned products were disposed of as scrap.

The Company has simultaneously established and implemented the control procedure for adverse event monitoring and re evaluation of medical devices, carried out adverse event monitoring and re evaluation, and reported major quality accidents or advisory notices to relevant regulatory authorities. The quality management department shall keep records of reports to the regulatory authority.

In addition, the Company has established and implemented the product monitoring and measurement control procedure to monitor and measure the characteristics of products to verify that the product requirements are met. For the control of nonconforming products, the company has established and implemented the nonconforming product control procedure to ensure the identification and control of nonconforming products to prevent unexpected use or delivery.



GREEN AND LOW-CARBON DEVELOPMENT

Biosino attaches great importance to environmental protection, emphasizes the importance of environmental protection to corporate social responsibility and sustainable development, and actively promotes the construction and implementation of environmental protection management system. Biosino attaches great importance to environmental protection, emphasizes the importance of environmental protection to corporate social responsibility and sustainable development, and actively promotes the construction and implementation of environmental protection management system.

ENVIRONMENTAL PROTECTION POLICIES AND OBJECTIVES

From the strategic perspective of environmental and social sustainable development, Biosino strictly controls pollution, promotes energy conservation and emission reduction, protects the ecological environment, and strives to create an environment-friendly business community. During project screening, the Company focuses on its potential impact on the environment, attaches great importance to environmental protection, ensures the environmental impact compliance and compliance of Biosino's business activities, actively enables the wide application of advanced environmental technology in the Company's business activities, reduces resource consumption, and advocates the attention of all stakeholders to environmental protection.

During the Reporting Period, the Company and relevant departments carried out full coverage inspection on the environmental management status of all holding subsidiaries, promoted the improvement of environmental management of holding subsidiaries, and completed the construction and implementation of management system within a time limit, so as to effectively ensure the sustainable development of the enterprise. During the Reporting Period, Biosino, its subsidiaries and joint-stock enterprises did not have any environmental pollution incidents.

Our Goals

Greenhouse Gas Reduction Targets	Energy Consumption Reduction Goal	Water Resource Conservation Goal	Waste Management Goals
<ul style="list-style-type: none"> ■ Achieve peak carbon emissions by 2028, and carbon neutrality by 2050. <p style="text-align: center;">2028 2050</p>	<ul style="list-style-type: none"> ■ Based on the year 2021, reduce energy consumption intensity by 20% by 2030. <p style="text-align: center;">20%</p>	<ul style="list-style-type: none"> ■ Based on the year 2021, reduce water use intensity by 10% by 2030. <p style="text-align: center;">10%</p>	<ul style="list-style-type: none"> ■ Prefer zero landfill for hazardous waste disposal, reducing the long-term environmental impact of pollutant disposal, with no increase in hazardous waste intensity by 2030. ■ Implement projects to reduce the amount of non-hazardous waste, aiming to reduce the intensity of non-hazardous waste by 10% (tons per 10,000 RMB) by 2030.

ADDRESSING CLIMATE CHANGE

As the first enterprise in the IVD field to propose a "dual carbon" goal, Biosino actively responds to the climate change initiative of the Paris Agreement and China's "dual carbon" strategic objectives. The company identifies climate change-related risks and opportunities and refers to the International Sustainability Standards Board (ISSB)'s "IFRS Sustainability Disclosure Standard S2—Climate-related Disclosures (Exposure Draft)" to disclose relevant information about the company's climate change risk management.

Governance

The company's board of directors and ESG committee are responsible for regularly reviewing the execution of climate change-related matters in the ESG report, supervising the implementation of the "carbon reduction" targets, promoting energy structure adjustment, improving equipment energy efficiency, advocating for office energy saving, and collaborating with suppliers to reduce carbon emissions in the supply chain.

Strategy

The company integrates climate change risks into its comprehensive risk management framework, including the identification, assessment, and management of climate change risks. Based on scenario analysis of ISSB-2, the company combines industry characteristics, operational location policy orientation and geographical features, and historical records of extreme weather to identify a significant list of climate risks related to the company, promoting the implementation of climate change risk management across the entire value chain. In the short term, the company will conduct risk assessments and financial forecasts; in the medium term, it will develop plans that align with policy trends, market development, and customer demands; in the long term, it aims to achieve the goal of carbon neutrality.

Significant Climate Change Risks		Relevance Explanation	
Physical Risks	Chronic Risks	Increase in average temperature	The production workshops for reagents have high temperature requirements. In the scenario of global warming, the company anticipates an increase in energy consumption to maintain normal production operations, further increasing operational costs. Additionally, a rise in temperature leading to more frequent hot weather exacerbates health risks for employees.
	Acute Risks	Increased frequency of extreme weather events	Global warming causes instability in the climate system, making extreme weather events more frequent and severe, which poses challenges to the company's operational stability. Moreover, the costs associated with addressing these extreme weather events contribute to increased operational costs.
Transition Risks	Policy and Legal Risks	Requirements and regulations for existing products and services	Governments are improving carbon emissions trading and management systems to meet the goals of the Paris Agreement. This could lead to increased costs of greenhouse gas emissions through carbon taxes or higher fuel and electricity prices. As more industries are included in the carbon emissions trading system, the company may face higher operational costs.
	Technological Risks	Upfront costs of transitioning to low-emission technologies	In response to government "dual carbon" policies and stakeholder expectations, the company will advance research in low-carbon technologies and optimize energy structure to reduce carbon emissions and improve energy efficiency, which will result in increased operational costs.
	Market Risks	Rise in raw material costs	Climate change can affect the quantity and stability of raw materials, with a reduction in supply leading to increased costs.
	Reputational Risks	Stakeholders' growing concern over negative feedback	Global warming and the accompanying impacts of climate change have attracted increasing attention from corporate stakeholders. Therefore, they have higher expectations for the actions companies take in addressing these challenges.

Risk Management

To proactively address the identified climate change risks, our company has developed "adaptation" and "mitigation" strategies to manage climate change risks effectively.

Adaptation Strategies	Our company enhances its response to new government policies by regularly inspecting the electrical systems, steam systems, drainage systems, and electrical instruments, as well as conducting regular inspections of outdoor factory facilities. Continuous investment in equipment renewal and optimization is also a priority.
Mitigation Strategies	Our company continuously updates refrigeration equipment, including compressors and condensers, by establishing smart distribution rooms and steam automatic operation and maintenance systems. This approach not only saves on electricity and steam costs but also achieves energy savings and emission reduction.

Goals

Our company has set strategic "dual carbon" goals to achieve carbon peak by 2028 and carbon neutrality by 2050. Starting from the fiscal year 2021, "Scope 3" carbon emissions have been included in our monitoring scope. In terms of supply chain management, suppliers of enzymes, antigens, antibodies, packaging materials, and cold chain logistics have been invited to participate in ESG training and audits. We require Class A logistics suppliers to provide carbon emission data and information. The supplier self-assessment process now includes the requirement to conduct carbon assessments. Regarding low-carbon energy-saving measures, in the fiscal year 2023, we updated refrigeration equipment, including compressors and condensers. By establishing a smart distribution room, we saved approximately 170,000 yuan in electricity bills annually; through the establishment of an automatic steam operation and maintenance system, we saved an additional 130,000 yuan in costs annually. Through these practical actions, we are gradually progressing towards our "dual carbon" goals.

■ Biosino's "Dual Carbon" Goals: Achieve carbon peak by 2028 and carbon neutrality by 2050.

Training

Employee participation is key to achieving our emission reduction targets and implementing our climate change adaptation plan. The company proactively offers training courses, lectures, and other internal communication channels to raise their awareness in addressing climate change. Biosino invites ESG experts to conduct ESG training for the company's supplier representatives and leaders, Biosino executives, and heads of various departments. The training content includes the development history of ESG concepts, international and domestic policy trends, and corporate case studies in the ESG field.

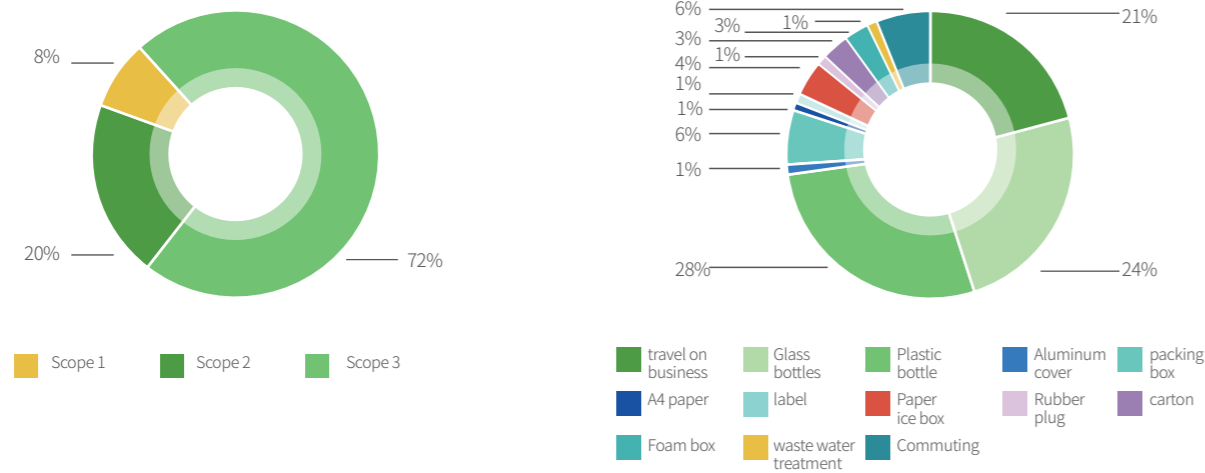
Performance

In 2023, Biosino conducted a greenhouse gas accounting based on ISO 14064-1:2018 "Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" and "Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries." Scope 1 and Scope 2 emission factors adopted the recommended values from "Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries," while Scope 3 emission factors were derived from "China Product Life Cycle Greenhouse Gas Emission Coefficients Collection," data published by the UK Department for Environment, and other sources. The inventory and analysis of greenhouse gas data are the first steps for Biosino in carbon emission management. The company's direct emissions (Scope 1) mainly come from the operation of owned vehicles and the escape of refrigerants; indirect emissions (Scope 2) mainly come from electricity and steam used in factories and office buildings; other emissions (Scope 3) mainly come from raw materials for products, purchased packaging materials, outsourced logistics transportation services, wastewater treatment, and employee business travel and commuting.

Greenhouse Gas Emission Summary for Biosino During the Reporting Period

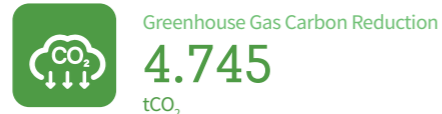
- Scope 1: In 2023, direct emissions from greenhouse gas sources owned or controlled by Biosino and its subsidiaries amounted to 166.75 tons of CO₂ equivalent, mainly including operation of owned vehicles, natural gas, and refrigerant leaks.
- Scope 2: In 2023, indirect greenhouse gas emissions from electricity and steam purchased by Biosino and its subsidiaries amounted to 2821.10 tons of CO₂ equivalent, mainly from electricity and steam used in factories and office buildings.
- Scope 3: Other indirect emissions from Biosino's supply chain amounted to 608.06 tons of CO₂ equivalent, mainly including raw materials for products, purchased packaging materials, outsourced logistics transportation services, wastewater treatment, and employee business travel and commuting.

Greenhouse Gas Emission Summary for Biosino During the Reporting Period



LOW-CARBON OFFICE

Since October 2022, Biosino has vigorously advocated for paperless office practices since adopting the OA (Office Automation) system, significantly reducing tree felling and carbon emissions while also enhancing information management efficiency, reducing office costs, and facilitating daily work for employees. We have integrated various work processes, including instant messaging, email, announcements and notifications, attendance management, administrative office work, process center, public filing cabinets, and mobile office functionalities. Additionally, all tasks, including those related to human resources modules and financial approvals, are processed through OA's online approval workflows. In 2023, the process center approved over 27,000 workflows, resulting in an approximate carbon reduction of 4.745 tons of CO₂.



Establishment of the "Employee Low-Carbon Behavior Code"

Biosino, based on the "Low Carbon Office Evaluation" group standard, has reviewed its office carbon footprint, established, and implemented the "Employee Low-Carbon Behavior Code" to regulate employee behaviors towards energy saving and improved resource utilization efficiency.



Smart Distribution Rooms

Considering the requirements for distribution rooms, which necessitate 24-hour staffing and a minimum of 6 electricians on duty, extensive hiring of electricians does not align with the company's current phase of cost reduction and efficiency enhancement. To achieve cost reduction and efficiency enhancement, with the support and cooperation of the Operations Management Office and Finance Department, the smart distribution room renovation project was initiated. This project is expected to save approximately 176,000 yuan in electricity costs annually and reduce CO₂e emissions by 174 tons.

EMISSION MANAGEMENT, THE UTILIZATION OF RESOURCE AND ENERGY



Emission management

As the Company is mainly engaged in the production, sales and distribution of IVD reagent products, the business does not produce or discharge nitrogen oxides, sulfur oxides and other pollutants regulated by Chinese national laws and regulations. The Company entrusts a third-party organizations to uniformly dispose of the generated hazardous waste on a regular basis. On the premise of ensuring the safety of hazardous waste storage, transportation and disposal, Biosino realizes the reduction of hazardous waste by standardizing the behavior of employees and raw material substitution. In addition, the production of emissions is reduced through the design of products that reduce the generation of waste liquid.

Pollutant emission classification:

- Sewage: it is composed of industrial sewage and domestic sewage. Main types of pollutants: five-day chemical oxygen demand, chemical oxygen demand, ammonia nitrogen, suspended solids and oils.
- Atmospheric emission: process waste gas, vehicle exhaust, etc
- Solid waste consists of hazardous waste and general waste. Hazardous wastes include chemical raw materials used in the production process, acids, alcohols, etc. and medical wastes generated in the laboratory. General wastes include recyclable wastes, such as packaging materials and domestic garbage generated by office.

Biosino strictly abides by relevant laws and regulations and relevant standards for the discharge of waste gas, wastewater and waste in the place of operation, and manages it in accordance with the environmental protection management system.

Measures to control pollutant emission:

- After the sewage treatment and pretreatment and reaches the standard, it will be discharged into the back-end secondary sewage treatment plant or the municipal sewage pipe network.
- The atmosphere is adsorbed by activated carbon, and the liquid agent is sprayed or dedusted. The tail gas is discharged at high altitude in compliance with regulations. The traffic tail gas is used in compliance with national standards.
- Each holding subsidiary should carry out the final compliance disposal through the professional organization with disposal qualification approved by the local environmental protection bureau, and carry out incineration, landfill or reprocessing and utilization in accordance with the regulations.

Typical case: product design to reduce waste liquid

Biochemical reagent albumin (ALB) - Project advantages:

The reagent reaction system is different from the succinic acid system commonly used in the market, but applies citric acid buffer system, avoids the use of sodium azide, and the reagent does not produce pollution and is environment-friendly. The reagent storage conditions are low, and it can be stable for 3 years at 2-8 °C. The reagent calibrator is traceable to the international reference material ERM-DA470K, and the measured value is accurate and reliable.





Resource use, energy consumption and investment in environmental protection facilities

Our company and its subsidiaries actively practice energy conservation and emission reduction by rationally utilizing water and electricity resources, reducing energy consumption to lower operational costs and protect the environment. During the reporting period, we continuously strengthened our investment in environmental protection, optimized production processes, and improved equipment efficiency, committing to environmental protection and energy saving. The environmental protection facilities established by the company are operating normally, ensuring that wastewater and exhaust gas treatment meet standards and that hazardous waste is disposed of in accordance with regulations.

The company's water supply primarily comes from municipal water services, mainly used for domestic water, air conditioning cooling water, and cleaning in research and development production. Biosino has established a corresponding water-saving system to ensure standardized water use in production and daily life, avoiding unnecessary waste of water resources.

To reduce water consumption, the company has taken the following specific measures:

- **Water Resource Assessment and Monitoring:** The company regularly assesses and monitors water resource usage to promptly identify any abnormal water usage situations and take measures to ensure continuous improvement in water use efficiency.
- **Summer Central Air Conditioning System:** Our company's air conditioning cooling system uses water recycling technology, greatly reducing the consumption of cooling water.
- **Application of Water-Saving Devices:** The company has installed water-saving devices such as efficient faucets at all water points, effectively reducing the waste of domestic water. In addition, the company uses a single piping system for heating and cooling, switching between summer and winter seasons through valves, to realize the recycling of water for heating and cooling, effectively saving water.
- **Regular Maintenance:** To ensure the efficient operation of the water system and reduce the loss of water resources, the company regularly inspects and maintains water facilities and pipelines. By promptly identifying and repairing issues such as leaks and drips, we minimize water loss.

	Unit	2023
Use of water resources	cubic meter	241140
Power consumption	KWh	4742303
steam	ton	397.6
solid waste	ton	3
Hazardous waste	ton	4.759

* Due to the diversity of product models, it's impossible to individually account for each product's energy and water consumption, making it difficult to calculate the specific energy and water consumption density of each product.



Use of packaging materials

In 2023, Biosino utilized various types of packaging materials for its finished products, primarily consisting of rubber, glass, plastic, and paper products. The consumption details include 70.9 tons of glass bottles, 53.6 tons of plastic bottles, 1.3 tons of rubber stoppers, 4 tons of aluminum caps, 15 tons of packaging boxes, 3.6 tons of A4 paper, 2.3 tons of labels, 21.2 tons of paper ice boxes, 0.28 tons of plastic bags, 13 tons of cardboard boxes, and 6.6 tons of foam boxes.

TALENT DEVELOPMENT

CORPORATE CULTURE AND THE CONCEPT OF EMPLOYING

From the beginning, Biosino has accumulated profound cultural heritage. It has built a career platform for employees through various institutional arrangements and organizational construction; And enter a cultural atmosphere at high speed through various exciting or warm activities.

Corporate Development Strategy

Integrated Core with Dual Wings, Dual-Drive, and Triple Chain Linkage

- Development Core: BIOSINO Technology Achievement Transformation Center
- Dual Wings: Transformation of Sci-tech Achievements and Innovation in Service Industry Models
- Transformation and Incubation of Hardcore Sci-tech Products: Precision Medicine, High-end Equipment, Biotechnology, etc.
- Innovation and Improvement of Medical Quality and Service Levels: Innovative Clinical Medical
- Techniques, Medical Information Technology, Service Process Reengineering, etc.
- Innovation Chain: Sci-tech Products + Innovative Services
- Industrial Chain: Development around the Core Industry's Upstream and Downstream + Creation of an Ecosystem of Sci-tech Companies
- Capital Chain: Supporting Special Venture Capital + M&A Funds

Corporate Talent Management Philosophy

Believe in the Future, Embrace Change, Transform Ourselves, Create Value

- Cultivate an executive team with passion, responsibility, business acumen, and good management skills.
- Emphasize performance orientation, inspire innovation, allow for mobility of managers and employees alike.
- Establish an evaluation system based on value creation and set up a mechanism for sharing corporate benefits with all employees.

Corporate Product Philosophy

Deliver high-quality, efficient, and innovative reagent products, ensuring accuracy, stability, and life function measurement

- Clarify research and development directions, enhance R&D efficiency.
- Continuously optimize costs, capture market share.
- Strictly control product quality, build market competitiveness.

TALENT TRAINING AND RETENTION



Our Employees

Biosino has perfect system and standardized management, adheres to the principle of "respecting talents, trusting talents and understanding talents", creates a stage and opportunity for employees development, encourages employees to display their talents, makes the enterprise develop and grow by giving full play to employees talents, and reflects employees' own value through the development and growth of the enterprise.

Relevant employment systems include employee handbook, attendance and leave management system, salary management system of Biosino, performance appraisal management measures, probation management measures, employee transfer and promotion management measures, management measures for managers, welfare payment measures, harmony fund management measures, honor award regulations A series of regulations such as the regulations on the administration of labor insurance payment guarantee the rights and interests of employees, create fair and equal work opportunities for employees, provide rich welfare benefits, and provide protection for their career planning.

Biosino establishes and implements a sound salary incentive system, determines the post salary of personnel through different positions and ranks, establishes the salary system of R&D technicians, functional departments and sales personnel, establishes a reasonable rising channel, gives full play to the incentive role of salary, selects and reserves excellent talents according to the management personnel assessment methods and personnel promotion management methods, and establishes a talent reserve mechanism. Biosino abides by the provisions of the labour law, works within 8 hours a day, implements the two-day rest system, and provides annual leaves, marriage leaves, parental leaves and other legal holidays. The relevant subsidies include health care expenses, fever subsidies, professional title subsidies, age subsidies, cold storage subsidies, etc.

Business centers

Center	Biosino	ZhongEn Tianjin	Biosino Anhui	Biosino Jinyu	Biosino Suzhou	Biosino Technology Transfer
Executives	10	4	3	13	2	0
Marketing Center	119	3	2	21	21	5
R&D Center	39	6	7	24	35	1
Manufacturing Center	60	4	3	34	17	1
Management Support Center and Others	60	13	6	24	0	2
Total	288	30	21	116	73	9

Education

Education Level	Biosino	ZhongEn Tianjin	Biosino Anhui	Biosino Jinyu	Biosino Suzhou	Biosino Technology Transfer
PhD	3	12	1	2	4	4
Master's	30	8	3	10	29	0
Bachelor's	133	0	5	25	18	4
Associate Degree and below	122	10	12	79	22	1
Total	288	30	21	116	73	9

Title

Professional Title	Biosino	ZhongEn Tianjin	Biosino Anhui	Biosino Jinyu	Biosino Suzhou	Biosino Technology Transfer
Senior	13	5	0	1	0	0
Intermediate	39	6	4	10	6	6
Junior	52	14	10	45	9	2
None	184	5	7	60	58	1
Total	288	30	21	116	73	9

Age

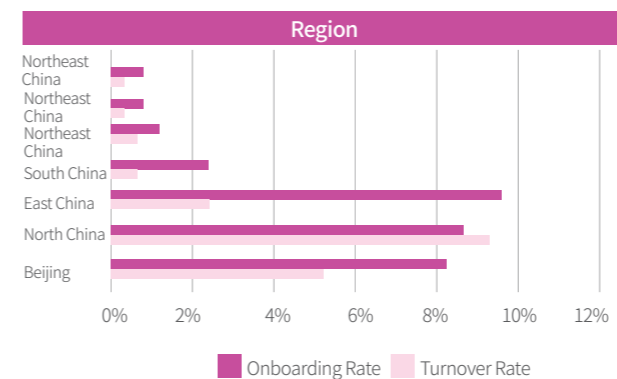
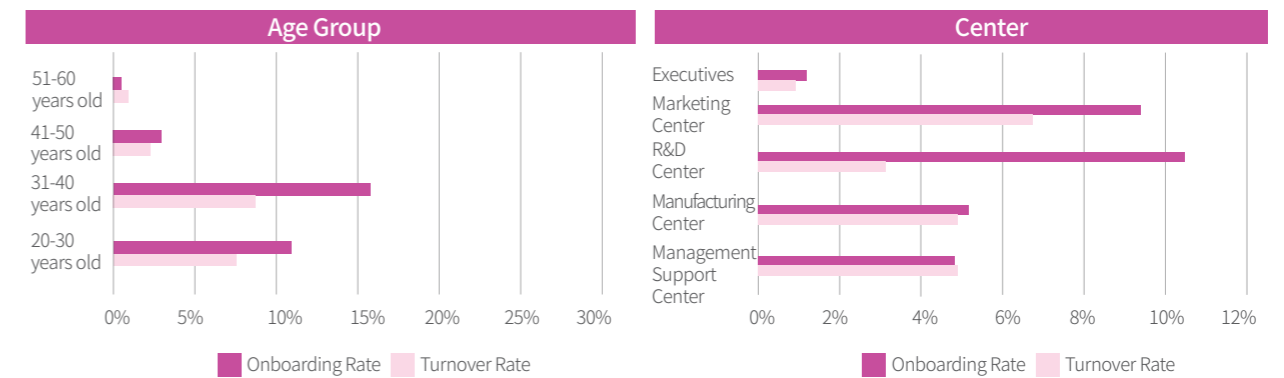
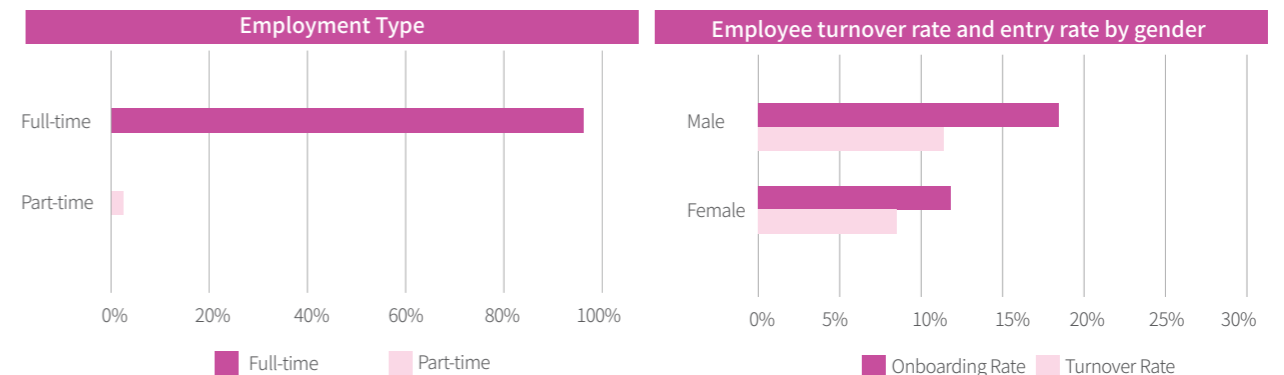
Age Group	Biosino	ZhongEn Tianjin	Biosino Anhui	Biosino Jinyu	Biosino Suzhou	Biosino Technology Transfer
20-30 years old	52	5	14	20	24	5
31-40 years old	136	14	6	36	36	1
41-50 years old	80	6	10	43	11	2
51-60 years old	20	5	1	17	2	1
Total	288	30	21	116	73	9

Gender

Gender	Biosino	ZhongEn Tianjin	Biosino Anhui	Biosino Jinyu	Biosino Suzhou	Biosino Technology Transfer
Male	168	15	9	75	37	3
Female	120	15	12	41	36	6
Total	288	30	21	116	73	9

Disclosure of Employee Onboarding and Turnover Rates

The company provides equal opportunities for onboarding and promotion for each employee, and has a well-enforced management system and regulations in place. Last year, Biosino adjusted its organizational structure, strengthened performance evaluations and personnel management, and reinforced an internal merit-based system. This system, through evaluations, eliminated the last unfit personnel element, optimized the personnel structure, and improved staff efficiency, leading to some departures. Additionally, there were employees who left for personal reasons, including not adapting to new positions after job changes, relocating to places far from the company, and seeking other personal development opportunities.



Development and Training

Biosino has seven training types: senior management training, middle-level management training, marketing training, professional technical training, professional skill training, general training for all staff and new employee training, including company level, department level and team level. Conduct in-depth training demand analysis for various types of training, enhance the pertinence of training contents, strengthen the tracking, assessment and evaluation of trainees, apply what they have learned, develop in an every expect, and improve the comprehensive quality and ability of employees through various trainings.

The company offers seven types of training: senior management training, middle management training, marketing training, professional technical training, professional skill training, general training for all employees, and new employee training. Training is conducted at three levels: company, department, and team. An in-depth training needs analysis is conducted for various types of training to enhance the relevance of the training content, strengthen the follow-up assessment and evaluation of the trainees, apply what is learned, develop comprehensively, and improve the overall quality and capability of the employees through various training programs.

In 2023, the company's quality management system, safety production system, and other training management systems operated well. There were 8 sessions on the dissemination of laws and regulations related to the production and operation of medical devices, 3 sessions of new employee training, 3 sessions of medical device operation system and production management system training, 1 session of "Medical Device Adverse Event Monitoring and Re-evaluation Control Procedure" training, 65 sessions of quality system document upgrade training, 1 session of anti-commercial bribery training, 1 session of ESG training, and several sessions of business and marketing, product-related training.

New Employee Training



Business Training



ESG Training



Regulatory Training



Employee Training Coverage: 100%



2023 Training Overview

Training Situation by Gender

Gender	Total Trainees	Percentage	Total Training Hours
Male	3405	49.23%	1194
Female	3511	50.77%	1351
Total	6916	100%	2545

Training Situation by Job Level

Job Level	Total Trainees	Percentage	Total Training Hours
Manager	1801	26.04%	884
Staff	5115	73.96%	1686
Total	6916	100%	2570

Average Training Hours per Employee

Gender	Average Hours per Person
Male	6
Female	6

Job Level	Average Hours per Person
Manager	4
Staff	6

The company strictly implements and enforces the provisions of laws and regulations such as the "Labor Law of the People's Republic of China" and the "Labor Contract Law of the People's Republic of China," eliminating the employment of child labor and forced labor. Through regular employee training and a robust internal reporting mechanism, we ensure the complete eradication of employing child labor and forced labor in our business operations. In the recruitment process, we adhere to China's employment laws and regulations, uphold the principles of fairness and equality, and provide equal employment opportunities to all candidates. For behaviors that violate our policies, we will take the necessary disciplinary actions. During the reporting period, there were no incidents of forced labor or employment of child labor.

Assessment and incentive

Biosino has formed a performance appraisal system based on KPI and balanced scorecard. Based on the post responsibilities of senior managers, set assessment indicators according to the Company's strategic objectives and budget decomposition at the beginning of each year, sign performance assessment letters and conduct performance assessment level by level. By the end of the year, their salaries had not been approved according to their performance indicators, and the performance evaluation standards and assessment procedures of senior managers had been effectively implemented. And make corresponding amendments and improvements according to the implementation.

At the same time, Biosino has established a targeted and operational evaluation and incentive mechanism at all levels, so as to further improve the corporate governance structure and all staff incentive mechanism, fully mobilize the enthusiasm of management and key employees, effectively combine the interests of shareholders, the Company and the personal interests of operators, and make all shareholders pay attention to the long-term development of the company.

Biosino has established an internal control system, and he effectiveness and rationality of the system are supervised and evaluated through internal audit. The effective internal control system ensures the effective implementation of applicable laws and internal systems, effectively reduces the risk of corruption and violation, and improves the operation ability of the company.

BioSino has issued additional domestic shares to key employees, further strengthened the incentive mechanism for senior managers and key personnel, and promoted the long-term and stable development of the company.

OCCUPATIONAL HEALTH AND SAFETY

The company places a high emphasis on the occupational health of its employees, aiming to prevent occupational hazards to health. In accordance with regulatory requirements, the company organizes occupational health examinations for relevant personnel and has established a dedicated Occupational Health Committee and working group. Occupational health and safety education and publicity columns have been set up to disseminate regulations and system requirements, enhancing the protection of employee occupational health. Labor protection supplies are provided and regularly replaced to ensure their effectiveness and safety. In terms of occupational health management, the company has achieved annual detection of occupational hazard factors and a triennial evaluation; employees in positions involving occupational hazards are informed in writing about potential occupational health risks at the time of signing the labor contract; a personalized occupational health surveillance record is established for each employee involved in occupational hazards; pre-employment, post-employment, and regular on-the-job occupational health examinations are conducted to track employees' health status, and employees found to have occupational contraindications through medical examinations are reassigned to prevent the occurrence of occupational diseases.

Since initiating its work on achieving standards in production safety in 2014, the company has established a leadership group for production safety, an occupational health leadership group, a biosafety committee, and a leadership team. It was awarded the "National Second-Level Standard Enterprise for Safety Production" in 2014, and achieved the "Third-Level Standard Enterprise for Safety Production" and the "Beijing Municipal Occupational Health Infrastructure Standard Unit" in 2021. The company supervises and manages all aspects of work related to safety production, biosafety, and occupational health in accordance with regulatory requirements in both production and business operations.

To establish biosafety protection procedures and strengthen the biosafety management of laboratories and production workshops to protect the health of laboratory and production workshop workers and ensure the surrounding environment is not contaminated by pathogenic microorganisms, Biosino has established "Biosafety Protection Procedures," including biosafety protection procedures for laboratories and production workshops and emergency response measures. In addition, Biosino has established related documents such as "Waste Management Procedures," "Personnel Entry and Exit Management Procedures for Production Areas," "Site Clearance Management Procedures," and "Cleaning Procedures for Containers and Equipment."

During the reporting period, the group implemented a safety production responsibility system at all levels, taking the construction and implementation of the safety management system in the company and its subsidiaries seriously. Through comprehensive compliance risk assessments, team formation and professional capacity building and enhancement, facility upgrades and renovations, periodic independent inspections and audits, hazard reporting and rectification, and technical support and response for improvement projects, the management has established a regular review system and decision-making mechanism for performance, ensuring the group's lawful, regulated operation and continuous improvement. The group has organized and implemented centralized professional training and other related safety management and improvement activities, significantly reducing the safety risks in its operations, standardizing employee operation management, and deeply embedding safety concepts and culture. In terms of resource conservation and environmentally friendly construction, the group focuses on the application and promotion of energy-saving technologies and energy contract management projects, achieving good economic and environmental benefits.

- Safety education and training coverage rate: 100%
- Safety risk prevention training coverage rate: 100%
- Occupational injury insurance coverage rate for employees: 100%
- Employee health examination coverage rate: 100%



- In 2021-2023, no deaths occurred due to work accidents;
- In 2021, there was one work-related injury;
- In 2022-2023, no work-related accidents occurred.



The organization has implemented occupational health examinations, occupational health training, and occupational health declarations among other occupational health management tasks, ensuring the smooth progress of occupational health management work. In 2023, the monitoring of occupational health factors in the environment was completed, in compliance with industry regulations.

ECOLOGICAL CO-CONSTRUCTION

STRATEGIC COOPERATION



The establishment of the Biosino Technology Achievement Transformation Center at the Hefei Comprehensive National Science Center's Institute of Big Health marks a significant milestone in Biosino's efforts to advance cooperation between institutes and enterprises, research collaboration, technological exchange, and achievement transformation. It represents an important step in Biosino's strategic industry layout.

Biosino North Control and the East China Industrial Research Institute of Life Sciences at Peking University signed a strategic cooperation agreement on June 28, aiming to deeply integrate the innovation chain, industrial chain, talent chain, and financial chain. On July 14, PHC Group's Medience Corporation visited the Biosino Technology Achievement Transformation Center, where both parties reached a consensus on deepening cooperation to promote model innovation in the field of in vitro diagnostics. On August 22, Biosino North Control initiated strategic cooperation with the First and Second Affiliated Hospitals of Nanchang University, committing to promoting high-quality development in the in vitro diagnostics industry and contributing to the health and well-being of the people.

Biosino North Control's Zhongya product line successfully passed the Abbott Quality System Audit from September 11-13 and received high praise. Since 2012, the Zhongya brand, in cooperation with Abbott, has gained international recognition, laying a solid foundation for deepening cooperation.



Hefei Comprehensive National Science Center Big Health Research Institute

BIOSINO Science and Technology Achievements Transformation Center

established

EMPOWERING TEAMS AND INDUSTRY GROWTH

During the reporting period, Biosino North Control conducted two significant training events. On June 10th, in collaboration with its partner New Milestone Health Group, a training session was held for the supply chain center's consumable product line executives. The objective was to enhance professional qualities, strengthen supply chain management capabilities, intensify pharmaceutical and medical cooperation, improve medical standards, and promote long-term mutual development. From June 2nd to June 6th, Biosino North Control organized the "Biosino Product Series + Service Enhancement Training Conference" also known as the first session of the "Biosino Lecture Hall". The event gathered marketing, market, technical, and application service teams from various business product lines under Biosino North Control, along with key partners, and empowered industry growth through live online broadcasts. The five-day training focused on areas such as flow cytometry, chemiluminescence, POCT, biochemistry, early cancer screening, molecular diagnostics, precision medicine value-added services, and medical information management systems. It provided participants with a rich content exchange opportunity covering multiple professional fields. This training not only facilitated the professional growth of employees and partners but also positively impacted the development of the IVD industry.



SUPPLY CHAIN ESG MANAGEMENT

To ensure suppliers meet the company's requirements and expectations, and to manage suppliers efficiently, the company has established a comprehensive supplier management system. The company conducts supplier management activities in accordance with the "Supplier Evaluation and Control Procedure" and the "Purchasing Control Procedure."

The "Supplier Evaluation and Control Procedure" enables the effective selection, evaluation, and control of suppliers to ensure that the products and services they provide meet the company's requirements for production, research and development, testing, and services. The supplier evaluation team, consisting of heads from the company's quality management department, finance department, reagent factory, purchasing department, R&D department, and quality control department, is responsible for assessing suppliers' quality systems and determining qualified suppliers.

The company conducts a comprehensive assessment of suppliers' "quality systems" covering aspects such as factory premises, personnel and training, material management, equipment, documentation, production technical management, quality management, subcontracting or sub-contracted testing products, delivery, contract signing, and after-sales service. At the same time, based on the "Regulations on the Supervision and Management of Medical Device Production," "Good Manufacturing Practice for Medical Devices," "Guidelines for Medical Device Manufacturer Supplier Audits," and other applicable laws, regulations, and industry standards, the company sets requirements for suppliers to ensure the quality of supplied products.

For Class A material suppliers, who contribute to the main or critical parts of the company's final product, approval is given only when they meet requirements in qualifications, quality management system, personnel qualifications, and sample evaluations. Additionally, the purchasing department re-evaluates the qualifications of qualified material suppliers every six months, internally scoring suppliers on supply quality, delivery time, usage, after-sales service, etc., and eliminating suppliers that do not meet standards.

Based on the impact of purchased materials on the company's products, materials are categorized into three types:

- A-type materials: Main or critical components of the final product that significantly affect the quality or safety performance of the product, mostly including enzymes and antisera, and materials for internal packaging that come into direct contact with reagents.
- B-type materials: Materials that constitute non-critical parts of the final product, generally not affecting the final product's quality, or if they do have a slight impact, corrective measures can be taken. These are all materials other than A-type materials.
- C-type materials: External packaging materials (labels, packaging boxes, shipping cartons, etc.).



Supply Chain Risk Management

In the realm of supply chain risk identification and management, Biosino North Control has implemented the following measures:

- **Risk Identification:** The company regularly assesses supply chain risks, including but not limited to financial stability of suppliers, geopolitical risks, natural disasters, market fluctuations, and supply chain disruptions. Potential supply chain risks are identified through data analysis and market research.
- **Risk Assessment:** Identified risks undergo quantitative and qualitative analysis to evaluate their potential impact on the company's supply chain. Risks are categorized and prioritized based on their severity and probability of occurrence.
- **Risk Control:** For high-risk suppliers, the company intensifies monitoring and management, taking preventive measures such as increasing inventory, finding alternative suppliers, and signing long-term contracts. Agreements are signed with suppliers to ensure that they bear the risk liability before our company's acceptance inspection is passed; after passing, the demand side bears the liability, except in cases where the quantity or quality of the internal packaging provided by the supplier does not meet requirements, in which the supplier still bears the risk liability.
- **Risk Monitoring:** A risk monitoring mechanism is established to regularly track changes in supply chain risks and adjust risk management measures timely. Supplier performance and risk indicators are monitored through data collection and analysis.
- **Emergency Plan:** An emergency plan for the supply chain is developed to respond to sudden events and crises, ensuring rapid activation of alternative suppliers in the event of supply chain disruptions or other emergencies, minimizing impact on production and operations.
- **Continuous Improvement:** The supply chain risk management process is continuously optimized through ongoing improvement efforts. Suppliers are encouraged to participate in risk management activities, establishing long-term partnerships to jointly reduce supply chain risks.

Biosino North Control is committed to building a more stable and reliable supply chain system to address various potential risks, ensuring the company's continued development and competitive advantage.

Supplier ESG Training

On the morning of January 18, 2024, Biosino North Control invited ESG experts to conduct ESG training for the company's supplier representatives and leaders, Biosino North Control executives, and department heads, chaired by Mr. Wu Lebin, the chairman of Biosino North Control. Mr. Wu started with real data on environmental governance, discussing the significant impact of carbon assessments on the ecological chain and environment, and highlighted the importance of implementing carbon assessments throughout the entire process of product development, production, transportation, and sales, including the supply chain. Mr. Wu hopes that everyone will incorporate low-carbon and green concepts into their actions and proposed that the company's green development should "start with me, start with the supply chain, and start now."

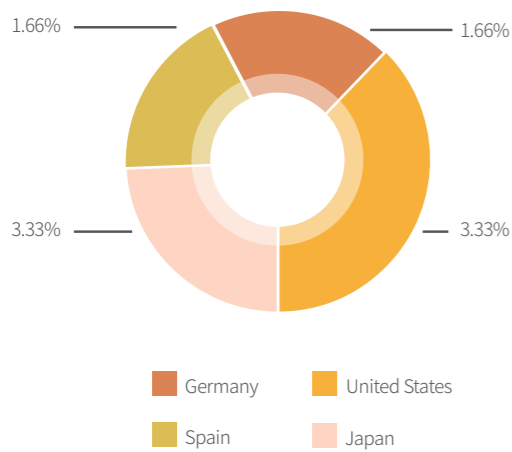
Raw Material Domestic Substitution

During the reporting period, the company actively promoted the strategy of substituting domestic materials for imported ones to reduce dependence on external resources and enhance the stability and sustainability of the supply chain. Through strengthening cooperation with domestic suppliers and optimizing procurement processes, the company has not only successfully reduced costs but also improved the quality and supply efficiency of raw materials. Additionally, domestic substitution helps shorten the supply chain, reduce carbon emissions in logistics, and aligns with our commitment to environmental protection and sustainable development. Key raw materials such as CHE and ADA have been substituted with domestically developed alternatives, and some suppliers from the United States, Japan, and other countries have been replaced with domestic ones, further enhancing the domestic level and competitiveness of our products. We believe that through continuous effort and innovation, we can provide our customers with higher quality, more environmentally friendly products, while positively contributing to national industrial upgrading and green development goals.

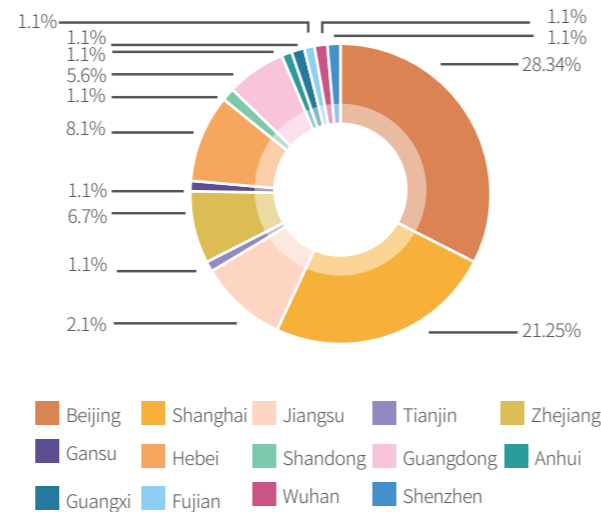
Domestic Supplier Proportion: 93%



Summary of Multinational Suppliers by Region



Distribution of Domestic Suppliers by Region



PARTICIPATE IN THE FORMULATION OF INDUSTRY STANDARDS AND GROUPS STANDARDS

For enterprises, participating in the development of national, industry, and group standards holds significant importance. It not only allows them to adjust product quality proactively, seizing market opportunities early on, but also enhances the company's reputation within the industry and market, thereby building the corporate brand. Furthermore, it can guide the development direction of the industry, and even lead to a repositioning of the industry, increasing market recognition of the company's products. This, in turn, can expand market share and enhance competitiveness. Currently, Biosino North Control has drafted and published a total of 23 national, industry, and group standards.

Industry standards and group standards

No.	Standard Name	Standard Number	Implementation Date
1	α-Amylase Assay Kit (Continuous Monitoring Method)	YY/T 1194-2011	2013/6/1
2	Reference Measurement Procedure for Total Serum Protein	YY/T 1195-2011	2013/6/1
3	Purified Water for In Vitro Diagnostic Reagents	YY/T 1244-2014	2015/7/1
4	Lactate Dehydrogenase Assay Kit	YY/T 1241-2014	2015/7/1
5	α-Hydroxybutyrate Dehydrogenase Assay Kit	YY/T 1242-2014	2015/7/1
6	Creatine Kinase Assay Kit	YY/T 1243-2014	2015/7/1
7	Cystatin C Assay Kit	YY/T 1230-2014	2015/7/1
8	Alkaline Phosphatase Assay Kit (NPP Substrate-AMP Buffer Method)	YY/T 1234-2014	2015/7/1
9	Total Protein Assay Kit	YY/T 1444-2016	2017/1/1
10	Lipoprotein (a) Test Kit	YY/T 1448-2016	2017/1/1
11	Carbon Dioxide Assay Kit	YY/T 1523-2017	2018/4/1
12	C-Reactive Protein Assay Kit	YY/T 1513-2017	2018/4/1
13	Creatine Kinase-MB Isoenzyme Assay Kit	YY/T 1580—2018	2019/3/1
14	Heart-Type Fatty Acid-Binding Protein Assay Kit (Immunoturbidimetry)	YY/T 1590—2018	2019/3/1
15	Glycated Hemoglobin Assay Kit (Latex Immunoturbidimetry)	YY/T 1605—2018	2019/3/1
16	Allergen-Specific IgE Antibody Test Kit	YY/T 1581—2018	2019/3/1
17	Uncertainty Evaluation of Calibration Material for In Vitro Diagnostic Reagents	YY/T 1709—2020	2021/12/1
18	Performance Evaluation Methods for In Vitro Diagnostic Testing Systems Part 1: Precision	YY/T 1789.1-2021	2023/3/1
19	Deafness Gene Mutation Test Kit	YY/T 1800-2021	2023/3/1
20	Serum Amyloid A Assay Kit	YY/T 1880-2022	2023/10/1
21	Triglyceride Assay Kit (Enzymatic) Revision	YY/T 1199—2023	2023/7/15
22	Requirements for Quantitative Measurement of Biogenic Samples in In Vitro Diagnostic Medical Devices and Supporting Document Content for Certified Reference Materials	GB/T 19703-2020	2021/12/1
23	Guide for the Application of Value Assignment to In Vitro Diagnostic Calibration Materials	T/ZMDS 40001-2021	2021/8/25

EXHIBITION APPEARANCES

Biosino North Control actively participates in major domestic and international medical exhibitions, showcasing newly launched products and innovative technologies. On March 30th, the company exhibited products such as the SinoCyte flow cytometer at the NCLM in Changsha. From May 14th to 17th, they attended the CMEF in Shanghai, displaying star products like the SinoCyte flow cytometer and PATHFAST. From May 28th to 30th, they participated in the CACLP in Nanchang, showcasing the SinoCyte flow cytometer and PATHFAST. From November 13th to 16th, they made an appearance at the MEDICA exhibition in Germany, presenting the company's products and technologies in a brand-new light. On the morning of February 28th, 2024, the president of Biosino North Control, along with relevant leaders and scientists, were invited to visit the Hong Kong Institute of Innovation of the Chinese Academy of Sciences.

COMMUNITY INVOLVEMENT



Corporate Harmony Development Fund

Since its establishment in 2005, Biosino North Control has created the Corporate Harmony Development Fund, primarily aimed at providing congratulations gifts for the marriage of employees, their children's high school entrance exams, offering financial support for the illness of employees and their immediate family members, and disbursing honor bonuses to retired employees, with a cumulative disbursement of over 1 million yuan. During the reporting period, under the initiative and organization of company leadership, the company's union, and party branch, a fundraising event was launched for an ill employee, raising over 60,000 yuan in total. In the case of an employee's death due to illness, the company and its employees donated 55,000 yuan in condolence money. The company's party branch donated 3,000 yuan in support to a party member living in hardship. Additionally, the company donated 2,700 yuan worth of books and learning materials to a mountainous area elementary school.

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Subject Areas, Aspects, General Disclosures and KPIs		Chapter and page
A. Environment		
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. Note: Air emissions include NOx, Sox, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.	P24-25 P28
KPI A1.1	The types of emissions and respective emissions data.	P26-27 P29
KPI 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).	P26/P03
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P29
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P29
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	P24-27
KPI 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.	P24/P28
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	P29
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).	P29
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P29
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P24/P27
KPI 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.	P24/P29
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P29
Aspect A3	The Environment and Natural Resources	
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	P24
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions	P24-25/P28-29
Aspect A4	Climate Change	
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	P25
KPI A4.1	Description of the significant impacts of activities on the environment and natural resources and the actions	P24-27

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Subject Areas, Aspects, General Disclosures and KPIs		Chapter and page
B. Social		
Aspect B1 Employment and Labor Practices		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P30-31
KPI B1.1	Total workforce by gender, employment type (for example, full – or part – time), age group and geographical region.	P31-32
KPI B1.2	Employee turnover rate by gender, age group and geographical region	P32
Aspect B2 Health and Safety		
General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P35
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P35
KPI B2.2	Lost days due to work injury.	P35
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P35
Aspect B3 Development and Training		
General Disclosure	Policies on improving employees knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	P33-34
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P34
KPI B3.2	The average training hours completed per employee by gender and employee category.	P34
Aspect B4 Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P34
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	P31/P34
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P34
Aspect B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P37-38
KPI B5.1	Number of suppliers by geographical region.	P39

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Aspect B5 Supply Chain Management		
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P38
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P38
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P37-39
Aspect B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P16-17
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	P20
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P23
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	P18-19
KPI B6.4	Description of quality assurance process and recall procedures	P20-21/P23
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	P20
Aspect B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P11
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	P11
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P11
KPI B7.3	Description of anti-corruption training provided to directors and staff.	P11
Aspect B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P41
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P37/P47
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	P41

READER FEEDBACK

Dear Reader,

Thank you for reading this report. This is the sixth consecutive year that Biosino North Control has disclosed environmental, social, and governance (ESG) information, and it is the first time we have independently published an ESG report. We sincerely hope that you can evaluate this report and provide us with your valuable feedback to help us continuously improve.

Feedback Survey:

Did you find the information you needed in this report?

What additional information do you think should be included in this report?

Do you have any other suggestions for this report?

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