翰森製藥
HANSOH PHARMA

Hansoh Pharmaceutical Group Company Limited
翰森製藥集團有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 3692

Environmental, Social and Governance Report 2022

Contents

About the Report

The Report is the fourth Environmental, Social and Governance (hereinafter referred to as the "**ESG**") Report of Hansoh Pharmaceutical Group Company Limited (hereinafter referred to as the "**Company**") upon its listing. It systematically elaborates on ESG concepts, strategies, measures, and performance of the Company and its subsidiaries (hereinafter referred to as "**Hansoh Pharma**", "**we**", "**us**" or "**our**" or the "**Group**") in 2022 and focuses on addressing significant concerns of stakeholders.

TIME RANGE OF THE REPORT

The information and data in the Report cover the period from January 1, 2022 to December 31, 2022 (hereinafter referred to as the "**Reporting Period**").

SCOPE OF THE REPORT

The disclosure scope of the material content of social and governance in the Report is consistent with that in the 2022 Annual Report. Given the subsidiaries of the Gtoup, Jiangsu Hansoh Pharmaceutical Group Co., Ltd. (江蘇豪森藥業集團有限公司) (hereinafter referred to as "**Jiangsu Hansoh**" and Changzhou Hansoh Pharmaceutical Co., Ltd. (常州恒邦藥業有限公司) (hereinafter referred to as "**Changzhou Hansoh**" accounted for almost 100% of the Group' operating revenue in 2022, they are two major operating entities of the Group. In addition, the environmental impact of Shanghai Hansoh Biomedical Co., Ltd. (上海翰森生物醫藥科技有限公司) (hereinafter referred to as "**Shanghai Hansoh**"), is beginning to emerge due to its business expansion. Therefore, on the principle of importance, the substantive content of the environment section in the Report mainly focuses on these three subsidiaries mentioned above, unless there are special circumstances.

BASIS OF PREPARATION

The Report is compiled based on the Environmental, Social and Governance Reporting Guide (環境、社會及管治報告指引) (hereinafter referred to as the "**ESG Guide**") as set out in Appendix 27 to the Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Stock Exchange**"). The Report takes into account the *Global Reporting Initiative's Standards for Sustainable Development Reporting* (可持續發展報告標準) (GRI Standards) and the *Sustainability Standards Board (SASB) Sustainability Accounting Standard for Biotechnology and Pharmaceuticals* (生物技術與製藥可持續會計準則). It also is in alignment with the United Nations Sustainable Development Goals (SDGs), and addresses the concerns of the MSCI ESG rating and the S&P and Dow Jones Sustainability Indices (S&P DJSI) Corporate Sustainability Assessment (CSA).

About the Report

REPORTING PRINCIPLE

The Report adheres to the four reporting principles outlined in the ESG Guide of the Hong Kong Stock Exchange, which are "Materiality", "Quantitative", "Consistency" and "Balance".

Materiality	The Group conducted daily communication and specific surveys with stakeholders to identify the most pressing ESG concerns of various parties. We used this information to determine the focus of the Report. The process of identifying stakeholders, communication, and establishing these issues will be detailed in the 4.4 – Material Issues section.
Quantitative	To help stakeholders better understand the Group's ESG performance, we will disclose the standards, methods, assumptions, calculation tools, conversion factor sources, and other information used in the quantification of emissions, energy consumption, and other related data.
Consistency	Any modifications made to the statistical scope, statistical methods, conversion factors, etc., during the Reporting Period and boundary stated above will be detailed in the corresponding sections of the Report. This approach will enable stakeholders to gain a comprehensive and unbiased understanding of the Group's advancements and contributions towards ESG aspects.
Balance	This report presents a complete and balanced picture of the Group's ESG information.

DATA SOURCES

The data and cases presented in the Report are obtained from the Group's production and operational records, documents available to the public, and public reports from governments and news media. The Group takes responsibility for ensuring that the information sources are authentic, accurate, and complete. There are no deliberately false records or misleading statements. The monetary unit used throughout the Report is RMB.

ACCESS TO THE REPORT

The Report is prepared in Traditional Chinese and English. The electronic version of the Report is published on the website of the Hong Kong Stock Exchange and under the section headed "ESG" – "ESG Report" on the website of the Company (www.hspharm.com). For any suggestion and comment on the Report, please contact us at:

Email: IR@hspharm.com

CONFIRMATION AND APPROVAL

The Report is approved by the Board of Directors of the Company on April 27, 2023 upon the confirmation of the management of the Company.

1. Chairlady's Statement

As a pioneering innovation-driven pharmaceutical company in China, Hansoh Pharma is committed to upholding the values of "responsibility, integrity, diligence and innovation". We strive to serve the cause of human health through technological innovation and fulfill our corporate social responsibility through responsible business practice.

In 2022, we have further optimized our ESG governance system and incorporated sustainability principles into our business strategies and processes under the supervision and guidance of the ESG Committee under the Board of Directors. We have also set up a risk management framework that operates independently of our business sectors and are committed to integrity and compliance in a bid to achieve consistent corporate growth. Furthermore, we aim to shore up ESG governance across the industry chain and collaborate with stakeholders to mitigate risks and achieve win-win benefits.

Innovation is the leitmotif of the biopharmaceutical industry's development and is a critical element for improving human health. Adhering to independent innovation and internationalization strategy, we managed to overcome the effects of COVID-19 and fully unleash our potential for innovation. This led to a rapid transformation of our research and development accomplishments. Hansoh Pharma's success in commercializing six innovative drugs, including the groundbreaking biological drug Xinyue® (Inebilizumab Injections), has resulted in its approval for marketing. Consequently, the percentage of operating revenue generated by innovative drugs has increased to 53.4%. We have continued to gain momentum in the global market, and our partners actively expand our presence in the UK and Europe. The construction of a global innovation ecosystem is progressing at a rapid pace. Meanwhile, in China and some other low and middle-income countries, as well as underdeveloped regions, we are assisting local patients in obtaining drugs at more affordable prices through bidding or technical cooperation.

As the world grapples with an increasingly severe energy crisis, record greenhouse gas concentrations, and more frequent extreme weather, it's imperative that all enterprises come together to combat these issues. In our last ESG report, we outlined our targets for reducing greenhouse gas and pollutant emissions, managing energy consumption, preserving water resources, and managing waste. To meet these goals, we developed the *Policy and Action Outline for Addressing Global Climate Change* (應對全球氣候變化政策和行動綱要) in 2022. This involved verifying data on the three emission sources of greenhouse gases across the Group, to understand the impact of our business behavior on the environment and identify areas for improvement. We assessed climate change-related risks to our operations, and developed scientific response strategies and plans. We have strengthened our energy management practices, implemented technical transformations for key energy-consuming equipment, and implemented energy consumption monitoring and inspection to improve our energy efficiency. We have increased our investment in environmental protection facilities, actively pursued technological innovation and process optimization, and enhanced our comprehensive environmental governance capabilities. With a responsible attitude, we have explored green production and operation methods that are environmentally and ecologically friendly, in our pursuit of shaping a brighter future for humanity and the planet.

Our consistent priority is to uphold the quality of medicines and the safety of patients' lives. To keep pace with the fast-evolving innovative drug projects, we have reinforced the quality control system across the entire process, including clinical research, production, and post-marketing adverse reaction monitoring. We strictly adhere to laws and regulations regarding drug research and development, production, and marketing. We standardize clinical trials, drug production, and product promotion practices, enhance monitoring of adverse drug reactions, safeguard the rights and interests of subjects and drug users, maintain transparency in information, and ensure drug safety.

1. Chairlady's Statement

The professional worth of our employees is a driving force for the sustainable progress of the Company. In 2022, we aim to attract in and retain exceptional talents by creating a more open and inclusive workplace environment. We will keep refining a fair and equitable promotion system, help employees devise short-term and long-term career development plans, and encourage ongoing learning through our internal and external education programs. We offer our employees a competitive compensation and benefits package in the industry, as well as more appealing incentive policies to stimulate innovation in research and development, technological improvement, and performance enhancement. As such, all our employees can share the benefits of the Company's growth.

Every enterprise is obliged to fulfill its social responsibility. We will take proactive steps to fulfill the sustainable development goals set forth by the United Nations and uphold the advanced principles of ESG. Our objective is to spearhead the efforts of businesses in attaining high-quality development via technological innovation, offering valuable products and services that enhance human health and well-being, and making substantial contributions to the sustainable development of the worldwide economy and society.

Hansoh Pharmaceutical Group Company Limited
Chairlady
Zhong Huijuan

2. About Hansoh Pharma

Jiangsu Hansoh, our major operating entity, one of the leading innovation-driven pharmaceutical companies in China, was established in 1995. We have been ranked among the TOP 30 pharmaceutical enterprises in China and the TOP 3 industrial enterprises with the best pharmaceutical research and development (R&D) product line in China for many consecutive years. We are a national key high-tech enterprise and a national technological innovation demonstration enterprise.

The Group focuses on clinical needs in major areas such as oncology, CNS, metabolic, and anti-infective diseases, and is devoted to implementing technological innovation and internationalization strategies to improve human health and well-being. We have established R&D centers in Shanghai, Maryland, Lianyungang and Changzhou, with a total of 1,521 professional research fellows. We have formed a R&D system from cutting-edge information collection, compound design screening, pharmacological and toxicological research to clinical medical study, and built several national-level R&D institutions such as the National Technology Center* (國家級技術中心), Post-doctoral Research Station* (博士後科研工作站) and the National and Local Joint Engineering Center for Long-acting Peptide Drugs (長效多肽藥物國家地方聯合工程中心).

Up to now, the Company has marketed 6 innovative drugs and has more than 30 innovative drug projects in different stages of clinical development with over 40 clinical trials in progress. We have formed a rich R&D pipeline and built a favorable ecology of "one batch for market, one batch for R&D and one batch for reserve" (「上市一批、研發一批、儲備一批」).

Our innovative drugs that have been approved for marketing include the humanized anti-CD19 monoclonal Xinyue® (Inebilizumab Injection) for the treatment of adult patients with neuromyelitis optica spectrum disorders (NMOSD) who are anti-aquaporin-4 immunoglobulin G seropositive (AQP4-IgG+), an oral anti-hepatitis B virus (HBV) drug, Hengmu® (Tenofovir Amibufenamide Tablets), and the third-generation EGFR-TKI innovative drug Ameile® (Aumolertinib Mesylate Tablets) as well as Fulaimei® (PEG-loxenatide for injection), Hansoh Xinfu® (Flumatinib Mesylate Tablets), and Mailingda® (Morinidazole Sodium Chloride Injection).

The Company always dynamically aligns ourselves with advanced global market access standards. Our production quality system has been certified by the US FDA, the EU EMA and the Japan PMDA. Our finished products and APIs are approved to be sold in Europe, America and Japan.

Looking ahead, the Company will continue to focus on unsatisfied clinical needs and accelerate the pace of technological innovation to develop safer, more effective drugs with economical efficiency to continuously increase the protection for human health.

3. 2022 ESG Performance Highlights

In the past year, Hansoh Pharma has actively responded to the attentions and expectations of interested parties and the public to the Company, and actively responded to changes in industry policies and social environment. The Company fully mobilized resources by leveraging a solid and efficient sustainable development governance system to accelerate "responsible innovation" and comprehensively improve environmental, social and governance performance, which has made significant progress.

3.1 RESPONSIBILITY FOOTPRINT IN 2022

Innovation achievements

- Xinyue®, an anti-CD19 monoclonal antibody for rare disease NMOSD, has been approved for marketing in China
- The anti-tumor drug Palbociclib capsule has obtained the medicinal products registration certificate issued by the National Medical Products Administration ("NMPA")
- The UK marketing authorization application ("MAA") of aumolertinib, led by partner EQRx, was accepted in June, and the European MAA was accepted in December
- Six BD cooperation agreements have been signed, five blockbuster innovative drugs have been introduced, and one deepening technical cooperation has been reached

Industry recognition

- Hansoh Pharma, a major operating entity of Hansoh Pharma, was ranked 7th in China's Top 100 Chemical Pharmaceutical Enterprises
- Hengmu® was awarded as one of the "Top 10 New Drugs" at the 14th Healthy China Forum
- The brand value of Jiangsu Hansoh amounted to RMB27,388 million, ranking in the third place in the "Medical and Health" section in China and hitting a new high
- Hansoh Pharma was awarded the "China's Top 100 Pharmaceutical Innovation Enterprises in 2022" and Top 5 of "China's Pharmaceutical Innovation and Upgrading Models"
- Jiangsu Hansoh has consecutively been ranked among the Top 3 of the list for the "Best Industrial Enterprise of Pharmaceutical R&D Product Line in China of the China National Pharmaceutical Industry Information Center of the Ministry of Industry and Information Technology"

Responsibility practice

- Jiangsu Hansoh participated in the seventh batch of national drugs centralized procurement by centralized bidding, and five drugs were selected
- Hansoh Pharma and the Global Health Drug Discovery Institute ("GHDDI") reached strategic cooperation on the joint development of oral anti-COVID-19 drugs
- Changzhou Hansoh successfully obtained ISO 50001 Energy Management System certification for the first time, marking that the production and operation bases under the Group have been successfully and fully covered by the ISO 50001 Energy Management System and the ISO 14001 Environmental Management System
- Hansoh Pharma has carried out a series of such public welfare and voluntary activities as donating rehabilitation equipment to the pension and welfare centers, donating heatstroke and pandemic prevention supplies to hospitals, organizing our staff to donate blood and providing anti-pandemic volunteer services, in an effort to deliver value for society and transfer warmth
- Hansoh Pharma has conducted a series of low carbon and environmental protection activities such as cycling on World Earth Day, World Car Free Day, and broadcast exhibition of successful cases of technical transformation to enhance the energy conservation awareness

3. 2022 ESG Performance Highlights

3.2 2022 PERFORMANCE HIGHLIGHTS

Financial performance

Operating revenue of approximately **RMB9.382** billion

R&D investment accounted for **18**% of operating revenue

Profits of approximately **2.584** billion

Sales revenue of innovative drugs accounted for **53.4**% of operating revenue

Strengthened Governance, Integrity and Compliance

The ESG Committee of the Board convened **2 meetings**

Anti-corruption training covers directors and staff to **100**%

Percentage of female directors reached **50**%

Percentage of female executive management reached **30.8**%

Green Operation, Clean and Efficient

Progress of greenhouse gas emission reduction targets: The emissions of greenhouse gas per unit revenue (scope I and scope II) reduced by **24.86**% than that in 2021

Progress on energy efficiency targets: The comprehensive energy consumption per unit revenue reduced by **8.9**% than that in 2021

Progress of emission reduction target of exhaust pollutants: Total emissions of VOCS in exhaust reduced by **18.69**% than that in 2021

100% of emission of three types of waste "met the standards"

Environmental management system, energy management system certification covered all production and operation sites

3. 2022 ESG Performance Highlights

Innovation-driven, Quality-first

Customer satisfaction rate of **89.43**%

100% approval rate for product certification checks and customer audits

Pass rate in spot check of quality **100**%

Talent Development & Healthy Workplace

0 major production safety accidents

0 identified cases of occupational diseases

Training programs cover **100**% of employees and training hours per employee reached **35.39** hours

100% performance of labor contract

Provide subsidies to **410** person-times in total, which amount to **RMB2.52** million

Employee satisfaction rate of **85.5**%

Green Supply and Win-win Cooperation

The group formulated **Sustainable Procurement Guidelines**

Conducted ESG audit on **132** key suppliers

Supplier Code of Conduct covers **100%** of suppliers

3. 2022 ESG Performance Highlights

Community Building & Health Sharing

Total investment in public welfare of **RMB47.386** million

Charity activities **916** person-times of participation, **18,000** hours

Conducted **3** long-term drug donation programs

6 innovative drugs were covered by the medical-insurance system

3.3 ESG HONORS AND AWARDS IN 2022

MSCI ESG rating scored A
S&P Global CSA (Corporate Sustainability Assessment) scored 63
S&P Global 2023 Sustainability Yearbook member, the only pharmaceutical company in China's Mainland selected
ESG Leading Company of the Year 2022 by Bloomberg Businessweek (Chinese version)
2022 Outstanding CSR Project of Pharmaceutical Enterprises in China by MIIT
No. 5 in China's Top 20 ESG Competitive Listed Pharmaceutical Companies in 2022 by E Pharmaceutical Manager (《E藥經理人》)
"2022 Outstanding Employer in Greater China" by HRoot
2022 Leading Enterprise in Green Development (Jiangsu Hansoh) in Jiangsu Province
No. 15 in the Comprehensive Evaluation List of CSR Construction among Manufacturing Enterprises and No. 2 in the Pharmaceutical Manufacturing Industry (Jiangsu Hansoh) in Jiangsu Province

Strengthened Governance, Integrity and Compliance

With the values of "responsibility, integrity, hard work and innovation", Hansoh Pharma has established an effective top-down ESG monitoring and enhancement system. The Company's Board of Directors has established the ESG Committee to monitor the Group's ESG performance, to implement the concept of sustainable development, to be a responsible global corporate, to drive business improvement through innovation and to contribute to the United Nations' Sustainable Development Goals (SDGs).

4. Strengthened Governance, Integrity and Compliance

4.1 BOARD STATEMENT

The Board is ultimately responsible for the development of ESG strategies of Hansoh Pharma, implementation and supervision of the relevant issues. It guides and develops the ESG vision, objectives, strategies, structure of the Group through ESG Committee under it, monitors relevant development and implementation, reviews the material ESG issues, major ESG risks and opportunities, supervises the communication channels and methods with shareholders, and reviews the ESG-related disclosures.

The ESG Committee of the Board of the Company was established in 2021, which is currently chaired by an executive director and has two independent director members. The three members of the ESG Committee have extensive experience in R&D and product quality control, financial compliance and risk management, and human resources management in the pharmaceutical industry. They receive ESG-related training from time to time. The ESG Committee will be able to make professional recommendations to the Board on the integrity of ESG reports and other related disclosures, the setting of ESG strategies and objectives, the optimization of the structure and the improvement of performance. Please refer to Terms of Reference of ESG Committee of the Board of Hansoh Pharmaceutical Group Company Limited for detailed responsibilities.

During the Reporting Period, the ESG Committee of the Board held two meetings to review the progress of various ESG enhancement projects and the progress of achieving ESG goals, identified ESG risks and opportunities, actively promoted the integration of ESG strategies with business strategies, and submitted the results of risk analysis and ESG enhancement strategies to the Board to provide decision support.

Policy Development	• We formulated three ESG-related policies, namely, "Tax Guidelines (《税務準則》)," "Product Responsibility and Accessibility Policy (《產品責任與可及性政策》)," and "Policy and Action Plan for Responding to Global Climate Change (《應對全球氣候變化政策和行動綱要》)," to clarify the Company's top-level responsibilities and principles to follow in the areas of legal taxation, product safety, inclusive health-care, and responding to environmental and climate change, to enhance the transparency of the Company's ESG strategies and policies, and to further optimize the management system.
Objective Review	• We reviewed the progress of achieving the environmental goals set in 2021 using the same data scope and collection calibers as the base year on a semi-annual basis, tracked the progress of implementation of energy saving and emission reduction projects, and analyzed the sustainability of target implementation by integrating business model adjustments. The details of the data on the progress of environmental targets will be given in Section 5. Green Operation, Clean and Efficient.
Climate Risk	• Based on the structure recommended by the Task Force on Climate-related Financial Disclosures (TCFD), we identified the climate change risks, analyzed climate-related risks and opportunities, measured their financial impact and formulated the response measures.
Materiality Analysis	• Hansoh Pharma has maintained good communication with internal and external stakeholders and has identified and evaluated material ESG issues through various communication channels. We have further adjusted and optimized our ESG strategy by focusing on key issues highly concerned by our stakeholders. The Board, the management and the relevant business departments discussed and analyzed the issues and adjusted the strategy and management policy appropriately, taking into account the international ESG development trend and excellent industry practices. The process of identifying materiality issues and the results of ESG materiality will be described in the section 4.4 – Material Issues.

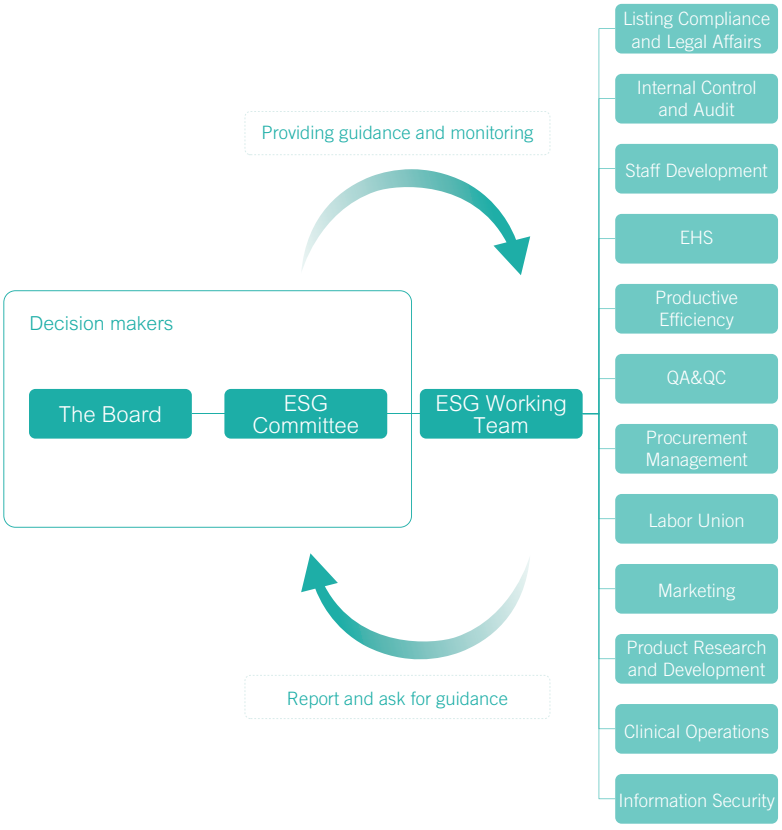
The ESG-related Monitoring and Implementation Priorities by the Board in 2022

4. Strengthened Governance, Integrity and Compliance

4.2 CORPORATE GOVERNANCE

4.2.1 ESG Governance Framework

The Board of the Company monitors ESG issues through the ESG Committee, reviews ESG-related strategies and objectives, receives reports from the ESG Committee at least once a year, deploys resources to support the implementation of various enhancement projects and assumes ultimate responsibility. During the Reporting Period, the Board of the Company received reports from the ESG Committee in two meetings and discussed ESG-related issues. Under the ESG Committee, an ESG Working Group has been established, comprising core staff of the Group's relevant business and functional modules with solid knowledge, skills and experience in their respective positions, to implement various ESG-related tasks and promote the implementation of risk response measures in a high quality manner under the instruction of the the ESG Committee. The Working Group regularly reports to the ESG Committee on the achievement of the Group's key ESG performance and objectives, regularly communicates the Company's ESG philosophy to internal and external stakeholders, conducts training and publicity activities, helps relevant departments understand the Company's ESG strategy, strives to enhance employee motivation and industry synergy, and fulfills our sustainable corporate responsibilities.



4. Strengthened Governance, Integrity and Compliance

In order to continuously improve ESG performance, the Company has linked ESG-related performance such as product quality, energy conservation and environmental protection, employee development, safety and occupational health, innovation and R&D, legal compliance, and intellectual property rights to the salaries of the relevant senior management team, and has decomposed and implemented ESG objectives into the job responsibilities of each functional department and employee, and integrated them with the business processes and management objectives at each level of the company to form a top-down, total and divisional indicator system. Meanwhile, the progress of the implementation of ESG-related projects and the achievement of targets are reviewed in the down-top work report. In addition, we have established "Regulations on Audit Incentives and Penalties (《審計獎勵與處罰管理規定》)" to regularly conduct internal or external independent audits on key risk issues such as responsible marketing, business ethics, procurement and tendering, employee rights and interests, and environmental impact, to motivate and ensure high quality achievement of ESG targets.

4.2.2 ESG Philosophy

With corporate governance, corporate conduct, product safety and quality, inclusive healthcare, human resource development, environmental protection, and community enhancement as the focus and the basis of ESG management, we integrate the corporate values of "responsibility, integrity, diligence and innovation" into our corporate values to continuously enrich its connotation. Through production and operation practices and corporate culture activities, we have embedded ESG philosophy into the hearts of our employees and reflected them in our corporate actions, forming a corporate culture with the characteristics of Hansoh.

Corporate Governance – safeguarding the interests of shareholders and stakeholders

We have been continuously paying attention to the interests of stakeholders, improving the governance structure, maintaining and opening more information channels to enhance the transparency of the Company to shareholders and stakeholders. Besides, we have strengthened compliance management and system construction to protect the legitimate rights and interests of shareholders and stakeholders, so as to achieve stable and sustainable development of the Company.

Corporate Behavior – upholding high standards of business ethics and code of conduct

We strictly comply with the relevant laws and regulations in each operating region, make globally recognized ethical standards our benchmarks, continuously improve our business behavior and code of conduct, and put them into practices through the entire process of research and development, production and operation. We continuously improve our ethical standards in key areas such as honest management, clinical ethics, responsible marketing, information security, and anti-corruption.

Product Quality and Safety – creating maximum value for the customers

We regard the clinical benefit of patients as the greatest value the enterprise can create, and make the quality and safety of drugs the red line that the enterprise must adhere to. In our production and operation practices, we strictly follow pharmaceutical quality management regulations, formulate strict quality risk warning systems and product quality inspection procedures, realize quality control throughout the supply chain and life cycle, and protect the rights of subjects in clinical trials and the safety of patients' lives.

4. Strengthened Governance, Integrity and Compliance

Inclusive healthcare – continuously improving the accessibility of medicine and benefiting more patients

Adhering to the operation strategy of "precise academic services, professional marketing, and inclusive healthcare", we have been committed to the R&D of drugs with safety, efficacy and economy by virtue of scientific and technological innovation. Capitalizing on lean management, we strive to reduce production costs to increase drug affordability. We promote the availability of innovative achievements through professional academic promotion and precise patient education. Furthermore, we are concerned about the R&D of drugs for rare diseases and the medical needs of underdeveloped areas, and improve the health welfare of the disadvantaged groups through measures such as patent licensing, technical cooperation and differentiated prices.

Human resource development – realizing our staff's personal value and achieving corporate development simultaneously

Talents are the primary productive force and the most valuable strategic resources for the Company's development. The people-oriented development concept has brought about today's Hansoh Pharma. It is necessary to constantly improve the talent team by taking measures such as cadre review, training on reserved cadres and technical grade evaluation, and retain and attract the best talents with competitive salary and welfare in the industry and safe, healthy, inclusive and happy working environment. Moreover, we help our staff make self-achievements with fair and reasonable promotion mechanism and multi-level vocational training, and make progress, create brilliance, share and enjoy together with the Company's development.

Environmental protection and community enhancement – harmonious development with the environment and the community

Natural environment is the material basis of the Company's development, and social progress is its significant goal. A good natural and community environment is the fundamental guarantee of the Company's existence. Therefore, while pursuing the product value and shareholder benefit, the Company strictly abides by local laws and regulations related to environmental protection, concerns the global climate change, adheres to green development, improves the employees' environmental protection awareness, and promotes the harmonious development of the Company and the natural environment. Meanwhile, we have been eagerly eyeing the community development and benefit requirements, and promote the community labor employment, industrial support and infrastructure chain construction, becoming a participant, contributor and beneficiary of community development.

4.2.3 Global Corporate Citizenship

Following the high-level integration of economic and social development, enterprises are playing the dual roles of economic entity and social citizen. The development of Hansoh Pharma is inseparable from a sound social environment, and it requires us to actively undertake social responsibilities for the accumulation of benign social value.

4. Strengthened Governance, Integrity and Compliance

The Group started to implement the Three-year Rolling Strategy in 2017 and defined the corporate citizenship strategy as one of our functional strategies in the Strategic Plan 2021-2023 that was formulated at the end of 2020. This strategy is related to 15 out of the 17 Sustainable Development Goals (SDGs) of the United Nations. Key performance indicators and main action plans are both proactive and feasible, making them an effective guarantee for realizing the corporate citizenship strategy and responding to SDGs.

Corporate governance and ethical value objectives

Priorities

Comply with laws and regulations, current business rules and international standards, anti-corruption and anti-commercial-corruption regulations, etc.

Corresponding SDGs

Related KPIs

- Coverage of anti-corruption training
- Number of penalty incidents due to violations related to governance and ethics

Employee responsibility objectives

Priorities

Occupational health and safety of employees, equal employment opportunities, communication and care, employee training and development, anti-discrimination, salary and benefits, etc.

Corresponding SDGs

Related KPIs

- Number of major work safety accidents
- Annual average training hours per employee
- Proportion of new employees receiving diversified training
- Proportion of operating locations covered by health and safety risk evaluation

Environment responsibility objectives

Priorities

Maintain environmental quality, use clean energy, save resources and energy, combat climate change, etc.

Corresponding SDGs

Related KPIs

- Emissions of volatile organic compounds in exhaust pollutants
- GHG emissions per unit of revenue (scope 1, scope 2)
- Comprehensive energy consumption per unit of revenue
- Water consumption per unit of revenue
- Proportion of compliant disposal of hazardous and non-hazardous waste

Social responsibility objectives

Priorities

Inclusive healthcare, responsible marketing, product and patient safety, coordinated development of industry, etc.

Corresponding SDGs

Related KPIs

- Revenue from innovative drugs as a percentage of operating revenue
- Number of innovative drugs approved for marketing and included in National Reimbursement Drug List
- Number of products entering low- and middle-income countries
- Product certification inspection approval rate

4. Strengthened Governance, Integrity and Compliance

Hansoh Pharma will maintain its focus on major clinical diseases that jeopardize human health, pay more attention to responsible governance while continuously improving the innovation capability and accessibility of drugs, value commercial and social benefits, create a fair and diverse workplace environment, promote an energy-saving and environmentally-friendly production mode, widely carry out industrial collaboration projects and charity programs, boost the sustainable development of the global economy and society, make satisfactory contributions to the SDGs of the United Nations, and become a corporate citizen that is recognized by stakeholders and plays a positive role in social development.

4.3 COMMUNICATION WITH STAKEHOLDERS

Hansoh Pharma pays high attention to the concerns, expectations, and suggestions of stakeholders, reaches the opinions of internal and external stakeholders through highly-efficient and transparent communication channels, and continuously improves the sustainability management capability of the Company. During the Reporting Period, the Company recognized seven types of stakeholders by considering our own business and industry with reference to the outstanding practices of global peers.

Recognition of stakeholders	Type of stakeholder	Issue concerned	Communication method
Director	Member of the Board of Directors of the Company	Corporate governance Product safety and quality Risk and crisis management Product research, development, and innovation Climate change and ecological environment	ESG report Meetings of the Board of Directors and the ESG Committee Regular reporting Director training
Shareholder	Investor Shareholder	Corporate governance Business ethics and anti-corruption Risk and crisis management Product research, development, and innovation	Annual reports, semi-annual reports, and other performance reports of the Company Face-to-face meetings General meeting of shareholders Exchange meeting of listed companies Routine communication and exchange Announcement and information disclosure on the official website Questionnaire
Employee	Senior manager Middle-level manager Primary-level manager Ordinary employee	Employee benefits and remuneration Employment Employee rights and interests and communication Occupational health and safety Training and development Diversity and equal opportunity	Human Resource Business Partner (HRBP) Employee training Cultural & sports clubs and team building activities Employee satisfaction survey Group information release and complaint reporting channel for employees Face-to-face communication Workers' and employees' congress Mailbox for reasonable advice

4. Strengthened Governance, Integrity and Compliance

Recognition of stakeholders	Type of stakeholder	Issue concerned	Communication method
Government and regulatory organ	Government Regulatory organ	Product quality and safety Compliance with laws and regulations Business ethics and anti-corruption Conservation of ecosystem Inclusive healthcare Corporate citizenship and philanthropy	Meetings organized by the government Announcements, news release Annual reports, ESG reports Special work reports Visits, inspections, and expert invitations Information declaration
Commercial cooperation and supply chain	Business partner Supplier	Sustainable supply chain Materials Product safety and quality Information/network security and system availability Intellectual property protection	Invitation for bids Supplier assessment Supplier training Supplier audit Routine/online communication
Customer	Patient Medical institution Business company Pharmacy	Product safety and quality Safety of clinical trial participants Pharmacovigilance Product research, development, and innovation Inclusive healthcare Ethical marketing Privacy protection	Professional academic exchange meetings Customer satisfaction surveys Customer service hotline Patient education programs
Society and the public	Community organization Non-government organization (NGO) Media	Product quality and safety Pharmacovigilance Response to climate change Biodiversity Waste Corporate citizenship and philanthropy GHG and hazardous gas emissions Water and effluents	News release, announcements Charity activities and volunteer services Public conferences of the Company Official website and WeChat official account Media interview and communication

4. Strengthened Governance, Integrity and Compliance

4.4 MATERIAL ISSUES

In compliance with the requirements of the *Environmental, Social and Governance Reporting Guide* in Appendix 27 to the Listing Rules of The Hong Kong Stock Exchange, Hansoh Pharma has compiled a list of sustainable development issues by referring to the Global Reporting Initiative (GRI) Sustainability Reporting Standards for the presentation of key issues and extracting internal and external stakeholder concerns. As compared with 2021, the topics "Biodiversity", "Pharmacovigilance" and "Risk and Crisis Management" are ncluded in the list, and the presentation of some topics has been adjusted.

Aside from daily interaction with stakeholders, we also conduct interviews, surveys, questionnaires, etc. to have an in-depth understanding of the concerns of internal and external stakeholders on the issues named in the list every year; based on the results of the surveys and analyses, professionals will analyze and judge the issues, rank them, and build a material issue matrix, which will be reviewed and confirmed by the Board of Directors and used as an important reference for the preparation of the Report and incorporated into the risk management system for key monitoring.

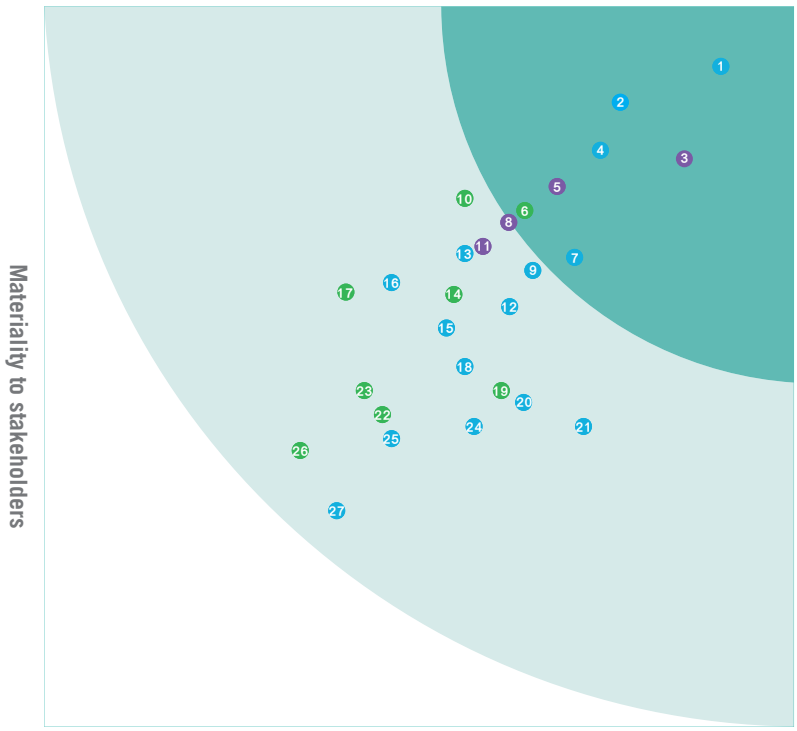
During the Reporting Period, we collected a total of 186 questionnaires, including 103 external questionnaires accounting for 55.4%, and 83 internal questionnaires accounting for 44.6%. As compared to 2021, such topics as product quality and safety, compliance with laws and regulations, clinical trial participant safety, R&D and innovation, business ethics and anti-corruption remain highly material, while stakeholders' concerns about greenhouse gases, pharmacovigilance, risk management and employee welfare have increased, and the materiality of topics such as pollutants and waste have slightly decreased.

Product quality and safety and clinical trial participant safety are two of the most important issues for external stakeholders, and are managed by our Manufacturing Quality Department and Clinical Operations Department, respectively, both of which are closely related to most of our business practices. As our products are used for medical purposes, their quality can have a significant social impact in addition to the lives and health of patients, and the protection of participants' rights and interest during clinical trials is a positive reflection of our responsibility as an innovative pharmaceutical manufacturer for the safety of our product, patients and the general public.

The above issues with high materiality, as the common concerns of stakeholders in 2022, are the focus of disclosure in the Report to varying degrees.

4. Strengthened Governance, Integrity and Compliance

Matrix of Material ESG Issues of Hansoh Pharma for 2022



Issues with high materiality

1. Product safety and quality
2. Safety of participants in clinical trials
3. Compliance with laws and regulations
4. Product R&D and innovation
5. Business ethics and anti-corruption
6. Greenhouse gas and hazardous gas emissions
7. Pharmacovigilance
8. Risk and crisis management
9. Employee benefits and compensation

Issues with moderate materiality

10. Waste
11. Corporate governance
12. Employment
13. Ethical Marketing
14. Water resources and sewage
15. Sustainable supply chains
16. Inclusive healthcare
17. Response to climate change
18. Diversity and equal opportunities
19. Environmental policy and management system
20. Employee rights and communication
21. Occupational health and safety
22. Energy
23. Materials
24. Training and development
25. Information/network security and system availability
26. Biodiversity
27. Corporate citizenship and charity

Note: issues of the same degree and scope are ranked in no particular order

4. Strengthened Governance, Integrity and Compliance

4.5 COMPLIANCE, INTEGRITY AND BUSINESS ETHICS

"Responsibility" and "Integrity" are part of Hansoh Pharma's values and are the cultural cornerstones of the Group's all business practices. We adhere to responsible manufacturing, research and development and service activities, strengthen our business mindset of honesty and integrity, continuously improve our internal management system in accordance with the laws, regulations and regulatory requirements in the place of business, strengthen our compliance and business ethics training and culture construction, establish an internal audit and whistleblower protection system, conduct regular risk assessments, develop effective risk response mechanisms, and ensure that all business practices are carried out with the strictest ethical standards and professional conduct efficiently, orderly, and compliantly to prevent misconduct and moral risks.

4.5.1 System Optimization

Pursuant to the *Criminal Law of the People's Republic of China* (中華人民共和國刑法), *Anti-money Laundering Law of the People's Republic of China* (中華人民共和國反洗錢法), *Bidding Law of the People's Republic of China* (中華人民共和國招標投標法), *Anti-unfair Competition Law of the People's Republic of China* (中華人民共和國反不正當競爭法), the *Drug Administration Law of the People's Republic of China* (中華人民共和國藥品管理法) and other laws and regulations closely related to corporate business conduct, Hansoh Pharma has developed and improved an ethical management system applicable to the entire Group and all business and functional segments, including but not limited to the *Code of Professional Ethics and Integrity Compliance* (職業道德與誠信合規準則), *Code of Business Conduct and Ethics* (商業行為和道德準則), *Legal Risk Management System* (法律風險管理制度), *Anti-corruption Policy* (反腐敗政策), and other codes of conduct relating to anti-corruption and anti-bribery, anti-discrimination, anti-harassment, information confidentiality, anti-conflict of interest, fair competition and anti-monopoly, anti-money laundering and insider trading, whistleblowing and whistleblower protection, ethical marketing, environment, health and safety, etc., covering the Group's directors, all employees (including full-time, part-time, interns and laborers, etc.), and 100% of contractors and suppliers and customers up and down the supply chain, as well as all global business partners with whom we have established relationships.

In accordance with the above regulations, Hansoh Pharma holds zero tolerance for any corruption, and any person who works with health care professionals, government officials and others in public office on behalf of the Company shall act with the strictest and highest standards of integrity and shall not improperly influence the decisions and actions of such persons in the form of payment, provision of any financial or non-contractual services, etc. Hansoh Pharma does not make any form of direct or indirect political donations, and all charitable donations and sponsorships shall be made for the purpose of caring for primary healthcare workers, supporting primary clinical research, helping to develop medical talents, and reducing the burden of medication on poor patients, without any corrupt practices.

During the Reporting Period, the Company upgraded and expanded the *Code of Business Conduct and Ethics* (商業行為和道德準則) in accordance with the current industry compliance framework and laws and regulations to better restrain all parties from harming the Company's interests for personal gain in conflicts of interest, protect the Company's tangible and intangible assets, as well as information security, including personal information and third-party information. During the Reporting Period, no unfair competition related litigation or significant corruption-related litigation were identified at Hansoh Pharma.

4. Strengthened Governance, Integrity and Compliance

4.5.2 Audit Mechanism

Hansoh Pharma has established and continuously improved its internal audit system and formed effective leadership and supervision of internal audit through organizational safeguards. The Company has established an Internal Control and Internal Audit Center independent of the business operation system, which is responsible for the routine audit and supervision of the Group, and all of its employees are full-time employees, with no personnel working concurrently in other business departments, or directly participating in production and business activities. The audit results are reported directly to the Audit Committee of the Board of Directors to maintain independence at the organizational, operational and personal levels and ensure that audit results are independent, fair, objective and accurately reflect the operational process. As guided by risk management, the Company formulates and implements internal audit plans based on the principle of full coverage and no dead ends, completes audit covering all operations once every three years, and organically integrates regular supervision and special supervision to effectively prevent the occurrence of risks.

4.5.3 Reporting Channels

Hansoh Pharma has set up an open reporting channel. The Internal Control and Audit Center accepts complaints and reports about actual or alleged violations of laws and regulations from employees, suppliers, and other partners who have business dealings with the Company, including real-name reports and anonymous reports. We have formulated the *Reporting and Whistleblower Protection Policy* to standardize the processing details and procedure of reporting and the protection of whistleblower information. We take strong measures to ensure both whistleblowers and investigatees are respected, and keep strictly confidential the reporting and investigation process by means of designating a special person for accepting reported clues and strictly managing case information. We encourage all employees, suppliers, clients, and other partners to report any non-conforming business behavior, and strictly prohibit any individual or organization from retaliating in any form against the whistleblower, his/her relatives, and those who provide assistance for the investigation. Any violation thereof discovered will be handled seriously. The Review Committee of the Board of Directors of the Company is responsible for supervising, reviewing, and reflecting on the execution of this policy.

Reporting phone
0086-51883096182

Reporting email
nkns@hspharm.com

4. Strengthened Governance, Integrity and Compliance

4.5.4 Training, Publicity, and Implementation

To ensure that employees and partners of the Group understand and comply with the relevant regulations on compliance, integrity, and business ethics, we focus on internal and external personnel assuming bidding, procurement, marketing, and other high-risk responsibilities to carry out diverse training, publicity, and implementation activities including but not limited to anti-corruption training sessions for directors, compliance training sessions for new employees, annual marketing compliance training sessions, honesty training sessions for functional personnel, publicity and implementation of supplier code of conduct, unscheduled special training sessions, etc. During the Reporting Period, Hansoh Pharma has covered all of its board members, employees (including full-time employees, part-time employees, and interns), important partners, and key suppliers with anti-corruption and business ethics trainings through offline training sessions, online training sessions, written publicity and implementation, pen-and-paper tests, etc., the total training time of which measures 4,107 hours. All employees of the Group have signed the letter of commitment for compliance, and all new and key suppliers have signed the *Code of Conduct of Hansoh Pharma* during registration.

Case: Annual anti-corruption training in 2022

From August to December 2022, the Internal Control and Internal Audit Center of Hansoh Pharma, in collaboration with the Hansoh Management Institute and local training departments, conducted "Professional Ethics and Integrity" training for all employees in three batches through on-site training, case sharing, online courses and online assessments, in an effort to help all employees build a firm line of thought and keep the bottom line of behavior in their day-today work.

During the training, the Company invited corporate compliance experts from law firms to explain the business risks and legal consequences of corruption, as well as practical skills on how to identify, report and prevent corruption in a vivid and unobtrusive manner with rich cases, strengthening the team's awareness of anti-corruption, better understanding of anti-corruption laws and regulations, and implementation of anti-corruption policies. 100% of the trainees passed the examination.

4. Strengthened Governance, Integrity and Compliance

4.6 RISK MONITORING

Hansoh Pharma proactively identifies and addresses external risks and reviews and corrects internal risks within the Group's organization. We adhere to the principles of "comprehensiveness, materiality, checks and balances, adaptability and cost effectiveness" and closely monitor the political and economic environment, natural environment and industry policies to adjust our strategic development objectives and response strategies in a targeted manner. Also, the Company conducts annual sensitivity tests or stress tests on significant financial and non-financial risks through multi-dimensional internal controls and business-independent risk monitoring to ensure legal management, asset security, authenticity and integrity of financial reporting and related information, and timely correction of deviations to support our strategic objectives.

4.6.1 Emerging External Risks and Responses

During the Reporting Period, we investigated, surveyed, and analyzed the macro political and economic environments, industry policies, climate changes, and other external conditions that are closely related to our productions and operations, and identified three emerging risks that have or may have long-term impacts on the Group's business in the future. We have also formulated corresponding response plans and improved our risk-bearing capacities.

Emerging Risks	Potential Impact	Response Strategies
Centralized drug procurement in China	Sharp drops in drug prices and lower product profit margins; increased output, energy consumption, and emissions	In response to urgent clinical needs, increase investment in research and development of innovative drugs, improve the clinical value of our products, and build differentiated competitive advantages; vigorously promote professional marketing, quickly realize the transformation of market value of innovative drugs, and further adjust the revenue structure; optimize the production process, scientifically organize the production, strengthen energy management and control, improve energy utilization, reduce harmful substance emissions, and control production and operation costs.
Major global public health events	Sudden outbreaks of epidemics and infectious diseases may cause global drug market demand, lead to uncertainty in the production and life of the society, and affect normal production and operation of the Company.	Closely monitor the global public health situations, actively deploy R&D project reserves for diseases that may cause pandemics, and improve R&D efficiency through extensive strategic cooperation. For production and operation, formulate contingency plan for emergencies and set up production facilities in different locations.

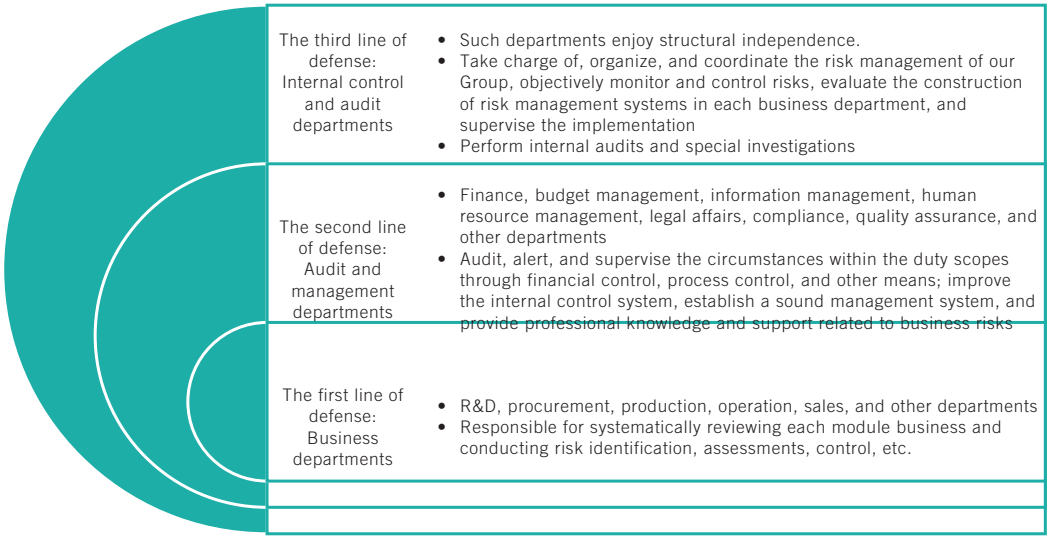
4. Strengthened Governance, Integrity and Compliance

Emerging Risks	Potential Impact	Response Strategies
Carbon tax	To achieve the objectives of achieving peak levels by 2030 and carbon neutrality by 2060 (the "3060 Target"), China is tightening the management on greenhouse gas emissions by enterprises. In the future, pharmaceutical companies are very likely to be included in the carbon credit and trading system, which may greatly increase the cost of carbon emissions.	Actively carry out third-party carbon audits to accurately figure out Scope 1, Scope 2, and Scope 3 greenhouse gas emission levels of the Group to lay a foundation for further optimizing our energy- saving and carbon-reduction schemes; continue to carry out energy-saving technical transformations, establish incentive mechanisms, mobilize the enthusiasm of all employees, and accelerate the implementation of carbon reduction projects; strengthen upstream-downstream supply chain footprint tracking, promote low-carbon awareness to suppliers and customers, and cooperate with the industrial chain to reduce carbon emissions.

4.6.2 Risk Management

Hansoh Pharma is committed to standardizing and strengthening its internal control, and improving its operation management levels and risk prevention capabilities. Based on the overall framework of COSO (internal control/risk control), relevant requirements under Listing Rules of the Stock Exchange of Hong Kong, *Guidelines for Enterprise Internal Control, Guidelines for Comprehensive Risk Management of Companies*, *Measures for the Compliance Management of Enterprises*, other relevant guidelines and stipulations, and actual conditions of our Group, we have revised and improved the *Internal Control Management Practices of Hansoh Pharmaceutical Group* during the Reporting Period to clarify risk management responsibilities and requirements in internal environments, risk assessments, acquisition control, information and communications, and internal supervision.

4. Strengthened Governance, Integrity and Compliance



Three Lines of Defense for Risk Management Responsibilities

The Audit Committee of the Board of Directors of Hansoh Pharma is responsible for establishing the Group's risk strategy, reviewing the Group's internal control system and overseeing the effective implementation of risk management, and is the highest level of risk accountability within the Group.

The Internal Control and Internal Audit Center, as a risk monitoring department independent of other business segments, has established an internal monitoring system to continuously carry out routine and special supervision, check the effectiveness of risk control through internal audit work, conduct external third-party independent audits when necessary, and regularly report internal and external risks or internal control deficiencies directly to the Board of Directors and its Audit Committee.

The Group has delegated authority and responsibility for risk response to all departments, and its implementation of risk controls and audits are included in the performance appraisal system for managers and employees at all levels. The Group has also extended risk assessment and management to suppliers and business partners and established a feedback mechanism for risk-related complaints. During the Reporting Period, Hansoh Pharma conducted comprehensive risk assessments, including corruption risks, for all operating sites and organized enhanced monitoring and continuous improvement.

Hansoh Pharma provides risk management training to all employees in relevant functional directions in light of our business characteristics. We also provide regular written training materials for independent directors, which include the latest industry policy changes, listing regulatory information, and corporate business ethics guidelines, etc. to better inform independent directors of the latest industry and compliance risk management practices and improve their ability to assess risks of various forms.

During the Reporting Period, Hansoh Pharma held fast to legal and compliant operations and did not incur any administrative penalties or pay any fines.

4. Strengthened Governance, Integrity and Compliance

Case: Legal risk prevention and control

1. Risk Prevention

(1) Specialized training: The Legal Affairs Department organized 6 special legal trainings (topics on labor law, etc.).

(2) Law awareness publicity:

- In 2022, a total of 4 law and regulation tracking and analysis reports were released: the latest developments of the laws and regulations applicable to the Company's business scope were tracked, key laws and regulations were analyzed and evaluated, and the reports were formed and regularly pushed to the OA system to provide legal support for the legal compliance construction of relevant departments.
- In 2022, more than 80 law popularity tips were published: they cover such aspects as marriage and family, contract disputes, administrative liability, criminal liability, etc. to enhance employees' awareness of law-abiding and protecting their legal rights and interests, respond to the national call for building a society based on the rule of law and assume corporate responsibility.

2. Risk Control

All-around support for the Company's routine operations and business transformation and upgrading:

(1) Provide legal advice through contract review and professional consultation.

(2) Optimize the contract approval process by revising templates, configuring the contract system, and developing SOPs to improve approval efficiency and effectively prevent and control contract risks.

3. Risk Relief

The Company issues memoranda, analysis sheets, and risk identification white papers to prompt legal risks, analyze the root causes of problems, and provide solutions to potential and existing business disputes.

5

Green Operation, Clean and Efficient

Actively responding to "Carbon Peak Before 2030, and Carbon Neutrality Before 2060", the strategic goal put forward by the Chinese government, Hansoh Pharma adheres to green development philosophy, puts a premium on protecting biodiversity, gives play to the Company's advantages in scientific and technological innovation, and promotes energy conservation and emission reduction, so the Company is dedicated to building an environmentally friendly enterprise. During the Reporting Period, we continuously intensified the construction of the management system of environment and energy, continued identifying climate change risks, comprehensively verified greenhouse gas, and integrated climate change risks and environment management into the enterprise's procedures for decision-making and operation, to establish a normalized management and control mechanism. In the meanwhile, we formulated the *General Rules for Sustainable Procurement*, and by taking corporation value as a link, made great efforts to penetrate the operation philosophy of energy conservation, environmental protection, and high efficiency into the up and down stream of a supply chain, to jointly fuel the sustainable development of the whole society.

5. Green Operation, Clean and Efficient

5.1 ENVIRONMENTAL MANAGEMENT SYSTEM AND PERFORMANCE MONITORING

We pay close attention to the global trend in climate change, strictly observe such laws and regulations as *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Pollution*, and *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and the environmental management requirements of all regions where the Company operates, and formulated multiple targets and action plans for environmentally sustainable development, including reducing greenhouse gas emissions, boosting energy efficiency, reducing emissions of waste gas pollutants, etc., to penetrate the philosophy of environmental protection and low carbon into the whole process of research and development, production, and sales of products.

By taking ISO 14001 Environmental Management Systems as our benchmark, we set up the Environment, Health, and Safety (EHS) Department in all regions where the Company operates, formulate targeted environmental management policies based on the operation characteristics of production, research and development, etc., regularly identify and assess environmental risks, update contingency plans for environmental accidents; and hold EHS-related special meetings each quarter, to ensure that progress of environment-related work is reviewed in high frequency, and risks are timely reported to higher levels. During the Reporting Period, we updated and upgraded the *Management Policies for Environmental Protection*, and thus intensified identification of environmental risks, and further specified internal regulatory responsibilities for environment; in accordance with the requirements of the systems, we annually carried out internal audits in all regions where we operate our production and experiments, and conducted special assessments for environmental impact and safety when we newly built factory buildings and additionally installed equipment. All production sites of the Company have successfully passed the supervisory audits of ISO 14001 Environmental Management Systems; and all pollutant emissions in the sites have conformed to national and local standards and requirements for environmental protection, without being punished (including being fined) by regulatory departments for such reasons as ecological and environmental protection. Hansoh Pharma's production bases, Jiangsu Hansoh and Changzhou Hansoh, have been appraised as "Green Factories" at national and municipal levels successively, and are within the supervision and review period. We make products from research and development to logistic transportation, and then to marketing behavior conform to the Chinese philosophy and requirements for sustainable development, and green and environmental protection.

The ESG Committee of the Company's Board of Directors is responsible for monitoring the issues of climate and environment related to the Group, approving the targets and project budgets of emission reduction, and reviewing attainment of targets and progress of action plans. In 2021, Hansoh Pharma set and released in public its 2030 environmental targets, which are included into the performance assessment of the senior management, an assessment in which the one-vote veto system is carried out for the events or targets with negative items occurring in environmental management, and if there is such case, the senior management's remuneration will be reduced. In order to ensure the attainment of its environment targets, the Company elaborates, classifies, decomposes, and implements the targets into various processes of production and operation, and links the targets with the performance of department heads and the employees in relevant posts.

During the Reporting Period, the Company's ESG Committee tracked and reviewed twice the progress of attainment of the data and targets in the guiding principles related to environment and climate, and as a result, all guiding principles had been achieved as planned, meeting the management requirements of environment regulators, and conforming to the medium and long term targets of environmental management. During the Reporting Period, due to the impact of the pandemic, the production scale of the Hansoh Pharma manufacturing operation was smaller than expected, as a result, on top of the good results achieved by the implementation of our energy saving technology, we have further reduced our energy consumption, water consumption, disposal of hazardous waste, pollutant emissions and greenhouse gas emission indicators significantly, and the significant impact of such reduction in production scale is somewhat episodic. In the longer term, the process of achieving the 2030 environmental targets may be volatile, but the overall progress and completion plans are in line with expectations.

5. Green Operation, Clean and Efficient

During the Reporting Period, we formulated the *Policy and Action Outline for Addressing Global Climate Change*, and reviewed and approved the document through the Board of Directors before the issuance of the Report. You can refer to the content of the policies to obtain the details regarding the environmental policies and commitment, responsibilities of the management, key targets and performance incentives, etc., formulated by Hansoh Pharma to protect forests, biodiversity, etc. We have formulated policies to protect biodiversity, incorporated biodiversity issue into routine communication with the parties at interest under the monitoring of the ESG Committee of the Board of Directors, and carried out comprehensive assessment of the impacts and risks of all production and operation activities on the biological population, soil, air, water, etc., regarding biodiversity. We have not conducted operation activities in biological protection areas and their surrounding areas, and we are dedicated to achieving the target of non-net loss, or even net positive impact by coordinating with our suppliers and partners, and through strict waste management, and effective measures for emission reduction.

According to the environmental characteristics of the location of an operation unit, we have imported a multidisciplinary framework, and assessed and identified the positive or negative impacts, and possible risks of us on the natural resources including biodiversity that we rely on. We have incorporated the risks into the risk management system of the Group, regularly inspected them, and actively prevented them.

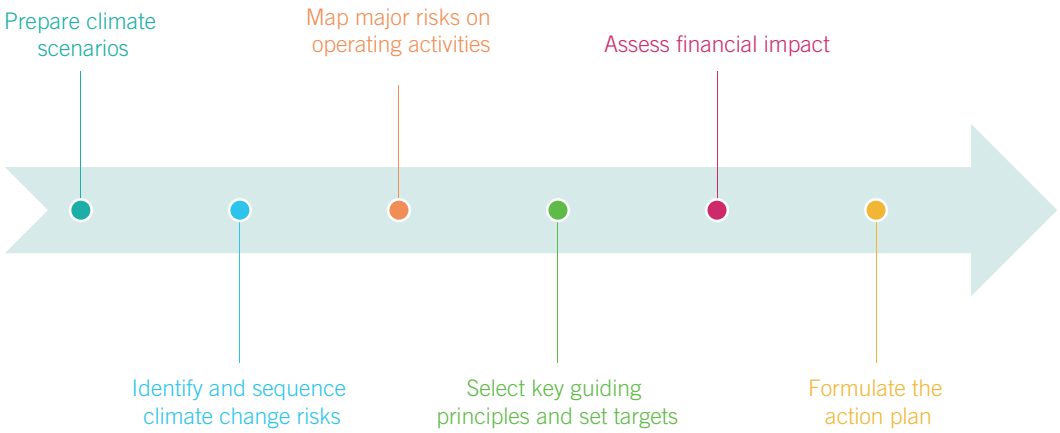
5.2 CLIMATE CHANGE RISKS

5.2.1 Identification of and Response to Climate Change Risks

By referring to the Recommendations of the *Task Force on Climate-related Financial Disclosures* (hereinafter referred to as the "**TCFD Recommendations**" issued by the Task Force on Climate-related Financial Disclosures ("TCFD") of the Financial Stability Board ("FSB"), and the *Guidance on Climate Disclosures issued by the Hong Kong Stock Exchange*, we identify the risks and opportunities brought by climate change each year, assess the financial impact of each of such risks and opportunities on the Group, formulate responding measures, and make great efforts to boost the Group's capabilities to prevent and control climate change risks. Meanwhile, by verifying the sources and volume of greenhouse gas emissions, the Group identifies the major factors of its impacts on the environment, and formulates targeted carbon reduction measures, to control and alleviate the impacts on climate change.

In accordance with the *Policy and Action Outline for Addressing Global Climate Change*, the Company has standardized its procedures for identifying and managing risks related to climate change. We have chosen the two open scenarios including a strict path (i.e. the scenario of being committed to achieving lower carbon economy) and a path of high emissions/operating as usual, invited the parties at interest with specialized knowledge to participate, adopted the Delphi method to score and sequence such dimensions as the impact strength, occurrence, and impact time of risks (including opportunities) under the two scenarios involving ourselves and the up and down streams of our value chain, and reported the risks as independent risk types to the ESG Committee of the Board of Directors for review each year. Such risks will be integrated into the risk management system of the Group, and managed and controlled according to the set procedures and tiers.

5. Green Operation, Clean and Efficient



Identification of and Responding Procedure for Climate Risks

Based on RCP2.6 and RCP8.5, two hypothetical scenarios, we have identified seven climate risks, evaluated real and potential financial impacts of various risks, and established corresponding response strategies during the Reporting Period.

Type	Climate Risks/ Opportunities	Details and Potential Financial Impacts	Response Measures
Policies, Laws, and Regulations	Increased fossil fuel pricing (long-term)	Under the stricter path scenario, the government may consciously increase the pricing of fossil fuels to increase the cost of electricity, steam, natural gas, gasoline, and other energy products used by enterprises to reduce greenhouse gas emissions.	Strengthen the management and control of fossil energy consumption, reduce energy consumption, and adjust the energy structure internally.
	Legal requirements and regulations (medium-term)	Following the stricter path, the government has developed carbon neutrality targets, "14th Five-Year" Plan and implementation plans. If the Company fails to comply with the newly promulgated laws and regulations, it may face fines, business losses, closure of operations, negative effects on damaging brands and reputation, and increased operating costs.	Establish a risk management system (including compliance) at the Group level; monitor legal developments closely and enhance regulatory compliance at the management level; improve legal awareness and ensure compliance at the business level.

5. Green Operation, Clean and Efficient

Type	Climate Risks/ Opportunities	Details and Potential Financial Impacts	Response Measures
	Increased pricing on greenhouse gas emissions (long-term)	China has officially launched its national carbon emissions trading market. Although Hansoh Pharma has not yet been included in the list of carbon emission quota management units, some of its peer companies have been included into the list during the Reporting Period. It is expected that the price of carbon emissions will continue to rise, leading to increased compliance costs.	Monitor developments in the carbon market and prepare for entry in advance; comprehensively verify the data of energy consumption and greenhouse gas emissions; conduct sensitivity tests on the financial impact of greenhouse gas emission pricing; continue to promote carbon reduction action plans.
	Strengthened emissions reporting obligations (short-term)	Risks: With the improvement and implementation of carbon emissions, carbon trading, and other management measures, countries and regions are following the stricter path scenario to put forward higher requirements for emission reports of the Company, which may cause increased compliance costs. Opportunities: Disclosing information about carbon emissions according to regulatory requirements can potentially enhance corporate reputation and result in an increase in revenue.	Monitor the carbon data disclosure level of other pharmaceutical companies; actively carry out third-party audits, and disclose greenhouse gas emissions and intensity index in accordance with the requirements of authorities and the Stock Exchange of Hong Kong.

5. Green Operation, Clean and Efficient

Type	Climate Risks/ Opportunities	Details and Potential Financial Impacts	Response Measures
 **Market risks**	Rising raw material costs (long-term)	Under the high-emission scenario, climate change is more likely to affect the quantity and quality of chemicals, intermediates, active pharmaceutical ingredients, and other raw materials, leading to higher raw material and operating costs.	Optimize processes to reduce the consumption of raw materials while maintaining product quality; choose low-cost alternative raw materials; manage suppliers wisely to introduce more alternatives and protect fair competition.
	Uncertain market signals (long-term)	Risks: Under RCP8.5 scenario, climate change may cause various diseases that directly or indirectly impact human health and affect the demand for our products. Opportunities: Hansoh Pharma may discover new business directions in diseases caused by climate change and increase revenue.	Monitor research on changes in disease spectrum caused by climate change at frontiers of science and technology around the globe to provide guidance for drug development; strengthen R&D innovation and develop drugs related to known diseases caused by climate change.
 **Technical risks**	Investment failures in new technologies (medium-term)	Under the stricter path, the government controls the overall carbon emissions to achieve the “14th Five-Year” Plan and 2035 targets; consequently, the Company invests in energy-saving and emission reduction equipment to shift to low energy consumption and emissions strategies; however, the uncertainty in timing choices and results of deploying such equipment may result in an increase in operating costs.	Strengthen feasibility studies on new technology applications; monitor policy and regulatory requirements to determine the appropriate time for new technology investment; choose effective and applicable technical equipment to control the investment.

5. Green Operation, Clean and Efficient

Type	Climate Risks/ Opportunities	Details and Potential Financial Impacts	Response Measures
Acute physical risks	Extreme weather conditions (short-term and medium-term)	Under RCP2.6 scenario, there is a small probability that floods, extreme heat, droughts, typhoons, extreme cold, and other natural disasters will occur. Under RCP8.5 scenario, we may face more frequent natural disasters, which will cause damage to production facilities and business activities of the Group, leading to reduced revenue, destruction of fixed assets, and increased operating costs.	Conduct regular flood risk assessments; communicate with local municipal management departments to ensure smooth drainage systems and defense facilities in all operational areas; develop emergency weather disaster contingency plans and organize periodic drills; perform climate physical risk assessments for new factories or facilities.
Chronic physical risks	Chronic physical risks (long-term)	Under RCP8.5 scenario, our normal operations will be affected, our revenue will be decreased, and our operating costs will be increased as extreme fluctuations in weather patterns, changes in rainfall patterns, rising sea levels, and rising temperatures, and other events may occur, impacting our operational sites in Shanghai, Lianyungang, Changzhou, which are located in coastal regions.	Develop contingency plans, regularly evaluate surrounding conditions of operational sites, and strengthen infrastructure construction.

5. Green Operation, Clean and Efficient

5.2.2 Greenhouse Gas Emissions and Data Inventory

In 2018, the Group formulated the Greenhouse Gas Management Procedure and inventoried carbon footprints of relevant sits based on the impact of production and operation activities on greenhouse gases. In 2019, we publicly disclosed greenhouse gas emissions data for the first time in our ESG information report. During the Reporting Period, we expanded the scope of verification from some of the factors in Scopes 1, 2 and 3 (outbound logistics, employee commuting and waste disposal) to all major influences in the three scopes, and commissioned a third party to audit the situations and issue an independent verification report on greenhouse gas emissions, which has provided clearer and more accurate guidance for energy-saving and emission reduction endeavors of the Company.

Greenhouse Gas Emissions	2021	2022
Scope 1 greenhouse gas emissions[1]/carbon dioxide equivalence in ton	6,256	9,024.60
Scope 2 greenhouse gas emissions[2]/carbon dioxide equivalence in ton	116,072	77,719.97
Total greenhouse gas emissions (Scope 1 and 2)/ carbon dioxide equivalence in ton	122,328	86,744.57
Green emissions per unit of operating income (carbon dioxide equivalence in ton per one RMB million)	12.31	9.25

1 GHG Protocol published by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), ISO 14064-1:2018 Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, and other documents were used as the references to calculate greenhouse gas emission indexes, while 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC) was referred to calculate Scope 1.

2 The greenhouse gas emission target (Scope 2) for sourcing electricity is adjusted to 0.5730CO_2/MWh in accordance with the relevant circular of the Ministry of Ecology and Environment of the PRC [Environmental Office Climate Letter (2023) No. 43], while the calculation for 2021 makes reference to the 2012 China Regional Grid Baseline Emission Factor of 0.7035tCO_2/MWh for the China East Regional Grid.

5. Green Operation, Clean and Efficient

Progress that greenhouse-gas-emission intensity (Scope 1 + Scope 2) has achieved the target: Reduce by **24.86%** from 2021

During the Reporting Period, the volume of Hansoh Pharma's Scope 3 greenhouse gas emissions:

Approximately **14,385.67** tons of carbon dioxide equivalent[3]

By 2030, greenhouse-gas-emission intensity (Scope 1 + 2) will be reduced by 15% from 2021

By thoroughly examining the sources of greenhouse gas emissions, the Group's direct emissions (Scope 1) mainly come from the gasoline and diesel used by the vehicles owned by the Group, domestic natural gas and wastewater, and the loss of refrigerant from production facilities; and the indirect emissions (Scope 2) mainly come from the use of such energies as outsourcing electric power and vapor. The major emission component of greenhouse gases is carbon dioxide (CO_2), mainly emitted indirectly. During the Reporting Period, direct emissions (Scope 1) increased by 44.2% year-on-year, mainly due to new facilities at the Group's operations, which increased fugitive emissions from equipment. At the same time, Jiangsu Hansoh expanded its scope of accounting to include emissions from back office services. Indirect emissions (Scope 2) decreased by 33.04% compared to the previous year, and excluding the change in electricity emission factors, still decreased by 23.6%, mainly due to the significant effect of the Group's energy saving and emission reduction measures during the Reporting Period, with a decrease in electricity and steam consumption, in line with the long-term greenhouse gas emission reduction target. We are committed to a scientific approach to evaluating our greenhouse gas targets and are considering the early achievement of the science-based target validation.

During the Reporting Period, the Company thoroughly examined its Scope 3 greenhouse gas emissions, involving multiple emission sources such as on and off duty of employees, visitors and business travels, inward and outward logistic transportation, and waste disposal, of which, disposal of waste from operations accounted for a large portion, and will constitute one of the Group's directions for future reduced and low carbon emissions.

5.2.3 Practice of Energy Management and Emission Reduction

Given that the energy accounts for the largest proportion of greenhouse gas emission produced by the Group, with energy consumption as an important constituent in product cost, we take energy conservation and consumption reduction as an important measure for lean management. In line with Energy Management System (ISO 50001), we establish "three-level management structure", set energy control goals, and conduct monthly energy tracking, and monthly analysis-based process management. Meanwhile, as required by the system, we conduct one internal accreditation each year to identify existing problems, and continue to improve the performance of energy management through normalized, accurate and continuous upgrade. During the Reporting Period, Changzhou Hansoh passed the initial certification of Energy Management System (ISO 50001), and Jiangsu Hansoh passed the recertification of the same system, signifying that all the production bases have been recognized by the Energy Management System.

3 This data may not fully and accurately reflect the Group's other indirect GHG emissions due to the quality and availability of data provided by partners up and down the value chain for specific activities related to the Group, as well as the availability and accuracy of the relevant emission factors and there is room for improvement in the maturity of its disclosure.

5. Green Operation, Clean and Efficient

All production sites of Hansoh Pharma have obtained the ISO 50001 energy management system certification

Leveraging an efficient energy management system and a variety of publicity and training activities, the Company has implanted the awareness of energy conservation and emission reduction in the hearts of all employees and integrated the concept to its entire production and operation process. The Group took the following tailor-made measures to promote the achieving of energy conservation and emission reduction targets when the COVID-19 pandemic made market demand signals uncertain in 2022.

- Connected with market demands in advance, formulated production plans flexibly, implemented flexible scheduling, and maximized centralized production to reduce energy consumption of shared utilities;
- Strengthened equipment management and shut down as much as possible workshop and ancillary equipment during production breaks and suspensions; for equipment that could not be shut down, we adjusted their operating parameters to improve and optimize them;
- Arranged leaves in lieu properly and scheduled equipment maintenance and upgrades in summer months when the temperature and humidity were high and production consumed more energy to avoid power consumption peak reasonably;
- Continued to increase efforts on technological transformations for energy saving, included such projects into annual economic assessment targets, and tracked the implementation regularly to further explore potential for energy conservation.

During the Reporting Period, the Group carried out various types of energy-saving publicity activities including special training sessions, award-winning quizzes, “World Car Free Day”, and other online or offline events, collected more than 200 rationalized suggestions on energy conservation, and implemented 14 energy-saving low-carbon retrofitting projects, saving the quantity of energy that would cost more than 550 tons of standard coal to produce. Compared with the previous year, the comprehensive energy consumption per unit of revenue of the Group in 2022 has decreased by 8.9%, which was in line with its mid – and long-term energy-saving goals and has helped the Group achieve its greenhouse gas emission goal.

5. Green Operation, Clean and Efficient

Energy Conservation

Parallel Chilled Water/Compressed Air Pipeline Reconstruction Project of Jiangsu Hansoh:

Pipelines of the refrigeration and air pressure systems were optimized to ensure that the matching equipment are enabled according to the season and load. It is expected that 179 tons of standard coal can be saved per year, generating an annual economic benefit of about RMB482 thousand.

Added Rubber Ball Cleaning Device to Maglev Unit Project of Jiangsu Hansoh:

A rubber ball cleaning device was added to realize one-to-many cold water cleaning, improving the efficiency of the unit and saving energy. It is expected that 96 tons of standard coal can be saved per year, generating an annual economic benefit of about RMB480 thousand.

5. Green Operation, Clean and Efficient

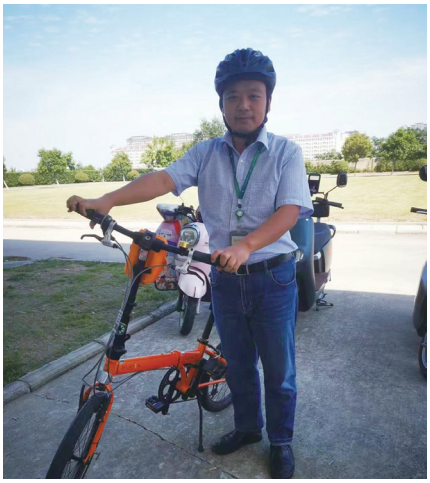
Energy Conservation

Streetlamp Energy-saving Renovation Project of Changzhou Hansoh:

Streetlamps in Changzhou Hansoh factory were controlled. Light-sensitive switches were replaced with time-controlled switches. The switch time was modified to meet the actual operation needs of personnel. Spotlights were installed on the roof of the main buildings in the factory to illuminate the main roads. It is expected that 3.67 tons of standard coal can be saved per year, generating an annual economic benefit of about RMB22,000.

Diversified Energy-saving Publicity Activities:

A variety of energy-saving publicity activities were carried out. Special training sessions, prize-winning competitions, energy inspections, "World Car Free Day", and other online or offline highlight activities were organized to enhance employees' awareness of green energy conservation, improve their theoretical and practical abilities for energy conservation, and effectively identify energy-saving highlights and spaces in work.



5. Green Operation, Clean and Efficient

Energy Use	2021	2022
Direct energy consumption[4] (in ton of standard coal)	79.23	69.06
Indirect energy consumption (in ton of standard coal)	23,335.69	20,031.14
Total renewable energy consumption (MWh)	203	212.9
Total energy consumption[5] (in ton of standard coal)	23,390	20,100.2
Energy consumption per unit of operating income (standard coal in ton per one RMB million)	2.35	2.14
Energy efficient target attainment: Compared with 2021, the energy consumption per unit of operating income decreased by **8.9**%.	**Energy efficient target:** Compared with 2021, decrease the comprehensive energy intensity by 12% by 2030.	

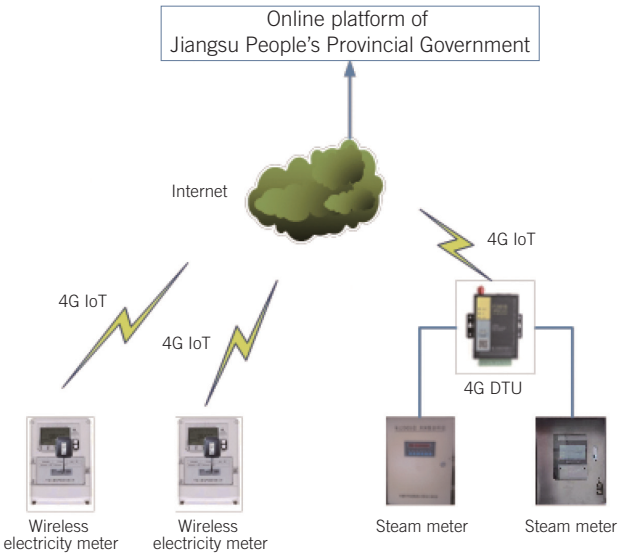
4 Direct energy consumption refers to energy that comes directly from nature. The direct energy consumed by the Group is mainly natural gas.

5 GB 2589-2020 General rules for calculation of the comprehensive energy consumption, a national standard of the People's Republic of China, and other documents were used as the references to calculate energy consumption indexes.

5. Green Operation, Clean and Efficient

Energy Consumption Online Monitoring Project

During the Reporting Period, an energy consumption online monitoring system was constructed in the raw material pharmaceutical factory of Jiangsu Hansoh. Using real-time data collection, multiple encryption transmission, and Internet of Things technologies, the system can upload data about the consumption of water, natural gas, and electricity to the provincial government platform to achieve data access, security isolation, data processing and storage, upload operation, maintenance, and management, and other functions. The safe, reliable, and stable energy consumption is ensured through energy scheduling and monitoring. Analyses, forecasts, and early warning of total energy consumption are achieved through energy measurement monitoring and statistics, providing energy-saving paths, reducing energy consumption, lowering costs, and increasing efficiency.



5. Green Operation, Clean and Efficient

5.3 EMISSION/DISCHARGE MANAGEMENT

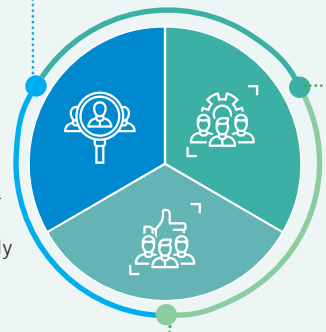
Since the rapid economic growth and speeding up urbanization have posed increasingly grave challenges to the nature and ecological environment, every responsible enterprise is faced with a pressing problem, i.e. how to protect the ecological environment while maintaining a sound economic growth. Hansoh Pharma abides strictly by laws and regulations of regions where our production bases are located. It has formulated and optimized its *Pollution Management System*, and built a supervision and control system covering the whole process from pollutants production, storage and transport to end disposal. We conduct rigorous management on exhaust gas, wastewater and various hazardous/non-hazardous wastes produced in all operation steps to improve our pollutants disposal. In the meantime, we facilitate the optimization of technologies proactively, increase our investment in the environmental protection facilities, improve our ability to transform wastes into resources, and reduce the emission of pollutants from the source.

In order to meet the demands specified by the laws and regulations regarding environmental protection in the country, and to reflect the pollutant emission during production and operation accurately, we carry out monitoring and assessment on solid, liquid and gas wastes at different frequencies each year according to pollutant types and discharge conditions in different production bases and by integrating such means as internal manual monitoring, third party monitoring and online monitoring. All the efforts are made to find abnormal discharge of pollutants promptly, ensure that all discharges are done in line with laws and regulations, and reduce the production activities' impacts on ecological and biodiversity in an effective manner. During the Reporting Period, the Group invest RMB27,462.6 thousand in the operation of environmental protection in return of no administrative penalty (fine included) from the authorities in charge of environmental supervision. During the Reporting Period, Jiangsu Hansoh was listed among 2022 Leading Enterprises for Green Development in Jiangsu Province and awarded 2022 Demonstration Enterprises for Environmental Protection in Lianyungang City, obtained Prize for Environmental Protection Quality in the Economic and Technological Development Zone, Lianyungang City.

5. Green Operation, Clean and Efficient

Manual monitoring

- The discharge monitoring on volatile organic compounds (VOCs) of exhaust gases, sulfur dioxide, particulate and other key pollutants and wastewater as well as annual manual monitoring on characteristic pollutants is conducted on a yearly basis as required by the annual self-monitoring plan. The monitoring on noise emission is conducted regularly on a yearly basis.



Third party monitoring

- According to the data of manual monitoring and online monitoring conducted by entrusted eligible institutions, the emission of exhaust gas and wastewater as a pollutant is less than specified by the standards at national, industrial and local levels, which meets the demand of total regional emission.

Online monitoring

- The online device is equipped to monitor temperature, pH, COD, ammonia nitrogen, total nitrogen (TN) and total phosphorus (TP) of waste water as required by the pollutant discharge permit. The online device to monitor non-methane hydrocarbons is equipped in key exhaust cylinders and at plant boundaries, which is interconnected with the Internet platform of Environmental Protection Bureau. Eligible institutions are entrusted regularly to conduct maintenance and repair for the online monitoring device.
- The monitoring device is equipped in the general wastewater outlets, internal and external parts of hazardous waste warehouses, temporary storages of hazardous waste in workshops, and other disposal facilities for environmental protection, which is interconnected with the Internet platform of monitoring for environmental protection as required.

3D monitoring system

5. Green Operation, Clean and Efficient

5.3.1 Exhaust Gases

Hansoh Pharma strictly abides by the *Law of the PRC on the Prevention and Control of Atmospheric Pollution* (中華人民共和國大氣污染防治法) and other laws and regulations, and continuously enhances the management of exhaust pollutants. Our exhaust gases are mainly derived from manufacturing shops and laboratories, and the main pollutants are non-methane hydrocarbon and particulate matter. We continuously increase our investment in environmental protection, optimize our environmental-friendly treatment processes, and purchase efficient terminal treatment devices to further reduce the pollutant concentration in the waste gases on the basis of meeting the emission requirements.

Case: Exhaust gas treatment upgrading project in Hansoh Pharma

Jiangsu Hansoh invested RMB1.53 million to replace all box-type water pumps in the plant with environmental friendly tower-type water pumps and mechanical pumps.It also invested RMB2.09 million to install condensers on all equipment with large capacities of gas emissions, so that most of the exhaust gases were condensed into waste liquid and only non-condensable gases were discharged to the tail gas treatment system, which would not be discharged until they meet the emission standards. These condensers helped the Group further improve the treatment efficiency of the exhaust gas treatment facilities and reduce the concentration and emissions of exhaust gases, resulting in a total emission reduction of 15.8 tons of pollutants during the Reporting Period.

Environmental Friendly
Tower-type Water Pump

Condenser

5. Green Operation, Clean and Efficient

Case: Exhaust gas disposal upgrading project in Hansoh Pharma

Jiangsu Hansoh invested RMB3.51 million to equip Workshop 613 with exhaust gas disposal device, and upgrade the process of exhaust gas disposal to "two-tiered condensation + two-stage alkali absorption + two-level activated carbon absorption (desorption)". The device, with an airflow of 7,500m³/h, reduced pollutants by 29.4 tons during the Reporting Period.

Changzhou Hansoh equipped the workshop of biological medicine with device of exhaust gas disposal. The device, with its process of exhaust gas disposal as "two-stage alkali spraying + defroster + activated carbon absorption", reduced the emission of VOCs by 195kg/a and hydrogen chloride by 10kg/a after disposal.

During the Reporting Period, we had zero sulfur dioxide detected continuously and particulate emission 8.14% down year on year.

Progress to the fulfillment of goals to reduce emission of pollutants:
The total emission of VOCs in exhaust gas declined by **18.69**% compared with that of 2021

Goal to reduce emission of pollutants in exhaust gas:
By 2030, the total emission of volatile organic compounds (VOCs) in exhaust gas will decline by 18% compared with that of 2021

Indicators of exhaust gas emission	2021	2022
Sulfur oxide/kg	0	0
Particulate matter/kg	114	104.72
VOCs/kg	10,800	8,782

5. Green Operation, Clean and Efficient

5.3.2 Wastewater

In meticulous adherence to such laws and regulations as *Law of the People's Republic of China on Water Pollution Prevention and Control* (中華人民共和國水污染防治法), *Law of the People's Republic of China on Soil Pollution Prevention and Control* (中華人民共和國土壤污染防治法), and *Industrial Wastewater Discharge Standard* (工業廢水排放標準), Hansoh Pharma formulated its internal control indicators even more rigorous than the criteria specified in the laws and regulations. It built sewage treatment stations in all plants to gather wastewater at different concentrations, and discharged up-to-standard wastewater after numerous steps of conscientious treatment.

Most of wastewater discharged by the Group is the wastewater and waste liquid produced during production and R&D activities, as well as domestic sewage. Of the wastewater, some of the waste liquid is processed and recycled as resources, while the rest of the waste liquid is transferred to entrusted eligible companies for professional treatment; the other wastewater and domestic sewage are subject to management at three levels, i.e. source control at workshops, concentrated treatment at plants and online detection at general outlets. Besides, such parameters and indicators of water quality as water flow, chemical oxygen demand (COD), ammonia nitrogen and total phosphorus (TP) are uploaded to local regulatory authorities in a real-time manner. The up-to-standard wastewater is discharged into municipal pipe network for reuse.

During the Reporting Period, the total emission of ammonia nitrogen via Hansoh Pharma's wastewater reduced by **14.17**% year on year.

Case: Wastewater treatment system for biological medicine production in Changzhou Hansoh

In June 2022, the wastewater treatment system for biological medicine production in Changzhou Hansoh was officially put into operation. In response to the wastewater produced during biological medicine production, the system was designed with the technological steps "flotation tank + anoxic process + oxic process + MBR + coagulation and sedimentation". After the treatment, the emission of chemical oxygen demand (COD) was reduced by 33.64t/a, SS by 8.71t/a, ammonia nitrogen by 0.935t/a, total nitrogen (TN) by 1.262t/a, and total phosphorus (TP) by 1.038t/a.

5. Green Operation, Clean and Efficient

Indicators of wastewater discharge	2021	2022
Total wastewater discharge/m³	730,709	784,026
Total chemical oxygen demand (COD) emissions/ton	36.2	32.85
Total ammonia nitrogen emissions/ton	3.6	3.13

5.3.3 Wastes

In meticulous adherence to the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* (中華人民共和國固體廢棄物污染環境防治法), Hansoh Pharma established and improved its waste management system and procedures, with a whole process of tracking and prevention from waste generation, collection, recycling, storage, transportation to disposal. It also established a waste management ledger to record accurately such information as categories, quantities, flow, reuse and disposal of wastes, ensuring that it disposed of all hazardous and non-hazardous wastes generated from production and operation in compliance with requirements.

In strictly follow with the regulations on hazardous waste management, we set up a temporary storage for hazardous wastes and regularly entrusted qualified organizations to dispose of it in accordance with requirements, and reported the categories, quantities and disposal methods of hazardous wastes to the platform managed by government authorities, thereby achieving full control and traceability throughout the process. Meanwhile, we optimized our processes to improve the utilization efficiency for some chemicals and reduce the generation of hazardous wastes under the same production intensity. Persisting with the principle of "reduce, recycle and reuse", we reduced the discharge of certain wastes through degraded use. For wastes that cannot be degraded, we entrusted the specialized department to recycle or dispose of them in a centralized way according to the unified management requirements. We optimized the external design of our products and simplified their package to reduce the non-hazardous wastes generated by using downstream products.

In addition to strengthening our management, we also regularly organized professional teams to recycle and dispose of expired drugs to avoid uncontrollable environmental hazards downstream caused by hazardous wastes.

During the Reporting Period, Changzhou Hansoh updated the Regulations on Solid Waste Management, supplementing management requirements for general wastes and improving the management requirements for non-hazardous wastes. We expanded the scope of waste identification to include, among others, kitchen waste from life support services, construction waste from plant construction or renovation, and waste from administration and office systems. We have also tracked the disposal methods applied by waste disposal units, so as to accurately understand the recycling of wastes generated from our production and operation and their impact on the environment.

Performance of Waste Management:
During the Reporting Period, Hansoh Pharma conducted 100% compliant disposal of its hazardous and non-hazardous wastes.
Compared with 2021, the disposal of hazardous wastes per unit revenue was reduced by 9.36%
and the disposal of non-hazardous wastes per unit revenue was increased by 21.93%[6] from 2021.

The target of waste management:
The Company makes a commitment to 100% compliant disposal of hazardous and non-hazardous wastes, and to vigorously improve its waste resource utilization level so as to reduce the disposal volume of wastes

[6] The scope of non-hazardous waste during the year has been extended to Shanghai Hansoh as compared to 2021, and the statistical caliber has increased kitchen waste, construction waste, etc. If we maintain the same calibre statistics as in 2021, the total volume of non-hazardous waste disposed of in 2022 will increase by 1.13% year-on-year and the volume of non-hazardous waste disposed of per unit of revenue will increase by 5.67% year-on-year.

5. Green Operation, Clean and Efficient

Indicators of waste disposal	2021	2022
Total amount of hazardous waste disposal/ton	4,252	3,639.22
Hazardous waste disposal per unit of revenue (ton/RMB million)	0.43	0.39
Total amount of non-hazardous waste disposal/ton	524.07	603.45
Total amount of recyclable waste disposal/ton	183.25	494.63
Total amount of non-recyclable waste disposal/ton	340.83	108.82
Non-hazardous waste disposal per unit of revenue (ton/RMB million)	0.05	0.06
Total amount of hazardous waste with incineration as final disposal/ton[7]	/	489.02
Total amount of non-hazardous waste with incineration as final disposal/ton[7]	/	57.16

5.4 RESOURCES UTILIZATION

With the continuous growth of population and extensive application of information technologies, industries worldwide are developing rapidly at an unprecedented rate. Meanwhile, the worsening global climate change is bringing an even larger number of extreme weather events like drought, heat wave, flood, etc. With the ecosystem becoming increasingly vulnerable, numerous regions are faced with serious shortage of water resource. Hansoh Pharma gives top priority to the conservation of water resource. Through scientific and technological innovation, it continues to optimize processes and facilitate device upgrading, and keeps on the efforts to improve the utilization efficiency of materials and water resource. Meanwhile, it carries forward a culture featuring frugality and water conservation. By establishing a set of incentive initiatives, the Group encourages its employees at different levels to continue the improvement in their duty work, and reduce unnecessary loss and waste of water resource and other varieties of materials.

5.4.1 Water Resource

Hansoh Pharma utilizes water resource from municipal water, whose major production bases, with larger water consumption, located in regions of lower water resource risk level. We adopt modular management based on different water consumptions for office work, production, R&D and other activities. The leakage and loss of water supply equipment can be found and repaired promptly through the self-monitoring of operation bases and the irregular inspection of energy management departments. Furthermore, we have strengthened the management of water recycling for air-conditioning system, improved the recycling rate of water and reduced the municipal water consumption.

7 Excluding the total amount of waste used for incineration for power generation.

5. Green Operation, Clean and Efficient

During the Reporting Period, we organized the activity "Water Conservation Week" when electronic posters were launched and water conservation-themed videos were played on the Group's online training platform and commuter buses, which improved our employees' awareness of water conservation. The publicity of our achievements in water conservation on the official website CHINA WATER got a considerable number of thumb-up and forwarding, which enabled the Company to gain an official prize during the event "CHINA WATER for Everyone". Jiangsu Hansoh purified water and concentrated water recovery energy-saving transformation project was awarded "Lianyungang Water Conservation and Emission Reduction Project of 2021-2022" by Lianyungang Water Resources Bureau.

Water conservation performance:
Consumption from municipal water per unit of revenue declined by **7.81** % compared with that of 2021

Goal of water conservation efficiency:
The Company stays committed to the proactive implementation of water conservation initiatives to reduce water consumption density.

Use of water resources	2021	2022
Municipal water withdrawal volume/cubic meters	1,109,826	966,188
Recycled water volume/cubic meters	43,553,100	43,404,128
Municipal water withdrawal per unit revenue (cubic meters/ RMB million)	111.71	102.98

5.4.2 Materials

The materials consumed by Hansoh Pharma mainly include internal and external packaging materials and raw and auxiliary materials required for drug production. We implemented the "Lean Management Project"to reduce the number of equipment starts and stops and minimize material losses by implementing centralized production scheduling and enhancing equipment management. We improved product yield and material utilization rate by optimizing our production processes and strengthening the assessment of targets for economic responsibilities. We promoted the implementation of the sustainable procurement policy, making every effort to simplify packaging on the basis of meeting GMP requirements, and used environmental-friendly and recyclable packaging materials to reduce the consumption of natural resources and the impact on the ecological environment.

5. Green Operation, Clean and Efficient

Case: Lean Field and Team Management Project in Jiangsu Hansoh

With the continuous support given by various departments to the grass-roots teams, including QA, safety, environmental protection, production management and equipment department, the Lean Office collaborated with several departments to conduct 6S evaluation and production skill competition, and release articles on education, so as to strengthen cross-regional communication and collaboration among front-line teams. In 2022, we completed more than 2,200 improvement proposals, including 75 major proposals, creating total economic benefits approximately RMB6.3 million.

Examples of the assessment targets for economic responsibilities	2022 Targets	2022 Achieved
The reduction rate of direct material costs for 9 categories of active pharmaceutical ingredients in Jiangsu Hansoh	≥1.5%	3.28%
The reduction rate of direct manufacturing expenses for preparations in Jiangsu Hansoh	≥0.25%	0.46%

The usage of Package materials	2021	2022
The usage of internal and external package materials/ton	3,616	3,118
The usage of package materials per unit revenue (ton/RMB million)	0.36	0.33

Innovation-driven, Quality-first

Relieving patients' pain and creating a healthy and beautiful life for them are important responsibilities of pharmaceutical companies and a part of the United Nations' commitment to achieving the sustainable development goals of "Good Health and Well-being". With a focus on serious human diseases and an "open innovation" strategy, Hansoh Pharma is using cutting-edge drug discovery technologies, including artificial intelligence, to improve the efficiency of innovative drug discovery and accelerate the development of safer, more effective, and more economical drugs. We respond to the new trend of orderly launches of innovative drugs, strengthen quality control throughout the life cycle, and provide rigorous and scientific academic and product services to medical institutions through responsible marketing. To maintain safety of patients' drug use, we continue to improve our pharmacovigilance system and strengthen clinical monitoring throughout the process.

6. Innovation-driven, Quality-first

6.1 R&D AND INNOVATION

Focusing on the clinical needs in the therapeutic areas of anti-tumor, anti-infection, central nervous system, metabolic, and autoimmune diseases, Hansoh Pharma has continued to increase its R&D investment, strengthened its R&D system from drug discovery to marketing approval, and established several R&D platforms including siRNA, fusion proteins, antibody drug conjugates, bispecific anti-body drugs, monoclonal antibody drugs, etc. We have been approved as a national enterprise technology center, a postdoctoral research station, and a national-local joint engineering center for biological drug development among other national R&D institutions. During the Reporting Period, the total R&D investment of Hansoh Pharma was RMB1.693 billion, with an expense to revenue ratio of 18%. At the end of the Reporting Period, Hansoh Pharma had 1,521 R&D personnel of various categories, providing solid talent support for the development of innovative drugs.

Recognizing that antimicrobial resistance is one of the threats and risks to global public health, Hansoh Pharma has been always actively developing antibiotic products. Through product specifications, academic conferences and patient education, Hansoh Pharma promotes the principles and concepts of antibiotic application to avoid abuse and incorrect use, and cooperates with upstream and downstream of the value chain to alleviate the negative impact of antibiotic resistance.

6.1.1 Innovation Achievements

As of the end of the Reporting Period, Hansoh Pharma has successfully commercialized five Class 1 innovative drugs and one imported innovative drug in the therapeutic areas of anti-tumor, anti-infectives, CNS diseases, and metabolic diseases, with 11 new products approved for marketing; 19 new clinical approvals were obtained, all related to innovative drugs, and six marketing applications were submitted during the Reporting Period. Currently more than 30 innovative drugs are in various stages of development and more than 40 clinical trials are underway and progressing smoothly, forming a rich R&D pipeline for Hansoh Pharma.

Hansoh Pharma is actively conducting post-marketing clinical studies to further validate the safety and efficacy of innovative drugs and to explore the potential of clinical applications. Many clinical research results have been published in international professional journals and cutting-edge academic platforms. During the Reporting Period, the total impact factor of our post-marketing clinical research papers exceeded 80, which has played an active role in the global exploration of relevant disease treatments.

Case: Post-marketing clinical studies of the innovative drug Ameile® (Aumolertinib Mesylate Tablets) received attention from leading academics

At the 2022 World Conference on Lung Cancer (WCLC) of the International Association for the Study of Lung Cancer (IASLC), we have 21 clinical research studies related to the innovative drug Ameile® (Aumolertinib Mesylate Tablets) published, including seven conventional abstracts (study data), three case reports, and 11 ongoing clinical studies. These studies further demonstrated the safety and efficacy of the product in the treatment of patients with EGFR-mutated non-small cell lung cancer with detailed clinical data and brought the latest research progress of aumolertinib in the direction of non-small cell lung cancer (NSCLC) targeted combination therapy and brain (membrane) metastasis treatment for the attending experts. In addition, several ongoing clinical studies, including first-line treatment with Ameile® plus platinum-based two-drug chemotherapy in NSCLC patients with sensitive mutations and adjuvant treatment of NSCLC, are expected to provide more NSCLC patients with a full range of multidimensional therapeutic regimens from early to advanced stages, from perioperative adjuvant treatment, second-line treatment, and after third-line treatment, to first-line treatment in the subdivisions of lung cancer.

6. Innovation-driven, Quality-first

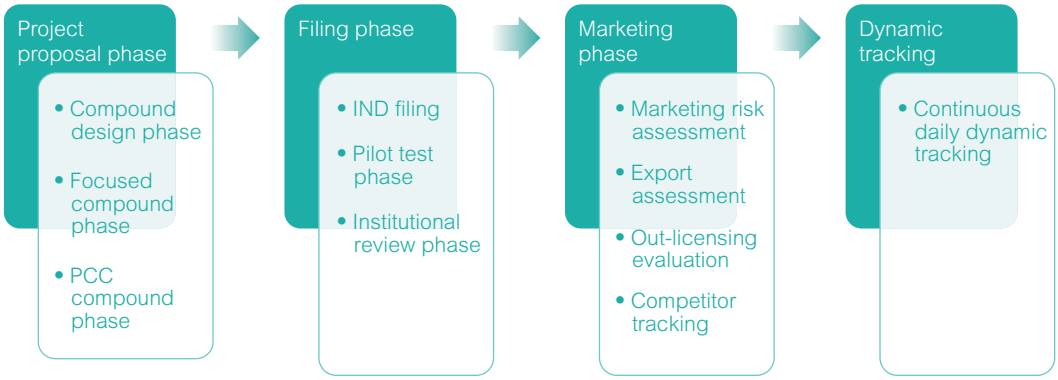
With the strategy of "open innovation", Hansoh Pharma has a global perspective and develops strategic cooperation with many research institutes and enterprises at home and abroad by means of co-development and technology licensing. On one hand, we actively introduce the world's most cutting-edge innovations to accelerate the development and commercialization of innovative drugs, and on the other hand, we rapidly promote and apply our innovations to the global market. During the Reporting Period, we entered into development and commercialization license agreements in Greater China with TiumBio Co., Ltd. of Korea, KiOmed Pharma SA based in Belgium, and Biotheus Inc. etc. for their investigational drugs TU2670, KiOmedine^{vs}One, and PM1080, respectively. The partner-led marketing authorization applications (MAA) for Hansoh Pharma's innovative drug Ameile® (Aumolertinib Mesylate Tablets) for the first-line treatment of adult patients with locally advanced or metastatic NSCLC with sensitizing EGFR mutations and for the treatment of adult patients with locally advanced or metastatic EGFR T790M mutation-positive NSCLC were accepted by the MHRA in the UK and the EMA in Europe in June and December 2022, respectively, and are currently under the review process, which is expected to provide new treatment options for more patients worldwide.

During the Reporting Period, Jiangsu Hansoh was ranked as one of the top three "Best Industrial Company for Pharmaceutical R&D Product Line in China" in 2022, and Hengmu® (tenofovir amibufenamide tablets) of Hansoh Pharma, the first Chinese original oral anti-hepatitis B virus (HBV) innovative drug, won the "14th Healthy China Forum – Top 10 New Drugs" award.

6.1.2 Intellectual Property Protection

Intellectual property is an important intangible asset and a part of the core competitiveness of an enterprise; it is also the lifeline of business cooperation between an enterprise and its customers. Hansoh Pharma adheres to the strategy of preventing infringement risks and protecting own intellectual property rights. We continue to upgrade our internal management system and improve our intellectual property management system in compliance with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and other domestic and international intellectual property-related laws and regulations. During the Reporting Period, the Group carefully interpreted the newly revised *Patent Law of the People's Republic of China*, revised and improved the "Patent Workbook for Innovative Drugs", optimized the patent drafting strategy and the Freedom to Operate (FTO) analysis method, formulated the "Operating Procedure for Compound Patent Drafting", which clarified the key points of patent drafting and risk tracking points at different stages, set up multi-node risk control and dynamic early warning measures for innovative drugs, and completed the patent evaluation of 27 innovative drug projects under development.

6. Innovation-driven, Quality-first



The patent affairs department tracks new patent disclosures worldwide and searches for and analyzes the risk of infringement.	Link to the international intellectual property office website: https://patentscope2.wipo.int/search/en/search.jsf

Case: Hansoh Pharma conducted IP-related training in various ways

To strengthen the intellectual property (IP) awareness of all employees, the Group conducted training on "Pharmaceutical IP Management and Practice" for all employees through an online learning platform during the Reporting Period to help employees understand the latest knowledge of IP management in pharmaceutical companies and enhance their awareness of IP protection.

In response to the newly revised *Patent Law of the People's Republic of China*, the Group organized professionals to conduct special studies and discussed typical domestic and foreign patent reexamination and invalidation cases and the latest patent examination standards to help patent personnel grasp the latest examination dynamics and gain insight into the examination difficulties and points.

In addition, the Group organized its professional staff to attend the China Intellectual Property & Innovation Summit 2022 and the 7th China Pharma IP Summit. During the two summits, the Company's patent management staff exchanged views with renowned industry experts on the implementation rules of the Patent Law, the impact of the patent term compensation system on corporate innovation and intellectual property rights, as well as changes and trends in biopharmaceutical patent examination practices.

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During the Reporting Period, Hansoh Pharma received 82 domestically granted patents (including 18 granted patents from Hong Kong, Macau, and Taiwan), 10 foreign licensing patents, and 19 new registered trademarks, without major disputes or litigation cases relating to intellectual property rights. Jiangsu Hansoh obtained GB/T29490-2013 IP management system certification for the first time in 2015, which has passed two re-certifications and the supervision audit in the Reporting Period.

Case: Jiangsu Hansoh was approved to undertake the upgrade project of the Jiangsu Province High-Value Patent Cultivation Program

Jiangsu Hansoh was awarded the "Jiangsu High-Value Patent Cultivation Demonstration Center" by the Intellectual Property Office of Jiangsu Province in 2017. In view of our excellent performance in patent achievement and the IP management system over the years, during the Reporting Period, the Intellectual Property Office of Jiangsu Province approved Jiangsu Hansoh to undertake the upgrade project of the Jiangsu Province High Value Patent Cultivation Program. The project period is three years. During the project period, Jiangsu Hansoh will further optimize and improve the high-value patent cultivation system, use the patent information to conquer key technologies, optimize the R&D path, improve efficiency, break through a number of key core technologies, and carry out the application, layout, and transformation of high-quality patents. At the same time, we will explore the development mechanism of integrating high-value patents and standards to achieve patent standardization, industrialization, and value maximization.

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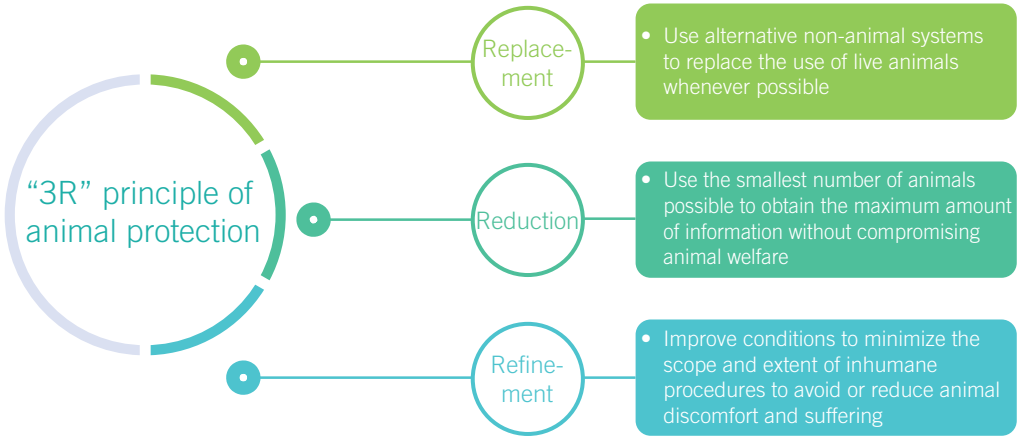
6.1.3 Responsible R&D

Hansoh Pharma has always followed the strictest regulations, highest ethical and moral standards, and most stringent quality standards in the world, including but not limited to the Guidelines of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) (referred to as "ICH Guidelines"), the *Declaration of Helsinki* developed by the World Medical Association (WMA), and China's *Good Clinical Practice* and *Guidelines for Ethical Review Work of Drug Clinical Trials*. We have established a standardized management process to supervise all clinical studies and ensure the welfare of test animals and the rights and interests of clinical subjects.

Animal Welfare

Hansoh Pharma does not conduct animal experiments, and we are concerned about animal protection. In our "Supplier Code of Conduct", we specify requirements for the protection of experimental animals. For outsourcing service providers entrusted with animal testing, we strictly review and evaluate their testing capabilities and qualifications and select research institutions with GCP qualifications and sufficient practical experience. In the outsourcing contract, we specify the ethical requirements in animal testing and protect animal welfare to the maximum extent in accordance with the recognized "3Rs" (Reduction, Replacement, Refinement) principle. During project implementation, we regularly review their management and protection of test animals and if there is any unethical behaviors such as animal abuse and animal waste and take targeted disciplinary measures. During the Reporting Period, we did not find any incidents of deviation from ethical and moral standards for animal testing at the institutions undertaking animal testing.



"3R" principle of animal protection

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Protection of Clinical Trial Subjects' Rights

Hansoh Pharma conducts research and development, including clinical trials, in accordance with the highest ethical, professional, and quality standards. We have established management, operating procedures, and quality control documents for the entire clinical trial process, with clear ethical standards at all stages of development and strict oversight and accountability mechanisms. We have a team of experts who carefully review safety and toxicology data before clinical trial and repeatedly validate clinical trial protocols before the launch of clinical trial to ensure the safety and controllability of trial drugs. In the subject recruitment process, we define detailed inclusion and exclusion criteria to exclude those who might be subject to particular safety risks. Prior to the start of a clinical trial, investigators must ensure that subjects are fully informed about the characteristics of the trial drug, the trial process, potential benefits and risks, that they understand and sign the Informed Consent Form, that they fully comply with the strict standards of ethical institutions and regulatory authorities, and that they have sufficient time to consider and deliberate to ensure that participation in the clinical trial is based on their freewill and right. During clinical trials, we implement strict quality control based on Good Clinical Practices (GCPs) and conduct regular compliance audits with a focus on patient safety, compliance, and data integrity to ensure that trial protocols are strictly adhered to. We monitor adverse events in clinical trials in real time, formulate corresponding contingency plans, report to regulatory authorities in a timely manner, and purchase insurance for clinical trials to ensure clinical trial risks are controllable and handled in a standardized way. We protect subjects' identities, diseases, biological samples, and other information from disclosure and infringement through anonymization, coding, and dedicated management. During the Reporting Period, we had no incidents where we were obliged to terminate clinical trials due to violations of GCP or other regulatory regulations.

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6.2 PRODUCT QUALITY AND SAFETY

Hansoh Pharma considers product quality as the lifeline of the Company to ensure that we benefit patients with safe and effective medicines. We have established a shared quality management framework that sets a consistent management tone for all operating units to supply quality medicines and treatment solutions with a high degree of consistency in product and service quality, from quality control standards to operational procedures.

6.2.1 Quality Management System

Hansoh Pharma strictly follows the *Drug Administration Law of the People's Republic of China*, the *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China*, the *Law of the People's Republic of China on Product Quality*, the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, as well as U.S. Federal Regulations such as FDA 21 CFR Part 211 and other domestic and international regulations and quality regulatory requirements in each of our operating regions. We have established a quality control system that covers the entire life cycle, from drug development and design, technology transfer, commercial production, post-marketing monitoring to product termination, and conduct regular internal and external audits to ensure the applicability, adequacy, and effectiveness of the management system.

Drug Development and Design	• We carry out comprehensive drug quality and safety risk assessment from drug properties, toxicological studies, and clinical studies, determine key quality attributes and key process parameters of products, establish process design space, process control indexes, and final product quality standards, laying an excellent quality foundation through rigorous R&D design.
Drug Technology Transfer	• We transfer drug knowledge, technology, and associated products and processes from the drug development stage to the production stage while continuously identifying and evaluating improvement opportunities, optimizing process technologies or routes, and strictly implementing process validation to ensure safe, stable, and reliable drug production process routes.
Commercial Production of Drugs	• We establish a scientific and perfect quality management system, use FMECA, FTA, and other risk management tools, conduct a risk assessment of the drug production and quality control process from five aspects: man, machine, material, method, and environment, formulate corrective and preventive actions, regularly review the controllability of risks, continuously improve the quality management system, control the quality risks of drug production, and ensure that drugs are safe, effective, and controllable.
Marketing Tracking and Monitoring	• We strictly fulfill the main responsibility of safety, establish an effective pharmacovigilance management system, develop post-marketing risk management plans for drugs, take the initiative to carry out post-marketing research on drugs, further confirm the safety, efficacy, and quality controllability of drugs, minimize drug safety risks, protect and promote public health, and realize the whole life cycle management of drugs.

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The production system is the key link in the product quality system. We have continuously improved our production quality management system that meets the requirements of domestic and international regulations and standards such as FDA cGMP, EU GMP, PMDA JGMP, PICs GMP, WHO GMP, ICH guidelines, NMPA GMP, and ISO 9001, and established internal management systems and standard operating procedures that cover all aspects and elements of our production operations. All of our products and operation sites are in compliance with the requirements of international GMP, and our active pharmaceutical ingredients (APIs) and key formulations have received official certifications from major international markets, including EMA, FDA, and PMDA. During the Reporting Period, our manufacturing and operation sites were inspected nine times by domestic pharmaceutical regulatory authorities, three times by foreign pharmaceutical regulatory authorities, and 11 times by foreign customers. We have passed 100% of such GMP compliance inspections and daily supervision inspections by pharmaceutical regulatory authorities, and have passed 100% of such quality audits by customers. We did not receive any domestic or international product quality-related penalties or regulatory warning letters. The scope of ISO 9001 quality management system certification has covered all production and operation sites of the Group.

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6.2.2 Quality Management Measures

Quality Training

"All employees, whole process, continuous improvement" is the general quality policy of the Group, which is the guideline for all employees to follow in carrying out quality activities. Among the elements of quality management, the influence of people is always first. We adhere to the quality awareness of all employees and the improvement of quality skills of professionals as an important part of quality management, organize variety of quality training for all employees with different frequencies and in different forms according to the nature of the position, and evaluate the training effect regularly. We strengthen the concept of "the next process is the customer" and "strive to serve the next process" among all employees to ensure that all personnel clearly understand their job responsibilities, are familiar with the skills required in relation to their duties, and master the most advanced quality management regulations, standards and company management regulations. During the Reporting Period, although offline training was affected due to the COVID-19 pandemic, the Company focused on training on regulations and standards, including the *EU GMP Appendix, Measures for the Administration of Postmarketing Changes of Pharmaceuticals*, etc. through online streaming, with the joint development of an FDA-cGMP Special Training Seminar with international customers to understand the latest FDA guidelines and FDA inspection trends under the epidemic (post-epidemic), etc. A total of nearly 68,000 people attended the training during the Reporting Period, with a total of more than 200,000 training hours.

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Training on GMP and other drug management regulations for all employees

- **Training content:** GMP knowledge, drug management law, microbiology knowledge
- **Learning frequency:** training for new employees onboarding, and retraining when new regulations are introduced or the original regulations are revised
- **Organization form:** unified organization by the quality center
- **Training method:** on-site lectures or video courses recorded by instructors are uploaded to the learning platform and learned by each department using fragments of time
- **Effectiveness tracking:** the production quality department prepares test papers and organizes assessments as an onboarding condition for new employees and an annual assessment for all employees

Quality job skills training

- **Training content:** GMP knowledge, various quality-related regulations, company quality management system and job SOP
- **Learning frequency:** pre-job training, retraining in the case of revision
- **Organization form:** organization by training administrator of each department, supervision and implementation by department head, and tracking and management by the quality center
- **Training method:** going out to study and to internalize, engaging external trainers for internal training, PPT presentation by internal trainers, professional practical demonstration, self-learning of employee courseware, etc.
- **Effectiveness tracking:** theoretical assessment, on-site questioning, knowledge competition, practical operational inspection

EHS and special post training

- **Training content:** firefighting knowledge, heatstroke prevention, electrostatic principle and accident prevention, organic solvent safety, etc., anti-tumor, cephalosporin product knowledge, aseptic protection, etc.
- **Learning frequency:** pre-job training, retraining in the case of revision
- **Organization form:** combination of company-level, department-level, and job-level trainings
- **Training method:** combination of centralized training and autonomous learning
- **Effectiveness tracking:** on-site questioning, practical demonstrations, theoretical exams

Quality training for all types of personnel

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Quality Objectives

Around the quality policy, combined with the Group's development plan, strategic objectives, and the current situation of quality management, each Group's production site sets annual quality management objectives every year to reflect our commitment and pursuit in the continuous improvement of the quality management system. Each production site and functional department set itemized objectives in accordance with the overall quality objectives and is subject to follow-up assessment by the quality department every six months. During the Reporting Period, Hansoh Pharma achieved all of the quality control objectives for each business module.

Performance Objective	Description	Value
Number of major production quality accidents	Number of major production quality accidents in the specified cycle	0 times
Product market supervision and sampling pass rate	Product quality information of market supervision sampling	100%
GMP compliance inspection or customer audit pass rate	Improve the overall quality management level of the Company through official certification, customer audit, and inspection and rectification	100%
Timely processing rate of non-conforming products	Complete the processing of non-conforming products in a timely manner according to the requirements, and maintain or reduce quality costs while complying with regulations and company documents	100%
Effective completion rate of annual training plan	Annual training plan implementation	≥99%
Inspection one-time pass rate	Except for the test failure for laboratory reasons, the one-time pass rate of all types of tests	≥99%

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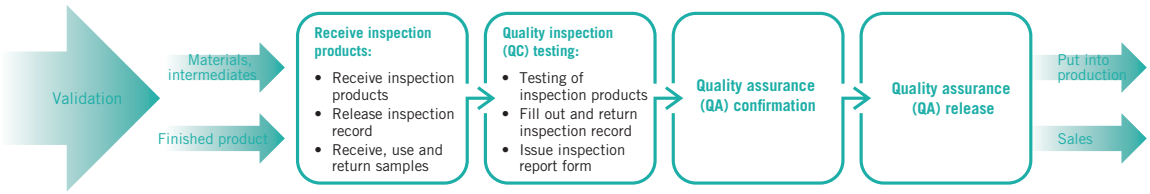
Quality Inspection

We have set strict standards for product inspection and release around the quality elements of man, machine, material, method, environment, and measurement and carry out quality control from the raw and auxiliary materials entering the factory to the whole process of product release, resolutely not letting unqualified raw and auxiliary materials, packages, and intermediates flow into the next process and not letting unqualified products leave the factory. In the testing process, we have formulated strict sampling procedures, quality standards, and inspection operation specifications, and continue to optimize them to ensure accurate and reliable test results while reducing costs and increasing efficiency. For new products, processes, and equipment, we conduct systematic reviews and risk analysis in terms of GMP compliance, change control, maintenance/calibration, and deviation management, and conduct pre-validation and preventive stress tests for identified quality risks to ensure that the process equipment is running stably and key quality elements are effectively controlled before the official start of production, and that products meeting the intended use and registration requirements are produced in a stable and uniform manner.



Material, intermediate or finished product quality inspection process

Precise Inspection: Jiangsu Hansoh passed the ISO 10012 measurement management system supervision audit

Jiangsu Hansoh introduced the ISO 10012 measurement management system in 2018 to minimize the possibility of incorrect measurement through the management of measurement equipment and measurement processes and to minimize the risk of product quality caused by inaccurate measurement in order to achieve the organization's product quality goals and other objectives. During the Reporting Period, Jiangsu Hansoh passed the supervision audit of the ISO 10012 measurement management system.

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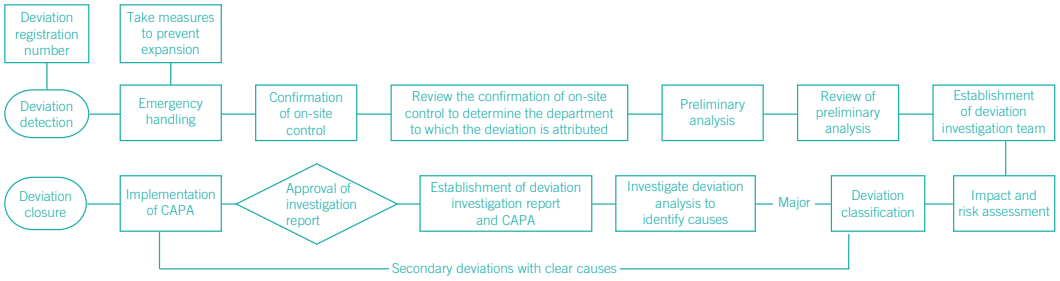
Case: Jiangsu Hansoh strictly implements Prospective Validation for preparation product aseptic risk

According to GMP requirements, Jiangsu Hansoh has formulated general rules of validation, which are used to guide and standardize sterilization process validation and the culture medium simulation filling test for sterile drug production to ensure the safety, effectiveness, and stable quality of the sterile drugs produced.

For the new aseptic production line, Jiangsu Hansoh strictly implements three consecutive batches of qualified culture medium simulation filling tests. The culture medium simulated filling simulates all the key processes in the actual daily production, the worst conditions in the actual production (for example, the maximum number of people in the simulated aseptic production area), filling the smallest container at the fastest speed and the largest container at the slowest speed, the storage time limit of materials and containers in the aseptic process area, the production time limit of culture medium in each process, and various aseptic operations and interventions that may introduce microorganisms (including inherent interventions and corrective interventions), etc. During the Reporting Period, Jiangsu Hansoh conducted 52 validations of sterilization processes and 12 validations of aseptic production processes.

6.2.3 Emergency and Mitigation System

In response to quality deviations that may occur during the production process, we have established the "Deviation Handling Management Procedure" and corresponding management processes to analyze and evaluate the causes of various types of deviations using investigation tools and impact assessment tools to ensure that any deviations that occur are reported, recorded, investigated, evaluated, and handled in accordance with established processes. During the Reporting Period, Hansoh Pharma upgraded its deviation module management system to improve the logic of deviation investigations and make the formulation of corrective and preventive actions (CAPA) more reasonable, while optimizing the over-subpackage count process and deviation release process to significantly reduce the number of such deviations. During the Reporting Period, a total of 65 deviations occurred in the Group. All deviations were graded in strict accordance with the documented requirements, and all deviations were investigated to identify the root cause or the most probable cause, and effective corrective and preventive actions were formulated. There were no deviations with unidentified causes and no repetitive deviations.



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For possible emergencies in the production process, we have formulated the "Emergency Handling Procedure", which stipulates the responsibilities of each department before and after the occurrence of emergencies, the emergency measures to be taken, and the methods and procedures for assessing the impact of emergencies, in order to minimize the impact of emergencies on our production and product quality. We have deployed standby production facilities for key products, and by improving the design and flexibly adjusting the specifications and accessories of the equipment and facilities, we can guarantee that the production plan will not be affected by equipment failure or other emergencies. During the Reporting Period, we upgraded our "Emergency Handling Procedure" to include contingency plans for production and quality management in the event of public emergencies (including health and government controls), taking into account our production management practices during the COVID-19 pandemic.

6.2.4 Pharmacovigilance and Recall Drill

As an important part of lifecycle quality management, Hansoh Pharma places a high priority on pharmacovigilance (PV) and risk control and conducts annual product recall emergency drills to ensure that recalls are completed efficiently with a smooth recall process when necessary, minimizing the impact on patient health.

Pharmacovigilance

Hansoh Pharma has a Pharmacovigilance Department with three teams for pre-marketing, post-marketing pharmacovigilance (PV), and drug safety assessment to comprehensively monitor the safety of drugs under development and marketed drugs. During the Reporting Period, we further improved our pharmacovigilance system in accordance with the "Pharmacovigilance Quality Management Standards", "Measures for the Administration of Adverse Drug Reaction Reporting and Monitoring" and other regulatory requirements and added or updated 28 standard operating procedures (SOPs) and four operating instructions. In addition, we have conducted 94 training sessions for new employees, clinical operation teams, marketing teams, manufacturing systems, partners, and suppliers to improve the awareness of pharmacovigilance across all of the Group and ensure standardization of pharmacovigilance work in terms of systems, work procedure, professional skills, etc.

We collect adverse drug event information from various sources, including the national adverse drug reaction holder direct reporting system, public mailboxes, hotlines, and literature searches, and have dedicated staff to download data, monitor mailboxes, and answer hotlines to ensure the smooth reception of adverse drug events. All types of safety information collected, will be entered, processed, evaluated, and reported in the pharmacovigilance database in accordance with requirements.

Adverse Drug Reaction Monitoring Process

Collection > Recording > Handling > Evaluation > Analysis > Reporting

Adverse Drug Reaction Reporting Channels
Tel: 400-828-5227 or 0518-83096666 Email: PV.SERVICE@hspharm.com

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Case: Adapt to the new industry and strengthen the monitoring of adverse reactions of drugs sold online

Online retail pharmacy is a new marketing channel opened by the Group to adapt to the information age. In order to ensure the safety of patients' drug use and to collect information on possible adverse reactions in a timely manner, during the Reporting Period, we added a new "Website Drug Safety Information Collection and Reporting Process", which clarifies the requirements for the daily supervision of e-commerce platforms selling the Group's products. After receiving safety information or reports of adverse reactions to our drugs in the comments, reviews, or interactive sections of our website, the e-commerce company should report the information to the Pharmacovigilance Department within 24 hours and initiate a professional investigation and analysis process.

We have a safety risk management program for all products, and we identify and monitor known and potential risks of our products in real time through the analysis and evaluation of drug safety data. If new serious safety risks are identified, the Company will initiate a risk assessment and disposal process, report to the pharmacovigilance agency if necessary, update the drug instructions, and promptly inform patients or medical personnel of the relevant drug risks.

In addition to the above routine monitoring, for drugs with special safety risks, we will also conduct additional pharmacovigilance activities to reduce the risk of drug use by patients.

Case: Drug L risk notification prevented teratogenicity during pregnancy

Drug L, a product of Hansoh Pharma marketed in 2021, is an analogue of thalidomide. As a known teratogen, it may cause serious birth defects if taken during pregnancy. Hansoh Pharma has instituted an additional pregnancy prevention program for this variety at the time of marketing.

Under this program, physicians are required to conduct detailed medication risk communication and medication guidance before prescribing drug L to patients. Patients are required to read the "Medication Risks Notification" and sign a return receipt before the physician can prescribe the drug after appropriate pregnancy monitoring has been performed and the results have been confirmed as negative. Hansoh Pharma regularly collects the return receipt of the risk notification and conducts telephone follow-up visits at different frequencies according to the level of pregnancy likelihood to confirm the pregnancy status with the patient and re-educate the patient to emphasize the teratogenic risk and contraceptive requirements of this variety.

During the Reporting Period, a total of 300 patient notification returns were collected for this product, and no drug L pregnancy-related incidents were reported, demonstrating that the risks of this drug are manageable and the current prevention strategy is effective.

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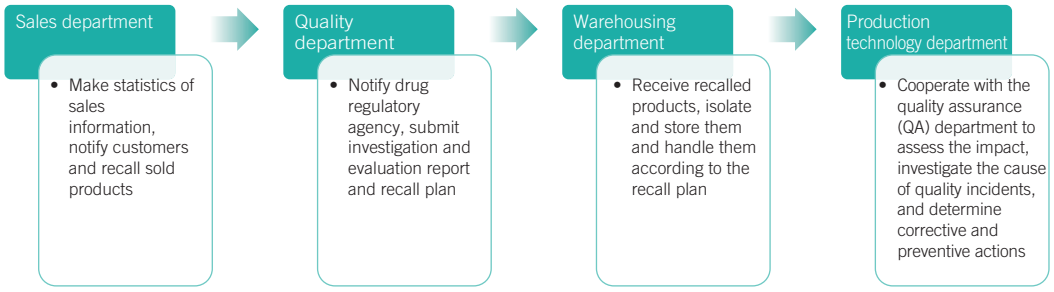
Product Recalls

In compliance with the NMPA's *Administrative Measures for Drug Recalls* (No. 92 of 2022) and the requirements of Chinese GMP, EU-GMP, and U.S. Federal Regulations 21 CFR, Hansoh Pharma has established a "Drug Recall Management Procedure" in our quality management system, which details the emergency handling and response procedures for drug recalls and standardizes the standard operating procedures for recalls of sold products. We have established a dedicated recall team and a 24-hour emergency hotline, and we have provided rigorous training to employees in all aspects of the process to ensure that we are able to quickly alert and take immediate emergency action in the event of an emergency.



Product Recall Process

During the Reporting Period, the quality control at Hansoh Pharma was stable and effective, and there were no active recalls or recalls ordered. However, to ensure smooth communication between the Company and its customers and distributors and to ensure that market flows and product information can be traced and tracked in a timely and effective manner, we conduct annual product recall emergency drills at all of our manufacturing and operation sites in order to quickly and effectively recall products that are known to be defective or suspected to be defective from the market, to minimize the occurrence of drug quality incidents, and to reduce the potential impact of our products on the health and safety of patients.

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Case: Changzhou Hansoh conducted a mock recall drill of Fulairui® (canagliflozin tablets)

In December 2022, Changzhou Hansoh carried out a recall drill with a batch of the product Fulairui® (canagliflozin tablets) in a simulated situation of missing tablets in the finished product.

On December 7, the quality management department organized the Company's manufacturing center, warehousing department, sales and logistics department, sales and commerce department, and other product recall departments to conduct investigation and evaluation. Taking drug quality investigation, risk of use, efficacy and safety risks, and other factors into account, they decided to start a secondary recall of a batch of finished products of Fulairui® (canagliflozin tablets). On that day, the warehousing department and the sales and logistics department first verified the incoming quantity of the product, the delivery quantity, and the inventory quantity, completed the confirmation of the delivery quantity and the destination, and the commercial management department notified the customers to collect the market inventory information; then the quality center issued the recall notice on the same day; thereafter, the recall progress was tracked daily until December 14, 2022, and reported to the drug regulatory agency every three days; QA issued a summary report on December 14, 2022.

All aspects of this mock recall were completed within the deadline, and the recall rate for this drug with hidden danger reached 100%, meeting the expected goal of the mock recall. The execution of each link is smooth, the communication channel is smooth, and the recall system is running quickly and can meet all requirements of the product recall work.

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6.3 CUSTOMER SERVICE AND RESPONSIBLE MARKETING

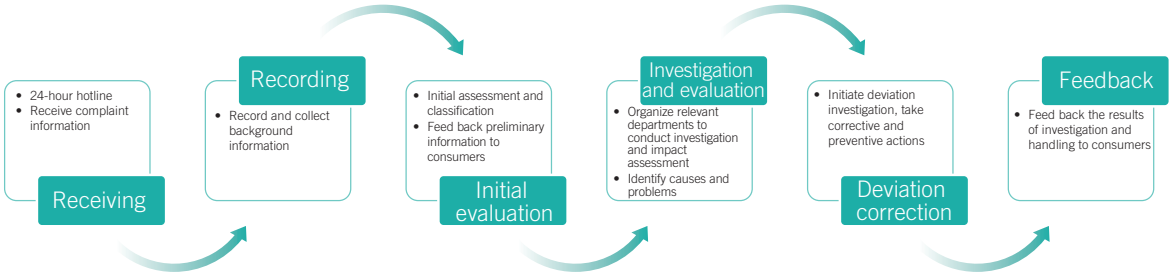
6.3.1 Customer Service

Hansoh Pharma is committed to meeting clinical needs with quality products, and we focus on the customer and patient experience. We actively communicate with our customers, establish an open and accessible service hotline, actively promote drug and disease knowledge, and conduct targeted medication follow-up visits to continuously optimize our customer service system. During the Reporting Period, we conducted a customer satisfaction survey with 3,757 valid questionnaires. The survey results show that our customer satisfaction in 2022 was 89.43%.

Complaint Feedback

To manage customer complaints resulting from abnormal product or service quality, we have implemented a "Product User Complaint Handling Procedure". We have set up a dedicated pharmaceutical complaint channel with dedicated personnel to listen to and record every piece of feedback or complaint from consumers. For complaint information, we have established a perfect investigation and processing procedure with a time limit for processing as well as a feedback mechanism so that consumers can fully feel the importance companies attach to complaints.

For complaints that are initially analyzed to be caused by quality, the Group will initiate the quality deviation handling mechanism for investigation and analysis and will take appropriate corrective and preventive actions in a timely manner to continuously improve product quality if they are indeed caused by quality. During the Reporting Period, we received 73 consumer complaints of various types, of which 25 were quality complaints and 48 were service complaints. Among the quality complaints, there were 10 cases of identification of genuine and counterfeit drugs, all of which were verified and confirmed to be Hansoh Pharma's products, and no counterfeit drugs were found; 8 cases of adverse drug reactions were verified to be normal reactions in the use of drugs, but the relevant cases were recorded and handled by the pharmacovigilance department; the other 7 complaints were improper use by users or minor flaws in the outer packaging. None of them were caused by the production or quality issues of the Group. Most of the service complaints were about the channels for patients to get the treatment drugs they needed during the epidemic, and all the complaints were handled in a timely and proper manner, with a 100% timely processing rate.



Customer Complaint Investigation and Handling Procedure

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Prevention of Counterfeit Drugs

Motivated by economic interests, the production and sale of counterfeit drugs have occurred in the market in recent years, seriously infringing on the state's management order of drugs, and causing great harm to the health of patients. In the spirit of being highly responsible for the safety of patients' lives, Hansoh Pharma is committed to developing innovative drugs while actively employing anti-counterfeiting technologies to increase the difficulty of drug counterfeiting, strengthening patient education to improve patients' awareness and ability to identify counterfeit drugs, and at the same time, assisting regulatory authorities to investigate and deal with counterfeit drugs and assisting patients to identify counterfeit drugs through specialized services. We strongly support strict regulation by governmental departments in this field. All of the Group's products have electronic drug supervision codes attached to the outer packaging of the small boxes, which can trace the information of each box of drugs. In addition, for high-value, counterfeit-prone key products, we use anti-counterfeit pattern design to increase the difficulty of counterfeiting and a dotted glue seal to prevent secondary use of the outer packaging. During the Reporting Period, we did not find any incidents of counterfeiting the Group's products in the market.

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6.3.2 Responsible Marketing

Hansoh Pharma strictly adheres to relevant laws and regulations and conducts medical promotion in a scientific and objective manner. We work to increase awareness of diseases and medications among healthcare practitioners and improve access to medications. As a company whose primary business is the manufacture of prescription drugs, we do not provide drugs directly to patients and are not involved in commercial advertising. The laws and regulations we follow in our marketing activities include, but are not limited to, the *Civil Code of the People's Republic of China*, the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, and internationally accepted acts and commercial guidelines such as the *Federal Trade Commission Act*, the *Honest Ads Act*, and the *General Data Protection Regulation* of the European Union. We have established a Group-level "Responsible Marketing Policy", which serves as a guiding principle, and have formulated and refined various management regulations to ensure that product communication and promotion practices comply with the law and accepted ethical standards.

Responsible Communication of Information

We adhere to a patient-benefit-focused, clinical data-driven approach to pharmacy services. Hansoh Pharma has a medical center with dedicated medical consultants who translate the clinical research results of innovative drugs into clear and accurate promotional language in a timely manner and carry out compliant and effective communication of information through the medical information and communication department. We have established a rigorous medical information review process to ensure that our communications are consistent with regulatory approvals, are truthful, clear, accurate, unambiguous, understandable, non-misleading, and maintained up to date with new scientific evidence and approval documents. To address the issue of antibiotic resistance, we clearly label our products with relevant warnings to prevent inappropriate use of drugs.

Case: the innovative drug Mailingda® (morinidazole sodium chloride injection)

The innovative drug Mailingda® (morinidazole sodium chloride injection), launched by Hansoh Pharma in 2014, is the first nitroimidazole anti-anaerobic drug in the world in 40 years and the result of a major national science and technology project. In the drug instructions, we state that "To reduce the formation of drug-resistant bacteria and to ensure the effectiveness of morinidazole and other antibacterial drugs, morinidazole should be used only for the treatment or prevention of infections caused by proven or suspected susceptible pathogens" and that "Bacterial culture and drug sensitivity testing should be performed prior to administration", to avoid the generation of drug-resistant bacteria caused by inappropriate use of drugs.

6. Innovation-driven, Quality-first

Responsible Promotion Behavior

Adhering to the marketing management principles of "honesty, truthfulness, science, and accuracy", we upgraded the "Code of Business Conduct and Ethics" and the "Rules for the Implementation of the Code of Business Conduct and Ethics" during the Reporting Period, which provide detailed provisions for staff interaction with medical professionals and healthcare providers. We ensure that our marketing activities meet the requirements of laws and regulations and comply with the constraints of our code of ethics.

Excerpts from the "Rules for the Implementation of the Code of Business Conduct and Ethics"

Professional Academic Promoters

- Hansoh Pharma employs professional academic promoters and provides training on medical knowledge, drug knowledge, company systems and culture, and compliance policies in a scientific, rigorous, professional, and law-abiding approach to the promotion of drugs.
- Academic promoters shall scientifically recommend drugs to medical professionals and medical institutions, correctly publicize the safety and efficacy of drugs, assist medical institutions in the rational use of drugs, collect adverse reactions to drugs and provide timely feedback to the company, and carefully understand clinical needs and provide scientific pharmacy services.
- Academic promoters shall receive timely and complete professional training to achieve the level of competence to have sufficient pharmaceutical and professional knowledge and to provide drug information accurately and responsibly.
- Academic promoters shall observe ethical ways of conduct, use academic communication as a basic guide, and establish good partnerships with medical institutions and medical professionals in medical research.
- No financial or other benefits shall be offered to medical institutions and/or medical professionals who are or may be using the Company's medicines under any name.

Marketing Compliance Management System

Hansoh Pharma has built a compliance management system consisting of internal control, internal audit, and compliance departments. The compliance department is responsible for "internalizing" external regulations, translating national laws and regulations, business ethics consensus and external regulatory requirements into internal management systems, and conducting training and education to guide the promotional behavior of business personnel; the internal control department is responsible for streamlining the internalized management system process and controlling and supervising key links and processes to ensure compliance management; the internal audit department is responsible for monitoring and inspecting key risk areas and conducting compliance audits on product promotion information, marketing practices, and expenses to test the results of the compliance system and continuously improve the compliance management system.

6. Innovation-driven, Quality-first

Hansoh Pharma regularly conducts training for all employees with varying frequency and focus. During the Reporting Period, we conducted marketing conduct compliance training for marketing department heads, business managers, and sales representatives, focusing on the newly upgraded "Code of Business Conduct and Ethics" and the "Rules for the Implementation of the Code of Business Conduct and Ethics". All employees, including sales representatives, medical liaison officers, and clinical monitors, received training on complaint feedback and adverse reaction incident reporting through offline and online methods. For the marketing campaign planning department and brand promotion department, we conducted training on regulatory knowledge related to pharmaceutical advertising and product promotion to prevent compliance risks in marketing campaigns and promotional materials.

While reinforcing the proactive management of compliance risks by our functional departments, Hansoh Pharma has opened up compliance reporting channels for all employees, contractors, customers, distributors, and other partners to ensure broader and more diverse oversight of our business practices.

During the Reporting Period, the total number of hours of responsible marketing training for Hansoh Pharma was: **16,117** hours

Compliance Window	compliance.pub@hspharm.com

6.4 INFORMATION SECURITY MANAGEMENT

Information technology and digitization are essential to the efficient operation of modern enterprises. With the extensive application of information technology in business practices and the penetration of digitization into various business segments, the issue of information security has become increasingly prominent. In compliance with the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China* and other laws and regulations, Hansoh Pharma has built a rigorous information security management system. The ESG Committee of our Board of Directors is responsible for monitoring the Group's information security risks, and the Chief Information Officer (CIO) serves as the representative of the information security system manager. Our CIO has extensive experience in information and network security strategy development and process structuring management, and a professional information security team undertakes information security management, data and development, and informatization. The management team is highly professional and perceptive in system construction, technical and management strategy development, security risk prevention, etc. Key departments have information security officers who are responsible for information security promotion, supervision and risk reporting in their departments and are integrated with the objectives of their positions.

6.4.1 Customer Privacy Protection

Through commercial company, Hansoh Pharma provides prescription drugs to medical institutions, which are prescribed by medical professionals to reach patients. Therefore, we do not have direct access to or collect private information from end consumers. For commercial customers and partners conducting clinical trials or R&D projects, we have clear data protection obligations in our commercial collaboration agreements.

6. Innovation-driven, Quality-first

In terms of technology, we adopt informed permission and/or customer consent for data collection and encrypted storage, and strengthen the management of outgoing information through information system access control, network access and login restrictions, outgoing file auditing, keyword identification, screen watermarking, etc. to prevent the occurrence of leakage of private information.

In terms of management, we regulate the requirements of information security management and keeping trade secrets in our "Code of Business Conduct and Ethics", and clarify the confidentiality responsibilities of employees in our "Employee Handbook". We conduct information security-related knowledge training for new and current employees every year to raise awareness of customer information protection. We require all employees, suppliers, partners, and other stakeholders to comply with the principle of confidentiality of non-public information and correlate information security-related performance with employee remuneration and supplier evaluation.

During the Reporting Period, there were no confirmed incidents of customer privacy violations or information leakages at Hansoh Pharma.

6.4.2 Information Management System

We have formulated medium- and long-term strategies and annual objectives for information security, and established a matrix system that runs through the entire life cycle of information system procurement, construction, operation and maintenance, and decommissioning, vertically covers the entire business process of information security prevention, detection, correction, repair, and compensation, and horizontally covers the entire security elements of personnel, information hosts, network equipment, account permissions, physical environment and suppliers.

We introduced technical solutions and standards such as CVSS, DAMA, CCSK, business continuity standards, industrial Internet security standards, etc. We compiled information security protection standards and implemented dynamic optimization to provide a technical basis for the selection and effect evaluation of various information technology application security policies.

We conduct information security audits on a regular basis, with independent teams analyzing log records of network equipment operation status, network traffic, user and administrator behavior, as well as the occurrence and coping of information security incidents. According to the latest security situation and technical information, we discover risk vulnerabilities and improvement opportunities, and continuously optimize security management and technical strategies.

The Group's information security system passed ISO 27001 certification in 2020 and passed supervision and audit during the Reporting Period. During the Reporting Period, we continued to pass the information security level III and II assurance audits of the regulatory authorities, and the team managers passed the certification of CISSP (Certification for Information System Security Professional) and CISA (Certified Information Systems Auditor).

Responsible Procurement, Industry Collaboration

A reliable and resilient supply chain is a fundamental guarantee for companies to consistently, steadily, and uniformly produce high quality products and provide superior value to society, as well as a value link for companies to convey their philosophy of responsibility and ethical behavior, share their experience in sustainable development practices, and collaborate with industry for common progress. Following the international standards of responsible sourcing, Hansoh Pharma is committed to establishing a fair and transparent win-win community of interests with its suppliers and jointly building a sustainable supply chain that is behaviorally compliant, environmentally friendly, innovation-driven, open, and harmonious.

7. Responsible Procurement, Industry Collaboration

7.1 SUPPLIER CLASSIFICATION AND MANAGEMENT STRATEGY

The ESG Committee of our Board of Directors monitors the execution of Hansoh Pharma's sustainable supply chain management program, and the relevant departments of bidding, procurement, and quality management at each of the Group's operation sites collaborate to ensure strict implementation. In order to comprehensively regulate the Group's procurement practices and further integrate sustainability requirements into different types of procurement processes such as production, R&D, and marketing, during the Reporting Period, we formulated the "General Principles of Sustainable Procurement of Hansoh Pharma" based on a summary of the Group's responsible procurement management experience over the years and benchmarking with the Sustainable Procurement Guidelines (ISO 20400:2017), and through the newly launched Supplier Relationship Management (SRM) system, we are coordinating the Group's sustainable procurement and supplier management activities. The Group has a wide range of suppliers, including material suppliers for direct R&D production, research institutes for R&D services or technical cooperation, engineering contractors and equipment providers for infrastructure support for production operations, commercial companies, logistics companies, and medical institutions for product services to end markets, as well as banks, consulting, transportation, and communication service providers for supporting corporate operations. Based on the optimal coupling of risk and control costs, we classify our suppliers into three classes: A, B, and C. Based on the prevailing classification in management, Class A suppliers constitute the focus of our sustainable procurement policy and ESG disclosure due to the following characteristics, which are systematically identified and evaluated.

Class A supplier identification elements
– The products or services they provide have a direct impact on the Group's R&D and product quality, according to GMP management requirements; – The products or services they provided are not sufficiently competitive in the market and have a certain degree of exclusivity; – The sustainable practice of the enterprise has potential risk to the Group's production and operation, and the Group should and can implement the impact; – Suppliers who have had business cooperation with the Company in the past three years and whose volume exceeds a certain amount.

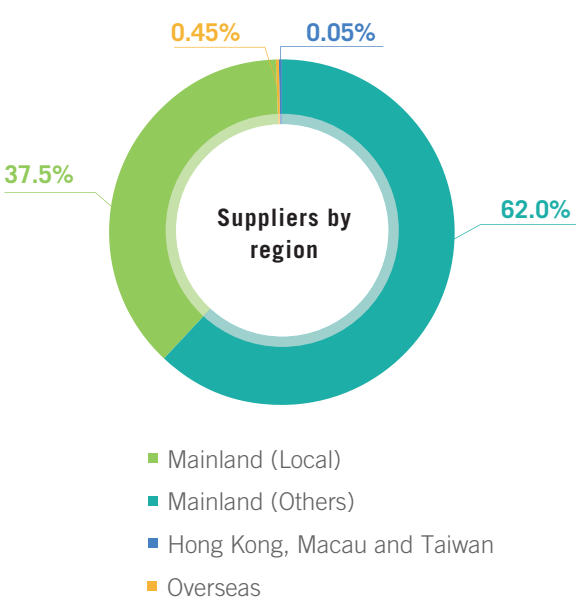
For Class A suppliers, we further classify them into strategic suppliers, key suppliers, and general suppliers based on different attributes such as the country and region of the supplier, purchase amount, adequacy of market competition, material category, quality, and ESG risk level, and implement different management strategies. Among the key suppliers, we define suppliers who directly provide products or services to the Group as key Tier 1 suppliers, and others are defined as key non-Tier 1 suppliers. Class A suppliers are dynamically adjusted based on the competitive market situation, supplier evaluation, and changes in the product mix of the Group.

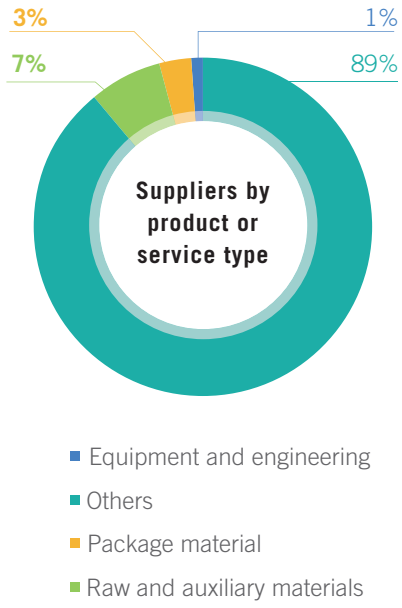
7. Responsible Procurement, Industry Collaboration

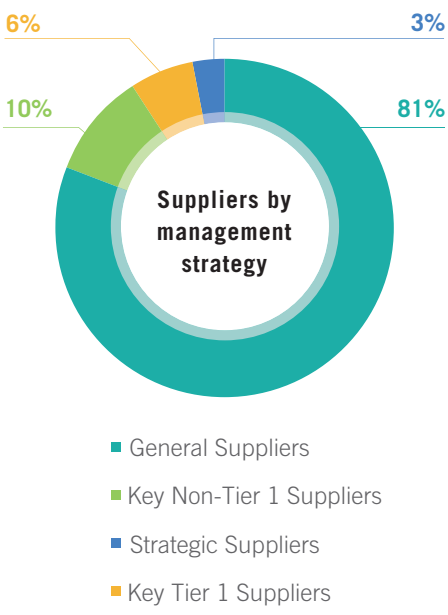
Supplier Category	Key Attributes	Management Strategy
Strategic Suppliers	The Group has spent a large amount of money on procurement from these suppliers; they are located in local or other stable countries or regions where there is not sufficient competition in the market; they have a high impact on the quality of the Group's products; they are large enterprises with standardized quality, employee, and environmental management; and they have low ESG risk	Sign long-term cooperation agreements, conduct regular technical cooperation and exchanges, share ESG practical experience, and at the same time focus on developing new strategic suppliers to improve resilience
Key Suppliers	Larger procurement amount, greater impact on product quality, insufficient market competition, unclear corporate management level, potential ESG risks to the Group	Conduct a comprehensive audit at least once every three years, including quality and other ESG performance, and conduct regular training and technical exchanges while developing new key suppliers to improve resilience
General Suppliers	Small procurement amount, certain influence on product quality, uneven corporate management, high ESG risk to the Group	Conduct strict admission management and carry out risk control throughout the process, from registration to bidding, contract award, and contract execution

As of the end of the Reporting Period, there were 3,892 Class A suppliers for the Group. By region, there are 3,872 suppliers in Chinese mainland (including 1,461 local suppliers), two suppliers in Hong Kong, Macau, and Taiwan, and 18 overseas suppliers. By products or services provided, there are 288 suppliers of raw and auxiliary materials, 98 suppliers of packaging materials, 23 suppliers of equipment and engineering, and 3,483 suppliers of others. By supplier management strategy, there are 136 strategic suppliers, 240 key Tier 1 suppliers, 374 key non-Tier 1 suppliers, and 3,142 general suppliers. During the Reporting Period, the amount of our procurement from key Tier 1 suppliers accounted for approximately 67% of the total procurement amount.

7. Responsible Procurement, Industry Collaboration







7. Responsible Procurement, Industry Collaboration

7.2 SUPPLIER ADMISSION AND CODE OF CONDUCT

Based on the principles of compliance, high quality, economy, and environmental protection, Hansoh Pharma has implemented strict supplier admission management. During the Reporting Period, we further improved the "Supplier Confirmation and Management Regulations" and the "Supplier Management Manual" and revised the "Supplier Admission Management Measures" and the "Supplier Code of Conduct" for supply chain partners in accordance with the "General Principles of Sustainable Procurement" to form an increasingly complete supplier management system and admission evaluation system.

Evaluation Dimension	Core Content	Evaluation and Control Methods
Compliance and Business Ethics	Applicable laws and regulations, corruption and bribery, commercial fraud, intellectual property and personal privacy	Code of conduct signing, internal control department accepting reporting, mass media interviews, due diligence
Quality Assurance Capability	Enterprise production and service license qualification, production and testing infrastructure, internal quality control system, supply chain assurance	Authenticity audit of qualification documents, on-site audit, due diligence of professional departments
Environmental Influence	Environmental management system, disposal of waste in compliance with standards and up-to-standard discharge, greenhouse gas management, resource conservation	Certification document audits, on-site audits, public platform inquiries, due diligence, mass media interviews
Employment and Labor Rights	Child labor and forced labor, employment discrimination, working hours, compensation and benefits, working conditions, collective agreements	Code of conduct signing, on-site audits, employee interviews, public platform inquiries
Health and Safety	Management system, facility security, training and education, emergency plans, safety incidents	Code of conduct signing, on-site audits, public platform inquiries, due diligence of professional departments
Enterprise Governance	Enterprise organizational structure, senior management commitment, social responsibility governance, supply chain impact	Code of conduct signing, enterprise public documents, senior management interviews

Highlights of Supplier Admission Evaluation and Code of Conduct for Hansoh Pharma

During the Reporting Period, a total of 53 newly registered suppliers of the Group signed response commitments in accordance with the "Supplier Code of Conduct" and conducted self-assessments in accordance with the newly revised "Supplier Admission Management Measures". Previously audited and registered suppliers will sign a letter of commitment according to the new version of the supplier code of conduct and be re-evaluated and confirmed when they participate in bidding for new projects. If registered suppliers cannot meet the minimum standards of the "Supplier Code of Conduct", we will ask them to rectify the situation by a deadline, and if they still cannot meet the standards, they will be removed from the list of registered suppliers.

7. Responsible Procurement, Industry Collaboration

7.3 SUPPLY CHAIN RISK MANAGEMENT

Without a rigorous risk management mechanism, it is impossible to create a stable and sustainable supply chain. Every year, Hansoh Pharma identifies, determines, and monitors the risks that may arise in the supply chain, including sustainability, and takes effective measures to ensure that the risks are controllable. During the Reporting Period, we identified five major risks, including environmental and quality risks, and assessed the impact of these risks.

Risk Type	Possible Risk Matters	Possible Impact on Hansoh Pharma
Quality Risks	Lack of a sound quality assurance system, inadequate infrastructure, lax production quality control, non-compliance of upstream materials, etc.	Unstable product quality, lack of guarantee for patients' life safety, damage to corporate reputation, regulatory penalties, etc.
Business Ethics Risks	Inadequate compliance system, corruption, lack of corporate ethical culture, etc.	Cause unfair competition, affect the professional conduct of our staff, and damage our reputation
Environmental Risks	Lack of a sound environmental management system, illegal emissions, regulatory penalties, complaints from residents, etc.	Unstable supply chain, damage to reputation, uncertainty of delivery date
Production Safety Risks	Inadequate identification of safety risks, imperfect management system, major safety accidents and regulatory penalties, etc.	Unstable supply chain, damage to reputation, uncertainty of delivery date
Labor Rights Risks	Employment of child labor, forced labor, non-payment of wages or labor insurance to employees, poor labor environment, etc.	Unstable supply chain, quality risk, uncertainty in delivery, and reputation damage

Supplier Risk Types and Impact Analysis

Based on the identified supplier risks, we focus on quality risks, layer by layer, and strictly control ESG risks in the procurement business process and the whole process of supplier admission, evaluation, and audit.

7. Responsible Procurement, Industry Collaboration

Procurement Planning Phase

The technical and sustainable characteristics of the required products or services are clearly communicated by the procurement demand department in the following aspects, and requirements are made for supplier qualifications to provide a basis for supplier selection and control supply chain risks from the source:

(1) The physical characteristics, technical standards of the procured goods or services;

(2) The packaging and delivery method of the goods or service provision method;

(3) The consumption of resources and energy and environmental impact during the use of goods or services;

(4) The requirements for the disposal of goods at the end of their lives;

(5) The basic qualifications required for suppliers to provide stable products.

Supplier Selection Phase

Evaluate supplier risks in the phases of supplier registration evaluation, bidding document preparation, bid evaluation and award, and contract award, and select suppliers with better sustainability and performance and better internal control systems.

(1) To evaluate registered suppliers and identify qualified suppliers in accordance with the "Supplier Code of Conduct", admission evaluation criteria, and procurement planning documents (see 7.2 for details);

(2) To incorporate the Group's requirements for sustainability into the bidding documents and quantify sustainability weights and evaluation criteria based on priority; in principle, in addition to commercial requirements such as quality, price, and delivery time, social and environmental sustainability evaluation weights shall be no less than 15%;

(3) To invite sustainability and risk control professionals to participate in the bid evaluation when necessary to make a more accurate assessment and evaluation of the supplier's sustainability risks;

(4) To include the requirements of the bidding documents, supplier bid commitments, dispute handling, and other provisions in the contract documents between the two parties, and to ensure that the risks are controllable and traceable by legal affairs, internal control, and other departments for review.

7. Responsible Procurement, Industry Collaboration

Procurement and Service Phase

During contract execution, we communicate with suppliers or their delegated product (project) leaders and follow up throughout the process of product procurement or project services to ensure that the sustainability provisions of the contract are accurately understood and implemented. These measures include, but are not limited to:

(1) Holding project kick-off meetings to help suppliers or their principals understand the responsibility philosophy and culture of Hansoh Pharma and interpret the sustainability provisions in the contract, as well as the assessment and evaluation methods;

(2) Holding regular review meetings and face-to-face meetings at key points in project implementation to provide early warnings, alerts, or tips on negative sustainability matters that are prone to, have occurred, or are potentially negative;

(3) Implementing a significant matter reporting system, requiring the suppliers' product or project leaders to report on significant social responsibility matters occurring in their company or project site during contract performance in order to dynamically assess supplier risks and take timely corrective and preventive actions.

Review and Evaluation Phase

After contract fulfillment is completed, we review and summarize the procurement process and supplier contract performance to complete the two closed loops of procurement operations and supplier management, provide a basis for comprehensive supplier evaluation, and provide a reference for procurement and risk management strategies for similar products or services. For strategic suppliers and quality-sensitive long-term suppliers, we implement regular annual reviews and evaluations. The main contents of the evaluation include:

(1) Sustainability goals expected in procurement planning documents (or strategic cooperation agreements) and contracts;

(2) Sustainability performance achievement during project implementation (within the term of the strategic partnership);

(3) Analysis of key elements of project success;

(4) Supplier performance and evaluation;

(5) Experience and lessons learned.

7. Responsible Procurement, Industry Collaboration

Supplier Qualification Validity	Quality Testing	Price and Delivery
• During the evaluation period, whether there have been some changes in the supplier (such as enterprise qualification, production process, quality standards, etc.) • Whether the supplier qualification is within the validity period	• Product inspection results during the assessment period • Feedback and rectification effectiveness and timeliness of quality problems • Whether each batch has inspection reports and is accurate and reliable • Quality stability • Implementation of audit and corrective measures, whether there are feedback results, and whether feedback is timely	• Fulfillment of delivery deadlines • Price changes and reasons for changes • Transportation conditions • Timeliness of after-sales service

Case: Strategic Supplier Annual Quality Dimension Assessment Form

Supplier Due Diligence and Key Supplier Audits

Based on the supplier classification and management strategy of Hansoh Pharma, we focus on key suppliers and conduct regular supplier due diligence and audits throughout the supplier selection, bidding, and contract implementation processes to better identify and control supply chain risks. Our due diligence methods mainly include:

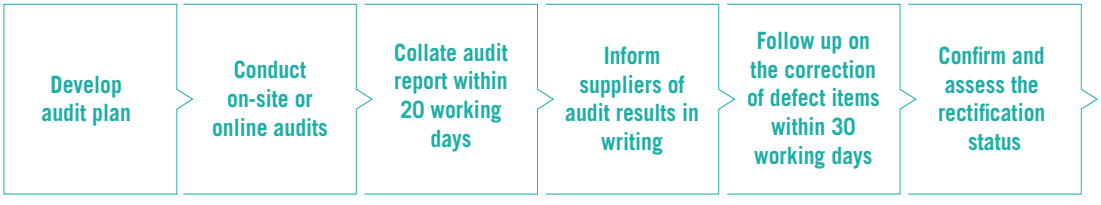
(1) Verifying the self-certification documents provided by suppliers to confirm their authenticity;

(2) Conducting questionnaire surveys;

(3) Accessing public information from government regulatory authorities to confirm whether suppliers have violated laws and regulations;

(4) Commissioning a third party to conduct an audit or verification;

(5) Conducting on-site or online supplier audits.



On-site or Online Supplier Audit Management Process

7. Responsible Procurement, Industry Collaboration

During the Reporting Period, Hansoh Pharma tendered 174 new procurement projects. 100% of the supplier risk assessments were conducted based on the above process and core content. 18 cases of supplier breaches of business ethics and contractual agreements were identified, and the 18 suppliers were blacklisted, notified after verification, and also banned from participating in the Company's bidding projects for three years in accordance with relevant management regulations.

We keep conducting comprehensive audits on all key suppliers once every three years, and a total of 132 key suppliers were audited during the Reporting Period, including 58 on-site audits, 48 written audits, and 26 remote online audits. There were no liability risks in terms of quality, safety, environment, business ethics, or resulting in adverse public incidents due to products or services provided by suppliers.

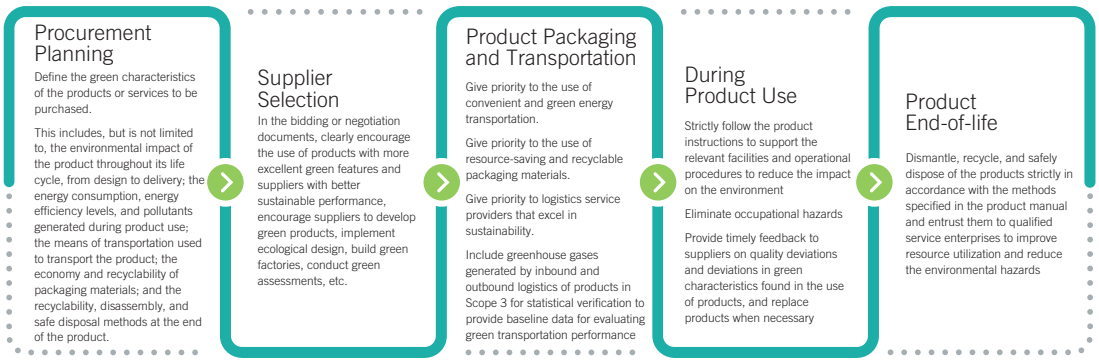
7.4 GREEN SUPPLY CHAIN CONSTRUCTION

The entire society must work together to preserve the environment and combat climate change. Hansoh Pharma actively benchmarks itself against international sustainable procurement guidelines and follows the Chinese government's requirements for building a green supply chain and related standards to incorporate environmental protection, resource conservation, and health and safety concepts throughout the entire product life cycle, from product design to raw material procurement, production, transportation, storage, sales, use, and end-of-life disposal.

Based on the Green Supply Chain Management series of national standards (GB/T 39256-8:2020), Hansoh Pharma developed the "Green Procurement Guidelines" (hereinafter referred to as the "Guidelines") in 2020. During the Reporting Period, we extended and applied the requirements of the Guidelines to the major operating locations of the Group and integrated the green procurement concepts and principles therein into the "General Principles of Sustainable Procurement" and the relevant system documents for supplier management, so that each system has its own focus and echoes each other, avoiding duplication and possible contradictions.

We have provided sustainable procurement-related training to managers and employees at all levels in the bidding and procurement departments and demand departments of each operation site, so that every employee can clearly understand the necessity of building a green supply chain and the responsibilities and operations of their positions in the whole process management, fully disseminate the green supply chain management requirements, and realize the strict implementation of each standard in business practice.

Hansoh Pharma applies the green development concept throughout the entire chain, from procurement planning to supplier selection, product packaging and transportation, to product end-of-life waste management. Specifically:



Green Supply Chain Management Measures

7. Responsible Procurement, Industry Collaboration

During the Reporting Period, 100% of all newly procured products or services of Hansoh Pharma had their green features qualitatively and/or quantitatively described during the procurement demand planning phase. In all bidding documents, products with more significant green features and suppliers with better sustainability performance were given priority through the leaning of scoring criteria. 100% of the Group's newly procured products complied with national energy-saving, environmental protection, and occupational health standards.


评价证书
绿色供应链评价
证书编号：CQC223LZYCZ0002

兹证明
江苏豪森药业集团有限公司
地址：江苏省连云港市东晋路 5 号、东晋路 9 号、开泰路 8 号和庐山路 8 号

在绿色供应链的管理战略、供应商管理、生产、回收、信息平台建设、信息披露和基本要求方面符合标准/技术规范：
CQCLS-J0004-2019《绿色供应链评价技术规范》

证书有效期：2022 年 04 月 29 日 至 2025 年 04 月 28 日

签发：谢肇煦
中国质量认证中心

Jiangsu Hansoh was selected as the fifth batch of "Green Supply Chain Management Enterprises" by the Ministry of Industry and Information Technology in October 2020, passed the "Green Supply Chain Evaluation" by the China Quality Certification Centre, and obtained the certification certificate during the Reporting Period.

7.5 SUPPLY CHAIN RESILIENCE AND SHARED DEVELOPMENT

Hansoh Pharma focuses on shared development with suppliers. We are committed to improving the quality of our suppliers' products and technical services, and promoting the establishment of resource-saving and environment-friendly procurement, production, marketing, recycling, and logistics systems for our suppliers to achieve efficient resource utilization and minimal environmental impact. At the same time, by expanding the sustainability impact on supply chain partners, we promote more enterprises to implement sustainable development strategies and contribute to the sustainable development of the whole industry and society.

Cultivate suppliers' green and sustainable development concepts through project cooperation

We clearly communicate our sustainable development concept and quality requirements through bidding documents, contracts, and the "Supplier Code of Conduct", so that suppliers can easily manage and improve against the standards. For suppliers who do not pass the evaluation and are not awarded the bid, we clearly inform them of the gaps or non-conformities that exist between their expectations and the Group's expectations and put forward suggestions for improvement, so as to help suppliers build on their strengths, avoid their weaknesses, and prepare for potential cooperation opportunities. For contract deviations in the course of implementation, we communicate with the suppliers or their entrusted project managers in a timely manner and propose corrective measures and improvement suggestions to avoid the suppliers bearing contract risks due to breach of contract. During the Reporting Period, a total of 35 suppliers have improved their sustainability level with our advice and assistance.

7. Responsible Procurement, Industry Collaboration

Enhance suppliers' technical service capability through special communication and training

In response to the characteristics of Hansoh Pharma, such as many innovative projects, many new special dosage forms, and complex processes, we conducted multi-dimensional dialogs by means of technical exchanges and training in the procurement of equipment, instruments, raw materials and auxiliary materials so that suppliers could fully understand the technical characteristics, quality requirements, likely deviations, and safety and environmental requirements of the products required by the Group, and helped suppliers improve product quality and technical service capabilities.

Carried out periodic audits on Zhejiang Apeloa Tospo Pharmaceutical and communicated non-conformities

Conducted quality deviation analysis meeting with Shandong Pharmaceutical Glass

Exchanged quality management experience with the production technology manager of MEGGLE

Exchanged production safety and environmental management experience with Supor Pharmaceuticals

7. Responsible Procurement, Industry Collaboration

Incentivize suppliers through strategic cooperation, priority procurement, and other means

After evaluation and review, suppliers with high long-term integrity, good product and service quality, and excellent sustainable performance in project cooperation can become our strategic suppliers, for whom we will assign priority procurement rights in product and service procurement and adjust the contract credit rating upward, etc. On the contrary, after training, technical communication, deviation notification, and warning, if supplies still cannot meet the Group's expectations of product quality and sustainability, they will be downgraded until they are withdrawn from the list of qualified suppliers.

During the Reporting Period, due to the epidemic, the number of on-site exchanges between Hansoh Pharma and suppliers was reduced. We took advantage of the convenience of online videoconferencing and teleconferencing to conduct various exchanges with more than 500 key suppliers and more than 1,000 training events. Among them, 19 suppliers have received purchase orders after our technical training to improve their performance ability, and some have become our key suppliers. As of the end of the Reporting Period, 70% of the Group's bulk key materials had at least two or more suppliers. Despite the impact of the epidemic to a certain extent, our supply chain has remained consistently stable and resilient, with no supply disruptions due to supplier ESG breaches and no significant risks identified in terms of the ESG responsibilities of key suppliers.

Case: Jiangsu Hansoh successfully developed an alternative supplier for penicillin bottles

The penicillin bottles required for a product produced by Jiangsu Hansoh have been supplied by a foreign enterprise for a long time due to the high requirements of the production process. It is the only supplier of the inner packaging material of this kind, posing a supply risk. During the Reporting Period, Jiangsu Hansoh's quality, technology, equipment, and procurement departments formed a second supply development team to confirm an alternative supplier after multiple comparisons. After more than ten technical exchanges, process connections, and trial samples, its product quality has reached the process requirements, and after process verification and submission for approval according to GMP requirements, it has successfully supplied products to Jiangsu Hansoh.

8

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Talent Development & Healthy Workplace

Talent is the driving force of innovation and the cornerstone of development for the Company. With the development concept of "make progress, create brilliance, share and enjoy together with the Company's development", Hansoh Pharma has comprehensively promoted the international talent layout and established a diverse and high-quality talent team with an open and inclusive attitude. We place a high priority on each employee's fundamental rights and career planning, offer a smooth path for professional growth and a safe and healthy workplace, and use objective and equitable performance assessment and incentive mechanisms to scientifically assess the value of talent and realize the benign construction of a talent team.

8. Talent Development & Healthy Workplace

8.1 DIVERSIFIED TALENT TEAM

A company's requirement for talent will diversify as it develops quickly. With the mission and development vision of contributing to the health and well-being of mankind, Hansoh Pharma has gathered a diverse group of professionals. In order to help each employee maximize their professional value, we consider their professional strengths, values, and personality traits and match them with the most suitable job positions possible. All levels of management are required to have an open and tolerant mindset and treat every employee equally in terms of development, including remuneration, responsibilities and authority, salary transfer, and promotion, and avoid intentional or unintentional discrimination and prejudice. We provide a very inclusive work environment for our employees, so that employees of different genders, ages, ethnicities, religious beliefs, and upbringings can work together harmoniously and happily, as well as recruit multiple various talents, make the best use of their advantages and bypass their disadvantages, creating a good workplace ecology together.

Diversified talent structure: Empower women with core responsibilities	
Proportion of women in executive management	30.8%
Proportion of women in science, technology, engineering and mathematics (STEM)-related positions	49.2%

8.1.1 Equal and Legal Employment

Hansoh Pharma strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, the *Provisions on the Prohibition of Using Child Labor*, and other laws and regulations, and adheres to reasonable and transparent selection criteria in recruitment and hiring in accordance with the "Employee Handbook" and the "Employee Diversity Policy" established by the Group, assesses the match between candidates' abilities and positions, and treats candidates and employees of different gender, age, education, ethnicity, religious beliefs, and cultural backgrounds fairly. Also, in order to prevent the use of child labor or forced labor, we carefully review the application materials of candidates and follow accepted hiring procedures. We regularly verify compliance with hiring and recruitment procedures in order to prevent violations, and our long-term goal is to have "zero violations" in regulated employment. During the Reporting Period, there were no incidents of child labor or forced labor at Hansoh Pharma.

8. Talent Development & Healthy Workplace

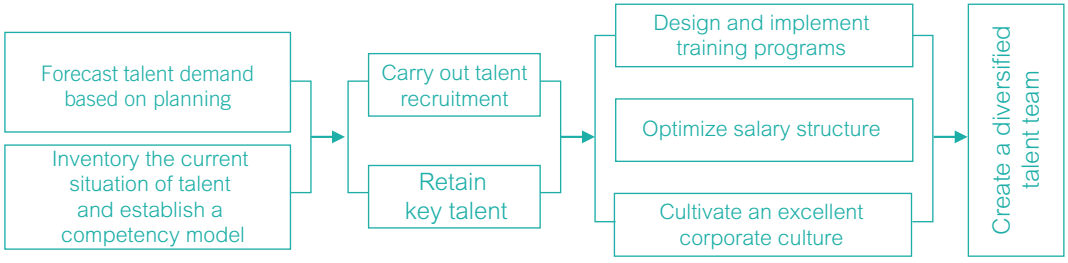
8.1.2 Diversified Talent Recruitment

To meet our diversified talent needs, Hansoh Pharma recruits a wide range of talent through multiple channels. In addition to traditional campus recruiting and social recruiting in the talent market, we fully utilize information technology to advertise talent needs through online platforms and perform remote video interviews, which improve recruitment efficiency and lower recruitment costs. We give full play to the roles of existing talent. Through referrals from internal employees, we "attract talent with talent" and realize "batch attraction of talent", shortening the recruitment cycle. We have created an internal talent market and prioritize internal open recruitment for urgently required talent, which not only revitalizes the current talent pool and utilizes the professional expertise of our employees but also inspires them to learn on their own, accelerates their growth, and increases the value of their contributions.

Proportion of positions filled by internal recruitment during the Reporting Period	**21.6%**

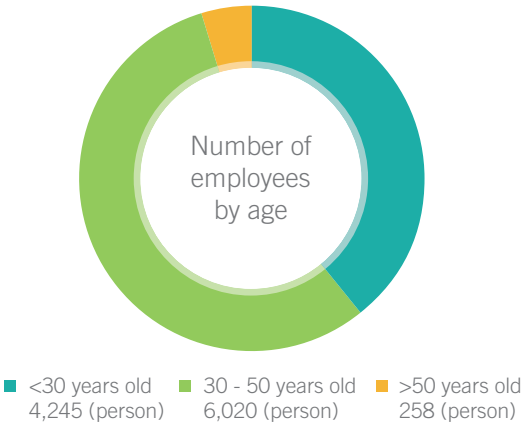
8.1.3 Diversified Talent Team Construction

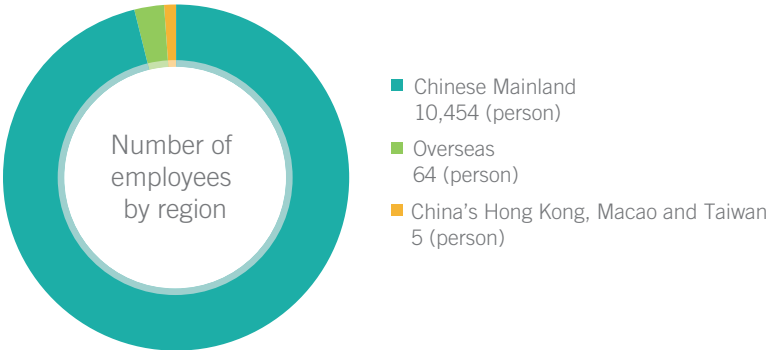
With the goal of enhancing the overall value of the team and ensuring high-quality job matching, Hansoh Pharma is actively building a sustainable talent team. Based on strategic planning and business development trends, we regularly conduct organizational and talent inventories, sort out key job sequences and key populations, build competency models by tier and sequence, and determine talent demand trends and phased demand targets at each level. On this basis, we conduct internal and external surveys in various ways, analyze the cost of talent demand, conduct a comprehensive evaluation of recruitment channels, recruitment efficiency, and recruitment cost according to the principle of maximizing cost-value, and select appropriate ways to carry out forward-looking talent recruitment. To increase the suitability of people and positions, we develop and implement diversified training programs for key talent and groups in accordance with the reasonable cycle of talent growth. We actively optimize the salary structure to improve the attractiveness of key and strategic positions. We also attract and retain outstanding talent with an excellent corporate culture and positive humanistic care to prevent organizational risks caused by the flow or absence of key talent.



As of the end of the Reporting Period, the Group's employees were all full-time employees. The total number of employees was 10,523, of which 2,488 were new employees during the Reporting Period. Among the new employees, 1,501 were male and 987 were female. The Group had 259 employees from ethnic minorities and legally placed one disabled person in employment.

8. Talent Development & Healthy Workplace





8.2 TALENT CULTIVATION AND DEVELOPMENT

Hansoh Pharma is committed to building a learning organization, emphasizing employee capacity building and career development, inspiring the potential of each employee with rich training programs, and empowering high-potential talent through role model leadership, multi-dimensional performance appraisals and equal promotion opportunities to enhance organizational vitality and achieve synergistic development between the Company and its employees.

8.2.1 Talent Cultivation

Hansoh Pharma continues to implement systematic and specialized training programs in leadership, collaboration, and vocational skills to provide diverse development opportunities for our employees. Hansoh Institute of Management is the training organization and implementation department of the Group. We have developed more than 10 systems, including the "General Rules for Training in the Hansoh Pharmaceutical Group", the "Course Management System and Code of Practice", and the "Management Regulations for Onboarding Training", which provide basic institutional safeguards for the organization of various types of training.

8. Talent Development & Healthy Workplace

Based on the organization's development plan, we have built a smooth knowledge sharing platform, provided a wide range of topics, developed colorful and systematic training courses, and created a culture of "all-employee learning and continuous learning" to help each employee adjust to the best working conditions and enhance their own value. Our programs include both general education training for all employees and leadership training to improve organizational management, professional training to improve career skills, onboarding training for new employees, and re-training for retraining existing employees to accommodate the training needs of all types and levels of employees to perform their duties more efficiently.

2022 Hansoh Pharma fresh graduate onboarding training for new employees

Special training on Advertising Law for marketing practitioners

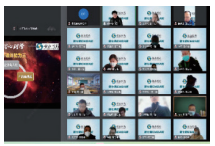
Great leaders are a scarce resource for every company, and Hansoh Pharma believes that every employee has the ability to be a great leader. We have developed a leadership development program to explore and cultivate the leadership potential of managers at all levels. During the Reporting Period, we implemented several training programs, such as "Responsible Leadership", "Structural Meeting Leadership", and "Structural Thinking", for managers at different levels and held the seventh EMBA class. The seventh EMBA class was held to provide special training for reserve cadres and newly promoted managers at all levels. Nearly 400 managers have participated in various leadership training programs.

8. Talent Development & Healthy Workplace

Case: Leadership Training for Managers

The training course on responsible leadership for senior managers: "Act Responsibly – Best Action to Achieve Key Goals".

During the Reporting Period, the Group held the seventh EMBA class, the opening ceremony of which was the first time to communicate in a virtual scenario through an immersive remote experience, allowing the virtual world to be effectively linked with the real world. Participants were "in the cloud" but felt like they were "in the real world".



We have gathered a wealth of training experience and high-quality training resources throughout the course of our long-term employee training practice, and our training techniques are both diversified and flexible. As of the end of the Reporting Period, our "Xuexiqiangsen" (Strengthen Hansoh through Learning) online learning platform for employees, which has been carefully built for many years, has been equipped with thousands of external courses with a total of nearly 50,000 hours of tutorials and more than 2,000 internal courses with more than 60,000 hours of tutorials, which has become an important position for employees to learn and standardize their training. During the Reporting Period, many employees worked at home due to the impact of the COVID-19 epidemic. Therefore, we gave full play to the online platform and added new community interaction, question and answer, and other fun activities, which improved the employees' home experience, helped them learn in joy, and helped them improve themselves in learning.

During the Reporting Period, the "Xuexiqiangsen" platform added two new sections, "Learning Community" and " Hansoh Library", where employees can share their theoretical knowledge and practical experience online and achieve two-way output through message interaction.

8. Talent Development & Healthy Workplace

Case: Hansoh Pharma internal trainer course program

"Cultivate better people with the best people". We have tapped outstanding talent from different levels, positions, and professions to form a team of internal trainers, whose training courses and training methods are grounded, more intimate, and more relevant. By the end of the Reporting Period, the Group had more than 90 instructors. The picture shows the Lean Project internal trainer conducting 6S on-site management training for the production division of Jiangsu Hansoh.

8. Talent Development & Healthy Workplace

Key training data in the Reporting Period
166 online training projects
26 offline training projects
234 online, offline and collaborative training projects (including **1,011** sub-projects)
626 examinations were held
A total of **192,885** people were mobilized for training, and **86,578** people participated in examinations
The total investment in employee training was RMB**6,484,600**, with an average of RMB**616.23** per person.
Training coverage rate **100**%

8. Talent Development & Healthy Workplace

Training for new employees

- Training camp for fresh graduates
- Training on rules and regulations for new employees (including the signing of the compliance commitment letter, anti-corruption and diversity policy training, etc.)
- Position knowledge training (environmental and climate, quality and safety, etc.)
- Production base visits, Hansoh culture training, etc.

Technical training

- "Intelligence Lecture" professional training system (clinical trial operation, intellectual property management, data management, etc.)
- Workplace competency training (business English, project management, mind mapping training, etc.)
- Training on internal and external policy updates
- Responsible marketing

Management training

- Leadership and executive training for managers at different levels
- EMBA class
- Special training camp for managers at different levels

Others

- School-enterprise cooperation
- Degree programs
- Employ external trainers for internal training
- Enterprise mentor apprenticeship program

Hansoh Pharma supports employees' on-the-job academic education to improve overall quality through academic education. During the Reporting Period, we summarized our past management experience in supporting employees' continuing education and degree applications and formulated the Group-level "Management System for On-the-Job Employee Academic Education", which clarifies the principles of support for on-the-job academic education and regulates the requirements for declaration, application procedures, management, and assessment. According to the on-the-job education support policy, eligible employees can receive a maximum support of RMB150,000 for tuition and miscellaneous expenses.

Targeting scarce professionals, we cooperate with relevant colleges and universities to enable professionals to "learn for life" through joint training and degree programs, so that their cognition and ability can keep pace with the world's frontier. We also assist universities in training applied talents by recruiting outstanding staff as mentors, bridging the gap between professional theories and corporate applications, and cultivating more applied pharmaceutical talents for the pharmaceutical industry.

8. Talent Development & Healthy Workplace

Case: Shenyang Pharmaceutical University's joint on-the-job postgraduate training program

Hansoh Pharma and Shenyang Pharmaceutical University jointly held an on-the-job postgraduate class, which started in September 2018, with the goal of cultivating technical talent related to pharmaceutical preparation, pharmaceutical chemistry, pharmaceutical analysis, pharmacology, pharmaceutical engineering, etc. As of the end of the Reporting Period, 43 people have successfully wound up their studies and obtained the certificate of completion of the pharmacy workshop.

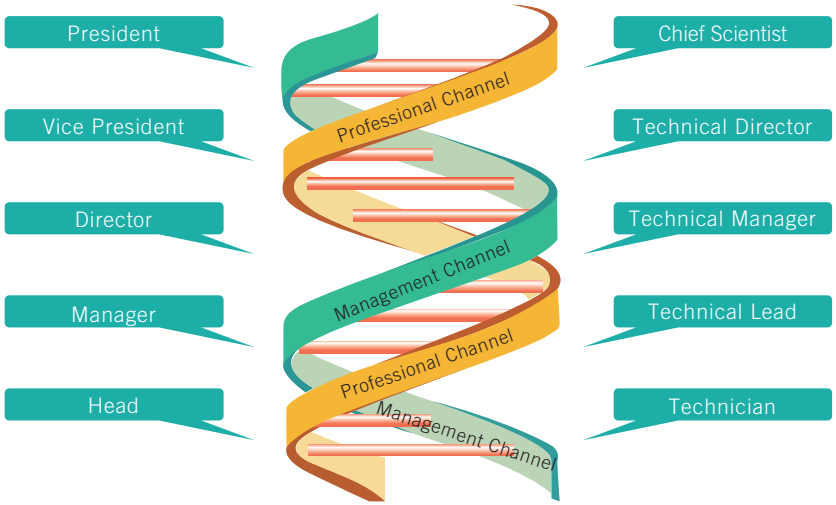
During the Reporting Period, we organized our employees to carry out English examinations, mutual selection of mentors, opening reports, and thesis reviews according to the teaching arrangement, review thesis publication materials, and help students obtain their degree certificates.

To ensure the efficiency, effectiveness, and benefits of various types of training, we implemented project management using the PDCA tool to provide diversified evaluation and feedback on each training course. We have also developed a credit management and assessment system to comprehensively evaluate each employee's participation hours and examination scores on a yearly basis and make the learning of compulsory courses one of the evaluation factors for employee performance and promotion.

8. Talent Development & Healthy Workplace

8.2.2 Dual-channel Promotion

Hansoh Pharma is committed to helping each employee shape their individual career path and providing opportunities and platforms for them to better achieve their career development goals. We have built a dual-channel career path of management and business development, allowing each employee to find a development platform that fits his or her strengths. We regularly evaluate employees' work results, professional abilities, management skills, personality traits, and the performance of the team to which they belong and provide professional guidance for their careers. We have set the salary strategy of "equal pay for the same level" for technical and management positions so that all kinds of personnel can give full play to their professional strengths, bold innovation, and active practice, and ensure the unimpeded two-way flow of technical and managerial personnel.



Interconnected Career Development Dual-channel : Management Channel + Professional Channel

8. Talent Development & Healthy Workplace

8.2.3 Multiple Incentives

Hansoh Pharma follows the principles of fairness, impartiality, and openness, uses multi-dimensional analysis methods to comprehensively and objectively evaluate the comprehensive performance of employees at all levels, and scientifically sets the compensation system so that employees are rewarded accordingly for their hard work, value enhancement, and job performance. We improve understanding between departments and between superiors and subordinates through diverse communication channels to discover strengths, make up for weaknesses, and promote cooperation. We set excellent examples in each business module to encourage employees to earn accolades for their efforts and create a positive work atmosphere. During the Reporting Period, all employees and departments at Hansoh Pharma were subject to regular performance appraisals, and we ensured that all managers and junior employees, especially those in non-sales functions, received compensation that matched the results of their appraisals.

Set annual and quarterly goals with immediate supervisors, track and evaluate them regularly, and provide feedback to employees on their achievement

Manage the goal achievement process through weekly or monthly dialogs between superiors and subordinates in an agile performance management approach

In addition to employee self-evaluation, obtain all-round feedback from colleagues in the department, direct superiors, related departments, and external customers and use it as a basis to measure the value contribution of employees

Evaluate employees as part of a team based on team goals and individual goals

Each year, Hansoh Pharma recognizes outstanding teams and individuals in each business and functional module through grassroots reporting, centralized campaigning, and cross-evaluation and organizes various knowledge and skill competitions to motivate the best in each segment and encourage all employees to compare and surpass each other to achieve top performance. During the Reporting Period, 253 teams and 614 individuals were honored.

Outstanding Employees	Outstanding Management Executives	Outstanding Teams	Outstanding Contribution Award	Star of the Quarter	Sales Progress Award	Sales Benchmark Award

8. Talent Development & Healthy Workplace

Case: Jiangsu Hansoh launched the "Worker Pioneer" selection activity

On the occasion of the 132nd "May Day" (International Workers' Day), Jiangsu Hansoh Labor Union launched the "Pioneer Worker" selection activity for the whole company with the main content of creating first-class quality, first-class work, first-class services, first-class performance, and first-class teams. After the recommendation of the business division, a preliminary examination by the Group's labor union, and a comprehensive evaluation by the evaluation committee, 15 teams, including Jiangsu Hansoh's public relations department, were awarded the honorary title of "Pioneer Worker". In addition, Jiangsu Hansoh's raw material equipment team was awarded the honorary title of "Pioneer Worker" in 2022, as declared by the labor union.

Case: Selection of "woman pace-setter" (collective)

During the Reporting Period, on the occasion of International Working Women's Day, in order to show the upbeat style of female employees and lead all employees to strive for progress and achieve good results, Hansoh Pharma organized the woman pace-setter (collective) selection activity for all female employees and female dominated departments. Through self-declaration and recommendation by business units, 11 woman pace-setters and 8 woman pace-setter teams were finally selected and awarded.

Starting from 2019, Hansoh Pharma has implemented a 10-year limited share unit plan to reward eligible managers and technical professionals for their contributions to the Group and to motivate key personnel to realize more potential, grow and develop together with the Company, and share the fruits of Hansoh Pharma's development. As of the end of the Reporting Period, 629 employees of all ranks participated in Hansoh Pharma's limited share unit plan.

8.3 PROTECTION OF EMPLOYEE RIGHTS AND INTERESTS

We are actively building a "healthy workplace" that is respectful, equal, and inclusive, establishing and continuously improving employee rights and benefits protection mechanisms, building smooth and reliable communication and grievance channels, providing competitive compensation and benefits, and implementing diverse employee care activities to continuously improve team cohesion and enhance employees' sense of belonging, happiness, and sense of accomplishment. At the same time, we exert corporate value influence, strengthen supplier social responsibility management, and promote the business value chain to improve human rights protection.

8. Talent Development & Healthy Workplace

8.3.1 Basic Employee Rights and Interests

Hansoh Pharma respects the basic rights stipulated in the United Nations' *International Bill of Human Rights* and the International Labor Organization's *Declaration on Fundamental Principles and Rights at Work*, strictly abides by the *Labor Law of the People's Republic of China* and the regulations of each place of operation, and adheres to the goal of "'zero' violation in long-term regulated employment" and ensures that the legal rights and interests of our employees are respected at every stage of recruitment and employment, that human trafficking, forced labor, child labor, discrimination and harassment are eliminated, that freedom of association and the right to collective bargaining are respected, that salaries paid are not lower than the local minimum wage, and that equal pay for equal work is strictly enforced for both men and women.

Difference in pay between male and female employees (%)	
Difference in average employee pay[8]	2.64
Employee median pay difference[9]	5.97

Hansoh Pharma encourages all employees to complete their work efficiently during working hours, discourages working overtime, does not force labor, implements an overtime audit system, and arranges timely transfers for overtime employees to ensure that employees get adequate rest.

We provide all employees with training related to our "Employee Diversity Policy", promote an equal and diverse corporate culture, cultivate anti-discrimination and anti-harassment awareness among employees, and conduct regular communication and team-building activities with supervisors and HRBP to strengthen employees' understanding and trust in each other and provide them with a smooth and confidential channel to report any inappropriate workplace incidents.

Total hours of diversity training for Hansoh Pharma employees in 2022 **5,806** hours

We regularly evaluate policies involving the rights and interests of our employees and those of our supply chain and proactively identify possible risks to labor rights and interests in order to protect the Group and parties related to the supply chain from violations of the legitimate rights and interests of employees, including vulnerable groups such as women, children, migrant workers, third-party dispatchers, and residents of surrounding communities. We incorporate matters related to employees' rights and interests into due diligence in accordance with the "General Principles of Sustainable Procurement", and throughout the process of supplier entry, bidding negotiations, and contract performance. We have developed an employee rights and interests review and audit checklist that covers a number of vulnerable risk points, including legal and compliant employment, labor hours, equal pay for equal work, discrimination and harassment, freedom of association, union coverage and collective agreement signing, and occupational health protection. We prioritize risks to labor rights and interests within our organization and in our supply chain and have established emergency response processes to avoid and eliminate adverse impacts, strengthen relevant management, track relevant information, flag risks before adverse impacts occur whenever possible, and take remedial actions as soon as possible.

[8] Difference in average employee pay = average male employee pay/average female employee pay * 100% – 1

[9] Employee median pay difference = median pay of male employees/median pay of female employees * 100% – 1

8. Talent Development & Healthy Workplace

During the Reporting Period, we did not identify illegal employment issues in our own operations, supply chain, or business cooperation, nor did we identify adverse incidents such as discrimination and harassment. See Section 7.2 for more information on our prevention and review of human rights risks for suppliers and the signing of compliance commitment letters.

Case: Collective agreement signing

During the Reporting Period, Jiangsu Hansoh Labor Union and the Human Resources Department renewed the collective contract for employees, including the special collective contracts for wages, special collective contracts for labor safety and health, and special collective contracts for the protection of women workers' special rights and interests, using labor unions as a vehicle for workers to rally and defend their basic rights and interests. We build a bridge of mutual trust and mutual restraint between enterprises and employees in the areas of pay and benefits, occupational health and safety, equality and diversity, and comprehensively safeguard the legitimate rights and interests of workers.

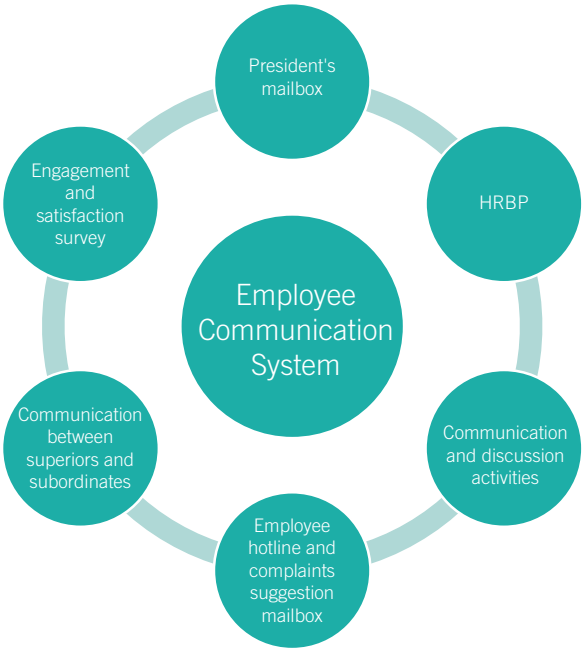
Proportion of employees covered by Hansoh Pharma Labor Union	**90.1** %

8.3.2 Communication and Complaints

Hansoh Pharma respects the feelings of every employee and encourages employees to make comments and suggestions on their own work or on other aspects of the Group's management and practices. We have set up a smooth employee communication system with diverse communication activities in the form of employee representative meetings, employee seminars, subordinate meetings, HRBP communication sessions, and work exchange and sharing sessions. We have also set up an internal reporting phone number and email address, a president's mailbox, and a rationalization program to listen to employees and receive employee complaints, reports, reports on risk matters, and suggestions for optimization and improvement. In addition, we have established a public announcement system for major matters, allowing employees to fully participate in management decisions through public evaluation, public resolution, and public display when it comes to matters such as major policy adjustments, personnel promotions, personnel recognition, and key project construction.

8. Talent Development & Healthy Workplace

We have dedicated personnel to receive and handle employee complaints and reporting incidents, and we support employees in safeguarding their rights and interests according to the law. We keep the information of complainants or whistleblowers strictly confidential and will give severe punishment to those responsible if we find any incidents of discrimination or harassment. We conduct investigations in accordance with appropriate procedures and in an appropriate manner based on the nature of the complaint or grievance matter, set up a task force when necessary, and provide feedback to the complainant on the results of the investigation and processing. During the Reporting Period, there were no litigation cases arising from discrimination, harassment, or violation of employee rights and interests at Hansoh Pharma.



Case: Employee seminar

In January 2022, Jiangsu Hansoh Labor Union held a seminar for employees living in the staff dormitory to communicate with them about their experiences. Employee representatives put forward their opinions and suggestions on issues such as staff dormitory management, and the relevant responsible leaders answered and gave solutions on the spot. In the same month, Jiangsu Hansoh Labor Union also organized a tea party for the management staff of the production division and R&D division, where the senior management of the Group welcomed the New Year and said goodbye to the old year together with the staff, listened to their voices, and looked forward to a bright future.

8. Talent Development & Healthy Workplace

Hansoh Pharma conducts an annual satisfaction and engagement survey for all employees as an important tool to assess the status of employees and develop and optimize talent policies. Our survey questionnaire covers various dimensions such as employees' work experience, value assessment, work fulfillment, teamwork, corporate culture, innovation, and motivation, reflecting employees' inner drive, happiness, stress, trust, and other feelings, which can effectively provide a basis for decision-making to optimize the internal system and enhance the ability to protect employees' rights and interests. During the Reporting Period, a total of 78.8% of our employees participated in the employee engagement and satisfaction assessment, and the results showed that 85.5% were highly satisfied with their current work status.

8.3.4 Compensation and Benefits

Hansoh Pharma has established a compensation and benefits system that is both externally competitive and internally fair. Following the principles of specialization, differentiation, and uniformity, we conduct annual external market compensation research and evaluate the market conditions of various types of talent and the Company's compensation and benefit levels through a database of compensation reports in the healthcare industry to guide the Company in compensation planning and the development or optimization of talent incentive and retention strategies. We scientifically assess the value of each position and use it as a basis to fairly determine the salary level of each position in a performance-oriented manner. Our salary system consists of position basic salary, performance salary, project incentive, technical allowance, divisional age allowance, etc., which not only recognizes employees's short-term contribution to the Company but also has the company's expectation of long-term retention and future development incentives, which can effectively improve employee satisfaction and output rate and effectively reduce the turnover rate of core employees.

We pay attention to the physical and mental health of our employees and set up a wealth of personalized welfare programs to provide employees with strong support for work-life balance and effectively meet their needs.

8. Talent Development & Healthy Workplace

Statutory basic benefits
Social insurance, housing fund, statutory paid holidays, model labor allowance, only child allowance, occupational health exam, etc.

Hansoh Pharma employee benefits	
Housing benefits:	housing purchase subsidy, rental subsidy, talent apartment, etc.
Travel benefits:	commuter shuttle, transportation allowance, travel allowance, business travel insurance, etc.
Health benefits:	annual physical examination, supplemental commercial medical insurance, mutual aid fund, high temperature allowance, workplace psychological counseling, sports and fitness facilities, etc.
Humanistic benefits:	welfare points travel, holiday allowance, departmental reunion allowance, employee birthday care, newlywed gift, anniversary gift, sympathy gift for retired employees, family visit allowance for personnel stationed abroad, overseas family visit leave for special personnel, etc.
Education benefits:	MBA and EMBA training for management personnel, overseas training for specific personnel, scholarships for children of employees in difficulty, scholarships for outstanding children of employees etc.
Family support:	parental leave, working day breastfeeding time, breastfeeding room, flexible working hours, home office, commercial medical insurance for children, etc.
Other benefits:	free meals or meal allowance, overtime meals, birthday meals, maternity meals, communication allowance, etc.

8. Talent Development & Healthy Workplace

Sports activities and fitness facilities for Hansoh Pharma employees

健身房

乒乓球室

8.3.5 Employee Care

Hansoh Pharma is committed to maintaining a warm and harmonious work atmosphere and carrying out personalized care activities for diverse employee groups, including tours for new employees, a dating platform for single young employees, retired employee return visit, diversified club activities, and support for employees in need, so that employees of all types can feel the fruits of the Company's development and enhance their pride and sense of belonging as members of the Company.

Case: Normalized support for employees in difficulty

In addition to regular help and special visits during the holidays, for groups with special difficulties, Hansoh Pharma will add additional funds to help. During the Reporting Period, Hansoh Pharma provided monthly grants of RMB600 for eight employees in special difficulty and RMB1,000 for 49 employees in difficulty (including eight special hardship employees) for the Chinese New Year.

Case: Employee Mutual Aid Fund

Jiangsu Hansoh established the Employee Mutual Aid Fund in 2013 with voluntary contributions from employees and equal replenishment from the Company to establish a pool of funds. In 2017, the Employee Mutual Aid Fund covered the entire Hansoh Pharma, with funding items including: employee serious illness, hospitalization subsidy, hospitalization sympathy, employee family (spouse, parents, children) serious illness, disability assistance, etc., which not only reflects the warmth of mutual help among employees but also the Company's care for its employees. During the Reporting Period, Hansoh Pharma's Employee Mutual Aid Fund sponsored a total of 410 employees, with an expenditure of more than RMB2.52 million. Among them, RMB630,000 was spent on serious illnesses, accounting for 32% of the total amount.

8. Talent Development & Healthy Workplace

In order to take care of the physical and mental health of our employees and to relieve work stress, we have set up book corners in each of our operations to organize our employees to read books that are good for their mental health, share their reading experiences, and develop and exchange hobbies. We pay extra attention to the physical and mental health of our female employees. In addition to basic benefits such as maternity leave, breastfeeding leave, maternity allowance, and regular gynecological examinations, we have set up fully-equipped rooms of mother and infant for new mothers at each site, adjusted more flexible working hours for female employees during pregnancy, childbirth, and breastfeeding, provided more suitable maternity and breastfeeding meals, and set up more spacious seats for pregnant women on commuter buses. We are committed to alleviating the social and family pressure on female employees and helping them better realize their self-worth through equal employment and workplace care.

Case: Diversified employee care – HPV vaccination for female employees

During the Reporting Period, to help female employees build a health barrier, Hansoh Pharma contacted local community health service centers to organize HPV vaccinations for female employees of the appropriate age who needed the vaccination. As of the end of the Reporting Period, 115 female employees were successfully vaccinated, including 27 with the nine-valent vaccine, 43 with the quadrivalent vaccine, and 45 with the bivalent vaccine, and HPV screening was provided to 123 female employees.

8.3.6 Employee Activities

Hansoh Pharma respects the right of employees to freely associate legally to stimulate their diverse interests, regulate the pace of life, relieve work pressure, and enhance group cohesion and employees' sense of belonging. During the Reporting Period, more than ten cultural and sports associations and art groups, such as calligraphy and painting, table tennis, badminton, basketball, outdoor sports, chess and cards, carried out hundreds of colorful cultural exchange and sports competition activities under the organization of the labor union.

Highlights of Hansoh Pharma staff activities

Warrior steeplechase

Fitness dance competition

8. Talent Development & Healthy Workplace

Staff basketball tournament

Team building activities

Case: "Staff Lecture" activity

During the Reporting Period, Hansoh Pharma extensively consulted with employees and conducted dozens of science and interest courses in two categories: culture & sports and health. Since the first course, "Learn to Play Badminton" began on July 15, we have invited outside experts to serve as instructors and offered courses such as "Health and Wellness", "Parenting", and "Learn to Sing with Me", which were widely praised by employees.

8. Talent Development & Healthy Workplace

8.4 HEALTH AND SAFETY

8.4.1 Health and Safety Policy

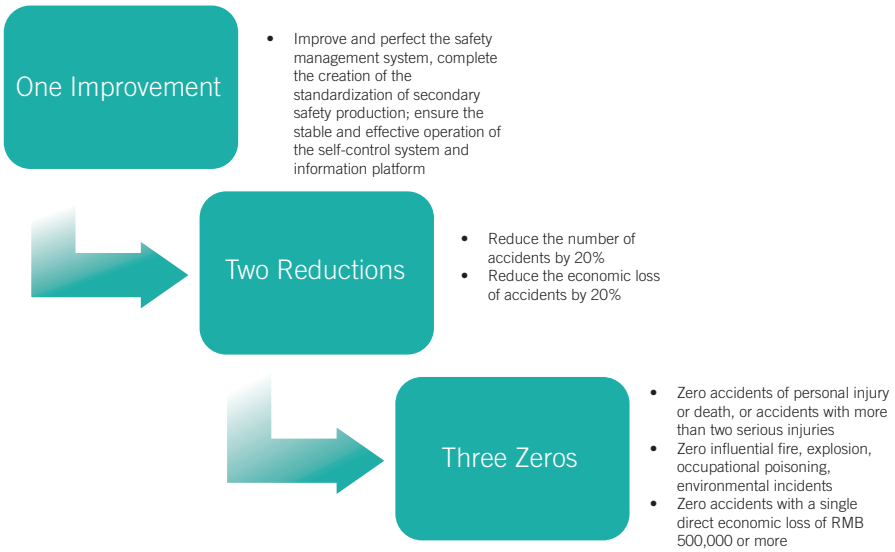
In strict compliance with laws and regulations such as the *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China*, and the *Regulations on the Safety Administration of Dangerous Chemicals*, and under the supervision and guidance of our Board of Directors, we have developed over 80 management documents, including management policies, systems and standard operating procedures, covering all employees, contractors and other companies or individuals working in all of the Group's operating locations on matters related to safety, fire, extreme weather, occupational health and hazardous chemical management. During the Reporting Period, we updated the Contractor Safety Management System, Fire Safety Management System, Fire Operation Management System and "*Work at Height Management System*", as well as incorporated all of the Group's production and operation activities into the ISO 45001 occupational health and safety management system.

100% of our production and operation sites have passed ISO 45001 OHS management system certification

Covering **90.1%** of our employees

Hansoh Pharma adheres to its public commitment to "Zero Goal of Production Safety". Under the management policy of "safety first, people first, prevention first, technological innovation, and continuous improvement", we have established a safety management system that covers the Board of Directors, senior management, middle management, and junior staff. EHS departments have been set up in each major operation site, and the person responsible for safety in each operation module has been clearly defined. Top managers, heads of EHS and related departments, and personnel in production safety-related positions at each operation site sign the *Safety Assessment Responsibility Letter* at each level every year, and employee representatives participate in relevant consultation and decision-making and sign collective agreements on occupational health and safety. The remuneration of managers at all levels and personnel in production safety-related positions is closely linked to the production safety target, and a one-vote veto system is in place for major safety accidents, so that targets, incentives, and penalties are clear and key risk management responsibilities are in place. During the Reporting Period, we achieved the target of "One Improvement, Two Reductions, and Three Zeros".

8. Talent Development & Healthy Workplace



Measures to achieve the production safety target in 2022

- ➢ Decompose the target and formulate annual key work;
- ➢ Establish a sound production safety responsibility system for all employees;
- ➢ Increase investment in production safety and enhance the level of safety management;
- ➢ Strengthen risk identification and assessment, and promote the construction of double prevention mechanism;
- ➢ Strengthen safety publicity and training education and enhance the effect of education and training;
- ➢ Improve the level of safety management for contractors;
- ➢ Further standardize the management of special operations;
- ➢ Strengthen the construction of occupational health management system;
- ➢ Promote the creation and operation of secondary standardization;
- ➢ Strengthen accident management;
- ➢ Improve the accident emergency response system;
- ➢ Promote safety compliance procedures and ensure compliant production of projects.

8. Talent Development & Healthy Workplace

8.4.2 Health and Safety Risk Identification, Assessment and Prevention

In accordance with relevant laws and regulations and the requirements of the ISO45001 management system, the Group regularly identifies and evaluates occupational health hazard factors and production safety risks, ranks the risks according to the degree of hazards and probability of occurrence, and formulates inspection and improvement plans with different frequencies. During the Reporting Period, we incorporated health and safety factors into the assessment process of new products, new process equipment, and new production workshops and also scientifically defined and systematically sorted out the process of prediction and prevention of dangerous and harmful factors in the production and operation process, as well as the identification and analysis of causes of casualties and accidents based on the newly promulgated GB/T13861-2022 *Classification and code for the hazardous and harmful factors in process*. It covers 100% of production, R&D, administrative offices, and other major operation sites. Jiangsu Hansoh has completed the *Assessment Report on the Double Prevention Mechanism of Safety Risk Grading and Control and Hidden Danger Investigation and Management* in accordance with the new *Production Safety Law* during the Reporting Period, which provides the basic conditions for the implementation of the prevention mechanism in the production process.

We continue to increase investment in safety production, increase safety and health prevention and protection facilities from all safety factors of man, machine, material, method, and environment, optimize production processes, improve employees' awareness of self-prevention and protection, reduce the actual operating time of employees' exposure to hazards and dangerous substances as much as possible, and at the same time, each responsible person keeps high-frequency job self-inspection, internal inspection, and inspection according to the division of responsibilities and risk control points to solve and eliminate unsafe factors in time, minimize the occurrence of health and safety accidents, and test the results of the implementation of each work through questionnaire research, internal inspection, and third-party inspection and certification. Jiangsu Hansoh completed the automation of the whole process transformation of high-risk processes in the Reporting Period and passed the acceptance.

We encourage all employees to report the health and safety risks found in their daily work in a timely manner. Any employee who finds factors that may generate health and safety risks can and must report them to the EHS department and the relevant person in charge in a timely manner through a smooth channel, and the relevant department should conduct an investigation and make necessary rectifications immediately after receiving the report to avoid generating safety and occupational hazard accidents.

We have established occupational health and safety files for all employees, organized employees to undergo onboarding, on-the-job and off-the-job occupational disease medical examinations, helped employees manage information related to occupational disease prevention, and protected employees' personal privacy by maintaining strict confidentiality of relevant medical examination results.

During the Reporting Period, no major safety accidents or occupational disease incidents occurred at Hansoh Pharma, and no penalties were imposed for violating occupational health and safety laws and regulations, nor were there any work-related deaths of employees.

8. Talent Development & Healthy Workplace

8.4.3 Health and Safety Awareness Enhancement

Of the five major influencing factors of health and safety, the human factor always comes first. Employee health and safety awareness, the ability to perform safe operations and health precautions, and the ability to prevent and handle risks are critical to reducing and eliminating health and safety accidents. Hansoh Pharma continues to strengthen employee health and safety awareness, conducts a combination of general knowledge and job-specific health and safety education and training in conjunction with the business characteristics of each operating site, and uses various promotional vehicles to promote health and safety knowledge. We equip employees with adequate and effective protective equipment, train them on the necessary usage and precautions, and regularly check the implementation and evaluate the effectiveness of prevention. For contractors and third-party personnel working in the Group's operations, in addition to strengthening access management, risk assessment and contractual constraints on health and safety during supplier selection, we also conduct targeted health and safety training based on the characteristics of their work and require them to sign a commitment to production safety. During the Reporting Period, Hansoh Pharma conducted training for all employees on four major topics, including EHS daily work knowledge, safety management awareness, fire safety knowledge, and information security knowledge. All contractors and third-party operators in the scope of the operation sites received health and safety training and were assessed and qualified for employment.

8. Talent Development & Healthy Workplace

Case: 2022 Health and safety training for Hansoh Pharma employees

Safety training for senior and middle management

Special operations safety training

First aid training

First aid training

8. Talent Development & Healthy Workplace

Case: Health and safety training for Hansoh Pharma contractors

When contractors and constructors enter the factory for the first time, firstly, the safety management department will provide education for all personnel, focusing on the Group's physical and chemical characteristics of raw and auxiliary materials and products, relevant laws and regulations, the safety management system, operation procedures, and basic knowledge of safe production and occupational health (prevention of mechanical injury, fire and explosion prevention, dust prevention, poisoning prevention, first aid, dangerous and harmful factors, emergency plans, etc.). Next, they are required to sign the safety commitment and hazard notification letter. Finally, we carry out the assessment, and after they pass the assessment, we implement the induction by the contacting department.

8.4.4 Health and Safety Prevention and Mitigation

In order to prevent and mitigate potential significant and negative health and safety impacts, Hansoh Pharma insists on formulating the "Annual Emergency Drill Plan" each year and organizing emergency drills for all employees in order to continuously strengthen the health and safety awareness of all employees and verify the smoothness of the entire process from reporting to disposal to improvement once a safety incident occurs, the scientific and timely emergency disposal, and the completeness and responsiveness of various protection facilities and devices. During the Reporting Period, each major operating site organized one full-scale comprehensive emergency drill and dozens of on-site drills for emergency disposal at high-risk sites, covering major health and safety risks such as electrocution, fire, evacuation and escape, chemical leakage, poisoning and asphyxiation, and heat stroke, to further enhance the level of response to unexpected safety incidents at each site.

8. Talent Development & Healthy Workplace

Case: 2022 Hansoh Pharma health and safety emergency drill

Fire safety drill

Hazardous chemical CO_2 fire fighting drill

Escape drill

	2021	2022
Working days lost due to work-related injuries (days)	413.4	267

Community Building & Health Sharing

3 良好健康與福祉

Humanity's pursuit of health, well-being, and a better life is the constant driving force behind the development of the world community. As a responsible corporate citizen, Hansoh Pharma, while continuously improving its corporate competitiveness and profitability, fully utilizes its resource advantages and value impact, focusing on helping doctors and educators, strives to help Chinese medical institutions improve their diagnosis and treatment standards, cultivate quality medical talent for the society, while actively responding to the United Nations Sustainable Development Goals, looking globally, promoting universal healthcare, improving drug accessibility and affordability, and improving medical coverage and quality of life for patients from less developed regions, disadvantaged groups, and those with special needs.

9. Community Building & Health Sharing

9.1 TOP-LEVEL STRATEGIC LEADERSHIP TO ENABLE MORE PATIENTS TO SHARE THE VALUE OF INNOVATION

China is one of the world's most populous developing countries and a key location for Hansoh Pharma's operations. We are actively responding to the "Healthy China" strategy by increasing our investment in R&D, continuing to implement lean management, proactively participating in procurement bidding and medical insurance negotiations, and conducting professional academic exchanges so that the value of our innovation can benefit more and more Chinese patients. The ESG Committee of our Board of Directors has reviewed and continuously monitored the Group's strategy for inclusive development in developing countries. During the Reporting Period, we formulated the "Product Responsibility and Accessibility Policy", which combines the improvement of drug accessibility with the construction of Hansoh Pharma's innovation R&D pipeline, focusing on the layout of urgent clinical needs, extensive promotion of advanced diagnostic and treatment technologies and research results, and the enhancement of primary care through optimizing production processes, reducing product costs, and actively participating in medical insurance negotiations to greatly improve drug affordability. We have also refined our global initiatives to improve access to medicines and are actively deploying them in countries and regions with extremely low access to healthcare resources.

Hansoh Pharma Universal Healthcare Goals	Progress toward Goals
Promote the inclusion of all newly approved innovative medicines of inclusive value in the National Reimbursement Drug List within 2 years of launch	As of 2022, six innovative medicines produced by Hansoh Pharma were on the market, all of which are in the National Reimbursement Drug List by the time of this report
By 2030, over 35 more markets in low- and middle-income countries (LMICs) will be reached by Hansoh Pharma's products compared to 2022, benefiting 30 million patients in LMICs	By 2022, Hansoh Pharma's products have entered 24 markets in LMICs

9. Community Building & Health Sharing

9.1.1 Driven by Innovation, Helping the Construction of "Healthy China"

Increase investment in R&D to accelerate the process of innovative drug launch

- During the Reporting Period, the Group invested RMB 1.693 billion in R&D, accounting for approximately 18% of its current revenue.
- As of the end of the Reporting Period, the Group has successfully commercialized six innovative drugs, and nearly 30 innovative drugs are in different stages of development and are progressing smoothly, forming an innovation ecology of "one batch of marketed drugs, one batch of developed drugs, and one batch of stockpiled drugs", allowing more and more patients to receive safer and more effective drug treatments.

In-depth implementation of lean management and focus on reducing production costs

- During the Reporting Period, we focused on the goal of "improving quality, ensuring supply, and reducing cost", continued to implement lean management, and actively optimized the production model through process optimization, centralized production scheduling, rational organization of production elements, and energy control measures.
- On the premise of ensuring product quality, the production cost of large generic drugs and innovative drugs was effectively reduced, which created good conditions for participation in national centralized drug procurement and inclusion in the National Reimbursement Drug List for innovative drugs.

Participation in centralized procurement and medical insurance negotiations to enhance drug affordability

- Starting from the national quantity procurement work in 2018 and up to the end of the Reporting Period, the Group has participated in six rounds of centralized procurement and several rounds of national negotiations for innovative drugs in total.
- Through substantial price reductions and concessions, more than 20 varieties have been awarded successively, covering more than 80% of the Company's large varieties, and all six innovative drugs have been included in the National Reimbursement Drug List, from which millions of patients have benefited.

Conducting academic exchanges and helping to improve the level of primary diagnosis and treatment

- During the Reporting Period, we relied on the academic platforms of anti-tumor, central nervous system, diabetes, cardiovascular disease, and severe infection that we have built over the years and utilized the high-quality medical resources in central cities to promote the application of advanced treatment technology and clinical research results to primary medical institutions through a combination of online and offline, in-hospital and out-of-hospital methods.
- Hundreds of academic exchange activities have been conducted, benefiting tens of thousands of physicians, which has strongly improved the level of diagnosis and treatment in various related disease areas and brought health benefits to more and more patients at the primary level.

9. Community Building & Health Sharing

Case: Starfire Project – Sailing Action —Beautiful China Tour on Tumor Precision Diagnosis and Treatment

2022 Hansoh Pharma large-scale public welfare training activities for basic medical institutions

The overall morbidity and mortality rate of malignant tumors remains high and is a major public health issue that threatens human health. During the Reporting Period, Hansoh Pharma, together with the Chinese Society of Clinical Oncology (CSCO), continued to carry out the "CSCO-CMT Primary Care Oncology Specialty Capacity Building" project, holding 54 primary care training sessions, covering 1,500 primary care oncologists in 26 provincial-level administrative regions across China, and helping more than 300 primary care hospitals improve the level of precision tumor treatment and oncology department construction.

9. Community Building & Health Sharing

Case: A tour covering a hundred cities on chronic hepatitis B treatment

According to WHO estimates, approximately 300 million people worldwide are living with chronic hepatitis B, with 1.5 million new infections occurring each year. During the Reporting Period, Hansoh Pharma organized top experts in the field to conduct 100-city lecture tours to primary care institutions to disseminate the latest treatment hotspots and answer questions for primary care physicians, with a total of 15 lecture tours organized, benefiting more than 800 physicians.

9. Community Building & Health Sharing

9.1.2 Focusing on Patients with Rare Diseases and Expanding Treatment Options

Rare diseases are characterized by low incidence of single diseases, genetic predominance, seriousness, difficulty in diagnosis, and low treatability, which are easily neglected by society. According to Orphanet, the world's largest rare disease database, more than 6,000 rare diseases have been identified worldwide, accounting for about 10% of all human diseases. On average, one in every 30 or so people may have a rare disease, and half of them are children. Around the world, the treatment of rare diseases is a major medical challenge for humanity.

While focusing on the treatment of major diseases such as anti-tumor, central nervous system, anti-infection and metabolic disease, Hansoh Pharma is actively laying out rare disease drugs and trying its best to solve the problem of drug unavailability for more rare disease patients. On the one hand, we will develop generic versions of rare disease drugs that have been marketed overseas, so that a large number of patients in China and other developing countries can share the fruits of global pharmaceutical innovation as soon as possible; on the other hand, we will work together with cutting-edge R&D institutions in related fields to develop innovative drugs related to rare diseases through licensing and co-development, so that more rare disease patients worldwide can gain new hope for treatment.

As of the end of the Reporting Period, Hansoh Pharma has three rare disease drug varieties approved for marketing, including Ambrisentan Tablets, approved in 2018 for the treatment of idiopathic pulmonary arterial hypertension (IPAH), generic Icatibant Acetate Injection approved during the Reporting Period for the treatment of hereditary angioedema (HAE), and innovative drug Inebilizumab Injection for the treatment of neuromyelitis optica spectrum disorders (NMOSD). A drug for the treatment of pulmonary hypertension to delay the progression of the disease, Selexipag Tablets, has been submitted for marketing in 2021 and is currently under review.

9. Community Building & Health Sharing

Case: Innovative drug Inebilizumab Injection for neuromyelitis optica spectrum disorders (NMOSD) was approved for marketing

NMOSD is a rare neurological autoimmune disease with predominantly optic nerve and spinal cord involvement, mostly in women, with high recurrence and disabling features. In March 2022, Inebilizumab Injection was approved for marketing by the National Medical Products Administration (NMPA). Evidence-based evidence shows that Inebilizumab depletes B cells more extensively and durably and consistently reduces the risk of NMOSD recurrence, with a 77% reduction in the risk of recurrence with 28 weeks of monotherapy and an average recurrence rate of 1% at year 4 of long-course use; reduces the risk of worsening disability; is safe and reliable; and provides overall patient benefit. Currently, Inebilizumab Injection has been included in the National Reimbursement Drug List.

9. Community Building & Health Sharing

9.2 ENHANCING LOCAL BASIC MEDICAL CAPACITY BUILDING

9.2.1 Supporting Medical Education and Training Young Professionals

"Quality Education" is one of the 17 Sustainable Development Goals of the United Nations in its 2030 agenda and is critical to the eradication of global poverty and hunger and the promotion of sustainable economic and social development. With a focus on pharmaceutical education, Hansoh Pharma provides accessible, high-quality, affordable education and growth opportunities for young medical and pharmaceutical professionals through scholarships and educational development funds at pharmaceutical institutions of higher learning, joint training of in-service graduate students with universities, and sponsorship of academic competitions for young physicians. During the Reporting Period, our public welfare investment in sponsoring pharmaceutical education was RMB1.6 million.

Case: Jointly established the Hansoh College of Pharmacy

In order to promote the cultivation of innovative and applied talent in higher education institutions, during the Reporting Period, Hansoh Pharma and Nanjing Medical University Kangda College jointly established the "Hansoh College of Pharmacy" and appointed a group of young business leaders and management cadres of the Group as part-time teachers, while also establishing a scholarship at the school to reward outstanding students and young faculty members.

Case: Facilitate young clinicians cultivation

In order to accelerate the growth of young doctors in the field of blood diseases and cultivate a new generation of mid-career and backbone, during the Reporting Period, Hansoh Pharma and the CMA, CHINESE MEDICAL ASSOCIATION jointly organized the China Young Physicians Clinical Diagnostic and Diagnostic Thinking Competition on Blood Diseases, which set up an open communication platform with the participation of over 200 young physicians.

9. Community Building & Health Sharing

9.2.2 Promoting Community Progress and Helping Upgrade the Local Pharmaceutical Industry

The community is the foundation and soil for enterprise development and the closest living environment for enterprises. Upholding the principle of "relying and developing the local community where it is found", Hansoh Pharma is actively involved in community governance and shared development and are committed to building long-term, mutually beneficial partnerships with the community to create a favorable external environment for our company.

Improving tax policies to pay taxes according to the law and supporting local economic construction

- We formulated and improved our Group-level tax policy, the Tax Code, emphasizing our commitment and requirements to pay taxes in accordance with the law, maintain tax transparency, and disclose tax information on a regular basis.
- In terms of actions, we have strengthened our tax team and improved our tax internal control processes to enhance tax management and prevent tax risks.
- We have strengthened communication with local tax authorities to achieve consensus on major tax policies, enhance mutual trust, and reduce tax risks and disputes.
- During the Reporting Period, all enterprises of the Group paid tax in full and on time in accordance with the law, and there were no incidents of being punished by regulatory authorities for tax violations.
- Jiangsu Hansoh has been ranked as one of the top ten tax-paying enterprises in Lianyungang for many years, and has maintained the "A grade tax credit rating", which has better promoted local economic development.

Giving priority to purchase local products and extending the industrial development chain

- Based on the requirements of procurement cost, procurement cycle and the consideration of controlling greenhouse gas emissions from inward and outward logistics and promoting the development of local industries, we require each procurement entity to give priority to the procurement of local products on the basis of satisfying the quality of products and services and reasonable prices in the "General Principles of Sustainable Procurement".
- During the Reporting Period, Jiangsu Hansoh carried out business cooperation with more than 400 local suppliers in Lianyungang and Changzhou Hansoh and with nearly 100 suppliers in Changzhou, involving more than 20 physical industries such as raw and auxiliary materials, internal and external packaging materials, engineering and construction, equipment supply and installation, and fire protection and environmental protection services, driving the employment of more than 10,000 local people.

Participating in local capacity building and promoting the development of health industry agglomeration

- During the Reporting Period, Changzhou Hansoh actively participated in the development of strategic emerging industries in Jiangsu Province and actively built a platform for the industrialization of biopharmaceuticals with the support of provincial development special funds, becoming a pioneering enterprise for the development of the biopharmaceutical industry in Changzhou.
- Jiangsu Hansoh actively participates in the construction of the local "China Pharmaceutical Port", and plays the role of counselor in project planning, infrastructure construction, exhibition hall layout, talent training, industrial investment, etc. At present, the construction of "China Pharmaceutical Port" has taken shape and has become an important carrier for the local pharmaceutical industry to gather. It has become an important carrier for the local pharmaceutical industry.

9. Community Building & Health Sharing

Case: Biomedical industry cluster construction project in Jiangsu province

Strategic emerging industries in Jiangsu province—Changzhou Hansoh high-end biopharmaceutical R&D and industrialization project

With the support of provincial special funds for the development of strategic emerging industries, Changzhou Hansoh has accelerated the construction of the biopharmaceutical project R&D and industrialization project. As of the end of the Reporting Period, the project has the production capacity for biological stock solution, ADC coupling, small volume injection, and lyophilized preparation, which is expected to be put into production in 2023.

Jiangsu Hansoh actively participates in the construction of Lianyungang "China Pharmaceutical Port". "China Pharmaceutical Port" is a new pharmaceutical industry cluster built by the Lianyungang Municipal Government, which aims to follow the industrial development trend, strengthen industrial guidance and services, and promote the synergistic development of pharmaceutical upstream and downstream industry chains. In the construction of "China Pharmaceutical Port", Jiangsu Hansoh has made full use of the development experience and resource advantages accumulated over the years, actively cooperated with the local government, and played an active role in project planning, infrastructure construction, and industry investment. At present, the core area of "China Pharmaceutical Port" has gathered more than 30 pharmaceutical-related projects, and after all of them are completed, it can carry more than 200 pharmaceutical enterprises and gather more than 5,000 pharmaceutical talent.

9.2.3 Participating in Social Welfare and Helping the Needy

Total philanthropic expenditure of Hansoh Pharma in 2022	RMB **47,386,000**
2022 Hansoh Pharma volunteer services	**916** people
Total volunteer service hours of Hansoh Pharma in 2022	**18,000** hours

9. Community Building & Health Sharing

Hansoh Pharma always keeps its heart in mind and actively participates in social welfare undertakings to establish a good brand image. During the Reporting Period, the Group carried out a number of public welfare activities, such as comforting the elderly with dementia, sending coolness in the summer, making blood donations, and donating epidemic prevention materials.

Case: 2022 Hansoh Pharma public welfare volunteer activities

Jiangsu Hansoh, together with Lianyungang Huilan Public Welfare Foundation, donated a batch of cognitive rehabilitation equipment to Lianyungang Welfare Institution to guide the rehabilitation training of the elderly with dementia from a professional perspective and to change the lifestyle of the elderly with dementia to a certain extent, with a view to alleviating the disease, improving functional rehabilitation, and reducing the morbidity and disability rate.

In the summer, Hansoh Pharma donated a batch of anti-heat and anti-epidemic materials to the Children's National Medical Center in time to provide a "shade of green" for the front-line medical staff under the double pressure of heat and epidemic, which was highly praised by the medical staff of the center.

In March 2022, during the COVID-19 outbreak in Lianyungang, Hansoh Pharma organized and set up a nucleic acid testing volunteer team to work with medical staff to conduct nucleic acid testing on community residents and employees. In addition, 31 volunteers from the Group were professionally trained by the medical team of the COVID-19 and passed the assessment to be professionally qualified for nucleic acid testing sampling. They completed the sampling work independently in October 2022 and thereafter during the regular nucleic acid testing, with 3,000-4,000 people sampled per week, greatly reducing the pressure of community epidemic prevention.

9. Community Building & Health Sharing

9.3 PROMOTING INDUSTRIAL SYNERGY AND SHOULDERING THE GLOBAL RESPONSIBILITY OF INTERNATIONAL PHARMACEUTICAL COMPANIES

9.3.1 Fair Pricing, Making Drug Prices Transparent

Hansoh Pharma follows a fair and transparent pricing policy. For newly marketed products, we determine reasonable prices according to the cost-value principle and extend the pricing policy to downstream distributors to prevent a disorderly price imbalance. For products centrally procured and included in National Reimbursement Drug List, we strictly follow the regulations to list the winning prices and medical insurance payment standards on local procurement platforms for public disclosure. During the period of epidemic control, we coordinated with logistics, commercial companies, and local volunteers to solve patients' problems in a timely manner when some patients were unable to obtain the drugs they needed, and at the same time, we continued focus on the end prices of the supply chain to prevent price inflation and accepted public supervision by patients. During the Reporting Period, we did not receive any complaints from patients regarding pricing.

For overseas markets, we respect local commodity pricing rules and tax policies and take into account local economic development, per capita income, labor costs, and the relationship between health care coverage and the disease spectrum to set transparent and differentiated product prices to ensure economic accessibility. For less-developed countries and regions, we aim to reduce the price of our products in those regions while ensuring the necessary profit margins and sustainable supply so that more local patients can benefit from our products.

All of the Group's product prices for overseas markets are available through local customs systems and are cleared in accordance with local customs regulatory requirements, with no concealment or misrepresentation of price information and no penalties from any regional regulatory authorities.

9.3.2 Promoting Industrial Synergy and Contributing to Global Health Business

In addition to improving our own management and innovation capabilities, Hansoh Pharma is expanding its horizons to include the whole world, focusing on industry-wide technological advances and aligning with the latest global developments while contributing to the development of global pharmaceutical innovation.

In China, we have established good communication channels with all relevant departments of local governments where we operate, participated in local construction, and assisted local governments in formulating industrial promotion policies. We have established regular communication mechanisms with nearly 30 NGOs, industry associations, and research societies at the provincial level or above to share our product innovation and management practices and to set an example and model for industrial development.

Overseas, we actively participate in the World Conference on Lung Cancer (WCLC), the American Society of Hematology (ASH), the European Lung Cancer Congress (ELCC), JTO Clinical and Research Reports, and other cutting-edge technology exchange platforms, participate in activities organized by academic institutions and professional journals, publish relevant clinical research results, and share research results with global pharmaceutical colleagues.

9. Community Building & Health Sharing

Case: Domestic and international industry exchange activities

At the 14th China Healthcare Summit for Entrepreneurs, Scientists and Investors, Lyu Aifeng, Executive Director of Hansoh Pharmaceutical Group, was invited to share the Group's past experience and strategic layout for winning the future. Clearer division of labor, deeper segmentation, strong cooperation, and collaborative innovation will accelerate the practice of patient-centered and clinical value-oriented Chinese pharmaceutical innovation ecology in the future.

In June 2022, Jiangsu Hansoh, together with the Chinese Society of Clinical Oncology (CSCO), organized the "Beautiful and Happy Era, Gathering Wisdom to Create the Future – 7th CSCO-Hansoh Oncology Forum", focusing on the innovation and development of standardized diagnosis and treatment of tumors and inviting more than 100 domestic famous experts to conduct academic exchanges online for more than 10,000 online visitors from all over China.

In December 2022, the latest clinical research results of Hansoh Pharma's innovative drug Hansoh Xinfu® (flumatinib mesylate tablets) were presented as a Poster oral presentation at the 64th ASH (American Society of Hematology) Annual Meeting & Exposition.

In May 2022, the Journal of Clinical Oncology (JCO), a leading international oncology journal, published online the AENEAS research paper on the innovative drug Ameile® (Aumolertinib Mesylate Tablets) led by Professor Lu Shun of Shanghai Jiao Tong University. This is the first time that the ASCO official journal has published clinical data on China's original third-generation EGFR-TKI.

9. Community Building & Health Sharing

9.3.3 Focusing on Less Developed Regions and Benefiting Patients Worldwide

Innovation and internationalization are two strategies that Hansoh Pharma is committed to pursuing over the long term. In response to the UN Programme of Action for the Least Developed Countries for the Decade 2022-2031 (Doha Programme of Action), we are committed to harnessing the power of science, technology, and innovation to contribute to less developed countries and regions to combat multidimensional vulnerabilities and achieve sustainable development goals, so that the light of hope can shine on the future of humanity.

During the Reporting Period, we established teams to work mainly in less developed regions, including but not limited to South Asia (Malaysia, Philippines, Indonesia, Vietnam, Thailand), Latin America (Colombia, Mexico, Costa Rica, Puerto Rico, Panama), and Africa (Algeria).

To overcome the impact of the epidemic, improve communication efficiency, and save operational costs, we use our network as the primary vehicle to communicate clinical research, quality technology, and international concepts to our local partners, using the expertise of our team members to help them raise quality awareness and understand the latest global treatment technologies and medication concepts. At the same time, through two-way communication, we take local drug use habits and income levels into account and work with local partners to ensure stable drug quality while keeping drug prices as low as possible through improved dosage forms, economical packaging, and convenient storage and transportation. For the disease spectrum of underdeveloped countries such as Colombia and Paraguay, including rare diseases, we actively promote the registration of relevant drugs and strive to help these regions solve the problem of drug accessibility.

During the Reporting Period, we conducted nearly 800 cross-country video conferences, academic and commercial exchanges, and technical training with more than 80 customers, and the quality, clinical therapeutic efficacy, and cost advantages of Hansoh Pharma are being recognized by an increasing number of emerging markets. As of the end of the Reporting Period, we have more than 30 product programs entering overseas LMICs, and sales in which markets have increased from less than 10% of international sales revenue in 2020 to 34% in 2022, with Hansoh Pharma products being clinically used in dozens of countries and regions, benefiting millions of patients worldwide currently.

Appendix I – Website and Glossary

1. <Hansoh Pharmaceutical Group Co., Ltd. Policy and Action Framework for Addressing Global Climate Change>: http://cn.hspharm.com/upload/file/2023/04/24/1b8cb1c4ff9c4b9c8da48adcef5c8cf6.pdf

2. <Hansoh Pharmaceutical Group Co., Ltd. Tax Guidelines>: http://cn.hspharm.com/upload/file/2023/04/24/1371b85f191c4c109655a6d5046be156.pdf

3. <Hansoh Pharmaceutical Group Co., Ltd. Product Responsibility and Accessibility Policy>: http://cn.hspharm.com/upload/file/2023/04/24/37e99541518b48849dc26eefbd1cabed.pdf

4. <Hansoh Pharmaceutical Group Co., Ltd. Anti-Corruption Policy>: http://cn.hspharm.com/upload/file/2022/02/07/02afa5bd9c0845dea68db28c5e140b20.pdf

5. <Hansoh Pharmaceutical Group Co., Ltd. Protection Policy for Whistleblowing and Whistleblower>: http://cn.hspharm.com/upload/file/2022/02/07/943f51699b494a20918da832369f1d85.pdf

6. <Hansoh Pharmaceutical Group Co., Ltd. Responsible Marketing Policy>: http://cn.hspharm.com/upload/file/2022/02/07/e4d4acb1f8fc44a9b7603d38ba96af62.pdf

7. <Hansoh Pharmaceutical Group Co., Ltd. Employee Diversity Policy>: http://cn.hspharm.com/upload/file/2022/02/07/edc015f8bbca47ff9b17b9eadb9e3681.pdf

8. <Hansoh Pharmaceutical Group Co., Ltd. Supplier Code of Conduct>: http://cn.hspharm.com/upload/file/2023/04/24/ee19e33cf7f9427fb31d969614a9fb0f.pdf

9. UN Sustainable Development Goals: https://sdgs.un.org/goals

10. Task Force on Climate-related Financial Disclosures(TCFD): http://www.fsb-tcfd.org/

11. World Resources Institute(WRI): https://wri.org.cn/

12. International Intellectual Property Office: https://patentscope2.wipo.int/search/en/search.jsf

13. Joint Procurement Bidding Website: http://www.lcwl.net/

14. Orphanet: Rare Diseases and Orphan Drugs Database: https://www.orpha.net/consor/cgi-bin/index.php

15. SRM System: Supplier Relationship Management, an supplier management system

16. EHS: Environment, Health and Safety, an environmental, occupational health and safety management system

17. China's 3060 Dual Carbon Strategy: refers to China's proposal to strive toward peak CO_2 emissions by 2030 and achieve carbon neutrality by 2060 in response to climate change

18. RCP: Representative Concentration Pathways(RCPs), RCPs are a series of integrated carbon concentration and emission pathway scenarios, 8.5 being the baseline scenario in the absence of climate change policy interventions and 2.6 being the very low GHG concentration scenario

19. GMP: Good Manufacturing Practice issued by Ministry of Health of the People's Republic of China

Appendix I – Website and Glossary

20. GCP: Good Clinical Practice issued by the National Medical Products Administration of the People's Republic of China
21. siRNA: Small interfering RNA
22. MHRA: Medicines and Healthcare products Regulatory Agency
23. EMA: European Medicines Agency, the European Union's drug evaluation agency
24. FDA: Food and Drug Administrator, the highest law enforcement agency authorized by the US Congress, i.e. the federal government, specializing in food and drug regulation
25. PMDA: Pharmaceuticals and Medical Devices Agency, Japan's medical device approval agency
26. NMPA: National Medical Products Administration of the People's Republic of China
27. EU GMP: EU quality control standards and codes of practice
28. PICs GMP: Good Manufacturing Practice of Pharmaceutical Inspection Co-operation Scheme
29. WHO GMP: Good Manufacturing Practice of World Health Organization
30. Celine bottle: borosilicate glass or soda lime glass pipe drawing (moulded) injection bottle
31. EMBA: Executive Master of Business Administration
32. HPV vaccine: Vaccine against Cervical Cancer
33. National Centralized Purchasing of Medicines: Centralized quantity purchasing of medicines organized by the National Health Insurance Administration of the People's Republic of China
34. National Health Insurance Bureau: National Health Insurance Bureau of the People's Republic of China
35. National Health Insurance Catalogue: the National Health Insurance Catalogue issued by the National Health Insurance Administration of the People's Republic of China
36. ASCO: American Society of Clinical Oncology
37. Doha Programme of Action: a new generation of commitments between LDCs and their development partners (including the private sector, civil society and governments at all levels) that are reaffirmed and strengthened

Appendix II – Summary of Indices and Indicators

Economic and Environmental Performance Indicators	Unit	Data for 2022
Economic Indicators		
Operating revenue	RMB 1 million	9,382.41
Operating profit	RMB 1 million	2,583.75
Total research and development costs	RMB 1 million	1,693.31
Safe production and environmental operation investment	RMB10 thousand	4,431.47
Environmental Indicators		
Waste Gas Emission		
Total volatile organic compound emissions	Kilograms	8,782
Total particular matter emissions	Kilograms	104.72
Greenhouse Gas Emission		
Greenhouse gas direct emission (Scope I)	tCO_2e	9,024.60
Greenhouse gas indirect emission (Scope II)	tCO_2e	77,719.97
Total greenhouse gas emission (Scope I + Scope II)	tCO_2e	86,744.57
Value chain greenhouse gas emission (Scope III)	tCO_2e	14,385.67
Greenhouse gas emission per unit operating revenue (Scope I + Scope II)	tCO_2e/RMB 1 million	9.25
Energy Consumption		
Direct energy consumption	Tonnes of standard coal equivalent (TCE)	69.06[10]
Indirect energy consumption	TCE	20,031.14
Total energy consumption (direct + indirect)	TCE	20,100.20
Energy consumption per unit operating revenue	TCE/RMB 1 million	2.14
Renewable energy consumption	MWh	212.9

[10] Petrol and diesel usage included in indirect energy consumption from 2022.

Appendix II – Summary of Indices and Indicators

Economic and Environmental Performance Indicators	Unit	Data for 2022
Wastes		
Total disposal volume of hazardous wastes	Tonnes	3,639.22
Disposal volume hazardous wastes per unit operation revenue	Tonnes of hazardous waste/ RMB 1 million	0.39
Total disposal volume of non-hazardous wastes	Tonnes	603.45
Disposal volume non-hazardous wastes per unit operation revenue	Tonnes of non-hazardous waste/RMB 1 million	0.06
Non-hazardous waste recycling rate	%	81.97
Disposal amount of expired or discarded medicine	Tonnes	26.28
Water Consumption		
Total water consumption	Cubic meter	44,463,500
Municipal water withdrawal	Cubic meter	966,188
Water consumption from other sources[11]	Cubic meter	93,184
Recycled water volume	Cubic meter	43,404,128
Municipal water withdrawal per unit operation revenue	Cubic Municipal water withdrawal/RMB 1 million	102.98
Water recycling rate	%	97.62
Packaging Materials		
Consumption of exterior and interior packaging materials	Tonnes	3,118
Packaging materials consumption per unit operating revenue	Tonnes of packaging materials consumption/RMB 1 million	0.33
Environmental Compliance and Biodiversity		
Fined by environmental regulators	RMB Yuan	0
Number of biological reserves near the operation site	Number	0

[11] Steam condensate

Appendix II – Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for Performance Indicators
Employees			
Total number of employees		Person	10,523
Total number of full-time employees		Person	10,523
By gender	Male	Person	6,759
	Female	Person	3,764
By position	Executive management	Person	39
	Senior management	Person	120
	Middle management	Person	1,129
	Grassroot management	Person	1,031
	General staff	Person	8,204
By age	Under 30	Person	4,245
	30-50	Person	6,020
	Above 50	Person	258
By region	China's Mainland	Person	10,454
	Hong Kong, Macao and Taiwan	Person	5
	Overseas	Person	64
Employee Turnover Rate		%	14.3
By gender	Male	%	13.1
	Female	%	16.5
By age	Under 30	%	20.4
	30-50	%	9.8
	Above 50	%	1.3
By region	China's Mainland	%	14.4
	Hong Kong, Macao and Taiwan	%	25.0
	Overseas	%	3.3
By position	Executive management	%	2.6
	Senior management	%	3.0
	Middle management	%	11.2
	Grassroot management	%	18.2
	General staff	%	14.4
Average years of employment by gender	Male	Years	6.1
	Female	Years	4.2

Appendix II – Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for Performance Indicators
Number of New Employees in 2022		Person	2,488
By gender	Male	Person	1,501
	Female	Person	987
By age	Under 30	Person	1,814
	30-50	Person	670
	Above 50	Person	4
By region	China's Mainland	Person	2,472
	Hong Kong, Macao and Taiwan	Person	3
	Overseas	Person	13
Work Injury			
Number and rate of work-related fatalities	2020	Person	0
		‰	0
	2021	Person	0
		‰	0
	2022	Person	1[12]
		‰	0.09
Lost days due to work injury		Days	267
Number of accidents due to work injury (per million hours worked)		Number of injuries/million hours worked	0.52
Number of occupational diseases (per million hours worked)		Person	0
Number of accidents in high-risk jobs		Number of accidents	0
Employee Career Development			
Total number of trained employees		Person	10,523
Percentage of trained employees		%	100
Total expenditure on employee training		RMB10 thousand	648.46
Average expenditure on employee training and development		RMB10 thousand/Person	0.062

[12] Caused by the employee's personal health issues

Appendix II – Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for Performance Indicators
Percentage of Employee Trained[13]			
By gender	Male	%	64.2
	Female	%	35.8
By position	Executive management	%	0.37
	Senior management	%	1.14
	Middle management	%	10.73
	Grassroot management	%	9.8
	General staff	%	77.96
Average training hours of employees		Hours	35.39
By gender	Male	Hours	33.2
	Female	Hours	36.6
By position	Executive management	Hours	29.44
	Senior management	Hours	31.41
	Middle management	Hours	33.78
	Grassroot management	Hours	35.33
	General staff	Hours	31.58
Percentage of employees receiving regular performance and career development appraisals		%	100
Percentage of vacancies filled by internal candidates		%	21.6
Diversity			
Proportion of females in each position	Board	%	50
	Executive management	%	30.8
	Senior management	%	29.2
	Middle management	%	30.0
	Grassroot management	%	39.4

[13] The formula for calculating the percentage of employees trained by different categories: the number of employees trained in the x category / the total number of employees trained

Appendix II – Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for Performance Indicators
Proportion of females management personnel in revenue generating departments[14]		%	28.1
Proportion of females in STEM related positions		%	49.2
Number of ethnic minorities		Person	259
Number of ethnic minorities in management		Person	45
Number of employees with disabilities		Person	1
Total hours of training on employee diversity policy		Hours	5,806
Gender Pay Gap			
Average gender pay gap[15]		%	2.64
Median gender pay gap[16]		%	5.97
Basic Employee Rights			
Trade union employee coverage		%	90.1
Number of operating sites and suppliers where employees are at significant risk of exercising their collective bargaining rights		Number	0
Coverage of employees with collective bargaining agreements		%	90.1
Incidents related to child labour or forced labour		Cases	0
Number of incidents of discrimination, harassment found		Cases	0
Employee Engagement/Satisfaction			
Employee satisfaction survey participation rate		%	78.8
Employee satisfaction		%	85.5
Suppliers			
Number of suppliers		Number	3,892
By Region	China's Mainland	Number	3,872
	Hong Kong, Macau and Taiwan	Number	2
	Overseas	Number	18
Number of key suppliers conducting ESG audits		Number	132

14 Revenue generating departments refer to: sales and marketing, production and operations
15 Average salary of male employees / Average salary of female employees * 100% - 1
16 Median salary of male employees / Median salary of female employees * 100% - 1

Appendix II – Summary of Indices and Indicators

Social Performance Indicators	Unit	Data for Performance Indicators
Customer Service		
Percentage of product recalls for safety and health reasons	%	0
Number of complaints related to product authenticity	Number	10
Incidents of counterfeit medicines found after identification	Number	0
Number of complaints received about adverse product reactions and other reasons	Number	15
Complaint handling rate	%	100
Customer satisfaction	%	89.43
Intellectual Property		
Number of patents granted (during the Reporting Period)	Number	92
Number of new registered trademarks (during the Reporting Period)	Number	19
Employee Social Contribution		
Expenditure in supporting employees in difficulties	RMB10 thousand	252
Expenditure in charity donation and other relevant fields	RMB 1 million	47.39
Hours of employee voluntary work	Number of participants	916
	Hours	18,000
Code of Business Conduct		
Number of major corruption litigation cases	Number of cases	0
Percentage of board and staff covered by anti-corruption training	%	100
Total amount of political contributions	RMB Yuan	0
Total hours of responsible marketing training	Hours	16,117
Corruption-related fines	RMB Yuan	0
R&D and Quality		
Fines related to clinical trials in developing countries	RMB Yuan	0
Clinical trials required to be terminated for GCP and other regulatory breaches	Number	0
Volume of FDA alert functions received	Number	0

Appendix III – List of Laws, Regulations and Internal Policies

Laws	Constitution of the People's Republic of China
	Civil Code of the People's Republic of China
	Criminal Law of the People's Republic of China
	Anti-Money Laundering Law of the People's Republic of China
	Law of the People's Republic of China on Tendering
	Product Quality Law of the People's Republic of China
	Company Law of the People's Republic of China
	Law of the People's Republic of China on Trade Unions
	Labor Law of the People's Republic of China
	Labor Contract Law of the People's Republic of China
	Law of the People's Republic of China on the Protection of Minors
	Law of the People's Republic of China on Accounting
	Law of the People's Republic of China on Tax Levy and Administration
	Enterprise Income Tax Law of the People's Republic of China
	Law of the People's Republic of China on the Protection of Consumer Rights and Interests
	Law of the People's Republic of China on Anti-Unfair Competition
	Law of the People's Republic of China on Administrative Penalties
	Advertising Law of the People's Republic of China
	Law of the People's Republic of China on Employment Promotion
	Law of the People's Republic of China on Mediation and Arbitration of Labour Disputes
	Social Insurance Law of the People's Republic of China
	Law of the People's Republic of China on Drug Administration

Appendix III – List of Laws, Regulations and Internal Policies

Laws	Law of the People's Republic of China on Energy Conservation
	Law of the People's Republic of China on the Promotion of Cleaner Production
	Law of the People's Republic of China on the Promotion of Circular Economy
	Water Law of the People's Republic of China
	Environmental Protection Law of the People's Republic of China
	Law of the People's Republic of China on Environmental Impact Assessment
	Law of the People's Republic of China on the Prevention and Control of Water Pollution
	Soil Pollution Prevention and Control Law of the People's Republic of China
	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
	Safety Production Law of the People's Republic of China
	Fire Protection Law of the People's Republic of China
	Law of the People's Republic of China on Prevention and Control of Occupational Diseases
	Patent Law of the People's Republic of China
	Trademark Law of the People's Republic of China
	Law of the People's Republic of China on Copyright
	Law of the People's Republic of China on Network Security
	Law of the People's Republic of China on Data Security
	Law of the People's Republic of China on the Protection of Personal Information
	US Foreign Corrupt Practices Act (FCPA)
	U.S. Federal Trade Commission Act
	US Honest Ads Act
	EU General Data Protection Regulation, etc.

Appendix III – List of Laws, Regulations and Internal Policies

Major Regulations	Regulations for Implementation of the Drug Administration Law of the People's Republic of China
	Good Clinical Practice of Pharmaceutical Products
	Good Manufacturing Practices for Pharmaceutical Products
	Good Supply Practices for Pharmaceutical Products
	Measures for the Administration of Drug Registration
	Measures for the Supervision and Administration of Pharmaceutical Manufacturing
	Measures on the Supervision and Administration of Drug Circulation
	Pharmacovigilance Quality Management Specification
	Measures for the Administration on Adverse Drug Reaction Reporting and Testing
	Measures for the Administration of Drug Recalls
	Regulations for the Control of Narcotic Drugs and Psychotropic Drugs
	Interim Measures for the Examination and Administration of Advertisements for Drugs, Medical Devices, Health Food and Food Formulas for Special Medical Purposes
	Regulations on the Implementation of the Labor Contract Law
	Prohibition of Child Labor
	Regulations on Work Related Injuries Insurance
	Measures of the People's Republic of China on the Administration of Invoices
	Regulations of the People's Republic of China on the Implementation of Trademark Law
	Regulations of Jiangsu Province on Energy Conservation
	Regulations of Jiangsu Province on Lake Protection
	Regulations on the Protection of Computer Software
	Regulations on the Safety Administration of Dangerous Chemicals
	Regulations of Jiangsu Province on the Prevention and Control of Atmospheric Pollution
	Regulations of Jiangsu Province on Prevention and Control of Water Pollution in Yangtze River
	Administrative Measures for the Installation and Standardization of Sewage Outfalls in Jiangsu Province
	Implementation Rules of the Patent Law of the People's Republic of China
	US Federal Regulations FDA 21 CFR Part 211, EU GMP and other domestic and foreign regulations

Appendix III – List of Laws, Regulations and Internal Policies

Department rules and major Internal management policies	Identification of Major Hazards of Hazardous Chemicals
	Guidelines for the Preparation of Emergency Plans for Production Safety Accidents of Production and Operation Units
	Occupational Health Management Regulations in the Workplace
	National Catalog of Hazardous Waste
	Guidelines for the Quality Agreements of Pharmaceuticals Entrusted Manufacturing
	Regulations of Jiangsu Province on Prevention and Control of Environment Pollution by Solid Wastes
	13th Five-Year Action Plan for Prevention and Treatment of Volatile Organic Compound Pollution
	Technical Policy on Prevention and Control of Volatile Organic Compounds (VOCs) Pollution (Draft for Comments)
	Interim Provision on Labor Dispatch
	Guidelines for Patent Examination
	Convention Establishing the World Intellectual Property Organization
	Paris Convention for the Protection of Industrial Property
	Patent Cooperation Treaty
	Green Procurement Guidelines for Enterprises (Trial) (Shang Liu Tong Han [2014] No. 973)
	Regulations on the Examination and Management of the Regional Balance of Major Pollutant Emissions from Construction Projects in Jiangsu Province
	Code of Internal Control for Enterprises
	Guidance on Comprehensive Enterprise Risk Management
	Corporate Compliance Management Measures
	Code of Professional Ethics and Integrity Compliance
	Code of Business Conduct and Ethics

Appendix III – List of Laws, Regulations and Internal Policies

Department rules and major Internal management policies	Compliance Management System
	Legal Risk Management System
	Staff Handbook
	Anti-Corruption Policy
	Whistleblowing and Whistleblower Protection Policy
	Policy and Programme of Action to Address Global Climate Change
	Tax Guidelines
	Product Liability and Drug Accessibility Policy
	Seal Management System
	Contract Management System
	Energy Management System Manual
	Energy Review Control Procedures
	Pollutant Management System
	Material Balance and Yield Management System
	Patent Workbook for Innovative Drugs
	Operating Procedures for Patent Mining and High Value Patent Cultivation
	Operating Procedures for Confirmation of Project Patent Strategy
	Operation Procedures for the Tracking and Early Warning of the Legal Status of Project Patents
	Procedures for Handling Non-conforming Products
	Procedures for Drug Recall Management
	Responsible Marketing Policy
	General Rules for Sustainable Procurement
	Supplier Management Manual
	Employee Diversity Policy
	Training Management System
	Rationalised Suggestion Management and Incentive Scheme

Appendix III – List of Laws, Regulations and Internal Policies

Major Standards	Quality Management System of the ISO 9001 family of standards
	Environment Management System of the ISO 14001 family of standards
	Occupational Health and Safety Management System of the ISO 45001 family of standards
	Energy Management System ISO 50001 and energy usage and management-related standards
	Measurement Management System ISO 10012 and measurement-related standards
	Guidance on Social Responsibility of the ISO 26000 family of standards
	Informational and Industrial Integrated Management System GB/T 23001 and informatization-related standards
	Information Security Management System of the ISO 27001 family of standards
	GB/T 29490 Series of Standards for Enterprise Intellectual Property Management
	Standards related to factory construction such as the Regulation on Fire Prevention of Architectural Design
	Chinese Pharmacopoeia and standards of foreign pharmacopoeias such as the USP, BP, EP and Japanese Pharmacopoeia
	Relevant ISO and ICH standards and guidelines on drug research and development, production, and quality control
	Various product quality standards independently developed by the Company
	Various standards related to the company's safety, environmental protection and energy management, such as: Emission Standards for Air Pollutants in the Pharmaceutical Industry (GB37823-2019), Volatile Organic Compounds Unorganized Emission Control Standards (GB37822-2019), etc.

Appendix IV – Index to ESG Reporting Guidelines

Report Sections	HKEx ESG Guidelines	SASB	GRI Standard 2021[17]
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[17] Hansoh Pharma reports the information referenced in this content index by reference to the GRI standard on the period of January 1, 2022 to December 31, 2022

Appendix IV – Index to ESG Reporting Guidelines

Report Sections	HKEx ESG Guidelines	SASB	GRI Standard 2021[17]
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Customer Service and Responsible Marketing	B6-6.2 B7-7.2	HC-BP-260a.1 HC-BP-260a.2 HC-BP-270a.2 HC-BP-510a.2	417-1; 417-2; 417-3
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