翰森製藥
HANSOH PHARMA

2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

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About the Report

The Report is the fifth Environmental, Social and Governance (hereinafter referred to as the "**ESG**") Report of Hansoh Pharmaceutical Group Company Limited (the "**Company**") upon its listing. It systematically elaborates on ESG concepts, strategies, measures, goals and performance of the Company and its subsidiaries in 2023 and focuses on addressing material issues of concern to stakeholders.

TIME OF THE REPORT

The information and data in the Report cover the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as the "**Reporting Period**"), unless otherwise specified.

SCOPE OF THE REPORT

The disclosure scope of the substantive content of social and governance in the Report is consistent with that in the 2023 Annual Report. Given the subsidiaries of the Group, Jiangsu Hansoh Pharmaceutical Group Co., Ltd. (江蘇豪森藥業集團有限公司) (hereinafter referred to as "**Jiangsu Hansoh**") and Changzhou Hengbang Pharmaceutical Co., Ltd. (常州恒邦藥業有限公司) (hereinafter referred to as "**Changzhou Hansoh**") accounted for over 90% of the Group's operating revenue in 2023, they are two major operating entities of the Group. In addition, in line with business expansion of Shanghai Hansoh Biomedical Co., Ltd. (上海翰森生物醫藥科技有限公司) (hereinafter referred to as "**Shanghai Hansoh**"), on the principle of importance, the substantive content of the environment section in the Report mainly focuses on these three subsidiaries mentioned above, unless there are special circumstances.

STANDARD OF REFERENCE

The Report is compiled based on the Environmental, Social and Governance Reporting Guide (《環境、社會及管治報告指引》) (the "**ESG Guide**") as set out in Appendix C2 to the Listing Rules of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). The Report refers to the Global Reporting Initiative (GRI)'s Standards for Sustainable Reporting (可持續報告標準) and the International Financial Reporting Standards (IFRS)'s Sustainability Disclosure Standard. It also is in alignment with the United Nations Sustainable Development Goals (SDGs), and addresses the concerns of the Morgan Stanley Capital International Index (MSCI) ESG rating and the S&P Global Corporate Sustainability Assessment (CSA).

About the Report

REPORTING PRINCIPLE

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

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

DATA SOURCES

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

ACCESS TO THE REPORT

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

Email: IR@hspharm.com

CONFIRMATION AND APPROVAL

The Report is approved by the Board of Directors of the Company on April 29, 2024 upon the confirmation of the management of the Company.

1. Chairlady's Statement

In 2023, it was a year of accelerated innovation transformation in the Chinese pharmaceutical industry. Hansoh Pharma actively explored and made unremitting efforts on the journey to becoming a global-leading innovation-driven pharmaceutical enterprise, achieving significant progress in corporate governance, launching innovative drug, green development, talent cultivation and accessible healthcare.

We persisted in fulfilling our supervision responsibilities, by regularly assessing the alignment between ESG principles and corporate strategies, risk mitigation strategies, and the progress toward ESG performance enhancement goals through the ESG Committee. We proactively addressed potential ESG risks by taking a forward-looking approach. Building on continuous monitoring of climate risks, we strengthen oversight on various topics such as information and cybersecurity, healthcare accessibility, integrity and honesty, occupational health and safety, and biodiversity.

We are increasingly convinced that corporate governance based on high ethical standards and a transparent and responsible corporate culture is the foundation for ensuring sustainable corporate operations and making continuous contributions to society.

By 2030, we have elevated our commitment to environmental goals, including more challenging energy conservation and emission reduction of harmful substances at the quantitative level, and newly set quantitative emission reduction goals for wastewater pollutants. In practice, we regularly monitored the conditions of soil, water and other natural resources near the production base, and did our best to avoid harmful effects on the ecological environment, animals, plants and forests. We actively promoted the implementation of the Policy and Action Outline for Addressing Global Climate Change formulated last year, continually assessed climate risks, made emergency plans and sensitivity tests, and ensured the continuity of business operations. We also continued to conduct verification of greenhouse gas emission data including Scope III, continually carried out technical transformation and process optimization of key energy-consuming equipment, and promoted the improvement of energy and material utilization efficiency. In view of our achievements in reducing greenhouse gas emissions, we undertake to achieve Group-wide carbon neutrality by no later than 2055, in order to demonstrate Hansoh Pharma's ambition to contribute to addressing global climate change and biodiversity crisis.

Innovation has always been the key engine to drive Hansoh Pharma's revenue growth and development. By the end of 2023, we have launched seven innovative drugs in China to address unmet medical needs. All approved indications of all seven innovative drugs of Hansoh Pharma have been included in China's NRDL, and the proportion of sales revenue of innovative drugs and collaborative products has exceeded 67.9% and is rising continuously. Innovation is becoming the core driving force for Hansoh Pharma to realize its mission and vision and fulfill its social responsibility.

1. Chairlady's Statement

Ensuring drug safety has always been the bottom line of Hansoh Pharma's responsibility. We benchmarked against the world's advanced quality access standards, planned R&D programs, managed clinical trials, designed and established production facilities, managed production processes, and deployed pharmacovigilance systems. Our key products obtained official certification from European, American, Japanese and other countries. We adopted fair pricing strategies and responsible marketing behavior to lay out the global market, and shared clinical research results in the fields of tumors, liver diseases, blood diseases, etc. with global pharmaceutical peers through authoritative international conferences and publications. Patients in more than 80 countries and regions, among which 37 countries were identified as low- and middle-income countries by the United Nations, received effective treatment because of our products.

Hansoh Pharma firmly believes that talents are innovative companies' core strength and most valuable strategic resources. We actively developed a diverse and inclusive corporate culture, assisted our employees in career development planning, strove to improve their professional capabilities, and enabled their personal value to grow synchronously with corporate development. In 2023, we launched a series of courses combining professional skills and comprehensive qualities, and carried out a variety of cultural and sports activities, enabling our employees to feel the vitality of corporate development and an equal and inclusive working atmosphere. We formulated an Occupational Health and Safety Policy to show our commitment and outline for action in response to the International Labor Organization's Conventions on Occupational Safety and Health. We comprehensively investigated our employees' engagement and satisfaction, and improved organizational cohesion and our employees' centripetal force by identifying deficiencies and continually improving human resource management practices. Relevant data shows that Hansoh Pharma's talent structure is continuing to be optimized, and the talent base supporting corporate innovation and transformation has been further consolidated.

We are well aware that corporate stable development is inseparable from a good community environment. In 2023, we continued to carry out diversified public welfare programs, including patient education, free medical diagnosis, educational assistance, poverty alleviation, and disaster relief. Volunteers from Hansoh Pharma and drugs and money donated by us could be seen in communities where we mainly operate and areas affected by natural disasters.

Since the current human living environment is facing various crises, Hansoh Pharma will continue upholding the values of "responsibility, integrity, hard work, and innovation", and work with the global pharmaceutical peers to actively implement the sustainable development goals of the United Nations and continually improve human health and well-being with resolute actions.

Hansoh Pharmaceutical Group Company Limited
Chairlady
Zhong Huijuan

2. About Hansoh Pharma

Hansoh Pharma is a leading innovation-driven pharmaceutical company in China. As a national key high-tech enterprise and a national technological innovation demonstration enterprise, Hansoh Pharma has long maintained its position among Top 100 Global Pharmaceutical Enterprises and Top 3 China's Best Industrial Enterprises in Pharmaceutical R&D Pipeline. It is committed to improving human health and quality of life through continuous innovation, focusing mainly on the fields of oncology, anti-infections, CNS diseases, metabolic diseases, as well as autoimmune diseases.

Hansoh Pharma actively explores the frontiers of global biotechnology. It has created an R&D system covering the entire process from information collection, compound design and screening, pharmacological and toxicological research to clinical medical research, and has established a number of national R&D institutions including a National Enterprise Technology Center, a Postdoctoral Research Center and a Key National Laboratory. It has 1,671 professional researchers and more than 30 innovative drug programs with over 50 clinical trials currently in progress, covering the fields of small molecule chemical drugs, monoclonal and bispecific antibodies, ADC, siRNA, and fusion protein products and forming a rich and competitive product hierarchy and a favorable ecology.

Up to now, Hansoh Pharma has successfully commercialized seven innovative drugs. Among others, six drugs are the Category-1 new drugs originally developed in China, including the EPO mimetic peptide Saint Luolai® (Pegmolesatide Injection), third-generation EGFR-TKI Ameile® (Aumolertinib Mesylate Tablets), new second-generation Tenofovir (TFV) Hengmu® (Tenofovir Amibufenamide Tablets), new second-generation BCR-ABL tyrosine kinase inhibitor (TKI) Hansoh Xinfu® (Flumatinib Mesylate Tablets), China's first originally developed long-acting GLP-1R agonist Fulaimei® (PEG-Loxenatide for Injection), and new third-generation nitroimidazole drug Mailingda® (Morinidazole Sodium Chloride for Injection); and one drug is humanized anti-CD19 monoclonal antibody XINYUE® (Inebilizumab Injections), which is introduced for the treatment of adult patients with AQP4 antibody-positive neuromyelitis optica spectrum disorders (NMOSD).

Hansoh Pharma actively promotes its globalization strategy, accelerates BD cooperation at home and abroad, and shares innovative achievements with the world's pharmaceutical frontiers. On the one hand, it explores and expands new treatment fields by introducing differentiated mature and innovative products, early-stage programs and technical cooperation. On the other hand, it strives to promote the application of independent R&D achievements across the world and provide more treatment protocols for patients around the world.

Hansoh Pharma has always maintained dynamic consistency with global advanced access levels by continuously designing and building production facilities and production lines in accordance with international advanced quality standards. Its production quality system has been officially certified by FDA in the United States, EMA of the European Union, and PMDA in Japan, and its key preparations and active pharmaceutical ingredients (APIs) have been approved for marketing in Europe, America, Japan, etc.

Hansoh Pharma will continue deepening its innovation-driven strategy, and explore and develop more good innovative drugs, with a view to meeting the clinical needs of patients in China and around the world, and contributing to the improvement of the quality of human life.

3. 2023 ESG Performance Highlights

With the attention and expectations of stakeholders and all walks of life, Hansoh Pharma continued optimizing its sustainable development governance system, dynamically adjusted its business strategies according to changes in industry policies and social and market environments, and achieved many highlights in terms of innovation achievements, industry honors and responsibility practice.

3.1 RESPONSIBILITY FOOTPRINT IN 2023

Innovation achievements

- Saint Luolai (Pegmolesatide Injection), the world's only polypeptide EPO receptor highly-specific once-monthly agonist, was approved for marketing
- Aumolertinib won the 24th China Patent Gold Award, the highest honor in China's intellectual property sector
- 42 innovative achievements on Aumolertinib were published at the 2023 World Conference on Lung Cancer (WCLC)
- Hengmu was recommended for first-line treatment by the Chinese Expert Consensus on Antiviral Treatment for Hepatitis B Virus-Related Hepatocellular Carcinoma (2023 Edition)
- Clinical trial notifications for four BD cooperation products were obtained, and the marketing authorization application for one BD cooperation product was accepted
- Two Licence-out cooperation agreements were concluded with GSK, granting it the right to develop, produce and commercialize two anti-tumor drugs overseas

Industry recognition

- Jiangsu Hansoh continued to be ranked third among China's Best Industrial Enterprises in Pharmaceutical R&D Pipeline
- Hansoh Pharma was ranked among the first echelon of Top 100 Chinese Pharmaceutical Innovation Enterprises for five consecutive years, with its ranking steadily improved
- According to the evaluation of China Council for Brand Development and other entities, the brand value of Jiangsu Hansoh reached RMB27.608 billion, ranking second in the Medical and Health Section in China and hitting a new high
- In the 2023 China Biopharmaceutical Industry Chain Innovation Billboards, Hansoh Pharma won two awards: the Most Innovative Company with R&D Strength of the Year – Big Pharma (second place) and the Global New Annual Originally-Developed Chemical Drug (award-winning drug: Pegmolesatide)

Responsibility practice

- All seven innovative drugs of Hansoh Pharma were included in the NRDL
- A 6.2-magnitude earthquake hit Jishishan County, Linxia Prefecture, Gansu Province. Hansoh Pharma donated anti-infective drugs and funds worth RMB2 million
- Hansoh Pharma's production and operation bases maintained full coverage of the ISO 14001 environmental management system
- Hansoh Pharma organized free medical diagnosis activities for patients with the rare disease NMOSD
- Hansoh Pharma carried out a series of public welfare and voluntary activities, visited children in difficulty in communities and elderly people living in difficulty, organized its employees to donate blood, etc.
- Hansoh Pharma carried out a series of low-carbon and environmental protection publicity activities such as cycling and World Car-Free Day

3. 2023 ESG Performance Highlights

3.2 2023 ESG PERFORMANCE HIGHLIGHTS

Financial Performance

Operating revenue of approximately **RMB10.104** billion

R&D investment accounted for **20.8**% of operating revenue

Profits of approximately **RMB3.278** billion

Sales revenue of innovative drugs and collaborative products accounting for **67.9**% of the operating revenue

Corporation Governance

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

Anti-corruption training covers directors and staff to **94.6**%

Percentage of female directors reached **50**%

Percentage of female executive management reached **32.4**%

Environment Friendly

Progress of greenhouse gas emission reduction: The emissions of greenhouse gas per unit revenue (scope I and scope II) reduced by **25.96**% than that in 2021

Progress on energy efficiency: The comprehensive energy consumption per unit revenue reduced by **10.26**% than that in 2021

Progress of emission reduction of exhaust pollutants: Total emissions of VOCs in exhaust reduced by **28.17**% than that in 2021

Progress of emission reduction of waste water: The COD in waste water per unit revenue reduced by **10.82**% and ammonia nitrogen reduced by **36.46**% than that in 2021

Note: The base year of the environmental targets is 2021

3. 2023 ESG Performance Highlights

Production Quality

Customer satisfaction rate of **89.5**%

100% approval rate for product certification checks and customer audits

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

Sustainable Supply Chain

The Group optimized and upgraded **Green and Sustainable Procurement Guidelines**

Conducted audit on **153** suppliers

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

Talent Development

0 general or above production safety accidents

0 identified cases of occupational diseases

Training programs cover **99.55**% of employees and training hours per employee reached **41.83** hours

Labor contract compliance rate **100**%

During the Reporting Period, the Staff Mutual Fund has subsidized **468** person-times, which amounted to RMB **1.997** million

Employee satisfaction rate of **85.5**%

Access to Healthcare

Total investment in public welfare of RMB **32.081** million

Charity activities **450** person-times of participation, **2,400** hours

Conducted **2** drug donation programs

Accumulated **7** innovative drugs were included in NRDL

3. 2023 ESG Performance Highlights

Improvement of Three Environment Goals	
The emissions of greenhouse gas per unit revenue (scope I and scope II)	Reduced by 15% to **40%** from 2021 to 2030
The comprehensive energy consumption per unit revenue	Reduced by 12% to **20%** from 2021 to 2030
Total emissions of VOCs in exhaust	Reduced by 18% to **35%** from 2021 to 2030
Quantify Two Environmental Goals	
The water consumption per unit revenue (municipal water)	Reduced by **20%** from 2021 to 2030
The disposal of waste per unit revenue	100% of disposal of non-hazardous waste in compliance with regulations, the amount of hazardous waste reduced by **40%**
Newly Added Two Environment Goals	
The emission of waste water per unit revenue	COD reduced by **20%** from 2021 to 2030 Ammonia nitrogen reduced by **25%** from 2021 to 2030
Carbon neutrality commitment by Hansoh Pharma	**Promises to achieve carbon neutrality no later than 2055**

Upgraded Environmental Targets of Hansoh Pharma

3. 2023 ESG Performance Highlights

3.3 ESG-RELATED HONORS AND AWARDS IN 2023

- MSCI ESG rating changed to AA
- S&P Global 2023 CSA (Corporate Sustainability Assessment) scored 69, and included in S&P Global 2024 Sustainability Yearbook Member (Worldwide)
- Won the top 1% in S&P Global 2023 Sustainability Yearbook Member (China edition), and the Industry Mover
- The Asset ESG Corporate Awards 2023-Golden Award
- China's Top 20 ESG Competitive Listed Pharmaceutical Companies in 2023 by E Pharmaceutical Manager (《E藥經理人》)
- "2023 Outstanding Employer in Greater China" by HRoot

4 Corporate Governance

Hansoh Pharma established a top-level ESG supervision system, set up an ESG Committee at board level, incorporated ESG concepts into its strategic decisions, formulated and improved Group-wide major ESG policies, guided the business practice of each operating entity, and reported to the Board of Directors regularly on the implementation of ESG policies and action plans and achievement of performance goals, forming the closed-loop management of its idea, target, strategy and business practice. It established and continually improved a risk monitoring mechanism independent of business departments, maintained a high degree of sensitivity to policy, industry and environmental risks including climate change, and coordinated deployment from the highest decision-making body to the bottom level, thus continuously improving its risk response capabilities and realizing its long-term steady development.

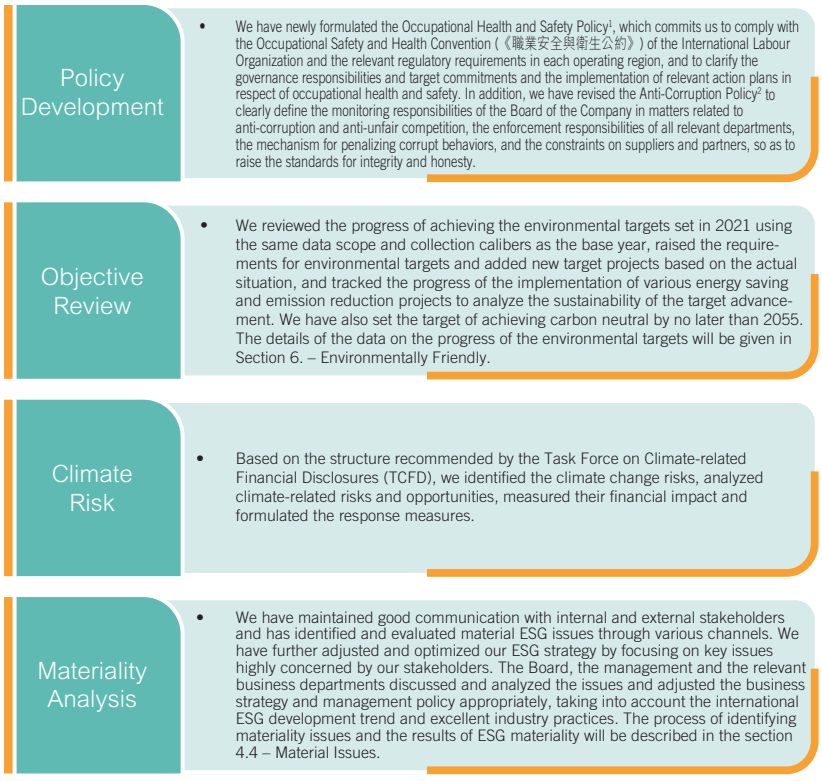
4. Corporate Governance

4.1 BOARD STATEMENT

The Board of Hansoh Pharma is ultimately responsible for the development of the Company's ESG strategies, implementation and supervision of various tasks. The Board sets up the ESG Committee to guide and develop the ESG vision, objectives, strategies, and structure of the Group, monitor the progress and status of relevant work, review the material ESG issues, major ESG risks and opportunities, supervises the communication channels and methods with shareholders, and reviews the ESG-related disclosures.

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

During the Reporting Period, the ESG Committee of the Board held two meetings to review the progress of Hansoh Pharma's ESG objectives, assessed and prioritized ESG risks and opportunities including climate change, reviewed and approve relevant policies, identified and evaluated materiality issues, promoted the integration of ESG objectives with business strategies, and submitted to the Board a plan for the improvement of ESG performance including environmental objectives and organized the implementation accordingly.



The ESG-related Monitoring and Implementation Priorities by the Board in 2023

1 Occupational Health and Safety Policy: https://www.hspharm.com/upload/file/2024/04/12/40f01eb5277c4a6799f12f948bde5ebd.pdf

2 Anti-Corruption Policy: https://www.hspharm.com/upload/file/2024/04/12/c75b14f6c915491d8d3c6edde68818b5.pdf

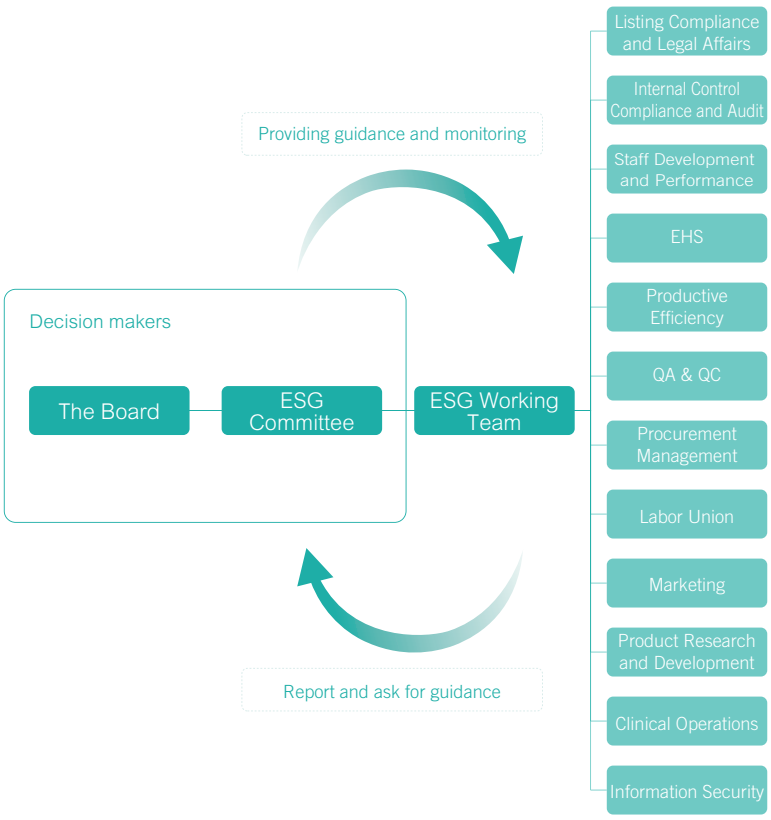
4. Corporate Governance

4.2 ESG GOVERNANCE

4.2.1 ESG Governance Framework

The Board of the Company monitors ESG issues through its ESG Committee, reviews ESG-related strategies and objectives. The Board receives reports from the ESG Committee at least once a year. The Board members actively study the latest ESG disclosure guidelines of the Hong Kong Stock Exchange, international social responsibility standards and information disclosure frameworks, closely focus on the key issues of concern to mainstream rating agencies and related parties, follow up on the laws, regulations and industry policies in each operating region, integrate resources to support the implementation of various enhancement projects and assume ultimate responsibility. During the Reporting Period, the Board of the Company received reports from the ESG Committee in two meetings and discussed ESG-related issues.

Under the ESG Committee, an ESG Working Group has been established, comprising core staff of the Group's relevant business and functional modules with professional knowledge, skills and experience, to effectively promote the implementation of various ESG-related tasks and implement risk control measures under the instruction of the ESG Committee. The Working Group regularly reports to the ESG Committee on the achievement of the key ESG performance and objectives, regularly communicates the Company's ESG philosophy to internal and external stakeholders, conducts training and publicity activities, and collaborates with all employees and industry partners to understand the Company's ESG strategy and promotes the sustainable development of the whole society.



4. Corporate Governance

In order to effectively improve ESG performance and ensure the achievement of ESG targets, Hansoh Pharma has successfully integrated ESG with its corporate development strategy, linked ESG-related performance such as product quality, environmental protection and climate risk, employee development, occupational health and safety, innovation and R&D, legal compliance, intellectual property rights, and information security to the salaries of the senior management team, and decomposed and implemented ESG objectives into the relevant departments and employees through the balanced scorecard, and aligned them with the business processes and management objectives at each level of the company to form a top-down, total and divisional indicator system. Meanwhile, the progress of the implementation of ESG-related projects and the achievement of targets are reviewed in the down-top work report. In addition, we regularly conducted internal or external assessments or audits on key risk issues such as responsible marketing, business ethics, procurement and tendering, human rights and diversity, ecological impact, and information security and cybersecurity to identify weaknesses in management at key business junctions and formulate improvement plans, forming a PDCA cycle for the management of ESG performance.

Director training: the interpretation of the policy on strengthening climate-related information disclosure

With regard to the suggestions in the Consultation Document on Optimizing the Disclosure of Climate-Related Information Under the Framework of Environment, Society and Governance issued by the Stock Exchange of Hong Kong, all issuers be required to disclose climate-related information in their ESG report and new requirements for climate-related information disclosure that comply with the climate standards of the International Sustainability Standards Board (ISSB) be introduced. In response to such trend of policy change, Hansoh Pharma provided training for all of its directors. Through the training, the directors were made aware of the principle that the climate standards of the ISSB are based on the recommendations of the TCFD, and the detailed requirements of climate-related information disclosures. All the directors supported Hansoh Pharma to gradually improve climate-related information disclosure in accordance with the latest requirements and by following the "four-pillar" framework of governance, strategies, risk management, indicators and goals.

4. Corporate Governance

4.2.2 ESG Philosophy

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

Corporate Governance – safeguarding the interests of shareholders and stakeholders

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

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

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

4. Corporate Governance

Product Safety and Quality – innovation driven to maximize value for the customers

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

Access to Healthcare – improving the accessibility and affordability of medicines to benefit more patients

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

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

We uphold the people-oriented development concept, regarding talent as the primary productive force and the most valuable strategic resources for the Company's development. We constantly improve the talent team by taking measures such as cadre review, training on reserved cadres and technical grade evaluation, and retain and attract the best talents with competitive salaries and welfare in the industry and a safe, healthy, inclusive and happy working environment. Moreover, we help our staff make self-achievements with fair and reasonable promotion mechanism and multi-level vocational training, and make progress, create brilliance, share and enjoy together with the Company's development.

4. Corporate Governance

Environmental Protection and Community Enhancement – harmonious development with the environment and the community

The Company adheres to the green development philosophy, strictly adhering to local laws and regulations related to environmental protection while pursuing the product value and shareholder benefit. We are concerned about and actively respond to global climate change, raise the employees' environmental protection awareness, conserve energy and natural resources, and promote the harmonious development of the Company and nature. We are also attentive to community development and benefit requirements, and promote the community labor employment, industrial support and infrastructure construction, becoming a participant, contributor and beneficiary of community development.

4.2.3 Global Corporate Citizenship

A good and stable internal and external environment is the basis for ensuring normal business operations and sound economic returns. Hansoh Pharma actively responds to the United Nations Sustainable Development Goals (SDGs), pays attention to concerns of the society, the environment and stakeholders while pursuing economic benefits, incorporates the concept of sustainable development into its overall corporate strategy, and achieves the deep integration of the United Nations SDGs with the Company's core business through strategic management mechanisms. Our strategic planning includes a global corporate citizenship strategy, with 15 targets relevant to the United Nations SDGs, for which we have set key performance indicators (KPIs), formulated action plans and reviewed them regularly. The achievement of these indicators will be presented in the corresponding sections of this report.

4. Corporate Governance

Corporate governance and ethical value objectives	Employee responsibility objectives	Environment responsibility objectives	Social responsibility objectives
Priorities	**Priorities**	**Priorities**	**Priorities**
Comply with laws and regulations, current business rules and international standards, anti-corruption and anti-commercial corruption regulations, etc.	Occupational health and safety of employees, equal employment opportunities, communication and care, employee training and development, anti-discrimination, salary and benefits, etc.	Maintain environmental quality, use clean energy, save resources and energy, combat climate change, etc.	Access to healthcare, responsible marketing, product and patient safety, coordinated development of industry, etc.
Corresponding SDGs	Corresponding SDGs	Corresponding SDGs	Corresponding SDGs
			
Related KPIs	Related KPIs	Related KPIs	Related KPIs
– Coverage of anti-corruption training – Number of penalty incidents due to violations related to governance and ethics	– Number of influential events and safety accidents at or above the ordinary level – Annual average training hours per employee – Proportion of new employees receiving diversified training – Proportion of operating locations covered by health and safety risk evaluation	– Emissions of volatile organic compounds in exhaust pollutants – COD and ammonia nitrogen emissions in wastewater per unit of revenue – GHG emissions per unit of revenue (scope 1, scope 2) – Comprehensive energy consumption per unit of revenue – Water consumption per unit of revenue – Disposal quantity of hazardous waste per unit of revenue – Non-hazardous waste recycling rate	– Revenue from innovative drugs as a percentage of operating revenue – Number of innovative drugs approved for marketing and included in National Reimbursement Drug List – Number of products entering low- and middle-income countries – Number of patients with rare diseases benefited from innovative drugs

4. Corporate Governance

In order to better fulfill its responsibility as a global corporate citizen, Hansoh Pharma will maintain its focus on major clinical diseases that jeopardize human health, continuously improving the innovation capability and accessibility of drugs. In the meantime, we will emphasize the dual value of both business and society, create a fair and diverse workplace environment, and adopt an energy-saving, environmentally friendly and ecologically friendly production mode. We will also widely carry out industrial collaboration projects to support academic research, strengthen the construction of primary healthcare systems, and care for patients. Furthermore, we encourage volunteer service and charitable activities, boost the sustainable development of the global economy and society, make satisfactory contributions to the United Nations SDGs, and become a corporate citizen that is recognized by stakeholders and plays a positive role in social development.

4.3 COMMUNICATION WITH STAKEHOLDERS

Hansoh Pharma values the concerned issues of stakeholders, actively responds to the expectations of each stakeholder and takes their suggestions into account, reaches the opinions of internal and external stakeholders through efficient and transparent communication channels, and continuously improves the sustainability management capability of the Company. During the Reporting Period, the Company recognized seven types of stakeholders by considering our own business and industry with reference to the outstanding practices of global peers.

Recognition of stakeholders	Type of stakeholder	Issue concerned	Communication method
Director	Member of the Board of Directors of the Company	Corporate governance Business ethics and anti-corruption Product safety and quality Risk and crisis management Environmental policies	ESG report Meetings of the Board of Directors and the ESG Committee Regular reporting Director training
Shareholder	Investor Shareholder	Corporate governance Safety of participants in clinical trials Product safety and quality	Annual reports, semi-annual reports, and other results releases of the Company General meeting of shareholders Exchange meeting of listed companies Routine communication and exchange Announcement and information disclosure on the official website Questionnaire
Employee	Senior manager Middle-level manager Primary-level manager Ordinary employee	Product safety and quality Compliance with laws and regulations Occupational health and safety Safety of participants in clinical trials Business ethics and anti-corruption Water resources and sewage	Human Resource Business Partner (HRBP) Employee training Cultural & sports clubs and team building activities Employee satisfaction survey Group information release and complaint reporting channel for employees Face-to-face communication Workers' and employees' congress Mailbox for reasonable advice

4. Corporate Governance

Recognition of stakeholders	Type of stakeholder	Issue concerned	Communication method
Government and regulatory organ	Government Regulatory organ	Environmental policies Product safety and quality Product R&D and innovation Ethical marketing Pharmacovigilance Diversity and equal opportunity	Meetings organized by the government Announcements, news release Annual reports, ESG reports Special work reports Visits, inspections, and expert invitations Information declaration and flight inspection
Cooperation and supply chain	Business partner Supplier	Product safety and quality Waste Safety of participants in clinical trials Business ethics and anti-corruption Materials	Invitation for bids Supplier assessment Supplier training Supplier audit Invitation for technical training Routine/online communication
Customer	Patient Medical institution Business company Pharmacy	Product safety and quality Safety of participants in clinical trials Pharmacovigilance Product R&D and innovation Access to healthcare Ethical marketing Privacy protection	Professional academic exchange meetings Customer satisfaction surveys Customer service hotline Patient education programs
Society and the public	Community organization Non-government organization (NGO) Media	Product safety and quality Pharmacovigilance Identification, assessment and mitigation of climate risks Access to healthcare Product R&D and innovation Corporate citizenship and charity Risk and crisis management Water resources and sewage	News release, announcements Charity activities and volunteer services Public conferences of the Company Official website and WeChat official account Media interview and communication

4. Corporate Governance

4.4 MATERIAL ISSUES

In compliance with the requirements of the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Listing Rules of The Hong Kong Stock Exchange, Hansoh Pharma has extracted internal and external stakeholders' concerns to compile a list of sustainable development issues by referring to the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the two standards (S1 and S2) issued by the International Sustainability Standards Board (ISSB). As compared with 2022, the presentation of the topic "Identification, Assessment and Mitigation of Climate Risks" has been adjusted.

Aside from daily interaction with stakeholders, we also conduct interviews, surveys, questionnaires, etc. to have an in-depth understanding of the concerns of stakeholders on the issues named in the list every year by referring to the EU Corporate Sustainability Reporting Directive (CSRD) and in accordance with the dual materiality of finance and impact; based on the results of the surveys and analyses, professionals will analyze and judge the issues, rank them, and build a material issue matrix, which will be reviewed and confirmed by the Board of Directors and used as an important reference for the preparation of the Report, and the result of materiality analysis is also taken into account in strategic decision-making and resource allocation processes. And the highly important issues will affect the remuneration of relevant senior executives to varying degrees.

During the Reporting Period, we collected a total of 173 questionnaires, including 93 external questionnaires accounting for 53.8%, and 80 internal questionnaires accounting for 46.2%. As compared to 2022, such topics as product safety and quality, safety of participants in clinical trials, compliance with laws and regulations, business ethics and anti-corruption, pharmacovigilance, product R&D and innovation, risk and crisis management, employee benefits and compensation remain highly material, while stakeholders' concerns about employment and occupational health and safety have increased, and the materiality of topics such as greenhouse gas and hazardous gas have slightly decreased.

The above issues with high materiality, as the common concerns of stakeholders in 2023, are the focus of disclosure in the Report to varying degrees.

4. Corporate Governance

Matrix of Material ESG Issues of Hansoh Pharma for 2023

Issues with high materiality

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

Issues with moderate materiality

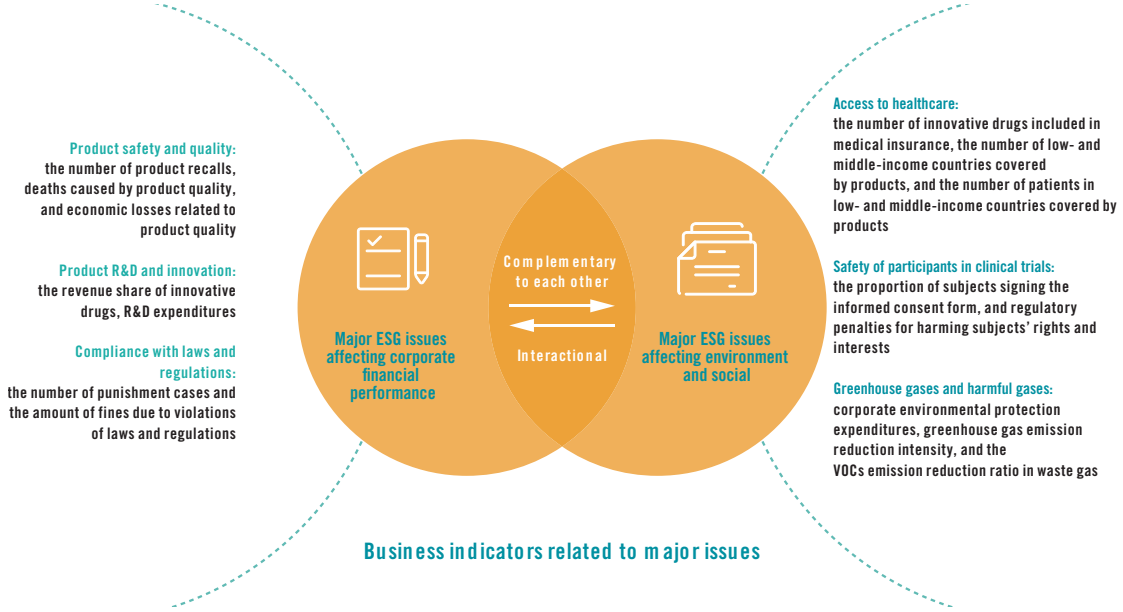
11. Employee rights and communication
12. Water resources and sewage
13. Corporate governance
14. Ethical marketing
15. Waste
16. Sustainable supply chains
17. Training and development
18. Environmental policies
19. Energy
20. Information/network security and system availability
21. Diversity and equal opportunities
22. Access to healthcare
23. Materials
24. Greenhouse gas and hazardous gas
25. Biodiversity
26. Identification, assessment and mitigation of climate risks
27. Corporate citizenship and charity

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

4. Corporate Governance

Analysis of double materiality

On the basis of stakeholder research, we integrated comprehensive factors such as industry information, regulatory changes and global environment to respectively identify and manage important internal and external issues that may pose risks or bring opportunities to the company itself, as well as important issues related to the possible positive or negative impact of corporate operations on the environment and society.



4.5 RISK MONITORING

Hansoh Pharma adheres to the principles of "comprehensiveness, importance, checks and balances, adaptability and cost-effectiveness", pays close attention to the political and economic environment, natural environment and industry policies, follows up the changes and impacts of new technologies and new cultures, studies the human health situation in China and the world from a professional level, and conducts cross-departmental thematic analysis. Every year, it identifies external risks that may affect corporate operations and long-term development, and plans response measures in advance for emerging risks. We also conduct strict in-house inspections, identify potential risk aspects through various assessments and audits, and conduct reviews and corrections to eliminate hazards as quickly as possible. We conduct sensitivity and stress tests on major financial risks and non-financial risks every year through multi-dimensional internal control and a risk monitoring mechanism independent of business, report to the Audit Committee of the Board of Directors regularly, ensure legal and compliant operations and asset and business security, and ensure the truthfulness and integrity of information disclosure including financial reports, thus safeguarding the long-term and stable development of corporate business.

4. Corporate Governance

4.5.1 External Emerging Risks and Countermeasures Against Them

According to a comprehensive analysis of the external environment during the Reporting Period, Hansoh Pharma identified two emerging risks that have not been systematically analyzed and controlled before, which have limited relevance to the main business, and will not have a significant direct impact on the Company's overall operations in the short term. However, in the long run, such risks may potentially affect the Company's research and development strategies, business ethics and supply chain management, which will require our close monitoring, thorough research, and formulation of responsive measures, thereby enhancing our ability to prevent risks and seize opportunities.

Emerging risk	Possible long-term impact	Mitigation measures
Rapid development of AI technology AI technology is expected to raise the success rate of drug R&D, reduce R&D costs and improve the automation of drug production and clinical trial efficiency through methods such as data mining, pattern recognition, and machine learning.	AI technology assists the entire process of compound screening, personalized treatment, market analysis, automated production, clinical trials and patient management, which will bring challenges to traditional drug R&D methods. If arrangements for AI technology are not made in time, we may lag behind our peers in terms of R&D efficiency, production costs, market decision-making and customer experience, causing our products to lose competitiveness. In addition, the application of AI technology may lead to negative impacts on data security, privacy protection, etc.	Make preparations and arrangements for application of AI technology to key business modules such as R&D and production, shorten processes and project periods, reduce costs, analyze market data, and predict market demand for drugs. At the same time, establish data security and privacy protection mechanisms, strengthen information management, and avoid privacy infringement.

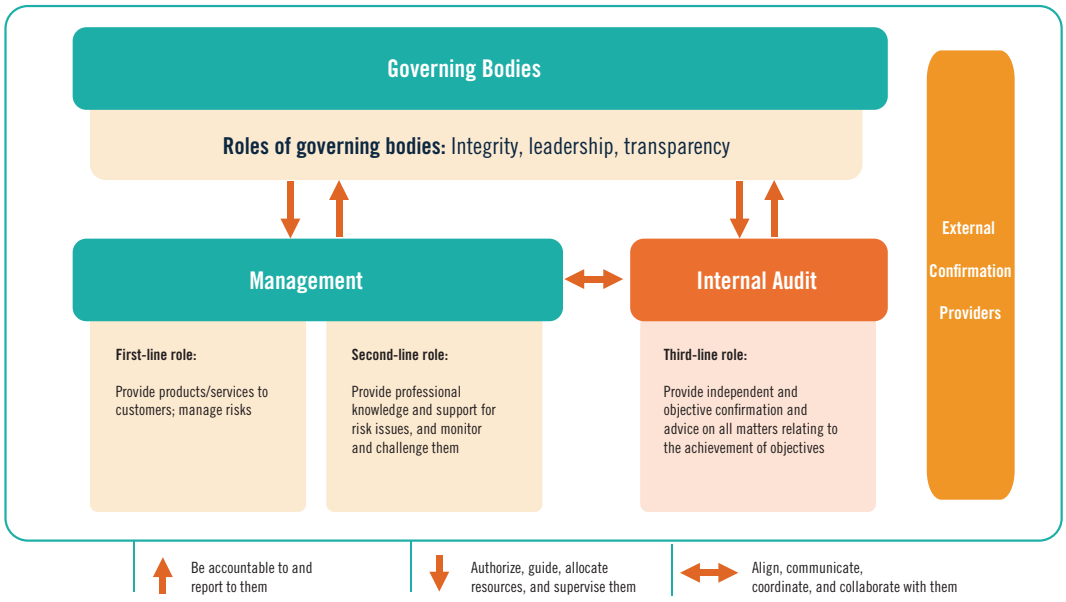
4. Corporate Governance

Emerging risk	Possible long-term impact	Mitigation measures
Geopolitics and trade disputes Geopolitics usually involves security, economic and political interests between countries, while trade disputes may involve tariffs, import and export policies, intellectual property protection and other aspects, leading to trade barriers, trade restrictions and trade wars and thus affecting global trade and economy.	The long-term potential impact of geopolitics and trade disputes on the pharmaceutical industry includes supply chain stability, R&D investment, market access, regulations and policies, and investment environment. For example, it may lead to an unstable supply of raw materials and intermediates in some countries and regions, it may affect the global market access to drugs, it may lead to changes in policies on drug supervision, clinical trials, etc., it may affect the global investment environment of the pharmaceutical industry.	Make arrangements from aspects such as supply chain management, regulation and policy focus, technological innovation and business cooperation, including but not limited to, enhancing the diversification of the supply chain to reduce excessive dependence on specific countries or regions; paying close attention to changes in relevant laws and regulations to timely adjust the Company's operating strategies; carrying out technological innovation actively to improve the competitiveness of products; tackling the challenges brought by geopolitical and trade disputes jointly with other companies, research institutions and government departments by forming a partnership or alliance with them.

4. Corporate Governance

4.5.2 Risk Management

Hansoh Pharma is committed to standardizing and strengthening internal control, and improving the level of operation and management and risk prevention capabilities. According to the overall (internal control/risk control) framework of COSO, the relevant requirements of the Listing Rules of the Hong Kong Stock Exchange, the Basic Standard for Enterprise Internal Control jointly published by the Ministry of Finance and various ministries and commissions, and auxiliary guidelines/regulations, and based on its actual situation, it formulated and improved the Internal Control Management Standards to clarify risk management functions and requirements in five aspects: internal environment, risk assessment, control activities, information and communication, and internal supervision, and performed its risk prevention responsibilities during the Reporting Period.



Three-line Model of Risk Management

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

As a risk monitoring and controlling department independent of other business segments, the Internal Control and Internal Audit Center is responsible for establishing and improving the internal supervision system, carrying out daily supervision and special supervision, checking the effectiveness of risk control through internal audit work, and regularly reporting internal and external risks or internal control deficiencies identified to the Audit Committee of the Board of Directors.

With regard to risks occurring frequently or easily such as quality, environment, occupational health and safety, and information security, we established an internal audit procedure for the management system at each operating site, ensured the compliance of corporate processes and activities with prescribed standards and requirements through systematic evaluation and review, identified, evaluated, monitored and controlled various potential risks, improvement opportunities and the effectiveness of corrective measures, and promoted better corporate response to complex business environment.

4. Corporate Governance

Cycle of risk management system

- Goal setting: Sort out relevant risk information, including strategies and key performance evaluation indicators, and set risk management goals;
- Risk identification: Conduct risk management seminars and interviews with business units to identify risks together with business units;
- Risk assessment: Assess the likelihood and impact of risks jointly with business units based on qualitative and quantitative methods;
- Risk response: Collect and sort out risk response plans;
- Implementation of control activities: Collect and sort out plans and specific measures for risk response control activities, and promote the continuous and effective operation of control activities;
- Supervision and continual improvement: Carry out risk management supervision and audits and continue to optimize and improve the risk management system.

The Group explicitly assigns risk management responsibilities to all departments based on departmental responsibilities. A risk management framework and its evaluation criteria are incorporated into the operating system, including research and development, production and marketing. The implementation of risk control and audits will be included in the performance appraisal system for managerial personnel and employees at all levels. Those responsible for causing major risk events will be punished according to the reward and punishment regulations in the Employee Handbook, while employees who proactively investigate and report potential risks and actively make improvements will be rewarded according to the regulations.

Case: Legal risk prevention measures of Hansoh Pharma in 2023

(1) Marketing business: Sort out relevant systems and regulations for external communication and internal management, define departmental powers and responsibilities, focus on prevention followed by relief; optimize and update contract templates, associate the cost control system, integrate system data, reduce process burdens, and improve approval efficiency.

(2) Labor compliance: Sort out the entire process of personnel management, conduct special legal risk analysis on issues such as candidate management, employee management during probation, management of in-service employees' job transfer and salary reduction and job assignment awaiting, and management of in-service employees' violation of disciplines and regulations, and prevent employment risks through standardized operation.

(3) Data compliance: Starting from regulation tracking and risk identification, assist in the collection, storage and use of information in existing business scenarios and corresponding scenarios, and investigate and improve legal issues in the data filing process. Optimize the standard model contract for outbound data transfer, avoid data compliance issues in business modules, and build an effective data compliance system.

4. Corporate Governance

Hansoh Pharma regularly provides all of its directors with written training materials, including the latest industry policy changes, listing supervision information and corporate business ethics standards. Such initiatives aim to help its executive directors and independent non-executive directors understand the latest industry and compliance risk management practice and accumulate knowledge to assess various risks. Each functional department provides risk management training for employees in relevant functional directions based on business characteristics, internal and external environmental changes and policy dynamics.

We extended risk assessment and management to suppliers and business partners, and established risk prevention, identification, assessment and control processes of the entire chain from procurement planning, supplier selection, contract performance to retrospective valuation. Meanwhile, we also carried out due diligence and audit activities to ensure the effective risk management. For supply chain risk identification and control, please refer to Section 8.3 of this report.

During the Reporting Period, Hansoh Pharma adhered to legal and compliant operations, its management systems operated effectively, complied with the standard requirements and adapted to changes in internal and external environments, various risks were effectively controlled, all aspects were steady and order, and it did not incur any administrative penalty from any regulatory authority or pay any fine.

5 Business Ethics

“Responsibility” and “integrity” are integral parts of Hansoh Pharma’s corporate values. We always adhere to the principles of compliance and integrity in all business behavior and business activities. We have formulated the Code of Business Conduct and Ethics and improved it in 2022, which lays the cornerstone of key business such as scientific research, clinical trials, supply chain, product marketing, information management, employee management and customer service with ethical norms, incorporates the corporate values into operation practice, and guides the development of business activities with high moral standards and an open and responsible corporate culture.

5. Business Ethics

5.1 IMPROVEMENT OF BUSINESS ETHICS POLICIES AND MANAGEMENT SYSTEM

Hansoh Pharma strictly abides by the laws and regulations of each place of operation. Pursuant to the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Bidding Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Drug Administration Law of the People's Republic of China and other laws and regulations of the main place of operation, it formulated and continued to optimize the Employee Handbook, the Code of Business Conduct and Ethics, the Anti-Corruption Policy and other systems. Such documents are applicable to corporate directors, employees of the Group (including full-time and part-time employees, interns and laborers), upstream and downstream suppliers of the supply chain, contractors and business partners. The documents systemically define the responsibilities, accountabilities and reporting lines in all divisions and business unit, and expressly stipulate the Company's principles, standards and management rules for anti-corruption and anti-bribery, anti-monopoly, anti-conflict of interest, anti-money laundering and anti-insider trading, anti-discrimination and anti-harassment, information security, whistleblowing and whistleblower protection, and occupational health and safety, achieving 100% coverage of business ethics in the full business process and for all employees.

Hansoh Pharma established an Audit Committee, which bears ultimate responsibility for business ethics within the entire Group. It also established a governance structure consisting of compliance, internal control and internal audit departments. The compliance department is responsible for internalizing relevant laws and regulations, international business ethics standards and industry standards, including establishment and revision of the system, the publicity and the construction of business ethics culture; the internal control department is responsible for establishing internal control processes according to the established system to ensure that each operation aspect meets the requirements of regulations and business ethics; independent of each business module, the internal audit department directly reports to the Audit Committee, and is responsible for auditing the compliance and completeness of the business ethics system, the effectiveness of internal control and the tightness of risk countermeasures, and the compliance department is responsible for accepting reports from internal employees and external interested parties.

During the Reporting Period, we comprehensively updated the system related to business ethics, and focused on strengthening the standardization, publicity and education in marketing system compliance, professional ethics construction, and occupational health and safety protection. The audit department conducted a triennial business ethics risk investigation covering all operating sites of the Group, and the compliance department accepted reports from employees and external interested parties, 100% of which were investigated and handled.

5. Business Ethics

5.2 ZERO-TOLERANCE ANTI-CORRUPTION POLICY AND PRACTICE

With a zero-tolerance attitude towards any corruption, Hansoh Pharma strictly prevented corrupt behaviours such as duty encroachment, unfair competition, money laundering, monopoly, insider trading and conflicts of interest, and took measures of training of laws and regulations, policy publicity and implementation, behaviour supervision, process control, internal audit and accepting the report for all interested parties and especially high-risk personnel such as bidding, procurement and marketing personnel, to prevent and control business ethics risks. During the Reporting Period, we updated the published Anti-Corruption Policy to require all executives, employees, temporary workers or anyone acting on behalf of us to conduct business in an ethical and fair manner. The updated policy defines and lists acts such as corruption, bribery, conflicts of interest and unfair competition, includes specific anti-corruption measures and punishment procedures for violations, discloses a reporting hotline number, which will be answered by a designated person in the compliance department, provides a convenient reporting channel besides by email, and safeguards whistleblowers' legitimate rights and interests according to the Protection Policy for Whistleblowing and Whistleblowers. The Anti-corruption Policy and code of conduct are embedded in the performance appraisal system and linked to employee compensation.

According to the Anti-Corruption Policy, Hansoh Pharma's employees report the information about their close relatives and social relations to Hansoh Pharma once a year to prevent potential conflicts of interest, and the employees' privacy is protected at the same time to ensure that their personal information is not leaked. The internal audit department conducts an anti-corruption risk investigation covering all the operating sites of the Group every three years, formulates a detailed audit plan each year with the objective, scope, method, timetable and responsible person of audit defined, and forms a professional audit team whose members have rich audit experience and professional knowledge and are able to audit corporate operating sites independently and impartially. This helps to improve the quality and efficiency of audit work, and also helps to identify potential corruption risks. During audit research, the professional team examines the corporate internal control system to ensure its effectiveness and compliance, and after the research, it promotes timely rectification of identified problems, continually optimizes the internal system and processes, and improves the anti-corruption management system.

We hold our suppliers to the same standards. Suppliers are required to carefully read the Supplier Code of Conduct and understand its core concepts at the registration stage. Only suppliers who recognize and promise to abide by the Code are eligible to be included in the pool of candidate suppliers and participate in subsequent quotation and bidding. For high-risk suppliers, especially the five major categories of suppliers in the marketing business in relation to meeting services, platform marketing activities, HCO, post-launch medical services and materials, they must sign the Compliance Commitment Letter, provide copies of relevant qualifications, and undergo due diligence to meet the pre-requisites for admission before they can be included in the supplier pool. In all contract templates, business ethics agreements are included as mandatory clauses to ensure

5. Business Ethics

that the Company's Anti-corruption Policy is implemented throughout the entire process of supplier admission, bidding, and contract fulfillment.

During the Reporting Period, Hansoh Pharma formulated Guidelines for Donation Operation to ensure the compliance of external donations from an institutional perspective. We do not make any form of direct or indirect political donations. Our charitable donations are all for the purposes of caring for grassroots medical staff, supporting grassroots clinical research, assisting in the training of medical talents and alleviating the burden of medication on poor patients, and involve no corruption means.

During the Reporting Period, Hansoh Pharma was not involved in any lawsuit related to unfair competition or serious corruption, or any incidents of money laundering or insider trading, nor did it suffer any financial loss in courts, regulatory authorities or other aspects due to such reasons.

Anti-corruption training

Hansoh Pharma provides training in anti-corruption, anti-bribery, etc. for all employees every year to prevent economic crimes. From 2023 to 2024, we provided multiple online and offline anti-corruption training sessions for different types of employees, and tested the training effect through written examinations. The training participants and content include a Class-A course for management cadres and key employees – ideological and professional ethics training module, training for new employees, and publicity and implementation of the Supplier Code of Conduct. In addition, we also invite external legal experts to develop integrity and honesty training courses, and aim at improving employees' awareness of corruption prevention and ethical standards by popularizing legal knowledge and listing negative cases through our learning platform. As of the release of the report, the annual anti-corruption training totaled 23,764.7 hours, covering 94.6% of the Group's employees.

5.3 RESPONSIBLE MARKETING

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

5. Business Ethics

Hansoh Pharma incorporated marketing compliance into the business ethics management system consisting of internal control, internal audit and compliance departments. The compliance department is responsible for formulating a marketing compliance management system according to marketing-related laws, regulations and industrial regulatory requirements, and providing training and education to guide business personnel's promotion behavior; the internal control department is responsible for performing process management of marketing behavior, controlling and supervising key aspects and processes, and ensuring the implementation of compliance management; the internal audit department is responsible for supervising and inspecting key risk aspects, and conducting compliance audits on product promotion information, marketing behavior and expenses to verify the operation results of the marketing compliance system.

Responsible Communication of Information

We adhere to a patient-benefit-focused, clinical data-driven approach to pharmacy services. Hansoh Pharma has a medical center with full-time medical consultants who are responsible for translating the clinical research results of innovative drugs into clear and accurate promotional language and the medical information and communication department that takes charge of compliant and effective communication of information. We have established a rigorous medical information review process to ensure that our communications are consistent with regulatory approvals, are truthful, clear, accurate, unambiguous, understandable, non-misleading, and maintained up to date with new scientific evidence and approval documents.

Case: Publicity of clinical achievements of "XINYUE" in China in 2023

2023 is the first year after "XINYUE" was approved for marketing. As of the end of 2023, three clinical papers of Chinese experts were accepted by the 2024 Americas Committee for Treatment and Research in Multiple Sclerosis (ACTRIMS) Conference.

Every year, the medical department of Hansoh Pharma develops medical strategies for products based on the analysis of therapeutic fields, product positioning and customer insights and needs, and formulates corresponding plans for data generation and dissemination.

Evidence generation is mainly based on the data gap between pre-marketing clinical research and post-marketing clinical practice. Hansoh Pharma selects appropriate research methods and cooperating organizations to generate evidence based on the lifecycle of products, and plans corresponding publication and dissemination strategies to ensure that the evidence can be disseminated in a timely and accurate manner. Starting from the initial stage of the marketing of "XINYUE", Hansoh Pharma established a platform for exchanges of experts at home and abroad, successively held three online international expert advisor meetings, invited authoritative experts at home and abroad, presented clinical physicians the clinical research evidence of "XINYUE", the practical problems in the clinical application and subsequent scientific research directions.

Faced with the problem of antimicrobial resistance, Hansoh Pharma has actively made overall arrangements for the R&D of new antibiotic products, and clearly marked relevant warnings on product labels to prevent improper use of drugs. Through product instructions, academic conferences and patient education, we publicize the principles and concepts of antibiotic application, avoid abuse and improper use, and collaborate with upstream and downstream sectors of the value chain to alleviate the negative impact of antibiotic resistance.

5. Business Ethics

Responsible Promotion Behavior

During the Reporting Period, we adhered to the marketing management principles of "honest, truthful, scientific and accurate", updated a series of codes of conduct for interaction and operational guidelines, and standardized the interaction behavior with healthcare professionals (HCPs), healthcare organizations (HCOs), government officials, patients and patient organisations and other relevant personnel, and behaviors in activities, such as self-organised meetings, medical funding projects, sponsoring third-party meetings, supporting the participation of HCPs and external donations, to ensure compliance of our marketing activities and interactions between us and any group and relevant personnel with legal regulatory requirements and ethical standards.

Examples of updated system documents in 2023	Examples of core terms of interaction standards
Code of Conduct for Interaction with HCPs and HCOs	"Code of Conduct for Interaction with HCPs and HCOs" 5.1.2 Transparent interaction. Interaction with HCPs/HCOs shall be performed appropriately and openly, without any form of concealment or disguise. 5.1.3 No exchange of interests is allowed. No payment, gift, sponsorship or other benefits shall be offered to HCPs/HCOs in exchange for their use, purchase, prescription or recommendation of the Group's products. 5.1.4 Informed consent/authorization. Interaction must be based on the informed consent of HCPs/HCOs. 5.1.5 Appropriate product promotion. Products shall be promoted within the scope of approved indications and in accordance with national laws and regulations and local requirements. 5.1.6 Training. All employees to interact with HCPs/HCOs shall receive training, and shall agree to abide by all relevant policies and codes of conduct before interacting with HCPs/HCOs. 5.1.7 Due diligence. Before any sponsorship, donation or funding is offered to HCOs, appropriate due diligence shall be conducted to ascertain whether they have appropriate qualifications, so as to determine whether they are appropriate recipients of such sponsorship, donation or funding.
Code of Conduct for Interaction with GOs and GEs	
Operational Guidelines for Self-organized meetings	
Operational Guidelines for Sponsoring Third-Party Meetings	
Operational Guidelines for Medical Funding	
Code of Conduct for Interaction with Patients and Patient Organizations	
Operational Guidelines for Due Diligence of Marketing Suppliers	
Operational Guidelines for Internal Investigations	
Operational Guidelines for Donations	
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5. Business Ethics

Responsible Marketing Training

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

Case: Responsible marketing training for sales team during 2023

- Comprehensive contents: a total of 28 themed training was conducted, including three categories: compliance culture, compliance systems and business operation/ platform;
- Multiple trainings through various ways: 133 trainings were organized in total, including 124 online meetings, two online training platforms and 7 off-line trainings;
- Broad audiences: an aggregate of 30,746 employees attended the training which covered BU, major areas and joint areas.

During the Reporting Period, the total number of hours of responsible marketing training for Hansoh Pharma was: **17,862** hours

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

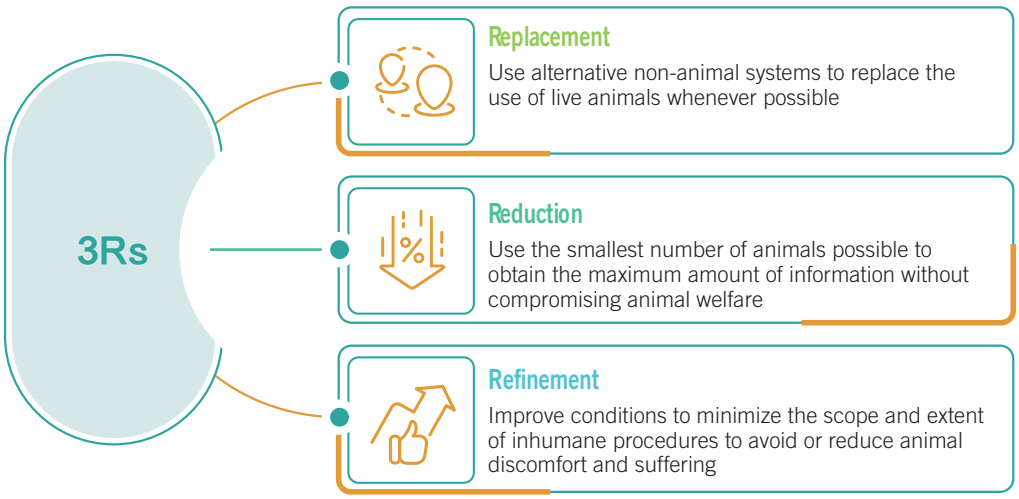
5. Business Ethics

5.4 RESPONSIBLE R&D

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

Animal Welfare

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



5. Business Ethics

Protection of Clinical Trial Subjects' Rights and Interests

Hansoh Pharma conducts research and development, including clinical trials, in accordance with the highest ethical, professional requirements, and rules and quality standards formulated by the local competent authorities. We have established management, operating procedures, and quality control documents for the entire clinical trial process, with clear ethical standards at all stages of development and strict oversight and accountability mechanisms. We have a team of experts who carefully review safety information and repeatedly validate clinical trial protocols before the product is used in humans to ensure the safety and controllability of trial drugs. In the subject recruitment process, we define detailed inclusion and exclusion criteria to exclude those who might be subject to particular safety risks. Prior to the start of a clinical trial, the initiation of the study is subject to the permit of the competent authority and the hospital ethics committee, and investigators must ensure that subjects are fully informed about the characteristics of the trial drug, the trial process, potential benefits and risks, that they understand and sign the Informed Consent Form, that they fully learn about the whistle channels of ethical institutions and regulatory authorities, and that they have sufficient time to consider and deliberate to ensure that participation in the clinical trial is based on their freewill and right. During clinical trials, we implement strict quality control based on Good Clinical Practices (GCPs) and conduct regular compliance audits with a focus on patient safety, compliance, and data integrity to ensure that trial protocols are strictly adhered to. We monitor adverse events in clinical trials in real time, formulate corresponding contingency plans, report to regulatory authorities in a timely manner, and purchase insurance for every subject to ensure clinical trial risks are controllable and handled in a standardized way. We protect subjects' identities, diseases, biological samples, and other information from disclosure and infringement through anonymization, coding, and dedicated management. During the Reporting Period, we had no incidents where we were obliged to terminate clinical trials due to violations of GCP or other regulatory regulations, and we did not receive any fines related to clinical trials, including those in developing countries.

5. Business Ethics

5.5 HUMAN RIGHTS PROTECTION AND DUE DILIGENCE

Hansoh Pharma respects the basic rights stipulated in the United Nations' International Bill of Human Rights and Ten Principles of the United Nations Global Compact and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, strictly abides by the Labor Law of the People's Republic of China and the regulations of each place of operation, has formulated the Employee Diversity Policy and the Occupational Health and Safety Policy, and has implemented the principles, public commitments and main action plans of these policies in the Employee Handbook. We adhere to the goal of zero violation in long-term regulated employment, and ensure that the legal rights and interests of our employees are respected at every stage of recruitment and employment. In accordance with the requirements for "the Corporate Responsibility to Respect Human Rights" in the United Nations Guiding Principles on Business and Human Rights, we have made commitments to avoid causing or exacerbating negative human rights impacts through our own activities, strive to prevent or mitigate negative human rights impacts through business partners and supply chains, put an end to human trafficking, forced labor, child labor, discrimination and harassment, respect employees' freedom of association and collective bargaining rights, ensure that salaries paid are not lower than the local minimum wage, and strictly practice equal pay for equal work for men and women. Please see Section 9.3 – Employees' Basic Rights and Interests for details of corporate policies, performance and initiatives in practicing equal pay for equal work and diversity.

Our human rights protection policies and commitments not only apply to all of the Group's operating sites and employees, but also exert influence on the upstream and downstream sectors of the supply chain and partners through the Supplier Code of Conduct and business partner due diligence.

5. Business Ethics

We regularly evaluate various policies involving the Group and the supply chain, and proactively identify possible risks of infringement of workers' rights, in order to protect the Group and parties related to the supply chain from violations of the legitimate rights and interests of employees, including vulnerable groups such as women, children, migrant workers, third-party dispatchers, and residents of surrounding communities. During the Reporting Period, we revised and updated the Employee Handbook to emphasize our philosophy and principles on legal employment, opposition to forced labor, and protection of the environment and community rights. In accordance with the General Principles for Sustainable Procurement, we incorporate human rights-related matters into due diligence and make them run through the entire process of supplier access, bidding negotiation and contract performance. We have developed an employee rights and interests review and audit checklist that covers a number of vulnerable risk points, including legal and compliant employment, labor hours, equal pay for equal work, anti-discrimination and harassment, freedom of association, trade union organizations and collective labor agreement signing, and occupational health protection. We prioritize risks to labor rights and interests within our organization and in our supply chain and have established emergency response processes and measures to avoid and eliminate adverse impacts, strengthen relevant management, track relevant information, flag risks before adverse impacts occur whenever possible, and take remedial actions as soon as possible.

With regard to potential risks within the Company identified in human rights due diligence, we will set up a task force to investigate infringement incidents, take measures against internally responsible persons in accordance with the relevant provisions of the Employee Handbook, and work with external related parties to minimize the impact on internal and external vulnerable groups. With regard to the supply chain, we will request key suppliers to proactively report major social responsibility events, including violations of employees' legitimate rights and interests. At the same time, we will continue to follow up on the information disclosure of business partners, and quickly urge them to take measures as soon as possible to eliminate adverse effects in case of their serious violations of employees' rights and interests such as forced labor, child labor employment and human trafficking, and recommend them to perform internal rectification to avoid the recurrence of risk events. Any internal and external stakeholders can report the risk of infringement occurred or occurring or likely to occur to Hansoh Pharma through the hotline number and report acceptance email address available on the official website.

During the Reporting Period, we found no adverse incidents infringing upon human rights such as discrimination and harassment, including those involving key suppliers in our supply chain.

5. Business Ethics

5.6 INFORMATION SECURITY AND PRIVACY PROTECTION

In compliance with the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law, Information Security Technology – Personal Information Security Specification and other laws and regulations, and with reference to the principles required by the European Union's General Data Protection Regulation (GDPR), Hansoh Pharma has built a rigorous information security management system. The ESG Committee of our Board of Directors is responsible for monitoring the Group's information security risks, and the Chief Information Officer (CIO) serves as the representative of the information security system manager. Our CIO has experience in strategic information security management, and leads a professional information security team to take responsibility for information security management, data and development, and informatization. The information security manager shall obtain the Certified Information Systems Security Professional (CISSP) certification and possess extensive knowledge, skill and experience which is necessary to construct and manage a reliable organization information security, to guarantee the security of the Group's information and cyber environment.

5.6.1 Privacy Protection

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

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

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

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

5. Business Ethics

5.6.2 Information Security

We carry out weekly and monthly network and information system vulnerability scanning through an internal independent team, and continually improve the resilience and strength of the system according to the scanning results. We have provided information security officers in key departments, assigned information security management responsibilities to each department, and mobilized all employees to jointly safeguard information security. We have established an information security incident handling process, and developed emergency response plans and mitigation measures for sudden network security incidents, in order to ensure that the network, system, product and information of each operating site are protected from ever-changing network threats. We have established a prevention and control mechanism for information security involving all employees. Any employee who discovers an actual or potential information security incident is encouraged and required to promptly report it to the information security management team through a 24/7 hotline or a designated email address.

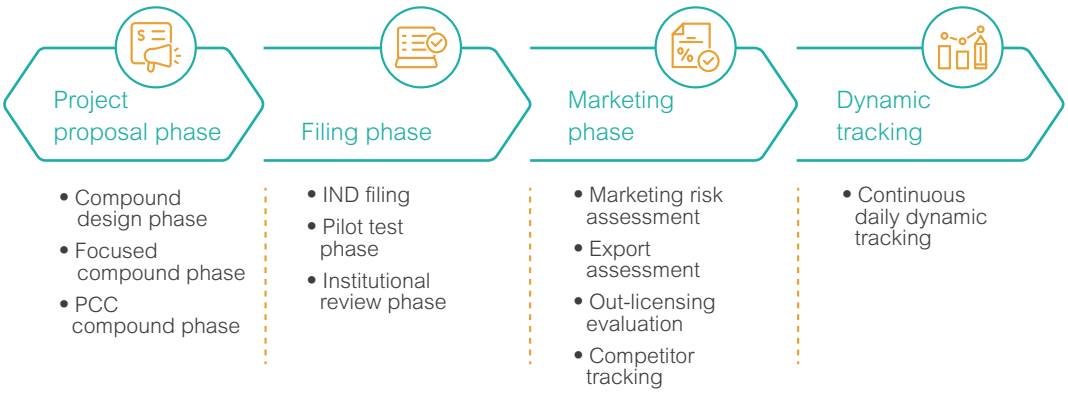
During the Reporting Period, Hansoh Pharma continued to optimize our information security strategy and actively protected our own information and the information of our stakeholders. Jiangsu Hansoh passed the ISO 27001 certification in 2020, and passed the supervision and audit during the Reporting Period. We designed compulsory information security courses for all employees, introduced its information security management system, encrypted file system and basic policy of focusing on prevention, hierarchical prevention and control, and equal emphasis on management and technology, specified information security management and control requirements, and publicized the prevention strategies against typical information security incidents such as phishing emails and viruses.

Hansoh Pharma's information security training courses in 2023
Compulsory course for employees: introduction to information security control and risk prevention measures
IT knowledge training for new employees

5. Business Ethics

5.7 INTELLECTUAL PROPERTY RIGHTS RESPECT AND PROTECTION

Respecting and protecting intellectual property are beneficial to encourage innovation, enhance creativity, promote fair competition, and maintain market order. Hansoh Pharma adheres to the strategy of preventing infringement risks and protecting its intellectual property rights. We continue to improve "Patent Workbook for Innovative Drugs", "Operating Procedures for Confirmation of Project Patent Strategy" and "Operation Procedures for the Tracking and Early Warning of the Legal Status of Project Patents" to strengthen all employees' awareness of intellectual property rights protection and infringement prevention strategy both online and off-line in compliance with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and other domestic and international intellectual property-related laws and regulations. During the Reporting Period, the Group had not engaged in any intellectual property infringement incidents, including patents and trademarks and no legal suit related to them.



Full-circle Infringement Risk Prevention

5.8 WHISTLEBLOWING AND WHISTLEBLOWER PROTECTION

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

Reporting phone
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nkns@hspharm.com

6 Environmental Friendly

Facing the challenges brought by global environmental and climate changes, Hansoh Pharma actively implements the green development philosophy, adheres to clean production and low-carbon development, puts a premium on protecting biodiversity and promotes the implementation of energy conservation and emission reduction projects, striving to become a resource-saving and environment-friendly enterprise. During the Reporting Period, we continuously intensified the construction of the management system of the environment, continued identifying climate change risks, strengthened the management of pollutant emissions and improved the resource utilization. We have extended the greenhouse gas verification to the upstream and downstream of the supply chain, and worked with our partners to make contributions to environmental protection.

6. Environmental Friendly

6.1 ENVIRONMENTAL MANAGEMENT SYSTEM AND PERFORMANCE MONITORING

We strictly observe such laws and regulations as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Pollution, and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, and the environmental management requirements of all regions where the Company operates, and formulated multiple environmental targets and action plans, including boosting energy efficiency, emission management, etc. to integrate the philosophy of environmental protection and low carbon into the enterprise's procedures for decision-making and operation.

The ESG Committee of the Company's Board of Directors is responsible for monitoring the issues of climate and environment related to the Group, approving the formulated environmental targets and annual project budget, and reviewing the attainment of targets and progress of action plans. During the Reporting Period, the Board of Directors of the Company approved the new environmental goal of a higher level and committed to achieving carbon neutrality no later than 2055 and actively sought validation of the carbon emission reduction targets by Science-Based Targets initiative (SBTi), so as to show the determination of the Company to practice the environmental protection concept and deal with the climate changes with a more positive attitude. In order to ensure the attainment of our environmental targets, we elaborate, decompose, and implement the targets into various processes of production and operation, and link the targets with the performance of senior executives, department heads and employees in relevant posts. In case of any adverse public events due to environmental issues, the performance of the responsible person will be vetoed with one vote, and the total amount of compensation for that year will be reduced.

During the Reporting Period, the Company's ESG Committee of the Board of Directors tracked and reviewed twice the progress of attainment of the data and targets in the guiding principles related to environment and climate, and all other indicators were in line with the Company's medium- and long-term management objectives except for an increase in the hazardous waste emission intensity. With regard to the increase in the hazardous waste intensity, it was analyzed that the main reasons were, on the one hand, the higher increase in production of APIs due to the increase in market demand, and an increase in waste generation as a result of the appropriate increase in product inventory to enhance business continuity. On the other hand, due to the impact of the collection policy and market lag factors, the increase in production volume has not led to a synchronized increase in operating revenue, and as a result, the hazardous waste emission intensity increased as compared to the baseline period. In view of the above, the ESG Committee of the Board of Directors has made the following adjustments to their management strategies: firstly, to accelerate innovative transformation, optimize the product structure and increase the operating revenue per unit of production; secondly, to continue to optimize the production process and reduce the level of hazardous waste emission per unit of production of the same product; thirdly, to strengthen market forecast and policy assessment, scientifically deploy the production plan and reasonably control the inventory size.

We pay attention to the impact of biodiversity on the earth's ecosystem and human living environment. Under the monitoring of the ESG Committee of the Board of Directors, we incorporated biodiversity issues into routine communication with the stakeholders and the enterprise risk management system, assessed the impacts and risks of each operation location on natural sources such as the surrounding biodiversity, soil, air and water, and developed positive preventive measures. As of the end of the Reporting Period, all of our operation locations are outside the biological reserves designated by the government, and we will not conduct operation activities in biological protection areas and their surrounding areas.

6. Environmental Friendly

We have introduced a multidisciplinary collaborative assessment system to assess the sensitivity of biodiversity of our operation locations and the impacts and risks brought to the stability of the Company's supply chain based on the geographical and environmental characteristics of the places of origin of the equipment and materials required by each business unit. Besides, we are dedicated to achieving the target of non-net loss, or even net positive impact by coordinating with our suppliers and partners, and through strict waste management, and effective measures for emission reduction. According to the assessment, none of the materials required for Hansoh Pharma's current operation are found to be produced in the biological reserves, or no biodiversity resources are used as raw materials for production.

Therefore, the production and operation of the Company and its supply chain have not negatively affected the biodiversity, and the changes in biological species will not pose any risk to our operation.

During the Reporting Period, we updated the standards such as the Standard for Pollution Control on Hazardous Waste Storage, intensified identification of environmental risks, and further specified internal regulatory responsibilities for the environment; we updated the composition and operating mechanism of the EHS Committee and regularly arranged the safety committee meetings to better coordinate and guide the departments to carry out EHS supervision, inspection, publicity and education.

We set up the Environment, Health, and Safety (EHS) Department in all regions where the Company operates, formulate targeted environmental management policies based on the operation characteristics of production, research and development, etc., regularly identify and assess environmental risks, set specific environmental goals, establish the monitoring and assessment mechanism, update contingency plans for environmental accidents, and hold EHS-related special meetings each quarter, to ensure that progress of environment-related work is reviewed in high frequency, risks are timely reported to higher levels and appropriate measures are taken. We continue to develop energy-saving technological upgrading projects to further improve resource utilization and reduce the impact on natural resources and environment.

We annually carried out internal audits in all regions where we operate our production and experiments, and conducted special assessments for environmental impact when we newly built factory buildings (including laboratories) and additionally installed equipment. As of the end of the Reporting Period, all production sites of the Company have successfully passed the certification and supervisory audits of ISO 14001 Environmental Management Systems, and all pollutant emissions in the sites have conformed to national and local standards and requirements for environmental protection, without being punished (including being fined) by regulatory departments for such reasons as ecological and environmental protection.

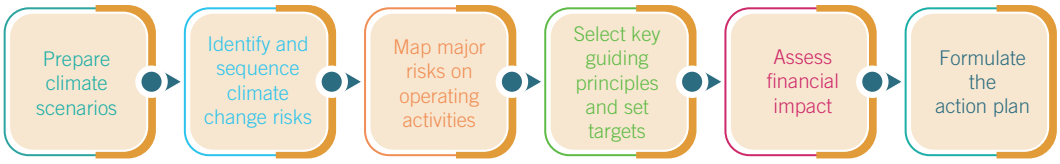
Jiangsu Hansoh, a main production base of Hansoh Pharma, is currently a leading green development enterprise in Jiangsu Province and an environmental protection demonstration enterprise in Lianyungang. During the Reporting Period, Jiangsu Hansoh won the "Enterprise Environmental Protection Quality Award" by the Lianyungang Economic & Technological Development Area Administration Committee and Lianyungang Ecological Environment Bureau. Changzhou Hansoh was rated as a "Grade A" drainage credit rating corporate by Changzhou Municipality in 2022, and was recognized as a "Changzhou Green Factory (Fifth Batch)" in 2023.

6. Environmental Friendly

6.2 CLIMATE CHANGE RISKS

6.2.1 Identification of and Response to Climate Change Risks

We carefully read up the Climate-Related Disclosure Standard (IFRS S2) of the International Sustainability Standards Board (ISSB), and according to the future trend of climate disclosure regulation conveyed by the Hong Kong Stock Exchange via consultation papers during the Reporting Period, we invited the parties at interest with specialized knowledge to participate, adopted the Delphi method to identify the risks and opportunities that climate changes may bring to the Company, assessed the financial impact of each of such risks and opportunities on the Group, formulated responding measures and assigned responsible departments to implement them after being reviewed and approved by the ESG Committee of the Board of Directors, so as to boost the Company's capabilities to prevent and control climate change risks. Such risks will be integrated into the risk management system of the Group, and managed and controlled according to the set procedures and tiers.



Identification of and Responding Procedure for Climate Risks

Under the monitoring of the ESG Committee of the Board of Directors, based on RCP 2.6 (a strict path, i.e. the scenario of being committed to achieving a lower carbon economy) and RCP 8.5 (a path of high emission, i.e. the scenario of high greenhouse gas emission), two hypothetical scenarios, we have identified seven high climate change risks/opportunities, four medium climate change risks, and four low climate change risks, jointly with 31 departments of three operation locations in Shanghai, Changzhou and Lianyungang, evaluated real and potential financial impacts of various high risks, and established corresponding response strategies during the Reporting Period.

6. Environmental Friendly

The seven high climate change risks/opportunities are as follows:

Climate Risks/ Opportunities	Details and Potential Financial Impacts	Response Measures	Financial Impacts During the Reporting Period
Rising raw material costs (long-term)	Risks: Climate change is more likely to affect the supply and quality of chemicals, intermediates, active pharmaceutical ingredients, and other raw materials, leading to higher raw material and operating costs. Opportunities: The rising raw material costs require us to optimize processes and improve management so as to improve internal management.	① Reduce the consumption of raw materials while maintaining product quality; ② Optimize processes to choose low-cost alternative raw materials; ③ Screen suppliers wisely and control the raw material costs through fair competition.	During the Reporting Period, prices in Hansoh Pharma's supply chain remained stable and there were no financial impacts resulting from changes in raw material costs due to climate risk.
Increased fossil fuel pricing (long term)	Risks: The government may consciously increase the pricing of fossil fuels to reduce greenhouse gas emissions; the energy enterprises using fossil fuels will increase the price of energy supply; the cost of electricity, steam, natural gas, gasoline, and other energy products used by enterprises will be increased. Opportunities: The increased fossil fuel pricing requires us to optimize the energy structure and develop new energy sources based on the existing conditions so as to reduce greenhouse gas emissions and get benefits from investment and emission reduction.	① Strengthen the management and control of fossil energy consumption to reduce energy consumption; ② Adjust the energy structure: (1) Accelerate the development of solar photovoltaic power generation; (2) Promote building energy conservation and use geothermal and air energy air-conditioning system to reduce power consumption; (3) Use clean electricity.	During the Reporting Period, there were no significant changes in the supply price of fossil fuels used by Hansoh Pharma, which therefore did not result in an increase in finance cost.

6. Environmental Friendly

Climate Risks/ Opportunities	Details and Potential Financial Impacts	Response Measures	Financial Impacts During the Reporting Period
Uncertain market signals (long-term)	Risks: Climate change may cause various diseases that directly or indirectly impact human health and affect the demand for our products. Opportunities: Changes in the spectrum of new diseases may bring new directions to our research and development innovation, and we can use our strong innovation ability to develop new products so as to bring satisfied market returns.	① Monitor research on changes in disease spectrum caused by climate change at frontiers of science and technology around the globe to provide guidance for drug development; ② Strengthen R&D innovation and develop drugs related to known diseases caused by climate change, such as the insect-borne disease (including new virus), heart and respiratory disease, central nervous system disease, etc.	During the Reporting Period, products in the oncology treatment area contributed 67.9% of Hansoh Pharma's operating revenue, followed by those targeting central nervous system diseases. There are currently no definitive quantitative research findings that confirm a close correlation between these diseases and climate change. The Company has not commercialized any climate-related disease treatment drugs, and therefore this risk has no financial impact on the Company.

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Climate Risks/ Opportunities	Details and Potential Financial Impacts	Response Measures	Financial Impacts During the Reporting Period
Strong winds/ cyclone/typhoon (short term and medium term)	Risks: In recent years, the Southeast coast of China has been likely to be hit by typhoons; the main operational areas of us are located in the coastal areas and typhoons affect business operations, employee commuting and fixed assets.	① Develop contingency plans, provide emergency supplies and organize periodic drills annually to improve the emergency response capacity; ② Improve the design grade of buildings against natural disasters; ③ Take necessary precautions, including strengthen the construction of the municipal pipe network, improve the drainage efficiency and purchase the relevant insurance.	During the Reporting period, the Company did not suffer any damage to its fixed assets due to extreme weather conditions, which affected its operations or caused any work-related injuries. However, to prevent environmental and safety hazards, including extreme weather, the Company invested RMB45,800,500 in environmental protection and safety, representing an increase of 3.4% as compared to 2022.
The interested parties' concern about negative feedback (medium term)	Risks: As a listed company in Hong Kong, we need to fulfill our disclosure obligations, and negative information is also required to be disclosed; we are under the supervision of ESG rating agencies, which affect the capital market recognition; as the clients and investors become more concerned about environmental protection, the negative information will affect reputation and may result in the loss of contracts or investments. Opportunities: The active climate risk assessment and response and highly transparent greenhouse gas emissions reports may bring positive feedback to the interested parties, which is conducive to the promotion of our brand value.	① Disclose the greenhouse gas emission data on an annual basis and strictly implement the various emission reduction measures to ensure environmental compliance; ② Conduct inventories and third-party assurance of the greenhouse gas on an annual basis; ③ Focus continuously on the ESG rating information and keep communication with the interested parties; ④ Positively respond to the concerns of interested parties and improve information disclosure methods and/or operational practices based on their feedback.	During the Reporting Period, this risk did not have a significant financial impact on the Company.

6. Environmental Friendly

Climate Risks/ Opportunities	Details and Potential Financial Impacts	Response Measures	Financial Impacts During the Reporting Period
Increased pricing on greenhouse gas emissions (long term)	Risks: China has officially launched its national carbon emissions trading market, and it is expected that the price of carbon emissions will continue to rise; a series of carbon trading regulations are introduced, leading to increased compliance costs in the future. Opportunities: Promote the Company to increase investment in research and development of green technology and sustainable development, develop more environmentally friendly and low-carbon production processes and innovative drugs; collaborate with suppliers to develop more environmentally friendly and lower-carbon raw and auxiliary materials, and packaging materials; demonstrate the Company's contributions to environmental sustainability through obtaining relevant green certifications or labels, thereby enhancing brand image and market competitiveness.	① Monitor developments in the carbon market and changes in carbon trading entities and prepare for entry in advance; ② Be prudent in verifying the data of energy consumption and greenhouse gas emissions, and strive for favorable greenhouse gas emission quotas; ③ Conduct sensitivity tests on the financial impact of greenhouse gas emission pricing; ④ Make carbon reduction action plans, including but not limited to saving power consumption, adjusting energy structure, developing carbon sequestration projects (together with public welfare projects), purchasing green electricity, etc.	During the Reporting Period, Hansoh Pharma has not been subject to any carbon tax or conducted any carbon transaction that would have a financial impact.
Flood (short term & medium term)	Risks: Global warming increases the flood risk; there are rivers near our main operational areas, and heavy rainfall along the east coast of China may cause flooding; the factories will be flooded, affecting production, operation and logistics transportation.	① Evaluate the surrounding conditions of each operation center and take into account the terrain when selecting sites for new facilities; ② Develop contingency plans, provide emergency supplies and pay attention to municipal drainage to reduce the risk of being flooded, as well as purchase the relevant insurances.	During the Reporting Period, the Company did not suffer any damage to its fixed assets due to flooding, which affected its operations or caused any work-related injuries. However, to prevent environmental and safety hazards, including extreme weather, the Company invested RMB45,800,500 in environmental protection and safety, representing an increase of 3.4% as compared to 2022.

6. Environmental Friendly

6.2.2 Greenhouse Gas Emissions and Data Inventory

In 2018, the Group formulated the Greenhouse Gas Management Procedure and inventoried carbon footprints of relevant sites based on the impact of production and operation activities on greenhouse gases. We publicly disclosed greenhouse gas emissions data every year in our ESG report. During the Reporting Period, our scope of inventory included all major influences in Scopes 1, 2 and 3, and commissioned a third party to conduct a verification to assess the accuracy, completeness and reliability of the inventory data, including but not limited to data sources, calculation methods, emission factors and consistency with reports. On this basis, the third party issued an independent verification statement on greenhouse gas emissions, which has provided clearer and more accurate guidance for energy-saving and emission-reduction endeavors of the Company.

Greenhouse Gas Emissions	2021	2022	2023
Scope 1 greenhouse gas emissions[3]/carbon dioxide equivalence in ton	6,256	9,024.60	10,546.85
Scope 2 greenhouse gas emissions[4]/carbon dioxide equivalence in ton	116,072	77,719.97	81,565.21
Total greenhouse gas emissions (Scope 1 and 2)/ carbon dioxide equivalence in ton	122,328	86,744.57	92,112.06
Greenhouse gas emissions per unit of operating income (carbon dioxide equivalence in ton per one RMB million)	12.31	9.25	9.12

Progress towards the target:

Reduced by **25.96%**[5] from 2021

Goal to reduce greenhouse gas emissions:

By 2030, greenhouse gas emission intensity (Scope 1 + 2) per unit of operating income will be reduced by 40% from 2021

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

Approximately **51,543.36 tons** of carbon dioxide equivalent

3 GHG Protocol published by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, and other documents were used as the references to calculate greenhouse gas emission indexes, in which the calorific value (heat content) of fuels and the carbon oxidation rate for Scope 1 emissions were derived from Table 2.1 of the Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Enterprises in Other Industrial (Trial), and the default emission factors for CO_2, CH_4, and N_2O were sourced from Chapter 2 of Volume 2 of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

4 The calculation model for purchased electricity in greenhouse gas emission target (Scope 2) is derived from Formula 5 of GB/T32150-2015, where the emission factor is sourced from the relevant circular of the Ministry of Ecology and Environment of the PRC [Environmental Office Climate Letter (2023) No. 43], and the national average emission factor for the power grid is 0.5703t CO_2/MWh.

5 Based on the same caliber of the GHG emission factor of 0.7035 for purchased electricity in the baseline period of 2021, the GHG (Scope 1 + Scope 2) emission intensity in 2023 decreased by 18.14% as compared with that in 2021, and if adjusted by the new CO_2 emission factor of electricity in the East China region for 2021 announced by the Ministry of Ecology and Environment of China on April 12, 2024, the GHG (Scope 1 + Scope 2) emission intensity in 2023 decreased by 17.69% as compared with that in 2021.

6. Environmental Friendly

Based on the examination of greenhouse gas emission data, the Group's direct greenhouse gas emissions (Scope 1) mainly come from the gasoline and diesel used by the vehicles owned by the Group, domestic natural gas and wastewater, and the loss of refrigerant from production facilities; and the indirect greenhouse gas emissions (Scope 2) mainly come from the use of such energies as outsourcing electric power and vapor. The major emission component of greenhouse gases is carbon dioxide (CO_2), mainly emitted indirectly. During the Reporting Period, Scope 1 emissions increased by 16.87% year-on-year, primarily due to the increase in fugitive emissions generated from anaerobic treatment of wastewater from raw material production. Scope 2 emissions increased by 4.95% year-on-year, mainly due to the increase in purchased electricity as a result of the resumed growth of production during the Reporting Period.

Compared with the previous year, the examination of the Company's Scope 3 greenhouse gas emissions during the Reporting Period involved 15 emission sources such as on and off duty of employees, visitors and business travels, inward and outward logistic transportation, and waste disposal, in which a more comprehensive emission factor database was utilized for purchased goods and services as well as capital goods, including the China Product Lifecycle Greenhouse Gas Emission Coefficient Database (CPCD), the Ecoivent database from Simapro, and capital carbon footprint data from the Notice on the Release of Advanced Values of Carbon Emission Intensity of Industries, resulting in a significant increase in the volume of emission data for this section, but making it more complete and reliable; the examination and calculation of emissions from fuel and energy-related activities as well as upstream leased assets were included; and the emissions generated from the processing, use and end-of-life treatment of sold products were also accounted for based on reasonable assumptions. We will leverage these data to actively promote greenhouse gas emission reduction efforts, including those within our supply chain.

Click here to view the 2023 Third-Party Verification Statement on Greenhouse Gas Emissions from Hansoh Pharma, as well as the detailed data on the 15 sources within Scope 3 greenhouse gas emissions:
https://www.hspharm.com/upload/file/2024/04/19/2d714dc623c54a7a824a9b765194da3b.pdf

6. Environmental Friendly

6.2.3 Practice of Energy Management and Carbon Reduction

Given that the energy consumption accounts for the largest proportion of greenhouse gas emissions produced by the Group, with energy consumption as an important constituent in product cost, we take energy conservation and consumption reduction as an important measure for lean management. In line with Energy Management System (ISO 50001), we establish a "three-level management structure", set energy control goals, and conduct monthly energy tracking, and monthly analysis-based process management. Meanwhile, as required by the system, we conduct one internal accreditation each year to identify existing problems, and continue to improve the performance of energy management through normalized and accurate upgrade.

Leveraging an efficient energy management system and a variety of publicity and training activities, the Company has implanted the awareness of energy conservation and emission reduction in the hearts of all employees and integrated the concept into its entire production and operation process. The Company mainly took the following measures to promote the achievement of energy conservation and emission reduction targets.

- Connected with market demands in advance, formulated production plans flexibly, maximized centralized production by adjusting production plans and methods to reduce energy consumption of shared utilities;

- Strengthened equipment management and shut down as much as possible workshop and ancillary equipment during non-production period; for equipment that could not be shut down, we adjusted their operating parameters to improve and optimize them while supervising the implementation to avoid ineffective energy consumption due to idle operation of equipment;

- Arranged leaves in lieu properly and offered high temperature vacation, scheduled equipment maintenance and upgrades in summer months when the temperature and humidity were high and production consumed more energy to avoid power consumption peak reasonably;

- Continued to increase efforts on technological transformations for energy saving, strengthened the improvement and optimization of equipment and process, tracked the implementation regularly to further explore potential for energy conservation, and included technological transformations for energy saving into annual economic assessment targets and set up incentives.

- Established relevant policies for energy conservation and emission reduction, defined annual energy conservation goals and specified the division of labor of relevant departments based on annual production plans.

During the Reporting Period, the Group carried out various types of energy-saving publicity activities including special training sessions, award-winning quizzes, "World Car Free Day", and other online or offline events, conducted 20 technological transformations for energy saving projects, saving the quantity of energy that would cost more than 320 tons of standard coal to produce, reduced carbon emission by approximately 864 tons (estimated by 2.2tCO_2e emitted from 1t of standard coal). The comprehensive energy consumption per unit of revenue of the Group in 2023 has decreased by 1.28% year-on-year, which was in line with its mid- and long-term energy-saving goals and has supported the Group to achieve its greenhouse gas emission goal.

6. Environmental Friendly

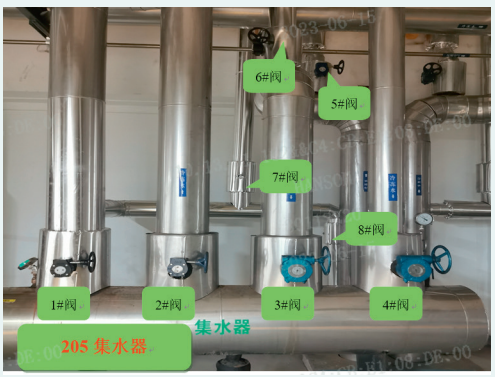
Energy Conservation Project Case during the Reporting Period

Cooling Water Pipeline Optimization Energy-saving Renovation Project of Jiangsu Hansoh:

To improve the energy efficiency of system supply, reduce the energy consumption of cooling water operation and improve the supply flexibility, Jiangsu Hansoh optimized and reconstructed the cooling water supply system of two workshops during the Reporting Period. Two workshops can share one cooling water system in transition season or when a few production workshops are working. The total investment is RMB22,500, and it is expected that 56.03 tons of standard coal can be saved per year, generating an annual economic benefit of about RMB373,800.

Multi-posts Chilled Water Energy-saving Renovation Project of Jiangsu Hansoh:

Since the freeze-drying posts and dosing posts in the small-capacity freeze-dried powder workshops under the preparation workshop and the air conditioning in Grade B area used to share 1 cooling water pipeline, the cooling water could not meet the cooling demand of the dosing posts and the air conditioning in Grade B area at the end of spring and the beginning of summer, the chilled water system needs to be used for cooling, which increases the energy consumption of low-frequency operation of the chilled water unit. After reconstruction, switch valves for the cooling water and chilled water were added to each post. Through the switching of these valves, the freeze-drying posts use the cooling water for cooling while the dosing posts and the air conditioning in Grade B area turn on the chilled water unit to use the chilled water for cooling during production at the end of spring and the beginning of summer, and the operation of the chilled water units stops when production in the workshop is finished, which reduces the operating time of the cooling water unit and saves power consumption while ensuring the production compliance. The total investment is RMB70,000, and it is expected that 66.24 tons of standard coal can be saved per year, generating an annual economic benefit of about RMB437,000.

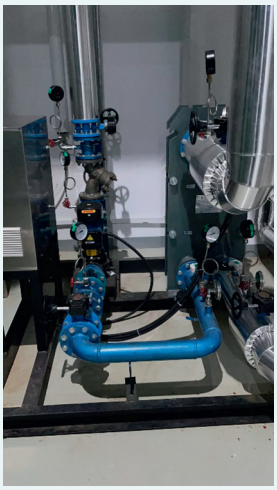


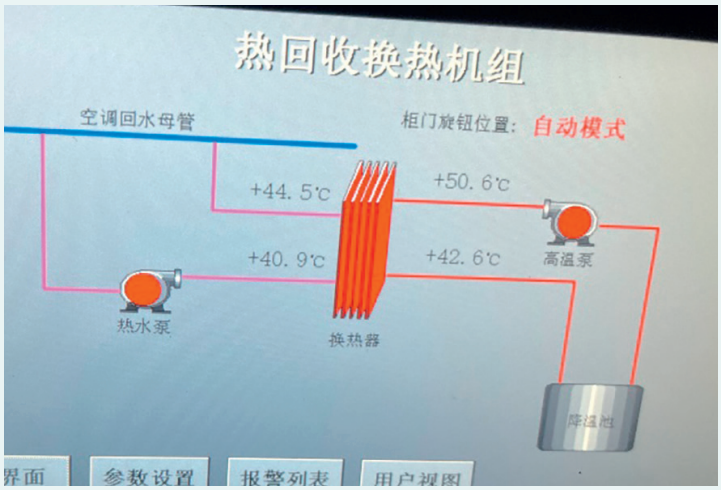
6. Environmental Friendly

Energy Conservation Project Case during the Reporting Period

Steam Condensate Residual Heat Reuse Project of Changzhou Hansoh:

As for the steam condensate treatment method, plate heat exchanger is used to preheat some hot water in the hot-water circulation, with interlocking control, and the residual heat system is stopped when the conditions for using residual heat are not sufficient. The investment is RMB230,000, and the expected annual benefit is RMB228,000.





Light Switch Energy-saving Renovation Project of Changzhou Hansoh:

Radar induction switches are provided in areas with low personnel activity frequency, and the lights will be turned on only when people and logistics pass by, so as to save electricity. The investment is RMB3,300, and the expected annual benefit is RMB3,600.

Diversified Energy-saving Publicity Activities of Jiangsu Hansoh:

During the Reporting Period, Jiangsu Hansoh carried out a variety of energy-saving publicity activities, and organized special training sessions, prize-winning competitions, "World Car Free Day", and other online or offline activities to enhance employees' awareness of green energy conservation, improve their theoretical and practical abilities for energy conservation, and effectively identify energy-saving highlights and spaces in work.

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Energy Use	2021	2022	2023
Direct energy consumption[6] (in ton of standard coal)	79.23	69.06	69.58
Indirect energy consumption (in ton of standard coal)	23,335.69	20,031.14	21,300.78
Total renewable energy consumption (MWh)	203	212.9	213.01
Total energy consumption[7] (in ton of standard coal)	23,390	20,100.2	21,370.36
Energy consumption per unit of operating income (standard coal in ton per one RMB million)	2.35	2.14	2.12

Progress towards the target:

Compared with 2021, the comprehensive energy consumption per unit of operating income in 2023 decreased by **10.26%**

Energy efficient target:

Compared with 2021, decrease the comprehensive energy consumption per unit of operating income by 20% by 2030

6.3 EMISSION/DISCHARGE MANAGEMENT

Hansoh Pharma abides strictly by laws and regulations of regions where our production bases are located. It has formulated its Pollution Management System and other policies, and built a supervision and control system covering the whole process from emission production, storage and transport to end disposal. We conduct rigorous management on exhaust gas, wastewater and various hazardous/non-hazardous wastes produced in all operation steps to improve our pollutants disposal. In the meantime, we facilitate the optimization of technologies proactively, increase our investment in the environmental protection facilities, reduce the emission of pollutants from the source and improve our ability to transform wastes into resources.

In order to meet the demands specified by the laws and regulations regarding environmental protection in the country, we carry out monitoring and assessment on gas, liquid and solid wastes at different frequencies each year by integrating such means as internal manual monitoring, third-party monitoring and online monitoring. All the efforts are made to reflect the pollutant emission accurately, ensure that all discharges are done in line with laws and regulations, and reduce impacts on ecological and biodiversity in an effective manner.

During the Reporting Period, the Group invested RMB16,949 thousand in the operation of environmental protection which was used for projects such as workshop exhaust gas treatment equipment, sewage station exhaust gas system upgrade, sewage pipe network rain and pollution diversion transformation, and environmental monitoring facilities maintenance.

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

7 GB/T 2589-2020 General rules for calculation of the comprehensive energy consumption, a national standard of the People's Republic of China, and other documents were used as the references to calculate energy consumption indexes.

6. Environmental Friendly

Three-dimensional Monitoring System

6.3.1 Exhaust Gases

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

6. Environmental Friendly

Case: Exhaust Gas Treatment Upgrading Project in Hansoh Pharma

Jiangsu Hansoh invested RMB7.5 million to remove the original activated carbon adsorption facility of the exhaust gas disposal device and equip the workshop with 2 activated carbon adsorption and desorption facilities, with "two for use and one for standby". The process of exhaust gas disposal is upgraded to "two-tiered condensation + two-stage alkali absorption + two-level activated carbon absorption (desorption) (two for use and one for standby)", with the airflow of 25,000m³/h and exhaust funnel height of 22m.

Jiangsu Hansoh invested RMB2 million to upgrade the exhaust gas system of the sewage treatment plant. A "biotrickling filtration" device is added to the exhaust gas disposal device of the sewage treatment plant. The process of exhaust gas disposal of the sewage treatment plant is upgraded to "two-stage alkali absorption + biotrickling filtration", with the airflow of 25,000m³/h and exhaust funnel height of 15m.

During the Reporting Period, we had **zero** sulfur dioxide detected continuously and particulate emissions **86.2%** down year on year.

Progress towards the target:
The total emission of VOCs in exhaust gas declined by **28.17%** compared with that of 2021

Goal to reduce emission of pollutants in exhaust gas:
By 2030, the total emission of volatile organic compounds (VOCs) in exhaust gas will decline by 35% compared with that of 2021

Indicators of exhaust gas emission	2021	2022	2023
Sulfur oxide/kg	0	0	0
Particulate matter/kg	114	104.72	14.45
VOCs/kg	10,800	8,782	7,757.81

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6.3.2 Wastewater

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

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

During the Reporting Period, the emission of ammonia nitrogen per unit of operating income via Hansoh Pharma's wastewater reduced by **30.1%** year on year, while the emission of chemical oxygen demand (COD) per unit of operating income reduced by **7.26%** year on year.

Progress towards the target:

In 2023, the emission of ammonia nitrogen per unit of operating income via Hansoh Pharma's wastewater reduced by **36.46%** compared with that of 2021, while the emission of COD per unit of operating income reduced by **10.82%** compared with that of 2021

Goal to reduce emission of pollutants in wastewater:

By 2030, the emission of COD in wastewater per unit of operating income will decline by 20% compared with that of 2021

By 2030, the emission of ammonia nitrogen in wastewater per unit of operating income will decline by 25% compared with that of 2021

6. Environmental Friendly

Case: Sewage pipe network renovation project of Jiangsu Hansoh

Jiangsu Hansoh upgraded the original underground sewage pipes to completely achieve the diversion of rain and sewage, precisely collect sewages from workshop and divisions so as to prevent rains and tap water flowing into sewage pipes to reduce the amount of sewages by approximately 20%.

Indicators of wastewater discharge	2021	2022	2023
Total wastewater discharge/m³	730,709	784,026	684,276.55
Total chemical oxygen demand (COD) emissions/ton	36.2	32.85	32.81
Total ammonia nitrogen emissions/ton	3.6	3.13	2.36

6.3.3 Wastes

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

6. Environmental Friendly

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

In addition to strengthening our management, we also regularly organized professional teams to recycle and dispose of expired drugs to avoid uncontrollable environmental hazards downstream caused by hazardous wastes. Meanwhile, we optimized the external design of our products and simplified their package to reduce the generation of non-hazardous wastes when products were in use downstream.

During the Reporting Period, Shanghai Hansoh organized safety publicity training on hazardous waste leakage and conducted drills quarterly, through which we can enhance employees' awareness of managing hazardous waste, strengthen their awareness of environment protection and self-protection to effectively prevent and control dangers of hazardous waste to human health and the environment.

During the Reporting Period, Hansoh Pharma conducted 100% compliant disposal of its hazardous and nonhazardous wastes. Due to the rapid recovery of production, the standardized output of APIs production (the main source of hazardous waste) rose significantly, but the increase in output value was not synchronously converted into market revenue for that year, resulting in an increase in the disposal of hazardous wastes per unit revenue by 19.19% as compared with 2022. On the other hand, the disposal of non-hazardous wastes per unit revenue decreased by 12.94% as compared with 2022.

6. Environmental Friendly

Progress towards the target:
The disposal of hazardous wastes per unit revenue increased by **8.04%** compared with that of 2021, the disposal of non-hazardous wastes per unit revenue increased by **6.16%** compared with that of 2021.

The target of waste management:
The Company makes a commitment to 100% compliant disposal of non-hazardous waste. By 2030, the disposal of hazardous wastes per unit revenue will reduce by 40% compared with that of 2021.

Indicators of waste disposal	2021	2022	2023
Total amount of hazardous waste disposal/ton	4,252	3,639.22	4,671.54
Hazardous waste disposal per unit of revenue (ton/RMB million)	0.43	0.39	0.46
Total amount of non-hazardous waste disposal/ton	524.07	603.45	565.8
Total amount of recyclable waste disposal/ton	183.25	494.63	526.54[8]
Total amount of non-recyclable waste disposal/ton	340.83	108.82	39.27[9]
Non-hazardous waste disposal per unit of revenue (ton/RMB million)	0.05	0.06	0.06
Total amount of hazardous waste with incineration as final disposal/ton	/	489.02	714.24
Total amount of non-hazardous waste with incineration as final disposal/ton[10]	/	57.16	335.81

8 The amount of recyclable waste disposed of other than recycling through incineration for power generation was 190.73 tons.

9 The non-recyclable waste was partly kitchen waste, of which 37.57 tons were discharged to the sewerage network and 1.69 tons were disposed of through landfilling.

10 The non-hazardous waste for power generation through incineration was included in the total amount of waste incinerated in 2023, while the total amount of waste incinerated for power generation was not included in 2022. Therefore, the data has increased significantly. In 2023, 100% of the non-hazardous waste with incineration as final disposal was used for power generation through incineration.

6. Environmental Friendly

6.4 RESOURCES UTILIZATION

Hansoh Pharma gives top priority to the conservation of resource. Through scientific and technological innovation, processes optimization and device upgrading, it keeps on the efforts to improve the utilization efficiency of water resource and materials. Meanwhile, it carries forward a culture featuring frugality and conservation. By establishing a set of incentive initiatives, the Group encourages its employees at different levels to continue the improvement in their duty work, and eradicate unnecessary loss and waste of water resource and other varieties of materials.

6.4.1 Water Resource

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

During the Reporting Period, we organized water conservation publicity activities such as World Water Day and China Water Week when electronic posters were launched and water conservation-themed videos were played on the Group's online training platform and commuter buses, which improved our employees' awareness of water conservation. Changzhou Hansoh replaced certain push-type taps with induction taps to better improve the water utilization efficiency and effectively save valuable water resource. Jiangsu Hansoh re-conducted a water balance test of key sites in compliance with Regulations of Jiangsu Province on Water Conservation (《江蘇省節約用水條例》), Management Measures of Jiangsu Province on Water Balance Test (《江蘇省水平衡測試管理辦法》) and other laws and regulations, the report of which successfully passed the review and inspection of Municipal Water Resources Bureau, indicating that the water utilization of relevant sites was reasonable and in line with the water use requirements of the operating place. Meanwhile, some weakness was recovered through water balance test and improvements in enhancing water conservation efficiency were founded.

Water conservation performance:

Municipal water withdrawal per unit revenue reduced by **5.67%** compared with that of 2022.

Progress towards the target:

By 2023, municipal water withdrawal per unit revenue reduced by **13.04%** compared with that of 2021.

Goal of water conservation efficiency:

By 2030, municipal water withdrawal per unit revenue will reduce by 20% compared with that of 2021.

Use of water resources	2021	2022	2023
Municipal water withdrawal volume/m^3	1,109,826	966,188	981,555.64
Recycled water volume/m^3	43,553,100	43,404,128	52,400,796.00
Municipal water withdrawal volume per unit revenue (m^3/RMB million)	111.71	102.98	97.15

6. Environmental Friendly

6.4.2 Materials

The materials consumed by Hansoh Pharma mainly include internal and external packaging materials and raw and auxiliary materials required for drug production. We implemented the "Lean Management Project" to reduce the number of equipment starts and stops and minimize material losses by implementing centralized production scheduling. We improved product yield and material utilization rate by optimizing our production processes and enhancing equipment management. We made every effort to simplify packaging on the basis of meeting GMP requirements, and used environmental-friendly and recyclable packaging materials to reduce the consumption of natural resources and the impact on the ecological environment. During the Reporting Period, packaging materials consumption per unit operating revenue decreased by 8.17% from the previous year and by 16.15% from 2021.

During the Reporting Period, Jiangsu Hansoh revised the production management documents such as the Management of Filters in Raw Material Yard and Management of Production Materials in Raw Material Yard, and integrated the specifications of the dust-free cloth, centrifuge filter bag, press filter bag, status marker, material label, filter element, LDPE bag for pharmaceutical purposes and composite membrane bag for medicine packaging, reducing material losses.

Case: Reduction of raw material consumption by Changzhou Hansoh

The high-throughput metal catalysis screening platform and chiral resolution/crystallization process development platform are the emerging technologies and new tools of organic synthetic process development in the world. The Process Department of Changzhou Hansoh's research institute efficiently utilized these two platforms in 2023 to complete parallel screening of multiple trace reactions, improving the work efficiency and reducing the consumption of raw materials.

Examples of the assessment targets for economic responsibilities	2023 Targets Basis/ Improvement	2023 Achieved
The reduction rate of direct material costs for 12 categories of active pharmaceutical ingredients in Jiangsu Hansoh	≥1.0%/1.5%	8.3%
The reduction rate of direct material cost for preparations in Jiangsu Hansoh	≥0.3%/0.45%	0.74%

The usage of package materials	2021	2022	2023
The usage of internal and external package materials/ton	3,616	3,118	3,083.61
The usage of package materials per unit revenue (ton/RMB million)	0.36	0.33	0.31

7 Product Quality

Hansoh Pharma actively makes efforts to realize the United Nations' sustainable development goal of "good health and well-being", focuses on the field of major human diseases and global public health challenges including antimicrobial resistance, constantly explores the world's cutting-edge technologies, cooperates with global peers, and continually launches safer, more effective and more economical drugs for the benefit of human health. In accordance with advanced international standards, it has equipped itself with production and testing equipment and established a full-lifecycle quality control and pharmacovigilance system. It provides medical institutions with rigorous and scientific academic services in a fair, transparent and clear manner, and safeguards the medication safety of patients.

7. Product Quality

7.1 R&D AND INNOVATION

Adhering to the mission of "continuous innovation to improve the quality of human life" and guided by clinical needs, Hansoh Pharma focuses on the research of anti-tumor drugs, anti-infective drugs and drugs for the central nervous system, metabolic and autoimmune diseases, and establishes and improves the R&D system for the entire process from cutting-edge information collection, compound design and screening, pharmacological and toxicological research to clinical medical research through continuous funding. It has currently set up R&D centers in Maryland in the USA and Shanghai, Lianyungang and Changzhou in China, covering a variety of drug types such as small molecule chemicals, siRNA, fusion proteins, antibody-drug conjugates (ADCs), bispecific antibody drugs, and monoclonal antibody drugs.

Improved R&D Capabilities

During the Reporting Period, Hansoh Pharma's R&D expenditure totaled RMB2.097 billion, which increased by 23.8% from the previous year, with the R&D expenditure/revenue ratio reaching 20.8%, which increased by 2.8% from the previous year. At the end of the Reporting Period, it had 1,671 R&D personnel of various types, providing solid talent support for the R&D of innovative drugs. In order to enhance the technical capabilities of the oligonucleotide R&D platform, Jiangsu Hansoh invested in the construction of a solid-phase synthesis laboratory with constant temperature and low humidity, which met the requirement that oligonucleotide synthesis is extremely sensitive to moisture, effectively ensured coupling efficiency, improved product quality and achieved a 100g-grade raw material synthesis capacity. Jiangsu Hansoh also built a new nucleic acid purification laboratory, and introduced R&D facilities such as oligonucleotide solid-phase synthesizer, multifunctional purifier and TFF system. Changzhou Hansoh invested RMB680,000 to rebuild three synthesis laboratories and add 66 instruments and devices of various types, which improved R&D efficiency.

Improved R&D System

During the Reporting Period, Jiangsu Hansoh optimized the General Process for Evaluation of Crystalline Forms in Development of Innovative Drugs and the Crystallization Process Development Process for Innovative Drugs, further standardized the process of crystalline form selection and evaluation and process development for innovative drugs, improved the patent layout, and provided system support for screening and developing valuable optimal crystalline forms, preventing major omissions and improving application efficiency. Changzhou Hansoh added four management documents, including the Workflow of Compound Screening and Preparation and the Procedures for Management of Kilogram-Grade Laboratories, and optimized 12 management documents, including the Procedures for Management of Commissioned Compound Synthesis Projects, the Handling of Significant Laboratory Abnormalities and the Procedures for Management of Standard or Reference Substances, further improving the quality and efficiency of R&D and reducing laboratory safety risks.

7. Product Quality

Expanded International Cooperation

Hansoh Pharma adheres to the R&D strategy of combining independent innovation with open innovation and developing original innovation and integrated innovation simultaneously, actively promotes the global strategic layout, and shares innovative achievements with the world's medical frontiers through international business cooperation. In terms of License-in, it introduces the world's most cutting-edge innovative achievements through the introduction of differentiated mature innovative products, early projects and technical cooperation, accelerates the development and commercial application of innovative drugs, and provides patients with much-needed therapeutic drugs. As of the end of the Reporting Period, it has made nearly 20 international cooperation achievements. In terms of License-out, it reached exclusive licensing agreements with GSK during the Reporting Period concerning the global (excluding the Chinese mainland, Hong Kong, Macao and Taiwan) development and commercialization of projects such as HS-20089 (B7-H4 ADC) and HS-20093 (B7-H3 ADC). In addition, its international cooperation on multiple first-in-class (FIC) or best-in-class (BIC) self-developed products is accelerating, which will bring new or better treatment protocols to patients with related diseases around the world.

Focus on R&D of New Antibiotics

Antimicrobial drug resistance is a global public health problem that causes serious infections in patients. To address this challenge, Hansoh Pharma is actively engaged in the R&D of new antibiotics. During the Reporting Period, it submitted a marketing application for the introduction of an innovative drug, Ibrexafungerp Tablets, for the treatment of vulvovaginal candidiasis (VVC) in adult and post-menarche women. VVC is a common and frequently-occurring disease in women of childbearing age. Existing standard therapeutic drugs have limited efficacy against VVC, and pose drug resistance and safety risks. Ibrexafungerp is the first glycogen synthase inhibitor with a brand-new triterpenoid structure, and it is an antifungal drug with a brand-new mechanism of action. In vivo and in vitro tests have shown that Ibrexafungerp has a broad-spectrum antifungal activity and can be used for infections caused by strains resistant to multiple drugs such as azoles and echinocandins. Once the drug is launched, it will benefit more Chinese patients.

Protection of Intellectual Property Rights

Hansoh Pharma adheres to the strategy of preventing infringement risks and protecting its own intellectual property rights simultaneously, and continually strengthens internal management and improves its intellectual property rights management system in accordance with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other domestic and foreign laws and regulations related to intellectual property rights. During the Reporting Period, the Group carefully interpreted the Rules for the Implementation of the Patent Law of the People's Republic newly revised by the State Council and the Guidelines for Patent Examination newly issued by the State Intellectual Property Office, and made clear the specific calculation method and examination procedure for drug patent term extension, providing more favorable legal support for extending the patent term of corporate innovative drugs. By interpreting and studying the two documents, the staff gained a deeper understanding of the criteria for judging novelty, creativity, and practicality, and obtained a clearer comprehension of how to submit patent application materials and improve the success rate of applications. During the Reporting Period, Hansoh Pharma submitted a total of 37 formal patent applications in China, and was granted 57 patents domestically; it submitted 112 formal patent applications overseas, and was granted 27 patents overseas. Four new registered trademarks have been obtained, and the cumulative number of effective registered trademarks as of the end of the Reporting Period is more than 500. The core compound patent for the third-generation EGFR inhibitor Aumolertinib won the 24th China Patent Gold Award and the 1st Jiangsu Patent Gold Award.

7. Product Quality

Innovative Achievements Made in Stages

During the Reporting Period, Hansoh Pharma had 6 new products approved for marketing, including 1 innovative drug (including 2 approved indications), and applied for and obtained 23 clinical approvals, all of which fell into 10 innovative drugs. As of the end of the Reporting Period, it has successfully commercialized six Category-1 innovative drugs and one imported innovative drug in the fields of anti-tumor, anti-infective, central nervous system, metabolic and autoimmune drugs, and all of them had been included in the NRDL. It is currently carrying out more than 50 clinical trials for over 30 innovative drugs, with core varieties possessing the potential to be best-in-class (BIC) or first-in-class (FIC) globally, which were advanced smoothly to lay out a rich R&D pipeline. Among the innovative products applied for marketing in the past five years, including the Reporting Period, 37.5% were included in the priority review in the same year.

The original new drug Saint Luolai (Pegmolesatide Injection) was approved for marketing, opening a new era in the treatment of renal anemia in CKD

Hansoh Pharma's seventh innovative drug, Saint Luolai (Pegmolesatide Injection), was approved for marketing in June 2023, and was included in the NRDL during the Reporting Period. Pegmolesatide is suitable for the treatment of the anemia caused by CKD, and it is the only approved EPO mimetic peptide in the world. As a novel long-acting polypeptide EPO receptor agonist, the drug can be administered once every four weeks, which not only significantly improves compliance, but also helps keep patients achieve stable treatment goals with good safety. It will open a new chapter in the long-acting management of renal anemia.

During the Reporting Period, Hansoh Pharma won two heavyweight awards in the 2023 China Biopharmaceutical Industry Chain Innovation Billboards hosted by organizations including the China Biomedical Industry Chain Innovation and Transformation Alliance: the second place of the Most Innovative Company with R&D Strength of the Year – Big Pharma, and the Global New Annual Originally-Developed Chemical Drug (Pegmolesatide Injection). On the list of Top 100 Chinese Pharmaceutical Innovation Enterprises for 2023 released by the industrial authoritative media E-Pharm Manager, it was ranked among the first echelon for the fifth consecutive year, with its ranking steadily improved. Jiangsu Hansoh was ranked among Top 3 China's Best Industrial Enterprises in Pharmaceutical R&D Pipeline in 2023 released by the Ministry of Industry and Information Technology. Changzhou Hansoh won the title of One of Top 50 Growing Companies in the Pharmaceutical Industry in the 2022-2023 Most Influential List Release Conference for Chinese Pharmaceutical Industry – 15th Chinese Pharmaceutical Industry Development Forum hosted by the Pharmaceutical Chamber of Commerce of the All-China Federation of Industry and Commerce.

7. Product Quality

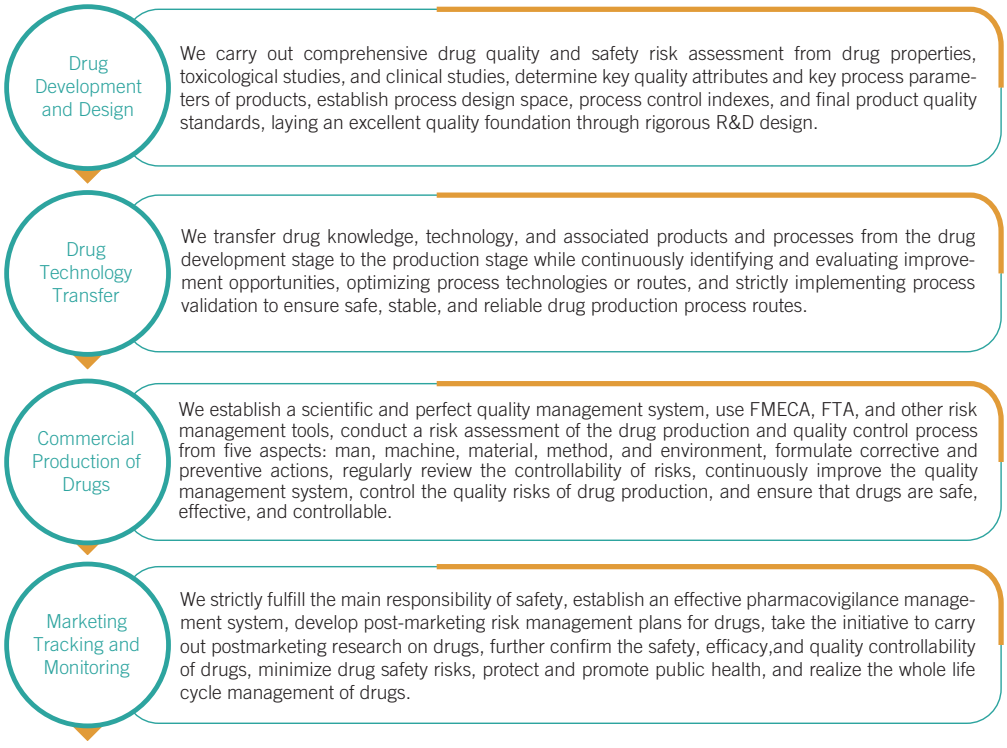
7.2 PRODUCT SAFETY AND QUALITY

Product quality is the foundation of an enterprise. Hansoh Pharma attaches great importance to product quality, and always puts product quality in the first place in all its work. We have set up an independent quality management department to promote the entire industry chain to jointly build a quality management system that runs through the entire product lifecycle, defines quality standards, and coordinates and guides business activities, so as to meet customer and regulatory requirements, safeguard product quality, and provide all-round support for medication safety of patients.

7.2.1 Full-Lifecycle Quality Management System

Hansoh Pharma strictly follows the Drug Administration Law of the People's Republic of China, the Regulations for the Implementation of the Drug Administration Law of the People's Republic of China, the Law of the People's Republic of China on Product Quality, the Law of the People's Republic of China on the Protection of Consumers' Rights and Interests, as well as US Federal Regulations such as FDA 21 CFR Parts 210-211 and other domestic and international regulations and quality regulatory requirements in each of our operating regions. We have established a quality control system that covers the entire lifecycle, from drug development and design, technology transfer, commercial production, and post-marketing monitoring to product termination.

As the highest-level risk management organization of Hansoh Pharma, the Audit Committee of its Board of Directors is responsible for establishing the Group's risk management strategy. Quality and safety are one of the risks under Hansoh Pharma's priority control. Each business department has set up a quality management department to be responsible for quality and safety management and arrange risk control responsibilities according to quality elements.



7. Product Quality

During the Reporting Period, all operating parts and sites of Hansoh Pharma continually improved the quality management system of drugs in accordance with the cGMP regulations of national authorities and international organizations such as the US FDA, European EMA, Japanese PMDA, China NMPA, PIC/S, and WHO, as well as the requirements of the ICH guiding principles and ISO 9001 quality management system standards. Jiangsu Hansoh improved its cross-contamination risk management, updated the document Deviation Handling, and introduced a document and training management (DMS/TMS) information system. In accordance with the requirements of the Announcement of the National Medical Products Administration on Strengthening the Supervision and Management of Production Commissioned by Drug Marketing Authorization Holders (No. 132 of 2023) and the Guidelines for On-site Inspection of Production Commissioned by Drug Marketing Authorization Holders, Changzhou Hansoh improved the internal document Procedures for Management of Commissioned Production, and added requirements for personnel stationed in the factory, material release, annual audits, risk analysis and assessment, etc.

All products and operating sites of Hansoh Pharma comply with international GMP requirements, and its APIs and key preparations have obtained official certification from major international markets such as EMA, FDA and PMDA. During the Reporting Period, Hansoh Pharma's production and operation sites were inspected 10 times by domestic drug regulatory agencies and 2 times by foreign drug regulatory agencies and audited 22 times by foreign customers, and they all passed the GMP and special supervision and inspection of the drug regulatory agencies and the quality audits of the customers; Hansoh Pharma did not suffer any domestic or international punishment related to product quality or receive any regulatory warning letter; the scope of ISO 9001 quality management system certification has covered all production and operation sites of the Group.

7.2.2 Quality Training Covering All Employees

Hansoh Pharma actively implements the quality policy of all employees, entire process and continual improvement, and persists in improving the quality awareness of all employees and the quality skills of professionals as an important part of quality management. For new employees, drug quality-related knowledge is included in their induction training at the beginning of their employment; for serving employees, we organize annual quality training every year, and conduct training effectiveness evaluations for specific positions. We actively carry out Quality Month activities, in which lively and interesting interaction is utilized to create a good atmosphere where everyone values quality. During the Reporting Period, we carried out various trainings in regulations and standards, including drug registration management, production quality management, and drug quality and safety risk management, and carried out a series of training jointly with external professional organizations, including the Pharmacovigilance Management, the Management of Changes in Post-marketing Drug Production Sites, the Interpretation of New GMP Guidelines and Analysis of Implementation Difficulties Therein, and the Case Analysis for Computerized System Validation and Data Integrity Simulation. During the Reporting Period, Hansoh Pharma provided quality related training for a total of 92,523 person-times, with a cumulative training duration exceeding 250,000 hours.

7. Product Quality

Training on GMP and drug management for all employees

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

Quality job skills training

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

EHS and special post training

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

Quality Training for All Types of Personnel

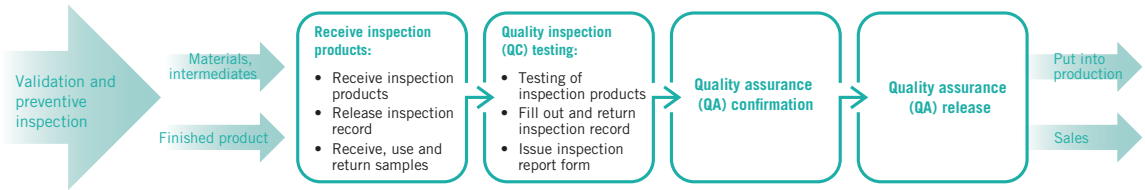
7. Product Quality

7.2.3 Continually-Improved Quality Inspection Capabilities

Hansoh Pharma has established a complete quality inspection and monitoring mechanism. Around the quality elements of man, machine, material, method, environment and measurement, all operating parts and sites receive quality control of the whole process from the entry of raw and auxiliary materials and packaging materials into the factory, intermediate products to product release inspection. In the process of quality inspection, we have formulated strict sampling procedures, quality standards and inspection operation specifications, and constantly optimize them to ensure accurate and reliable inspection results. We resolutely prevent nonconforming raw materials, auxiliary materials, packaging materials and intermediates from entering the next process, and prevent nonconforming products from leaving the factory. During the Reporting Period, the biopharmaceutical sector of Hansoh Pharma accelerated its expansion. We fully utilized the professional capabilities of external testing organizations and started cooperation in testing and certification for abnormal toxicity, mycoplasma, EOPC unprocessed bulk, cell bank, etc., and ensured the compliance of their inspection capabilities with corporate requirements through qualification inspection, on-site audit, signed qualification agreement, etc. Jiangsu Hansoh introduced the ISO 10012 measurement management system in 2018. Possible incorrect measurement results are reduced to a minimum through the management of measurement equipment and measurement processes, and product quality risks caused by inaccurate measurement are minimized. During the Reporting Period, Jiangsu Hansoh passed the supervision audit of the ISO 10012 measurement management system.

Case: Jiangsu Hansoh's laboratory was equipped with a highly active substance weighing room and a highly active substance preparation room

During the Reporting Period, a highly active substance weighing room and a highly active substance preparation room were newly added to Jiangsu Hansoh's laboratory. They are specially used for inspection of highly active varieties, storage of inspection products and cleaning of equipment to minimize the quality risk of cross-contamination of highly active drugs. At the same time, they can protect inspectors' health.



Quality Inspection Process for Materials, Intermediates or Finished Products

7. Product Quality

7.2.4 Sound and Rigorous Mechanism for Prospective Validation of Risks

With the acceleration of innovation and transformation, Hansoh Pharma continually adds new equipment and new processes for the R&D and production of new drugs. During the Reporting Period, we further strengthened risk identification for quality factors such as GMP compliance, change control, maintenance/calibration and deviation management, analyzed the severity, likelihood and detectability of each risk, formulated and validated the effectiveness of control measures according to the risk assessment results, and carried out prospective validation and stress testing, so as to ensure stable operation of process equipment and effective control of key quality factors before formal production, as well as stable and uniform production of products that meet the intended use and registration requirements.

Case: Changzhou Hansoh strictly implements prospective validation of biopharmaceutical sterility risks.

In accordance with GMP requirements, Changzhou Hansoh has formulated validation-related SOPs to guide and standardize sterilization process validation and culture medium simulation filling validation for sterile drug production to ensure the safety, effectiveness and stable quality of the sterile drugs produced.

With regard to newly-built aseptic production lines for monoclonal antibodies and antibody conjugates, Changzhou Hansoh strictly carries out culture medium simulation filling validation for three consecutive batches of acceptable quality according to product specifications. During culture medium simulation filling validation, all key processes in daily production are simulated, and the worst conditions in actual production are challenged, including: the maximum personnel quota in the simulated aseptic production area, filling the smallest container at the fastest speed and the largest container at the slowest speed, the storage time limit of materials and containers in the aseptic process area, and the production time limit of culture medium in each process (including inherent interventions and corrective interventions). At the same time, Changzhou Hansoh determines the number and type of disturbances and interruptions that may introduce microorganisms during the culture medium filling process based on the risk assessment, reviews all disturbance items and times in daily production at the time of re-validation, and determines whether to add additional simulation disturbance items and times according to the review statistic results.

During the Reporting Period, Changzhou Hansoh conducted a total of 60 sterilization process validations and 4 aseptic production process validations. All validation conclusions were consistent with the results and expectations, showing that an aseptic production environment for aseptic products can be ensured and product quality can be ensured.

7. Product Quality

7.2.5 Quality Strategy and Objective Management

As an important part of Hansoh Pharma's strategy, quality strategy is its commitment and pursuit to provide customers with high-quality products and services. Based on the quality strategy, Hansoh Pharma utilizes the balanced scorecard tool to determine the management objectives of operational aspects, and decomposes them according to the time and function dimension to form key performance indicators (KPIs) for each year and each functional department. Hansoh Pharma carries out follow-up assessment and deviation analysis every six months, with the assessment results linked to the remuneration of heads of functional departments, and exerts veto power for performance appraisal once a negative quality issue is triggered. During the Reporting Period, the quality control objectives of each business module of Hansoh Pharma were all achieved.

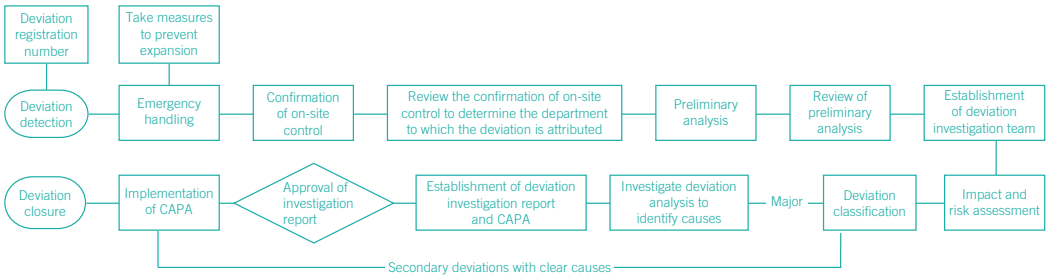
Performance Objective	Description	Value
Number of major production quality accidents	The number of major production quality accidents within the specified period	0
Number of times of return due to production and quality reasons	The number of times of confirmed return due to production or quality reasons within the specified period	≤ 1 per year
Product pass rate in market supervisory spot check	Product quality information in market supervisory spot check	100%
GMP compliance inspection or customer audit pass rate	Improve the overall quality management level of the Company through official certification, customer audit, and inspection and rectification	100%
Timely processing rate of nonconforming products	Complete the processing of nonconforming products in a timely manner according to the requirements, and maintain or reduce quality costs while complying with regulations and company documents	100%
Effective completion rate of annual training plan	Annual training plan implementation	≥99%
Inspection one-time pass rate	Except for the test failure for laboratory reasons, the one-time pass rate of all types of tests	≥99%

Case: Jiangsu Hansoh's Quality Control Objectives for 2023

7. Product Quality

7.2.6 Immediate-Feedback Mitigation System

Each operating site of Hansoh Pharma has formulated the Deviation Handling Management Procedure and corresponding management processes, and classifies, feeds back, investigates, evaluates, handles and tracks various deviations, so as to ensure that all possible quality deviations in the production process can be handled in time and effectively, and to avoid or reduce the occurrence of similar deviations. At the same time, it prepares an annual deviation review report, reviews and analyzes the deviations that occurred in the year from different dimensions, and takes corresponding measures when a certain trend is found. During the Reporting Period, Jiangsu Hansoh updated the Deviation Management Procedure, and added grading evaluation in the deviation reporting stage and hierarchical management, so as to ensure that major deviations were given priority. All deviations were graded in strict accordance with the document requirements, effective corrective actions and preventive actions (CAPA) were formulated for those whose root causes were found, and relevant preventive actions and control actions were formulated for those whose causes were unclear or could not be eliminated.



We have developed business continuity plans for key products. For possible emergencies in the production process, we have clarified the responsibilities of each department before and after the occurrence of emergencies, the emergency measures to be taken, and the methods and procedures for assessing the impact of emergencies according to the Emergency Handling Procedure. We have deployed standby production facilities and surplus public resources including water, electricity, and steam for key products, and have conducted risk assessments for key production workshops, including extreme weather caused by climate change. In addition, we conduct sensitivity tests on key risk factors according to changes in production demand, and take targeted measures to ensure product quality and effective implementation of production plans.

7.2.7 Pharmacovigilance for Entire Operational Process

Hansoh Pharma has a pharmacovigilance department, which consists of three teams: pre-marketing, post-marketing pharmacovigilance (PV) operation and drug safety assessment. Based on the established pharmacovigilance system covering the entire lifecycle, Hansoh Pharma proactively monitors, identifies, evaluates and controls the adverse reactions of drugs under research and on the market. During the Reporting Period, we further improved the pharmacovigilance system in accordance with the requirements of the Good Pharmacovigilance Practice (GVP), the Measures for the Administration of Adverse Drug Reaction Reporting and Monitoring and other regulatory requirements, added or updated 18 policy and system documents, organized over 100 training sessions for new employees, clinical operation teams, marketing teams, production systems, partners and suppliers, improved the awareness of pharmacovigilance of the Group's members from the aspects of systems, workflows and professional skills, comprehensively ensured the standardization of pharmacovigilance work, and effectively safeguarded patients' safety.

7. Product Quality

In order to ensure drug safety and the implementation of the pharmacovigilance system and GVPs, Hansoh Pharma set up a drug safety committee, of which an executive Director serves as the head, in accordance with the new GVPs during the Reporting Period to be responsible for analysis and assessment of major risks, handling of major or emergency drug incidents, risk control decision-making and other major issues related to pharmacovigilance. The committee has formulated corresponding working procedures, and is composed of the legal representative of the production base Jiangsu Hansoh and heads from the production division, the R&D division, the comprehensive marketing management department, the pharmacovigilance department and other related departments.

Hansoh Pharma collects adverse drug reaction incident information from various sources through multiple channels such as the national direct reporting system for adverse drug reaction holders, public mailboxes, hotline numbers and document retrieval, and has specially assigned personnel for data downloading, mailbox monitoring and hotline call answering to ensure smooth channels for receiving adverse drug reaction incidents. All types of safety information collected will be entered into the pharmacovigilance database, handled, evaluated and reported in accordance with regulations.

Adverse Drug Reaction Monitoring Process

Collection > Handling > Analysis > Evaluation > Reporting

Adverse Drug Reaction Reporting Channels

Tel.: 400-828-5227 or 0518-83096666
Email: PV.SERVICE@hspharm.com

Case: Pharmacovigilance-related training

In 2023, in terms of pharmacovigilance, Hansoh Pharma provided over 100 in-house training sessions, involving more than 2,800 person-times, and 9 external training sessions mainly for suppliers, involving more than 100 people. The training helped trainees fully understand the latest pharmacovigilance-related regulatory requirements and the corporate collection and reporting process for adverse drug reaction incidents.

7. Product Quality

We have developed safety risk management plans for all products, identified and monitored the significant known and potential risks of products by analyzing and evaluating drug safety data. If an important safety risk signal for a new serious adverse reaction is found, the Company will initiate the risk assessment and handling process, report to the drug regulatory agency when necessary, update the drug instructions, and timely inform patients or medical staff of relevant drug risks.

For drugs with special safety risks, we will carry out additional pharmacovigilance measures to reduce patients' medication risks in addition to routine monitoring activities.

Case: Overseas layout of pharmacovigilance

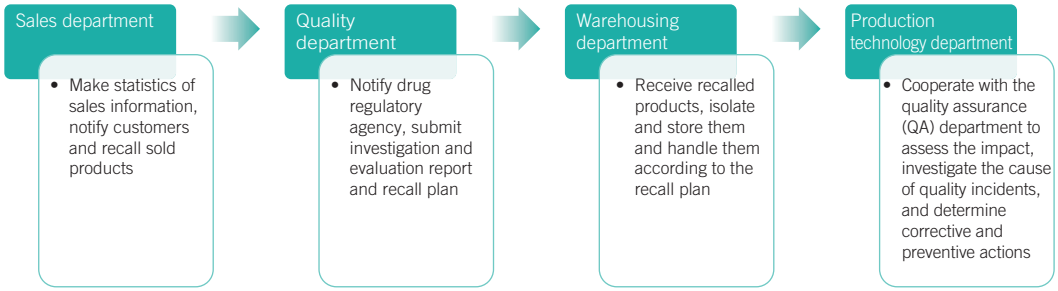
Hansoh Pharma collects the adverse drug reaction incidents through overseas local dealers/partners, and arranges the pharmacovigilance department to handle these individual safety reports, evaluate data, and report to domestic and foreign regulatory agencies.

At present, the Company's pharmacovigilance work covers the United States, the European Union, the United Kingdom, South Africa, Pakistan, Egypt, Malaysia, Bangladesh, Indonesia, South Korea, Vietnam, Colombia, Peru, Nicaragua, Panama, the Dominican Republic, El Salvador, Ecuador and Chile.

7.2.8 Quick-Response Product Recall Mechanism

In accordance with the requirements of the Drug Administration Law of the People's Republic of China, the Administrative Measures for Drug Recalls (No. 92 of 2022) of the National Medical Products Administration and other regulations/standards such as U.S. Federal Regulations 21 CFR, Hansoh Pharma has established a Drug Recall Management Procedure, which defines the responsibilities of product recall management personnel and standardizes emergency response procedures and business processes for recalling sold drugs. In addition, it has established a dedicated recall team and a 24-hour emergency hotline. Each production site conducts emergency drills for product recalling every year to validate and evaluate the effectiveness of the recall procedure, and to ensure timely and accurate communication inside and outside the Company, including between customers and dealers, rapid and complete traceability and tracking of market flow and product information, and an efficient recall of related products. During the Reporting Period, Jiangsu Hansoh optimized the mock recall plan and canceled the training section before the mock recall, so that each department initiated the recall without any preparation, presenting the most real state of the recall; it added relevant requirements for transfer procedures and documents, and improved the integrity of the management procedure.

7. Product Quality



Product Recall Process

During the Reporting Period, Hansoh Pharma's quality control was stable and effective, and there were no recall incidents specified in the Administrative Measures for Drug Recalls (No. 92 of 2022).

Case: Changzhou Hansoh conducted a mock recall drill for ambrisentan tablets

In December 2023, Changzhou Hansoh selected the product Punuoan (generic name: ambrisentan tablets) with a batch number of 101230803 to conduct a mock recall drill for the scenario of "printing error in the expiration date on the product box label".

On December 20, 2023, the quality management department organized leading members of the Company's manufacturing center, warehousing department, sales logistics department and sales business department and other relevant members to conduct an investigation and evaluation, and decided to initiate a first-level recall based on the drug quality investigation, usage risks, efficacy and safety hazards. On the same day, it formulated a drug recall plan, arranged the implementation of the subsequent recall, and determined the purpose and expected effects of the recall.

On December 20, 2033, the quality department of Changzhou Hansoh issued a recall notice to the commissioned manufacturer Jiangsu Hansoh Pharmaceutical Group Co., Ltd., requesting the commissioned party to investigate the situation and complete the mock sealing of all remaining products in stock. On the same day, the warehousing department and the sales logistics department verified the inbound quantity, shipment quantity, shipment destination and inventory of ambrisentan tablets with a batch number of 101230803. Subsequently, the sales business department immediately notified customers involved in this product batch to collect market inventory information. Ambrisentan tablets with a batch number of 101230803 began to be shipped on October 17, 2023, and were sent to 13 pharmaceutical companies in total. The shipping work was completed on December 20, 2023. Business personnel in each region counted and confirmed the in-place and in-transit quantity of ambrisentan tablets with a batch number of 101230803 sent to the pharmaceutical companies as of December 20, 2023. The quality center issued a recall notice on December 20, 2023, and tracked the progress of the recall and reported it to the drug regulatory agency every day until December 20, 2023.

The drill was finally completed on December 25, 2023, and all work steps were finished within the mock recall period. The Company's recall system was able to provide timely information feedback and fully meet the requirements for product recall work, achieving the expected goal of the mock recall.

7. Product Quality

7.3 CUSTOMER SERVICE

Maintaining smooth communication with patients and customers is an important means for the companies to understand the market and improve service quality. Hansoh Pharma always adheres to the principle of prioritizing patients' needs to widely popularize drug and disease knowledge, and make targeted medication return visits. We regularly collect and summarize opinions and suggestions from customers through various channels, conduct review and analysis, and implement relevant rectification measures to continuously improve customer satisfaction. During the Reporting Period, we continued to carry out customer satisfaction surveys, distributing 5,452 questionnaires in total and receiving 5,153 valid responses. The survey results show that the customer satisfaction score of Hansoh Pharma in 2023 is 89.50 points, slightly higher than that in 2022.

7.3.1 Demand Response and Business Continuity Plan

Hansoh Pharma has established a specialized marketing team to cater to the demands of medical institutions and patients for drugs through academic services, patient education, product support and other ways.

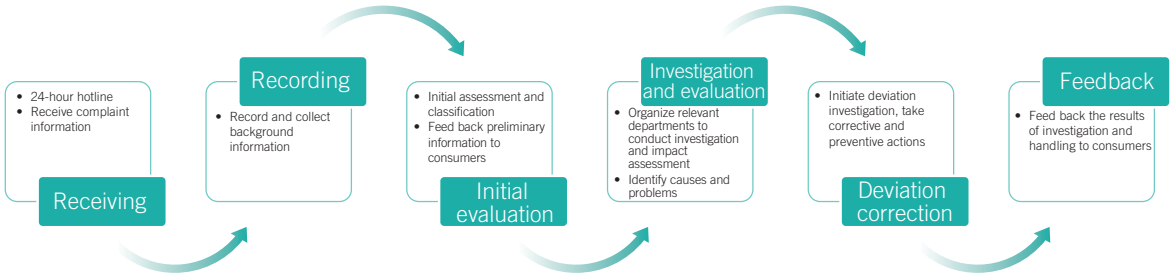
We have made the business continuity plan to identify and assess various risk factors affecting the clinical demand and conduct sensitivity test on major factors, and have formulated emergency plan and improvement measures to secure continuous market supply.

Production operation is an important part to guarantee business continuity. Factors we identified include, but are not limited to, the reliability and accuracy of the sales plan, the stability of supply and quality assurance capability of raw and auxiliary materials, the continuity of supply of utilities, the reliability and support ability, employees' operability and interchangeability of production testing facilities. For the sales plan, we have set up a terminal demand information collection system and a central market + provincial and regional market plan deployment center to ensure that the sales plan delivered to the production system is accurate, timely and flexible as much as possible. In terms of production organization, taking into account the quality compliance and cost control requirements, we adopt a combined approach of centralized and flexible production based on the sales plan, and scientifically deploy the production elements to achieve the synergy of various objectives such as market supply security, research and development support, compliance assurance and cost control. For key products urgently needed in the market, we have established parallel workshops and production lines for key processes to ensure sufficient production capacity to respond to sudden market demand. Regarding production factors, we regularly conduct preventive maintenance of production testing equipment and public utility facilities, implement multi-position skills training for production line workers, increase backup suppliers for key raw and auxiliary materials, and carry out sensitivity tests for key production factors. We also develop emergency response plans to ensure that production can be resumed in the shortest possible time in the event of changes or deviations in any production factor. During the Reporting Period, the Company maintained good continuity in its operations and there was no shortage or discontinuation of major products in the market.

7. Product Quality

7.3.2 Complaint Feedback

In order to ensure that customers' opinions are handled timely and properly, we have established a Product User Complaint Handling Procedure to manage customer complaints caused by abnormal product or service quality. We have set up a 24/7 dedicated drug complaint hotline, with specially assigned personnel to answer calls in a standardized manner, register complaint details completely, organize investigations and analysis after professional assessment, and feed back the handling results to consumers, completing closed-loop management of customer complaints. Meanwhile, we regularly summarize and analyze customer complaints, and formulate special improvement measures for common and trend-oriented complaints.



Customer Complaint Investigation and Handling Procedure

For complaints that are initially analyzed to be caused by quality, the Company will initiate the quality deviation handling mechanism and will take appropriate corrective and preventive actions in a timely manner to continuously improve product quality if they are indeed caused by quality. During the Reporting Period, we received 32 consumer complaints of various types, including 22 quality complaints and 10 service complaints. Among the quality complaints, there was 1 case of identification of genuine and counterfeit drugs, all of which were verified and confirmed to be the Company's products, and no counterfeit drugs were found; 1 case of adverse drug reaction was related to the participation of a patient in a clinical study, which was verified to be in compliance with the corresponding regulations and requirements on the production and quality control of the involved batch and there was no abnormality, and the results of the investigation had been fed back to the pharmacovigilance department for standardized handling; 6 cases were due to the Company's production and quality reasons, and corrective measures had been taken; the other 14 cases were not due to production and quality reasons after investigation.

7.3.3 Prevention of Counterfeit Drugs

Hansoh Pharma strongly supports government departments to strictly supervise counterfeit drugs, vigorously crack down on the production and sale of counterfeit drugs, and safeguard the legitimate rights and interests of enterprises and patients in accordance with the law. In order to reduce the risk of being counterfeited and improve the level of product quality and safety management, we have formulated and implemented a variety of measures. In terms of products, we have adopted measures such as a dotted glue seal and the addition of an anti-counterfeit pattern to prevent secondary use of outer packaging and increase difficulty in counterfeiting; we have established a sound product information traceability system through platforms such as Acctrue Supervision Code and Mashangfangxin. In terms of patients, we strengthen patient education, and improve patients' anti-counterfeit drug awareness and identification capabilities. In addition, we fully utilized the professional capabilities to assist regulatory authorities in investigating and dealing with counterfeit drugs and help patients identify counterfeit drugs. During the Reporting Period, we did not find any incidents of counterfeiting the Company's products on the market.

8 Sustainable Supply Chain

In recent years, the innovation and transformation of the pharmaceutical industry have accelerated, posing new challenges to the complex pharmaceutical supply chain. Hansoh Pharma actively grasps the latest trends in the sustainable development of global supply chains, including supply chain support and risk management, geopolitics, the application of new technologies and the impact of the carbon price on supply chain behavior and transformation paths, and integrates environmental, social and economic sustainability into modern supply chain management. While continuously improving the resilience of the supply chain, it is committed to establishing a fair, transparent, cooperating and win-win community of shared interests with suppliers, and jointly building a sustainable supply chain that is behaviorally compliant, environmentally friendly, innovation-driven, open, and harmonious.

8. Sustainable Supply Chain

8.1 SUPPLIER GOVERNANCE STRATEGY

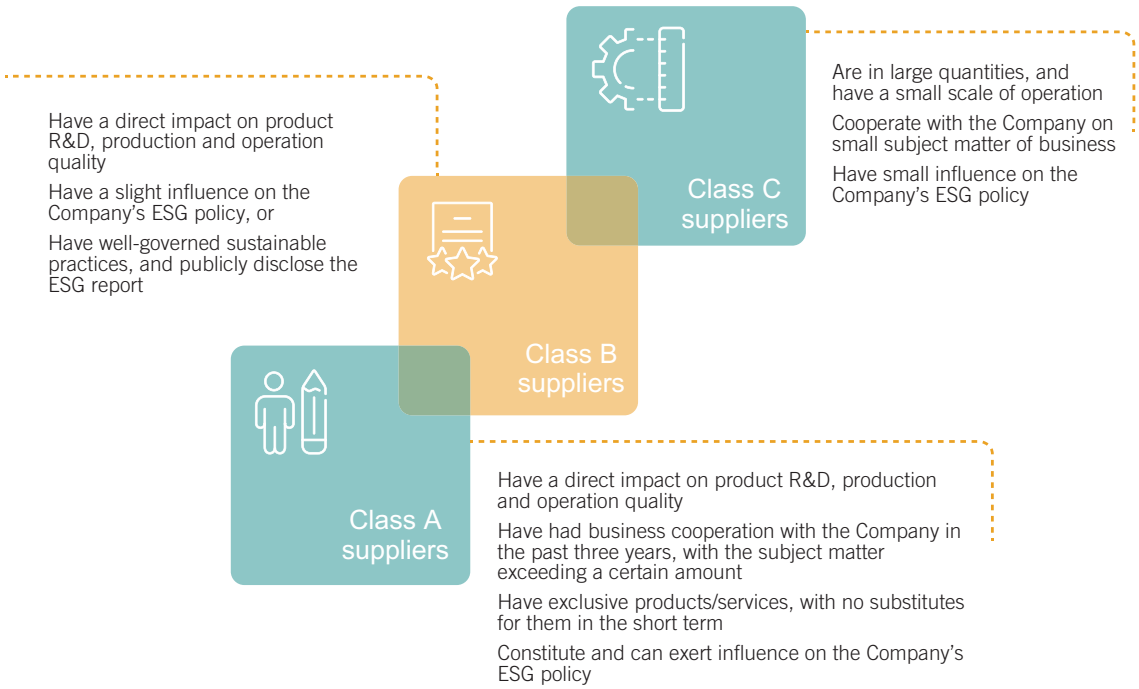
Under the supervision of the ESG Committee of the Company's Board of Directors, Hansoh Pharma has integrated sustainability requirements and risk management into the entire process of supplier selection, purchase requisition, bidding (price inquiry and comparison) and contract performance according to the principle of responsible supply chain management in the Pharmaceutical Supply Chain Initiative (the PSCI principle) and the Group's General Principles of Sustainable Procurement and using the Supplier Relationship Management (SRM) system as a platform.

According to the supply chain issues about which global leading rating agencies are concerned, and the requirements of the Green Procurement Guidelines for Enterprises issued by the Ministry of Commerce of the People's Republic of China and the Green Factory Evaluation Guidelines issued by the Ministry of Industry and Information Technology of the People's Republic of China where the Company mainly operates, and with reference to the best practices in the industry, we have progressively optimized and updated the General Principles of Sustainable Procurement to the General Principles of Green and Sustainable Procurement during the Reporting Period, to clarify the job responsibilities of each functional department, prioritize the procurement of green products/services as a fundamental principle of sustainable procurement, make it clear that raw and auxiliary materials and production testing equipment classified as high pollution, high environmental risk and high energy consumption by the Ministry of Commerce, the Ministry of Ecology and Environment and the Ministry of Industry and Information Technology are not allowed to be purchased, adding the carbon neutrality cost calculated based on carbon pricing as one of the dimensions for sustainable procurement risk assessment, and adding incentives for suppliers with good performance in green and sustainability terms.

During the Reporting Period, we summarized management practices including ESG during the operation of the SRM system, and added a reading and signing page to the electronic edition of the Supplier Industry Guidelines for newly registered suppliers (including re-evaluation of existing cooperating suppliers of new procurement projects); in the master data of suppliers, we added supplier classifications set based on the principle of ESG importance and materiality to facilitate the classification-based management of suppliers and automatic data collection; in the master data of purchased products/services, we added information such as the green attributes of products, their place of origin and the main means of transportation to the designated operating site, providing a more convenient data port for evaluating greenhouse gas emissions from the supply chain. The upgraded SRM system and the General Principles of Green and Sustainable Procurement will serve as the basic platform for the implementation of sustainable procurement and supplier governance in the Company.

8. Sustainable Supply Chain

During the Reporting Period, the Group accelerated innovation and transformation, the number of suppliers related to the R&D, production and sales services of innovative drugs increased, reliability and resilience requirements for product/service quality became higher, and the supply chain was more complex and diversified. By reference to the Pareto Analysis method in management science and based on the importance to the Company's operations and the controllability of sustainability risks, we classify our suppliers into three classes: A, B, and C. Among them, Class A suppliers are the focus of our sustainable procurement policy and ESG information disclosure as well as our priority management objects.



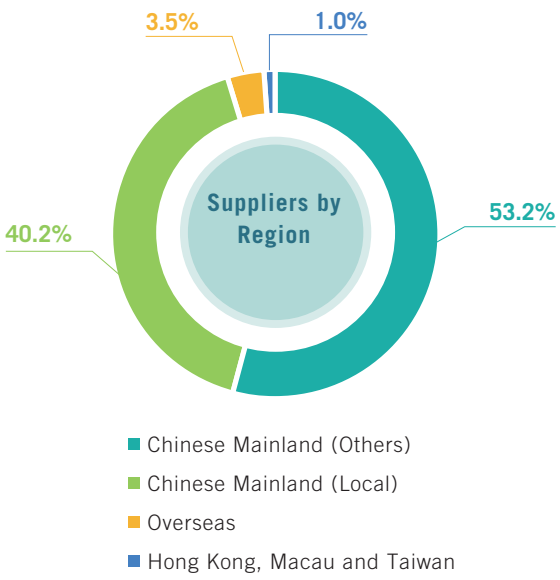
8. Sustainable Supply Chain

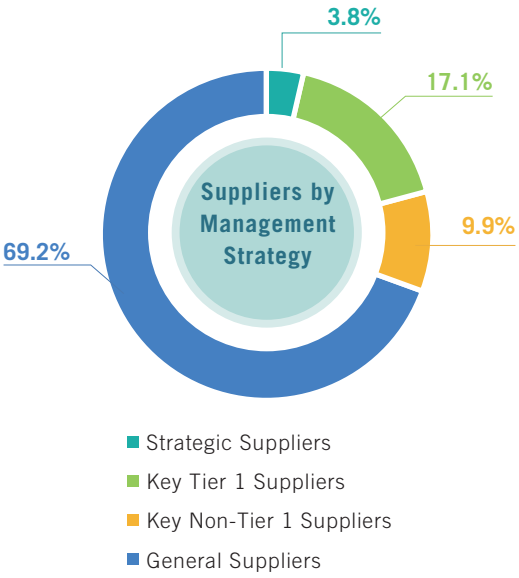
For Class A suppliers, we further classify them into strategic suppliers, key suppliers and general suppliers based on different attributes such as their country and region, purchase amount, adequacy of market competition, material category, quality features and ESG risk level, and implement different management strategies.

Supplier Category	Main Features	Management Strategy
Strategic Suppliers	The procurement amount is large; suppliers are local or located in other politically and economically stable countries or regions with insufficient market competition, have a great impact on the Group's R&D or product quality, are large enterprises with sound ESG governance and good performance, and pose low and controllable ESG risks	Sign long-term cooperation agreements, conduct regular technical cooperation and exchanges, share ESG practical experience, and focus on developing new strategic suppliers to improve resilience
Key Suppliers	Larger procurement amount, greater impact on R&D or product quality, insufficient market competition, unclear corporate management level, potential ESG risks	Conduct a comprehensive audit at least once every three years, including quality and other ESG performance, conduct regular training and technical exchanges, and develop new key suppliers to improve resilience
General Suppliers	Small procurement amount, certain impact on R&D or product quality, uneven corporate management, high ESG risks	Conduct strict admission management and carry out risk control throughout the process, from registration to bidding, contract award, and contract execution

8. Sustainable Supply Chain

As of the end of the Reporting Period, the Group had a total of 2,098 suppliers under Class A management. By region, there were 2,023 suppliers in Chinese mainland (including 843 local suppliers), 2 suppliers in Hong Kong, Macau and Taiwan, and 73 overseas suppliers. By supplier management strategy, there were 80 strategic suppliers, 358 key Tier 1 suppliers, 208 key non-Tier 1 suppliers, and 1,452 general suppliers.

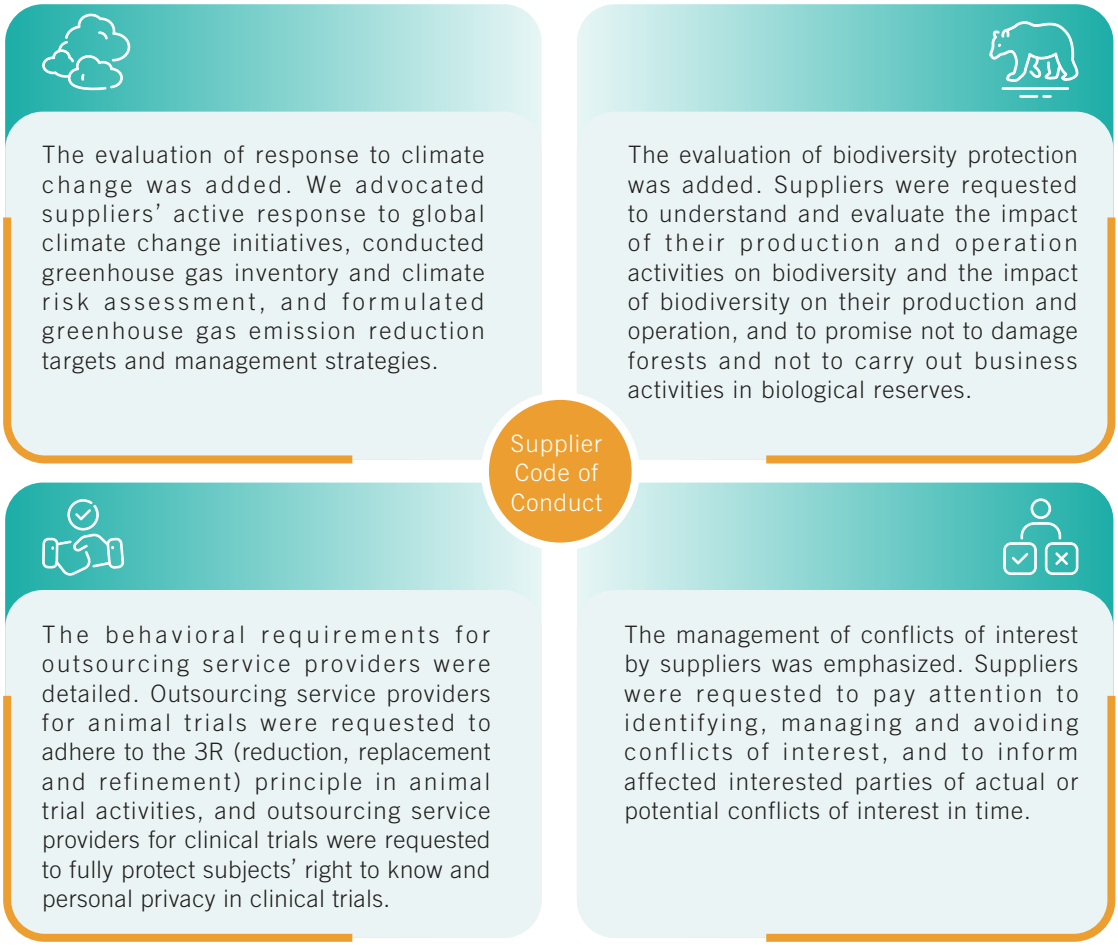




8. Sustainable Supply Chain

8.2 SUPPLIER CODE OF CONDUCT AND ADMISSION EVALUATION

Hansoh Pharma closely tracks the advanced ESG standards and best practices in the world and implements strict supplier admission management. During the Reporting Period, we focused on managing the following issues in the Supplier Code of Conduct by taking the opportunity to optimize and update the General Principles of Sustainable Procurement and by reference to the PSCI principle and industrial practices:



8. Sustainable Supply Chain

Based on the Supplier Code of Conduct, we have established a management process from signing the informed consent form for the code of conduct, filling out and submitting qualification documents by suppliers, the Group's review and evaluation to supplier rectification and re-evaluation to ensure that all newly registered suppliers meet sustainable procurement requirements. The Group's evaluation dimensions and control methods for suppliers are as follows:

Evaluation Dimension	Core Content	Evaluation and Control Methods
Compliance and Business Ethics	Applicable laws and regulations, anti-corruption and anti-bribery, fair competition, anti-commercial fraud, protection of intellectual property rights and personal privacy, proper management of conflicts of interest, financial and information transparency, protection of animal welfare, and protection of clinical subjects' right to know	Code of conduct signing, acceptance of reports by the internal control department, mass media interview, due diligence
Quality Assurance Capability	Enterprise production and service license qualification, production and testing infrastructure, internal quality control system, supply chain assurance	Review of qualification documents, on-site audit, commissioned third-party audit, due diligence of professional departments
Response to Environmental and Climate Change	Environmental management system, compliant waste disposal and up-to-standard discharge, economical utilization of energy and resources, climate risk management and greenhouse gas emission reduction strategies, biodiversity protection	Review of certification or responsive documents, on-site audit, commissioned third-party audit, government public platform inquiry, due diligence, mass media interview
Employment and Labor Rights	Prohibition of child labor and forced labor, opposition to employment discrimination, fair treatment, working hours, remuneration and benefits, working conditions, collective agreements	Code of conduct signing, on-site audit, employee interview, public platform inquiry
Occupational Health and Safety	Management system, risk assessment and emergency planning, appropriate safety equipment, facilities and services, chemical and biological process management, training and education	Code of conduct signing, on-site audit, commissioned third-party audit, public platform inquiry, due diligence of professional departments
Enterprise Governance	Enterprise organizational structure, senior management commitment, social responsibility governance, supply chain impact	Code of conduct signing, enterprise public documents, senior management interview, supplier questionnaire

8. Sustainable Supply Chain

During the Reporting Period, the Group invited a total of 280 new suppliers to participate in registration applications for projects subjected to bidding or price inquiry and comparison, and 100% of them signed the Group's Supplier Code of Conduct and conducted self-evaluation. After the evaluation was conducted according to the Supplier Admission Management Measures, a total of 25 suppliers failed to meet the admission requirements. Among the suppliers previously registered in the SRM system, a total of 310 suppliers participated in the above-mentioned projects subjected to bidding or price inquiry and comparison, signed a letter of commitment according to the Hansoh Pharma's Supplier Code of Conduct and conducted re-evaluation, and all of them reached the admission requirements.

8.3 IDENTIFICATION AND CONTROL OF SUPPLY CHAIN RISKS

A stable and sustainable supply chain is crucial to corporate production and operations. During the Reporting Period, Hansoh Pharma continuously identified, determined and monitored the supply chain risks identified in the previous year, and evaluated the impact of new changes brought about by international geopolitics and regional conflicts, including social stability, network security and climate change, on the supply chain.

Risk Type	Possible Risk Matters Possible	Impact on Hansoh Pharma
Quality Risks	Lack of a sound quality assurance system, inadequate infrastructure, lax production quality control, nonconforming upstream materials, quality and business agreement risks for non-Tier 1 suppliers, etc.	Unstable product quality, lack of guarantee for patients' life safety, damage to corporate reputation, regulatory penalties, etc.
Business Ethics Risks	Inadequate compliance system, corruption, lack of corporate ethical culture, etc.	Unfair competition, affected product/service quality, increased operating costs, affected professional conduct of the Group's staff, and damaged corporate reputation
Environmental Risks	Lack of a sound environmental management system, illegal emissions, regulatory penalties, complaints from residents, etc.	Unstable supply chain, damage to reputation, uncertainty of delivery date
Production Safety Risks	Inadequate identification of safety risks, imperfect management system, major safety accidents, regulatory penalties, etc.	Unstable supply chain, damage to reputation, uncertainty of delivery date
Labor Rights Risks	Employment of child labor, forced labor, non-payment of wages or labor insurance to employees, poor labor environment, etc.	Unstable supply chain, quality risk, uncertainty in delivery, and reputation damage

8. Sustainable Supply Chain

Risk Type	Possible Risk Matters Possible	Impact on Hansoh Pharma
Climate Risks	Located in areas with high climate risks, high energy consumption enterprises, no climate risk identification or control strategies, high greenhouse gas emissions without governance	Unstable supply chain, possible rise in supply costs, affected GHG emissions of the Group's Scope III, affected green supply chain construction
Regional Conflict Risks	The upstream main supply chain is located in an unstable area, production and operation are unstable, logistics are interrupted, and goods are lost	Unstable supply chain, rise in supply costs, increase in freight costs and premiums, impaired terminal supply capabilities
Network Security Risks	The reliability and confidentiality of shared data are affected, logistics information is tampered with or interfered with, and the network security of suppliers is uncontrollable	unstable supply chain, inaccurate logistics information, affected product delivery date, leaked confidential information

Based on identified supply chain sustainability risks, we conduct control according to different risk priorities from procurement planning, supplier selection, contract performance, review and evaluation, etc.

Control Stage	Priorities	Main Control Methods
Procurement Planning	Technical and sustainability characteristics of products or services, basic qualifications of suppliers	Review the User Requirement Specification (URS) document to ensure that products/services meet sustainability requirements throughout the lifecycle
Supplier Selection	Supplier qualifications, sustainability commitments, risk assessment, risk control	Incorporate admission evaluation, quantitative sustainability evaluation of bidding documents and sustainability requirements into contract terms, and manage non-Tier 1 suppliers
Contract Performance	Fulfill sustainability commitments, and prevent new sustainability risks	Reach a consensus on sustainability at the project kick-off meeting, give an early warning of negative issues, and report major sustainability issues
Review and Evaluation	Achievement of sustainable procurement goals, evaluation of supplier performance	Procurement process summarization, supplier evaluation

8. Sustainable Supply Chain

During the Reporting Period, Hansoh Pharma had 213 new procurement projects subjected to bidding. 100% of the supplier risk assessments were conducted based on the above process and core content. 8 cases of supplier breaches of business ethics and contractual agreements were identified, and 10 suppliers were blacklisted, notified after verification, and also banned from participating in the Company's bidding projects for three years in accordance with relevant management regulations.

The SRM system was improved on the sustainability risk control of key non-Tier 1 suppliers

According to international business practices, many manufacturers of bulk materials and equipment usually commission their products to agencies for sales, which brings quality and sustainability risks to product manufacturers. In order to solve this problem, Hansoh Pharma improved its SRM system during the Reporting Period. When a key Tier 1 supplier is an agency, the purchaser is required to fill in master data information such as the manufacturer's name, the place of origin and the means of transportation. At the time of bidding, the Tier 1 supplier is required to provide the letter of authorization of the manufacturer (non-Tier 1 supplier, the same below) and qualification documents including ESG evaluation (rating) and quality reliability. In the contract performance process, the Tier 1 supplier is required to promptly provide the manufacturer's major quality and ESG risk events during the contract performance period to ensure that materials and equipment are delivered on time and in good quality. In the annual periodic evaluation, key Tier 1 and non-Tier 1 suppliers are included in the evaluation scope.

We conduct a comprehensive audit on all key suppliers every three years. During the Reporting Period, we audited 153 key suppliers, including 89 suppliers that received an on-site audit, 52 suppliers that received a written audit, and 12 suppliers that received a remote online audit. There were neither liability risks in terms of quality, safety, environment and business ethics due to products or services provided by suppliers nor adverse public incidents caused thereby.

Jiangsu Hansoh continually carries out periodic evaluation of material suppliers

In order to ensure the stability and uniformity of product quality and avoid the sustainability risks of material suppliers, Jiangsu Hansoh organizes professionals related to ESG, quality, production, procurement, and warehousing every year to conduct periodic evaluation and review of qualified suppliers of the previous year, with evaluation dimensions including the validity of supplier qualification documents, the reliability of supply agreements, annual major ESG events and their impact, material inspection results during the agreement period, product quality and ESG improvements, supplier audits and the implementation of rectification measures. During the Reporting Period, Jiangsu Hansoh conducted annual evaluation of 495 material suppliers and did not find any supplier that did not meet sustainability and/or GMP requirements.

8. Sustainable Supply Chain

8.4 GREEN SUPPLY CHAIN AND CARBON EMISSION MANAGEMENT

The entire society must work together to preserve the environment and combat climate change. Hansoh Pharma formulated the Green Procurement Guidelines (hereinafter referred to as the "Guidelines") in 2020 based on the national standards for green manufacturing supply chain management (GB/T39258-2020) and GB/T33635-2017. During the Reporting Period, we updated the General Principles of Sustainable Procurement into the General Principles of Green and Sustainable Procurement of Hansoh Pharma by integrating the concepts and principles of green procurement in the Guidelines, and implemented them in the entire chain from procurement planning through supplier selection, product packaging and transportation to product end-of-life waste management.

Operation Stage	Management Strategies	Action Guidelines
Procurement Planning	Define the green characteristics of product/service demand	Assess the environmental impact throughout the lifecycle, energy consumption during product use, and energy efficiency level requirements for products
Supplier Selection	Define the preferential procurement policies for green products/services and green factory construction in the bidding documents	Ensure that the evaluation weight for ESG-related qualifications and performance is not less than 15%. Under the same conditions, give priority to purchasing from enterprises having passed the green factory or green supply chain evaluation, and encourage suppliers to disclose carbon emission data and assess climate risks
Product Transportation	Minimize resource consumption and carbon emissions	Give priority to the use of green and convenient modes of transportation as well as resource-saving and recyclable packaging materials, and verify carbon emissions in the product transportation stage
Product Use	Minimize waste, carbon emissions and resource consumption in product use	Strictly follow the product instructions regarding supporting facilities and operating procedures; if any deviation in quality and green characteristics is found, promptly check the cause of the deviation, and provide feedback for the supplier or replace the product when necessary
Product End-of-life	Improve resource utilization and reduce environmental hazards	Carry out disposal in strict accordance with the methods specified in the product instructions, commission qualified enterprises for disassembly, recycling and safe disposal, and explore processes and methods of waste resource utilization

8. Sustainable Supply Chain

We provide green and sustainable procurement training for management personnel and employees involved in the construction of the green supply chain, so that every employee can clearly understand the necessity of building the green supply chain. We define the responsibilities and business strategies of positions in the whole process management, and ensure that the Group's green and sustainable procurement policy runs through all business practices. During the Reporting Period, the duration of procurement-related sustainability training amounted to 40 hours per person, covering 100% of procurement-related personnel.

We commissioned an AA1000-accredited and authorized organization in the field of global corporate social responsibility to verify the Group's greenhouse gas emissions, including scope 3. According to the verification results, the Group's total greenhouse gas emissions from the supply chain source (including purchased goods and services, capital goods, upstream and downstream transportation and distribution) during the Reporting Period are 15,220.28 tons of CO_2e, accounting for 29.5% of the total emissions from all three sources. Based on the verification results, the Group will determine different priorities according to difficulty, importance and impact, and take targeted carbon reduction actions for the supply chain.

Data Table for Carbon Emissions from Supply Chain of Hansoh Pharma for 2023

Emission type	GHG emissions
Goods and services purchased/tCO_2e	12,652.33
Capital goods purchased/tCO_2e	2,071.33
Transportation of products purchased/tCO_2e	229.49
Transportation and distribution for product sales/tCO_2e	267.13
Total/tCO_2e	15,220.28

During the Reporting Period, 100% of all newly purchased materials of Hansoh Pharma qualitatively and/or quantitatively described their green characteristics in the procurement planning stage; 100% of the bidding documents for materials specify that priority is given to products with more obvious green characteristics and suppliers with better sustainability performance; 100% of the newly purchased products meet the national standards for energy conservation, environmental protection and occupational health. Jiangsu Hansoh was selected into the fifth batch of Green Supply Chain Management Enterprises by the Ministry of Industry and Information Technology in October 2020. In 2022, it passed the Green Supply Chain evaluation of China Quality Certification Center. During the Reporting Period, it was within the validity period of supervision and audit, and no nonconformities were found.

8. Sustainable Supply Chain

8.5 SUPPLY CHAIN RESILIENCE AND SHARED DEVELOPMENT

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

With the SRM system as a platform and through the qualification review of bidding documents, the constraint of contract terms and the signing of the Supplier Code of Conduct, we clearly convey the Group's core values and sustainable development concepts, and express the Group's requirements for suppliers' product/service quality and green and sustainable development. For suppliers who do not pass the admission evaluation and are not awarded the bid, we clearly inform them of the gaps or nonconformities that exist between them and the Group's expectations and put forward suggestions for improvement, so as to help suppliers build on their strengths, avoid their weaknesses, and prepare for potential cooperation opportunities. For contract deviations in the course of implementation, we communicate with the suppliers or their entrusted project managers in a timely manner and propose corrective measures and improvement suggestions to avoid the suppliers bearing contract risks due to breach of contract. During the Reporting Period, a total of 25 suppliers failed to pass the admission assessment, of which 9 suppliers became potential qualified suppliers through capacity building to enable them to meet the sustainability requirements; among the suppliers which newly signed a contract, no negative events of sustainability in violation of the contract were found.

In view of the characteristics of the Company such as many innovative projects, many new special dosage forms and complex process technologies, we conduct multi-dimensional dialogs by means of technical exchanges and training in the procurement of equipment, instruments, raw materials and auxiliary materials so that suppliers can fully understand the technical characteristics, quality requirements, likely deviations and safety and environmental requirements of the products required by the Group, and we help suppliers improve their product innovation, quality assurance and technical service capabilities, thus enhancing the resilience and reliability of the supply chain, reducing corporate production and operation costs and enhancing the market position and brand influence.

8. Sustainable Supply Chain

Case: Changzhou Hansoh improves the supply resilience of key biopharmaceutical materials through technical collaboration

Changzhou Hansoh is the Group's biopharmaceutical production base, and most of the key materials need to be imported from overseas. Due to the influence of international geopolitical turmoil and extreme weather caused by climate change, there are risks such as long lead time, unstable delivery period and uncontrollable cost caused by exchange rate fluctuations. In addition to closely monitoring market information as well as locking orders or scheduling production in advance for general-purpose materials, we actively seek domestic suppliers of similar products, carry out technical and management exchanges with suppliers, clearly determine our procurement needs including quality, delivery time and sustainability, and help suppliers improve their quality level, production delivery capacity and sustainable governance level. During the Reporting Period, auxiliary materials for biopharmaceutical production, such as sucrose, sampling bags and bursting discs, were able to be supplied by multiple domestic and foreign sources instead of a single import supplier. As of the end of the Reporting Period, Changzhou Hansoh maintained two or more suppliers for 16 key materials, and the resilience of the supply chain continued to be enhanced.

Hansoh Pharma fully explores its influence on sustainable development. After evaluation and review, suppliers with high long-term integrity, good product and service quality, and excellent sustainable performance in project cooperation can become our strategic suppliers, for whom we will assign priority procurement rights in product and service procurement and adjust the contract credit rating upward, etc. On the contrary, after training, technical communication, deviation notification, and warning, if supplies still cannot meet the Group's expectations of product quality and sustainability, they will be downgraded until they are withdrawn from the list of qualified suppliers. The sustainable development of the whole society is promoted through appropriate supplier reward and punishment policies and the value influence of suppliers.

Case: Assisting the production equipment supplier in technical improvement

During the Reporting Period, Jiangsu Hansoh found in the production process that a rotary cage dryer of a certain brand scratched the product, broke pills and dropped pills, which might cause product quality risks and reduce material yield. According to the investigation and analysis of the Company's technical personnel, it was judged that there were problems with the equipment design and process. Jiangsu Hansoh discussed with the supplier and set up a technical improvement project team for the equipment. Finally, the defects of the equipment were corrected by replacing the cage material and adding a PTFE deflector to ensure the normal operation of the equipment.

During the Reporting Period, Hansoh Pharma conducted quality, technical, and sustainability exchanges with 655 suppliers and more than 1,000 training and exchange events. Among them, 5 suppliers received purchase orders after our technical training to improve their performance ability. As of the end of the Reporting Period, the Group had no supply disruptions due to supplier ESG breaches and no significant risks identified in terms of the ESG responsibilities of key suppliers.

9 Talent Development

With the talent development concept of “make progress, create brilliance, share and enjoy together with the Company’s development”, Hansoh Pharma has established a diverse talent team with an open and inclusive attitude. We place a high priority on cultivation and development of talents, offer a smooth path for professional growth, and use objective and equitable performance assessment and incentive mechanisms. We pay attention to protecting employees’ interests, health and safety and offer an equal and inclusive career environment to provide rich soil for talent team innovation.

9. Talent Development

9.1 DIVERSIFIED TALENT TEAM

Hansoh Pharma considers each employee's professional strengths, career plans and personality traits and matches them with the most suitable job positions possible. All levels of management are required to treat the development of every employee equally and avoid intentional or unintentional discrimination and prejudice. We provide a very inclusive work environment for our employees, so that employees of different genders, ages, ethnicities, religious beliefs, and upbringings can work together harmoniously and happily, as well as develop their careers through equal promotion assessment mechanisms and standards, creating a good workplace ecology together. As a result, 50.2% of the 1,671 R&D personnel driving our growth are female. It is this equal and diverse talent structure that has helped Hansoh Pharma achieve a healthy cohesion of innovative talents.

Diversified talent structure: Empower women with core responsibilities

Proportion of women in executive management (%)

Proportion of women in science, technology, engineering and mathematics (STEM)-related positions (%)

9. Talent Development

9.1.1 Equal and Legal Employment

Hansoh Pharma actively practices the relevant human rights conventions of the United Nations, strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Provisions on the Prohibition of Using Child Labor, and other laws and regulations, and adheres to reasonable and transparent selection criteria in recruitment and hiring in accordance with the Employee Diversity Policy and Employee Handbook established by the Group, assesses the match between candidates' abilities and positions, and treats candidates and employees of different gender, ethnicity, religious beliefs, and cultural backgrounds fairly. Also, in order to prevent the use of child labor or forced labor, we carefully review the application materials of candidates to make sure that all employees reach legal age for employment and follow accepted hiring procedures. We regularly verify compliance with hiring and recruitment procedures in order to prevent violations, and our long-term goal is to have "zero violations" in regulated employment. We established emergency correction procedures for potential risks of illegal employment practices to respond promptly and mitigate the impact of such incidents once a risk event occurs. During the Reporting Period, there were no incidents of child labor or forced labor at Hansoh Pharma.

Case: Remedial measures to prevent the risk of employing child labor

Hansoh Pharma strictly prohibits the use of child labor. All applicants must provide legal identification documents, and we have not discovered any cases of employing child labor as of the Reporting Period. However, we have established corresponding emergency procedures, and will take the following remedial measures in the event that child labor is discovered:

(1) Immediately terminate the employment and remove them from the workplace;

(2) Ensure the safety of child labor and provide necessary support and care for the physical and mental well-being;

(3) Report to the relevant authorities, including the local labor inspection department and child protection agencies, regarding the use of child labor, the reasons for it, and the disposition taken;

(4) Cooperate with investigations by providing information and assistance to the relevant authorities;

(5) Commence an internal investigation to identify the causes leading to the use of child labor and take corrective measures, including improving systems and processes and conducting necessary training, to ensure that similar issues do not recur;

(6) Proactively assume social responsibility by publicly disclosing the use of child labor to the community and promoting the elimination of child labor to contribute to sustainable social development.

9. Talent Development

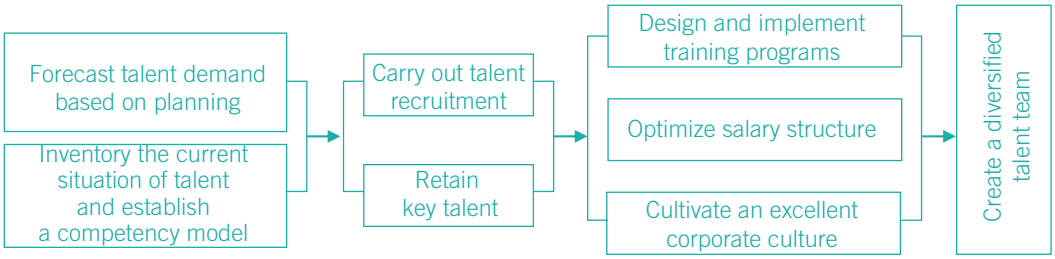
9.1.2 Diversified Talent Recruitment

To meet our diversified talent needs, Hansoh Pharma recruits a wide range of talent through multiple channels. In addition to traditional campus recruiting and social recruiting in the talent market, we advertise talent needs through online platforms, perform remote video interviews and encourage referrals from internal employees, which improve recruitment efficiency and lower recruitment costs. To adapt to the needs of innovation and transformation and promote the reasonable flow of internal talents, the Company has identified internal employee referrals and internal job competitions as one of the important channels for talent attraction. We prioritize internal open recruitment for urgently required talent. The human-resource strategy and development center collects the existing recruitment position of each department every month and publishes internal recruitment notices through the Company's OA system. The qualified employee can contact the HRBP of the corresponding department through an internal recruitment channel to apply for internal jobs.

Proportion of positions filled by internal recruitment during the Reporting Period	**26.3%**

9.1.3 Diversified Talent Team Construction

With the goal of enhancing the overall value of the team and ensuring high-quality job matching, Hansoh Pharma is actively building a sustainable talent team. Based on business strategic planning and industry development trends, we regularly sort out key job sequences and key populations, conduct talent inventories, build competency models by tier and sequence, and determine talent demand trends and phased demand targets at each level. To increase the suitability of people and positions, we develop and implement diversified training programs for employees so that we can cultivate and reserve technological talents for the Company in future development. We actively optimize the salary structure guided by the principles of "strategic orientation, internal equity, marketization, performance orientation and legality" and attract and retain outstanding talent with an excellent corporate culture and positive humanistic care to prevent the flow or absence of key talent.



9. Talent Development

Case: The Upgrade of Structure of Clinical Research Team

During the Reporting Period, in order to improve the efficiency of clinical operation and strengthen the management of project quality, the Company upgraded the structure of its clinical operation monitoring team and simultaneously optimized CRA responsibilities. On this basis, we classified CRA responsibilities into three categories to improve the accuracy of talents position of clinical research team, and set up a recruitment team in the clinical monitoring area to facilitate the targeted attraction of excellent talents with high willingness and compatibility, which provided guarantee for high efficiency and quality of clinical trials and diversified career development for relevant employees.

As of the end of the Reporting Period, the Group had a total of 9,123 employees, with no part-time employees, of which 1,516 were new employees during the Reporting Period. Among the new employees, 882 were male and 634 were female. The Group had 200 employees from ethnic minorities and legally placed 1 disabled person in employment.

- Male 5,697 (person)
- Female 3,426 (person)

- <30 years old 3,061 (person)
- >30-50 years old 5,791 (person)
- >50 years old 271 (person)

- China Mainland 9,049 (person)
- Overseas 71 (person)
- China's Hong Kong, Macao and Taiwan 3 (person)

9. Talent Development

9.2 TALENT CULTIVATION AND DEVELOPMENT

Hansoh Pharma emphasizes employee capacity building and career development, explores rich training classes, promotes internal trainers with special projects to make employees conduct their work better and provides various career development choices through role model leadership, multi-dimensional performance appraisals and equal promotion opportunities to achieve synergistic development between the Company and its employees.

9.2.1 Talent Cultivation

Hansoh Institute of Management is an integrated platform for systematic training of the Group's employees. During the Reporting Period, it upgraded more than 10 documents including the General Rules for Training in the Hansoh Pharmaceutical Group, the Course Management System and Code of Practice in the Hansoh Pharmaceutical Group and the Management Regulations for Onboarding Training in the Hansoh Pharmaceutical Group, providing a system guarantee for the successful implementation of all kinds of trainings.

Based on the development strategy and the actual needs of each business unit, we develop annual training plans that cover the group level, business unit level and department level, and are included in the annual special budget and target management. Our trainings cover not only vocational skills such as professional skills, labor rights, business ethics and occupational health and safety education, but also the training and shaping of employees' leadership and thought consciousness, providing support for the dual-channel development of employees.

In order to meet diversified training needs and improve training efficiency, we have also built an on-line knowledge sharing platform and produced and configured a variety of topics, covering a wide range of compulsory and optional training courses in addition to on-site training, to create a learning atmosphere of "all employees involved learning and continuous learning" and help each employee better understand the job content, improve their work efficiency, enhance their professional skills and enhance their responsibility in work.

9. Talent Development

Training on Organic Synthesis Safety:

GMP training:

Guided by the needs of the organization and centered on the development of trainees, we formulated and implemented a leadership development plan to deeply tap and cultivate the leadership potential of management personnel at all levels, and achieve a win-win situation of enterprise development and personal ability improvement. During the Reporting Period, we upgraded the Cadre Management System in the Hansoh Pharmaceutical Group to clearly specify the guiding ideology of cadre management and the objectives of cadre echelon construction. Based on the leadership training "Five-Development Programs" as the framework and the cadre competency model, we have conducted management training for all employees based on different ranks and training directions. For newly promoted management personnel, we implemented the manager role cognition training to help enlighten them on management and adapt them to role change; for first-line management personnel, we implemented training on project management and efficient communication to help them continuously improve work efficiency; for middle managers, we implemented trainings on team execution and effective decision-making to help them improve the ability of personnel and work management and build efficient teams; for senior managers, we implemented trainings on change management and breakthrough innovations to help them lead their department in making breakthroughs and establishing extensive and positive influences.

9. Talent Development

Case: Hansoh Pharma's Five-Dragons Programs for Leadership Training

Five-Dragons Programs	Training improvement scheme
Potential Dragon Program	The training program is designed for new employees and core employees, under which, new employees undergo a three-year training cycle, covering a series of courses such as induction training, outward bound and career planning training.
Visible Dragon Program	It is a training program formulated for reserved cadres and newly promoted cadres, under which, training and quantitative learning assessment is managed in three directions: strategic direction, pioneering and innovation, and management and execution.
Watchful Dragon Program	It is a training program for first-line management personnel, and is classified into "ideological cultivation", "competency", "knowledge and action empowerment", etc., based on the strategy and competency requirements of Hansoh.
Leaping Dragon & Flying Dragon Program	It is a training program developed for the middle and senior managers of Hansoh, and is particularly designed to training key talents by focusing on high-end and cutting-edge fields on the basis of the management personnel development system.

Case: Leadership training for clinical operation management personnel - Supervisor Workshop

Clinical operation supervisors are the guarantee force for efficient execution, helping them adapt to role changes and master management skills as soon as possible plays an important role in improving team efficiency and enhancing the combat effectiveness of organization. In order to strengthen the training system of clinical management personnel and promote team integration, the Company organized the Clinical Operation Supervisor Workshop and introduced excellent external training programs during the Reporting Period. Based on the butterfly effect model, the Workshop covered the key regional supervisors and assistant project managers in clinical operations. During the 180-day blended learning journey, all the trainees actively participated, were willing to share, boldly engaged in practice, achieved excellent training results, and completed a large number of management practice cases. After the professional and systematic management training, the young supervisors have flexibly applied the management knowledge they have learned in daily management and led their team to unhesitatingly achieve the performance target, showing the innovative spirit and revolutionary thinking of the new generation of management personnel.

9. Talent Development

As of the end of the Reporting Period, our "Xuexiqiangsen" (Strengthen Hansoh through Learning) online learning platform for employees, which has been carefully built for many years, has been equipped with thousands of external courses with a total of 836 hours of tutorials and 1,984 internal courses with more than 480 hours of tutorials, which has become an important position for employees to learn and standardize their training.

As of the end of the Reporting Period, the Internal Trainer Program of Hansoh Pharma has been developed for ten years, under which, more than 200 internal training courses have been cumulatively produced by selecting employees with solid professional knowledge, rich practical experience and strong verbal ability to act as internal trainers and to participate in the knowledge sharing and apprentice teaching mechanisms, etc. The Program is open to relevant employees. In the past ten years, a large number of Hansoh Pharma employees have obtained job-related work experience through the Internal Trainer Program, which has shortened the adaptation period and improved the overall capability and knowledge level of the team.

Case: 10th Anniversary Event of Hansoh Pharma Internal Trainer Program

Since the development of the first batch of internal trainers in 2013, the team of internal trainers has continued to expand, and has gathered nearly 160 certified internal trainers with more than 200 internal training courses being developed. During the Reporting Period, Hansoh Pharma organized the 10th Anniversary Appreciation Event for the internal trainers to thank the internal trainers for their teaching work, attract more employees with insight to join the internal trainer team, create an atmosphere of learning organization, and jointly contribute to its talent training.

9. Talent Development

Internal Training:

Training for new employees

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

Technical training

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

Management training

- Leadership and executive training for managers
- EMBA class
- Special training camp for managers

External Training

- School-enterprise cooperation
- Degree programs and on-the-job academic education programs
- Employ external trainers for internal training

Key training data in the Reporting Period

1,874 online training projects

20 offline training projects

Nearly **2,000** online, offline and collaborative training projects

2,984 examinations were held

A total of **271,682** person-times were mobilized for training, and **152,070** person-times participated in examinations

The total investment in employee training was RMB**5,109,400**, with an average of RMB**559.8** per person.

Training coverage rate **99.55%**

9. Talent Development

Hansoh Pharma supports employees' on-the-job academic education. Targeting scarce professionals, we cooperate with relevant colleges and universities through joint training and visiting and communication, so that professionals' cognition and ability can keep pace with the world's frontier. During the Reporting Period, 4 students from Hansoh • Shenyang Pharmaceutical University's joint on-the-job postgraduate class completed the studies and applied for the defense of their master's degree theses.

At the same time, we assist universities in training applied talents by recruiting outstanding staff as mentors, bridging the gap between professional theories and corporate applications, and cultivating more applied pharmaceutical talents for the pharmaceutical industry.

Case: School-enterprise cooperation in 2023

During the Reporting Period, Hansoh Pharma and Kangda College of Nanjing Medical University jointly established Hansoh College of Pharmacy, and carried out in-depth cooperation by providing scholarships, teaching awards, themed lectures, etc., to support the training of professionals in the field of pharmacy.

Class opening ceremony of Hansoh College of Pharmacy:

Expert lecture in Hansoh College of Pharmacy:

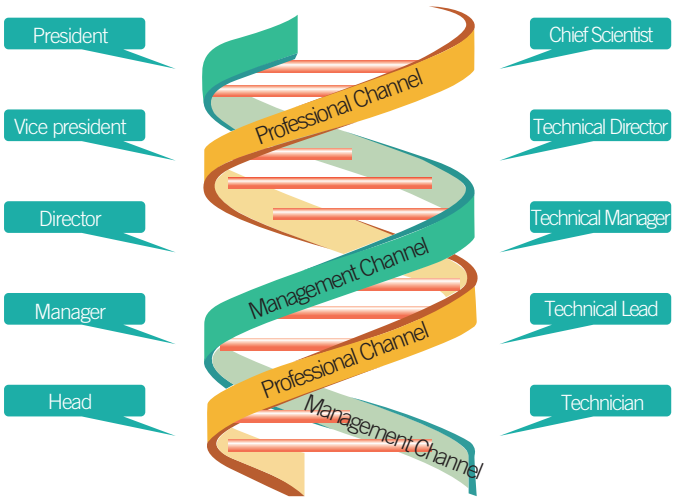
In order to ensure the efficiency and effectiveness of all kinds of training, we use the PDCA tool for program management, and carefully select professional training organizations, senior trainers and excellent training courseware and formulate a corresponding training program for each training and on-line learning course based on the training needs of various departments. After each training, the trainees' learning results are evaluated through targeted tests, and the trainers' teaching abilities are evaluated through questionnaires filled out by the trainees. We have developed a credit management and assessment system to comprehensively evaluate each employee's training credits on an annual basis, and take the results of mandatory programs and team learning as one of the evaluation factors for employee performance and promotion.

9. Talent Development

9.2.2 Dual-channel Promotion

Hansoh Pharma is committed to helping each employee shape their individual career path and build a dual-channel career path of management and professional development, allowing each employee to find a development platform that fits his or her strengths.

The Company offers platforms and opportunities for trans-positions/cross sequence expansion so that employees can choose upward development paths directly based on their abilities and willingness or switch among paths. At the same time, we have set the salary strategy of "equal pay for the same level" for technical and management positions so that all kinds of personnel can give full play to their professional strengths, bold innovation, and active practice, and ensure the unimpeded two-way flow of technical and managerial personnel.



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

9.2.3 Multiple Incentives

Hansoh Pharma follows the principles of fairness, impartiality, and openness, and uses multidimensional analysis methods to comprehensively and objectively evaluate the comprehensive performance of employees at all levels. During the Reporting Period, all employees and departments at Hansoh Pharma were subject to regular performance appraisals, and we ensured that all managers and junior employees received compensation that matched the results of their appraisals.

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

Goal management

360-degree feedback

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

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

Communication between superiors and subordinates

Team performance

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

9. Talent Development

Each year, Hansoh Pharma recognizes outstanding teams and individuals in each business and functional module through department reporting, centralized campaigning, and cross evaluation and organizes various knowledge and skill competitions to motivate the best in each segment and encourage all employees to compare and surpass each other to achieve top performance. During the Reporting Period, the Group granted 2 teams with Outstanding Contribution Award and 3 teams with Outstanding Contribution Nomination Award for 2023; 137 group-level excellent awards, including 68 excellent team awards and 69 excellent management cadre awards; 731 branch-level awards, including 181 excellent team awards, 96 excellent management cadre awards, 428 excellent employee awards, and 26 excellent new employee awards.

Starting from 2019, Hansoh Pharma has implemented a 10-year limited share unit plan to reward eligible managers and technical professionals for their contributions to the Group. On April 27, 2023, Hansoh granted restricted share units representing a total of 20,304,400 shares to 685 grantees of restricted share units, including 2 directors and 683 employees. In 2023, the targets of equity incentive covers the directors, senior executives, middle managers and first-line core R&D personnel of Hansoh. The coverage ratio below VP accounted for about 95% (650 people) of all the equity incentive grantees, accounting for about 6.8% of the total number of employees of the Group as of April 2023.

9.3 PROTECTION OF EMPLOYEE RIGHTS AND INTERESTS

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

9.3.1 Basic Employee Rights and Interests

Hansoh Pharma strictly abides by the Labor Law of the People's Republic of China and the regulations of each place of operation and ensures that the legal rights and interests of our employees are respected at every stage of recruitment and employment, that human trafficking, forced labor, child labor, discrimination and harassment are eliminated, that freedom of association and the right to collective bargaining are respected, that salaries paid are not lower than the local minimum wage are guaranteed, and that equal pay for equal work policy is strictly enforced for both men and women.

Difference in pay between male and female employees (%)	
Mean gender pay gap[11]	4.1
Median gender pay gap[12]	3.8

11 Mean gender pay gap = average male employee pay/average female employee pay * 100% – 1
12 Median gender pay gap = median pay of male employees/median pay of female employees * 100% – 1

9. Talent Development

Hansoh Pharma discourages working overtime, does not force labor, implements an overtime audit system, and arranges timely transfers for overtime employees to ensure that employees get adequate rest. We provide all employees with training related to our Employee Diversity Policy, and cultivate anti-discrimination and anti-harassment awareness among employees to create a healthy career environment.

Total hours of diversity training for Hansoh Pharma employees in 2023 was **4,326.4** hours

Hansoh Pharma conducts an induction training for all new employees to clarify the legitimate rights and interests of employees, including but not limited to endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund, employee accidental injury insurance, children's medical insurance, employee mutual fund, health examination, holiday allowances, wedding gifts, high-temperature allowances, work meals, commuter buses, staff dormitories, and holiday subsidies.

During the Reporting Period, we added the Ergonomics Management System to reduce occupational injuries in workplaces, control and eliminate occupational hazards, improve work efficiency, and protect the health and related rights and interests of the employees. We updated the Employee Attendance Management Regulations of Hansoh Pharmaceutical Group in Shanghai Region and the Employee Leave Management System of Hansoh Pharmaceutical Group in Shanghai Region to update and standardize the number of leave days such as marriage leave, childcare leave and paternity leave, retroactive clock-in card, clock-in means, etc., and also updated the Employee Handbook, which took effect through approval by voting in the Employees' Congress.

During the Reporting Period, we did not identify illegal employment issues in our own operations, supply chain, or business cooperation, nor did we identify adverse incidents such as discrimination and harassment. See Section 8.2 for more information on our prevention and review of human rights risks for suppliers and the signing of compliance commitment letters.

Case: Collective agreement signing

During the Reporting Period, Jiangsu Hansoh Labor Union and the Human Resources Department renewed the collective contract for employees, including the special collective contracts for wages, special protective contracts for women employee, special contracts for labor safety and health, collective contracts for employee's technology innovation to safeguard the legal rights and interests of workers and entities to build harmonious and steady work relationship.

Case: Convening the Employees' Congress

On October 18, 2023, the fourth meeting of the third session of the Employees' Congress of Jiangsu Hansoh was held to review the Attendance Management Regulations newly revised by the Human Resource Shared Service Center and the Flexible Work Time System to be implemented by some employees. After a show of hands, the above two proposals were passed with 127 votes in favor and 3 abstentions.

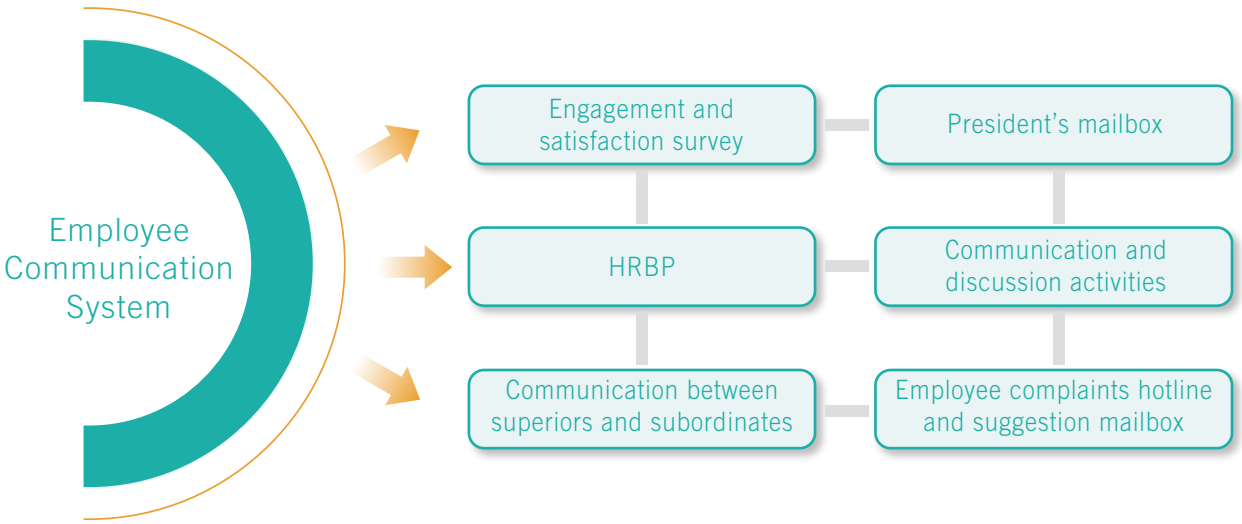
9. Talent Development

9.3.2 Communication and Complaints

Hansoh Pharma set up a smooth employee communication system with activities in the form of employee representative meetings, communication seminars, superiors and subordinates meetings, and HRBP communication sessions to learn about employees' career goals and expectations and give timely feedback. We have established a public announcement system for major matters, allowing employees to fully participate in management decisions through public valuation, public resolution, and public display when it comes to matters such as major policy adjustments, personnel promotions, personnel recognition, key project construction and major honor application.

Proportion of employees covered by Hansoh Pharma Labor Union	**94.4%**

We listen to the voice of employees and receive employee complaints, reports, risk reports and suggestions for improvement through internal reporting phone and email, president email, rationalization project, etc., so that employees have smooth and confidential channels to report back any improper workplace incidents. We have dedicated personnel to receive and handle employee complaints and reporting incidents. We conduct investigations in accordance with appropriate procedures and in an appropriate manner based on the nature of the complaint or grievance matter, and set up a task force when necessary. Once instances of improper workplace behavior such as discrimination or harassment are discovered, the individuals involved will be punished in accordance with the Employee Handbook, and such matters will be referred to judicial authorities if illegal activities are involved. The results of the investigation and handling will be promptly fed back to the complainant. We strictly enforce the Protection Policy for Whistleblowing and Whistleblowers, keeping the information of complainants and whistleblowers confidential, and strictly prohibiting any acts of retaliation. During the Reporting Period, there were no litigation cases arising from discrimination, harassment, or violation of employee rights and interests at Hansoh Pharma.



9. Talent Development

Case: Visit and communication with employees' parents on the Double Ninth Festival

On the Double Ninth Festival of 2023, Jiangsu Hansoh held the "Work in Hansoh, Be Grateful to Have You" event, i.e., the visit of employees' parents, where 30 families, a total of 60 employees and their parents, were invited to visit the production base, get to know the development history of Hansoh, look over the working environment, learn health knowledge, and have a meeting with the senior management. Hansoh introduced the business model of pharmaceutical enterprises and the employee development channels to the employees' families, and inquired the needs of the employees and families during the meeting, to help the employees maintain harmonious family relations while pursuing career development, improve the recognition of the employees' families to Hansoh, and build the corporate centripetal force.

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

Case: Special survey of employee satisfaction

During the Reporting Period, the HRBP of Shanghai Hansoh periodically interviewed the employees of the Clinical Research Center, with a coverage rate of 100%. The interview content included the employees' feelings and suggestions on the company environment, job duties, team atmosphere, personal growth and development. For the common problems fed back by many employees, Shanghai Hansoh has instructed its HRBP to actively promote the relevant departments to develop and implement solutions.

In May 2023, the Group cooperated with professional human resources research organizations to carry out a survey on the engagement and satisfaction of all the employees. The survey was carried out through an on-line questionnaire. Based on the survey results, a survey report and professional recommendations were issued to be followed up by the HRBP.

Changzhou Hansoh conducted a total of five canteen satisfaction questionnaires in 2023, and after three months following the major adjustments made by the canteen in August 2023, cuisine types were increased, a special window of flavor cuisine was added, and the satisfaction rate increased by 10%.

9. Talent Development

9.3.4 Compensation and Benefits

Hansoh Pharma has established a compensation and benefits system that is both externally competitive and internally fair. The Company conducts compensation market research every year and analyzes internal salaries to formulate the annual compensation adjustment plan for next year with reference to the salary levels in the same industry. The Company scientifically assesses the value of each position and uses it as a basis to fairly determine the salary level of each position in compliance with the principle of "strategy-oriented, internal fairness, marketing, performance-oriented and legality". Our salary system consists of position basic salary, performance salary, project incentive, technical allowance, divisional age allowance, welfare allowance etc., which not only recognizes employees's short-term contribution but also expectation of long-term retention and future development incentives, to effectively improve employee satisfaction and output rate and effectively reduce the turnover rate of core employees.

We have set up a protection plan for our employees, including statutory benefits and corporate supplementary benefits.

During the Reporting Period, we added the General Rules for Welfare Management of Hansoh Pharmaceutical Group, upgraded the relevant rules for implementation, and launched a flexible welfare platform, on which, while improving their experience about benefits, the employees can inquire and use benefit points in a self-service and convenient way, covering the daily areas of the employees' food, clothing, housing and transportation, and meeting their needs in diversified consumption scenarios.

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

9. Talent Development

9.3.5 Employee Care

Hansoh Pharma is committed to maintaining a warm and harmonious work atmosphere and carrying out diversified care activities for employee groups, including tours, dating activities for single young employees, retired employee return visit, diversified club activities, and support for employees in need, in order to improve employee's satisfaction and enhance their pride and sense of belonging as members of the Company.

In order to take care of the physical and mental health of our employees and to relieve work stress, we have set up book corners in each of our operations to encourage employee to find themselves in books and devote themselves to work and life with high spirit.

Hansoh Pharma attaches high importance to the protection of female employee's legal rights and interests and is committed to alleviating the social and family pressure on female employees and helping them better realize their self-worth through equal employment and workplace care. In addition to basic benefits such as maternity leave, breastfeeding leave, maternity allowance, and regular gynecological examinations, we have set up fully-equipped rooms for mother and infant at each site, adjusted more flexible working hours for female employees during pregnancy, childbirth, and breastfeeding, provided more suitable maternity and breastfeeding meals, and set up more spacious seats for pregnant women on-commuter buses.

9. Talent Development

Case: Female employee care of Changzhou Hansoh - Women's Day activities

In order to demonstrate the Company's care for its female employees and encourage them to love their work and life, Changzhou Hansoh organized the "March 8th Goddess Festival" activity before the "March 8th" Women's Day in 2023.

During the activity, the Company presented holiday cakes and greeting cards to the female employees in various positions, and organized a DIY activity to enhance the communication among employees and create a warm and loving atmosphere, so that the employees working on the front line for a long time would feel the Company's care and improve their work enthusiasm.

Jiangsu Hansoh established the Employee Mutual Aid Fund in 2013 with voluntary contributions from employees and equal replenishment from the Company to establish a pool of funds. In 2017, the Employee Mutual Aid Fund covered the entire Hansoh Pharma, with funding items including: employee serious illness, hospitalization subsidy, hospitalization sympathy, employee family (spouse, parents and children) serious illness, disability assistance, etc. For employees with particular difficulties, in addition to regular assistance with mutual funds and special visits during festivals, we also provide an additional aid fund. During the Reporting Period, a total of 468 employees received money from the mutual fund, with a total amount of more than RMB1.997 million, and the trade union representatives visited 8 employees in difficulty and 2 employees who had retired for illness. Since its establishment, the mutual fund has granted assistance to 2,411 employees with a total amount of RMB17.7 million.

9. Talent Development

9.3.6 Employee Activities

Hansoh Pharma respects the right of employees to freely associate legally to stimulate their interests, enhance group cohesion and employees' sense of belonging through various employee activities. During the Reporting Period, more than ten cultural and sports associations and art groups were organized by the Company, such as calligraphy and painting, table tennis, badminton, basketball, outdoor sports, chess and cards, and the Company carried out hundreds of colorful cultural exchange and sports competition activities.

Highlights of Hansoh Pharma staff activities:

Team building activities:

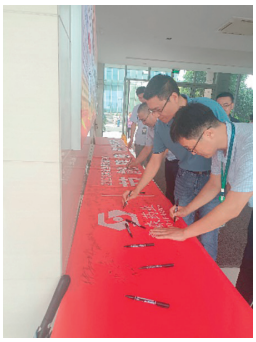
Badminton competition:

Cycling activities:

Children's day activities:

Book drift bottle activities:

Energy conservation promotion activities:



9. Talent Development

Case: Mid-Autumn Festival Poetry & Essay Competition

During the activity of "Poetic Hansoh on the Mid-Autumn Festival", the 2nd Mid-Autumn Festival Poetry & Essay Competition of Hansoh, the employees expressed their good wishes to Hansoh through their writings, and rewards were given to more than 40 poetries and essays selected from those submitted for the competition.

9.4 HEALTH AND SAFETY

9.4.1 Health and Safety Policy

In strict compliance with laws and regulations such as the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Fire Protection Law of the People's Republic of China, and the Regulations on the Safety Administration of Dangerous Chemicals, and under the supervision and guidance of our Board of Directors, we have developed over 80 management documents, covering all employees, contractors, contract labor, visitors, suppliers involved in the operating process and related organizations or individuals operated in the factory on matters related to safety, fire, extreme weather, occupational health and hazardous chemical management.

During the Reporting Period, we formulated and published the Occupational Health and Safety Policy approved by the ESG Committee of the Board of Directors, which publicized our commitments and objectives in safeguarding the occupational health and safety of our employees, clarified the major responsibilities and work requirements of various functional departments, and formulated an action plan to be implemented in order to achieve these objectives. In addition, we updated the Response and Reporting Procedure for Occupational Disease Related Hazards and Accidents, the EHS Accident and Emergency Rescue Management Procedure, the Supplier Safety Management Regulations, the Regulations on the Management of Work at Heights and other documents to improve the safety management system of Hansoh.

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

Covering **88.2%** of our employees

9. Talent Development

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

One Improvement

- Establish a risk management manual, improve the level of security automation, information and intrinsic security

Two Reductions

- Reduce attempted and minor incidents by 20%
- reduce the economic loss in accidents by 20%

Three Zeros

- Zero accidents of personal injury or death, or accidents with more than two serious injuries
- Zero influential fire, explosion, occupational poisoning, environmental incidents
- Zero accidents with a single direct economic loss of RMB500,000 or more

Measures to achieve the production safety target in 2023:

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

9. Talent Development

9.4.2 Health and Safety Risk Identification, Assessment and Prevention

In accordance with relevant laws and regulations and the requirements of the ISO 45001 management system, the Group regularly identifies and evaluates occupational health hazard factors and production safety risks, ranks the risks according to the degree of hazards and probability of occurrence, and formulates inspection and prevention plans with different frequencies. During the Reporting Period, we incorporated health and safety factors into the feasibility assessment process of key projects in accordance with the policy of "safety first, continuous improvement and concern for health". In the feasibility assessment of a project, it is required to specify the objects and scope of assessment, identify health, safety, and environmental factors, classify the assessment units, determine the assessment methods, and conduct qualitative and quantitative analyses to draw assessment conclusions and propose health and safety recommendations in accordance with relevant laws and regulations and normative documents.

We kept increasing investment in work safety, strengthening the whole-process management of work safety, promoting equipment upgrading, continuously improving the production conditions, optimizing the working environment for the employees, and at the same time strengthening the employee training to enhance their safety awareness and protective capabilities.

9. Talent Development

Strengthening the whole-process management of production safety	• Pre-production review: We will conduct interpretations of safety assessment reports to familiarize ourselves with the potential safety risks associated with scaled-up production, simulate the highly hazardous reactions that may exist for a scale-up research and strictly implement the change process for modified projects. • In-process review: We strictly follow the operating procedures to control the work safety risks of the project and prepare the corresponding emergency plan. • Post-production summarization: We summarize the actual and potential safety risks that arise during the scale-up production process, improve the process safety evaluation report, propose improvement measures and verify the reliability of these measures to provide a solid basis for the subsequent safe production.
Equipment upgrading	During the Reporting Period, an automated hydrogenation and cryogenic R&D workshop was upgraded to meet the requirements of hydrogenation and cryogenic reactions of different scales, where the reactions are controlled remotely, which greatly improves the safety; several sets of advanced production equipment such as DCS automated reactor, Hastelloy alloy reactor and atomizing dryer were also installed in the former pilot workshop, which improved the work safety.
Improvement of production conditions and working environment of employees	During the Reporting Period, we renovated the ventilation facilities of the relevant laboratories by installing automated air valves in the ventilation cabinet to coordinate the overall air volume distribution, thereby improving the working environment of laboratory technicians; we also installed a combined air conditioning system for some production workshops, which can reduce the fugitive volatilization of gases and decrease physical harm.
Enhancing the employee training and improving the safety awareness of employees	For new employees, we implemented the 3-level training requirements; we strictly enforced the pre-shift meeting and safety commitment system, and enhanced the inherent safety awareness training for process technicians and production shift leaders to improve the safety awareness of employees through interpretations of and training on serial organic reaction safety chapters, visiting the production site and regular emergency drills.

9. Talent Development

In addition, the responsible project person of each department keeps high-frequency job self-inspection and internal inspection according to the division of responsibilities, and safety supervisors conduct regular inspections to solve and eliminate unsafe factors in time, and minimize the occurrence of health and safety accidents. We regularly test the results of the implementation of each work through questionnaire research, internal inspection, and third-party inspection and certification.

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

We have established a health and safety risk response procedure for response at various levels. In case of a general accident hazard, the head of the department and the management personnel concerned shall immediately organize to rectify the hazard; in case of a serious hazard threatening the work safety but correctable, the EHS department shall issue a Hazard Rectification Notice to require rectification within a time limit; in case of a major accident hazard, the head of the business unit concerned shall organize to prepare and implement a hazard management plan and take effective measures to ensure safety with reference to the Major Work Safety Hazards Judgment Criteria for Manufacturing and Operating Entities of Chemical Engineering and Hazardous Chemicals.

We have established a standard procedure for accident hazard elimination; where the safety cannot be guaranteed before or during elimination of a hazard, operation personnel shall leave the dangerous area, other personnel that may be endangered shall be evacuated, warning signs shall be erected, and the production or equipment operation shall be suspended; for relevant production/storage plants, facilities or equipment that are difficult to stop or be taken out of service for the time being, maintenance shall be strengthened to prevent accidents. The safety management department shall track the rectification status, report the progress of the rectification to the person in charge of safety in time, and identify the reason for the rectification item that is not completed on time within the rectification period.

9. Talent Development

For occupational disease prevention, we regularly identify hazardous occupational disease factors and monitor the health of the employees, and have established health files to dynamically monitor the health of the employees. For personnel exposed to hazardous factors, we provide them with necessary labor protective equipment based on job features and specification requirements, such as ear plugs/ear protector efficient in noise reduction for employees exposed to noise to mitigate hearing damages from noise, and gas mask or dustproof mask for employees exposed to hazardous chemical factors. We also provide medicines to the employees in summer to prevent heat strokes and arrange centralized leave during the high-temperature season.

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

Case: Safety risk assessment conducted by Jiangsu Hansoh for the Phase III project of APIs and workshop modification and expansion project

With respect to the Phase III project of APIs and the newly reconstructed workshops No. 902 and 903, based on the principles and methods for division of safety evaluation units and taking into account the requirements of safety evaluation, Jiangsu Hansoh analyzed and evaluated the hazards in the operating conditions of the production plant and auxiliary facilities of such projects with the operating condition hazard evaluation method, and analyzed the risk level of the production process of the project with the risk factor evaluation method, confirming the presence of the explosive, inflammable, toxic and corrosive chemical working environment in the aforesaid projects.

In order to decrease and control the hazards of the working environment to health and safety, Jiangsu Hansoh designed and configured three types of safety facilities respectively for accident prevention, control, and reduction and elimination of impacts, and verified them through pilot production. The verification showed that the plant (facilities) run stably, and various instruments were sensitive and effective; the relief valves and pressure gauges were checked and calibrated; the fire protection system was satisfactorily accepted and equipped with emergency rescue devices and equipment; the emergency rescue plan was publicized, implemented and exercised on the production site, the employees were trained on work safety, and the indexes of the production process were stable.

9. Talent Development

9.4.3 Health and Safety Awareness Enhancement

Employee health and safety awareness, the ability to perform safe operations and health precautions, and the ability to prevent and handle risks are critical to reducing and eliminating health and safety accidents. Hansoh Pharma conducts a combination of general knowledge and job-specific health and safety education and training in conjunction with the business characteristics of each operating site, and uses various promotional vehicles to promote health and safety knowledge and continue to strengthen employee health and safety awareness.

For contractors and third-party personnel working in the Group's operations, in addition to strengthening access management, risk assessment and contractual constraints on issues such as health and safety during supplier selection, we also conduct targeted health and safety training based on the characteristics of their work and sign commitments to production safety, requiring them to provide a safe and healthy work environment, implement healthy and safe protection measures, and ensure that all operations and production process meet the requirements of laws and regulations and the relevant standards.

During the Reporting Period, Hansoh Pharma conducted training for all employees on EHS daily work knowledge, safety management awareness, and fire safety knowledge. All contractors and third-party operators in the scope of the operation sites received health and safety training and were assessed and qualified for employment.

Case: 2023 Health and safety training for Hansoh Pharma employees

"Safe Production Month" Competition:

Health knowledge competition:

On-line safe production training for contractors:

Safety knowledge blind box competition:

9. Talent Development

9.4.4 Health and Safety Prevention and Mitigation

In order to prevent and mitigate potential health and safety risks, Hansoh Pharma insists on formulating the "Emergency Drill Plan" each year and regularly organizing emergency drills, with continuously strengthening the health and safety awareness of all employees, we verify the smoothness of the entire process from reporting to disposal to improvement once a safety incident occurs, the scientific and timely emergency disposal, and the completeness and responsiveness of various protection facilities and devices.

During the Reporting Period, each major operating site organized tens of times of all kinds of on-site drills for emergency disposal, covering health and safety risks such as electrocution, fire, evacuation and escape, chemical leakage, poisoning and asphyxiation, and heat stroke.

Case: 2023 Hansoh Pharma health and safety emergency drill

Comprehensive emergency drill for special devices:

Hazardous chemical disclosure emergency drill:

Comprehensive emergency drill of health and environment protection:

9. Talent Development

Case: Fire drill of Changzhou Hansoh

During the drill, a fire scenario was simulated in the workshop for the drill, where a fire broke out suddenly and was not properly controlled at the beginning.

On October 24, 2023, Changzhou Hansoh organize a special emergency response drill for burglary prevention of explosive and highly toxic products. Through the drill, the explosive and highly toxic reagents safety management level and the emergency rescue ability of the employees of various departments were improved, and the organization and coordination capability and the capacity to cope with emergencies of the management personnel were tested, placing a foundation for establishing an efficient emergency rescue mechanism and ensuring the all-around safe and stable operation of Changzhou Hansoh.

	2022	2023
Working days lost due to work-related injuries (days)	267	386.75

10 Access to Healthcare

The development of Hansoh Pharma is in line with the important goals in the United Nations 2030 Agenda for Sustainable Development, such as “No Poverty”, “Good Health and Well-being”, “Quality Education” and so on. We make full use of our innovation advantages and value influence, and work with Chinese medical institutions and various public welfare organizations through primarily focusing on medical and teaching assistance to cultivate high-quality medical professionals and continuously improve the level of health protection. At the same time, we promote access to healthcare, strive to provide affordable medicine to more low- and middle-income countries and regions, disadvantaged groups, and special patients, and become a qualified or even excellent corporate citizen.

10. Access to Healthcare

10.1 INNOVATIVE OUTCOMES BENEFITING PATIENTS WORLDWIDE

Hansoh Pharma actively fulfills the United Nations' sustainable development goals of "Good Health and Well-being" and the "Healthy China" strategy, further establishes a patient-centered responsibilities position and implements an action plan to improve drug safety and accessibility in accordance with the responsible concepts advocated in the Product Liability and Accessibility Policy. During the Reporting Period, the ESG Committee of the Company's Board of Directors reviewed and continued to supervise the implementation of the above policies, and accelerated the R&D and industrialization process of innovative drugs. At the same time, the Company deployed in low- and middle-income countries and regions (according to the World Bank Group country classifications by income level) that lack medical resources around the world, allowing more patients to benefit from Hansoh Pharma's innovations.

Hansoh Pharma's Goals of Access to Healthcare	Progress towards the target
Promote newly approved innovative drugs with inclusive value to be included in the NRDL within 2 years of launch	During the Reporting Period, Hansoh Pharma's "world's only EPO receptor highly specific small polypeptide agonist" Saint Luolai (Pegmolesatide Injection) was approved for marketing by China's National Medical Products Administration (NMPA). Its two indications were included in China's NRDL that year, providing a new treatment option for patients with renal anemia worldwide. Saint Luolai is the seventh innovative drug of Hansoh Pharma approved for marketing.
By 2030, Hansoh Pharma will have products in 35 more low- and middle-income countries than in 2022, benefiting 30 million patients in these countries	As of the end of the Reporting Period, the number of drugs developed and produced by Hansoh Pharma had entered 37 low- and middle-income countries and regions, an increase of 13 from 2022, benefiting more than 1.8 million patients in total.

10.2 HCP & PATIENT EDUCATION

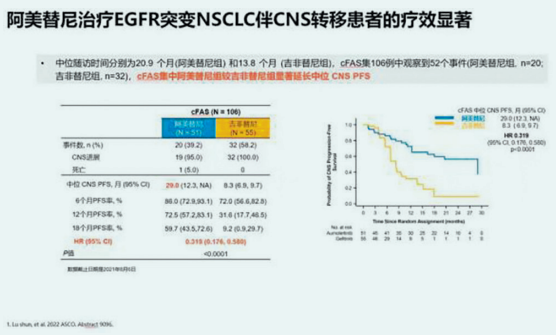
Hansoh Pharma attaches great importance to the construction of academic platforms and patient education. In key disease fields such as anti-tumor, central nervous system, diabetes, cardiovascular diseases, and severe infections, Hansoh Pharma takes advantage of a large pool of leading experts and medical resources in central cities online and on-site modes and in-hospital and out-of-hospital methods to promote the world's advanced diagnosis and treatment technology and the latest clinical research results to grassroots doctors and patients. While effectively alleviating the contradictions such as the concentration of patients in big cities and the heavy workload of doctors, it also greatly improves grassroots doctors' standardized diagnosis and treatment capabilities, and the compliance, self-awareness and management ability of patients (including potential patients) for disease treatment. During the Reporting Period, Hansoh Pharma carried out more than 1,000 academic exchange activities, benefiting hundreds of thousands of doctors and patients. The "Starfire Project – Beautiful China Tour on Tumor Precision Diagnosis and Treatment", for instance, has been carried out for many years. A total of more than 200 academic exchanges were held by Hansoh Pharma throughout the year, covering more than 8,000 doctors.

10. Access to Healthcare

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

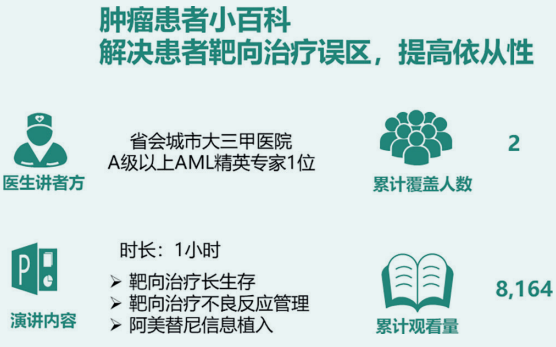
This project was initiated by Hansoh Pharma in collaboration with the Chinese Society of Clinical Oncology (CSCO) in 2021, with the aim of enhancing the standardized level of tumor diagnosis and treatment in grass-roots hospitals through a series of continuing education activities in clinical oncology.

Case: Summit Forum: Experience sharing of precision diagnosis and treatment of lung cancer



In March 2023, Hansoh Pharma held the "First-line Therapy with Ameile for A Happy New Life" - Hansoh Lung Cancer Precision Diagnosis and Treatment Forum. In this forum, several well-known experts and scholars in the field of lung cancer were invited to conduct in-depth discussions and share experience in the treatment and current situation of EGFR mutation-positive NSCLC. This forum attracted thousands of online and on-site participants, and the video registered more than 4,300 views.

Case: Online patient education campaign for International Lung Cancer Day



On International Lung Cancer Day of November 17, 2023, Hansoh Pharma organized an online live event "1019 'Embrace' Targeted Therapy, and Hope Your Lungs Keep Healthy" to warm up patient education for International Lung Cancer Day. During the event, a number of experts from grade-A tertiary hospitals in provincial capital cities were invited to answer questions online for patients with lung cancer nationwide on issues such as indications and adverse reaction management of targeted therapy, with a total of nearly 10,000 views.

10. Access to Healthcare

Case: The event themed "Breathing is Not a Small Matter"

• 第一站
• 启动会

• 第二站
• 肺癌科普

• 第三站
• 义诊+党建

• 第四站
• A-TALK

During the Reporting Period, Hansoh Pharma launched Xiamen's first international lung cancer awareness month event themed "Breathing is Not a Small Matter". In the event, a total of 60 experts in the field of lung cancer treatment were invited to conduct discussions on lung cancer treatment options through popular science, free clinics, academic seminars, etc., benefiting more than 150 patients and reaching more than 3,000 relevant people.

10.3 END-TO-END FULL SERVICE FOR RARE DISEASES

The diagnosis and treatment of rare diseases is a major medical challenge facing mankind. According to Orphanet, the world's largest rare disease database, more than 6,000 rare diseases have been discovered around the world, accounting for about 10% of all human diseases. On average, one in 30 people may suffer from a rare disease, and half of them are children.

While focusing on the treatment of major and multiple diseases, Hansoh Pharma is actively deploying in the field of rare disease drugs and strives to solve the problem of no drugs available for many patients with rare diseases. As of the end of the Reporting Period, Hansoh Pharma had three rare disease drugs approved for marketing and one rare disease drug submitted for marketing application. Since the inclusion of XINYUE (Inebilizumab Injections), an innovative drug for rare diseases exclusively introduced by Hansoh Pharma, into China's NRDL, we have jointly held more than 80 special meetings on the diagnosis and treatment of neuromyelitis spectrum disorder (NMOSD) with national core organizations such as the China Rare Disease Alliance, the Chinese Medical Association's "Chinese Journal of Neurology" magazine, Beijing Illness Challenge Foundation, and the MS and NMO Patient's Association with more than 800 experts participating. What's more, we have held 30 patient-side science live broadcasts, produced 4 patient documentaries, reached more than 300,000 people from all walks of life, and provided treatment drugs to over 1,000 NMOSD patients in 57 cities.

10. Access to Healthcare

Case: Rare Disease Neuromyelitis Spectrum Disorder (NMOSD) End-to-End Full Disease Course Theme Activities

For healthcare professionals:

- Doctor training: More than 60 training sessions were held throughout the year, covering nearly 700 experts in related fields across the country, to popularize disease knowledge, diagnostic indications and treatment plans;
- Case sharing: Cooperating with the "Chinese Journal of Neurology" of the Chinese Medical Association, more than 20 case-sharing sessions were held to share practical drug use experiences;
- Standardized medication: 21 experts from neuroimmunology, ophthalmology, rheumatology and immunology, infectious diseases, and radiology jointly participated in the compilation of the "NMOSD Multidisciplinary Management Consensus" to establish authoritative treatment plans.

For patients:

- Science live broadcast: Subject experts were invited to conduct 30 science live broadcasts for more than 20,000 patients and relevant people, with 14 popular science articles published and medical records shared for more than 50,000 patients and relevant people;
- Patient documentaries: 4 documentaries were produced to tell the recovery stories of NMOSD patients, reaching more than 150,000 relevant people, and giving more patients firm confidence and hope for treatment;
- Patient communication activities: we have held 3 innovative NMO exchange sessions, online and offline, with the participation of over 50,000 patients and their families;
- Preparation of disease diagnosis and treatment maps: We were the first to publish NMOSD diagnosis and treatment maps in 3 core patient organizations nationwide to guide patients' diagnosis and treatment, and organized more than 110 online patient education activities to provide tailored knowledge of disease diagnosis and treatment for nearly 4,000 patients and address their most pressing concerns;
- NMO Disease Day Online and Offline Free Clinic Activities: On October 26, top experts were invited to carry out disease science popularization and free clinic activities with a total of 20 patients receiving free medical treatment.

Working with core patient organizations:

- We cooperated with the China Alliance for Rare Disease (CARD), a national core organization, to initiate the compilation of the "Consensus on Multidisciplinary Management of NMOSD";
- We joined patient organizations to conduct expert seminars and special trainings.

Online streaming link for the documentary "Walking Out of the Darkest Hour" (《走出至暗时刻》): https://weibo.com/1639498782/4905352351190883

10. Access to Healthcare

Case: Thousands of Patients with Dominant Hereditary Angioedema (HAE) in Argentina Benefit from Hansoh Drugs

The incidence rate of hereditary angioedema (HAE), a rare disease, is 1 in every 10,000-50,000 people. Due to the extremely small number of patients, it is difficult for pharmaceutical companies to fully recoup their investments in research and development of such drugs, leading to extremely high drug prices. Consequently, many patients have to forgo treatment. By optimizing the production process and lowering profit expectations, Hansoh Pharma won the bid in the Argentinian market at a price less than 10% of the original developer, significantly reducing the treatment costs for patients. During the Reporting Period, Hansoh Pharma provided drug treatment to more than 1,000 patients in the region, and its market share reached 30%.

10.4 ENHANCING GLOBAL AFFORDABILITY OF DRUGS

Hansoh Pharma actively responds to the "Healthy China" strategy and promotes access to healthcare policies in all aspects of R&D, production and operation, bringing health benefits to more patients. We continue to implement lean management, focus on the goals of "compliance, quality improvement, supply guarantee, and cost reduction", and optimize the production model. We continuously reduce production and operation costs, while ensuring product quality through continuous process optimization, centralized production scheduling, supplier price negotiations, and strengthened business assessments. This provides good conditions for participating in the national centralized procurement of drugs and medical insurance access for innovative drugs. During the Reporting Period, Jiangsu Hansoh implemented more than 50 technological transformation projects, increasing per capita yield by more than 40% and reducing the cost of key new varieties of materials by more than 20% on average. As of the end of the Reporting Period, the Group has participated in 7 rounds of national centralized procurement and multiple rounds of negotiations on medical insurance access for innovative drugs. Through significant cost reduction and profit sharing, 26 varieties have won bids, and 7 innovative drugs have all been included in the NRDL. More than a million patients have benefited from this, saving more than RMB30 billion in medical resources in the past three years.

For international markets, especially low- and middle-income countries and underdeveloped regions, we respect local commodity pricing rules and tax policies. On the basis of coordinating global market supply, we fully consider the level of local economic development, per capita income, consumption habits, labor costs, healthcare capabilities and other factors. While ensuring product quality, reasonable profit margins and sustainable supply, we adopt appropriate dosage forms and packaging, and formulate open, transparent and differentiated product prices to improve the economic accessibility of local patients.

10. Access to Healthcare

Case: Hansoh Pharma's Products Attracted Wide Attention at CPHI Europe

In October 2023, Hansoh Pharma participated in the CPHI Europe. Its rich product line, clinical safety and effectiveness, and economic accessibility attracted exhibitors from participating countries. During the exhibition, 32 countries and regions visited and more than 300 projects were signed, of which about 60% were from underdeveloped regions in Asia, Latin America and Africa.

Hansoh Pharma has always followed the principle of fair pricing. For newly launched varieties, we determine reasonable prices based on the cost-value principle and extend the price policy to downstream distributors to prevent price disorder and imbalance. For products that are purchased centrally and included in the medical insurance catalog, we strictly follow the requirements and make the winning bid price and medical insurance payment standards public on the procurement platform in various places. All product prices for overseas markets can be checked through the local customs system, and we have completed customs clearance procedures in accordance with local customs supervision requirements. Therefore, there is no concealment or false reporting of price information. During the Reporting Period, the Group did not receive any price complaints from patients, nor was it punished by any national or regional regulatory authorities.

10.5 PROMOTING INDUSTRY COLLABORATION AND SUPPORTING GLOBAL HEALTH

While improving its own management level and innovation capabilities, Hansoh Pharma, with its global vision, pays attention to the technological progress of the entire industry, keeps abreast of the latest global development results, and contributes to the world's pharmaceutical innovation and development.

We have established smooth communication channels with relevant government departments in each operating location. We have established regular exchange mechanisms with nearly 30 non-governmental organizations, industry associations, and research institutes at or above the provincial level. Through these mechanisms, we have shared the Company's product innovation and management practices, setting an exemplary model for the development of the healthcare industry. In addition, we have worked together with clinical research experts at home and abroad, and participated in activities organized by academic institutions and professional journals. We have shared research results with global medical peers to promote the development of global health.

10. Access to Healthcare

Case: Hansoh Pharma Releasing 42 Academic Results of Lung Cancer Drug Almonertinib at the 2023 World Conference on Lung Cancer

The 2023 World Congress on Lung Cancer (WCLC) hosted by the International Association for the Study of Lung Cancer (IASLC) was held in Singapore in September 2023. The conference released 42 innovative results of Hansoh Pharma's Almonertinib Mesilate Tablets, including 3 oral reports (research data), 18 regular abstracts (research data), 13 case reports and 8 research design presentations. It presented the latest research progress of Almonertinib in NSCLC targeted combination therapy, brain (membranous) metastasis, neoadjuvant, segmented population, safety, quality of life and other directions. This proves that China's originally developed innovative drugs are highly recognized by the international oncology community. As China's first original third-generation EGFR-TKI independently developed by Hansoh Pharma, Almonertinib has repeatedly been recognized by international authorities for its excellent efficacy and safety advantages. More than 100 related results have been published in SCI journals or international conferences. In order to further explore the therapeutic potential of Almonertinib in lung cancer subdivisions and benefit more patients with non-small cell lung cancer (NSCLC), clinical trials for more indications are being accelerated.

Case: Multiple Articles on the Central Nervous System Drug Ameining (Agomelatine Tablets) Published on International Academic Platforms

Since the launch of Hansoh Pharma's Ameining (agemelatine tablets), the Company and relevant research institutions have actively carried out post-market clinical research. During the Reporting Period, a number of research articles were published on international academic platforms. For instance, the world's first meta-analysis (level IA evidence) on the safety and efficacy of agomelatine in the treatment of post-stroke depression was published in International Clinical Psychopharmacology. This study shows that the effectiveness of agomelatine in the treatment of post-stroke depression is comparable to that of SSRIs/SNIRs, and the incidence of overall and neurological adverse reactions is lower than that of SSRIs/SNRIs, providing strong evidence for the efficacy of agomelatine in the treatment of post-stroke depression. In addition, "Analysis of the Efficacy of Agomelatine Combined with Nolaxen Fumarate in the Treatment of Refractory Gastroesophageal Reflux Disease" was published in the International Journal of Digestive Diseases, and "RCT Study of Agomelatine in the Treatment of Parkinson's Depression" was accepted as oral presentation at the International Sleep Conference.

10. Access to Healthcare

We actively respond to the United Nations Programme of Action for the Least Developed Countries for the Decade 2022-2031 (Doha Programme of Action) and are committed to leveraging the power of science, technology and innovation to help underdeveloped countries and regions resist multi-dimensional vulnerabilities and achieve the Sustainable Development Goals. We have established project teams in recent years focusing on underdeveloped regions (including but not limited to Malaysia, the Philippines, Indonesia, Vietnam, and Thailand in South Asia, Colombia, Mexico, Costa Rica, Puerto Rico, and Panama in Latin America, and Algeria in Africa). We actively participate in local drug bidding, and share Hansoh Pharma's clinical research results, quality technology, and international concepts with local medical institutions to help these underdeveloped areas accelerate the use of a new generation of drugs that are safer, more effective and more cost-effective. During the Reporting Period, we conducted nearly 600 cross-border video conferences, carried out academic and business exchanges and technical training with more than 40 clients, signed 20 cooperation projects in 14 underdeveloped countries and regions, and registered and approved 5 projects in 3 underdeveloped countries. Two hematoplastic drugs, HSE-10174 and HSE-10072, entered Pakistan; HSE-20075, a rare disease drug that treats genetic cardiovascular edema, entered Argentina; and HSE-10123, a breast cancer drug, entered the Philippines. All these drugs benefit nearly 260,000 patients in total.

Case: HSE-10072 Registered and Launched in Pakistan

Myelodysplastic syndrome (MDS) is commonly known as bone cancer. As there is a small number of patients with indications, no drugs are registered and marketed in many emerging markets. As a result, Pakistani patients can only use highly toxic chemotherapy drugs to relieve their pain. Hansoh Pharma collaborated with Pakistani customers and actively communicated with Pakistani official agencies to fully explain the safety and effectiveness of HSE-10072 in the treatment of MDS, and successfully completed registration in Pakistan. After the product was launched in Pakistan, we actively shared our academic promotion experience in the Chinese market, assisted Pakistani customers in conducting academic exchanges with local hospitals and experts, and obtaining internationally advanced diagnosis and treatment concepts and treatment plans, benefiting more Pakistani patients.

For drugs that are in high demand in underdeveloped countries and regions, Hansoh Pharma actively cooperates with local drug manufacturers to help these countries improve production experience and strengthen basic medical capacity building through technology transfer.

Case: Production Technology Transfer of HSE-10211 Preparation in Mexico

In Mexico, the incidence of diabetes is as high as 16%, ranking first in the world. Mexican patients, however, still use drugs that must be taken with meals and often cause complications such as blood sugar fluctuations, weight gain, and heart disease.

Hansoh Pharma transferred the production technology of HSE-10211 preparations to the largest local hypoglycemic drug manufacturer, significantly reducing drug production and transportation costs. After registration approval, the original product can be quickly replaced, allowing more patients to use cheaper and more effective new products.

10. Access to Healthcare

10.6 COMMUNITY DEVELOPMENT AND PUBLIC SERVICE ACTIVITIES

The development of Hansoh Pharma is inseparable from a good community environment. In the principle of "In the local area, by the local area, and for the local area", with the passion to work for the public good, we actively participate in community construction to achieve shared development. During the Reporting Period, the contract value of products we procured from local suppliers accounted for approximately 35% of the total contract value. In accordance with the Group's published Tax Guidelines, we strictly complied with the fiscal and tax-related regulations in our operation locations, continuously enhanced our fiscal and tax management capabilities, promptly paid all types of taxes and fees in accordance with the law, and proactively supported the development of the local economy. We were not involved in any fiscal or tax violations, nor did we receive any penalties from tax regulatory authorities.

In December 2023, a 6.2-magnitude earthquake hit Jishishan County, Gansu Province. Hansoh Pharma raised funds and drugs worth RMB2 million and sent them to the affected areas in special vehicles immediately after it learned that medical institutions in the disaster area were in urgent need of anti-infective drugs.

Jiangsu Hansoh and Houzui Sub-district of Lianyungang Economic and Technological Development Zone carried out sub-district-enterprise co-construction activities. On the eve of Children's Day, we organized visits to 15 children from needy families in Houzui Sub-district, and sent holiday blessings and gifts to each child to fulfill the children's "small wishes".

In 2023, the charity expenditure of Hansoh Pharma totaled RMB **32.07** million

In 2023, **450** volunteers from Hansoh Pharma offered volunteer service

In 2023, the volunteer service of Hansoh Pharma totaled **2,400** hours

Appendix I – Website and Glossary

1. <Hansoh Pharmaceutical Group Co., Ltd. Occupational Health and Safety Policy>
https://www.hspharm.com/upload/file/2024/04/12/40f01eb5277c4a6799f12f948bde5ebd.pdf

2. <Hansoh Pharmaceutical Group Co., Ltd. Anti-Corruption Policy>
https://www.hspharm.com/upload/file/2024/04/12/c75b14f6c915491d8d3c6edde68818b5.pdf

3. <Hansoh Pharmaceutical Group Co., Ltd. Policy and Action Framework to Address Global Climate Change>
https://www.hspharm.com/upload/file/2023/04/23/3849eabdeb6946ec84644ab3b56cd0d8.pdf

4. <Hansoh Pharmaceutical Group Co., Ltd. Tax Guidelines>
https://www.hspharm.com/upload/file/2023/04/23/27525941561e48f1bcca09cca788676f.pdf

5. <Hansoh Pharmaceutical Group Co., Ltd. Product Liability and Accessibility Policy>
https://www.hspharm.com/upload/file/2023/04/23/a084cc20dd8e47d494c70785538b0a0a.pdf

6. <Hansoh Pharmaceutical Group Co., Ltd. Protection Policy for Whistleblowing and Whistleblower>
https://www.hspharm.com/upload/file/2022/02/07/93498f5f013c408ebd641a2143bc1081.pdf

7. <Hansoh Pharmaceutical Group Co., Ltd. Responsible Marketing Policy>
https://www.hspharm.com/upload/file/2022/02/07/06cd98a7f21547ec9eb85cb4c0c4e117.pdf

8. <Hansoh Pharmaceutical Group Co., Ltd. Employee Diversity Policy>
https://www.hspharm.com/upload/file/2022/02/07/adb8226c0de0435f841fdcbdb41173b3.pdf

9. <Hansoh Pharmaceutical Group Co., Ltd. Supplier Code of Conduct>
https://www.hspharm.com/upload/file/2023/04/23/901651f372eb49a2a9bf7c1abab55980.pdf

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

11. IFRS Sustainability Standards: https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/

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

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

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

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

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

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

18. China's 3060 Dual Carbon Target: On September 22, 2020, China proposed at the United Nations General Assembly that carbon dioxide emissions should peak by 2030 and carbon neutrality should be achieved by 2060, referred to as "3060" dual carbon target

19. RCP: Representative Concentration Pathways (RCPs), RCPs are a series of representative carbon concentration paths, among which RCP8.5 is the baseline scenario of high greenhouse gas emissions and high radiation intensity with no or little policy intervention, and 2.6 is the scenario of very low greenhouse gas concentration with more powerful emission reduction measures

Appendix I – Website and Glossary

20. GMP: Good Manufacturing Practice, is a set of production management standards suitable for pharmaceutical, food and other industries

21. GCP: Good Clinical Practice, is a set of norms and guidelines designed to ensure the scientific, reliable and ethical rationality of clinical trials

22. MHRA: Medicines and healthcare products regulatory agency

23. EMA: European Medicines Agency, the European Union's drug evaluation agency

24. FDA: Food and Drug Administrator, the highest law enforcement agency authorized by the US Congress, i.e. the federal government, specializing in food and drug regulation

25. PMDA: Pharmaceuticals and Medical Devices Agency, Japan's medical device approval agency

26. NMPA: National Medical Products Administration of the People's Republic of China

27. EU: European Union, a political and economic union of European countries

28. PIC/S: The Pharmaceutical Inspection Co-operation/Scheme, is an international organization for the cooperation between drug regulatory agencies

29. WHO: World Health Organization

30. EMBA: Executive Master of Business Administration

31. National Centralized Purchasing of Medicines: Centralized quantity purchasing of medicines organized by the National Health Insurance Administration of the People's Republic of China

32. National Health Insurance Bureau: National Health Insurance Bureau of the People's Republic of China

33. NRDL: the National Reimbursement Drug List issued by the National Health Insurance Administration of the People's Republic of China

34. NMOSD: Neuromyelitis spectrum disorder

35. Doha Programme of Action: a new generation of commitments between LDCs and their development partners (including the private sector, civil society and governments at all levels) that are reaffirmed and strengthened

Appendix II – Summary of Indices and Indicators

Economic and Environmental Performance Indicators	Unit	Data for 2023
Economic Indicators		
Operating revenue	RMB 1 million	10,103.81
Operating profit	RMB 1 million	3,277.50
Research and development expenditure	RMB 1 million	2,097.05
Environment, health and safety expenditure	RMB 10 thousand	4,580.05
Environmental Indicators		
Waste gas emission		
Total volatile organic compound emissions	Kilograms	7,757.81
Total particular matter emissions	Kilograms	14.45
Waste water discharge		
Total wastewater discharge	Cubic meter	684,276.55
Total COD discharge	Tonnes	32.81
Total ammonia nitrogen discharge	Tonnes	2.36
Greenhouse Gas Emission		
Greenhouse gas direct emission (Scope I)	tCO_2e	10,546.85
Greenhouse gas indirect emission (Scope II)	tCO_2e	81,565.21
Total greenhouse gas emission (Scope I + Scope II)	tCO_2e	92,112.06
Value chain greenhouse Gas emission (Scope III)	tCO_2e	51,543.36
Greenhouse gas emission per unit operating revenue (Scope I + Scope II)	tCO_2e/RMB 1 million	9.12
Energy Consumption		
Direct energy consumption	Tonnes of standard coal equivalent (TCE)	69.58
Indirect energy consumption	TCE	21,300.78
Total energy consumption (direct + indirect)	TCE	21,370.36
Energy consumption per unit operating revenue	TCE/RMB 1 million	2.12
Renewable energy consumption	MWh	213.01

Appendix II – Summary of Indices and Indicators

Economic and Environmental Performance Indicators	Unit	Data for 2023
Wastes		
Total volume of hazardous wastes	Tonnes	4,671.54
Total volume of hazardous waste incinerated	Tonnes	714.24
Total volume of disposal of expired or discarded drugs	Tonnes	153.28
Disposal volume hazardous wastes per unit operation revenue	Tonnes/RMB 1 million	0.46
Total volume of non-hazardous wastes	Tonnes	565.80
Disposal volume non-hazardous wastes per unit operation revenue	Tonnes/RMB 1 million	0.06
Non-hazardous waste recycling rate	%	93.06
Utilization of water resources		
Total water consumption	Cubic meter	53,480,569.19
Municipal water withdrawal	Cubic meter	981,555.64
Groundwater and surface water consumption	Cubic meter	0
Water consumption from other sources[13]	Cubic meter	98,217.55
Circulating water volume	Cubic meter	52,400,796.00
Municipal water withdrawal per unit operation revenue	Cubic Municipal water withdrawal/RMB 1 million	97.15
Water recycling rate	%	97.98
Packaging Materials		
Consumption of packaging materials[14]	Tonnes	3,083.61
Packaging materials consumption per unit operating revenue	Tonnes of packaging materials consumption/RMB 1 million	0.31
Environmental compliance and Biodiversity		
Fined by environmental regulators	RMB Yuan	0
Number of biological reserves near the operation site	Number	0

13 Steam condensate

14 Does not include inner packaging materials that come into direct contact with pharmaceutical products and external packaging materials that are disposed of as hazardous waste

Appendix II – Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for 2023
Employees			
Total number of employees		Person	9,123
Total number of part-time employees		Person	0
By gender	Male	Person	5,697
	Female	Person	3,426
By position	Executive management	Person	34
	Senior management	Person	143
	Middle management	Person	1,262
	Grassroot management	Person	909
	General staff	Person	6,775
By age	Under 30	Person	3,061
	30-50	Person	5,791
	Above 50	Person	271
By region	Chinese mainland	Person	9,049
	Hongkong, Macao and Taiwan	Person	3
	Overseas	Person	71
Employee turnover rate[15]		%	13.6
By gender	Male	%	13.0
	Female	%	14.5
By age	Under 30	%	22.0
	30-50	%	8.9
	Above 50	%	1.5
By region	Chinese mainland	%	16.0
	Hongkong, Macao and Taiwan	%	50.0
	Overseas	%	5.9
By position	Executive management	%	2.7
	Senior management	%	5.3
	Middle management	%	7.9
	Grassroot management	%	10.5
	General staff	%	15.1
Average years of employment by gender	Male	Years	5.0
	Female	Years	6.9

15 Refers to the voluntary turnover rate of employees.

Appendix II – Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for 2023
Number of new employees in 2023		Person	1,516
By gender	Male	Person	882
	Female	Person	634
By age	Under 30	Person	919
	30-50	Person	596
	Above 50	Person	1
By region	Chinese mainland	Person	1,506
	Hongkong, Macao and Taiwan	Person	0
	Overseas	Person	10
Work Injury			
Number and rate of work-related fatalities	2021	Person	0
		‰	0
	2022	Person	1[16]
		‰	0.09
	2023	Person	1[16]
		‰	0.09
Lost days due to work injury		Days	386.75
Lost-time injury frequency rate (per million hours worked)		Number of injuries/ million hours worked	0.77
Number of occupational diseases per million hours worked		Number of occupational diseases/million hours worked	0
Number of accidents in high-risk jobs		Number of accidents	0
Employee Career Development			
Total number of trained employees		Person	9,082
Percentage of trained employees		%	99.55
Total expenditure on employee training		RMB 10 thousand	510.94
Average expenditure on employee training and development		RMB 10 thousand/Person	0.056

16 Caused by the employee's personal health issues

Appendix II – Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for 2023
Percentage of Employee Trained[17]			
By gender	Male	%	62.15
	Female	%	37.40
By position	Executive management	%	0.36
	Senior management	%	1.56
	Middle management	%	13.75
	Grassroot management	%	10.19
	General staff	%	73.69
Average training hours of employees		Hours	41.83
By gender	Male	Hours	41.47
	Female	Hours	42.42
By position	Executive and Senior management	Hours	25.89
	Middle management	Hours	33.69
	Grassroot management	Hours	42.33
	General staff	Hours	43.69
Percentage of employees receiving regular performance and career development appraisals		%	100
Percentage of vacancies filled by internal candidates		%	26.3
Diversity			
Proportion of females in each position	Board	%	50
	Executive management	%	32.4
	Senior management	%	35.0
	Middle management	%	32.6
	Grassroot management	%	46.6

17 The formula for calculating the percentage of employees trained by different categories: the number of employees trained in the x category/the total number of employees trained.

Appendix II – Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for 2023
Proportion of females management personnel in revenue generating departments[18]		%	31.7
Proportion of females in STEM related positions		%	48.3
Number of ethnic minorities		Person	200
Number of ethnic minorities in management		Person	50
Number of employees with disabilities		Person	1
Total hours of training on employee diversity policy		Hours	4,326.4
Gender Pay Gap			
Mean gender pay gap		%	4.1
Median gender pay gap		%	3.8
Basic Employee Rights			
Trade union employee coverage		%	94.4
Number of operating sites and suppliers where employees are at significant risk of exercising their collective bargaining rights		Number	0
Coverage of employees with collective bargaining agreements		%	94.4
Incidents related to child labour or forced labour		Cases	0
Number of incidents of discrimination, harassment found		Cases	0
Employee Engagement/Satisfaction			
Employee Engagement		%	78.8
Employee Satisfaction		%	85.5
Suppliers			
Number of suppliers		Number	2,098
By Region	Chinese mainland	Number	2,023
	Hong Kong, Macau and Taiwan	Number	2
	Overseas	Number	73
Number of key suppliers conducting ESG audits		Number	153

[18] Revenue generating departments refer to: sales and marketing, production and operations

Appendix II – Summary of Indices and Indicators

Social Performance Indicators	Unit	Data for 2023
Customer Service		
Percentage of product recalls for safety and health reasons	%	0
Number of complaints related to product authenticity	Number	1
Incidents of counterfeit medicines found after identification	Number	0
Number of complaints received about adverse product reactions and other reasons	Number	22
Complaint handling rate	%	100
Customer satisfaction rate	%	89.5
Intellectual Property		
Number of patents new authorized in China	Number	57
Number of new official applications for overseas patents	Number	112
Number of overseas new authorized patents	Number	27
Number of new registered trademarks (during the reporting period)	Number	4
Employee Social Contribution		
Expenditure in supporting employees in difficulties	RMB 10 thousand	203.7
Expenditure in charity donation and other relevant fields	RMB 1 million	32.07
Hours of voluntary work	Number of participants	450
	Hours	2,400
Code of Business Conduct		
Number of corruption litigation cases	Number of cases	0
Percentage of board and staff covered by anti-corruption training	%	94.6
Total amount of political contributions	RMB Yuan	0
Total hours of responsible marketing training	Hours	17,862
Corruption-related fines	RMB Yuan	0
R&D and Quality		
Fines related to clinical trials in developing countries	RMB Yuan	0
Clinical trials required to be terminated for GCP and other regulatory breaches	Number	0
Volume of FDA alert functions received	Number	0
Proportion of small molecule preclinical projects that are "technological breakthroughs"[19]	%	95

19 Technological breakthrough : pipeline medical products/drugs with a "novel mechanism of action", which are considered as "first-in-class" in the scientific community.

Appendix III – List of laws, regulations and internal policies

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

Appendix III – List of laws, regulations and internal policies

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

Appendix III – List of laws, regulations and internal policies

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

Appendix III – List of laws, regulations and internal policies

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

Appendix III – List of laws, regulations and internal policies

Department rules and major Internal management policies	Compliance Management System
	Legal Risk Management System
	Staff Handbook
	Interacting with HCPs and HCOs Behavioural Guidelines
	Behavioural Guidelines for Interaction with GOs and GEs
	Operational Guidelines for Self-organised Meetings
	Guidelines for Sponsoring Third Party Conferences
	Operational Guidelines for Medical Subvention
	Behavioural Guidelines for Interaction with Patients and Patient Organisations
	Operational Guidelines for Due Diligence on Marketing Vendors
	Operational Guidelines for Internal Investigations
	Donation Guidelines
	Support HCP's Participation in the Third Party Conference Operating Guidelines
	Anti-Corruption Policy
	Whistleblowing and Whistleblower Protection Policy
	Policy and Programme of Action to Address Global Climate Change
	Tax Guidelines
	Product Liability and Drug Accessibility Policy
	Seal Management System
	Contract Management System
	Energy Management System Manual
	Energy Review Control Procedures
	Pollutant Management System
	Material Balance and Yield Management System
	Patent Workbook for Innovative Drugs
	Operating Procedures for Patent Mining and High Value Patent Cultivation
	Operating Procedures for Confirmation of Project Patent Strategy
	Operation Procedures for the Tracking and Early Warning of the Legal Status of Project Patents
	Procedures for Handling Non-conforming Products

Appendix III – List of laws, regulations and internal policies

Department rules and major Internal management policies	Procedures for Drug Recall Management
	Responsible Marketing Policy
	General Rules for Green and Sustainable Procurement
	Supplier Management Manual
	Employee Diversity Policy
	Training Management System
	Rationalised Suggestion Management and Incentive Scheme

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

Appendix IV – Index to ESG Reporting Benchmarking

Report Sections	HKEx ESG Guidelines	SASB 2023	GRI Standard 2021[20]
About this Report	Scope of reporting, principles of reporting		2-1; 2-2; 2-3; 2-4
Message from the Chairman			
About Hansoh Pharma		HC-BP-000.A	2-1; 2-6
2023 ESG Highlight Performance			2-22 201-1
Corporate Governance			
Board Statement	Governance structure		2-9; 2-17
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Stakeholder Communication			2-16; 2-29
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Risk Monitoring			2-26; 2-27
Business ethics			
Business ethics system and management system Zero-tolerance anti-corruption policies and practices	B7-7.1, 7.2, 7.3	HC-BP-510a.1	2-25; 2-27 3-3 205-1; 205-2; 205-3; 206-1
Responsible Marketing		HC-BP-270a.1 HC-BP-270a.2 HC-BP-510a.2	
Responsible research and development		HC-BP-210a.1 HC-BP-210a.2	
Human rights protection and due diligence			2-23; 2-25
Information security and privacy protection	B6-6.5		418-1
Respect and protect intellectual property rights			
Whistle-blowing and whistleblower protection			2-26; 2-27

[20] Hansoh Pharma reports the information referenced in this content index by reference to the GRI standard on the period of January 1, 2023 to December 31, 2023

Appendix IV – Index to ESG Reporting Benchmarking

Report Sections	HKEx ESG Guidelines	SASB 2023	GRI Standard 2021[20]
Environmentally friendly			
Environmental Systems and Approach	A3-3.1 A4-4.1		304-1; 304-2
Climate Change Risk	A1-1.1, 1.2, 1.5 A2-2.1, 2.3 A3-3.1 A4-4.1		2-23; 2-25 3-3 201-2; 302-1; 302-2; 302-3; 302-4; 302-5; 305-1; 305-2; 305-3; 305-4; 305-5; 305-7
Emissions Management	A1-1.1, 1.3, 1.4, 1.5, 1.6	HC-BP-250a.4	306-1; 306-2; 306-3; 306-4; 306-5
Resource Usage	A2-2.2, 2.4, 2.5 A3-3.1		301-1; 301-2; 303-1; 303-2; 303-3; 303-5
Product quality			
R&D and Innovation	B6-6.3	HC-BP-000.B	3-3
Product Safety and Quality	B6-6.1, 6.4	HC-BP-250a.3 HC-BP-250a.5	3-3 416-1; 416-2
Customer Service	B6-6.2 B7-7.2	HC-BP-260a.1 HC-BP-260a.2 HC-BP-270a.2 HC-BP-510a.2	417-1; 417-2; 417-3
Sustainable Supply Chain			
Supplier management strategies	B5-5.1, 5.2	HC-BP-430a.1	2-6;
Supplier code of conduct and evaluation of access	B5-5.2, 5.4	HC-BP-430a.1	308-1 414-1
Supply chain risk identification and control	B5-5.3	HC-BP-430a.1	308-2 414-2
Green Supply Chain and carbon emission management	B5-5.2, 5.4		204-1
Supply Chain Resilience and Collaborative Development	B5-5.3		

Appendix IV – Index to ESG Reporting Benchmarking

Report Sections	HKEx ESG Guidelines	SASB 2023	GRI Standard 2021[20]
Talent development			
Diversified Talent Team	B1-1.1 B4-4.1, 4.2	HC-BP-330a.1	2-7 401-1; 405-1
Talent Cultivation and Development	B3-3.1, 3.2	HC-BP-330a.1 HC-BP-330a.2	404-1; 404-2; 404-3
Employee Rights and Benefits	B4-4.1, 4.2		2-23; 2-30 3-3 201-3 401-2; 401-3; 403-3; 406-1; 407-1; 408-1; 409-1
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Access to Healthcare			
Innovations benefit patients around the world		HC-BP-240a.1	
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End-to-end full course service for rare diseases		HC-BP-240a.1	203-2; 416
Improve global drug affordability		HC-BP-240a.1	203; 416
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Community development and public welfare activities			3-3; 203; 413
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