亞 盛 醫 藥
Ascentage Pharma

Ascentage Pharma Group International
亞盛醫藥集團

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6855

Environmental, Social and Governance Report 2023

Contents

Environmental, Social and Governance Report 2023

About this Report

Report Review

This Report is the fifth Environmental, Social and Governance (hereinafter "ESG") Report published by Ascentage Pharma Group International (hereinafter the "Company" or the "Group") and its subsidiaries (hereinafter "Ascentage Pharma" or "Ascentage" or "we" or "us").

Reporting Guidelines

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter the "ESG Reporting Guide") under Appendix C2 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (hereinafter the "Hong Kong Stock Exchange") effective from December 2023 onwards.

Scope of Report

Timeframe: The Report covers the period between January 1, 2023 and December 31, 2023 (hereinafter the "Reporting Period" or the "Year" or "2023"), whereas certain content would be in a retrospective or prospective basis (as appropriate) to enhance completeness of the Report.

Scope of report: The content of the Report covers Ascentage Pharma Group International and its subsidiaries, including Ascentage Pharma (HK), Ascentage Jiangsu, Ascentage Suzhou, Ascentage Shanghai, Healthquest Pharma, Ascentage US, Ascentage Australia, Ascentage International and Ascentage Investment.

Data Source and Description

The information and data used in this Report are collected from the official documents and statistical reports of the Group, which have been reviewed by relevant departments. Unless otherwise specified, the currency in this Report is Renminbi (RMB).

Reliability Assurance and Approval

The Group has not found any false record, misleading statement or material omission in this Report. This Report complies with all the "comply or explain" provisions in the ESG Reporting Guide and prepared according to the reporting principles of materiality, quantitative and balance in the ESG Reporting Guide. This Report was approved by the Board of Directors on March 27, 2024.

Access and Response to the Report

This Report is available in Traditional Chinese and English for readers' reference. This Report can be found within the category of Financial Statements/ESG Information, on the HKEX news website or the official website of Ascentage Pharma (https://www.ascentagepharma.com).

We greatly value opinions from stakeholders, and welcome your feedback via the following contact channels. Your opinion will facilitate us in further improving the Report and enhance the Group's overall ESG performance.

Email: IR@ascentagepharma.com
Address: 68 Xinqing Road, Suzhou Industrial Park, Suzhou, Jiangsu
Phone number: 86-21-61951088

Highlights and Performance

Innovation and Research and Development (R&D)	
	Annual R&D investment amounted to RMB**707** million
	We have obtained a total of **16** Orphan Drug Designations (ODDs) from the FDA and **1** ODD from the EU for **4** of the Company's investigational drug candidates; we have also obtained **2** Fast Track Designations and **2** Rare Pediatric Disease (RPD) designations by the FDA
Access to Healthcare	
	During the Reporting Period, Olverembatinib was successfully included in the **National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Catalogue (2023)**[1]
Quality and Safety	
	During the Reporting Period, Suzhou Ascentage Production Base passed the **EU QP GMP audit**
	**Zero** product recalls for safety and health reasons
Environment and Health	
	**Zero** incidents of environmental pollution and environmental administrative penalties
	Setting a target of **zero** hazardous waste **in landfills** by 2025
	**Zero** work-related fatality and injury
Employee and Community	
	**Zero** violations related to discrimination, sexual harassment or child labor
	Employee coverage rate of the Employee Stock Ownership Plan reached **100%**

[1] Also known as "National Reimbursement Drug List", the national medical insurance scheme in China that provides health insurance coverage to the majority of population in mainland China

Message from Management

The year of 2023 was full of opportunities and challenges for Ascentage Pharma. We are honored to witness the progress Ascentage has made with all of you. Throughout the year, Ascentage Pharma has remained steadfast in its commitment to contributing to the human health and actively fulfilling its corporate social responsibility.

Promote enhanced governance and build foundation for sound corporate development. We continue to promote corporate governance and improve our compliance management system to ensure that our decisions and actions comply with laws, regulations and ethics. We have established the Board of Directors, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Scientific Advisory Board to comprehensively manage and supervise the affairs of the Group. Meanwhile, we work on exploring and practicing ESG management in an effort to enhance the ESG level of the Company, thus making greater contributions to the society and the environment.

Invest equally in R&D and commercialization, propelling the enterprise towards new heights. Staying true to the mission of "addressing unmet clinical needs of patients in China and around the world", we strictly follow the ethical and moral standards of R&D, and continue to improve the R&D and innovation capabilities. Through our unremitting efforts, we have successfully undertaken a number of major national scientific and technological special projects, and we have achieved remarkable results in patent applications, with close to 500 patents granted globally. Recently, as a recognition of our R&D achievements by the international oncology community, our core product Olverembatinib was included in the latest edition of the U.S. National Comprehensive Cancer Network (NCCN) guidelines for the treatment of chronic myelogenous leukemia (CML). Meanwhile, we attach great importance to accessibility to our product. Currently, Olverembatinib has been successfully included in the National Medical Insurance Catalogue and several major disease insurances and local commercial insurances, which reduces the financial burden and brings hope to more patients.

Prioritize quality and safety to create excellent products. We emphasize product quality and safety and customer service experience by implementing stringent quality inspections and quality audits on our products. During the Reporting Period, all batches of all of our products were subject to product testing, with a passing rate of more than 99.9%, which fully demonstrates our commitment towards product quality. Moreover, we carefully select suppliers to ensure that we establish long-term and stable relationships with competent suppliers for reliable product supply.

Commit to green operation to ensure sustainable development. We are firmly committed to practicing the concept of sustainable development by setting reasonable and measurable environmental management targets, actively carrying out low-carbon initiatives, strictly managing emissions, and regularly monitoring and evaluating environmental performance. In order to better respond to the challenges posed by climate change, we make every effort to prevent and control climate change-related risks with reference to the guideline recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and take practical actions to minimize the environmental impacts of our operations. In addition, we further improve our occupational health and safety management to ensure the personal health and safety of our employees.

Develop talent pool through comprehensive human capital management. We are endeavored to create a fair and just working environment full of opportunities, adhere to the corporate social responsibility, and strive to protect the basic rights and interests of each employee by caring the needs and feelings of employees in every possible way. We continuously provide abundant learning resources and development opportunities to help employees grow and realize their values. Meanwhile, we are dedicated to charitable endeavors, contributing to the building of a healthy and mutually supportive community.

Looking ahead, we will further deepen our ESG strategy, strengthen communication and cooperation with all stakeholders in a more open and transparent way, for jointly promoting the sustainable development of our Company. We believe that with the joint efforts of all employees, Ascentage Pharma has the confidence to tackle future challenges. Together we will pool talent and resources for a more promising future.

Dr. Yang Dajun

Chairman and CEO of Ascentage Pharma

About Ascentage Pharma

As a China-based and global-oriented biopharmaceutical company, Ascentage Pharma is one of the pioneers in innovative drug development in China, and is committed to developing innovative new drugs in therapeutic areas such as cancers, HBV and age-related diseases.

		
Mission To address global unmet medical needs	**Vision** To become a global leading integrated biopharmaceutical company	**Value** Patients first; Science-based; Data-driven

Corporate Culture of Ascentage Pharma

Established in 2009 and headquartered in Suzhou, China, Ascentage Pharma has offices in Beijing, Shanghai, Guangzhou, Taizhou, China, Sydney, Australia and Rockville, Maryland, the United States. In October 2019, Ascentage Pharma was listed on the Main Board of Hong Kong Stock Exchange (6855.HK).

We have always upheld and practiced our mission of "addressing global unmet medical needs". Ascentage Pharma has a proprietary design platform for protein-protein interaction targeting drugs. Leveraging our technical expertise in structure-based drug design and our innovative drug discovery engine, we have developed a robust pipeline of nine clinical stage small-molecule drug candidates, including novel, highly potent BCR-ABL1 TKI, Bcl-2 and dual Bcl-2/Bcl-xL inhibitors, inhibitors aimed at IAP and MDM2-p53 pathways, as well as a next generation multi-kinase inhibitor targeting FAK/ALK/ROS1 mutations for the treatment of cancer. In addition, the Company has conducted more than 40 Phase I/II clinical trials in China, the United States, Australia and Europe, and is expanding its global footprint regarding intellectual property.

1 Strengthening Governance and Steadily Moving Forward

Corporate governance serves as the cornerstone of sustainable, stable and long-term corporate development. Ascentage Pharma continues to strengthen its corporate governance and improve its compliance management system, with an aim to promote the Company's steady progress with a high level of internal control and compliance management.

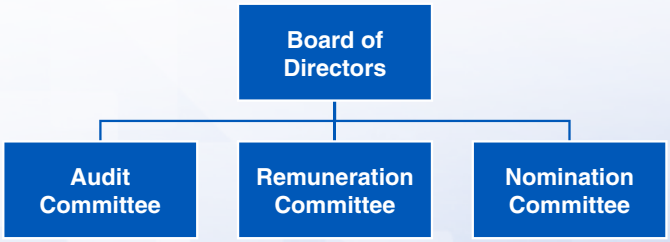
1.1 Lean Governance

Adhering to the business philosophy of compliance and transparency, the Company continuously improves its corporate governance. Through the establishment of a sound governance structure and the active promotion of communication, exchanges and cooperation with stakeholders, the Company is empowered to achieve its long-term development.

1.1.1 Corporate Governance

Ascentage Pharma strictly complies with the Company Law of the People's Republic of China (《中華人民共和國公司法》) and the Listing Rules of the Hong Kong Stock Exchange (香港聯交所《上市規則》), and other applicable laws, regulations and rules, and unswervingly promotes the corporate governance in accordance with the law. By formulating and implementing a series of effective rules and regulations, we continue to strengthen our management level and risk control ability and consolidate corporate governance.

In order to comprehensively supervise the specific affairs of the Group and to improve and optimize corporate governance, the Board of Directors of Ascentage Pharma has established an Audit Committee, a Remuneration Committee and a Nomination Committee. In addition, we have established a Scientific Advisory Board, which brings together leading scientific scholars in the field of cancer research to provide professional advice and guidance to the Company.



Corporate Governance Structure of Ascentage Pharma

We are actively promoting the diversity of our Board of Directors. To that end, we are striving to achieve a diverse and balanced Board of Directors by comprehensively considering a wide range of factors such as the gender, skills, age, professional experience, knowledge domain, and educational background of candidates for Board of Directors. The Company's Nomination Committee is responsible for overseeing compliance with the codes relating to Board diversity and regularly evaluating and optimizing the Board diversity policy in order to provide a solid governance foundation for the Company's future development.

1.1.2 ESG Governance

The Company is guided by the ESG governance philosophy. Based on the scientific and reasonable governance structure, the Company continuously promotes the practice of ESG initiatives and constantly improves the ESG management level.

ESG Governance Structure and Responsibilities

Ascentage Pharma attaches great importance to ESG related work, and has built an ESG governance structure with the Board of Directors as the highest responsible body and decision-making level, the Audit Committee as the supervisory level, and each functional department as the executive level to ensure that ESG matters are integrated into the performance process at different levels, which secures the Company's high-quality development and promotes the implementation of the ESG strategy.

The ESG responsibilities of the Company's Audit Committee are as follows:

Advise on the ESG strategies of the Company and identify material ESG risks and opportunities

- Identify material ESG issues, and determine the risks and opportunities brought by such material ESG issues to the Company
- Advise on and regularly review the ESG strategies of the Company for the Board of Directors' approval
- Formulate goals based on the corresponding strategies and regularly review such goals

Approve and review ESG related policies

- Review ESG related policies
- Review and supervise the policies related to material ESG issues and ensure such policies are applicable to the Company

Review the annual ESG report of the Company

- Review the annual ESG report to ensure that ESG report has made sufficient disclosure on the ESG risks of the Company, the measures adopted and progress toward goals, as well as whether such reports meet the relevant disclosure requirements, comply to related Listing Rules and other applicable laws and regulations
- Recommend the Board of Directors to approve the ESG report

Statement of the Board of Directors

Overall responsibility of the Board of Directors	The Board of Directors is ultimately responsible for Ascentage Pharma's ESG management policies and strategies, the formulation of the relevant goals, the review on target progress and ESG performance, and is responsible for evaluating and determining the Company's ESG risks, ensuring that the Company has established a sound and effective ESG management and internal control system, and reviewing and approving the Company's ESG reports. The Audit Committee under the Board of Directors is responsible for supervising the ESG work of the Company.
ESG work execution	Each functional department is responsible for ensuring the execution and implementation of ESG goals, systems and policies approved by the Board of Directors and integrating ESG management into its daily operation. Each functional department reports to the Audit Committee regularly and assists the Board of Directors in reviewing and developing overall ESG strategies on a regular basis.
ESG risk management	Ascentage Pharma attaches great importance to the identification and management of ESG risks, and has established a sound risk management system and supervision mechanism of the progress on the goals. The Audit Committee is responsible for identifying and assessing risks and opportunities based on internal and external conditions of the Company and the risk mitigation strategy and risk framework are reviewed and determined by the Board of Directors to respond to the impact of various potential risks on the ESG management of the Company.
Material ESG issues	The Audit Committee is responsible for managing and maintaining communication channels between the Company and its stakeholders, identifying material ESG issues based on the concerns of stakeholders, and recommending specific ESG strategies and actions to the Board of Directors.

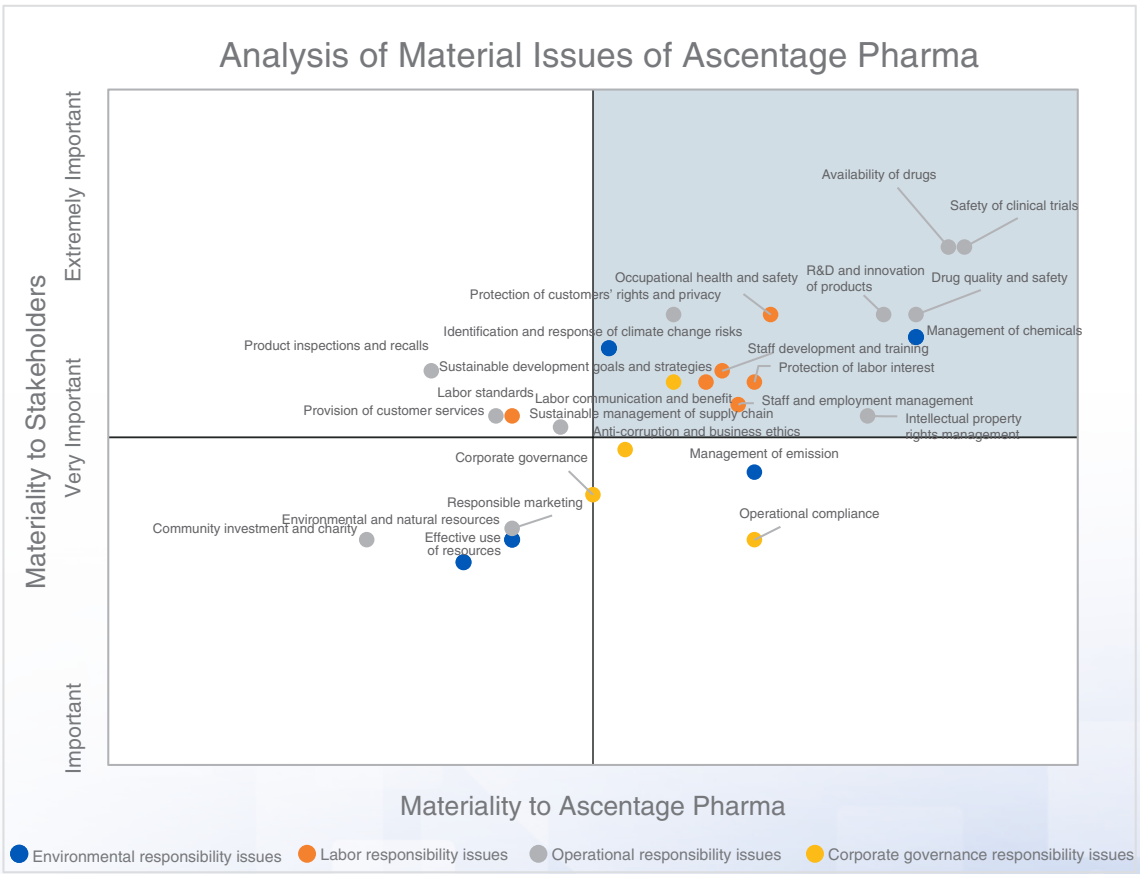
1.1.3 Communication with Stakeholders

Effective stakeholder engagement and valuable inputs have a significant impact on the successful implementation of the Company's ESG efforts. In order to strengthen communication and collaboration with various stakeholders, we have continuously improved our diversified dialogue mechanisms. We take seriously and respond to the expectations and demands of various stakeholders, including government and regulatory authorities, shareholders and investors, patients and doctors, employees, suppliers and partners, and the media, and work hand in hand with all stakeholders to promote the development of the Company.

Major Stakeholders	Communication Channels
Government and regulatory authorities	Policy recommendations, work report, information submission, on-site inspection
Shareholders and investors	General meetings, investor meetings, industry summits, investor conferences, road shows, announcements and news releases, day-to-day communication via telephone and email
Patients and doctors	Clinical trial, regular visits
Suppliers and partners	Bidding conference, suppliers' review procedures, exchanges regular exchanges and communications, industry forums
Employees	Internal communication platform, employees' satisfaction survey, visits and employee assistance programs and initiatives
Local communities	Community activities and voluntary services
Media and members of the public	Company webpage, Company's WeChat official account, daily communication and feedback, public opinion monitoring, information disclosure via announcements and press releases, media communication meeting

1.1.4 Analysis of Material Issues

Ascentage Pharma regularly identifies, evaluates and discloses material issues to provide a clear direction and guidance for the Company's future strategic development. During the Reporting Period, the Company gained a comprehensive and in-depth understanding of the key concerns of each stakeholder regarding the Company's environmental, social and governance issues, and analyzed the matrix of material ESG issues of Ascentage Pharma for 2023 in light of the Company's strategic planning and industry development trends.



1.2 Business Ethics

Ascentage Pharma adheres to the principles of fair and just operation, strictly abides by the 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 Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), Interim Provisions on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and other laws and regulations. To this end, the Company continues to optimize its anti-corruption control system, by adopting zero tolerance towards corruption, favoritism, improper competition and other violations of business ethics. We have clarified our compliance and business ethics policies in our Employee Manual (《員工手冊》), and require all employees to sign the Compliance Operation Statement (《合規操作聲明》) to raise anti-corruption awareness. During the Reporting Period, there were no lawsuits arising from corruption in Ascentage Pharma.

In order to further promote a clean culture, we organize diversified education and training activities on business ethics and anti-corruption for all employees, such as regular training, new employee publicity, and compliance publicity, to ensure the promotion and implementation of business ethics requirements. During the Reporting Period, on top of the regular training, we provided five special compliance trainings regarding anti-corruption and anti-commercial bribery for the commercialization team, participated by a total of 202 participants, to ensure business conducts and compliance are at the top of mind for our team. We also impose strict business ethics requirements on our supplier partners to ensure that they meet the Company's business ethics and compliance standards.

We have opened a compliant reporting channel to actively encourage employees and partners to report and provide feedback on non-compliance. We strictly enforce whistleblower protection policies to ensure that the personal information of whistleblowers and the content of their reports are kept strictly confidential. We will severely punish any form of retaliation to safeguard the legitimate rights and interests of whistleblowers.

Reporting mailbox:	compliance.communication@ascentage.com

2 Global Presence & R&D and Innovation

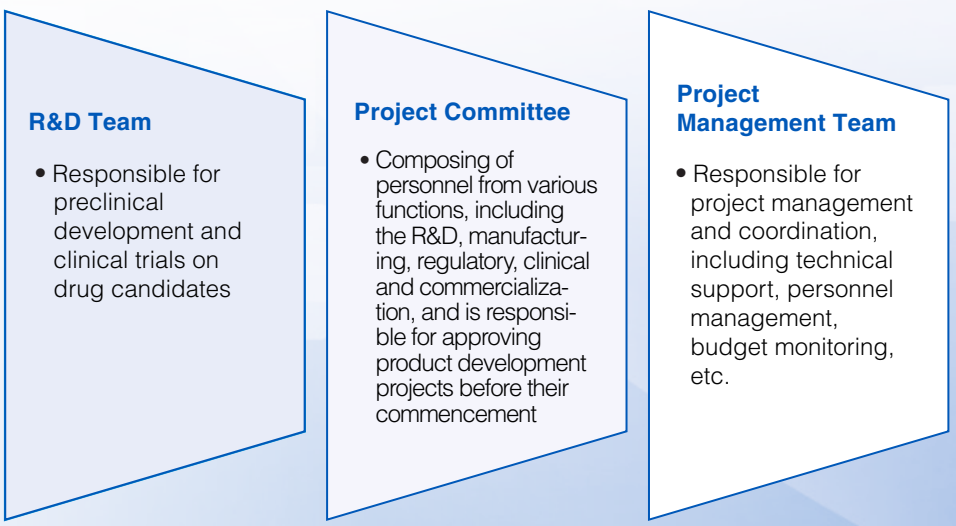
With the mission of "addressing unmet clinical needs of patients in China and around the world", Ascentage Pharma is committed to becoming a leading Chinese and world-class innovative drug enterprise. We adhere to the ethical and moral standards of R&D, continue to improve our R&D and innovation capabilities and improve the intellectual property management system, endeavoring to offer better therapeutic options to patients.

2.1 R&D and Innovation

We implement the "patient first, innovation-driven, science-based" values, taking innovation and R&D as the driving force of the Company's long-term development. To this end, we have established a comprehensive R&D management system and a professional R&D team to continuously promote product R&D and innovation. We also actively participate in R&D related exchanges and cooperation to promote the overall high-quality development of the industry.

2.1.1 R&D Management

We have formed an R&D management structure consisting of an R&D Team, a Project Committee, and a Project Management Team to carry out full-process standardized management covering product candidates, project supervision, and clinical trials. At the same time, we have established a Scientific Advisory Board, chaired by Dr. Wang Shaomeng, the co-founder and non-executive Director of the Group. Other members of the Scientific Advisory Board are independent members with extensive knowledge and experience in the cancer research and drug discovery, providing all-round professional support for the Company's product R&D and clinical trials.



R&D Management Structure

On the basis of the sound R&D management structure, we continue to optimize the management system of laboratory safety management, R&D test equipment operation, clinical trial operation process, etc., so as to realize the standardized management of the whole process from drug discovery to drug clinic. During the Reporting Period, we invested a total of RMB707 million in R&D.

2.1.2 Product Innovation

Upholding the concepts of "original innovation" and "global innovation", Ascentage Pharma is at the global forefront of development medicines targeting the apoptosis pathway based on our proprietary protein-protein interaction targeted drug design platform. As of the end of the Reporting Period, Ascentage Pharma had established a pipeline of 9 type 1 small molecule new drugs in clinical development, and was conducting more than 40 Phase I/II clinical trials in China, the United States, Australia and Europe.

Rapidly advancing multiple pipeline products through clinical development

Compounds	Target	Indications	Preclinical	Phase I	Phase II	Registration Trial	NDA Approval	Trial Region	Rights Region
Olverembatinib (HQP1351)	BCR-ABL/KIT	Resistant CML (China)					耐立克 olverembatinib		
		Resistant CML(Global-FDA)			(cleared by US FDA)				
		TN Ph+ ALL							
		GIST							
Lisaftoclax (APG-2575)	Bcl-2 Selective	BTKi treated CLL/SLL (Global-FDA)			(cleared by US FDA)				
		r/r CLL/SLL (China)							
		TN CLL/SLL (Global)							
		AML							
		WM							
		MDS							
		MM							
		T-PLL							
		MCL							
		ER+/HER2-BC and Solid Tumors							
Alrizomadlin (APG-115)	MDM2 -p53	Melanoma and Solid Tumors (IO Combo)							
		ACC							
		AML,MDS							
AGP-1387	IAP/XIAP	Solid tumors (IO Combo)							
		PDAC+ Chemo							
		CHB							
Pelcitoclax (APG-1252)	Bcl-2/Bcl-xL	NSCLC+ TKI							
		SCLC+ Chemo							
		NET							
		NHL							
APG-2449	FAK/ALK/ROS1	NSCLC/ Solid tumors							
APG-5918	EED Selective	Tumors/Hemoglobinopathy							
APG-265	PROTACs MDM2	Tumors							
UBX1967/1325	Bcl Family	DME							

In line with our mission of "addressing unmet clinical needs of patients in China and around the world", Ascentage Pharma has received a total of 16 Orphan Drug Designations (ODDs) from the FDA and 1 ODD from the EU for 4 of the Company's investigational drug candidates and also obtained 2 Fast Track Designations and 2 Rare Pediatric Disease (RPD) designations by the FDA as of the end of the Reporting Period, which demonstrates our outstanding innovation capabilities. In virtue of our strong R&D strength and multi-disciplinary R&D pipeline, we have undertaken a number of major national scientific and technological projects, including five projects for the "National Major New Drug Discovery and Manufacturing Program" and one project for the "Prevention and Treatment of Major Infectious Diseases".

- **Core Product: Olverembatinib**

  Olverembatinib as a novel class I innovative drug candidate of Ascentage Pharma is a global "best-in-class" drug. As the first and only third-generation BCR-ABL inhibitor approved and marketed in China, Olverembatinib has broad potential in the treatment of a variety of solid tumors and hematological tumors, addressing unmet medical needs and creating significant value for patients. As of the end of the Reporting Period, Olverembatinib has been approved for 2 indications in China, namely for the treatment of adult patients with chronic phase (CP) or accelerated phase (AP) of CML who are resistant to TKIs with T315I mutations, and for the treatment of adult patients with CML-CP who are resistant to and/or intolerant of first- and second-generation TKIs. During the Reporting Period, Olverembatinib was approved by the FDA to commence a global registrational Phase III clinical study for the treatment of previously treated adult patients with CML-CP, preparing for commercialization in the US and globally. In addition, the inclusion of Olverembatinib in the latest edition of the U.S. National Comprehensive Cancer Network (NCCN) guidelines for the treatment of CML signifies the recognition of Olverembatinib by the international oncology community and highlights the Company's outstanding global innovation capability.

  We attach great importance to improving access to healthcare and continue to push forward the commercialization of Olverembatinib, so that our products can accelerate to benefit more patients. During the Reporting Period, Olverembatinib was successfully included in the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Catalogue (2023) (the "National Reimbursement Drug List"), which greatly improved the accessibility and affordability of the product. As of the end of the Reporting Period, Olverembatinib has been included in a number of major disease insurance policies and local commercial insurance policies, available for reimbursement in 230 cities in 29 provinces across China, further reducing the financial burden on patients.

  To further enhance the accessibility of the product globally, we have launched an innovative Named Patient Program (NPP). This program will allow access to Olverembatinib on a named patient basis in over 130 countries and regions where the drug is not yet commercially accessible. Through the NPP model, we bring new hope to more patients by providing access to innovative drugs of high clinical value to patients in urgent need around the world.

- **R&D Progress of Other Pipelines**

  APG-2575, a key asset of the Group's apoptosis-targeting pipeline, has "best-in-class" potential at the global level, and is the first Bcl-2 inhibitor in China to have demonstrated clear efficacy and entered the critical clinical phase of registration. During the Reporting Period, APG-2575 was approved by the U.S. FDA for a global registrational Phase III clinical study for the treatment of patients with treated chronic lymphocytic leukemia (CLL)/small lymphocytic lymphoma (SLL). In addition, APG-2575 was granted clearance by the Center for Drug Evaluation (CDE) of China National Medical Products Administration (NMPA) for a global pivotal registrational Phase III clinical study for the first-line treatment of patients with CLL/SLL. This signifies that APG-2575 is expected to accelerate to become the second Bcl-2 inhibitor approved and marketed at the global level, bringing patients a safer, more effective and convenient treatment option, fully demonstrating the Company's strength in new drug innovation and globalized clinical development.

  In addition to our all-round layout in apoptosis and the strong breakthroughs in kinase inhibitors, we continue to explore breakthroughs in the cutting-edge targets such as embryonic ectoderm development protein (EED) inhibitors. During the Reporting Period, we received CDE clinical trial approval for our EED inhibitor APG-5918 for clinical trials for anemia indications. APG-5918 is the first original EED inhibitor to enter the clinical stage in China, demonstrating the Company's ability to explore new therapeutic areas and develop drugs with "first-in-class/best-in-class" potential.

2.1.3 Research Exchange and Collaboration

Ascentage Pharma actively participates in industry conferences and international academic congresses to share the Company's latest progress and R&D achievements in cancer treatment. Meanwhile, we have entered into in-depth partnerships with a number of leading biotech companies, pharmaceutical companies and academic institutions such as UNITY, MD Anderson, Mayo Clinic, Dana-Farber Cancer Institute, MSD, AstraZeneca, Pfizer, etc., leading the industry's high-quality development.

A number of clinical advances in our core product Olverembatinib and our key asset APG-2575 have received several recognitions at prestigious international academic conferences. During the Reporting Period, two clinical advances in Olverembatinib and APG-2575 were presented orally at the American Society of Hematology (ASH) Annual Meeting. For the sixth consecutive year, Olverembatinib clinical progress has been selected for Oral Presentations at the ASH Annual Meeting, demonstrating the recognition of its efficacy and safety by the international community. In addition, we have participated in a number of international authoritative academic conferences, such as the American Association for Cancer Research (AACR) Annual Meeting, the American Society of Clinical Oncology (ASCO) annual meeting, and the European Society for Medical Oncology (ESMO) annual meeting, and we have published a number of research data and results.

Conducting a summit on innovative medicines for hematologic oncology

During the Reporting Period, Ascentage Pharma, together with the China Pharmaceutical Industry Research and Development Association, organized the Summit Forum for Hematology Oncology Innovative Drugs and the Global Launch of Olverembatinib for New Indications, where experts and scholars in the hematology met to discuss the progress and prospects in hematology oncology treatment. At the conference, Ascentage Pharma's executives and industry experts fully demonstrated and discussed topics such as the Company's R&D pipeline layout, the progress of Olverembatinib clinical research, and Olverembatinib clinical treatment practices, in the hope of exploring the cutting-edge windsocks of China's pharmaceutical innovation and enabling more new and better medicines to benefit patients around the world.

2.2 Intellectual Property Rights

We believe that protecting intellectual property is an important way to safeguard innovation. The Group strictly follows the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Rules for Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) and other intellectual property laws and regulations. The Company establishes a standardized intellectual property rights management system, and strengthens the creation, application and protection of intellectual property rights, realizing the scientific management and strategic application of intellectual property rights and further enhancing the Company's independent innovation capability. During the Reporting Period, we further optimized the Company's Trade Secrets Management System and required all newly recruited employees to sign confidentiality agreements to strictly prevent the theft, use and disclosure of the Company's trade secrets and hence to safeguard the Company's lawful rights and interests.

We implement the Enterprise Intellectual Property Management Standards (《企業知識產權管理規範》) (GB/T29490-2013) and continuously promote the certification of intellectual property management system. Suzhou Ascentage Pharma Co., Ltd. ("Ascentage Suzhou"), a subsidiary of the Group, has passed the certification of the National Intellectual Property Right Management System, demonstrating its excellent management capacity.


知识产权管理体系认证证书

证明

苏州亚盛药业有限公司

知识产权管理体系符合标准：GB/T29490-2013

通过认证范围：

中规认证

中规（北京）认证有限公司

National Intellectual Property Right Management System Certificate of Ascentage Suzhou

In order to further enhance the intellectual property management, during the Reporting Period, we established a systematic patent early warning system to gain an understanding of patent application and layout in the industry and to provide decision-making support for the Company's project development. Meanwhile, we conduct due diligence on intellectual property of projects to be cooperated, introduced and invested in, and carry out assessments of rights attribution and infringement risks so as to avoid intellectual property infringement risks.

Leveraging on its outstanding innovative R&D capabilities, the Group has continued to advance its intellectual property layout globally. As of the end of the Reporting Period, we had over 1,100 patent applications and 498 granted patents, of which 352 patents were granted overseas.

Patents applied globally in 2023	42 patents
Patents issued globally in 2023	51 patents

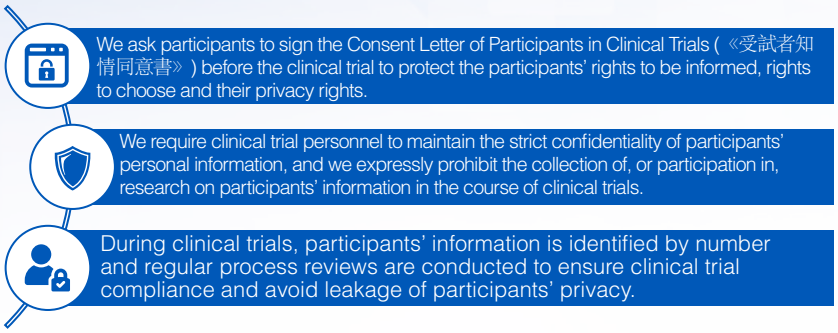
While continuously strengthening the intellectual property management system, we also attach great importance to the construction of intellectual property protection culture. We regularly carry out intellectual property training to our employees, focusing on the knowledge of pharmaceutical patents, patent application and layout, and trade secret protection, etc., so as to strengthen the intellectual property management capability of our employees.

Trade Secret Protection Training

We are fully aware that raising employees' awareness of intellectual property protection is crucial to securing the Company's innovations. During the Reporting Period, we conducted trade secret protection training for all new employees on our online course platform, providing knowledge and case studies on trade secrets related to intellectual property rights in the medical field with an aim to help employees deepen their awareness of protection and enhance their knowledge.

2.3 R&D Ethics and Morals

We strictly abide by the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), the Implementing Regulations of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法實施條例》), the Good Clinical Practice (《藥物臨床試驗質量管理規範》) and other relevant laws and regulations, and execute regulated clinical trial management to fully protect the participants' rights.



Participants' rights protection initiatives

3 Quality & Safety and Premium Supply

Ascentage Pharma attaches great importance to product quality and safety and customer service experience by establishing a sound quality management system, continuously improving its service and marketing management capability, and creating a responsible and sustainable supply chain, for the sake of securing the high quality and stability of supply in an all-round way.

3.1 Quality and Safety

Product quality and safety are critical to the operations and development of Ascentage Pharma, and a high-level management system serves as the foundation of product quality and safety. We continue to improve our internal quality and safety management system, strengthen our quality control capabilities, improve drug safety and traceability, and continuously enhance the quality assurance of Ascentage Pharma products.

3.1.1 Quality Management

Ascentage Pharma strictly follows the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), the Implementing Regulations of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法實施條例》), the Administrative Measures of Drug Registration (《藥品註冊管理辦法》), the Announcement of the NMPA on Strengthening the Supervision and Administration of the Entrusted Production of Holders of Drug Marketing Licenses (《國家藥監局關於加強藥品上市許可持有人委託生產監督管理工作的公告》), the Supervision and Management Provisions on the Implementation of the Main Responsibility for the Quality and Safety of Pharmaceuticals by the Holders of Drug Marketing Licenses (《藥品上市許可持有人落實藥品質量安全主體責任監督管理規定》), and the Guidelines for On-site Inspection of Manufacturing Entrusted by Holders of Drug Marketing Licenses (《藥品上市許可持有人委託生產現場檢查指南》) and other laws and regulations. Based on GMP[1], cGMP[2], GCP[3], GVP[4] and other quality management standards, Ascentage Pharma has established a quality management system to ensure the compliance of drug quality management.

During the Reporting Period, we further formulated and revised systems related to drug quality management, optimized management processes and implemented relevant practices, continuously improved the standardized quality management system, and secured stable and orderly development and production of drug products to ensure that the pharmaceutical products met the quality requirements.

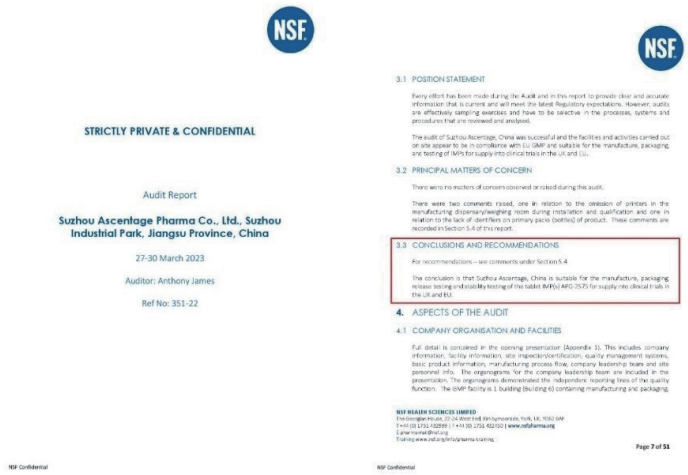
Policy Updates and Revisions

- We have established a new Quality Policy and Objectives (《質量方針與目標》) policy, set quality objectives and targets for each department, and continuously evaluate the effectiveness of quality management
- We have optimized the Management Regulations on Changes during the Clinical Period (《臨床期間變更管理規程》) and added the Management Regulations on Temporary Changes during the Clinical Period (《臨床期間臨時變更管理規程》) to standardize the management of changes during the clinical period
- We have revised internal systems such as Release of Products from the Factory (《產品出廠放行》), Release of Products on the Market (《產品上市放行》) and Deviation Management Regulations (《偏差管理規程》) to further clarify the main responsibilities of holders in the relevant activities, and to refine the requirements for quality information communication and interface with the entrusted production enterprises

1 GMP: Good Manufacturing Practice
2 cGMP: Current Good Manufacture Practice
3 GCP: Good Clinical Practice
4 GVP: Good Pharmacovigilance Practice

In terms of production quality control, we continuously optimize our product manufacturing processes, testing methods and quality standards based on research data for improving quality control initiatives. While strengthening our quality management system, we also continue to promote the relevant drug production qualification and quality management system certification, to ensure that our manufacturing activities comply with high quality management standards. During the Reporting Period, as an international recognition of Ascentage's quality system and manufacturing capabilities, Ascentage Suzhou's commercialized production base passed the EU QP GMP audit with zero deficiency, establishing the regulatory and quality standard credentials to supply drugs to the EU.

Drug Manufacturing License and System Certification	Scope of Certification
Drug Manufacturing License (Certificate A)	Ascentage Suzhou
Drug Manufacturing License (Certificate B)	Healthquest Pharma
China National Accreditation Service for Conformity Assessment (CNAS) System Certification Passed the evaluation of "NIFDC-PT-406 Determination of Specific Rotation of Drugs" proficiency testing program of National Institutes for Food and Drug Control	Ascentage Jiangsu Physical and Chemical Analysis Laboratory
Passed the annual inspection of the Biosafety Laboratory Certificate of Record (BSL-2 level) issued by the Suzhou Municipal Health Commission in 2023	Ascentage Suzhou Microbiology Laboratory
EU QP GMP Certification	Ascentage Suzhou



Ascentage Suzhou passed the EU QP GMP audit

- **Quality Control**

We strictly follow the Good Manufacturing Practice of Medical Products (《藥品生產質量管理規範》) and other laws and regulations, as well as the current pharmacopoeia standards of China, the United States, Europe, etc. We have formulated internal drug quality inspection practices such as physical, chemical and microbiological testing, and quality standards for raw and auxiliary materials as well as finished products. We have established in-house analytical and quality control laboratories at both our R&D center and production bases. We perform quality tests on all product batches in accordance with the relevant codes of practice and quality standards, follow the GDP[5] for inspection records, and review them in accordance with our internal QC Laboratory Analytical Data Audit (《QC 實驗室分析數據審核》) process. In addition, we follow the ICH Q9 Quality Risk Management (《質量風險管理》) guideline to ensure product quality and safety by regularly assessing, controlling and reviewing the quality risks in the life cycle of drug products.

The Company's quality control department is responsible for sample testing, method development and validation, and is committed to continuously improving its in-house product testing capabilities through the purchase of new testing instruments and integration of internal resources. In addition, we have commissioned accredited third-party laboratories to conduct quality tests on some of our raw and auxiliary materials. For products detected as not meeting quality standards, we conduct investigations in accordance with the Investigation of Unusual Events, Exceeding Standards and Exceeding Trend Results (《異常事件、超標和超趨勢結果的調查》), analyze the root causes of problems based on investigation results and put forward effective solutions and precautionary measures in order to continually improve and track the ability to control the production process and the ability to conduct inspections. We also conduct precautionary testing and control of potential quality risks of drugs in product stability studies and product quality testing.

5 GDP: Good Documentation Practice

Product Testing	As of the end of the Reporting Period, we have completed more than 230 batches of raw and auxiliary materials quality testing (including 88 entrusted third-party testing), 13 batches of intermediate product quality testing, 19 batches of finished product quality testing, and more than 70 batches of stability samples testing throughout the year; the product testing has covered 100% of the product batches, with a passing rate of more than 99.9% and the incidence of deviation from test results of less than 0.1%.
Product Testing Optimization	As of the end of the Reporting Period, we have implemented 6 product test method optimizations and 11 product quality standard optimizations throughout the year with an aim to continuously improve our quality control and ensure product quality.
Quality Risk Assessment	As of the end of the Reporting Period, we had completed 17 quality risk assessment reports throughout the year and formulated precautionary and control measures for major quality risks, emerging quality and safety risks, etc., so as to provide a strong guarantee for the Company's continuous and stable supply of safe drugs.

- **Quality Audit**

Ascentage Pharma conducts regular quality audits and practices demanding drug quality standards. During the Reporting Period, we continued to monitor the quality management of the clinical trial and production process through internal and external quality audits.

Internal Audit	• Throughout the year, we organized seven internal audits, covering the six GMP systems. We identified more than 60 continuous improvement requirements or suggestions and effectively implemented them to optimize and improve the Company's quality management system.
External Audit	• We engaged a professional third-party audit team to conduct quality audits of our quality management system based on the standards of the Chinese, European Union and U.S. Good Manufacturing Practice (GMP) to ensure compliance with the high standards of drug quality regulatory requirements.

Internal and external quality audits

In addition, we strictly implement supplier management protocols, continuously assess the operation of suppliers' quality management system, and demand suppliers to make quality improvements, which in turn supports product quality assurance. During the Reporting Period, we completed a total of 21 supplier audits and signed 22 supplier quality agreements.

- **Quality Culture**

We attach importance to the construction of quality culture by providing quality training for all employees, and continuously raising their awareness of quality management and strengthening quality management. During the Reporting Period, we carried out training on EU GMP and Chinese drug laws and regulations for all employees engaged in drug production and quality management, which helped our employees to continuously learn and timely master the relevant laws and regulations. We also use an electronic training system to track the progress of training programs for all employees.

As of the end of the Reporting Period, the Company has participated in various quality management trainings with a total of attendances of more than 28,000, and the on-time completion rate of the trainings reached 98%.

"Quality Golden Idea" (質量金點子) Campaign

We organized the "Quality Golden Idea" campaign to collect excellent proposals from all employees that would help improve regulatory compliance and product quality. In 2023, we collected more than 40 "Golden Ideas" and evaluated them, and all the awarded "Golden Ideas" have been effectively implemented to improve the Company's quality management.

3.1.2 Drug Safety and Traceability

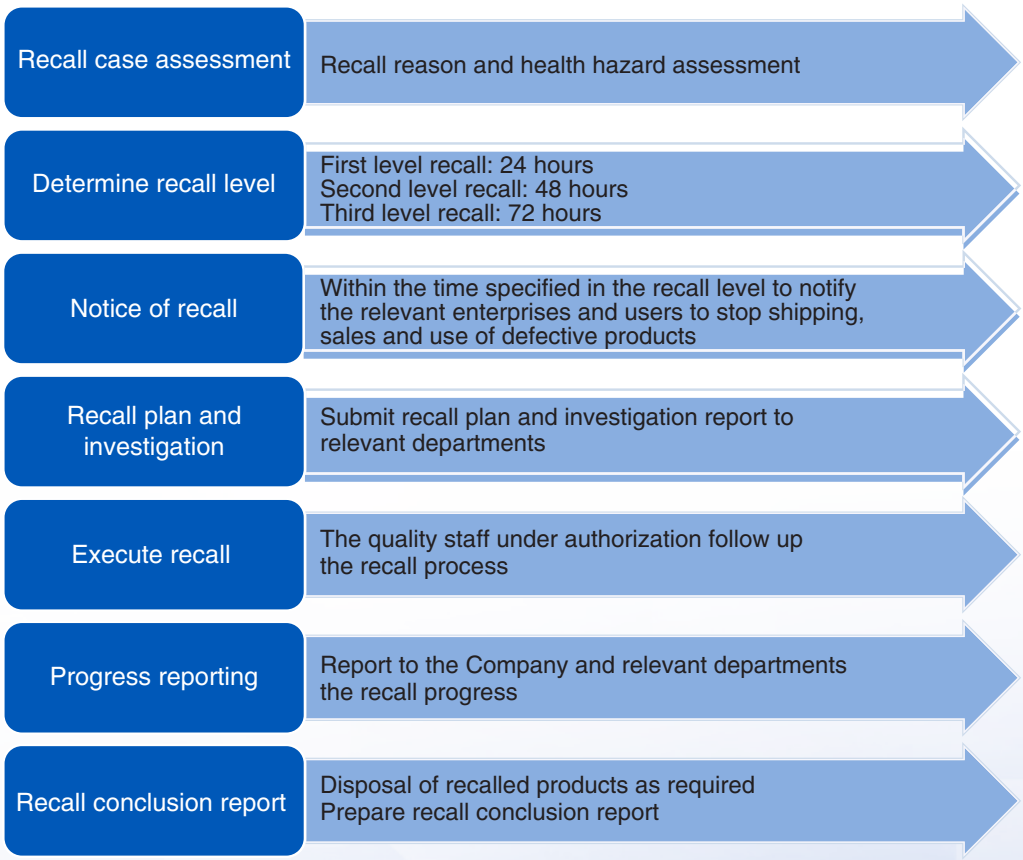
The Company has established a pharmacovigilance management system managed by the pharmacovigilance department and designated personnel in compliance with the Good Pharmacovigilance Practice (《藥物警戒質量管理規範》), the Good Manufacturing Practice of Medical Products (《藥品生產質量管理規範》), the Provisions on the Administration of Pharmaceutical Directions and Labels (《藥品説明書和標籤管理規定》) and other laws and regulations, and GMP and other standards and practices. During the Reporting Period, we have also further strengthened the traceability management of experimental drugs, optimized the Labelling Control Procedures for Drug for Trial Use (《試驗用藥品標籤控制規程》) and improved the processes of drug batch number formulation and clinical sample labeling management to quickly, efficiently and conveniently identify the drug production information through the finished product's batch number. These efforts have improved the traceability system of experimental drugs for the safety of clinical drug use.

We have also introduced Ali Health's "Ma Shang Fang Xin Drug Traceability System" for the whole-process tracking of listed drugs. The system is designed to obtain detailed information of drugs in real time through drug barcodes, ensuring that the drugs are "traceable for source and use, risk-controllable and accountable" for the safety management of drugs.

Additionally, we collect drug safety reports through clinical trials, call center complaints, literature search, patient drug donation projects and other pathways, and establish a safety database for analyzing safety data and testing safety signals, and regularly provide relevant training for employees to ensure drug safety and controllability.

3.1.3 Product Recall

We further optimized our drug recall work procedures, including Clinical Trial Drug Recall Procedures (《臨床試驗藥品召回工作程序》), in accordance with Good Manufacturing Practice of Medical Products (《藥品生產質量管理規範》) and the Measures for the Administration of Drug Recalls (No. 92 of 2022) (《藥品召回管理辦法》) during the Reporting Period, and carried out annual product recall drills to ensure the compliance and efficiency of product recalls.



Product Recall Process

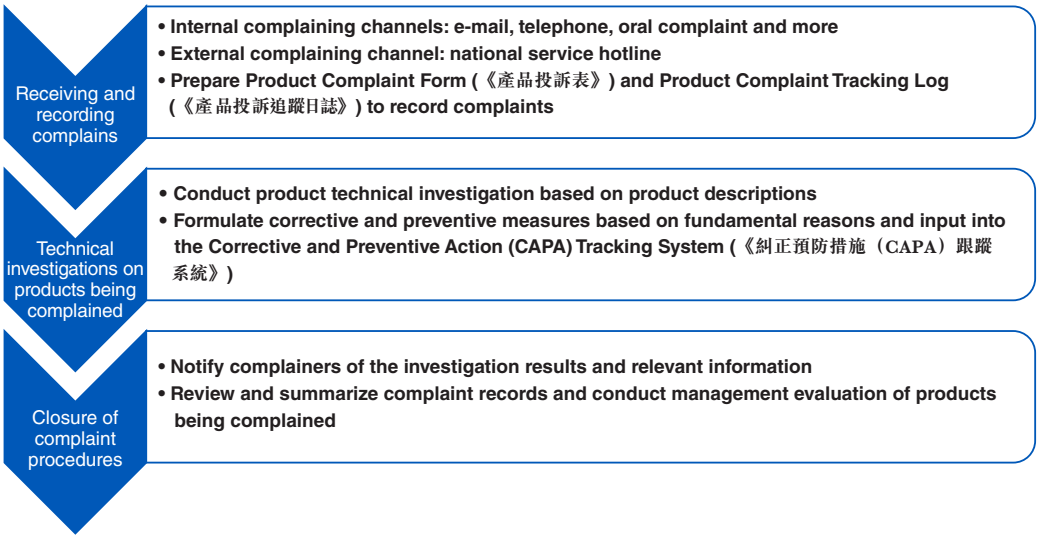
Product Recall Drills

In December 2023, we carried out two product recall drills to validate the effectiveness of our product traceability and recall processes. They were based on simulations of discovering quality defects in clinical drugs and pharmaceutical raw materials, and started the corresponding batch traceability, and both of them realized 100% effective traceability of the problematic drugs and materials within the stipulated time.

During the Reporting Period, Ascentage Pharma did not have any product recalls due to safety and health reasons.

3.2 Excellent Services

Ascentage Pharma, committed to the values marked by "Patient first", seeks for improving customer service experience and satisfaction by listening to their feedback. We have set up clear internal and external complaining channels to collect consultation, feedback and complaints on our products and formulated a product complaint handling process in accordance with the Product Complaint Handling and Technical Investigation (《產品投訴處理和技術調查》) procedures to conduct technical investigation and formulate treatment and preventive measures. During the Reporting Period, we optimized the provisions of the Investigation of Product Quality Complaints (《產品質量投訴調查》) and The Procedures for Handling Returned Drugs (《退回藥品處理規程》) to further strengthen the management of product complaints and returns. As at the end of the Reporting Period, we had received a total of 0 complaints about our products and services.



Handling Procedure of Complaints on Products

In terms of responsible marketing, we have formulated the Compliance and Expense Management System for Sales and Academic Activities (《銷售與學術活動合規和費用管理制度》), which specifies the principles of truthfulness, reasonableness and compliance in the promotion and sale of the Company's products and requires that promotional contents involved in marketing activities shall be subject to the review and approval of the Company's Medical Department and Marketing Department, and that exaggerations, deceptions and false promotional contents shall be avoided. In order to ensure the compliance of the Group's marketing activities, we engage an external auditor to conduct audits on a semi-annual basis. The scope of the review covers the standardized management of the overall sales process, including the signing of sales contracts, the implementation of the sales system, and the substantive review of the sales expenses, etc. These efforts are designed to ensure the compliance of the marketing activities and the sales business process.

We also offer regular training for our responsible marketing staff to ensure that they are aware of and comply with the Company's responsible and compliant marketing system. During the Reporting Period, we offered five responsible marketing and advertising and business compliance training sessions for all of the Company's marketing staff, covering consumer rights and consumer legal protection, principles and requirements for interaction with patients, and updates on the requirements of current laws, regulations and policies, with a total of 202 training attendances.

In terms of customer privacy protection, we strictly comply with laws and regulations on information and privacy protection such as the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》). We require that any patient's personal data and privacy information be kept only in medical institutions and pharmacies by healthcare professionals, and that no patient privacy information be kept within the Company.

3.3 Supply Chain Management

Ascentage Pharma is committed to shaping a standardized supplier management system to ensure high standards of supply quality and continuous improvement. This is how we achieved the stability and sustainability of supply for a fair and equitable, mutually beneficial and win-win supply chain partnership.

3.3.1 Supplier Management System

The Group has established and followed a supplier management system comprising, among others, the Procurement and Supply Management Regulations (《採購供應管理規程》), the Regulation for GMP Materials Procurement Management (《GMP 物料採購管理規程》), the GMP Supplier Management Regulations (《GMP 供應商管理規程》) and Tender and Bidding Management Regulations (《招投標管理規程》) to regulate the procurement process and reasonably allocate resources under the procurement and supply principle of resource sharing, integrated evaluation for procurement and planned procurement. During the Reporting Period, we improved our supplier management system and initiatives. To that end, we strengthened the centralized procurement and control of all types of materials and services of the Company. Meanwhile, we formulated corresponding procurement and safety management operating procedures for the procurement of special materials, so as to ensure the standardization of the means and methods of material procurement.

Furthermore, we have introduced digital tools such as the Warehouse Management System (WMS), Office Automation (OA) System, Good Supply Practice (GSP) System and ZKH Procurement Platform (a Chinese B2B procurement platform) to strengthen the information management of purchasing and operation for improved management and control of procurement and the efficiency of supplier management. In addition, we are committed to improving the visualization and traceability of our supply chain. By introducing inventory visualization management, we are able to achieve efficient tracking of inventory supply, thereby preventing stock-outs, oversupply and other supply chain disruptions.

- **Supplier Life Cycle Management**

  We have established a supplier life cycle management mechanism throughout the process of supplier access review, procurement review, cooperation evaluation and elimination, and implemented strict control over suppliers to secure compliant production and operation by reducing supplier cooperation risks.

  Access review:

  – Investigate the basic information of the supplier to ensure that it meets pharmacopeia standards in accordance with the Questionnaire for the Manufacturer or Dealer of GMP Materials (《GMP 物料製造商/經銷商調查表》) or the Questionnaire for the GMP Services Providers (《GMP 服務商調查表》)

- Conduct supplier background and risk checks by downloading and reviewing corporate credit reports, etc. to assess their credit history and compliance

- On the basis of introducing a third-party assessment organisation to conduct due diligence assessment of new suppliers in the previous period, we introduced an access model for the proactive disclosure of due diligence reports by new suppliers in 2023 to ensure that the risk of the shortlisted suppliers in terms of compliance is controllable from the aspects of details of business entities, previous and existing business dealings with Ascentage Pharma or its employees, governmental relations, third-party subcontracting agents and controls, and compliance incidents

Procurement review:

- In key bidding projects, supplier information will be reviewed jointly by the legal department, EHS (environmental, health and safety) department, infrastructure department, finance department, compliance department, marketing department and procurement department

- The external third-party compliance report and evaluation procedure will be implemented for suppliers in key procurement categories, in particular, a professional third party will be introduced to conduct the professional construction audit on procurement settlement of key fixed assets

Cooperation assessment:

- For GMP suppliers, the Company categorizes GMP suppliers into 3 levels (i.e. Risk Level III, Risk Level II, Risk Level I) according to risks in a descent order based on a comprehensive assessment of the likelihood, severity, and detectability of quality defects of the materials or services supplied by the suppliers, and ensures that activities such as the addition, change, removal, and disqualification of the materials or services supplied by the GMP suppliers follow the corresponding regulations in accordance with the strict protocols

- For suppliers in relation to the Company's daily operations, such as catering services, security and cleaning services, engineering maintenance services, and EMC energy services, all user departments are required to establish an effective management mechanism, timely hold management meetings for service quality improvement, to provide daily service quality feedback and annual service evaluation to the procurement department, and provide suggestions for contract renewal or rebidding

- Develop an annual quality audit plan based on supplier levels and internal supplier risk levels, conduct on-site quality audits of suppliers and strengthen supply chain management and review to ensure supply quality and reliability

- On-site audits will be conducted not less than once every two years for higher risk materials or GMP services, and once a year for commissioned production of preparations. We have also selected a professional third-party auditing company to conduct audits of the factories of overseas suppliers (mainly imported excipient suppliers), and to review the compliance status of the plants, facilities and quality systems of the excipient suppliers' production sites.

Risk Level	Type of Material Supplied	Type of Service Supplied
III	Raw materials for API production, pharmaceutical excipients, internal packaging materials	Commissioned production of APIs, commissioned production/ commissioned primary packaging of formulated products, commissioned inspection
II	Other materials for API production, printed overpack materials, key GMP consumables in direct contact with the product	Commissioned production of raw materials, commissioned secondary packaging of preparation products, commissioned storage, commissioned destruction of controlled waste, commissioned transport with temperature control requirements
I	Non-printed overpack materials, other key GMP consumables	Commissioned audits, (precautionary) maintenance, calibration and metrology, validation and verification, commissioned transport without temperature control requirements, pest control, GMP consultancy

Supplier Risk Level Classification

Elimination mechanism:

– Suppliers involved in quality incidents and suppliers who are identified with serious problems in the audit and fail to rectify or seriously violate national laws and regulations as well as contract terms, will be included in the blacklist

During the Reporting Period, we had a total of 978 suppliers, among which 905 were in Mainland China, Hong Kong, Macau and Taiwan, while 73 were from overseas.

- **Supplier Support and Cooperation**

Ascentage Pharma carries out communication, cooperation, and guidance for different categories of suppliers, and organizes training on supplier quality management improvement and more in all aspects of the supply chain.

Supplier quality communication and support

- Actively organize quality communication meetings with suppliers related to product packaging materials, discuss and determine targeted solutions, and improve suppliers' processing technology
- Organize regular unannounced inspections of base catering suppliers, provide timely feedback on problems spotted, and enhance the food hygiene and safety and food quality management capabilities of service providers
- Regularly organize on-site training on GMP area Standard Operating Procedures ("SOPs") for plant cleaning service providers to ensure that Ascentage Pharma's GMP suppliers meet on-site quality management requirements

Industry training and exchanges

- **Industry training:** actively participate in industry training to enhance employees' industry knowledge and vocational skills.
- **Industry exchanges:** visit the CPHI China and other professional exhibitions to strengthen face-to-face communications with upstream and downstream suppliers on the industry's cutting-edge development and potential cooperation.

- **Supply Chain Stability Assurance**

  We have made it a priority to secure the supply of our commercialized products, and have organized staff from functional departments of the Company to sort out the demand plans for long-cycle materials, communicate with suppliers in a timely manner about the supply of materials, and secure the inventory of upstream supplies such as API, starting materials, packages, and reagents and consumables. Furthermore, we will work to include the supply of production-related materials and excipients throughout the year in the Procurement Department's performance appraisal as a way to keep the stability of supply under supervision and control. The Procurement Department of the Company also carries out the development and inspection of alternative suppliers from time to time, and follows the dual purchasing strategy to keep lowering the supply risk and optimizing costs.

  In addition, Ascentage Pharma and logistics partners have jointly built a global clinical drug supply center for stable drug supply and a more sustainable supply chain. As at the end of the Reporting Period, the Company had conducted clinical product trials in 18 countries and established 15 distribution centers, which has ensured the access to drugs and their timely and intact delivery to patients in urgent need.

3.3.2 Sustainable Supply Chain

Ascentage Pharma has been working on a high-quality and sustainable supply chain by identifying, evaluating and controlling all aspects of potential ESG risks in the supply chain. In view of the different nature of suppliers, we incorporate various ESG considerations into our cooperation process, covering green environmental protection, compliant employment, labor rights, quality management, anti-corruption and more.

Environmental considerations

- **Green and environmental protection requirements for logistic suppliers:** In terms of pharmaceutical cold chain logistics, we give priority to green logistics service providers (such as national drug logistics that has also obtained energy-saving product certification) to promote energy conservation and emission reduction in the supply chain.
- **Environmental protection considerations for supplies under the GMP category:** We give priority to GMP suppliers with sound systems and environmental friendliness, such as suppliers with environmentally friendly certifications.

Social considerations

- **Compliant employment requirements for outsourcing suppliers:** For suppliers of personnel services such as security, cleaning, catering, fire protection, repair and maintenance, and GMP cleaning, we clearly require suppliers to engage employees in compliance through bidding requirements and contract clauses, protect interests of employees in outsourcing services, and reserve the right to spot check the actual implementation from time to time.
- **Quality management system for suppliers under GMP categories:** We require suppliers to have a mature and complete quality management system, and conduct ESG risk reviews on GMP material suppliers according to the Questionnaire for the Manufacturer or Dealer of GMP Materials (《GMP 物料製造商／經銷商調查表》) or the Questionnaire for the GMP Services Providers (《GMP 服務商調查表》) to avoid potential quality risks.

Governance considerations

- **Compliance and anti-corruption commitments and clauses:** During the Reporting Period, we added a new Ascentage Pharma Due Diligence Questionnaire that requires suppliers we work with to make written commitments in relation to their business relationships and compliance events, and added anti-corruption-related clauses to our contracts to ensure that all suppliers we work with work in accordance with our anti-corruption policies and clauses.
- **Anti-corruption review on the supply chain:** Our legal and compliance departments review supply chain compliance and anti-corruption risks, include requirements for business ethics, hospitality and gifts in processes in relation to procurement, establish smooth supervision and complaint channels, and handle non-compliance matters and behavior to strictly control anti-corruption risks.

4 Green Production, Safety, Prevention and Control

Ascentage Pharma is a strong champion of the concept of green development. To do that, it carries out low-carbon actions to address climate change by strictly managing pollutant emissions. In addition, employee health and safety serve as the first line of defense for our production operations, and we stay on track for better production safety management and strengthened risk control.

4.1 Environmental Management

Ascentage Pharma refreshes its efforts in optimizing its environmental management system by establishing scientific environmental management objectives and regularly monitoring and evaluating its environmental performance in order to guide the effective environmental work for better environmental management practices.

4.1.1 Environmental Management System

Ascentage Pharma has set up stringent environmental management standards for its own production and operation, and strictly follows the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Appraising of Environment Impacts (《中華人民共和國環境影響評價法》) and other applicable laws and regulations and has set up an environmental management structure led by the EHS department and supported by department heads to standardize the management of the environmental objectives, and environmental management performance and process. During the Reporting Period, we improved and revised the existing Handbook for the Environment Management System (《環境管理體系手冊》), and a series of SOPs to improve the environmental management system and help realize environmental protection goals.

We regularly review the environmental management of the Company by means of internal audits and third-party audits to ensure that the production and operations are in compliance with environmental protection-related regulations and standards in order to ensure the implementation of environmental protection regulations and standards and to verify the effectiveness of the environmental management system. We conduct an internal environmental impact audit annually, which covers all the Company's operational activities, including each waste production process, the operation of pollution prevention and control facilities, as well as the final transportation and disposal of hazardous waste. Based on the results of the audit, we ask the relevant departments to fill the gaps and make improvements, so that the Company can seek environmental management in accordance with the requirements of the ISO 14001 certified environmental management system standard.

During the Reporting Period, the Suzhou Industrial Park Environmental Enforcement Brigade conducted 2 on-site inspections of the Company, assessing the on-site pollution prevention and control facilities, on-line monitoring facilities, hazardous waste compliant disposal and more. The results of the inspections showed that all the management of the Company was in compliance with the environmental protection requirements. In addition, we have also introduced a qualified third party to monitor the environmental impact of the operation base and formed an acceptance working group to carry out environmental acceptance of the completion of the remodeling project.

As at the end of the Reporting Period, Ascentage Pharma did not have any environmental pollution incidents and was not subject to any environmental administrative penalties.

Third-party environmental monitoring

During the Reporting Period, Ascentage Pharma introduced a professional supplier to monitor the on-site emissions of wastewater, exhaust gas and noise during the operation of the base in Suzhou, and issued a third-party monitoring report to give rectification suggestions for the items that might be non-compliant with the standards, so as to ensure that the emissions from the base and its environmental management were in compliance with the requirements of the environmental protection in order to ensure that the environmental impact during the operation of the base complied with the requirements of relevant environmental protection regulations.

Environmental completion acceptance of construction project

From April to May 2023, Ascentage Pharma organized the acceptance working group consisting of relevant personnel of the Company, representatives of the preparation unit, representatives of the monitoring unit and three invited experts to accept the environmental protection facilities of the "Ascentage International High-end Prototype Innovative Small Molecule Targeted Anti-tumor Drugs R&D and Manufacturing Project and the Steam Generator Reconstruction Project (Phase I)". The project had no record of environmental complaints, violations or penalties from its inception to commissioning. The acceptance panel considered that the environmental protection of the project met the conditions for completion and acceptance, and the environmental protection facilities for wastewater, exhaust gas, noise and solid waste were qualified and accepted.

During the Reporting Period, Ascentage Pharma was conferred the "Advanced Unit of Eco-environmental Protection" by the Science and Education Innovation Zone, Suzhou Industrial Park, which fully demonstrated the Company's excellent management in environmental protection.

4.1.2 Environmental Goals

Ascentage Pharma has worked out environmental objectives in four dimensions: reduction of greenhouse gas emissions, reduction of waste, enhancement of energy efficiency, and enhancement of water efficiency, which have been incorporated into the Company's development plan to guide its environmental management efforts in accordance with the policies, industry analysis, and its own environmental management in order to minimize the impact of its operations on the environment.

Enhancing energy efficiency:
50% of electricity consumed shall be from renewable resources by 2032 (latest domestic and overseas trends will be reviewed regularly and adjustments will be made in a timely manner)

Minimizing greenhouse gas emissions:
A carbon emission management system shall be established progressively, greenhouse gas emissions shall be reduced, and by 2040 carbon emission shall be 50% lower than its peak value

Reducing waste:
Achieve a 95% waste recycling rate by 2040
Achieve zero landfilling of hazardous waste by 2025

Enhancing water usage efficiency:
Reduce the consumption of water resources and enhance the water usage efficiency progressively

Environmental Goals of Ascentage Pharma

4.2 Tackling Climate Change

Ascentage Pharma is well aware that the ever-changing climate risks will present opportunities and challenges to the operation and development of the Company and the Company plans to well manage the risks and seize the opportunities by following the potential impacts in advance according to the policies, markets, industry development and more. We analyze and control relevant risks of climate change from governance, strategy, risk management, and metrics and targets with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

4.2.1 Governance

Ascentage Pharma has a well-established climate risk work management process, which is handled by the Board of Directors, the Audit Committee, and various functional departments, to ensure that the efforts related to climate risk are made orderly.

The Board of Directors

- responsible for the final determination and review of major risks of climate change and the determination of risk response plans
- monitoring environmental targets associated with climate change to improve energy efficiency and reduce greenhouse gas emissions
- reviewing the achievement of these targets on a regular basis

The Audit Committee

- responsible for identifying risks of climate change, and maintaining regular communication and reporting with the Board of Directors and functional departments
- comprehensively monitoring the implementation of climate change risk responses

Functional Departments

- responsible for conscientiously implementing matters to address climate change
- assisting the Audit Committee in reporting to the Board of Directors

Climate Change Risk Governance Framework

4.2.2 Strategy

Based on the TCFD recommendations, we used scenario analysis to identify the operational, strategic and financial impacts of climate change risks. We identified the entity risks and transformational risk factors that will have a major impact on Ascentage Pharma, helping the Company better guide its strategy going forward through our materiality impact assessment of the business.

We divided the climate scenarios into those that are turquoise (strict pathway/committed to reaching a lower carbon economy scenario) and brown (high emissions/business-as-usual pathway), and analyzed the likelihood of climate risks in three time dimensions, namely, the short-term (0-5 years), the medium-term (5-10 years), and the long-term (over 10 years). Under the turquoise scenario, we select the United Nations Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway, RCP 4.5[6], as the analytical scenario for physical risks; and the Announced Pledges Scenario (APS)[7] of the International Energy Agency (IEA) Medium Announcement as the analytical scenario for transformation risks. Under the brown scenario, we select the United Nations Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway, RCP 8.5[8], as the analytical scenario for physical risks; and the Stated Policies Scenario (STEPS)[9] of the International Energy Agency (IEA) as the analytical scenario for transformation risks.

6 RCP 4.5: Assuming that global GHG emissions peak at mid-century and then taper off, this scenario produces a global average temperature increase of between 2°C and 3°C relative to pre-industrial levels.

7 Announced Pledges Scenario (APS): Assuming that all climate pledges made by the world's governments, including Nationally Determined Contributions (NDCs) and long-term net-zero targets will be met in full and on time.

8 RCP 8.5: Assuming that global GHG emissions still continue to increase by the end of the century, the scenario shows an increase in global average temperature of more than 4°C relative to pre-industrial levels.

9 Stated Policy Scenario (STEPS): Assuming that governments will only accomplish what they are actually doing now in the overall energy economy to achieve their goals, and that desired energy or climate goals will not be assumed to be automatically met.

We identify the following climate risk factors:

Risk type		Risk parameter	Risk scenario		Risk possibility description	Countermeasures
			Turquoise scenario	Brown scenario		
Physical risks	Acute	Extremely hot weather		√	In the short and medium term, extremely hot weather may lead to power ration and business shutdowns due to damages to the power grid, disrupting pharmaceutical product stockpiles. When extremely hot weather worsens, it may also cause heat stroke, pyrexia, summer cold and more to employees, reducing work efficiency and threatening their health, which in turn may drive up Ascentage Pharma's operating costs. Under this selected scenario, Guangzhou, where Ascentage Pharma operates, is subject to a higher risk of extremely hot weather, and Shanghai, Suzhou, and Taizhou are subject to that in the long run.	• Establishing a workable emergency response plan for extreme weather by comprehensively assessing the potential risk of the Company's operations being affected by extreme weather events; • Equipping emergency facilities including yellow sand, shovels, first aid kits, AED external defibrillators, etc. Each floor is staffed with 2-3 first aiders and evacuation drills and first aid training sessions are conducted annually; • Planning for safety stock, maintaining positive communication with suppliers, and developing supply chain disruption response plans; • Continuously monitoring climate change trends in the locations where we operate and embed them into asset development considerations.
		Flood		√	Floods damage physical assets, including property, equipment and inventory, which will result in higher operating costs and lower fixed asset values for the Company. They also disrupt the continuity of the Company's business, and the affected production materials, transportation, and the supply chain will disable the Company's operations and upstream and downstream work, leaving higher operating costs to the Company. Under this selected scenario, Guangzhou, where Ascentage Pharma operates, is subject to a higher exposure to floods in the medium and long run.	

Risk type		Risk parameter	Risk scenario		Risk possibility description	Countermeasures
			Turquoise scenario	Brown scenario		
Physical risks	Chronic	Increase in average temperature		√	An increase in average temperatures likely brings a growing number of extremely hot days in the region, destabilizing ecosystems with changes in the prices of raw materials dependent on biopharmaceuticals, which may raise the cost of purchases for future operations. Under this selected scenario, Rockville, USA, and Shanghai, Suzhou, and Taizhou, where Ascentage Pharma operates, are subject to a higher risk level by the increase in average temperatures, and the long-term risk level of Dublin, Ireland, changes from medium to high.	
		Rise of sea level		√	The rising sea level may put plants, suppliers and infrastructure in the coastal zone at risk of inundation, which may affect the production operations of plants as well as the availability of supplies and raw materials in the zone. Under this selected scenario, Dublin, Ireland, Sydney, Australia, Guangzhou, Shanghai, Suzhou, and Taizhou, where Ascentage Pharma operates, are subject to a higher exposure to sea level rise in the long run.	

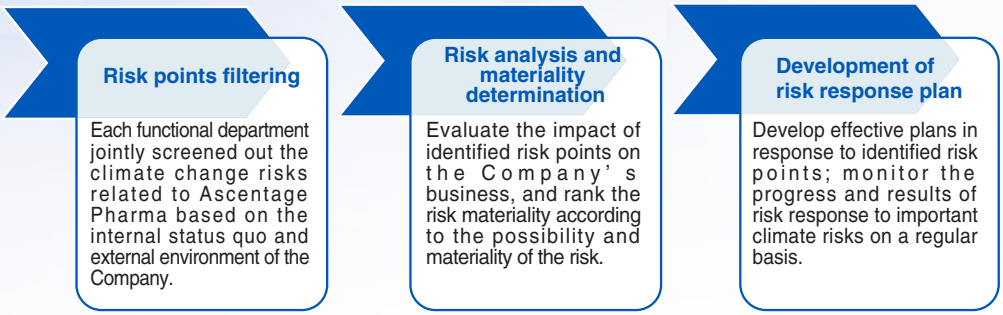
Risk type		Risk parameter	Risk scenario		Risk possibility description	Countermeasures
			Turquoise scenario	Brown scenario		
Transformational Risks	Policies and Laws	Raising pricing of greenhouse gas (GHG) emissions	√		The EU, the USA and Australia have established relatively mature carbon trading markets, and China's carbon trading system is being established. The carbon trading market has served as an important environmental protection policy tool to promote enterprises to reduce carbon emissions for the transformation and upgrading of the whole industry. The biopharmaceutical industry, in which Ascentage Pharma operates, has yet to be included in the carbon trading industry under the current regulations, but future trends may still have an impact on its operations. Under this selected scenario, increased pricing of GHG emissions may result in the Company paying higher energy costs and carbon taxes, which involves the Company in proactive initiatives to reduce GHG emissions.	• Consolidating and reporting updates on national laws, regulations and industry standards on a monthly basis, and conducting EHS compliance assessments; • Standardizing information disclosure in accordance with the Guide of The Stock Exchange of Hong Kong Ltd. to improve the data collection system and set corporate environmental objectives.
		Enhancing emissions reporting obligations	√		Ascentage Pharma has fully met the emission reporting requirements currently implemented by the Hong Kong Stock Exchange. Under this selected scenario, however, the future enhancement in the emission reporting obligations will require Ascentage Pharma to devote more time, manpower and capital to GHG emission accounting and reporting to meet the requirements of the relevant regulations and standards.	

Risk type		Risk parameter	Risk scenario		Risk possibility description	Countermeasures
			Turquoise scenario	Brown scenario		
Transformational Risks	Market	Raising raw material costs	√		Under the selected scenario, the United States, Australia and Ireland have set targets and plans to achieve carbon neutrality by 2050, and China has set a strategic goal of "peak carbon neutrality". In this context, the green transformation will place more demands on the emission reduction capability of the entire production value chain. Upstream suppliers may face challenges such as technological upgrades in the future in order to meet the needs of green development, resulting in a corresponding increase in the cost of raw materials, which in turn will drive up the Company's production costs.	• Incorporating low carbon considerations into the process of project development and management; • Collaborating upstream and downstream of the supply chain to forge strategic partnerships for lowered procurement risks.
	Reputation	Stakeholders are increasingly concerned about negative feedback	√		Under this selected scenario, investors will pay more attention to Ascentage Pharma at the technical, managerial, environmental and compliance levels, and this requires the Company to make great efforts to respond to stakeholder expectations in terms of addressing climate change risks, pollution prevention and reputation, and communicating and safeguarding stakeholder relations.	• Continuously improving sustainability and climate change related disclosures; • Enhancing communication with stakeholders through multiple channels; • Including environmental impacts and climate change risk reduction in the consideration of the development of business strategies and measures.

Opportunity	Correlation description	Countermeasures
Resource efficiency	Improvements in resource allocation and utilization efficiency and process innovations will help the Company reduce operating costs and help mitigate the negative environmental impacts generated by the Company.	• Working on process innovation and resource management optimization.
Energy supply	Several countries are mapping out renewable energy policies and incentives to encourage renewable energy development and trading. Renewable energy investments and applications can help bring in energy gains to companies based on energy savings and provide more diverse operational cost reduction initiatives.	• Working on energy mix optimization initiatives and exploring the possibility of expanding renewable energy sources.
Resilience	The Company also needs to stress the support of the sustainable development level of the supply chain while ramping up its own management, so as to create a more stable supply chain through supplier cooperation initiatives for reduced operating costs on the basis of maintaining its own production management.	• Working to help shape a more resilient supply chain through supplier empowerment and aid initiatives.

4.2.3 Risk Management

Underpinned by a scientific risk management system, Ascentage Pharma ensures that the impact of climate risks on the business is minimized in the course of its operations by setting up risk management plans for identified risks and formulating emergency management solutions.



Risk Management System of Ascentage Pharma

4.2.4 Indicators and Targets

We have set targets to improve energy efficiency and reduce greenhouse gas emissions. We regularly monitor energy consumption and greenhouse gas emission data, and integrate the concept of green development into our R&D, production and operations to facilitate environmental goals to the best. In 2023, the total Scope I and II GHG emissions of Ascentage Pharma were 7,776.66 tCO_2e, and the Scope I and II GHG emissions intensity was 0.35 tCO_2e/RMB0'000 revenue.

Energy Consumption and Greenhouse Gas Emissions of Ascentage Pharma

Indicator	2021	2022	**2023**	Unit
Total diesel consumption	35.00	35.00	**33.00**	liter
Total gasoline consumption	3,434.00	3,366.00	**3,314.00**	liter
Total natural gas consumption[10]	/	611,179.50	**959,135.00**	m^3
Total electricity consumption[11]	1,327,707.40	7,152,347.39	**9,986,720.90**	kWh
Total comprehensive energy consumption[12]	1,357,862.89	12,652,192.95	**18,600,424.32**	kWh
Intensity of integrated energy consumption	486.51	603.32	**837.86**	kWh/RMB10,000 revenue
Greenhouse gas emissions (Scope 1)[13]	7.67	1,329.00	**2,081.23**	tCO_2e
Greenhouse gas emissions (Scope 2)[14]	934.43	4,078.98	**5,695.43**	tCO_2e
Greenhouse gas emissions (Scope 1, 2)	942.10	5,407.99	**7,776.66**	tCO_2e
Intensity of greenhouse gas emissions (Scope 1, 2)	0.34	0.26	**0.35**	tCO_2e/RMB10,000 revenue
Greenhouse gas emissions (Scope 3)	/	/	**112.18**	tCO_2e
C1: Purchased goods and services				
Greenhouse gas emissions (Scope 3)	/	/	**0.07**	tCO_2e
C4: Upstream transportation and distribution				
Greenhouse gas emissions (Scope 3)	/	/	**1,008.00**	tCO_2e
C6: Business travel				
Greenhouse gas emissions (Scope 3)	/	/	**188.72**	tCO_2e
C7: Employee commuting				
Greenhouse gas emissions (Scope 3)	/	/	**0.55**	tCO_2e
C9: Downstream transportation and distribution				
Greenhouse gas emissions (Scope 3)[15]	/	/	**1,309.53**	tCO_2e
Intensity of greenhouse gas emissions (Scope 3)	/	/	**0.06**	tCO_2e/RMB10,000 revenue

10 In 2023, the total operation hours of Ascentage Suzhou's animal rooms increased, and the natural gas consumption generated by the use of steam generators in animal rooms showed an increasing trend.

11 In 2023, the total operation hours of Ascentage Suzhou's animal rooms increased, and the electricity consumption generated by the operation of animal rooms showed an increasing trend.

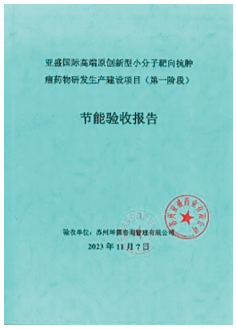
12 Comprehensive energy consumption is calculated in accordance with the General Rules for Calculation of the Comprehensive Energy Consumption (《綜合能耗計算通則》) (GB2589-2020) issued by the State Administration for Market Regulation and Standardization Administration of China.

13 Scope 1 greenhouse gas emissions involve the consumption of diesel, gasoline and natural gas, and the emission factors come from the Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industrial Enterprises (《工業其他行業企業溫室氣體排放核算方法與報告指南》).

14 Scope 2 greenhouse gas emissions involve purchased electricity, and the emission factor comes from the Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023-2025 (《關於做好 2023-2025 年發電行業企業溫室氣體排放報告管理有關工作的通知》).

15 In 2023, the Company conducted the accounting of some Scope 3 greenhouse gas emissions categories, including purchased goods and services, upstream transportation and distribution, business travel, employee commuting, downstream transportation and distribution categories. Among them, the activity data are from the financial system data of the Company and the estimated statistics of relevant departments, and the emission factors are from the China Greenhouse Gas Emission Coefficient Library for Product Life Cycle (2022) (《中國產品全生命週期溫室氣體排放系數集》(2022)) issued by the Environmental Planning Institute of the Ministry of Ecology and Environment.

We work on the efforts related to energy conservation and emission reduction to strengthen our low carbon practice level in three aspects: energy mix transformation, energy conservation management and green office.

Energy fix transformation	Ascentage Pharma works on green laboratories for a green and low-carbon laboratory ecosystem. In our global headquarters office, R&D center and industrial bases, we bring out the best in green building technologies of all kinds, with a building energy efficiency rate of 65%, a renewable energy utilization rate of 40.80%, and a green space rate of 47.93%, which have been certified as green 2-star buildings.
Strengthen energy conservation management	We work on energy conservation and emission reduction to help environmental protection and ecological construction. During the Reporting Period, we worked on the energy-saving acceptance of the high-end original innovative small molecule targeted anti-tumor drug research, development and production construction project. We finally granted the acceptance of the project phase I following the verification by the relevant information and inspection by the acceptance team in the implementation of the project's construction plan, energy-saving technology, energy-saving management, energy-efficiency level and more in accordance with the Energy-saving Acceptance Program for Fixed Asset Investment Projects in Suzhou (Provisional) (《蘇州市固定資產投資項目節能驗收方案(暫行)》) and other regulations. 

Advocate green office	We advocate our employees to start with the trifles to practice the concept of environmental protection. The Company has set up intermittent-running air-conditioning facilities to use less energy; used auto-sensing LED lights in the underground garage to eliminate unnecessary electricity; and installed three pure electric vehicle charging piles to encourage the use of low-emission vehicles. During the Reporting Period, we rolled out the company-wide paperless office and carbon reduction drive by launching digital fee control system, Zhenhui Technology. In July 2023, we launched an empty plate campaign in the cafeteria to call on staff-wide food saving awareness, where employees who finish all the food on the plate will receive in-kind rewards.  Low-carbon office  Paper saving  Water conservation  Electricity saving

4.3 Emission Management

Ascentage Pharma devotes itself to protecting the environment for a shared and green future. We work on strict emission management of exhaust gas, wastewater and waste to explore paths to reduce waste generation, and strictly monitor emission data to ensure that all waste meets national emission standards.

4.3.1 Waste Gas Management

Ascentage Pharma strictly follows the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) and other relevant laws and regulations, and works to ensure that the emissions meet the standards set forth in the Comprehensive Emission Standards for Atmospheric Pollutants (《大氣污染物綜合排放標準》and the Emission Standards for Atmospheric Pollutants in the Pharmaceutical Industry (《製藥工業大氣污染物排放標準》). We effectively dispose of smoke and fumes, odor gases, and toxic and hazardous gases generated during production, drug R&D and operation.

All of our experimental processes are regulated in fume hoods. This is to ensure that laboratory volatile organic compounds are collected through fume hoods and adsorbed by activated carbon adsorption devices to satisfy the emission standards. In addition, we have set up standard identification signs at all waste gas discharge outlets and recorded and monitored the waste gas data for their better management. We have warning settings for all of our monitoring indicators to ensure that we can take timely action in the event that emissions reach an early warning value.

4.3.2 Wastewater Management

Ascentage Pharma regularly monitors wastewater discharges in accordance with the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》and other laws and regulations as well as its own wastewater monitoring program. In the wake of any exceeding the environmental standards, we will immediately look for the cause and take corrective and preventive measures to strictly control wastewater generated from all aspects of our operations.

During the Reporting Period, the Company introduced online wastewater monitoring facilities and video surveillance equipments. Leveraging intelligent and visualization equipment, we ensured that abnormal emissions were pre-warned, and at the same time, we enhanced the efficiency of real-time cross-departmental data sharing and business collaboration in order to quickly handle abnormalities in pollution prevention and control facilities and minimize the environmental pollution risk.

Wastewater on-line Monitoring Facilities

The facilities are equipped to record in detail wastewater chemical oxygen demand ("COD"), ammonia nitrogen, pH data, and real and detailed information about the hourly and daily monitoring data changes of pollution prevention and control facilities, and upload data through the network to ensure that the management staff can use their cell phone applets anytime and anywhere to log in the data platform to view and compare the monitoring data changes, and determine the cause of any abnormal data spotted quickly and treat it immediately, to avoid environmental pollution incidents.

Wastewater on-line Monitoring Equipment

4.3.3 Waste Management

Ascentage Pharma updated its Solid Waste Management System (《固體廢物管理制度》) during the Reporting Period to optimize the classification of solid waste and the responsibilities of each position, and also updated the solid waste management workflow by establishing new account management requirements, stipulating that all wastes shall be handed over to qualified contractors for disposal, and tightly controlled records of the entry and exit of hazardous wastes in accordance with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) (Revised in 2020), the Hazardous Waste Storage Pollution Control Standards (《危險廢物貯存污染控制標準》) and the Technical Specification for the Setting of Hazardous Waste Identification Marks (《危險廢物識別標誌設置技術規範》) and other laws and regulations. In addition, during the Reporting Period, we set a target of achieving zero landfilling of hazardous waste by 2025 in order to further standardize the management of hazardous waste discharge. During the Reporting Period, Ascentage Pharma inked a hazardous waste disposal contract with a professional integrated solid waste disposal company, which helped us set up the target of zero landfilling of hazardous waste.

Hazardous waste

- Laboratory waste liquids, waste auxiliary equipment, waste activated carbon and other hazardous wastes are collected, stored and handed over to qualified hazardous waste disposal units for disposal by incineration
- Laboratory medical waste such as small animal carcasses and bedding in animal rooms are collected, stored, and handed over to qualified medical waste disposal units for disposal by incineration

General solid waste

- Among them, waste cardboard, waste cartons and other recyclable wastes are collected by the cleaning staff to the recyclables warehouse, where they are weighed and recorded, and regularly handed over to qualified processing units for recycling.

Main Waste Disposal Process

4.4 Occupational Health and Safety

Ascentage Pharma gives priority to the safety in its production and operation, and keeps improving occupational health and safety management and promoting the cultivation of a safety culture, so as to effectively protect the health and safety of its employees.

4.4.1 Safety Management System Construction

In accordance with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》), the Technical Specification for Occupational Health Surveillance (《職業健康監護技術規範》) and other laws and regulations, Ascentage Pharma formulated a series of regulations, and set up a sound occupational health and safety management system by formulating policies and systems such as the System on Managing and Controlling Safety Production Risk by Ranks and System on Handling Hidden Risk Inspection (《安全生產風險分級管控和隱患排查治理制度》), the EHS Goal Performance Supervision and Evaluation Procedures (《EHS 目標績效監督與測量程序》), the Management System for Occupational Health (《職業健康管理制度》) and the Post Operation Regulations (《崗位操作規程》).

We have established a production safety management system with the safety committee as the core and production safety working group as the cornerstone, and fully implement the spirit of "performing one's own duties", to earnestly guarantee the production safety of the Company. The Company held monthly safety committee meetings to report on the implementation of safety work, follow the new regulations and requirements, share excellent case studies, and put forward work plans for the next step, so as to firmly establish the safety development concept. In 2023, we set up production safety targets with all employees by signing "commitment letters", and the main person in charge conducted assessment for all departments in the following year, and reviewed and improved the targets based on the assessment results.

In order to strengthen employees' awareness of work safety and clarify their responsibilities and obligations for their work safety, Ascentage Pharma has formulated the EHS Training and Management System (《EHS 培訓管理制度》) to carry out regular education and publicity on four major dimensions including safety regulations, safety minds, safety knowledge and safety skills every year. During the Reporting Period, we conducted internal publicity and training on the systems and requirements updated in 2023 to ensure that all employees understood and complied with the new regulations.

During the last three years, there were no work-related fatalities incurred by Ascentage Pharma, and during the Reporting Period, there were no work-related injuries.

Annual Training

During the Reporting Period, Ascentage Pharma conducted online annual training for its employees, which fell into five major categories, including management system and SOP training, environmental protection requirements, safety basics, accountability and risk assessment, contractor management and equipment and facility safety, and occupational health. The total training duration was 8 hours, covering 200 employees, and all of them passed the assessment.

During the Reporting Period, Ascentage Suzhou was awarded the "Responsible Enterprise for Safe Production" in Suzhou Industrial Park for 2023, reflecting its excellent management in production safety.

4.4.2 Safety Management Investigation, Prevention and Controls

Ascentage Pharma classified the risks once every year, and on such basis, it formulated and updated the EHS inspection tables and annual EHS inspection plans. Through regular safety inspections and special inspections, it ensured the implementation of various safety risk precautionary measures. In November 2023, we conducted an on-site inspection of jobs with occupational hazards, and the results showed that each relevant job met the requirements of China's occupational health standards on chemical hazards and physical factors.

Ascentage Pharma values the health of employees. We have formulated the Management System for Occupational Health (《職業健康管理制度》) and implemented the whole-process prevention and control of occupational diseases, in an effort to provide a safe working environment. During the Reporting Period, Ascentage Pharma conducted occupational hygiene surveys, testing of occupational disease hazards and employee occupational health inspections at laboratories and production sites, comprehensively analyzed major occupational disease hazards, and completed the Phase II evaluation for the effectiveness of occupational health control.

Safety protection measures	Emergency response	Occupational health management
• We have equipped local ventilation devices at the production sites as required, adopted various measures to prevent dust, poison and noise, took the biosafety protection measures, and provided our employees with personal protective equipment.	• Ascentage Pharma has set up an emergency response team with emergency lights, first aid kits, first aid medicines, eyewash devices, etc.	• We organized the employees in the positions with occupational disease hazards to carry out the appropriate pre-job, on-job and off-job occupational health examinations. Inform employees of the results of the occupational health examinations, we have the employees sign in writing to confirm the results.

Health and Safety Management Measures

We have also imposed strict requirements of "zero safety incident, zero environmental incident and zero non-compliance incident" on the contractors of the Company, and comprehensively implemented the EHS Management Rules for Contractors (《承包商 EHS 守則》) to maintain full life-cycle safety management on contractors.

Safety risk assessment	Safety supervision on contractors	Safety training for contractors
• Conducting safety risk assessment prior to the commencement of a project, and establishing approval system for high risk work, such as use of fire, work at height, hoisting and work in confined space; • Signing the Production Safety Management Agreement with contractors, and conducting pre-job safety training.	• Implementing the contractor safety supervision responsibilities of the person in charge for projects from the Company; • Carrying out on-site inspection and irregular random inspection on contractors. For issues identified, they are being tracked and rectified; • Safety factor is regarded as an important indicator for performance evaluation on contractors, which will directly affect the continuity of cooperation.	• Conducting regular safety training for contractors, to ensure the implementation of the standard operating procedures of the Company; • For safety issues identified during the review on contractors, carrying out targeted assistance and improvement thereto, to enhance the safety management of contractors.

Safety Management Measures for Contractors

5 Leading Talents to Construct Harmonious Society

Ascentage Pharma views talents as the core force driving the development of the Company. We endeavor to create a fair and equal working environment filled with opportunities for our employees, so that they can grow and progress in Ascentage Pharma and contribute to the construction of harmonious society.

5.1 Employment

At any time, we uphold the spirit of the rule of law in employment and strictly comply with China's laws and regulations on employment and recruitment, in an effort to protect the basic rights and interests of our employees and make each of them receive the respect and remuneration they deserve.

5.1.1 Standardized Management

In strict compliance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Special Provisions on Labor Protection for Female Workers (《女職工勞動保護特別規定》) and other relevant laws and regulations, Ascentage Pharma has formulated and continuously optimized its internal management systems, such as the Employee Manual (《員工手冊》), the Recruitment Management System (《招聘管理制度》) and the Probation Management (《試用期管理制度》), and made relevant provisions on equal employment, etc., striving to build an efficient and standardized management system.

In terms of labor rights protection, Ascentage Pharma firmly opposes any form of child labor, forced labor and other employment violations. We have implemented strict employee background investigation procedures to prevent any potential non-compliance and strive to safeguard a fair and equal working environment with respect for labor rights. During the Reporting Period, we did not experience any violations related to discrimination, sexual harassment or child labor.

In order to ensure that our employees could arrange their working hours in accordance with the regulations and maintain work-life balance, during the Reporting Period, we revised and optimized our policy on the management for employees' working hours and overtime work. Employees who need to work overtime were required to submit an Overtime Application Form in accordance with the regulations and obtain written confirmation from their immediate superior and department heads, so as to standardize the management for employees' working hours.

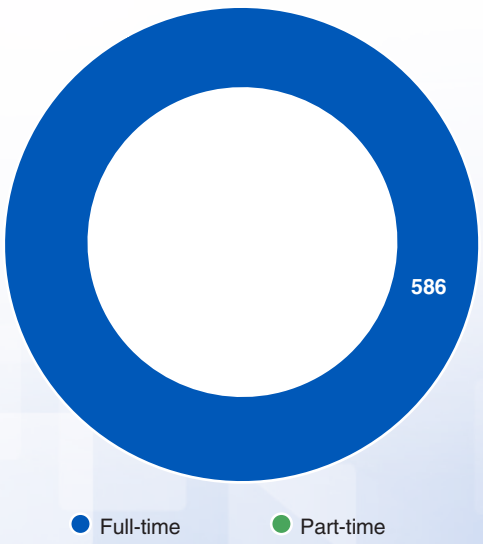
5.1.2 Diversified Recruitment

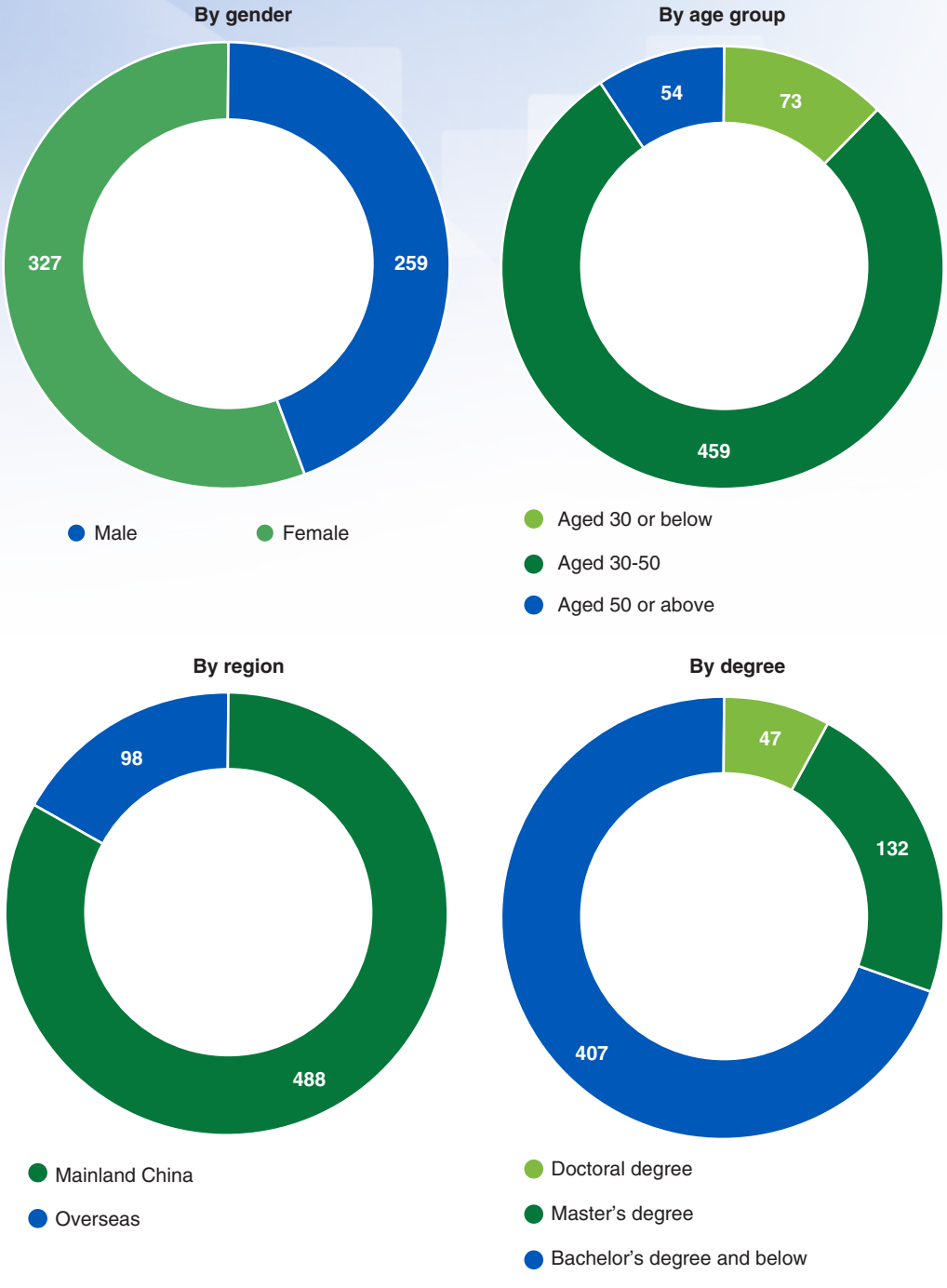
Ascentage Pharma persists in the diversified talent recruitment, in an effort to build a fair and equal recruitment environment and treat every applicant equally without discrimination on ethnicity, race, gender, geography, religious beliefs, etc. We strive to ensure the transparency of recruitment process and notify all applicants of clear and accurate recruitment criteria.

We pay close attention to the Company's current job vacancies and formulate the reasonable talent pipeline development strategy accordingly to ensure that the Company always has a solid talent base in the fiercely competitive market. We conduct the annual talent survey every year and actively expand diversified recruitment channels, including but not limited to corporate presentations, online recruitment, job fairs, internal recommendations and internal competitions. Through this proper talent pipeline development strategy and diversified recruitment channels, we further improved the construction of our talent pool.

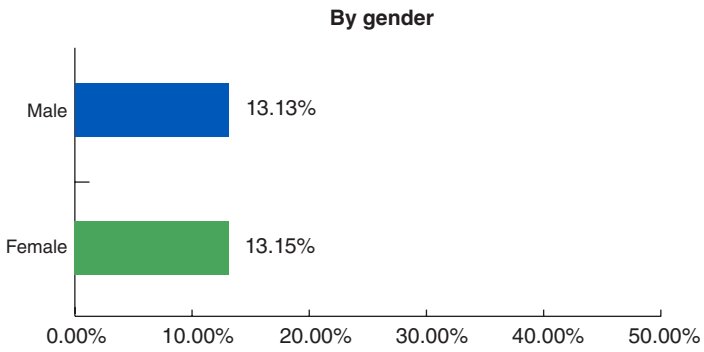
As of the end of the Reporting Period, Ascentage Pharma had a total of 586 full-time employees, of whom 47 held doctoral degrees. The specific data based on different categories are listed below:

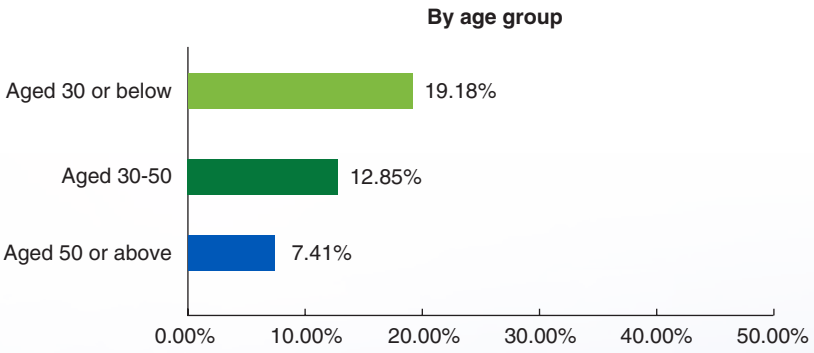
By employee category

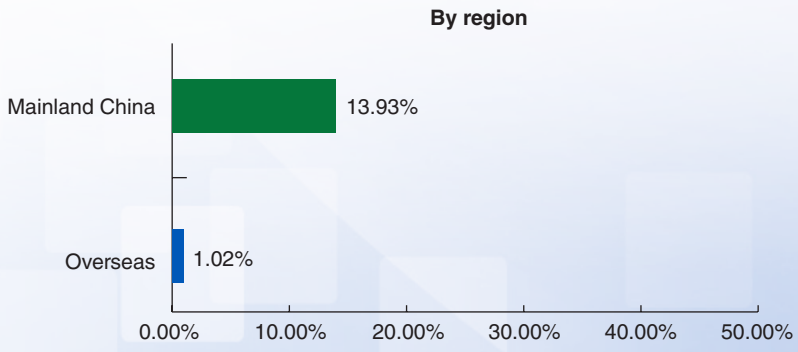



By gender
327
259
Male
Female
By age group
54
73
459
Aged 30 or below
Aged 30-50
Aged 50 or above
By region
98
488
Mainland China
Overseas
By degree
47
132
407
Doctoral degree
Master's degree
Bachelor's degree and below

Ascentage Pharma pays attention to the turnover of employees, thus constantly optimizing its Company culture and working environment for reduction of the employee turnover rate. During the Reporting Period, the overall employee turnover rate of Ascentage Pharma was 13.14%. The specific data based on different categories are listed below:







5.2 Talent Development

Ascentage Pharma constantly focuses on the growth and development of employees. To this end, we continue to optimize our remuneration and performance management systems and attach great importance to the education and training of employees, actively integrating internal and external quality resources to create more learning and development opportunities for employees. We endeavor to improve the talent cultivation pattern and promote the synergistic growth between employees and the Company.

5.2.1 Remuneration and Performance

In order to effectively motivate talents, Ascentage Pharma has established a comprehensive employee performance management and assessment system. With the quarterly project-based management method, we conduct the process management for the achievement of employees' performance objectives around the Company's OKR[16] and the annual performance assessment objectives of each department. Meanwhile, we adopt a multi-dimensional assessment model, and design the corresponding key assessment indicators, to objectively reflect the achievement of the employees' work.

During the Reporting Period, we conducted year-end performance appraisal and feedback in the form of OA[17] online assessment, which provided a platform for employees and teams to review their performance on a regular basis, to continuously track the progress of employees' performance and to ensure the final achievement of objectives of employees and organization.

Objective setting at the beginning of the year
Immediate superiors discuss and communicate with employees to set annual objectives based on Ascentage Pharma's strategic and operational objectives.

Annual performance assessment summary
Establish a mechanism for feedback from managers and confirmation from employees to ensure that the performance assessment process is clear, transparent and equal.

[16] OKR: Objectives and Key Results is a set of management tools and methods for clarifying and tracking objectives and their completion, the main purpose of which is to motivate employees to achieve their objectives and tasks more efficiently, and to assess employees based on the progress of the project, so as to continuously elevate the strengths of employees

[17] OA: Office Automation

In addition, we conduct regular remuneration research and analysis, formulate remuneration strategies that are in line with market trends, to ensure that employees remuneration is not lower than the minimum standard. We provide employees with market-competitive remuneration and benefits with the commitment to equal pay. On this basis, we provide appropriate incentives and rewards to our employees based on their performance. During the Reporting Period, we implemented an employee remuneration strategy focusing on differentiated incentives, and further provided diversified remuneration incentives and security through a combination of cash incentives and employee stock ownership plan. The Company's cash remuneration incentives covered a total of 66% of the entry and junior level employees and 68% of the middle management.

Long-term incentive plan – employee stock ownership plan

We have established an employee stock ownership plan covering the senior management, middle management and key grass-roots positions on management and technology. During the Reporting Period, Ascentage Pharma completed two rounds of stock incentive grants, with a 100% employee coverage rate.

5.2.2 Talent Cultivation

Ascentage Pharma attaches importance to the cultivation and development of talents, and endeavors to create a comprehensive and diversified career development planning platform for employees to ensure that everyone enjoys equal opportunities. Through an efficient promotion mechanism, the Company encourages its employees to continuously improve their capabilities and skills. During the Reporting Period, we further optimized the Rank Channel Management System (《職級通道管理制度》) and elevated the promotion ratio, to encourage the development of employees for promotion, support the horizontal development of employees through project system, position transfer, expansion of business scope, etc., and open up the career promotion and development paths of employees.

Leadership development training program for future

Ascentage Pharma has launched a talent development program, the "Junior level and Middle Manager Program", which aims at new managers at the early stage of their careers and focuses on the cultivation of talents with future leadership. Through the mentoring and online/offline training, we help junior level and middle managers polish their professional skills and improve their management capabilities, so that they can grow into the backbone of the Company and contribute their wisdom and strength to the long-term development of Ascentage Pharma.

International industry-university-research joint training for on-job doctoral students

Ascentage Pharma has partners with the Xi'an Jiaotong – Liverpool University to establish an industrial academy, and is training on-job doctoral students with the Academy of Pharmacy. The Academy adopts an international teaching model and is staffed with internal and external tutors from Ascentage Pharma, Xi'an Jiaotong – Liverpool University and the University of Liverpool in the UK to guide the students throughout the whole process. After completing study, students will be awarded a doctoral degree from the University of Liverpool in the UK.

Ascentage Pharma has always regarded the international industry-university-research joint training as the top priority for talent cultivation. The Company fully supports employees to further their studies and provide full tuition fees. We firmly believe that, through a systematic training program and diversified learning methods, our employees will gradually grow into composite leaders with international perspectives in the industry.

Partnering with Chinese universities to deepen joint training programs

- Leveraging their complementary resources and advantages, Ascentage Pharma and China Pharmaceutical University partnered to set up a graduate training base for Ascentage Pharma's master's degree program, and jointly seek a new model for graduate education.
- Ascentage Pharma has partnered with Nanjing University of Chinese Medicine to promote the master's degree training program. Currently, three students have successfully completed their studies and graduated.
- Ascentage Pharma and the Academy of Hematology of Soochow University have launched a joint training program to cultivate and develop talents through R&D projects.
- Ascentage Pharma has established internship bases with Suzhou Industrial Park Institute of Services Outsourcing and Suzhou Vocational Health College, to jointly cultivate high-quality skilled talents that meet the needs of economic and social development by providing internship positions. A total of 14 internship positions were provided in 2023, with 28 interns.

We attach importance to the training and development of our employees. Through our online learning platform, we regularly push selected learning contents for employees who need to improve their leadership and general and professional capabilities, which effectively improves their learning efficiency and career development potential. In addition, we provide professional training in business operations and sales with remarkable results.

Establishing the Share-Shine online learning platform

Ascentage Pharma has established Share•Shine, an online learning platform exclusively for global Ascentage staff members, and has set up several learning areas such as General Professional Skills, Leadership, Pharmaceutical, Marketing, etc., continuously updating the course resources and bringing a engaging and exciting learning experience for employees to share knowledge.

Training on the Methods of Employee Coaching (《員工輔導的道與術》)

In September 2023, a training designed for more than 20 junior staff members and middle managers, the Methods of Employee Coaching, was held at the headquarters of Ascentage Pharma. Through case studies and co-creation and sharing, this training enabled the managers to have a deeper understanding of the role of employee coaching and improved their methods and skills in the process of employee coaching.

Online Training of "Olverembatinib Sailing Special Training Camp"

In order to ensure the professional competence of our medical representatives, regional sales managers and marketing employees in commercial operations and sales functions, the Company regularly conducts a number of relevant trainings. In August 2023, we conducted a 6-week online training, the "Olverembatinib Training Camp", with a total of 12 sessions. The training not only covered theoretical knowledge of the product, but also included employee discussions, examination and evaluation, and one-on-one orientation and coaching. Employees gained an in-depth understanding of the key research data of Olverembatinib and competitors, allowing them to better promote the product and educate physicians.

During the training period, the attendance rate and exam passing rate of the sales force reached 100%.

The 13th High-skilled Competition in Suzhou Industrial Park

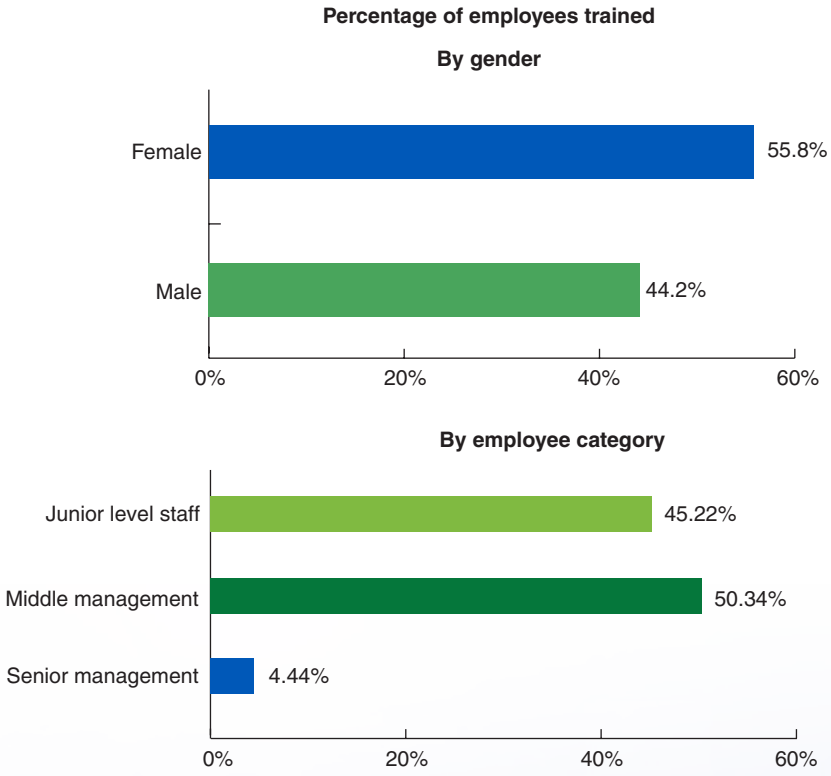
Ascentage Suzhou was awarded the Excellent Organization Award in the 13th High-skilled Competition in Suzhou Industrial Park. Its 16 employees in the competition passed the Competition of Synthesis-Purification-Testing of Small Molecule Drug with excellent results, and one of them was awarded the second place in the competition, which demonstrated the Company's great professional strength.

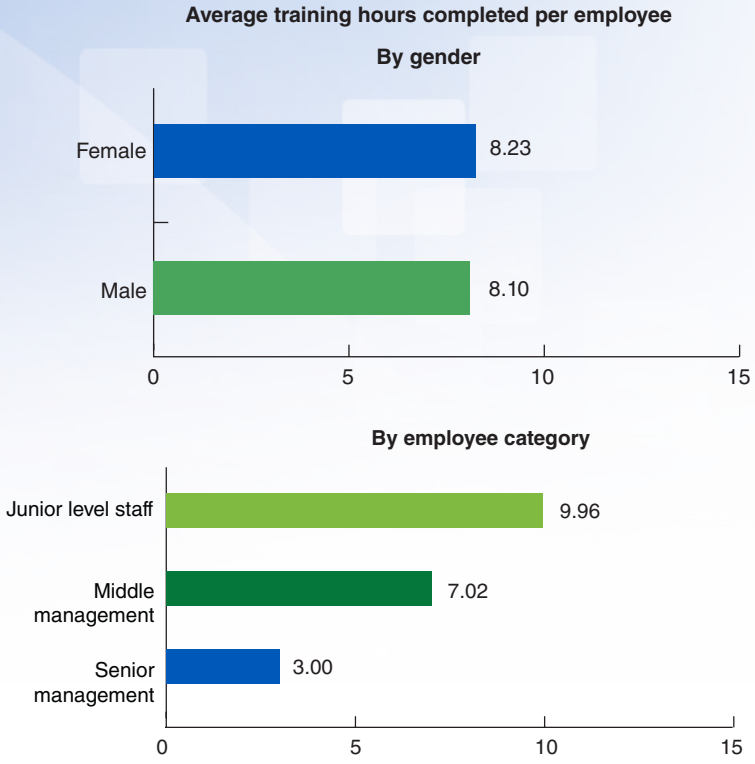
In order to support employees' further learning, enrich their knowledge and enhance their strengths in professional fields and job skills, we implement the Education Subsidy Policy (《教育資助政策》) for all employees, which helps eligible employees participate in job-related continuing education, including education for on-job graduates and doctoral students and vocational qualification education. Employees can enhance their personal value at work by utilizing the knowledge acquired.

Incentives of dual platform points from training

In order to comprehensively stimulate employees' enthusiasm for learning, the Company has integrated the points system of Share-Shine, an online learning platform, and Staff Home, a platform for internal publicity of culture, to support employees to exchange their learning points with Staff Home points in equal proportion after completing the training and obtaining the corresponding learning points, and the redeemed points can be exchanged for their preferred rewards.

During the Reporting Period, the percentage of trained employees of Ascentage Pharma reached 100%, and the average number of training hours amounted to 8.2 hours. The grouping data by different categories are as follows.





5.3 Care and Welfare

In order to build a more harmonious, stable and orderly labor relationship, we provide comprehensive welfare and care measures, and actively open up employee communication channels, striving to ensure that the rights and interests of employees are fully respected and protected.

5.3.1 Measures on Welfare

We strictly follow the guidelines of the Employee Manual (《員工手冊》), to ensure the fair and just implementation of each welfare policy, providing employees with high-quality security for work and life and stimulating their enthusiasm for work. The coverage rate of employees receiving the Company's welfare measures has reached 100%.

Basic security	• Ascentage Pharma complies with the requirements of relevant laws and regulations in the regions where it operates, and pays the amount of all social insurance and housing provident fund in full for employees.
Health security	• Provide the welfare of annual health examination, annual occupational health examination, sick leave with remuneration, and supplemental life and medical insurance.
Humanistic care	• Provide welfare measures such as annual leave, commuting allowance, meal allowance, overtime pay and transfer, birthday and holiday gifts, donations and women's day holiday; • Provide expatriate employees with special benefits such as off-site work allowance and welfare housing arrangements; • Provide flexible working modes such as telecommuting and flexi-time office, advocating the balance between employees' life and work.
Family welfare	• Provide gifts for marriages and new children, maternity leave, paternity leave, maternity examination leave, parental leave with remuneration and breastfeeding leave, and provide supplementary life and medical insurance with child insurance; • Establish mother and baby rooms at offices and premises; • Provide consolation money for the employee with major changes in its family.

Psychological assistance	• We attach great importance to the psychological health of our employees, and have launched the Employee Psychological Assistance Program, which opens a 24-hour hotline for EAP psychological assistance for each employee, providing one-on-one psychological guidance and consulting services to help employees relieve their mental stress.
Infrastructure	• We have set up sports equipment in each of our operation sites and regularly organize sports competitions and activities to enrich the cultural life of our employees and create a harmonious and happy atmosphere for work.

5.3.2 Employee Communication

Ascentage Pharma has built an all-round communication system for its employees. It constructed a solid communication bridge between managers and all employees through communication channels such as the annual all-employee meeting, the WeChat platform on the Company's intranet, the HR mailbox and the compliance mailbox. We actively seek to understand the needs of employees, hold regular internal assessments and take targeted improvement measures to ensure the enhancement of employee satisfaction.

In 2023, Ascentage Pharma conducted periodic employee surveys on various topics, including satisfaction with the employee cafeteria, Staff Home and Huilianyi system, and a questionnaire survey on commercial insurance. Employee response rates for the questionnaires reached 80%, far exceeding the target. Through the multi-dimensional survey, we learned that the overall employee satisfaction reached 90%. In response to the issues identified in the survey, we have formulated an improvement plan and action program to actively promote best practices in an effort to further enhance employees' experience and satisfaction in workplace.

Ascentage Pharma is committed to building a diverse, equal and inclusive corporate culture. In the Employee Manual (《員工手冊》), we have clarified our anti-harassment policy, grievance process and dispute handling procedures. Meanwhile, we have further clarified the Compliance Operation Statement (《合規操作聲明》) and opened the public mailbox of compliance department for all employees. In addition, the human resources department has set up the HQHR public mailbox for handling employee grievance, such as matters of unfair treatment or damage to rights and interests. We respect each employee's claim, ensure the confidentiality of the handling process, and provide timely feedback on the progress of the investigation.

In 2023, Ascentage Pharma did not receive any complaints from employees about any violation incidents.

5.4 Harmonious Community

As an enterprise with a sense of responsibility and mission, Ascentage Pharma actively fulfills its responsibilities and duties as a corporate citizen and strives to build a harmonious community and contribute to the sound development of society. We encourage our employees to carry forward the spirit of volunteerism, participate in community building, and transmit positive energy to create a warm community environment with love.

"Hope Forest" Project of Ascentage Pharma

In September 2023, the "Hope Forest" project, which was established by Ascentage Pharma to revitalize the countryside and restore the ecosystem, has borne the fruit of our commitment and expectations, and has brought hope to local farmers. We carry forward the spirit of volunteerism with love, to contribute to the construction of society and the economic development of the countryside.

Public promotion in the World CML Day

On September 22, 2023, the World CML Day, Ascentage Pharma held the 1st Wuhan CML Forum and the 10th China CML Patient Conference. The CML Forum and CML Patient Conference provided a platform for experts and scholars in the field of CML to share their advanced experiences and technologies and to engage in in-depth academic exchanges, as well as an opportunity for many CML patients in China to express their ideas, learn from each other, and grow. Through the joint efforts of Ascentage Pharma and the community, we aim to help CML patients receive more public attention and better treatment, manage the disease both physiologically and psychologically, better integrate into society and realize self-fulfilment.

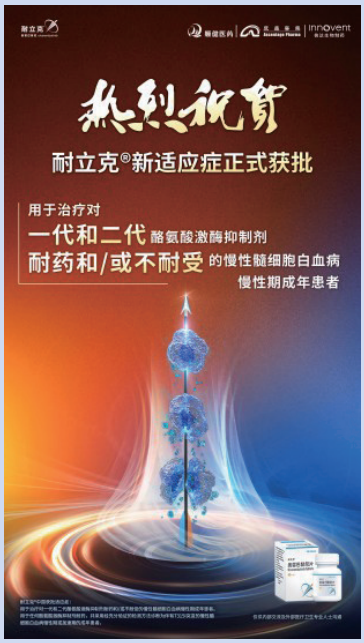
CML introduction through media publicity

During the Reporting Period, we deeply analyzed the four major patient types, namely, T315I mutation CML patients, second generation drug-resistant CML patients, patients with first newly diagnosed of Ph+ALL, and Ph+ALL patients on maintenance therapy through three major professional media, namely, CCMTV, medlive.cn, and LIANGYIHUI, making the core information of Olverembatinib® reach 170,000 people. These initiatives have deepened the understanding and communication on CML between professionals and patients, truly fulfilling the mission of "to address unmet medical needs in China and globally".

- Released a total of 22 case reports on the use of Olverembatinib, widely publicizing the real-world experience of Olverembatinib®;

- During the T315I mutation health insurance promotion month, the Company invited 10 famous people in the field to make all-rounded interpretation for including the Olverembatinib® in health insurance, so that the health insurance information can be delivered synchronously between doctors and patients, and patient reimbursement can be implemented quickly;

- Carried out the new indications and the second anniversary report, to analyze the benefits of the new indications from multiple aspects;



- Set up the column of “ASH First Line Report”, and published a total of 8 reports on in-depth analysis of core data Olverembatinib.

Appendices

Appendix I – ESG Key Performance Indicators (KPIs)

Environmental Performance	Data in 2021	Data in 2022	Data in 2023	Unit
Direct energy consumption				
Total diesel consumption	35.00	35.00	33.00	liter
Total gasoline consumption	3,434.00	3,366.00	3,314.00	liter
Total natural gas consumption[18]	/	611,179.50	959,135.00	m^3
Total direct energy consumption	30,155.49	5,499,845.56	8,613,703.42	kWh
Intensity of direct energy consumption[19]	10.80	262.26	388.00	kWh/RMB10,000 revenue
Indirect energy consumption				
Total electricity consumption[20]	1,327,707.40	7,152,347.39	9,986,720.90	kWh
Intensity of electricity consumption	475.71	341.06	449.85	kWh/RMB10,000 revenue
Comprehensive energy consumption[21]				
Total comprehensive energy consumption	1,357,862.89	12,652,192.95	18,600,424.32	kWh
Intensity of comprehensive energy consumption	486.51	603.32	837.86	kWh/RMB10,000 revenue
Greenhouse gas emissions[22]				
Greenhouse gas emissions (scope 1)	7.67	1,329.00	2,081.23	tCO_2e
Greenhouse gas emissions (scope 2)	934.43	4,078.98	5,695.43	tCO_2e
Greenhouse gas emissions (scope 1, 2)	942.10	5,407.99	7,776.66	tCO_2e
Intensity of greenhouse gas emissions (scope 1, 2)	0.34	0.26	0.35	tCO_2e/RMB10,000 revenue
Greenhouse gas emissions (scope 3) *C1: Purchased goods and services*	/	/	112.18	tCO_2e

18 In 2023, as the total operating hours of Ascentage Suzhou's animal rooms increased, and the natural gas consumption generated by the use of steam generators in the animal rooms saw an increasing trend.

19 The revenue of Ascentage Pharma for 2023 was approximately RMB222.00 million.

20 In 2023, as the total operating hours of Ascentage Suzhou's animal rooms increased, and the electricity consumption generated by the operation of animal rooms saw an increasing trend.

21 Comprehensive energy consumption is calculated in accordance with the General Rules for Calculation of the Comprehensive Energy Consumption (《綜合能耗計算通則》) (GB2589-2020) issued by the State Administration for Market Regulation and Standardization Administration of China.

22 Scope 1 greenhouse gas emissions involve the consumption of diesel, gasoline and natural gas, and the emission factors come from the Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industrial Enterprises (《工業其他行業企業溫室氣體排放核算方法與報告指南》). Scope 2 greenhouse gas emissions involve purchased electricity, and the emission factor comes from the Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023-2025 (《關於做好2023-2025年發電行業企業溫室氣體排放報告管理有關工作的通知》). In 2023, the Company conducted the accounting of some Scope 3 greenhouse gas emissions categories, including purchased goods and services, upstream transportation and distribution, business travel, employee commuting, downstream transportation and distribution categories. Among them, the activity data are from the financial system data of the Company and the estimated statistics of relevant departments, and the emission factors are from the China Greenhouse Gas Emission Coefficient Library for Product Life Cycle (2022) (《中國產品全生命週期溫室氣體排放系數集》(2022)) issued by the Environmental Planning Institute of the Ministry of Ecology and Environment.

Environmental Performance	Data in 2021	Data in 2022	Data in 2023	Unit
Greenhouse gas emissions (Scope 3) *C4: Upstream transportation and distribution*	/	/	0.07	tCO_2e
Greenhouse gas emissions (Scope 3) *C6: Business travel*	/	/	1,008.00	tCO_2e
Greenhouse gas emissions (Scope 3) *C7: Employee commuting*	/	/	188.72	tCO_2e
Greenhouse gas emissions (Scope 3) *C9: Downstream transportation and distribution*	/	/	0.55	tCO_2e
Greenhouse gas emissions (scope 3)	/	/	1,309.53	tCO_2e
Intensity of greenhouse gas emissions (scope 3)	/	/	0.06	tCO_2e/RMB10,000 revenue
Waste gas emissions[23]				
Oxynitride	/	0.13	0.79	ton
Non-methane hydrocarbon	0.15	0.05	0.19	ton
Wastewater discharge[24]				
Total wastewater discharge	4,313.00	56,092.50	60,671.00	ton
COD emission	0.49	0.65	0.91	ton
Ammonia nitrogen emission	0.02	0.02	0.02	ton
Water consumption				
Total water consumption	4,322.10	94,968.00	115,526.00	ton
Intensity of total water consumption	1.55	4.53	5.20	ton/RMB10,000 revenue
Waste produced				
Non-hazardous waste produced[25]	22.44	12.85	16.87	ton
Intensity of non-hazardous waste produced	8.04	0.61	0.76	kg/RMB10,000 revenue
Hazardous waste produced[26]	32.21	26.08	47.91	ton
Intensity of hazardous waste produced	11.54	1.24	2.16	kg/RMB10,000 revenue

23 The Company's waste gas emissions are mainly nitrogen oxides and non-methane hydrocarbons, and the historical data has been retrospectively adjusted.

24 The Company's wastewater discharge categories are mainly laboratory wastewater and domestic wastewater, and the wastewater pollutants are mainly COD and ammonia nitrogen, and the historical data has been retrospectively adjusted.

25 The Company's non-hazardous waste mainly includes domestic waste, kitchen waste, waste paper and waste plastic.

26 The Company's hazardous waste mainly includes medical wastes, waste organic solutions, other laboratory wastes, waste fluorescent tubes and waste activated carbon.

Social Performance	Data in 2021	Data in 2022	Data in 2023	Unit
Number of suppliers by region				
Overseas	243	62	73	/
Mainland China, Hong Kong, Macao and Taiwan	788	961	905	/
Intellectual property				
Number of patent applications	102	32	42	piece
Number of patent issued	46	56	51	piece
Total number of employees	**613**	**580**	**586**	**person**
– By employment category				
Full-time	613	580	586	person
Part-time	0	0	0	person
– By gender				
Male	291	257	259	person
Female	322	323	327	person
– By age group				
Aged 30 or below	94	106	73	person
Aged 30-50	441	411	459	person
Aged 50 or above	78	63	54	person
– By region				
Mainland China	504	495	488	person
Overseas	109	85	98	person
Total turnover rate of employees	**10.60**	**29.31**	**13.14**	**%**
– By gender				
Male	8.59	38.13	13.13	%
Female	12.42	22.29	13.15	%

Social Performance	Data in 2021	Data in 2022	Data in 2023	Unit
– By age group				
Aged 30 or below	13.83	24.53	19.18	%
Aged 30-50	9.75	28.71	12.85	%
Aged 50 or above	11.54	41.27	7.41	%
– By region				
Mainland China	9.13	26.46	13.93	%
Overseas	17.43	45.88	1.02	%
Percentage of employees trained	**83.4**	**100**	**100**	**%**
– By gender				
Male	47.4	44.31	44.20	%
Female	52.6	55.69	55.80	%
– By employee category				
Senior management	2.9	4.83	4.44	%
Middle management	32.3	44.83	50.34	%
Ordinary staff	64.8	50.34	45.22	%
Average training hours completed per employee	**13.1**	**8.9**	**8.2**	**hour**
– By gender				
Male	13.0	8.84	8.10	hour
Female	13.1	9.02	8.23	hour
– By employee category				
Senior management	4.9	3.00	3.00	hour
Middle management	3.0	7.93	7.02	hour
Ordinary staff	21.5	10.40	9.96	hour
Number of work-related fatalities	0	0	0	person
Ratio of work-related fatalities	0	0	0	%
Workdays lost due to work-related injuries	0	0	0	day
Amount donated to the community	520	200	200	RMB10,000

Appendix II – Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs			Index
Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operation and Health & Safety – Environmental Management, Emission Management
	A1.1	The types of emissions and respective emissions data.	Green Operation and Health & Safety – Emission Management
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Green Operation and Health & Safety – Response to Climate Change
	A1.3	Total hazardous waste produced and intensity.	Green Operation and Health & Safety – Emission Management
	A1.4	Total non-hazardous waste produced and intensity.	Green Operation and Health & Safety – Emission Management
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Operation and Health & Safety – Emission Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operation and Health & Safety – Emission Management

Subject Areas, Aspects, General Disclosures and KPIs			Index
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation and Health & Safety – Response to climate change, emissions management
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Green Operation and Health & Safety – Response to Climate Change
	A2.2	Water consumption in total and intensity.	Green Operation and Health & Safety – Emission Management
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operation and Health & Safety – Response to Climate Change
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Operation and Health & Safety – Emission Management
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Green Operation and Health & Safety – Emission Management

Subject Areas, Aspects, General Disclosures and KPIs			Index
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Operation and Health & Safety – Response to Climate Change
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation and Health & Safety – Response to Climate Change
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Operation and Health & Safety – Response to Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Operation and Health & Safety – Response to Climate Change
Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Leading Talents to Construct Harmonious Society – Employment
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Leading Talents to Construct Harmonious Society – Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Leading Talents to Construct Harmonious Society – Employment

Subject Areas, Aspects, General Disclosures and KPIs			Index
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Green Operation and Health & Safety – Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years.	Green Operation and Health & Safety – Occupational Health and Safety
	B2.2	Workdays lost due to work-related injuries.	Green Operation and Health & Safety – Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Green Operation and Health & Safety – Occupational Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Leading Talents to Construct Harmonious Society – Talent Development
	B3.1	The percentage of employees trained by gender and employee category.	Leading Talents to Construct Harmonious Society – Talent Development
	B3.2	The average training hours completed per employee by gender and employee category.	Leading Talents to Construct Harmonious Society – Talent Development

Subject Areas, Aspects, General Disclosures and KPIs			Index
	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Leading Talents to Construct Harmonious Society – Employment
B4: Labor Standards	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Leading Talents to Construct Harmonious Society – Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	Leading Talents to Construct Harmonious Society – Employment
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Quality & Safety and Premium Supply – Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Quality & Safety and Premium Supply – Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Quality & Safety and Premium Supply – Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Quality & Safety and Premium Supply – Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Quality & Safety and Premium Supply – Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs			Index
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality & Safety and Premium Supply – Quality and Safety
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality & Safety and Premium Supply – Quality and Safety
	B6.2	Number of products and service related complaints received and how they are dealt with.	Quality & Safety and Premium Supply – Excellent Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Global Presence & R&D Innovation – Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	Quality & Safety and Premium Supply – Quality and Safety
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality & Safety and Premium Supply – Excellent service

Subject Areas, Aspects, General Disclosures and KPIs			Index
B7. Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Strengthening Governance and Steadily Moving Forward – Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Strengthening Governance and Steadily Moving Forward – Business Ethics
	B7.2	Description of preventive measures and whistle blowing procedures, and how they are implemented and monitored.	Strengthening Governance and Steadily Moving Forward – Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	Strengthening Governance and Steadily Moving Forward – Business Ethics
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Leading Talents to Construct Harmonious Society – Harmonious Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Leading Talents to Construct Harmonious Society – Harmonious Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Leading Talents to Construct Harmonious Society – Harmonious Community