翰森製藥
HANSOH PHARMA

2024 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)

CONTENTS

ABOUT THE REPORT

The Report is the sixth Environmental, Social and Governance ("**ESG**") Report of Hansoh Pharmaceutical Group Company Limited (the "**Company**") upon its listing. It systematically elaborates on ESG governance, strategies, risks, goals and performance of the Company and its subsidiaries (the "**Group**" "**Hansoh Pharma**" "**We**") in 2024 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, 2024 to December 31, 2024 ("**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 2024 Annual Report. Given the subsidiaries of the Company, Jiangsu Hansoh Pharmaceutical Group Co., Ltd. (江蘇豪森藥業集團有限公司) ("**Jiangsu Hansoh**"), Changzhou Hansoh Pharmaceutical Group Co., Ltd. (常州恒邦藥業有限公司) ("**Changzhou Hansoh**") and Shanghai Hansoh Biomedical Co., Ltd. (上海翰森生物醫藥科技有限公司) ("**Shanghai Hansoh**") accounted for over 90% of the Group's operating revenue in 2024, they are major operating entities of the Group, and also major environmental impact companies. On the principle of materiality, 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 Code (《環境、社會及管治報告守則》) (the "**ESG Code**") as set out in Appendix C2 to the Listing Rules of The Stock Exchange of Hong Kong Limited (the "**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' Sustainability Disclosure Standard (IFRS Sustainability Disclosure Standard). It is also in alignment with the United Nations Sustainable Development Goals (SDGs), and the concerned issues of the Morgan Stanley Capital International (MSCI) ESG rating and the S&P Global Corporate Sustainability Assessment (CSA).

REPORTING PRINCIPLE

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

Materiality

The Company conducted daily communication and specific surveys with stakeholders to collect and analyze ESG issues which are the most pressing issues of various parties, and the most important ones of the Company. 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 Section 4.4 – Material Issues.

Quantitative

To help stakeholders clearly and accurately 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 scope as boundaries 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

The 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, and will be published on the websites of the Company (www.hspharm.com) and the Stock Exchange (www.hkexnews.hk). For any suggestion and comment on the Report, please contact us at the email address: IR@hspharm.com

CONFIRMATION AND APPROVAL

The Report is confirmed by the management of the Company and independently verified by the China Quality Certification Center, and is approved by the Board of Directors of the Company on April 28, 2025.

1 CHAIRLADY’S STATEMENT

As we traverse the close of 2024, Hansoh Pharma stands poised to commemorate three decades of purposeful progress. Through three decades of challenges and triumphs, Hansoh Pharma has unwaveringly upheld its values of “Responsibility, Integrity, Diligence, and Innovation”, and has gradually grown into an innovation-driven pharmaceutical enterprise with global influence. We are keenly aware that such an achievement could not have been realized without the Company's unwavering emphasis on Environmental, Social, and Governance (ESG) principles, the consistent concern support and help from the relevant parties. This, in turn, has further strengthened our confidence and resolve to stay the course on the path of sustainable development.

Over the past year, we have continued our efforts across innovation driven transformation, green development, societal stewardship, and talent cultivation, achieving new progress along the way. We have strengthened our ESG management system by ESG Committee regularly reviews the alignment between our corporate strategy and ESG objectives. This ensures effective oversight in areas including climate risk, information security, inclusive healthcare, integrity and anti-corruption, as well as occupational health and safety.

We have formalized a “Environmental and Biodiversity Protection Policy”, implementing routine monitoring of ecological indicators surrounding our operational facilities and conducting biodiversity assessments to minimize our environmental footprint. Additionally, revisions to our “Policy and Action Framework to Address Global Climate Change” have enabled ongoing evaluation of climate-related risks, bolstered emergency preparedness and sensitivity testing, and helped continuously strengthen our climate resilience.

Our continued investment in research and development and the results obtained have been widely recognized both domestically and internationally, and has yielded substantial returns in the market. As of the end of the Reporting Period, Hansoh Pharma had successfully launched seven innovative drugs within China, with all approved indications included in the National Reimbursement Drug List (NDRL). In 2024, revenue from innovative drugs and collaborative products topped 77.3% of our total sales. Innovation has become and will continue to be the driving force at the heart of Hansoh Pharma's mission and vision.

We have consistently aligned ourselves with globally advanced quality and regulatory standards to ensure drug safety. At the same time, we have integrated management tools such as Performance Excellence, Lean Production, Six Sigma, and Business Continuity Planning into our operations, striving to reduce operational costs and enhance drug accessibility and availability, thereby actively advancing inclusive healthcare. By the end of 2024, Hansoh Pharma’s products had reached and benefited patients in over 80 countries and regions worldwide, including more than 40 low- and middle-income nations recognized by the United Nations.

In adherence to relevant conventions of the International Labour Organization (ILO), we safeguard employees’ rights and interests while continuously optimizing talent structures to fortify the foundation for innovation-driven transformation. In 2024, we polished our human resources institutional system and organizational framework, launched specialized and general-purpose training programs alongside vibrant cultural and recreational activities. These initiatives further elevated staff competencies and professional capacity, strengthened their sense of belonging, engagement and satisfaction, and rendered robust support to our innovation-driven and high quality development.

The year 2025 marks Hansoh Pharma’s 30th anniversary – a milestone symbolizing three decades of growth and resilience. As we stride toward our vision of “Committed to Becoming the World’s Leading Innovation-driven Pharmaceutical Enterprise”, we reaffirm our conviction that innovation is the core engine driving the high-quality development of an enterprise, greenness is the distinctive foundation laying the path for an enterprise's sustainable development, and responsibility is the fundamental cornerstone for an enterprise to achieve long-term prosperity. Building on this anniversary, we rededicate ourselves to our mission of “Continuous Innovation for Better Life” by upholding uncompromising ethical standards and fostering a transparent organizational culture. We will vigorously align with the United Nations Sustainable Development Goals (SDGs) to deliver even greater contributions to human health equity.

Zhong Huijuan
Chairlady and Chief Executive Officer

2 ABOUT HANSOH PHARMA

The Company is a leading innovation-driven pharmaceutical company in China, with the mission of "Continuous innovation for better life". The Company focuses on major disease therapeutic areas including oncology, anti-infections, central nervous system, metabolism and autoimmunity. Consistently ranked among the Top 100 Global Pharmaceutical Enterprises and the Top 3 China's Best Industrial Enterprises in Pharmaceutical R&D Pipeline, we are recognized as a National Key High-Tech Enterprise and a National Technology Innovation Demonstration Enterprise. The Company was listed on the Hong Kong Stock Exchange in June 2019 (03692.HK).

Hansoh Pharma actively explores the cutting edge of global pharmaceutical technology, accelerating the R&D and commercialization of innovative products. Currently, the Company has established four R&D centers in Shanghai, Lianyungang, Changzhou, and Maryland (USA), with over 1,800 professional R&D personnel. The Company has built a comprehensive R&D system covering the entire process from frontier information collection, compound design and screening, pharmacological and toxicological research, to clinical medical research. The Company has founded multiple national-level R&D institutions, including the National Enterprise Technology Center, Post-doctoral Research Station, and Key National Laboratory. Through years of accumulation, the Company has developed high-efficiency innovative drug R&D capabilities, covering antibody-drug conjugates (ADC), synthetic peptides, siRNA, bispecific antibodies, and small molecules. With over 60 clinical trials across 40 innovative drug candidates programs, the Company has cultivated a robust and highly competitive R&D pipeline.

In 2024, Hansoh Pharma recorded revenue of RMB12.261 billion, representing a year-on-year increase of 21.3%. Revenue of innovative drugs and collaborative products reached RMB9.477 billion, and the proportion of total revenue has increased to 77.3%. Innovative drugs have become the core driver of the Company's sustainable growth. As of the end of the Reporting Period, the Company has obtained approval for seven innovative drugs, with nine indications included in China's National Reimbursement Drug List (NRDL), providing more patients high-quality treatments while significantly reducing their medication costs.

Under its global strategy, Hansoh Pharma has accelerated business development (BD) collaborations, actively exploring novel targets, expanding new directions, and partnering on new technologies. To date, Hansoh Pharma has secured a total of 11 in-licensing projects, with 9 in clinical stage and 2 already in the commercialization phase. Simultaneously, the Company is committed to promoting its self-developed results to the global market, having entered into out-licensing collaborations with leading international pharmaceutical companies such as GSK and MSD.

Hansoh Pharma has always maintained dynamic consistency with global advanced levels of creation by continuously designing and building production facilities and production lines in accordance with international advanced quality standards. The Company’s 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.

Innovation drives growth, and technology shapes the future. Hansoh Pharma will continue to deepen its dual-engine strategy of "Innovation and Globalization", with a view to meeting the clinical needs of patients in China and around the world, and contributing to exploring and developing more innovative and effective medicines to safeguard life and health.

3 2024 PERFORMANCE HIGHLIGHTS

With the attention and support of our stakeholders, Hansoh Pharma has continuously optimized its responsible operation system, and made some progress in open innovation, talent development, academic and industry contribution, medical education, and community care.

3.1 RESPONSIBILITY FOOTPRINT

Innovation Achievements

- Eight new innovative drug candidates entering clinical stage, (including two in-licensing drug candidates).
- Self-developed B7-H3 targeting antibody-drug conjugate (ADC) received Breakthrough Therapy Designation in China, the United States and Europe.
- XINYUE (Inebilizumab) was granted priority review for a new indication for the treatment of IgG4-related diseases.
- Hansoh Pharma entered into a License-out agreement with MSD, granting MSD exclusive global license for oral GLP-1 receptor agonist HS-10535 under development.

Industry Recognition

- Jiangsu Hansoh has been ranked among the top three "Best Industrial Enterprises in China's Pharmaceutical R&D Pipeline" for eight consecutive years.
- Aumolertinib Mesilate won the "China Industry Award" and the "First Prize of Jiangsu Science and Technology Award."
- Hansoh Pharma has been ranked in the top tier of the "Top 100 Innovative Pharmaceutical Enterprises in China" for six consecutive years.
- Hansoh Pharma won the Top 10 Innovative BigPharma Enterprises in China.
- The brand value of Jiangsu Hansoh was again ranked third in the "Pharmaceutical and Healthcare Group" assessed by China Brand Construction Promotion Association.

Responsibility Practice

- Jiangsu Hansoh won the "National May 1 Labor Certificate".
- Shanghai Stroke Association issued the Expert Recommendations for Clinical Practice of Inebilizumab in the Treatment of Neuromyelitis Optica Spectrum Disorders
- All of Hansoh Pharma's production and operation bases maintain full coverage of the three-system certification, including quality, environment, and occupational health and safety.
- Hansoh Pharma assessed the biodiversity impacts in its major operation sites.

3.2 DATA PERFORMANCE

Financial Performance

Revenue (RMB)	Profit (RMB)	R&D cost of the revenue	Revenue of innovative drugs and collaborative products accounted for the revenue
12.261 billion	4.372 billion	22%	77.3%

Corporate Governance

The ESG Committee of the Board convened	Anti-corruption training covers directors and staff	Percentage of female directors	Percentage of female executive management
2 meetings	96%	50%	42.6%

Environment Friendly

Progress of greenhouse gas emission reduction:

Comepared to emissions of base year, the emissions of greenhouse gas per unit revenue (scope I and scope II) reduced

32.84% ↓

Progress on energy efficiency:

Comepared to consumption of base year, the comprehensive energy consumption per unit revenue reduced

15.69% ↓

Progress of emission reduction of wastewater:

Comepared to Chemical Oxygen Demand (COD) of base year, the COD in wastewater per unit revenue reduced

26.24% ↓

Comepared to ammonia nitrogen of base year, ammonia nitrogen in waste water per unit revenue reduced

83.82% ↓

Product Quality

Customer satisfaction rate

Jiangsu Hansoh: **89.5%**

Changzhou Hansoh: **89.09%**

Approval rate for product certification checks and customer audits

100%

Quality training for a total of

334,085 hours

Sustainable Supply Chain

Audited suppliers

188

The Supplier Code of Conduct covers

100% of suppliers

Talent Development

General or above production safety accidents

0

Identified cases of occupational diseases

0

Training coverage rate

99.64%

Training hours per employee reached

71 hours

During the Reporting Period, the Staff Mutual Fund has subsidized

417 person-times

with an amount of RMB **2.223 million**

Access to Healthcare

Investment in public welfare (RMB)

35.438 million

Long-term drug donation programs

2

Total hours of volunteer services

452 hours

Number of Hansoh Pharma products entering middle- and low-income countries and regions

42

Number of patients covered by rare disease patient education activities, collaborated with public welfare organizations

24,000 person-times

3.3 ESG-RELATED HONORS AND AWARDS

MSCI ESG rating remained at
AA Rating

S&P Global
2024 CSA
(Corporate Sustainability Assessment)
scored 70

S&P Global
Top 1%
2024 Sustainability Yearbook
Member (China edition)

S&P Global
2025 Sustainability Yearbook
Member (Worldwide)

HRoot
2024 Best Employers

(Jiangsu Hansoh)
EcoVadis Bronze Medal

E Pharmaceutical Manager
Chinese Listed Pharmaceutical Companies
2024 ESG Competitiveness
Top 20

CLS (財聯社)
2024
ESG Pioneer Award

CORPORATE GOVERNANCE

04

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Hansoh Pharma has established a sound top-level regulatory framework for ESG governance. The Company has set up an ESG Committee at the Board level, which integrates the concept of sustainable development into the strategic planning system, coordinates the formulation of major ESG policies at the Group level, and effectively guides the implementation of each business unit. By regularly reporting to the Board of Directors on the progress of implementation of ESG policies and the completion of performance targets, each business unit has achieved a closed-loop management from concept to practice. To ensure the effectiveness of risk prevention and control, the Company has established a risk monitoring mechanism independent of the business system, and maintains forward-looking forecasts of risks arising from policy changes, industry dynamics and environmental factors (especially climate change). Through a top-down collaborative deployment mechanism, we continuously strengthen its risk management and control capabilities to provide a solid guarantee for the sustainable development of the enterprise.

4 CORPORATE GOVERNANCE

4.1 BOARD STATEMENT

The Board of Hansoh Pharma is ultimately responsible for the planning, implementation and supervision of the Company's ESG strategies. The Board sets up the ESG Committee to specifically formulate the ESG vision, objectives and strategic framework, supervise the progress and implementation of related work, monitor the progress and status of relevant work, assesses the material ESG issues, risks and opportunities, and reviews the communication methods with shareholders and the ESG-related disclosures.

The ESG Committee was established in 2021 and is chaired by an Executive Director with two other Independent Directors as members. The three members have extensive experience in R&D and quality control in the pharmaceutical industry, expertise in financial compliance and risk management, and a background in human resources management, respectively. They receive regular special training on ESG, are able to effectively supervise the Group's ESG affairs, and provide professional advice to the Board on the completeness of ESG reporting, the setting of strategic objectives, the optimization of structures and the enhancement 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 held two meetings, focusing on reviewing the progress of the Company's ESG targets, assessing ESG risks and opportunities such as climate change, and prioritizing material issues. The meetings also reviewed and approved relevant policies, promoting the deep integration of ESG targets with business strategies. In addition, the Committee submitted an ESG performance improvement plan to the Board and organized the monitoring of related progress.

Policy Development

The Environment and Biodiversity Protection Policy, and the Privacy Policy were newly formulated, systematically expounding Hansoh Pharma's commitments and positions on environmental and ecological issues, and privacy protection, and clarifying governance responsibilities and monitoring systems; the Policy for Addressing Global Climate Change was revised, optimizing the scenario settings and assumptions for climate risk identification and assessment, and improving the capability for quantitative analysis of the financial impact of climate risks.

Risk Monitoring

Hansoh Pharma has established a systematic risk management and monitoring mechanism. The Board supervises the identification, assessment and analysis of core ESG-related risks, such as climate change, changes in policies and regulations, and industry compliance, and has also established a risk early warning system independent of business departments to ensure the timely capture of risk signals. The ESG Committee and the management regularly report to the Board on risk rating results and response strategies, and promote the optimization of internal control processes based on risk priorities. Members of the Board regularly participate in risk training to continuously improve their ability to assess emerging risks, providing accurate risk prevention and control support for the decision-making of the Board.

Materiality Analysis

Under the supervision of the Board, the ESG Committee and its Working Group maintained good communication with internal and external stakeholders and identified and assessed material ESG issues through various channels. The ESG strategy was further adjusted and optimized in response to key issues of high concern to stakeholders. The Board, the management and the relevant business departments discussed and analyzed the situation, and made appropriate adjustments to business strategies and management policies in light of international ESG development trends and best practices in the industry. The process of material issue identification and the results of ESG materiality assessment will be elaborated in Section 4.4 - Material Issues.

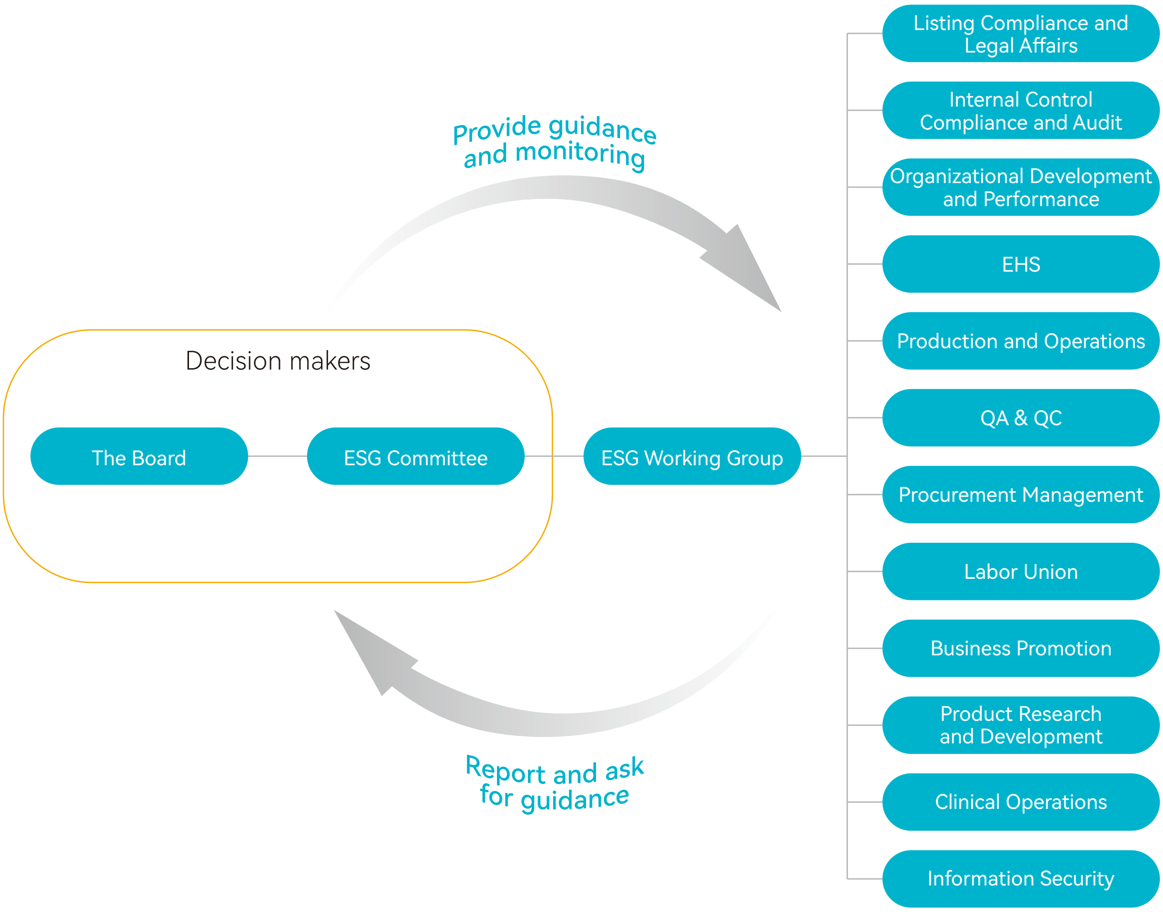
The ESG-related Monitoring and Implementation Priorities by the Board in 2024

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, and actively studies the latest ESG disclosure requirements of the Stock Exchange, international social responsibility standards and information disclosure frameworks, closely focuses on the key issues of concern to mainstream rating agencies and related parties, follows up on the laws, regulations and industry policies in each operating region, integrates resources to support the implementation of various enhancement projects and assumes ultimate responsibility. During the Reporting Period, the Board received reports from the ESG Committee at two meetings and held in-depth discussions on ESG-related issues.

An ESG Working Group is set up under the ESG Committee, whose members include key personnel from relevant business and functional modules of the Group, with professional knowledge and extensive experience. Under the guidance of the ESG Committee, the Working Group efficiently promotes ESG-related work and implements risk control measures. The Working Group regularly reports to the ESG Committee on key ESG performance and target achievement, communicates the Company's ESG philosophy to internal and external stakeholders, conducts training and publicity activities, collaborates with all employees and industry partners to promote the implementation of the Company's ESG strategy, and contributes to the sustainable development of the whole society.



To effectively enhance ESG performance and ensure target achievement, Hansoh Pharma deeply integrates ESG philosophy into its corporate development strategy and incorporates ESG-related indicators, including product quality, environmental protection and climate risk management, employee development, occupational health and safety, innovation and R&D, legal compliance, intellectual property protection, and information security, into the performance appraisal system for the senior management team. Through strategic management and using the Balanced Scorecard tool, the Company breaks down ESG targets into financial, customer, business process, knowledge and capability (support) dimensions and assigns them to various functional departments and employees, ensuring close alignment with management objectives at all levels and forming a top-down, cascaded indicator system. Meanwhile, in the bottom-up work reports, the implementation progress and target achievement of ESG-related projects are listed as mandatory review items. Moreover, the Company regularly conducts internal and external evaluations or audits in key risk areas such as responsible marketing, business ethics, procurement and tendering, human rights and diversity, ecological impact, and information security and cybersecurity to identify management weaknesses in key business processes and develop improvement plans, thereby forming a closed loop of Plan-Do-Check-Act (PDCA) for ESG performance management.

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, optimizing the governance structure, and broadening information communication channels to enhance the transparency of the Company to shareholders and stakeholders. Meanwhile, we have strengthened compliance management and system construction to protect the legitimate rights and interests of shareholders and stakeholders, thereby promoting the 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 business integrity, clinical ethics, responsible marketing, information security, and anti-corruption.

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 promotion, 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. Enhance the accessibility of innovative achievements through professional academic promotion and precise patient education in collaboration with public welfare organizations. 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 Resources 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.

Environmental Protection and Community 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 sound and stable internal and external environment is essential for the Company's normal operations and for achieving solid economic returns. Hansoh Pharma actively responds to the United Nations Sustainable Development Goals (SDGs). While pursuing economic benefits, it attaches great importance to the needs of society, the environment, and stakeholders, and deeply integrates the concept of sustainable development into the Company's overall strategy. Through its strategic management mechanism, the Company has achieved a high degree of synergy between the UN Sustainable Development Goals and its core business. In its strategic planning, Hansoh Pharma has specifically incorporated a global corporate citizenship strategy, which includes 15 specific targets related to the UN Sustainable Development Goals. The Company has set Key Performance Indicators (KPIs) for these targets, developed detailed action plans, and conducts regular assessments and adjustments. The achievement of these targets will be presented in detail in the corresponding sections of the Report.

Corporate citizenship strategic objectives	Priorities	Corresponding SDGs	Relevant KPIs
Corporate governance and ethical value objectives	Compliance with laws and regulations, current business rules and international standards, anticorruption and anticommercial corruption regulations, etc.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	• Coverage of anticorruption training • Scope of anti-corruption audits
Employee responsibility objectives	Occupational health and safety of employees, equal employment opportunities, communication and care, employee training and development, antidiscrimination, salary and benefits, etc.	4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	• Number of influential events and safety accidents at or above the ordinary level • Average annual training hours per employee • Proportion of new employees receiving diversity training • Proportion of operating sites covered by health and safety risk assessment
Environment responsibility objectives	Maintain environmental quality, use clean energy, save resources and energy, combat climate change, etc.	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND	• Emissions of VOCs 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 and compliant disposal proportion of non-hazardous waste
Social responsibility objectives	Access to healthcare, responsible marketing, product and patient safety, coordinated development of industry, etc.	3 GOOD HEALTH AND WELL-BEING 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Revenue from innovative drugs as a percentage of operating revenue • Number of innovative drugs approved for marketing and included in the National Reimbursement Drug List • Number of products entering low- and middle-income countries • Number of patients with rare diseases benefited by innovative drugs

4.3 COMMUNICATION WITH STAKEHOLDERS

Hansoh Pharma attaches great importance to the concerns of its stakeholders, actively responds to their expectations and adopts their suggestions. It collects opinions from internal and external stakeholders extensively through efficient and transparent communication channels and continues to improve the Company's sustainable development management. During the Reporting Period, we identified seven categories of core stakeholders by considering the characteristics of the industry and the actual business operations and referring to the best practices of outstanding peers globally. We have also established a systematic communication mechanism for their concerns.

Recognition of stakeholders	Type of stakeholder	Issue concerned	Communication method
Director	Member of the Board of Directors	• Corporate governance • Risk and crisis management • Product safety and quality • Business ethics and anti-corruption • Environmental policies	• ESG Report • Meetings of the Board of Directors and the ESG Committee • Regular reporting • Director training
Shareholder	Investor Shareholder	• Pharmacovigilance • Safety of participants in clinical trials • Product safety and quality • Energy source • Business ethics and anti-corruption	• 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 • Product R&D and innovation • Safety of participants in clinical trials • Employee benefits and compensation • Environmental policy • Occupational health and safety	• Human Resources 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

Recognition of stakeholders	Type of stakeholder	Issue concerned	Communication method
Government regulatory organ	Government Regulatory organ	• Environmental policies • Product safety and quality • Biodiversity • Access to healthcare • Pharmacovigilance	• Meetings organized by the government • Announcements, news release • Annual reports, ESG reports • Special work reports • Visits, inspections, and expert invitations • Information declaration and unannounced inspections
Cooperation and supply chain	Business partner Supplier	• Product safety and quality • Access to healthcare • Safety of participants in clinical trials • Business ethics and anti-corruption • Identification, assessment and mitigation of climate risks	• Invitation for bids • Supplier assessment • Supplier training • Supplier audit • Invitation for technical training • Regular/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 • Environment Policy • 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 • Identification, assessment and mitigation of climate risks • Access to healthcare • Product R&D and innovation • Corporate citizenship and charity • Water resources and sewage	• Press release, announcements • Charity activities and volunteer services • Community visits • Public conferences of the Company • Official website and WeChat official account • Media interview and communication

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 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).

Aside from daily interaction with stakeholders, we also conduct interviews, surveys, questionnaires, etc. to have an in-depth understanding of the key concerns of all parties on the issue list 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, a professional team 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 is incorporated into the strategic decision-making and resource allocation processes. And the highly important issues will directly affect the remuneration assessment of relevant senior executives.

During the Reporting Period, we visited 2 communities, conducted over 40 departmental interviews, and collected 69 questionnaires. Of the questionnaires, external questionnaires accounted for 55.1%, totaling 38; internal questionnaires accounted for 44.9%, totaling 31. As compared to 2023, such topics as product safety and quality, safety of participants in clinical trials, product R&D and innovation, compliance with laws and regulations, occupational health and safety, employee benefits and compensation, pharmacovigilance, employment, and business ethics and anti-corruption remain highly material, while stakeholders' concerns about environmental policies, employee rights and communication, and waste have increased, and the materiality of topics such as risk and crisis management have slightly decreased.

The above issues with high materiality, as the common concerns of stakeholders in 2024, are the focus of disclosure in the Report to varying degrees.

Matrix of Material ESG Issues of Hansoh Pharma for 2024

Issues with high materiality

1 Product safety and quality
2 Safety of participants in clinical trials
3 Product R&D and innovation
4 Compliance with laws and regulations
5 Occupational health and safety
6 Environmental policies
7 Employee benefits and compensation
8 Pharmacovigilance
9 Employment
10 Employee rights and communication
11 Waste
12 Business ethics and anti-corruption

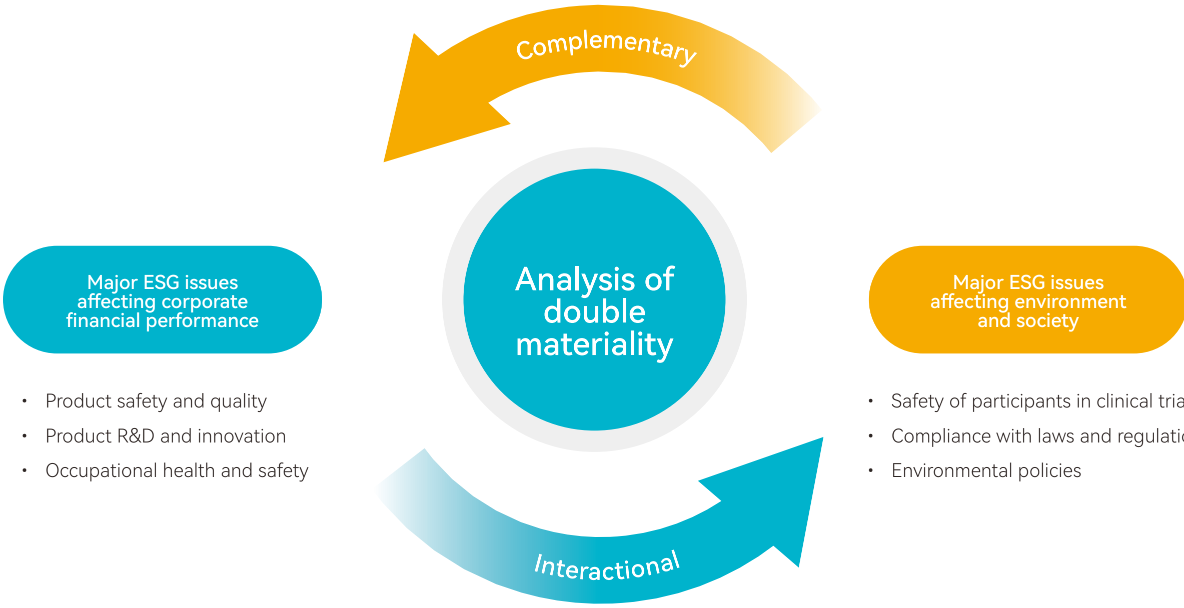
Issues with moderate materiality

13 Water resources and sewage
14 Training and development
15 Diversity and equal opportunities
16 Greenhouse gas and hazardous gas emissions
17 Ethical marketing
18 Risk and crisis management
19 Access to healthcare
20 Energy
21 Sustainable supply chains
22 Identification, assessment and mitigation of climate risks
23 Corporate Governance
24 Materials
25 Information/network security and system availability
26 Corporate citizenship and charity
27 Biodiversity

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

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.



- Product safety and quality
- Product R&D and innovation
- Occupational health and safety

- Safety of participants in clinical trials
- Compliance with laws and regulations
- Environmental policies

Business indicators related to major issues

- **Product safety and quality:** the number of product recalls, deaths caused by product quality, and economic losses related to product quality
- **Safety of participants in clinical trials:** the proportion of subjects signing the informed consent form, and regulatory penalties for harming subjects' rights and interests
- **Product R&D and innovation:** the revenue share of innovative drugs, R&D expenditures
- **Compliance with laws and regulations:** the number of punishment cases and the amount of fines due to violations of laws and regulations
- **Occupational health and safety:** number of work injury and death, number of general or above production safety accidents, number of occupational diseases, number of safety drills
- **Environmental policies:** environmental system coverage, environment and climate related training coverage, number of environmental violation incidents

4.5 RISK MONITORING

Hansoh Pharma always adheres to the principles of "comprehensiveness, importance, checks and balances, adaptability and cost-effectiveness", pays close attention to changes in political and economic environment, natural environment and industry policies, follows up the impacts of new technologies and new cultures, and conducts in-depth research on human health and the disease spectrum changes in China and the world, and formulates product R&D plans through cross-departmental thematic analysis. We regularly identify external risks that may affect the Company's operations and long-term development, and formulate response strategies in advance for emerging risks. Meanwhile, the Company strictly reviews its internal operations, identifies potential risks through various assessments and audits, conducts timely reviews and corrections to eliminate hazards. 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, to ensure effective risk control and management, assets and business operations security, and the truthfulness and integrity of information disclosure.

4.5.1 External Emerging Risks and Countermeasures Against Them

During the Reporting Period, Hansoh Pharma identified and dynamically monitored two emerging risks. After comprehensive assessment, these risks will not have a significant direct impact on the Company's overall operations in the short term. However, in the long term, they may pose potential challenges to the R&D strategy, internationalization process, and business model. In response to this, the Company has and will continue to pay close attention to them, conduct in-depth research, take countermeasures, and enhance our ability to prevent risks and seize opportunities.

Risk 1: Disruptive changes in AI-driven drug R&D technologies

Risk description

With the accelerating penetration of artificial intelligence (AI) and machine learning technologies in the field of drug R&D, traditional R&D models may be replaced by rapidly iterative algorithm-driven R&D. In the next 5-10 years, AI may significantly shorten the drug R&D cycle (from an average of 10 years to 3-5 years) and significantly reduce the failure rate. If Hansoh Pharma fails to deploy AI technology capabilities in a timely manner, it may face the risk of lagging behind in R&D efficiency and the breakthrough of patent barriers, leading to a decline in the competitiveness of its core product pipeline.

Potential impacts

- **Weakening of R&D competitiveness:** Competitors may use AI technology to analyze massive biomedical data to quickly identify potential drug targets and use AI algorithms to rapidly screen for promising compounds, thereby seizing market opportunities.
- **Increased cost pressure:** Through simulation and prediction, AI can reduce the amount of experimentation, optimize and design drug molecules with higher success rates, and reduce R&D costs. It can also precisely design clinical trial protocols to reduce time and money waste. The high investment in traditional R&D models may lead to a continuous decline in return on investment due to low efficiency.
- **Intensified talent competition:** The advantages of AI in drug R&D have made AI R&D compound talents a scarce resource in the industry, driving up labor costs.

Mitigation measures

- **Technological deployment:** Establish strategic cooperation with AI drug research platforms to jointly explore efficient R&D models.
- **Process reengineering:** Integrate AI technology into target screening, molecular design, clinical trial simulation, and other aspects, and establish a dual verification mechanism of "algorithm + experiment".
- **Ecosystem construction:** Collaborate with universities to launch interdisciplinary talent cultivation programs on AI drug research, and build a reserve of compound talent team with backgrounds in both biology and data science.

Risk 2: Tightening of global drug pricing policies and restructuring of market access

Risk description

Major markets, such as Europe and the United States, may implement stricter drug price control policies in the next 5-10 years. For example, the US Inflation Reduction Act of 2022 requires the Centers for Medicare and Medicaid Services (CMS) to directly negotiate with pharmaceutical manufacturers for specific drugs to reduce the reimbursement cost under Medicare part D. In the future, there may be more similar measures with government agencies involved in the drug price negotiation for a wider range of drug varieties. The EU HTA legislation (2021/2282) , the EU Health Technology Assessment Regulation, came into effect on January 12, 2025. It aims to comprehensively review the intrinsic value of drugs and assess whether they are "worth the cost", requiring companies to provide additional clinical evaluation documents and more comprehensive supporting documents for drug value and pricing, increasing the complexity of market access. Emerging markets (such as Southeast Asia and Africa) face the challenge of balancing patent protection and public health security. They may expand the R&D and production authorization of generic drugs within a reasonable scope through "compulsory licensing" and the patent linkage system, so as to meet the public's demand for low-cost drugs. These policies may lead to the compression of premium space for innovative drugs and a decline in expected life cycle revenue of patented drugs.

Potential impacts

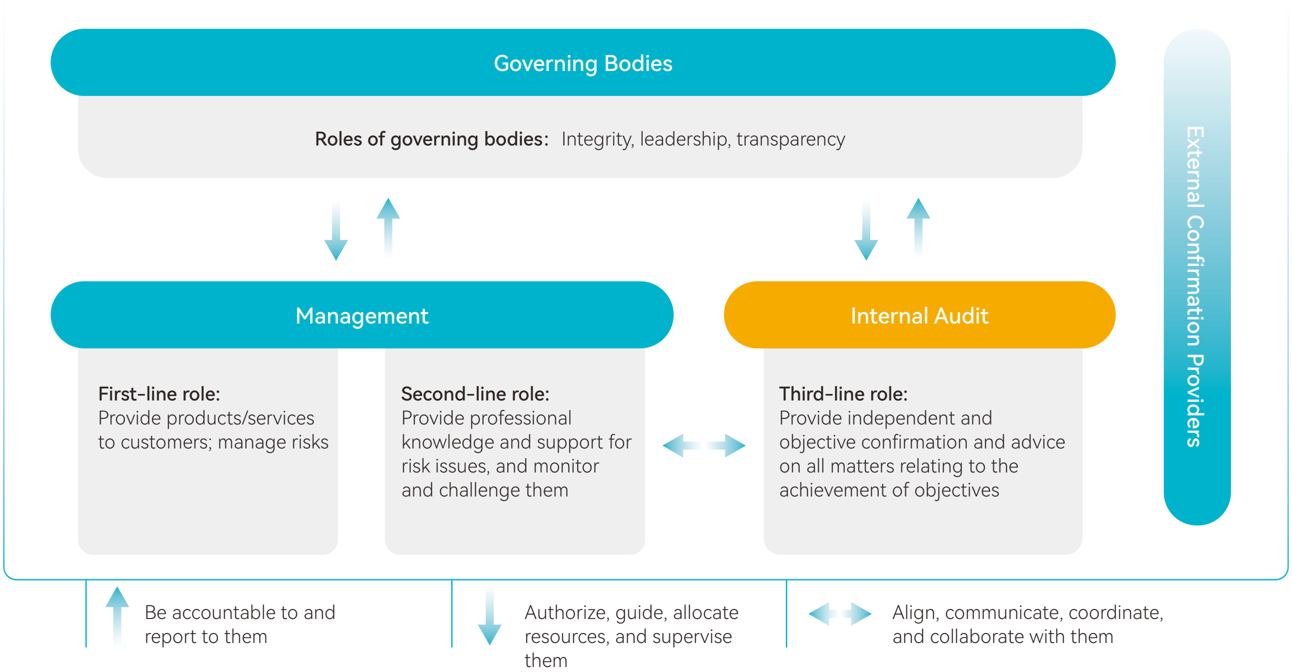
- **Profit pressure:** Innovative drugs with high R&D investment face price ceilings, which may affect pipeline ROI.
- **Changes in market landscape:** The accelerated penetration of generic drugs in emerging markets may erode the market share of original drugs.
- **Strategic passivity:** Policy-driven market access barriers have increased, requiring a reassessment of regional market priorities.

Mitigation measures

- **Market diversification:** Accelerate the layout in emerging markets with greater policy flexibility, such as the Middle East and Latin America, to disperse policy risks in a single market.
- **Cost optimization:** Reduce unit product costs and hedge against price pressure by adopting green pharmaceutical processes and AI-driven production process optimization.
- **Policy synergy:** Establish localized policy research teams in key markets to participate in the formulation of international drug price negotiation rules and anticipate compliance pathways and response strategies in advance.
- **Business model innovation:** Explore “Value-Based Pricing” agreements and establish risk-sharing mechanisms with payers.

4.5.2 Risk Management

In strict accordance with the requirements of the Listing Rules of the Stock Exchange and the Basic Standard for Enterprise Internal Control issued by the Ministry of Finance, Hansoh Pharma refers to the internal control framework established by COSO, and has built a comprehensive risk management system, taking into account the actual operational needs of the Group, and has formulated and continuously optimized the Hansoh Pharma Internal Control Management Standards. These standards clearly define the five core dimensions of risk management - optimization of internal environment, establishment of assessment mechanisms, standardization of control activities, improvement of information communication system and enhancement of internal supervision efficiency, forming a closed loop of risk control covering the entire business chain. During the Reporting Period, the Company effectively performed its risk management responsibilities through systematic risk prevention and control measures, effectively improving the quality of business decisions and its ability to withstand risks.



Three-line Model of Risk Management

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

As an independent risk monitoring department, the Internal Control and Internal Audit Center reports directly to the Audit Committee of the Board of Directors, and is responsible for establishing and improving the internal supervision mechanism, and coordinating the daily supervision and special audit work. Through systematic internal audits, it evaluates the effectiveness of risk control, identifies and reports internal and external risks and internal control deficiencies in a timely manner to ensure the comprehensive coverage and continuous improvement of risk management.

For key risk areas such as quality, environment, occupational health and safety, and information security, each operating site has established a standardized management system, conducts internal audits regularly, and introduces third-party supervisory certification. Through systematic evaluation and review, it dynamically identifies, monitors and controls potential risks, continuously optimizes and improves measures, ensures that business processes and activities meet the needs and expectations of stakeholders, including government regulators, and enhances the Company's ability to respond to risks in a complex business environment.

Risk Management PDCA Cycle

Goal setting
Sort out relevant risk information, including strategic goals and key performance indicators, and clarify risk management goals.

Risk identification
Collaboratively identify potential risks through interviews and seminars with business units.

Risk assessment
Combining qualitative and quantitative methods to assess the possibility and impact of risks, and determine the priority level of risk control.

Risk response
Collect and organize risk response plans, and formulate targeted control strategies.

Implementation control activities
Implement risk response control measures and ensure that control activities continue to operate effectively.

Supervision and continual improvement
Carry out supervision and audit, evaluate the effectiveness of risk control measures, and continuously improve the risk management system.

According to risk management requirements, Hansoh Pharma establishes risk management objectives, evaluation criteria, and assessment systems in organizations at all levels, covering core businesses such as research and development, production, and promotion. The implementation and audit results of risk control will be incorporated into the performance appraisal results of managerial personnel and employees at all levels. Persons responsible for major risk events will be dealt with in accordance with the reward and punishment provisions in the Employee Handbook. Employees who take the initiative to investigate and report risk hazards and actively participate in improvements will be rewarded in accordance with relevant regulations.

Case: Systematic Enhancement of Hansoh Pharma's Legal Risk Prevention Ability

Strengthen the Institutional System Construction
Continue to improve core systems such as anti-monopoly compliance and contract management, systematically promote system updates and optimization, and ensure that all management activities have a basis. Through the construction of the institutional system, clarify the basic principles and operating specifications of compliance management, and comprehensively reduce compliance and operational risks.

Enhance the Legal Awareness of All Staff
Regularly carry out legal knowledge training and publicity activities to continuously enhance employees' legal awareness and risk prevention capabilities. A tracking and analysis report on laws and regulations is issued quarterly to provide accurate risk warnings and compliance guidance to relevant departments; legal literacy of employees is enhanced and the awareness of compliance throughout the Company is strengthened through "Legal Tips" and other forms.

Establish a Risk Prevention and Control Mechanism for the Whole Business Process
Based on the systematic sorting and optimization of key business processes, legal risk prevention and control measures are deeply embedded in key links such as research and development, promotion, business development (BD), data compliance, labor compliance, anti-monopoly compliance, and intellectual property management, to ensure the effectiveness of risk identification and prevention and control.

Continuously Improve the Risk Prevention and Control System
Conduct review and analysis of concluded cases, dig deep into the root causes of risks, improve risk prevention measures, verify the effectiveness of the prevention measures and make continuous improvement.

Director Training and Company-wide Risk Control Capacity Building

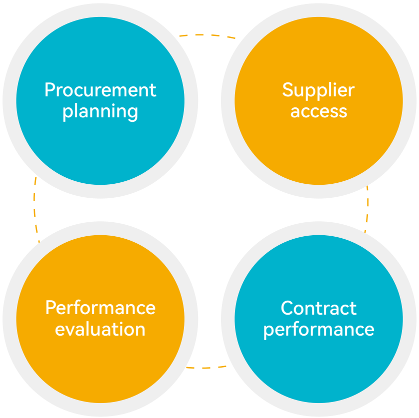
Hansoh Pharma has established a normalized director training mechanism and regularly provides customized training packages covering industry policy trends, updates of listing supervision rules, and revisions of business ethics guidelines, to continuously enhance the awareness of executive directors and independent non-executive directors on compliance risks, and strengthen their risk forecasting ability in strategic decision-making. Meanwhile, we actively promote the company-wide risk control capacity building. All functional departments developed targeted risk prevention and control courses in combination with business characteristics and changes in the internal and external environment, and deeply integrated "risk-based thinking" into business practices through course development, systematic training, inspection and assessment.

Regular Audit and Supervision

Hansoh Pharma has established an audit and supervision system independent of the business system. Members of the internal audit team have strong professional ethics and rich audit experience, and are able to conduct audit and supervision work independently and impartially. In accordance with Hansoh Pharma's risk management strategies, the audit and supervision department formulates a detailed audit plan each year, specifying the audit objectives, scope, methods, timetable and responsible persons, and introduces a third-party professional team to conduct independent audit when necessary. By combining regular audits with special audits, potential risks and management loopholes in each business process are effectively identified, and through the PDCA cycle, internal systems and processes are continuously optimized and management systems are improved. At present, the focus of internal risk monitoring includes procurement, engineering and part of research and development. In the future, this risk monitoring and control process will be gradually expanded to further broaden its depth and breadth.

Ecological Management of Supply Chain Risks

We extend the boundaries of risk management to the supply chain link, and build a closed loop of risk prevention and control with "procurement planning, supplier access, contract performance, and performance evaluation" as one. Through standardized due diligence procedures, dynamic credit assessment models and penetrating audit mechanisms, we can achieve full-dimensional risk monitoring of suppliers and business partners. For details, please refer to Section 9.3 - Supply Chain Risk Management.



Compliance Operation Results

During the Reporting Period, we combine risk-based thinking, process approach, and PDCA management to ensure that the quality management system, environmental management system, and occupational health and safety management system (QMS/EMS/OHSMS) are integrated with business processes, and successfully respond to the challenges of internal and external environment changes and diverse needs of stakeholders. Internal and external audit results show that we have achieved the effective control of business processes. The risk management system is adequate, appropriate, and effective.

BUSINESS ETHICS

05

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

"Responsibility" and "integrity" are core components of Hansoh Pharma's corporate values. We have always adhered to compliance and integrity as the bottom line of all business practices and operations. By formulating and continuously optimizing the Code of Business Conduct and Ethics, we have deeply integrated ethical standards into key business areas such as scientific research, clinical trials, supply chain management, product promotion, information management, employee development, and customer service. Based on high ethical standards, we are committed to transforming corporate values into executable operational practices, building an open and transparent corporate culture, and ensuring that every business activity is carried out steadily under the guidance of responsibility and integrity.

5 BUSINESS ETHICS

5.1 GOVERNANCE OF BUSINESS ETHICS

Hansoh Pharma has zero tolerance for any violation of business ethics. We have established a business ethics supervision system up to the Board of Directors and set up a Compliance Committee with the Group's Senior Vice Presidents as the main members, which is the highest governing body for compliance matters. We have achieved effective governance of business ethics matters throughout the Group through the continuous improvement of policies and institutional systems.

5.1.1 Governance Structure and Accountability System

The Board of Directors of Hansoh Pharma has established an Audit Committee, which is responsible for the top-level supervision of the Group's business ethics and bears the ultimate responsibility. It has established a governance structure independent of the business system consisting of compliance, internal control and internal audit.

Audit Committee

Compliance Department

It is responsible for transforming relevant laws and regulations, international business ethics guidelines and industry standards into an internal institutional system, including the formulation, revision, promotion and implementation of the system and the development of a business ethics culture, and integrating them into business processes.

Internal Control Department

It is responsible for establishing internal control processes based on the institutional system to ensure that all operational links comply with legal and business ethics requirements, streamline business behavior management, control and supervise key links and processes, and ensure that compliance management is implemented effectively.

Internal Audit Department

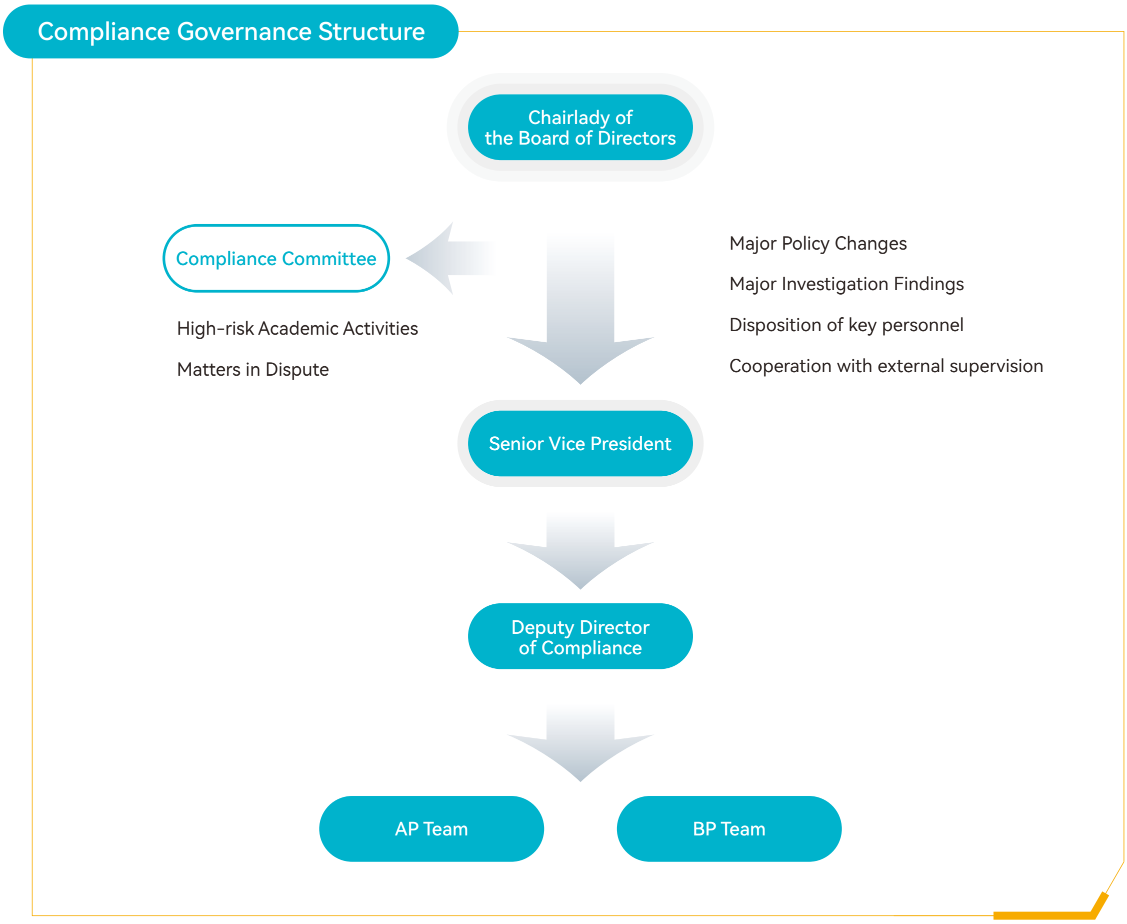
It is independent of all business units and reports directly to the Audit Committee. It is responsible for auditing the compliance, integrity, effectiveness of internal control, and stringency of risk control of the business ethics system, and conducts supervisory inspections and compliance audits on key risk areas, including data security, product promotion information, business conduct and expenses, to inspect the effectiveness of the compliance system.

Responsibility for Handling Reports

Set up public reporting channels (telephone, email), with dedicated personnel in the Compliance Department to handle reports and protect the rights and interests of whistleblowers in accordance with the Whistleblowing and Whistleblower Protection Policy.

Compliance Governance Structure

The Company has established a complete compliance governance structure. The Compliance Committee is the highest decision-making body for compliance management and reports to the Chairlady of the Board of Directors. Its responsibilities include approving major compliance policies of the Company, responding to major investigation findings, deciding on the handling of key personnel, cooperating with external supervision, governing high-risk academic activities and resolving disputes.



5.1.2 Policies and Systems

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, the Advertising Law of the People's Republic of China, and referring to international laws and business standards such as the Federal Trade Commission Act and the Honest Ads Act of the United States and the General Data Protection Regulation of the European Union, it formulated and continuously optimized the Employee Handbook, the Code of Business Conduct and Ethics, the Anti-Corruption Policy, the Responsible Marketing Policy, the Clinical R&D SOP and WI System and other internal systems. These systems are applicable to the Company's Directors and all employees (including full-time and part-time employees, interns and laborers), as well as suppliers, contractors and business partners upstream and downstream of the supply chain. They systematically clarify the duties, accountability mechanisms and reporting relationships of all departments and business units, and specify the Company's principles, standards and management rules in areas such as anti-corruption and anti-bribery, business conduct compliance, anti-monopoly, anti-conflicts of interest, anti-money laundering and anti-insider trading, anti-discrimination and anti-harassment, information security and privacy protection, human rights, R&D ethics, whistleblowing and whistleblower protection, and occupational health and safety, thereby achieving 100% coverage of business ethics in business processes and among all employees. During the Reporting Period, the Company revised the 2022 Code of Business Conduct and Ethics, emphasizing that employees should actively cooperate with government supervision, investigations and audits, and incorporating provisions on the protection of patient data, requiring the employees and business partners of the Company to comply with the released Privacy Policy, to ensure the security of patients' personal privacy and data.

Case: Hansoh Pharma's Compliance Scorecard Performance Appraisal Mechanism

To effectively quantify employees' compliant behavior, strengthen their compliance awareness and encourage them to actively participate in compliance management, during the Reporting Period, the Company has designed and implemented a compliance scorecard system within the business promotion team, and applied the assessment results to their performance appraisal. The assessment dimensions of the compliance scorecard are divided into individual and team. The assessment content includes six major items: compliance culture, trending topics, disciplinary actions and project monitoring, and further refined assessment standards and scores according to the positions of the assessed.

At present, the compliance scorecard has covered 4,500 people.

Anti-Corruption Policy

The Code of Business Conduct and Ethics (revised in 2024) and the Anti-Corruption Policy, etc.

Responsible Marketing Policy

Responsible Marketing Policy, Code of Conduct for Interaction with HCPs and HCOs, Code of Conduct for Interaction with GOs and GEs, Code of Conduct for Interaction with Patients and Patient Organizations, and Standard Operating Procedures for Compliance Scorecard for the Business Team (2024), etc.

Responsible R&D Policy

Work Guidance for Human Genetic Resources Compliance Management (2024), Clinical Operation Monitoring Plan (2024), and Medical Monitoring Plan (2024), etc.

Human Rights Protection Policy

Employee Handbook (revised in 2024), Employee Diversity Policy, Organization and Position Management System, and Occupational Health and Safety Policy, etc.

Information Security and Privacy Policy

General Rules for Information Security Management, Privacy Policy (2024), Data Desensitization Operating Procedures, and Information Security Asset Management Regulations, etc

5.2 BUSINESS ETHICS STRATEGIES

As a patient-centric pharmaceutical company, we understand that business ethics is a solemn commitment of the Company to its employees, patients, partners and society. While pursuing innovation, we always regard business ethics as the cornerstone of sustainable development, uphold the core values of "responsibility, integrity, strive and innovation", and are committed to practicing the highest standards of business ethics and compliance operations worldwide.

Integrity Management and Compliance First

Hansoh Pharma strictly complies with the laws and regulations of all places of operation, including the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Drug Administration Law of the People's Republic of China, etc., to ensure that all business activities are legal and compliant. We have established a sound compliance management system covering areas such as anti-corruption, anti-bribery, anti-monopoly, anti-conflicts of interest, anti-money laundering, and anti-insider trading, to ensure that the Company's operations worldwide always comply with legal and ethical standards.

Hansoh Pharma places great importance on compliance training and regularly carries out multi-level, multi-topic training activities for all employees to ensure that employees in different positions master the compliance requirements related to their duties.

Compliance training on business activities: Intensive explanations of compliance requirements in business activities are provided for heads of business departments, business managers and medical representatives to strengthen the awareness of professional ethics.

Training on complaint feedback and adverse event reporting: Through a combination of online and offline methods, it covers relevant employees including medical representatives, medical liaison officers and clinical monitors to ensure that they are proficient in complaint handling and adverse event reporting procedures. We also train all employees on the basic knowledge of pharmacovigilance to establish the awareness of all employees to provide timely feedback.

Training on pharmaceutical advertising and promotional regulations: Tailor-made training content for the marketing activity planning department and the brand communication department, focusing on the interpretation of laws and regulations related to pharmaceutical advertising and product promotion to prevent compliance risks in marketing activities and promotional materials.

These training programs not only enhance the compliance awareness and professional capabilities of employees but also build a solid foundation for the Company's compliance culture, effectively reducing ethical and legal risks in operations.

Case: Training on responsible marketing and compliance requirements

In October 2024, the Group organized online training on responsible marketing and compliance requirements. A total of **4,482** people from the promotion team of the business system participated.

Responsible Communication of Information

As a company mainly engaged in prescription drugs, Hansoh Pharma does not directly sell drugs to patients nor is it involved in commercial advertisements. 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 information and the medical information and communication department that takes charge of compliant and effective communication of information with HCPs. We have established a rigorous medical information review process before use to ensure that the contents conveyed by our promotional materials and non-promotional materials are consistent with regulatory approvals, and are truthful, clear, accurate, unambiguous, understandable, non-misleading, and maintained up to date with new scientific evidence and approval documents. Our cooperation with patient organizations is transparent and ethical, and we respect and maintain the independence of patient organizations.

In view of the problem of drug resistance caused by the abuse of antibiotics, Hansoh Pharma actively arranges the R&D of new antibiotic products and clearly marks relevant warnings on the product labels to prevent improper medication. 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.

Full coverage and Accountability

Our business ethics are integrated into every level and aspect of the Company. Through the system of rules and regulations such as the Employee Handbook, the Code of Business Conduct and Ethics, and the Anti-corruption Policy, we have clearly defined the codes of conduct for the Company's Directors, all employees (including full-time and part-time employees, interns and laborers), and partners in the upstream and downstream of the supply chain. Every employee and partner is required to receive relevant training to ensure that they fully understand and comply with the Company's ethical requirements.

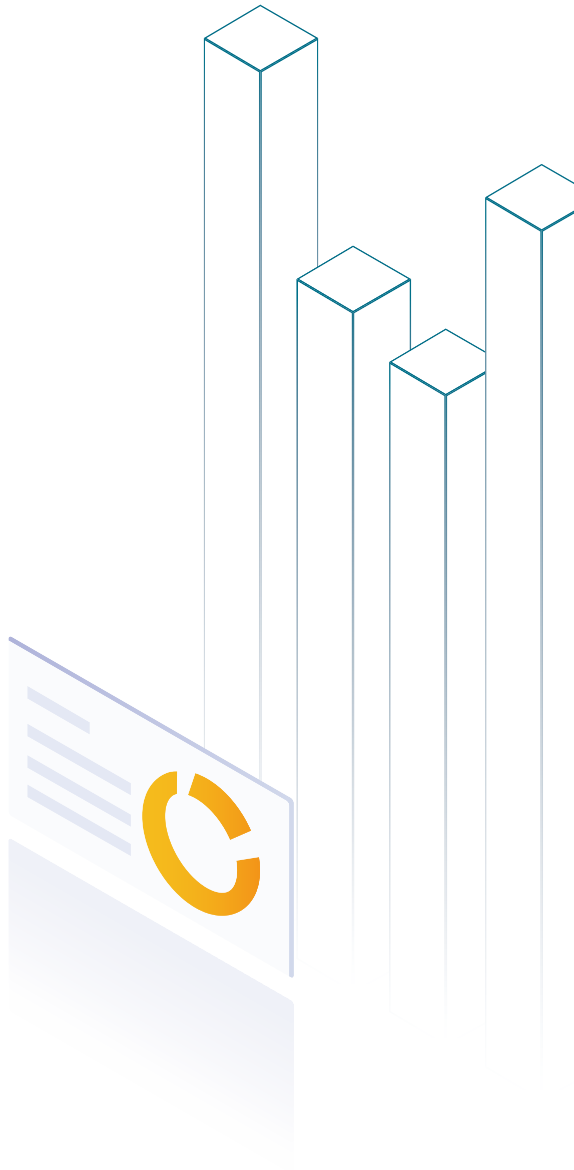
Anti-corruption and Anti-bribery

Hansoh Pharma is firmly opposed to any form of corruption and bribery. We have established a strict internal control mechanism to ensure that all business dealings are transparent and fair. Any form of benefit transfer, improper payment or abuse of power will be dealt with seriously. We require our employees and partners to always maintain integrity and self-discipline in business activities and refrain from any conduct that may damage the Company's reputation.

We have formulated the Guidelines for Donation Operation. We do not make any form of direct or indirect political donations. The charitable donations are mainly used for 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.

Hansoh Pharma conducts training on anti-corruption, anti-bribery, and other economic crime prevention for all employees every year. During the Reporting Period, we organized multiple online and offline anti-corruption training sessions for different types of employees and tested the effectiveness of the training through written examinations.

During the Reporting Period, we continuously promoted anti-corruption research and audit work. We selected 3 to 5 employees in core positions from each business module for interviews, and successfully achieved the goal of covering all the operating locations of the Group with the anti-corruption audit for the 2022-2024 cycle.



Fair Competition and Antitrust

We are committed to maintaining a market environment where fair competition is fostered and any form of monopoly and unfair competitive practices are firmly opposed. Hansoh Pharma strictly adheres to antitrust laws and regulations, ensuring success and advantages in the market through innovation and quality instead of improper means.

Hansoh Pharma has established a clear antitrust policy, which is incorporated into our Code of Business Conduct and Ethics. This policy explicitly prohibits price manipulation, market division, restrictive agreements, and abuse of market dominance. We have implemented training programs for personnel across relevant departments to ensure full awareness of anti-monopoly legislation requirements and identification of high-risk commercial conduct. Meanwhile, we have enhanced the contract management and compliance review, implemented risk assessment and monitoring systems, taken measures to prevent inappropriate dealings with competitors and collaborated with supply chain stakeholders and business partners to maintain a fair competitive environment collectively.

Respect for Human Rights, Non-Discrimination, and Anti-Harassment

Hansoh Pharma consistently upholds the concept of respecting and protecting human rights, actively responding to the principles outlined 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, and fully complying with the Labor Law of the People's Republic of China and the laws and regulations of each place of operation. We have formulated the Employee Diversity Policy and the Occupational Health and Safety Policy, incorporating their core principles, public commitments, and key action plans into our Employee Handbook. This ensures that we respect and protect employees' legitimate rights and interests at every stage of recruitment and employment, adhering to our goal and commitment to "zero violation in long-term regulated employment".

In alignment with the requirements for "the Corporate Responsibility to Respect Human Rights" in the United Nations Guiding Principles on Business and Human Rights, we commit to avoiding causing or exacerbating negative human rights impacts through our own activities, and actively preventing or mitigating potential negative human rights impacts within our business partnerships and supply chain. We unequivocally put an end to human trafficking, forced labor, child labor, and any form of 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 implement the principle of equal pay for equal work for men and women to create a fair, safe, decent and mutually respectful working environment for employees. We require security personnel to receive human rights-related training and make it clear that Hansoh Pharma has zero tolerance towards behaviors such as the use of force, humiliation of human dignity, and discrimination.

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. 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 the human rights issues that are identified or potential within the Company, we will set up a task force to investigate infringement incidents, take measures against individuals found responsible following the investigation in accordance with the relevant provisions of the Employee Handbook, and when necessary work with external related parties to eliminate the impact of such incidents, and at the same time provide legal and economic relief to affected 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 conducted a human rights due diligence covering the main places of operation of the Group and found no major violations.

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, but are highly concerned about laboratory animal protection. In the outsourcing contract, we specify the ethical requirements in animal experiments and require suppliers to protect animal welfare to the maximum extent in accordance with the recognized "3Rs" (Reduction, Replacement, Refinement) principle. We have taken the following measures:

- **Ethical Review** Suppliers must have an Institutional Animal Care and Use Committee (IACUC) with a clear organizational structure and defined responsibilities. They shall implement standardized management systems such as IACUC Management Regulations, Standard Procedures for Reporting Animal Welfare Incidents, veterinary care protocols, and animal welfare assurance measures.
- **Regulatory Compliance** Before any experimentation begins, the suppliers' research designs must be reviewed to determine whether they are compliant with international, national, and local laws and regulations, such as the Regulations for the Administration of Laboratory Animals.
- **Process Supervision** Throughout the experimentation process, project managers continuously monitor the project to ensure that researchers adhere to established ethical standards and operational procedures.
- **Technical Training** Suppliers are required to provide ongoing training for researchers, covering topics related to laboratory animal welfare, ethical principles, relevant laws and regulations, and operational standards.

Protection of Clinical Trial Subjects

Hansoh Pharma has established a comprehensive management system, operational procedures, and quality control documentation that encompass the entire clinical trial process, to protect legal rights and interests of subjects in clinical trials. Prior to the start of a clinical trial, we ensure that subjects are fully informed about the trial's details and sign the Informed Consent Form. We also provide subjects with access to the whistle channels of ethical institutions and regulatory authorities, and allow them ample time for consideration and deliberation to ensure that participation in the clinical trial is based on their freewill. During the clinical trials, we strictly adhere to Good Clinical Practice (GCPs) guidelines, and focus on patient safety, compliance, and data integrity, while implementing comprehensive quality control measures. We conduct regular compliance audits to ensure that trial protocols are strictly followed. In addition, we monitor adverse events in clinical trials in real time, formulate contingency plans and report to regulatory authorities in a timely manner, as well as purchase insurance for every subject to ensure clinical trial risks are controllable and handled in a standardized way. To protect the privacy of subjects, we employ measures such as anonymization, coding, and dedicated management to safeguard subjects' identities, diseases, biological samples, and other sensitive information from disclosure and infringement, which ensures that subjects' rights are thoroughly protected.

Information Security Management

In strict 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 core principles of European Union's General Data Protection Regulation (GDPR), Hansoh Pharma has built a comprehensive information security management system. The ESG Committee of our Board of Directors is fully responsible for overseeing the Group's information security risks, and empowers the Information Security Committee of the executive management to conduct regular reviews and advance key initiatives related to information and data security. The Group's Chief Information Officer (CIO) serves as the representative of the information security system manager. The CIO has extensive experience in the field of strategic information security management, and leads a professional information security team that is fully responsible for overseeing information security management, data development, and the advancement of our digital infrastructure. All members of our information security team hold the Certified Information Systems Security Professional (CISSP) certification, and possess extensive knowledge, skill and experience which are required to construct and manage an organization information security, thus ensuring the safety and reliability of the Group's information and cyberenvironment. Through this system, Hansoh Pharma can fully and effectively provide a secure and trustworthy information protection environment for our employees, customers, and partners.

During the Reporting Period, we comprehensively upgraded a series of information security policy documents, including the "General Rules for Information Security Management" and its operational details, as well as the "Regulations on Information Security Management of Suppliers", and continuously invested resources to upgrade the information security system, providing a guarantee for protecting data security and integrity. We carry out regular network and information system vulnerability scans through an internal independent team on a weekly and monthly basis, and continually optimize the resilience and security strength of the system according to the scanning results comply with the requirements of the rules and regulations. We have appointed dedicated information security officers in key departments, delineating responsibilities for information security management across frontline positions, and mobilizing all employees to actively participate in the maintenance of our information security. Additionally, we have established a sound information security incident handling process, and developed emergency response plans and mitigation measures for sudden network security incidents, ensuring that our networks, systems, products, and information of each operating site can effectively respond to ever-changing network threats.

To further enhance our information security management, we have established a comprehensive prevention and control mechanism involving all employees. Any employee who discovers an actual or potential information security incident is encouraged to promptly report it to the information security management team through a 24/7 hotline or dedicated email address, ensuring that issues are responded to and addressed swiftly and effectively.

During the Reporting Period, Hansoh Pharma continued to optimize our information security strategy, actively safeguarding the information security of us and our stakeholders. Jiangsu Hansoh passed the ISO 27001 certification in 2020, and passed the renewal audit during the Reporting Period. Furthermore, we designed compulsory information security courses for all employees, systematically 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 emphatically publicized the prevention strategies against typical information security incidents such as phishing emails and viruses. This initiative aimed to enhance the overall information security awareness and protective capabilities of our workforce.

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 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. During the Reporting Period, we developed and publicly released our Privacy Policy, reaffirming our commitment to safeguarding the personal information of our external stakeholders, particularly customers, as well as our internal employees. This policy also outlines our management framework and strategic approach to privacy protection.

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.

Business Ethics of Supply Chain

Hansoh Pharma's commitment to business ethics extends beyond the internal operations to encompass our upstream and downstream sectors of the value chain. We require our supply chain partners to adhere to the same high ethical standards, working together to create long-term value for society. For more information, please refer to Section 9.3 - Supply Chain Risk Management.

Protection of Intellectual Property

Hansoh Pharma adheres to the strategy of "pursuing both infringement protection and intellectual property reinforcement on dual tracks", strictly follows the Patent Law of the People's Republic of China, the Trademark Law and international intellectual property standards, and realizes the dynamic coverage of the risk control mechanism throughout the entire R&D cycle. Based on the new version of the Implementing Regulations of the Patent Law and the Patent Examination Guidelines, we have clarified the patent term compensation system and the implementation plan for drug patent term extension, which is conducive to strengthening the intensity of patent protection and extending the market life cycle of innovative products.

During the Reporting Period, the Company has upgraded and improved the management measures for rewarding patent inventors internally, updated and improved the standards for inventors to receive rewards and remuneration. Through this system, the enthusiasm of the Company's R&D personnel for innovative R&D has been encouraged and promoted.

On December 23, 2024, the patent for "A Pharmaceutical Composition of Enzalutamide and Its Preparation Method" of Hansoh Pharma's product Enzalutamide was publicly announced by the National Intellectual Property Administration to have won the Excellent Award of the 25th China Invention Patent Award.

Continual Improvement and Optimization

We regularly assess and optimize our ethical policies and compliance systems by drawing on international best practices, ensuring that they consistently meet the latest legal requirements and industry standards. Through various methods, including internal audits, employee feedback, and external assessments, we continually identify and address potential issues, thereby enhancing the Group's ethical management standards.

5.3 MANAGEMENT OF BUSINESS ETHICS RISKS

Hansoh Pharma places a high priority on mitigating business ethics risks. We ensure that the Company's global operations consistently comply with legal regulations and ethical standards by establishing a comprehensive risk management system, robust policies and procedures, strict implementation mechanisms, and engaging in continuous monitoring and improvement. Leveraging our Group's comprehensive and forward-looking risk management system (as detailed in Section 4.5 - Risk Management), we incorporate business ethics risks into our overall risk mitigation framework for management, while paying close attention to sensitive areas by closely monitoring the characteristics and sources of these risks.

Key Business Ethics Risks Under Close Monitoring

Corruption and Bribery Risk: Potential instances of improper payments or undue benefits that may occur during business dealings.

Our internal audit department conducts a comprehensive corruption risk assessment every three years covering all operating sites of the Group. This assessment aims to evaluate employee awareness of integrity and ethical standards as well as their training participation, and to review business processes to identify weaknesses and areas for improvement.

Conflict of Interest Risks: Employees or partners may influence the Company's decisions due to personal interests.

All employees are required to submit annual updates on any potential conflicts of interest. This includes reporting any family members or friends employed within the Group or in similar roles within the industry; during the supplier onboarding process, a declaration of commitment regarding conflicts of interest must also be submitted.

Monopoly and Unfair Competition Risks: Activities that may violate antitrust regulations during market competition.

We provide regular training to employees on antitrust laws and regulations, conduct thorough reviews of business contracts and agreements, and ensure that agreement terms do not include exclusivity clauses or unfair trading conditions, thus helping us avoid entering into any agreements with competitors that could potentially restrict competition.

Data Security and Privacy Risks: Potential data breaches or misuse that may arise during the information processing lifecycle.

We adopt informed permission and/or customer consent for data collection and encrypted storage to safeguard the data subject's rights, and employ access controls within our information systems to prevent data breaches.

Intellectual Property Risks: Potential disputes related to patents that may arise during the process of R&D or at the time of listing.

We proactively mitigate risks of infringing others' rights and being infringed upon throughout the entire process, from project proposal and filling phases to marketing phase, formulate and implement patent strategies at each stage, rationally carry out patent layout, and track the patent status in real time.

Human Rights Violations Risks: Employment practices or business operations that may infringe upon the fundamental rights of employees, suppliers, or residents of surrounding communities.

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.

Research Ethics Risks: Clinical trials may infringe upon subjects' right to informed consent or other rights due to a lack of transparency. Additionally, there may be instances of abuse or mistreatment of experimental animals in the development process.

We have clearly outlined our requirements for the protection of experimental animals to our suppliers, and rigorously evaluated and assessed their testing capabilities and qualifications, as well as conducted regular audits to ensure compliance with our ethical standards. We meticulously review safety information and establish clear inclusion and exclusion criteria for clinical trials, while ensuring that all necessary approvals are obtained from competent authorities and hospital ethics committees. Subjects are required to be fully informed about the characteristics of the trial drug, the trial process, potential benefits and risks, and that they sign the Informed Consent Form.

Risk Emergency Mechanism

Hansoh Pharma has established a sound business ethical risk emergency mechanism to ensure that swift and effective action can be taken in the event of any ethical risk incidents.

Risk Identification

Hansoh Pharma identifies potential business ethical risks in a timely manner through the following methods:

Reporting channels: We have established an anonymous reporting hotline and email address to encourage employees, partners, and the public to report any suspicious activities

Internal monitoring: We utilize internal audits, compliance checks, and information analysis to identify anomalous behaviors and potential risks

External Feedback: We actively monitor feedback from customers, suppliers, and regulatory bodies to promptly identify external risk signals

Reporting phone:
0086-0518-83096182
0086-18652103939

Reporting email:
nkns@hspharm.com

Clarified Responsibilities

Hansoh Pharma has established a dedicated emergency response team that is responsible for handling ethical risk incidents effectively:

The Compliance Committee: Oversee significant matters, provide decision-making support, and ensure the appropriate allocation of resources

The Compliance Department: Responsible for investigating incidents and ensuring that the handling process complies with legal and regulatory requirements

The Legal Department: Offer legal support and assess the potential legal consequences of incidents

The Human Resources Department: Address employee-related incidents, ensuring fairness and impartiality throughout the process

Tiered Response

Based on the severity and scope of impact, Hansoh Pharma categorizes business ethical risk incidents into different levels and implements corresponding measures:

Low-Risk Incidents: Minor violations are handled directly by the relevant departments and duly recorded

Medium-Risk Incidents: Issues involving conflicts of interest or minor corruption are thoroughly investigated by the Compliance Department, which then prepares a detailed report

High-Risk Incidents: Serious cases of corruption, bribery, or monopolistic behavior prompt comprehensive intervention by the emergency response team, including the initiation of legal proceedings when necessary

Standard Procedures

Upon the discovery of an ethical risk incident, an investigation procedure is immediately initiated:
Preliminary Assessment: Determine the nature, scope, and potential impact of the incident
Evidence Collection: Gather evidence through interviews, document reviews, and information analysis
Third-Party Support: Engage external experts or legal counsel to assist with the investigation when necessary

Corrective and Improvement Initiatives

Every incident handling process is subject to a retrospective evaluation, leading to the development of corrective and improvement measures:
Policy Updates: Revise relevant policies based on the issues identified during the incident
Disciplinary Measures: Implement warnings, fines, termination, or cessation of collaboration against employees or partners who violate policies
Process Optimizing: Modify relevant business processes to prevent similar incidents from occurring in the future
Enhanced Training: Conduct targeted training sessions to address the weaknesses revealed by the incident

Whistleblower Protection

Hansoh Pharma has 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. The Audit Committee of our Board of Directors is responsible for supervising the execution of this policy. We take strong measures to ensure both whistleblowers and investigates are respected, and keep strictly confidential the Reporting and investigation information. We 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.

5.4 ETHICAL PERFORMANCE

Indicator	Unit	Data
Number of employees who have completed anti-corruption training	Persons	8,628
Incidents of unfair competition or significant corruption-related lawsuits	Number of Cases	0
Incidents of money laundering or insider trading identified	Number of Cases	0
Unannounced AI inspection rate during online academic conferences	%	100
Number of unannounced inspections conducted during academic activities	Instances	3,803
Amount of direct or indirect political donations	RMB	0
Participants in Responsible Marketing Training	Attendees	24,915
Incidents of deviation from ethical and moral standards for animal testing at the institutions undertaking animal testing	Number of Cases	0
Clinical trials required to be terminated for GCP and other regulatory breaches	Number	0
Proportion of clinical trial subjects signing the Informed Consent Form	%	100
Fines imposed in relation to clinical trials including those in developing countries	RMB	0
Human rights due diligence interview sessions conducted	Sessions	20
Number of adverse incidents such as discrimination and harassment identified among the Group or key suppliers	Cases	0
Number of confirmed incidents of customer privacy violations	Cases	0
Number of confirmed information security breaches	Cases	0
Intellectual property infringement incidents, including patents and trademarks	Cases	0
Economic losses arising from legal suit related to patent or trademark infringement	RMB	0
Response rate of reporting incidents	%	100

ADDRESSING CLIMATE CHANGE

06

The global climate crisis is intensifying, with extreme weather events increasingly threatening human health and frequently disrupting business operations. Impacts of human activities on natural ecosystems have also emerged as significant drivers of the accelerated climate change. Hansoh Pharma is proactively addressing climate change, which is not only motivated by our commitment to corporate social responsibility but also aligns with our strategy of sustainable development driven by technological innovation. We are actively undertaking initiatives to quantify the impacts of climate change, develop a green R&D and production system, and promote eco-friendly process innovations. These efforts allow us to rigorously control carbon emissions from business activities across all our operational sites. By taking decisive actions and fostering a consistent spirit of innovation, we aim to collaborate closely with our stakeholders to play a crucial role in the global response to climate change, thereby enhancing the ecological value of the pharmaceutical industry.

6 ADDRESSING CLIMATE CHANGE

6.1 CLIMATE GOVERNANCE FRAMEWORK

Hansoh Pharma has implemented a comprehensive climate risk governance framework that spans from the Board of Directors to the executive departments, clearly delineating the work of managers at each level. The Board is responsible for monitoring the climate risks and takes the ultimate responsibility, the ESG Committee is responsible for consistently monitoring key climate indicators and conducting thorough assessments of climate-related risks. In addition, a Greenhouse Gas (GHG) Working Group, comprised of senior management, and the ESG Working Group are responsible for spearheading the planning and execution of energy-saving and carbon reduction initiatives aligned with our climate strategy. The climate change policies and institutional framework governing energy management at Hansoh Pharma provide guarantee and guidance for the realization of climate targets and control of climate risks.

6.1.1 Governance Structure

The climate change governance structure at Hansoh Pharma comprises the Board of Directors, the ESG Committee, and the ESG Working Group and GHG Working Group. The Board reviews reports from the ESG Committee on climate-related initiatives at least annually and engages in climate change training as necessary, thus providing strategic support for the implementation of our green transformation strategy. In alignment with the Group's strategic objectives, the ESG Committee oversees the relevant departments in breaking down key performance indicators and monitors progress toward achieving both carbon neutrality and interim carbon reduction targets.

The Board of Directors

holds ultimate responsibility for the climate strategy and risk response of Hansoh Pharma;
oversees the effectiveness of the governance mechanisms and ensures alignment with the overall strategic framework.

ESG Committee

reviews the climate action plan as well as mid-term, and long-term carbon reduction targets;
reviews climate-related policies and monitors the effective operation of relevant mechanisms;
supervises the annual climate risk assessment process, reviews assessment results, and tracks progress toward achieving established targets;
assesses investment proposals related to climate transition and approves budgets for energy-saving and carbon reduction initiatives.

ESG Working Group & GHG Working Group

conducts annual identification and assessment of climate risks and opportunities;
translates the climate action and carbon reduction targets approved by the Board into phased performance indicators and ensures their effective implementation.

Daily Operations	• Production: Optimize energy management to reduce Scope 1 and Scope 2 emissions • Supply Chain: Establish a carbon emission assessment system for suppliers, collect data on carbon emission activities, and promote alternatives to high-carbon processes • R&D: Explore low-carbon drug development and production processes while advancing Life Cycle Assessment (LCA) carbon reduction strategies
Risk Response	Develop emergency plans for extreme weather events and policy-related contingencies
Data Inventory	Manage greenhouse gas-related databases and conduct annual inventories of greenhouse gas emissions

Climate Governance Structure at Hansoh Pharma

6.1.2 Policy and Institutional Support

In 2022, Hansoh Pharma formulated and publicly released the "Policy and Action Framework to Address Global Climate Change", expressing the Company's stance and commitment in dealing with climate change. As of the release of the Report, combining the outcomes of COP29, the Integrated Report on Nationally Determined Contributions under the Paris Agreement issued by the Secretariat of the United Nations Framework Convention on Climate Change, and the advanced practices in the same industry, we have revised the "Policy and Action Framework to Address Global Climate Change" to enhance the descriptions of climate scenario analysis, climate response strategies, and the management and methodologies related to climate performance and incentives. We have also summarized our experiences in the inventory and accounting of greenhouse gas emissions, integrated external professional emission factor databases or other resources, and drafted the "Inventory Guidelines for Greenhouse Gas Emissions." This has enabled us to establish a departmental collaboration mechanism and standardize the scope, boundaries data sources, calculation methods, and inventory procedures for greenhouse gas accounting.

We have established and refined a special policy framework addressing climate-related business activities, which includes the following: the Clean Production Policy, mandating all manufacturing sites to achieve and maintain ISO 50001 certification for energy management systems, implement energy audits, carry out energy efficiency benchmarking, and continuously improve the management system; the Green Process Policy, which incorporates "green process indicators" into the drug development evaluation system and production and operation process; the Supply Chain Climate Policy, encouraging suppliers to conduct climate risk assessments and manage greenhouse gas emissions, formulate and implement energy conservation and carbon reduction action; and the Emergency Response Policy, developing emergency response plans for production operations during extreme weather events such as flooding and high temperatures to address the potential physical risks associated with climate change, and regularly conducting sensitivity analyses and emergency drills to prepare for unforeseen incidents.

6.1.3 Vision and Targets for Greenhouse Gas Emission Reduction

We have been committed to achieving carbon neutrality by no later than 2055. We have actively sought validation for our carbon reduction targets from the Science-Based Targets initiative (SBTi).

During the Reporting Period, we filled out the Climate Change Questionnaire of the Carbon Disclosure Project (CDP) to address the concerns of stakeholders, including investors, regarding Hansoh Pharma's environmental and climate strategy and performance. Meanwhile, we have clarified the current performance level and improvement goals by collecting and analyzing the carbon emission, energy use and water resource consumption data in the CDP questionnaire, providing guidance for formulating more effective measures to achieve the climate vision.

Core Climate Goal

Achieve carbon neutrality by no later than 2055.

Mid-term Milestones

- **By 2030, reduce the greenhouse gas emission per unit of revenue from Scope 1 & Scope 2 by 40%, using 2021 as the base year.**
- **By 2030, decrease comprehensive energy consumption per unit of revenue by 20%, using 2021 as the base year.**

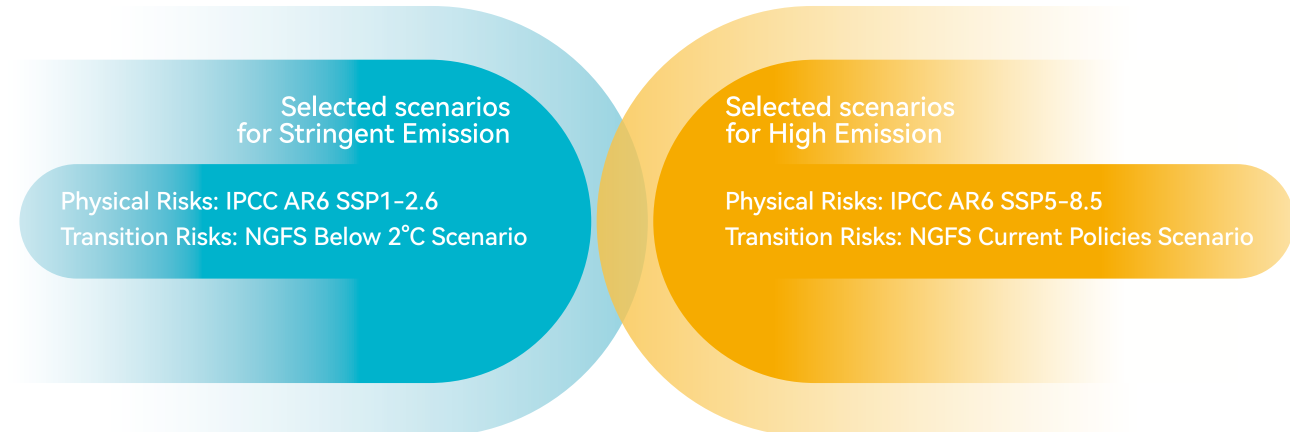
6.2 IDENTIFICATION AND ASSESSMENT OF CLIMATE RISKS

6.2.1 Identification of Climate Risks

During the Reporting Period, we referenced the ISSB IFRS S2 and the Guidelines for Climate Disclosure from the Stock Exchange to define the scope of risk identification. This scope encompasses our key operational sites in Shanghai, Lianyungang, and Changzhou, covering activities related to Scope 1-3 GHG emissions. To facilitate this process, we established a cross-functional task force composed of the ESG and the GHG Working Group, which engaged external experts to form the climate risk focus group to conduct climate risk identification and evaluation.

A. Preparatory Steps

Selection of Climate Scenarios: Based on informed projections of current climate indicators and existing national policies, while ensuring temporal consistency, the focus group deliberated and selected two climate scenarios—one high-emission pathway and one stringent pathway—for evaluating both physical risks and transition risks:



B. Construction of Risk Factor Database

The focus group adopted a dual-layer structure of "physical risks and transition risks" to create a comprehensive risk factor database tailored specifically to subcategories within the pharmaceutical industry. This includes acute risks such as water resource, typhoons, and extreme heat weather, as well as chronic risks that could lead to significant asset losses. And the transition risks encompass changes in laws and regulations, fluctuations in greenhouse gas emissions and fossil fuel pricing, and uncertainty of market signals. These risks may affect supply chain stability and rising raw material costs, increase additional investments in low-carbon technology transitions, and change the market strategy of the enterprise.

C. Risk Identification

We employed an iterative Delphi method to identify risks, taking into account our operational business model and the characteristics of our value chain. We consulted two external experts and gathered insights from peer companies regarding the likelihood and impact of predefined risk factors, which allowed us to initially identify 16 climate-related risks. Subsequently, in conjunction with four selected scenarios, the focus group analyzed data including energy prices, raw material costs, national policies, occurrences and impacts of extreme weather events throughout the year, annual temperature and air conditioning usage, the correlation between climate change and pandemics, as well as customer behavior and satisfaction. Additionally, we utilized the NGFS public database to estimate the quantified financial impacts of transition risks, finally held an on-site debate regarding contentious items facilitating comprehensive discussions that led to a consensus and the identification of the risk list including seven prioritized risks, such as typhoons/cyclones and rising raw material prices.

6.2.2 Risk Assessment——Quantifying Climate Impacts

The focus group mapped the identified climate risks to the Group's future strategy and business activities. The financial impact assessments were conducted across short-term, medium-term, and long-term timeframes, based on macro-environmental expectations and future policy directions. These assessments were grounded in the assumption that the Group's primary operating locations and asset placements would remain unchanged over a specified period, with the core business structure, profitability model, and global footprint aligning with strategic expectations.

Physical Risk Quantification

We utilize geospatial data and the probability of disasters in our primary operating locations in Shanghai, Lianyungang, and Changzhou to quantify the financial impact of actual extreme weather events occurring during the Reporting Period and reasonably project future changes over different time horizons. Key inputs include increased fixed asset damage and repair costs due to typhoons/cyclones, increased steam consumption due to extreme cold, increased air conditioning cooling days due to extreme heat, and the cost of newly added flood control/drainage facilities in various locations. While we currently lack sufficient data to conduct a quantitative assessment of the financial impact of physical risks on our upstream and downstream supply chain, we will gradually strengthen outreach and mobilization across the value chain. Our goal is to assist suppliers and dealers in establishing climate risk assessment and monitoring systems, and to expand the scope of our assessments.

Physical Risk	Correlation & Assumption	Impact Already Experienced in 2024	IPCC AR6 SSP1-2.6 Scenario - Risk Impact on Assets (%)			IPCC AR6 SSP5-8.5 Scenario - Risk Impact on Assets (%)		
		2024	2030	2045	2060	2030	2045	2060
Typhoons / cyclones	The Company's primary operating locations are all situated in the coastal regions of eastern China, where typhoons and cyclones are highly probable. In 2024, Jiangsu Hansoh and Changzhou Hansoh have already experienced damage to individual facilities due to typhoons.	Fallen trees/damaged glass	< 1%	< 1%	2-5%	< 1%	2-5%	6-10%
Extreme heat / extreme cold	Under both scenarios, the Company's operating locations may experience varying degrees of extreme temperatures this century. To maintain a suitable temperature environment for production and operations, energy consumption for air conditioning on extremely hot days and extremely cold days will increase	20 additional days of air conditioning usage; Increased steam consumption	< 1%	< 1%	< 1%	< 1%	< 1%	2-5%
Heavy precipitation /flood	Under both scenarios, the Company's coastal operating locations are susceptible to heavy precipitation or flood. The Company has considered relevant factors in site selection, but the possibility of long-term climate change cannot be completely ruled out.	Renovation of the employee dormitory drainage system	< 1%	< 1%	2-5%	< 1%	2-5%	6-10%

Transition Risk Quantification

The financial impact of transition risks includes carbon cost and transition investment.

Calculation formulas in transition risk assessment:

Areas of transition investment = Investment in renewable energy facilities + green energy procurement cost + green process R&D expense + increase in the price of imported raw materials

Transition Risk	Correlation & Assumption	Impact Already Experienced in 2024	NGFS Below 2°C Scenario – Risk Impact on Profit (%)			NGFS Current Policies Scenario – Risk Impact on Profit (%)		
		2024	2030	2045	2060	2030	2045	2060
Increased raw material prices	Climate change and low-carbon policies may lead to increased production and transportation costs for some raw materials, auxiliary materials, and packaging materials, indirectly increasing the Company's production costs.	Price increases for some imported raw materials due to energy shortages	< 1%	2-5%	< 1%	< 1%	< 1%	2-5%
Investment in low-carbon transition	Under both scenarios, the Company's operating locations may have varying levels of investment in renewable energy equipment this century.	/	< 1%	2-5%	< 1%	< 1%	< 1%	< 1%
Increased carbon pricing	Under the "Dual Carbon" strategy, the pharmaceutical industry will be included in the carbon trading system, and to achieve carbon neutrality, the costs of carbon offsets will be paid by 2055.	/	< 1%	< 1%	2-5%	< 1%	< 1%	< 1%
Uncertain market signals	Climate change may cause changes in disease spectrum. The Company is expected to establish R&D blueprint of relevant drugs in advance to capture market opportunities. This represents a positive financial impact.	/	< 1%	< 1%	2-5%	2-5%	6-10%	10-15%

6.3 CLIMATE TRANSITION STRATEGY DRIVEN BY CARBON NEUTRALITY GOALS

Hansoh Pharma has deployed a systematic framework for a climate transition strategy centered on carbon neutrality goal. This strategy is deeply integrated with its business and encompasses key elements such as target setting, pathway planning, technological innovation, and culture building.

6.3.1 Pillars of Climate Strategy

Transformation towards Low-Carbon Operation

Restructuring the energy mix

Hansoh Pharma has deployed a photovoltaic (PV) power generation system at its production base in Lianyungang, and the first phase of the project is now in stable operation. The preliminary research for the second phase and the Changzhou PV project has been completed and is in the preparation stage. In the future, Hansoh Pharma will gradually expand the scale of its sdistributed photovoltaic power stations. In addition, we will purchase green electricity through agreements in the future to gradually adjust our energy utilization structure.

R&D and production process optimization

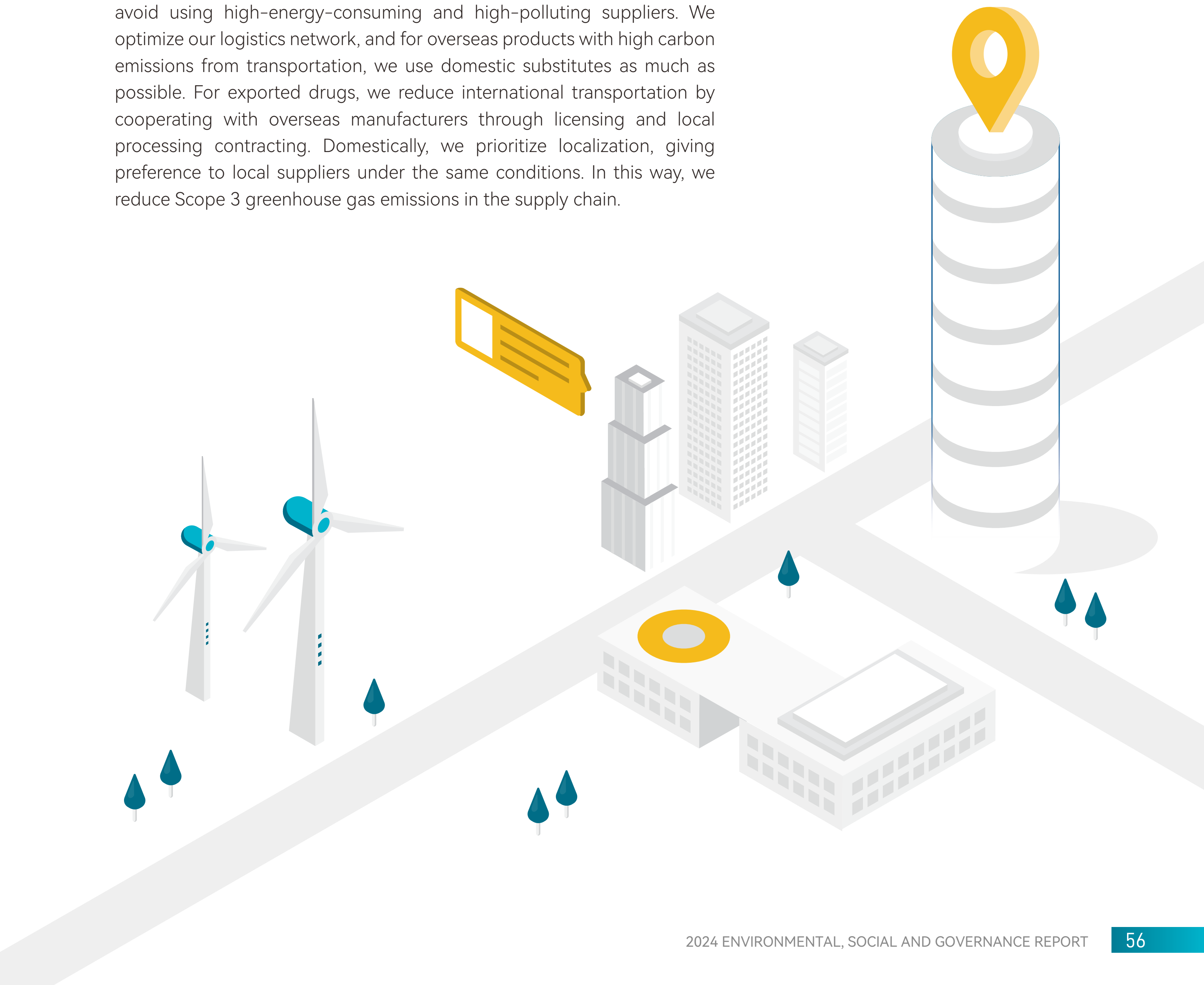
Hansoh Pharma continuously carries out process optimization for products in the R&D phase and for already-marketed products, to increase product yields, reduce energy consumption, reduce the use of organic solvents and the discharge of organic waste liquids, such as developing one-pot feeding and coupling process to replace toxic solvents in the original process, embedding life cycle assessment (LCA) into R&D, consciously screening for molecular structures with low environmental impact and actively deploying the R&D of long-acting dosage forms to reduce the difficulty of medication for patients while reducing the carbon emissions from product packaging and transportation.

Implicit Carbon Cost Decision-making

Within the Group, we are promoting the use of implicit carbon prices to assess the costs of reducing greenhouse gas emission across various operating links and projects, allocating appropriate resources for business decision making and the implementation of low-carbon strategy. We take into account climate and low-carbon transition elements in the identification and assessment of risks and opportunities, use carbon prices to promote emission reduction in the upstream of the value chain, revise policies, adjust targets, and plan future carbon offset budgets, etc. For other cases on process optimization aiming reduction of energy consumption, please refer to the Section 7.4.5 - Continued Promotion of Energy Conservation and Emission Reduction.

Deep Decarbonization in the Supply Chain

Hansoh Pharma implements a tiered management system for suppliers. Through communication and exchange, we encourage suppliers to actively manage greenhouse gases. During project planning, we avoid initiating procurement of high-energy-consuming and high-pollution products. We have also set supplier access thresholds during the bidding review stage to avoid using high-energy-consuming and high-polluting suppliers. We optimize our logistics network, and for overseas products with high carbon emissions from transportation, we use domestic substitutes as much as possible. For exported drugs, we reduce international transportation by cooperating with overseas manufacturers through licensing and local processing contracting. Domestically, we prioritize localization, giving preference to local suppliers under the same conditions. In this way, we reduce Scope 3 greenhouse gas emissions in the supply chain.



Low-Carbon Culture Building

Hansoh Pharma deeply embeds a low-carbon culture into its organizational DNA. With "Upgrading Climate Awareness among All Employees" as its core, we are shaping a three-dimensional climate training system covering senior decision-makers, business and R&D teams, functional backbones, and front-line workers, focusing on the three dimensions of "Strategic Cognition - Technology Empowerment - Behavioral Guidance". During the Reporting Period, we offered compulsory climate-themed courses to the Board and all employees, and conducted online and offline training on "Dual Carbon Capability Improvement" to help employees understand climate-related basic knowledge, the potential impact of climate risks on our operations, and the positive impact that responsible companies can have on climate change. We have launched a series of activities, such as encouraging employees to commute in a green way and promoting paperless office practices, and promoting emergency plans for extreme weather, optimized "three-defense" facilities, purchased insurance for fixed assets, and conducted simulation drilling on climate disaster to ensure the pervasive integration of low-carbon values and climate risk mitigation awareness throughout the Company, from strategic formulation to practical implementation.

Case: Training on "Dual Carbon Capability Improvement"

Prior to the release of the Report, the ESG Working Group and the GHG Working Group of Hansoh Pharma invited external experts to conduct a training on "Dual Carbon Capability Improvement" for nearly 20 members of the two groups, participating both online and in person. The training covered regulatory policy changes related to climate risk, climate change trends in recent years, sources of major greenhouse gas emissions, and the importance and challenges of greenhouse gas inventory and measurement. This training kept the members informed of the latest knowledge about macroeconomic situation of climate risk and improved their ability to conduct greenhouse gas inventories and collect data.

Case: Jiangsu Hansoh Conducts a Desktop Emergency Drill for Severe Extreme Weather

During the Reporting Period, the active pharmaceutical ingredient site of Jiangsu Hansoh simulated and rehearsed the emergency preparation and response for orange warning weather through a combination of desktop and on-site methods. The administrative department received a forecast from the local meteorological department that extreme weather with a rainfall of 50 millimeters and wind force above level 8 within 3 hours would occur in this area within the next 12 hours, which may have a relatively large impact on the production and operation of the enterprise. The administrative department immediately reported to the emergency preparation leading group and notified each working group via WeChat. The leading group immediately activated the orange warning response instructions, and each working group entered the emergency working state according to their job responsibilities.

Emergency Rescue Team: Inspect and confirm the production facilities and equipment. If necessary, stop some non-critical production links in advance, and prepare emergency rescue tools to deal with sudden situations at any time.
Safety and Environmental Protection Team: Increase the frequency of patrols within the enterprise, cordon off key areas, focus on preventing potential environmental risks in places and equipment prone to such risks, and activate the sub-emergency response plan; assist employees in doing a good job in personal safety and occupational health emergency protection.
Material Support Team: Ensure the sufficient supply of emergency materials, and distribute the emergency materials to each department and key positions; promptly replenish and purchase emergency materials according to actual needs.
Medical Rescue Team: Set up temporary medical stations within the enterprise, and prepare sufficient first-aid drugs and equipment; arrange medical staff on duty, and be ready to deal with any situations of personnel injuries at any time.
Quality Assurance Team: Focus on monitoring the pharmaceutical production links that are greatly affected by extreme weather, conduct random inspections on the drugs in stock, and ensure the stable quality of drugs.
Logistics Support Team: Prepare temporary rest areas for employees, and provide daily necessities such as food and drinking water; count the attendance of employees, and properly arrange for employees who are unable to commute normally.

After the drill, the emergency leading group carried out subsequent handling and evaluation, including loss assessment, production recovery, insurance claim settlement, employee care, and optimization and improvement. This drill verified the response procedures for extreme weather, confirmed the responsibilities of each department and each working group, and improved some working links.

Climate Change-Related Opportunities

Hansoh Pharma can seize multiple opportunities in addressing climate challenges. For example, climate change may increase the incidence of cardiovascular diseases, respiratory diseases, nervous system and infectious diseases. By adjusting the R&D strategy, the corresponding market opportunities can be increased. Rising raw material prices can force the Company to improve raw material utilization rates and reduce the production and operation costs. Large-scale deployment of renewable energy equipment can not only reduce emissions but also create revenue from electricity sales and green electricity certificate trading. Energy-saving and emission reduction measures that closely align with the national "Dual Carbon" strategy are expected to receive policy dividends such as green manufacturing system certification, technological upgrading subsidies, and low-interest loans. Focusing on the R&D of low-carbon drugs (such as long-acting formulations and biosynthetic technologies) could gain differentiated market space amidst the ESG investment boom, especially establishing a first-mover advantage in international green pharmaceutical procurement. Excess emission reductions achieved through process innovation can be monetized in the national carbon market and the international Voluntary Carbon Standard (VCS) market. Furthermore, the low-carbon premium advantage of export products under the carbon tariff background generates a virtuous cycle of "policy incentives - technology upgrades - market expansion - revenue feedback".

Biodiversity Assessment

During the Reporting Period, Hansoh Pharma conducted a systematic assessment of the biodiversity impact of its four main production and experimental sites. By integrating authoritative resources such as the Natural Earth species database, IUCN species distribution data, and protected areas information, the assessment covered a 50-kilometer radius around each site and focused on analyzing the distribution of endangered species, the number of protected animals, and the correlation with surrounding nature reserves. Taking the Lianyungang production base as an example, the assessment revealed the presence of 6 IUCN endangered species within a 50-kilometer radius, including the Oriental White Stork (as Endangered) and the Black-faced Spoonbill (as Endangered), as well as 45 species of national Class II protected animals such as the Gray Crane and the Lesser Swan. It also identified 12 nature parks and 2 key biodiversity areas, revealing the spatial relationship between production activities and ecologically sensitive areas.

The assessment concluded that biodiversity resources are abundant around the production bases, but potential risks exist: on average, there are 1-4 critically endangered species and 5-10 endangered species within a 50-kilometer radius, but no critically endangered or endangered species and no nature reserves or national parks within a 2- and 5-kilometer radius. These findings provide precise coordinates for environmental risk prevention and control.

The core value of this work lies in incorporating biodiversity protection proactively into the Company's decision-making system. By scientifically assessing the spatial relationship between production layout and ecologically sensitive areas, we not only meet the requirements of laws and regulations such as the Wildlife Protection Law, but also provide data support for optimizing plant layout and developing ecological compensation schemes. The use of internationally recognized KBA and WDPA databases and cross-validation with local observation data ensures the scientific validity and credibility of the assessment results.

6.4 PROGRESS AND PERFORMANCE OF CLIMATE TARGET QUANTIFICATION

Since 2020, in accordance with the "Greenhouse Gas Management Procedure", an inventory of the greenhouse gas emissions in the previous year has been carried out, and a third-party institution has been entrusted for verification. During the Reporting Period, based on summarizing the practical experience of greenhouse gas inventory and verification over the years, the "Greenhouse Gas Management Procedure" has been upgraded to the "Hansoh Pharmaceutical Group Greenhouse Gas Inventory Guidelines", which stipulates the responsibilities of relevant departments, the methods for determining the boundaries, the inventory criteria, the setting and change of the base year, the identification of emission sources and data collection methods, the selection of emission factors, data quality assessment, and other contents. The management of greenhouse gases has become more standardized, scientific, and systematic.

During the Reporting Period, in accordance with ISO 14064-1:2018 and the GHG Protocol jointly issued by the WRI and the WBCSD, an inventory of greenhouse gas emissions in three main operating locations (Shanghai, Changzhou, and Lianyungang) and three scopes has been carried out. An independent third-party institution has been entrusted to verify the rationality, compliance, and reliability of the boundary selection, activity data, emission factors, and calculation methods, and a verification statement has been issued. The Company deeply integrates the verification conclusions into the planning of scientific carbon reduction path, providing reliable data support for optimizing the process energy efficiency, setting the priority of green electricity procurement, and formulating carbon emission constraint targets for the supply chain. Meantime, it improves the transparency of carbon information disclosure and the operational efficiency of carbon assets, and strengthens the decision-making foundation of the low-carbon transformation strategy.

Greenhouse Gas Emissions	2022	2023	2024
Scope 1 greenhouse gas emissions/carbon dioxide equivalence in ton	9,024.60	10,546.85	13,163.25
Scope 2 greenhouse gas emissions/carbon dioxide equivalence in ton	77,719.97	81,565.21	88,227.05
Total greenhouse gas emissions (Scope 1 and 2)/ carbon dioxide equivalence in ton	86,744.57	92,112.06	101,390.3
Greenhouse gas emissions per unit of revenue (carbon dioxide equivalence in ton per one RMB million)	9.25	9.12	8.27
Scope 3 greenhouse gas emissions/carbon dioxide equivalence in ton	-	-	55,724.8

*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.
The calculation model for purchased electricity in greenhouse gas emission target (Scope 2) for 2024 is derived from Formula 5 of GB/T32150-2015, where the emission factor is sourced from the Announcement on the 2022 CO_2 Emission Factors for Power Grids by the Ministry of Ecology and Environment of the PRC [Environmental Office Climate Letter (2024) No. 33], and the national average emission factor for the power grid is 0.5366t CO_2/MWh.

According to the inventory and verification results, during the Reporting Period, the Group's direct greenhouse gas emissions (scope 1) mainly come from the fuel consumption of its own transportation vehicles, the natural gas energy supply system, waste water treatment process and the loss of refrigerant; and the indirect emissions (scope 2) are concentrated in the use of secondary energy sources such as outsourcing electricity and industrial steam, and are affected by the energy procurement structure and carbon intensity of the regional power grid. The total indirect emissions have consistently occupied a dominant position, which further defines the core emission reduction path of clean energy replacement and production process energy efficiency improvement. Carbon dioxide (CO_2) accounts for the highest proportion of greenhouse gas emissions. During the Reporting Period, the absolute value of scope 1 emissions increased by 24.81% year on year. The main reasons were the increase in CH_4 emissions generated from the anaerobic treatment of wastewater from Jiangsu Hansoh's active pharmaceutical ingredients, and more accurate statistical data of septic tank activities, leading to an increase in the total amount. The absolute value of scope 2 emissions increased by 8.17% year on year, mainly due to the increase in the production capacity and the rise in purchased electricity. The absolute value of scope 3 emissions increased by 8.11% year on year, mainly because the statistical scope was expanded. In particular, the emission coefficients for the procurement of raw and auxiliary materials were applied more widely. In addition, the upstream and downstream transportation data statistically analyzed by using AI tools were also more accurate.

Click here to view the 2024 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/2025/04/25/332045587a77449fb9d1f0df0191ee15.pdf

ENVIRONMENTAL FRIENDLY

07

With the rapid development of the global economy driven by information technology iteration, ecological and environmental issues have become increasingly prominent. Hansoh Pharma fully recognizes its responsibility in environmental protection and upholds a commitment to society and the environment. The Company actively implements the concept of green development, continuously improves its environmental management system, strengthens pollutant and waste management, and enhances the efficiency of energy and resource utilization. From raw material procurement and production, storage and transportation of products to product launch and promotion, Hansoh Pharma strives to minimize its environmental footprint across the entire operational chain, dedicated to building a resource-efficient and environmentally friendly enterprise.

7 ENVIRONMENTAL FRIENDLY

7.1 ENVIRONMENTAL GOVERNANCE

Hansoh Pharma places great importance on environmental protection and has established a robust governance framework with a transparent communication mechanism to ensure effective control and management of environmental matters. The ESG Committee of the Board of Directors is responsible for overseeing climate and environmental issues across the Group (for climate-related topics, please refer to Chapter 6 - Addressing Climate Change), reviewing environmental strategies and targets, approving environmental project budgets, and monitoring the achievement of objectives and the progress of action plans.

At each operating site, we have established the Environmental, Health, and Safety (EHS) Committee that operates under the Group's environmental policies. The Committee is responsible to identify environmental factors, assess environmental risks, implement the Group's environmental objectives, and monitor performance in accordance with business characteristics and stakeholder expectations, including compliance obligations. It also formulates and implements emergency preparedness and response plans for environmental incidents, organizes internal and external audits of the environmental management system, and convenes regular EHS meetings to frequently review environmental progress, promptly report risks, and take appropriate measures to ensure the continuous improvement of the environmental management system.

The Company links the fulfillment of environmental targets with the performance evaluations of relevant senior executives. In the event of environmental incidents with negative impacts, executive compensation will be reduced accordingly. Additionally, environmental goals are further broken down and integrated into the strategic deployment of R&D and production operations, aligning with the job performance assessments of management personnel and employees at all levels. Under EHS supervision, R&D and production departments, along with individual workshops, are responsible for identifying environmental factors, conducting risk assessments, and implementing control measures for respective research and manufacturing processes, thereby ensuring the achievement of the Group's overall environmental objectives.

During the Reporting Period, the ESG Committee of the Board of Directors reviewed progress on environmental performance targets twice.

7.2 ENVIRONMENTAL STRATEGY

The environmental strategy is an integral part of the Group's overall strategy. In alignment with the overarching corporate strategy and the Environmental Management Systems Requirements with Guidance for Use (ISO 14001:2015), Hansoh Pharma has formulated its environmental strategy for the new strategic cycle (2023–2025). This strategy is based on a thorough review of the implementation of the previous cycle (2020–2022), taking into account the environmental impact characteristics of the industry and the Company's operational realities.

7.2.1 Strategic Vision

Hansoh Pharma's environmental strategy is closely aligned with its corporate mission, aiming to foster a healthy natural environment for human well-being. The Company is committed to becoming a resource-efficient and environmentally friendly enterprise by embedding the principles of green development throughout its entire operational process. By achieving a balance between economic and ecological benefits, Hansoh Pharma actively contributes to the sustainable development of both society and the environment.

7.2.2 Strategic Goals

Based on the characteristics of its production and operational processes as well as key environmental factors, Hansoh Pharma has established major environmental performance targets for this strategic cycle, covering air emissions, wastewater discharge, waste management, energy consumption, and water resource utilization. Using 2021 as the baseline year, these targets are set to be achieved by 2030. They serve a guiding framework for operational strategy development.

1. **Reduction of air pollutant emissions:** Reduce total emissions of volatile organic compounds (VOCs) by 35%
2. **Reduction of wastewater pollutant emissions:** Decrease the chemical oxygen demand (COD) discharge intensity per unit of revenue by 20%; reduce the ammonia nitrogen discharge intensity per unit of operating income by 25%
3. **Waste management:** Ensure 100% compliant disposal of non-hazardous waste; reduce hazardous waste disposal per unit of operating income by 40%
4. **Energy use:** Lower comprehensive energy consumption per unit of operating income by 20%
5. **Utilization of water resources:** Reduce municipal water withdrawal volume per unit of operating income by 20%

7.2.3 Implementation Framework

To ensure implementation of strategic objectives, leveraging the seven principles recommended in the management system, along with risk-based thinking and the life cycle assessment (LCA) methodology, the Group has formulated an environmental strategy implementation framework for this strategic cycle to guide the Company's operational practices.

Green chemistry designing	Hansoh Pharma continuously invests in research and development, prioritizing synthetic routes with high atomic efficiency, maximizing the use of green solvents, and minimizing the use of toxic and hazardous substances. The Company designs environmentally friendly process conditions by optimizing key parameters such as reaction temperature, pressure, duration, and material ratios to enhance reaction efficiency, improve conversion rates, and reduce the occurrence of side reactions.
Cleaner production processes	The Company regularly identifies resource wastage and pollution sources within its production processes, formulating and implementing cleaner production initiatives to minimize pollutant generation at the source and enhance its clean production capabilities. It adopts high-efficiency, energy-saving, and environmentally friendly production equipment while phasing out obsolete and high-energy-consuming facilities to improve production efficiency and reduce pollutant emissions and resource consumption from the production process.
Pollutant treatment	Hansoh Pharma employs high-efficiency end-of-pipe treatment systems to manage waste gas and particulate emissions, reducing or preventing fugitive releases. Wastewater is classified and collected based on its type, with treatment processes tailored to pollutant concentration and composition. This includes pre-treatment, biochemical treatment, and advanced treatment measures to ensure compliance with discharge standards.
Waste management	Adhering to the principles of "reduce, recycle and reuse," the Company has established a comprehensive waste classification, collection, labeling, storage, disposal, and recycling system. This ensures safe, environmentally friendly, and cost-effective waste disposal in full compliance with regulatory requirements.
Supply chain management	Hansoh Pharma has developed an environmental assessment system for suppliers, evaluating their environmental management systems, performance, and risk levels during supplier selection and collaboration. Preference is given to suppliers with strong environmental performance to encourage the adoption of higher environmental management standards. The Company also implements a green procurement policy, prioritizing environmentally friendly raw materials and products while encouraging suppliers to adopt green production technologies and sustainable packaging materials to minimize the environmental impact of raw material procurement.
Environmental monitoring	A comprehensive environmental monitoring system has been established to track real-time emissions of air pollutants, wastewater, and noise. The Company conducts periodic assessments of the environmental impact of its production activities, ensuring that all pollutant emissions comply with national and local regulatory standards.
Risk prevention and control	Hansoh Pharma closely monitors changes in national and local environmental policies and regulations, promptly adjusting its environmental management strategies to ensure production and operation activities compliant with relevant laws and regulations. The Company has established an environmental risk prevention and control system to identify, assess, and provide early warning for potential environmental risks. It also ensures preparedness and response to emergencies, conducting regular emergency drills to enhance its capacity to manage environmental risks effectively.
Environmental culture building	Hansoh Pharma regularly organizes environmental training for employees to enhance their environmental awareness and skills, ensuring they understand the Company's environmental strategy, policies, and objectives while actively engaging in environmental initiatives. The Company encourages employees to propose suggestions and measures for reducing waste at the source, rewarding effective ideas. Through various channels and platforms, Hansoh Pharma promotes environmental knowledge and showcases its environmental achievements, motivating employees to actively embrace and practice eco-friendly principles, fostering a culture of widespread participation in environmental protection.

7.3 ENVIRONMENTAL RISK MANAGEMENT

Similar to general industrial enterprises, the inputs in the Group's production and operational processes mainly include raw materials and packaging provided by suppliers, as well as energy sources such as electricity and steam, and the consumption of water and air resources. The outputs consist of qualified pharmaceutical products, greenhouse gases that impact the climate, and waste gases, wastewater, and waste that affect the atmosphere, water, and soil. The ultimate goal of environmental management is to produce qualified products that meet patient needs with minimal resource and energy consumption, while minimizing harm to the natural environment and even achieving a net positive impact on the environment.

7.3.1 Environmental Risk Identification

In line with the Company's risk management process, the Group regularly identifies various environmental factors and their impacts, quantitatively assesses environmental risks at the organizational, operational, and activity levels, using the LEC (Likelihood, Exposure, Consequence) method as well as temporal and status analysis, and adopts different control strategies based on risk levels. Below are some examples of risks at the organizational and activity levels:

Examples of Risks at the Organizational Level of Hansoh Pharma

Risk Type	Risk Issue	Potential Impact
Regulatory and policy risks	Continuous updates and improvements in environmental regulations and policies, along with the rising standards for environmental protection. If the company fails to stay informed about and adapt to these changes, or to promptly upgrade its existing environmental measures, its production and operations may fail to meet compliance requirements	Increased operational costs, potential government penalties, delayed project approvals, and damage to the company's reputation
Social responsibility risks	Odor and noise generated by operations impacting surrounding residents, poor communication with governmental and regulatory bodies, and the local community	Public pressure, regulatory penalties, deteriorating community relations, and damage to the company's reputation
Emergency response risks	Insufficient emergency resource reserves and ineffective coordination mechanisms, affecting the response speed and effectiveness to environmental incidents	Production interruption, supply shortages, loss of market share, and harm to the Company's interests and image
Management system risks	Lack of a comprehensive environmental system or failure to plan and operate according to system requirements	Failure to accurately identify environmental factors, failure to assess existing and/or potential risks (including compliance obligations), and inability to continuously improve environmental performance
Supply chain risks	Environmental pollution issues with suppliers of raw materials, regulatory penalties, or harmful substance leaks during transportation	Disruption in raw material supply, affecting normal production; the company may be forced to change suppliers, increasing procurement costs and quality control risks

Case: Environmental Factors Identification and Evaluation Form for Material Requisition Activity of the Raw Materials Division of Jiangsu Hansoh

No.	Activities/ Venues/ Facilities	Environmental Factors	Environmental Impact	Temporal			Status			Scoring and Evaluation Methods								SEA Or Not	Control Measures
				Past	Present	Future	Normal	Abnormal	Emergent	Impact Scope	Impact Severity	Frequency	Laws and Regulations	Public Concern	Quantity	Improvement Potential	Overall Score		
1	Material Requisition	Solvent Leaks	Soil Contamination			√			√	1	1	1	3	1	1	1	9	×	cd
2			VOC Emissions			√			√	1	1	1	3	1	1	1	9	×	cd
3			Generation of contaminated hazardous waste (e.g., rags, absorbent mats)			√			√	1	1	1	3	1	1	1	9	×	cd
6		Minor Material Spillage	Generation of contaminated hazardous waste (e.g., rags, absorbent mats)			√			√	1	1	1	3	1	1	1	9	×	cd
7		Minor Solvent Leaks	Generation of contaminated hazardous waste (e.g., rags, absorbent mats)			√			√	1	1	1	3	1	1	1	9	×	cd

7.3.2 Environmental Risk Control

To mitigate the impacts of environmental risks, we have developed relevant management strategies based on industry characteristics and external expert advice. These strategies are designed for different priority levels of environmental risks. Below are some examples of risk management strategies for various processes in production, and R&D:

No.	Activity/Product/Service (Occurrence Point)	Environmental Factor	Source	Control Measures
1	R&D/Production/Office/Experimental Process	Solid waste disposal	Domestic office waste, hazardous waste (discarded pharmaceuticals, packaging, gloves, activated carbon, sludge, experimental wastewater), cardboard boxes	1. Regular collection of various types of solid waste for centralized storage. 2. Entrust qualified treatment units for centralized disposal. 3. Recycling of cardboard boxes, etc.
2	R&D/Production/Wastewater Treatment Process	Noise emissions	Equipment operation	1. Strictly adhere to equipment operation protocols to prevent improper handling. 2. Enhance equipment maintenance to ensure proper functioning 3. Implement vibration and noise reduction measures
3	R&D/Production/Experimental/Waste Liquid Storage Process	Air emissions (particulates, organic solvents, odors)	Granulation, coating, testing, wastewater treatment	1. Adsorption emission devices 2. Use of filtration equipment 3. Some uncontrolled emissions 4. Regular monitoring
4	R&D/Production/Experimental Process	Wastewater discharge	Equipment cleaning procedure	1. Separate collection 2. Separate treatment 3. Leak prevention 4. Connection to sewage network after meeting discharge standards

7.4 PRACTICE AND ACTION

7.4.1 Continuous Improvement of the Environmental Management System

Hansoh Pharma strictly adheres to the laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Pollution, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on Prevention and Control of Soil Contamination, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, as well as technical standards and the environmental regulatory requirements of each operational location. The Company has developed documents such as the Control Procedures for Evaluation of Legal and Regulatory Compliance, Control Procedures for Identification and Evaluation of Environmental Factors, and EHS Compliance Management for New, Modified, and Expanded Projects. These documents help identify internal and external environmental factors, including compliance, and implement targeted measures to mitigate environmental risks.

In line with environmental management system and strategic management requirements, we continually strengthen organizational governance and leadership roles. At each level, we establish environmental performance goals and indicators, set process operation guidelines, and integrate environmental protection and low-carbon principles into decision-making and business processes.

We actively collaborate with suppliers and partners to select qualified suppliers, define contractual requirements, and rigorously monitor environmental issues in outsourced processes. These efforts aim to minimize the environmental negative impacts across the entire supply chain,. For more information, please refer to Section 9.4.1- Green Supply Chain Development.

During the Reporting Period, in response to the accelerating pace of innovative drug research and development, and the increasing number and variety of products on the market, we developed the New Chemical Substances and New Pollutants Management document in accordance with the Measures for environmental management and registration of new chemical substances. This document outlines the regulatory requirements for the entire process - from source substitution to end-of-life treatment - and specifies the responsibilities of various departments in managing new chemical substances and pollutants. Additionally, for newly constructed facilities and newly installed equipment, we conducted environmental impact assessments. We continued to perform environmental monitoring and compliance evaluations, advanced energy-saving and emissions-reduction projects, conducted internal audits and management reviews of the environmental system, and promptly addressed issues identified in internal and external reviews, customer audits, and government inspections. Preventive measures were developed to continually improve our environmental performance.

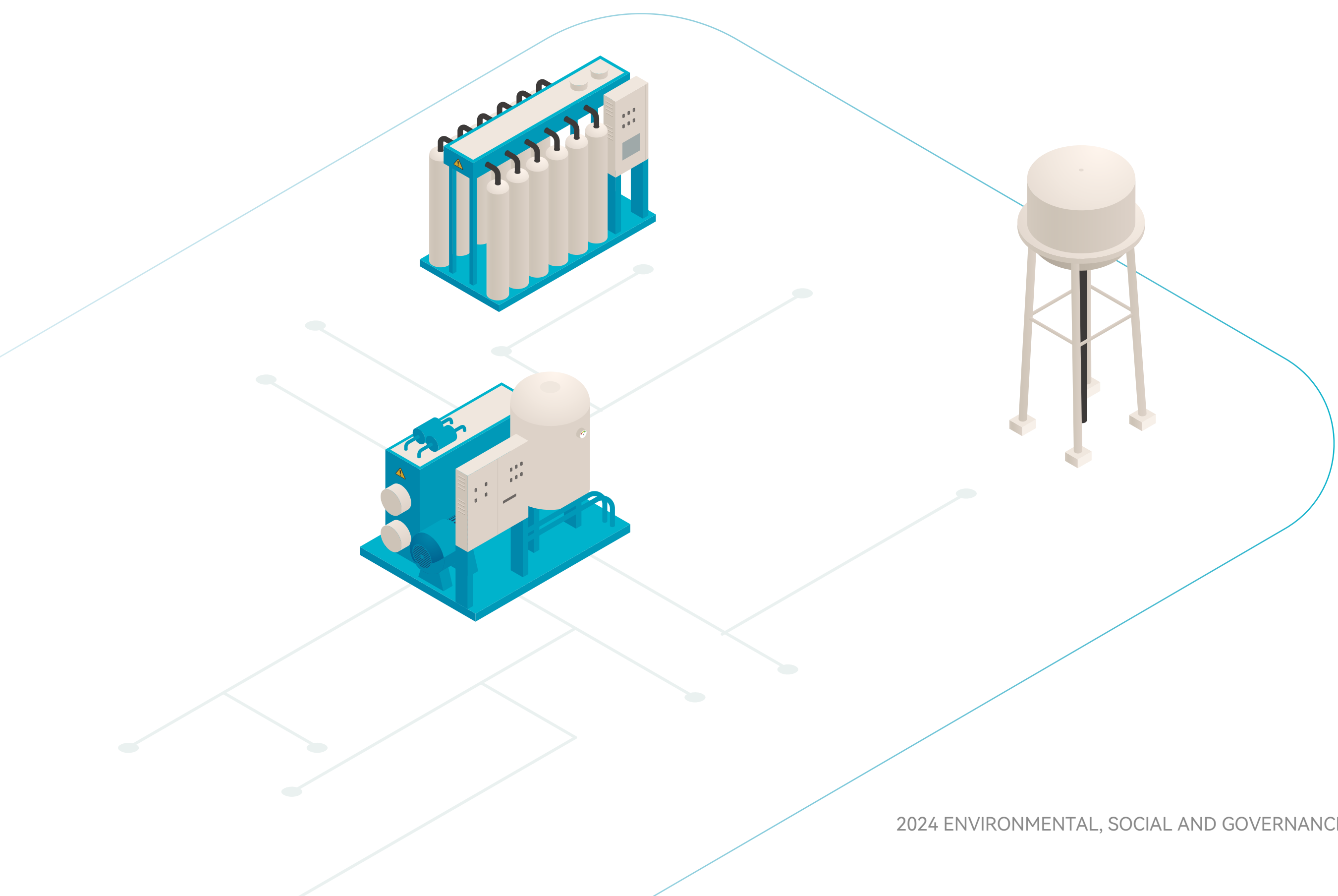
During the Reporting Period, all of Hansoh Pharma's production sites successfully passed environmental management system surveillance audits and maintained certifications. Jiangsu Hansoh underwent 3 social responsibility audits and assessments, including EHS, by 2 PSCI member companies. No non-compliance issues were found, and the audit results have been published on the PSCI official website and may be shared with its member companies.

7.4.2 Committed to Reducing Pollutant Emissions

Among the key factors impacting the environment, the primary sources of air emissions at Hansoh Pharma include volatile organic solvents, the volatilization of drug intermediates and products, acidic and alkaline exhaust gases, and dust-laden emissions generated during raw material handling and product drying in the production and laboratory processes. Wastewater primarily arises from high-concentration organic wastewater and waste liquids generated by drug synthesis, fermentation, and other processes during production and R&D. It also includes low-concentration organic wastewater resulting from equipment cleaning and floor washing, as well as acidic and alkaline wastewater from drug synthesis and purification processes and domestic wastewater contribute to the total effluent. Noise emissions mainly originate from production equipment such as crushers, grinders, reactors, mixers, granulators, tablet presses, and air-driven devices such as compressors, ventilators, and vacuum pumps. These devices are equipped with appropriate enclosures and are located at a considerable distance from the facility boundary, thus minimizing their environmental impact.

We employ a combined approach of minimizing emissions at the source and implementing effective end-of-pipe treatment for waste gas and wastewater. This ensures compliance with discharge standards and minimizes the impact on municipal sewage networks and the atmosphere.

During the Reporting Period, all operating sites of the Group continued to promote process optimization to reduce the generation of pollutants at the source. R&D Project A at Jiangsu Hansoh improved its process, achieving nearly a 60% increase in quality yield, resulting in a reduction of approximately 1,300 liters of organic waste liquid, 1,200 liters of wastewater, and 1 kg of waste residue per batch. In R&D Project B, the coupling process was modified to a one-pot method, increasing the yield from 75% to 90%. This change eliminated toxic reagents, such as dichloromethane, and alkaline wastewater from the original process, reducing approximately 150 liters of dichloromethane and 100 liters of alkaline wastewater per batch of finished product. Changzhou Hansoh optimized the process for R&D Project C by controlling and adjusting reaction parameters and simplifying the post-treatment process, thus reducing the use of organic solvents in purification and minimizing the generation of laboratory waste drugs.



During the Reporting Period, the Group invested approximately RMB45 million in the upgrading of workshop air pollution control devices, the exhaust gas system at the wastewater station, concentrated water reuse, and the maintenance of environmental monitoring facilities. These investments aimed to further advance high-efficiency end-of-pipe treatment, and enhance compliance with emission standards and improving risk control measures.

Jiangsu Hansoh Air Pollution Control Facility Upgrade Project

During the Reporting Period, Jiangsu Hansoh invested RMB2.28 million to renovate a raw material production workshop's exhaust gas treatment facilities. The upgrade involved replacing the previous "single-stage alkali spray + single-stage activated carbon adsorption" system with a more advanced **"single-stage water alkali spray + two-stage alkali spray + two-stage activated carbon adsorption and desorption"** system.

Jiangsu Hansoh Reduced Odor Emissions

During the Reporting Period, Jiangsu Hansoh invested RMB460,000 to retrofit the anaerobic tower roof at the raw material division's wastewater station. The renovation **reduced VOC emissions by 0.2 tonnes per year,** alleviated factory odor, and improved the regional ecological benefits.

Biopharmaceutical Water Treatment First-Stage RO Concentrated Water Reuse Project of Changzhou Hansoh

A concentrated water reuse device was installed after the first-stage RO concentrated water drainage pipe of the water treatment system, which filters the water before pumping it back to the original water tank for drinking water use. According to statistics, **the wastewater discharge is reduced by 22.6 tonnes per day, with wastewater emissions reduced by 5,650 tonnes annually.**

Sludge Reduction Retrofit to Jiangsu Hansoh Wastewater Treatment Plant

During the Reporting Period, Jiangsu Hansoh invested RMB 15,000 in a technical retrofit to its wastewater treatment plant at the active pharmaceutical ingredients workshop. The retrofit incorporates a denitrification process to reduce the volume of sludge requiring dewatering. By cultivating and acclimating the system, sludge loss in the front-end anaerobic stage was minimized. **This retrofit can reduce annual sludge volume by approximately 53 tonnes,** saving 156,000 kWh of electricity and 188 tonnes of steam used in sludge dewatering, screw press operation, and sludge pumping. **The estimated annual economic benefit from this retrofit is approximately RMB 260,000.**

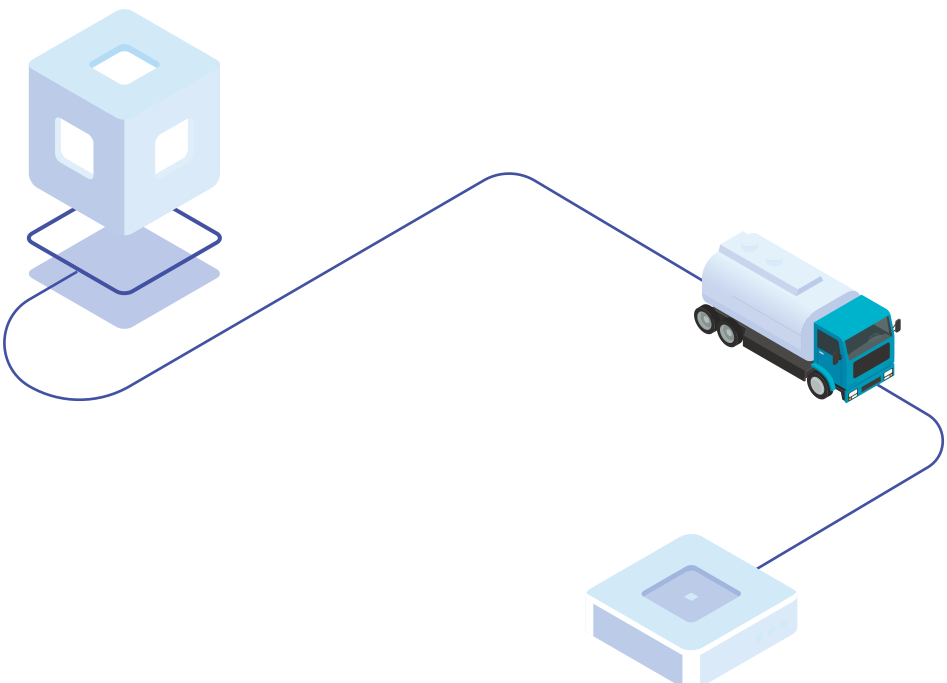
7.4.3 Proper Disposal of Waste

In accordance with the varying degrees of environmental impact, waste generated during the production operations at Hansoh Pharma is categorized into non-hazardous and hazardous (dangerous) waste. Non-hazardous waste primarily includes general industrial waste such as aluminum-plastic boards, waste cartons, plastic bags, as well as domestic and kitchen waste. Hazardous waste mainly includes spent activated carbon, used protective gear, waste generated during production and experimental processes, and high-concentration waste liquids.

We strictly adhere to the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes and other relevant laws and regulations. We have established and continuously improved the Waste Management System, ensuring comprehensive monitoring and control throughout the entire process of generation, collection, recycling, storage, transportation, and disposal, thereby ensuring the proper disposal of all waste.

For non-hazardous waste, we downgraded them for reuse to reduce emissions at source. Waste that cannot be downgraded for reuse is entrusted to professional companies for recycling or centralized disposal according to unified management requirements. During the Reporting Period, general industrial waste and domestic waste were almost 100% recycled (including waste-to-energy processes), and kitchen waste was mainly used for the production of animal feed and biofuels. In some of our operations, kitchen waste was used in the production of soil conditioners, organic fertilizers, and other products, with a recycling rate of 85%.

For hazardous waste (including expired pharmaceuticals for recycling), we classify and collect it based on an evaluation of its category and characteristics, clearly labeling each item with the hazardous waste name, components, generation date, and other relevant information to prevent confusion and avoid potential risks. We establish a temporary storage facility for hazardous waste, equipped with adequate fire protection, ventilation, lighting, and warning signs. We maintain a detailed hazardous waste inventory, which includes information such as source, type, quantity, and handover times. We carefully select hazardous waste disposal companies by reviewing their qualifications, capabilities, and treatment processes, and clearly define the rights and responsibilities of both parties in contracts. We strictly adhere to the regulations set by regulatory authorities, completing the waste transfer forms and reporting hazardous waste types, quantities, and disposal methods to the government management platform, ensuring full control and traceability throughout the entire process.



Jiangsu Hansoh Collaborated with Waste Disposal Partners to Implement the 5R Principles to Minimize the Environmental Impact of Pollutants and Waste

In 2005, the World Thinkers Forum introduced the 5R' concept for a circular economy. Jiangsu Hansoh collaborates with specialized waste disposal companies to apply this concept throughout the product lifecycle – from research and development to production, end-of-pipe treatment, and outsourced disposal – to minimize the environmental impact of pollutants and waste:

Reduce: At the design stage, prioritize and continuously optimize synthetic routes, reaction conditions, and separation and purification methods to maximize reaction conversion rates and selectivity, minimizing byproducts and waste generation, for example, adopting green chemistry process, high-efficiency catalysts and ionic liquids. At the production stage, precisely control operating parameters such as temperature, pressure, and material flow to reduce material waste and prevent exceeding pollutant and waste discharge limits due to parameter fluctuation. At the enterprise perimeter, utilize high-efficiency end-of-pipe treatment equipment and processes to prevent fugitive emissions of waste gas and wastewater.

Replace: Substitute environmentally friendly raw materials for highly polluting or hazardous ones. For example, replace traditional volatile organic solvents with green solvents and utilize renewable resources as raw materials to reduce reliance on non-renewable resources and minimize waste generation.

Reuse: Contract with disposal companies to recover and recycle organic solvents, packaging materials, and catalysts used in the production process, for example, purifying waste liquids and regenerating spent catalysts and granular activated carbon for use by downstream companies.

Recycle: Entrust specialized companies with the recycling of intermediates, byproducts, and non-conforming products generated during production, downgrading them for use in other chemical processes. For example, unreacted raw materials and intermediates in crystallization mother liquors can be purified and reused through filtration, concentration, and recrystallization. Waste residues and wastewater generated during production are also sent to specialized companies for valuable resource recovery, such as precious metals from spent catalysts and salts from wastewater.

Recover: Treat wastewater generated during the production process using biological treatment, membrane separation, and advanced oxidation technologies. Once treated to meet relevant standards, this water can be reused for non-critical purposes such as equipment cleaning and landscape irrigation. Biodegradable general solid waste is processed by specialized companies through composting and anaerobic digestion to create organic fertilizers, animal feed, or biofuels.

7.4.4 Strict Monitoring of Environmental Impacts

In accordance with the requirements of environmental regulatory authorities and system management standards, Hansoh Pharma monitors key environmental factors at all of its production and experimental sites through a combination of internal manual monitoring, third party monitoring, and online monitoring. We ensure that all monitoring, measurement equipment, and instruments are calibrated and verified and maintained within statutory period or pursuant to related standards to accurately reflect pollutant emissions. We promptly assess monitoring indicators, make improvements to production operations and end-of-pipe treatment processes, and, while ensuring compliance with emission standards, strive to minimize the impact on the ecological environment and biodiversity as much as possible.

Each year, we conduct comprehensive environmental impact monitoring around our production and experimental sites, commission specialized agencies to monitor key environmental indicators in groundwater, soil, wastewater, waste gas (both stack and fugitive), and factory boundary noise factors and indicators at main points of our operational sites. We actively engage with surrounding communities to understand residents' perceptions of environmental changes and gather stakeholder expectations and requirements for our environmental management practices. This proactive approach enables us to prevent, eliminate or mitigate environmental risks and respond effectively to any potential environmental incidents.

During the Reporting Period, all of our operating sites' pollutant emission parameters complied with national and local environmental protection standards, and we have not been subject to penalties from ecological and environmental regulatory authorities (including fines).

Three-Dimensional Monitoring System

Manual monitoring	Carry out manual monitoring according to the annual monitoring plan for the major pollutants in the exhaust gas, such as VOCs, sulfur dioxide and PM, and the particular pollutants of wastewater, noise, etc.
Third party monitoring	Entrust qualified institutions to measure the exhaust gas, wastewater pollutant and noise emission data through manual monitoring and on-line monitoring to identify whether the emission data is below the national, industrial and local standards, and timely measures are taken to ensure that the regional total emission control requirements are met.
Online monitoring	• Monitor according to the annual self-monitoring plan submitted to Environmental Protection Department, and timely report the monitoring data and calculation results to the national pollutant emission permit platform and the provincial "one enterprise one file" self-monitoring platform. • Install on-line monitoring equipment for the wastewater temperature, pH, COD, ammonia nitrogen, total nitrogen and total phosphorus indicators as required by the pollutant emission permit; install non-methane hydrocarbon on-line monitoring equipment for exhaust funnels with the airflow exceeding 30,000m^3/h and at the plant boundary and connect to the platform of Environmental Protection Bureau; entrust qualified institutions to maintain the on-line monitoring equipment on a regular basis. • Install monitoring equipment for the main sewage outlet, the area inside and outside the hazardous waste storage warehouse and workshop hazardous waste temporary storage area, and other environmental treatment facilities, and connect to the regulatory authority's environmental monitoring platform as required.

7.4.5 Continued Promotion of Energy Conservation and Emission Reduction

Based on the greenhouse gas emissions inventory data compiled over the past several years, Greenhouse gas emissions from energy consumption of the Group account for approximately 85% of the total emissions (Scope 1 and Scope 2), making it the primary source of greenhouse gas emissions and the energy consumption is also a significant component of product costs. Therefore, we treat energy management as a key part for mitigating environmental and ecological impacts and controlling environmental risks. To address this, we have established a "three-level management structure", set energy control targets, and implemented monthly tracking and analysis to manage the process. In alignment with the Energy Management Systems - Requirements with Guidance for Use (ISO 50001:2018), we conduct annual internal and external energy reviews and, based on results of these reviews and energy audits, identify issues and improve through continuous, targeted enhancements to increase energy management performance. During the Reporting Period, both Jiangsu Hansoh and Changzhou Hansoh passed energy management system surveillance audits and maintained certification, covering all production and operation sites.

Building on our high-standard energy management system and complemented by diverse publicity and training activities, energy conservation and emission reduction awareness has been deeply ingrained in all employees and integrated throughout the Company's R&D, production, and operational processes. The Group primarily implemented the following measures to achieve energy conservation and emission reduction during the Reporting Period:

1. Promotion of green chemical process energy efficiency: By optimizing synthetic processes, we reduced energy and water resource consumption.

2. Scientific production organization to avoid unnecessary energy consumption:
   - 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.

3. Enhancement of energy efficiency through technological renovation:
   - Continued to strengthen the improvement and optimization of equipment and process, tracked the implementation regularly to further explore potential for energy conservation;
   - Included technological transformations for energy saving into annual economic assessment targets and set up incentives.

4. Implementation of energy conservation target management: Based on the annual production plan, clear energy-saving targets were set, broken down and assigned to relevant departments, workshops, and teams, with regular tracking and progress checks.

5. Renewable energy substitution: We actively explored opportunities to replace traditional energy sources with renewable energy, advancing initiatives such as the purchase of green electricity and the installation of photovoltaic power generation facilities.

During the Reporting Period, the Group carried out various energy-saving publicity activities, implemented over 20 energy-saving technical renovation projects, initiated green electricity trading, and advanced rooftop photovoltaic installations. These efforts resulted in energy savings exceeding 320 tonnes of standard coal and a reduction of approximately 864 tonnes of carbon emissions (estimated based on 1 tonne of standard coal emitting 2.2 tonnes of CO_2e).

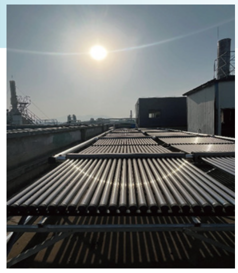
Jiangsu Hansoh R&D Project D: Reducing Energy and Water Consumption through Green Chemical Process Improvements

In the ammonia hydrolysis step of R&D Project D, the original process utilized an ammonia solution/ammonia methanol system. The post-reaction treatment required vacuum concentration to remove the ammonia solution and methanol. Due to the large volume of the reaction mixture, the concentration process was time-consuming, and ammonia gas was released during the concentration, making the workshop environment highly unfavorable. After process optimization, an ammonia methanol/sodium methanol system was adopted. Following the reaction, the target product was directly filtered. This not only improved the yield of this step but also reduced the additional energy consumption generated during the concentration process, making the process more environmentally friendly.

Jiangsu Hansoh API Division: Energy-Saving Retrofit for Fermenter Gearbox Cooling

The three 30-tonne fermenters in the HD718 workshop's fermentation system used both circulating water and chilled (7°C) water for cooling. The gearboxes were cooled solely by circulating water, requiring the circulating water system to run continuously whenever the fermenters were in operation. Fermenter cultures were cooled using both circulating water (for short periods) and chilled (7°C) water (for longer periods). When chilled (7°C) water was used for culture temperature control, the circulating water system operated inefficiently, solely to cool the gearboxes. To improve energy efficiency and provide an alternative cooling source for the gearboxes, chilled (7°C) water was also plumbed into the gearbox cooling lines of the three 30-tonnes fermenters. Chilled (7°C) water is now the primary cooling medium for the gearboxes, allowing the circulating water system to be shut down when not needed for culture temperature control. This project cost was approximately RMB 8,000 and is expected to yield **annual savings of approximately RMB 250,000 and 37.7 tonnes of standard coal.**

Jiangsu Hansoh Implemented Solar Collector Retrofit



Based on the existing factory conditions, sunlight exposure duration, and employee health and hygiene needs, the number of solar collectors and the power of air source heat pump water heaters were calculated. Installation methods and control mechanisms were assessed, and the existing shower water tank was retrofitted with solar collectors and air source heat pump water heaters to reduce steam consumption. Upon completion, this retrofit project results in annual energy savings of 34.33 tonnes of standard coal and an annual economic benefit of RMB66,000.

Cooling Tower Temperature Control Retrofit Project of Changzhou Hansoh

Temperature controllers were added to the cooling tower electrical panel. By setting the inlet water temperature of the cooling water of the water chilling unit, the on/off operation of the cooling tower fan is automatically controlled. After the retrofit, daily monitoring showed an average savings of 98 kWh of electricity, leading to annual energy savings of 1.47 tonnes of standard coal and an economic benefit of RMB9,300 annually.

Diversified Energy-saving Training and Publicity Activities

During the Reporting Period, training on energy policies and energy-saving technologies was conducted at all operational sites of the Group, covering topics such as regulations and policies, energy-saving monitoring, equipment energy efficiency management, energy usage standards, and case studies. A quiz with rewards was also organized to raise energy-saving awareness and encourage active participation among frontline employees, common energy-saving methods and behaviors.

During National Energy-Saving Week, the Group launched a campaign titled "Green Transformation, Energy-Saving Battle" to promote green and carbon reduction publicity activity and Jiangsu Hansoh held an essay contest titled "Energy Conservation and Carbon Reduction with You and Me".

7.4.6 Strict Resource Efficiency Measures

Controlling the consumption of materials and water resources is a crucial pathway to achieving sustainable development. Hansoh Pharma places high importance on resource conservation, continuously improving the efficiency of water and material utilization through technological innovation, process optimization, and equipment upgrades. In addition, the Company actively promotes a culture of resource conservation, encouraging employees at all levels to persistently improve their practices and eliminate waste in the use of water and materials.

Water Resource Utilization

The water resources used by Hansoh Pharma primarily come from municipal water supply. Water consumption includes process water (used as solvents, reaction media, dissolving and diluting agents, etc.), cleaning water (for cleaning equipment, containers, packaging materials, facilities, and the environment), and utility water (for air conditioning cooling, heating and humidification for air conditioning, purified water preparation, fire fighting, and domestic use). The water-intensive production and operation sites are located in regions along the southeastern coast of China, where the water resource risk level is relatively low.

To enhance water resource utilization efficiency, we have established a water resources PDCA management system in accordance with Water Efficiency Management System – Requirements with Guidance for Use (ISO 46001:2019). This system encompasses planning and design, operation and maintenance, monitoring and management, training and incentives, and continuous improvement.

Planning and Design	Water conservation and reuse are prioritized during the design and construction of new facilities, workshops, and process modifications, with advanced water-saving technologies and equipment, such as high-efficiency concentration and drying technologies to minimize evaporative losses during production. Well-designed water circulation systems enable the recovery and reuse of cooling water and condensate. It identifies key water usage points and potential areas of waste, setting specific water usage targets and indicators based on consumption data. These include targets for annual water usage reduction and increased water recycling rates.
Operation and Maintenance	Detailed operating procedures for water-using equipment standardize employee practices and prevent waste due to improper operation. These procedures specify water usage amounts and durations for equipment cleaning, avoiding prolonged rinsing. Regular maintenance and upkeep of water-using equipment ensure efficient operation and minimize waste due to equipment malfunctions. These include promptly repairing leaks in pipes and valves and regularly cleaning cooling towers to maintain optimal cooling system performance.
Monitoring and Management	In accordance with GB 17167 General rules for energy measuring instrument equipping and managing of enerey user, we install advanced water meters and flow meters at all water usage points. This allows for precise measurement and real-time monitoring of water consumption, enabling prompt detection and mitigation of unusual water usage patterns. Data analysis helps identify the causes of water usage fluctuations and optimize consumption processes. A robust water quality monitoring system is in place, with regular testing of raw water, intermediate process water, and discharged water to ensure compliance with production requirements and environmental discharge standards.
Training and Incentives	Systematic employee training programs and awareness campaigns promote best water conservation practices. We cultivate employee awareness and skills in water resource management, encouraging active participation in water-saving initiatives. Incentive programs recognize and reward departments and individuals demonstrating exceptional performance in water resource utilization, which fosters employees' proactive engagement in water management.
Continuous Improvement	Regular performance evaluations at each water usage point assess progress against established targets and indicators. Gaps and areas for improvement are analyzed, and targeted measures are implemented based on the evaluation results. This may include identifying and repairing leaks or improving processes and equipment. Successful practices are integrated into the management system documentation to refine processes and procedures to ensure continuous improvement in water resource utilization.

As of the end of the Reporting Period, Jiangsu Hansoh has established a comprehensive water recycling system in production and operation, classifying and treating water used in production for reuse. In every part of the cooling water circulation system, we have installed high-efficiency cooling towers and water purification equipment. With only a small amount lost to natural evaporation, the cooling water reuse rate is nearly 100%. As for steam condensate, part of it is collected through a condensate recovery system, then undergoes deep treatment such as demineralization and de-ironing, and is used as cleaning water with relatively low water quality requirements. This process saves over 100,000 tonnes of municipal water withdrawal annually.

Jiangsu Hansoh has conducted comprehensive assessments and optimizations of our production water processes, and eliminated outdated, high-water-consuming practices and adopting water-efficient new technologies and processes. For example, we have optimized cleaning processes for equipment, vials, and workshops by utilizing methods such as ultrasonic cleaning, spray cleaning, and high-pressure water cleaning, depending on the cleaning target. By carefully controlling cleaning time and water flow intensity, we reduce water consumption for equipment cleaning while ensuring effective results. Changzhou Hansoh has installed a concentrated water reuse system at the first-stage RO concentrated water drainage pipe of the water production system. The system concentrates and filters the wastewater, which is then pumped into the raw water tank for use as drinking water, saving water of over 5,500 tonnes annually.

Water-Saving Retrofit of Biofilter Backwash System at the Wastewater Treatment Plant of Jiangsu Hansoh API Division

The biofilter at the API wastewater treatment plant utilizes a two-stage water tank spray wash system, and the spray water in each tank needs to be replaced daily, alternating between tanks every two days, consuming a total of 60 m^3 of water, or approximately 900 tonnes per month. To conserve water, the D1 clean water discharge and initial rainwater lines were connected to the biofilter backwash system. This allows for continuous replenishment and replacement of the biofilter spray water, maintaining the COD below 500 mg/L. This retrofit reduces tap water consumption and wastewater treatment plant operating costs, while also lessening the workload on operators for water replenishment and drainage. **The project cost was approximately RMB 20,000 and it is expected to save cost of approximately RMB 100,000 every year.**

During the Reporting Period, Jiangsu Hansoh installed smart water meters at various water usage points, with a configuration rate of 100%. These meters enables modular management for water usage in different areas, such as office, production, and research & development. and real-time data collection, which is then uploaded to a monitoring platform. This data is analyzed to promptly detect any abnormal water usage.

During the Reporting Period, we launched a "Water Conservation Awareness Week" through electronic posters, online training platforms, and water-saving promotional videos on commuter buses to raise employee awareness of water conservation.

Material Consumption

The materials consumed by Hansoh Pharma mainly include internal and external packaging materials and raw and auxiliary materials required for drug production. We have deeply implemented Lean Management, which aims to reduce material wastage through measures such as centralized production scheduling to minimize equipment start-stop frequencies, standardizing packaging specifications for products on the same production line to reduce mold changeovers, and linking packaging material consumption with production output. These actions are designed to minimize material loss. At the same time, 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, Changzhou Hansoh's production workshop optimized scheduling by implementing centralized production planning, thereby minimizing material losses associated with the first batch after major cleanups. Meanwhile, Jiangsu Hansoh standardized the packaging specifications for three different products on the same packaging line, reducing packaging material waste caused by mold changes and equipment adjustments.

Case: Jiangsu Hansoh Optimized Coating Control Technology to Reduce Coating Solution Loss

During the Reporting Period, the HS102 workshop optimized the coating control process for the BGB-150D high-efficiency coating machine by **implementing new spray guns.** These spray guns **produce a more uniform and precise atomization of the coating solution,** with droplet sizes (D30) concentrated in the 10-20μm range, both at the center and edges of the spray pattern. Compared to the previous process, this **avoids premature drying of smaller droplets, resulting in less coating solution loss.**

7.5 ENVIRONMENTAL PERFORMANCE

7.5.1 Performance Indicators*

Performance Category	Performance Indicator	2022	2023	2024
Indicators of exhaust gas emission	Sulfur oxide/kg	0	0	0
	Particulate matter/kg	105	144	122
	VOCs/kg	8,782	7,758	13,266
Indicators of wastewater discharge	Total wastewater discharge/m^3	784,026	684,277	702,703
	Total COD discharge/tonne	32.85	32.81	32.93
	Total ammonia nitrogen discharge/tonne	3.13	2.36	0.73
Wastes	Total amount of hazardous waste disposal/tonne	3,639	4,671	5,884**
	Hazardous waste disposal per unit of revenue (tonne/RMB million)	0.39	0.46	0.48
	Total amount of non-hazardous waste disposal/tonne	603	565	587***
	Recycled waste/tonne	495	527	557
	Total amount of non-recyclable waste disposal/tonne	109	39	30
	Non-hazardous waste disposal per unit of revenue (tonne/RMB million)	0.06	0.06	0.05
Energy use	Direct energy consumption (in tonne of standard coal)	69	70	65
	Indirect energy consumption (in tonne of standard coal)	20,031	21,301	24,297
	Total renewable energy consumption (MWh)	213	213	219
	Total energy consumption (in tonne of standard coal)	20,100	21,370	24,362
	Energy consumption per unit of revenue (standard coal in tonne per one RMB million)	2.14	2.12	1.99
Use of water resources	Municipal water withdrawal volume/m^3	966,188	981,556	1,002,311
	Recycled water volume/m^3	43,404,128	52,400,796	57,546,080
	Municipal water withdrawal volume per unit of revenue (m^3/RMB million)	102.98	97.15	81.75
Use of package materials	The usage of internal and external package materials/tonne	3,118	3,084	2,098
	The usage of package materials per unit of revenue (tonne/RMB million)	0.33	0.31	0.17

* For readability, absolute indicators are presented to the nearest whole number, while relative indicators are rounded to two decimal places. A reported value of "0" denotes "not detected".
** Including l,778 tons of hazardous waste with incineration as the final disposal method.
***Including 373 tons of non-hazardous waste with incineration as the final disposal method, all of which are used for incineration power generation.

7.5.2 Achievement of Strategic Objectives

Category	Target	2024 Progress
Air emissions	Reduce total emissions of volatile organic compounds by 35% from 2021 levels by 2030	Increased by 22.84%*
Wastewater	Reduce COD discharge intensity per unit of operating income by 20% from 2021 levels by 2030	Reduced by 26.24%
	Reduce ammonia nitrogen discharge intensity per unit of operating income by 25% from 2021 levels by 2030	Reduced by 83.82%
Wastes	Ensure 100% compliant disposal of non-hazardous waste	Achieved
	Reduce hazardous waste disposal per unit of operating income by 40%	Increased by 12.13%**
Energy utilization	Reduce comprehensive energy consumption per unit of operating income by 20% from 2021 levels by 2030	Reduced by 15.69%
Water resource utilization	Reduce municipal water withdrawal volume per unit of operating income by 20% from 2021 levels by 2030	Reduced by 26.82%

* In order to accurately represent the impact of enterprise operation on atmospheric environment, since July 2024, Hansoh Pharma's VOCs pollutant control index has been changed from TVOC to NMHC. Due to the change in calculation criteria and the increase in the number of innovative drug R&D and production projects during the Reporting Period, the total amount of VOCs has increased.

** During the Reporting Period, due to strong international and domestic market demands, the output of active pharmaceutical ingredients (apis) grew rapidly. Coupled with the increase in pilot projects of innovative drugs under research and development, the total amount of hazardous waste disposal rose.

7.5.3 Honors and Recognition

Jiangsu Hansoh was awarded the "National Green Factory" designation in 2019, and have successfully maintained this designation for six consecutive years through dynamic evaluations and on-site audits as of the end of the Reporting Period. Moreover, Jiangsu Hansoh has been recognized for three consecutive years with honors such as A leading enterprise in green development in Jiangsu Province, Environmental protection demonstration enterprises and institutions in Lianyungang City, and "Green Tier Certification", as well as receiving the "Lianyungang Economic Development Zone Environmental Quality Award" for three consecutive years with a first-place ranking. During the Reporting Period, Changzhou Hansoh was awarded the "2023 Advanced Unit in Safety Production Target Management" honor by the Safety Production Committee of Xuejia Town, Xinbei District, Changzhou City.

National Green Factory

Jiangsu Provincial Leading Enterprise in Green Development

Lianyungang Environmental Protection Demonstration Enterprise

Green Tier Certification

Lianyungang Economic Development Zone Environmental Protection Quality Award

2023 Advanced Unit in Safety Production Target Management

PRODUCT QUALITY

08

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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 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.

8 PRODUCT QUALITY

8.1 QUALITY GOVERNANCE

Product quality is directly related to patient safety and is fundamental to the foundation of the Company and its most important social responsibility. Hansoh Pharma places great importance on product quality, always prioritizing it in all aspects of our operations. We have established a comprehensive quality management structure and reporting mechanism, with the ESG Committee of the Board of Directors serving as the highest management body for product quality and safety, responsible for overseeing the adequacy, appropriateness, and effectiveness of the quality management system.

In line with the requirements of the quality management system, the Company has clearly defined quality objectives (indicators) and responsibilities at each operational stage and functional level to ensure that the processes across the full lifecycle - from design and development, production and operation, to post-market pharmacovigilance - achieve the desired outcomes. Quality risks are effectively managed, and quality policies and objectives are integrated into business processes.

Adhering to the concept that "quality stems from design", we established a quality center during the product research and development stage. From compound design and screening to clinical research, we have explored key quality attributes and process parameters, laying a reliable quality foundation for product production.

The production and operational process is a key link in ensuring product quality. We have independent quality management departments at each of our operating sites, responsible for quality management activities throughout the entire process, from the technical transfer of medicines, inspection of raw and auxiliary materials upon entry, production process quality control, to the release of finished products. This ensures that the product quality meets the intended use and registration requirements while maintaining stability and consistency.

We have established a medical center with a strict medical information review process to ensure that the content of academic communications is consistent with approved documents from regulatory agencies, and is updated synchronously with new scientific research evidence. These materials must be truthful, clear, accurate, unambiguous, easy to understand, non-misleading, providing a scientific basis for the correct prescription of medical institutions. For more information, please refer to Section 5.2 - Business Ethics Strategy – Responsible Communication of Information.

We have set up a drug safety committee, led by an executive director, responsible for making major decisions related to pharmacovigilance, including major risk assessments, the management of significant or urgent drug incidents, and risk control strategies. The drug safety committee is supported by a pharmacovigilance department, which is responsible for monitoring, identifying, assessing, and controlling adverse reactions for both investigational and marketed products, forming a comprehensive pharmacovigilance system covering the entire product lifecycle.

We have established a business management department and a 24×7 customer complaint hotline to handle and investigate customer complaints. For complaints arising from quality issues, the Company will initiate a quality deviation handling mechanism for investigation and analysis. If the issue is determined to be quality-related, we will take appropriate corrective and preventive measures promptly, forming a PDCA (Plan-Do-Check-Act) cycle for quality management.

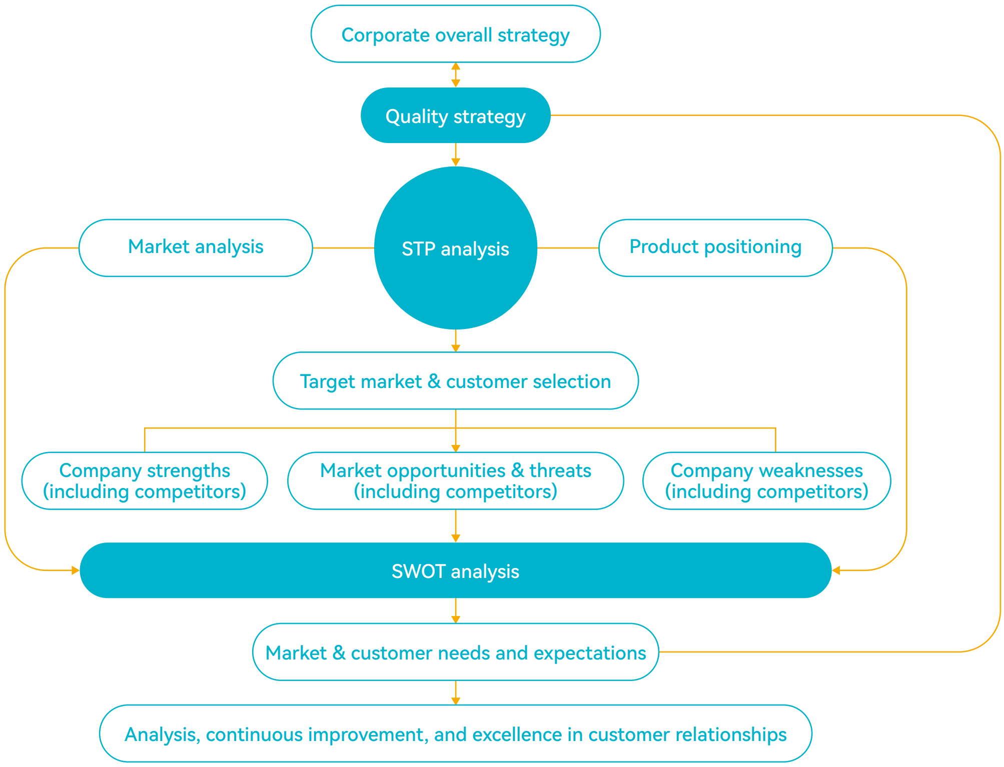
8.2 QUALITY STRATEGY

The quality strategy is a critical component of the Group's overall development strategy. The Board of Directors has established the strategy and development committee, which is responsible for mid- to long-term strategic planning, including quality strategy. The Company strictly adheres to 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, and 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. We regularly identify and benchmark against the most advanced global quality standards and technical requirements, incorporating them as key inputs into our quality strategy to address stakeholder needs and expectations. This ensures that all quality management processes remain compliant and at the forefront of industry best practices.

8.2.1 Quality Strategy Management Process

The Company has established a Quality Strategy Working Group under the leadership of the Board's strategy and development committee. This group is led by an executive director and co-led by a vice president responsible for product quality. The quality management departments at each operating site function as the quality strategy working office, handling day-to-day affairs and coordinating with relevant functional departments to implement the quality strategy and deploy strategic objectives.

The Company employs strategic tools such as PEST, SWOT, and Porter's Five Forces to identify key strategic factors, taking into full consideration domestic and international policy trends, industry and technological developments, as well as customer and stakeholder needs and expectations. Guided by the Company's overall strategy, we apply the STP (Segmentation, Targeting, Positioning) framework to define target markets and product positioning. Our approach follows the principle of "leveraging strengths, addressing weaknesses, seizing opportunities, and mitigating threats", allowing us to dynamically adjust the focus of our quality strategy.



8.2.2 Overall Quality Strategy

As the pharmaceutical industry is undergoing rapid technological Iteration, since 2020, the Group has adopted a three-year strategic cycle. In the latest cycle (2023–2025), the Group has established the following quality strategy:

1. Guided by the national Outline for Building a Quality Powerhouse and benchmarked against globally advanced market access standards and the Quality Management System Requirements (ISO 9001:2015), the Group is focusing on two core pillars - innovation and internationalization - to reinforce a comprehensive quality management system covering the entire drug lifecycle.
2. We are strengthening innovation-driven approaches throughout the entire operational process, aiming to develop innovative drugs that offer greater clinical advantages, better alignment with patient needs, and improved accessibility. Some products have already achieved First-in-Class (FIC) or Best-in-Class (BIC) status, further enhancing product competitiveness.
3. Leveraging digital technologies to empower intelligent manufacturing, we have integrated big data platforms into key quality processes, achieving greater transparency, visualization, and real-time control of critical quality operations, thereby establishing a high-level quality infrastructure.
4. To adapt to evolving clinical dosage form trends, we are advancing the construction of production facilities for Antibody-Drug Conjugates (ADCs) and small nucleic acid drugs. By the end of the Reporting Period, these facilities had already met production requirements.
5. We are committed to reinforcing a sustainability-driven quality development strategy by continuously optimizing production processes, promoting green and low-carbon manufacturing, and enhancing innovation-driven quality development momentum.
6. To support high-quality development, we are strengthening regulatory compliance and quality skills training, continuously refining and improving institutional frameworks, and enhancing overall quality awareness, technical expertise, and resource allocation across the organization.
7. We are also strengthening full-lifecycle customer service, optimizing complaint management, expanding high-quality service offerings, and enhancing service professionalism.
8. Guided by our quality policy, we are fostering a robust quality culture, increasing brand visibility, and strengthening brand reputation, credibility, and influence, ensuring that quality remains the cornerstone of our brand's foundation.

Quality Strategy

R&D Quality Planning
Focusing on clinical needs (customer-centric approach), we ensure R&D quality by strictly adhering to GCP standards and ICH guidelines throughout the entire process -from compound design and screening to clinical research and pilot-scale expansion

Production Quality Planning
Benchmarking against internationally advanced GMP standards, we establish and refine a comprehensive quality control system encompassing all aspects of production - man, machine, material, method, environment - to ensure consistent and stable product quality

Responsible Marketing Planning
Strictly complying with relevant laws and regulations, we prioritize patient benefits and medication safety by conveying pharmaceutical information in a scientific, objective, and accurate manner, ensuring that business practices adhere to legal and ethical standards

Quality Talent Planning
Aiming to strengthen the comprehensive quality service system covering all employees, the entire process, and all aspects, we integrate talent acquisition with training to further enhance both the number and competency of quality professionals

Quality Infrastructure Planning
Aligned with the quality control requirements across the entire product lifecycle, we leverage digitalization to drive the informatization and networking of quality planning, quality control, quality assurance, and quality improvement

Quality Culture and Brand Planning
Aligning with mainstream value standards, we reinforce quality awareness and skills training, continuously conduct Quality Month activities, and advance quality brand development to empower corporate operations

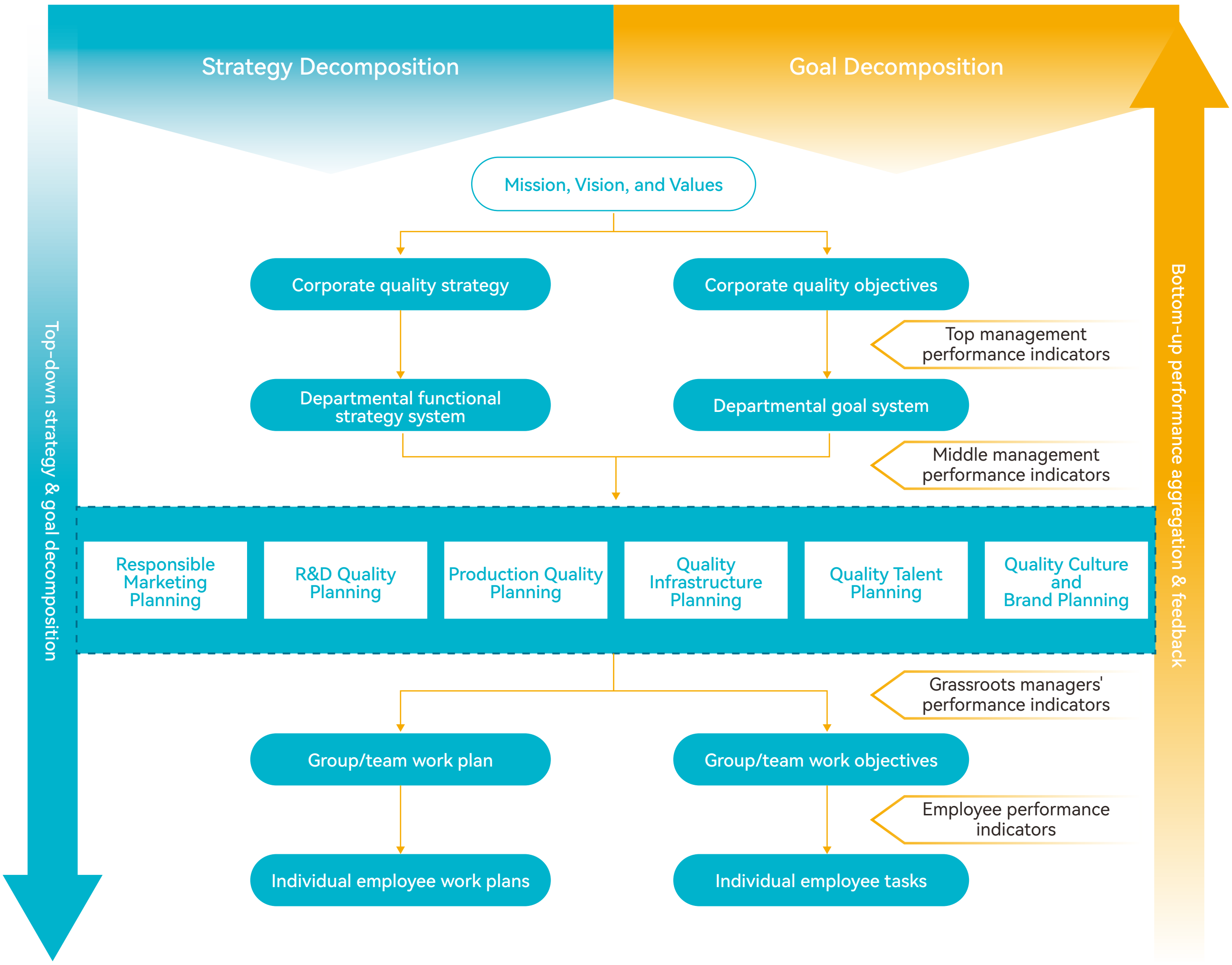
8.2.3 Quality Objectives

Aligned with the quality strategy, the Group has established key quality objectives for the strategic cycle:

Quality Strategic Objective	Objective Description	Target Value
Number of quality incidents	Number of major product quality incidents occurring within the strategic cycle	0
Number of quality-related returns	Number of product returns confirmed to be caused by production quality issues	≤1 per year
Pass rate in market supervision spot checks	Compliance rate of product quality in spot checks conducted by market regulatory authorities	100%
Pass rate in GMP compliance inspections and customer audits	Compliance rate in official certifications, customer audits, and inspections conducted by domestic and international regulatory authorities	100%
Customer satisfaction in third-party surveys	Customer satisfaction with product quality, service, and delivery, as assessed through stratified sampling by a third-party professional firm	≮80%
Regulated handling rate of adverse drug reactions and customer complaints	Establishment of a complaint hotline to ensure all complaints are handled promptly and in accordance with regulations, with timely feedback provided to complainants	100%

8.2.4 Strategic Deployment

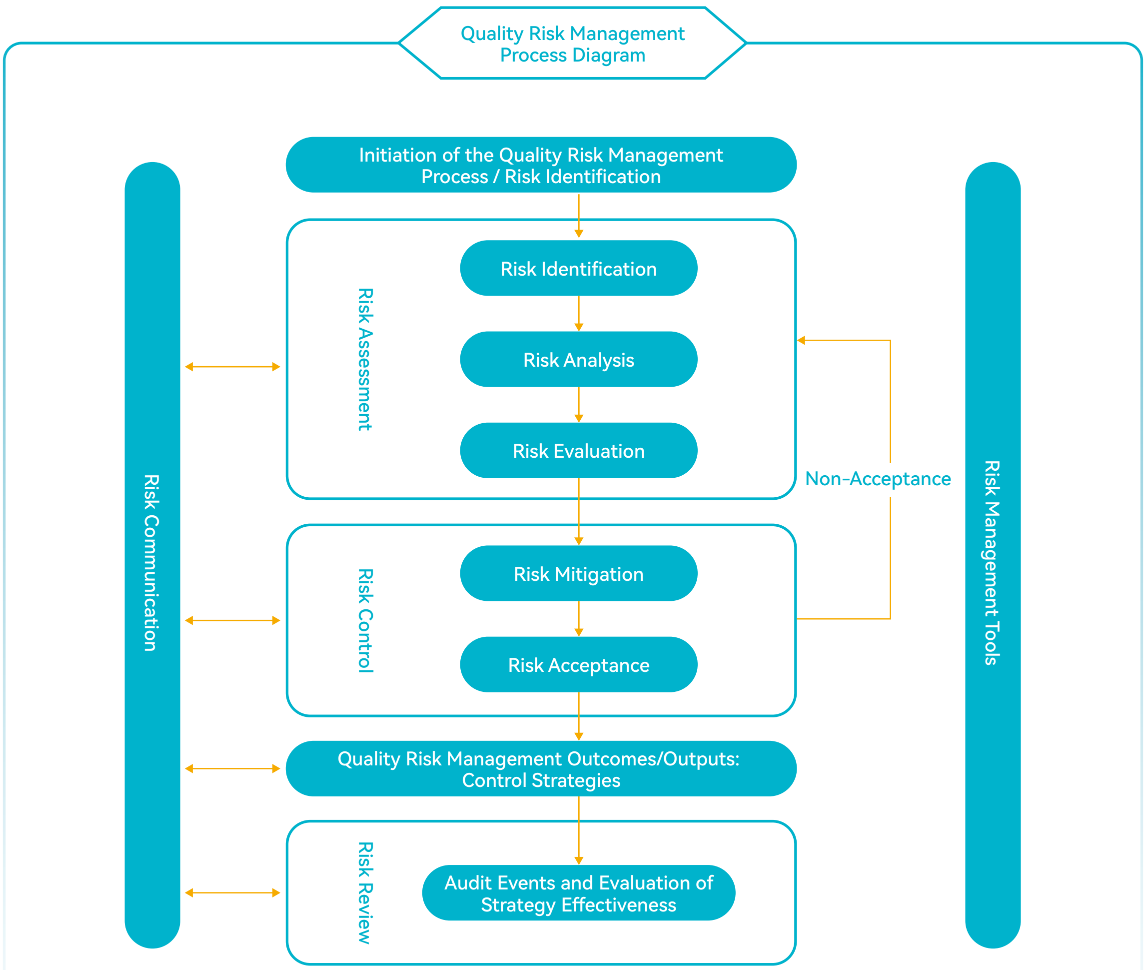
To ensure the effective implementation of our strategy, Hansoh Pharma utilizes the Balanced Scorecard (BSC) as a strategic management tool, breaking down quality objectives along temporal and functional dimensions to create a structured target matrix across annual and departmental plans. Each functional department further cascades these objectives down to business units and individual employees, integrating them into annual performance evaluation indicators. Additionally, we have established comprehensive monitoring, measurement, analysis, and evaluation mechanisms, forming a closed-loop management system where objectives are systematically decomposed from the top down and progress is consolidated and fed back from the bottom up.



8.3 QUALITY RISK MANAGEMENT

8.3.1 Quality Risk Management Process

Quality risk is one of the Group's top-priority risks for control. In accordance with the Group's risk management framework, we have established a comprehensive quality risk early-warning mechanism. By leveraging various risk management tools, we systematically identify, assess, and prioritize risk factors that may impact pharmaceutical quality. Based on their priority level, we implement differentiated management strategies to ensure that all risks are effectively controlled within an acceptable range. Additionally, we conduct regular risk reviews to assess the effectiveness of risk control measures and continuously refine our quality risk management strategy.



8.3.2 Quality Risk Identification and Mitigation Strategies

Pharmaceutical quality is closely linked to patient health and safety, making quality risk management essential across the entire product lifecycle - from research and development to process scale-up, manufacturing, and commercialization. Among these, production is the most critical and pivotal stage for quality risk control. To minimize risks, we have established risk control strategies and mitigation measures based on six key dimensions: human, machine, material, method, environment, and measurement to ensure the achievement of our risk management objectives.

Pharmaceutical Production Quality Risk Identification Table*

Risk Issue	Potential Impact	Primary Causes	Control Strategies and Measures
Quality risks associated with raw materials, auxiliary materials, and packaging materials	Quality degradation, such as failure to meet purity standards or presence of impurities	Supplier quality issues, inadequate incoming inspection, malfunctioning testing equipment, improper selection of testing standards	All incoming raw materials, auxiliary materials and packaging materials undergo sampling and testing per established procedures to ensure non-conforming materials do not proceed to the next stage
Manufacturing process risk	Quality fluctuations, such as incomplete reactions or product failure	Lack of rigorous process control, imprecise process parameter ranges	Before a pharmaceutical product is launched, a minimum of three process validation batches are conducted to ensure that the manufacturing process and control parameters consistently produce compliant products. A regular quality review is performed to promptly identify adverse trends and implement proactive corrective measures
Cross-contamination risk	Product non-conformance, product loss	Inadequate equipment, tools, environmental cleaning/disinfection procedures, poor workplace hygiene, unclear labeling	Cleaning validation is conducted as needed, with annual cleaning monitoring to ensure compliance with established cleanliness standards
Storage risk	Contamination or degradation during storage	Improper packaging process, non-compliant storage conditions	Stability studies are conducted on finished products before market release to verify packaging effectiveness under defined storage conditions All storage facilities undergo temperature and humidity validation and are equipped with pest control measures
Change risk	Fluctuations in product quality, instability, and lack of uniformity	Changes in standards, processes, personnel, facilities, environment, raw materials and auxiliary materials without adequate risk assessment, validation, or the establishment of a corresponding change control plan	Change control measures are implemented, including submitting change requests, convening an evaluation team to discuss and formulate a review and assessment report, and developing a change plan upon approval. The plan specifies responsible personnel and completion deadlines. Upon execution of all change actions, responsible personnel provide feedback on implementation outcomes, ensuring a closed-loop management process
Human factor risk	Fluctuations in product quality, instability	Operator errors, lack of skills, poor habits	Pre-service and on-the-job training are conducted, supplemented by multiple assessment methods such as written theoretical exams and practical skill evaluations, to ensure the training achieves the desired outcomes

* This table provides examples of common risks in the production process and does not represent an exhaustive list of identified risks

1. **Human:** Strengthen employee training to improve quality awareness and operational skills, and ensure that all operations comply with Standard Operating Procedures (SOPs) and relevant regulatory requirements.
2. **Machine:** Regularly maintain and calibrate production equipment to ensure the stability and reliability of the equipment, and reduce quality problems caused by equipment failures.
3. **Material:** Strictly control the quality of raw materials and auxiliary materials, implement supplier audits and evaluations, and ensure that all materials meet the quality standards.
4. **Method:** Optimize the production process and operation flow, formulate detailed operation procedures and quality control standards to ensure the standardization and normalization of the production process.
5. **Environment:** Keep the production environment clean and controllable, implement environmental monitoring, and ensure that the production environment meets the requirements of GMP (Good Manufacturing Practice).
6. **Measurement:** Strengthen quality inspection and monitoring, adopt advanced inspection technologies and equipment to ensure that the product quality meets the standards.

Through the multi-dimensional risk control strategies and countermeasures, we can effectively reduce quality risks, ensure the safety and effectiveness of drugs, and ultimately achieve the expected goals of risk management.

8.4 PRACTICE AND ACTION

8.4.1 Continuous Improvement of the Quality Management System

Providing high-quality products and services to customers has always been a core commitment and pursuit of Hansoh Pharma. Hansoh Pharma strictly complies with both domestic and international regulations, as well as the quality supervision requirements of each operating site. By benchmarking against the ISO 9001:2015 Quality Management Systems – Requirements, with the quality policy of "all employees, entire process and continual improvement", we have established a comprehensive quality control system that spans the entire product lifecycle, from drug development and design, technical transfer, commercial production to post-market surveillance.

Drug Development and Design

Comprehensive drug quality and safety risk assessments are conducted from the perspectives of drug properties, toxicological studies, and clinical trials to identify critical quality attributes and critical process parameters, establish process design space, process control indicators, and final product quality standards. Through rigorous research and development design, a solid foundation for superior quality is established.

Drug Technical Transfer

We transfer drug knowledge, technology, and related products and processes from the development phase to the production phase. Simultaneously, we continuously identify and assess opportunities for improvement, optimize processes or routes, and strictly implement process validation to ensure that the drug production processes are safe, stable, and reliable.

Drug Commercial Production

A scientifically robust quality management system is established, utilizing various risk management tools such as FMECA and FTA. We conduct risk assessments of the drug production and quality control processes from the five key areas of man, machine, material, method, and environment. Corrective and preventive actions are devised, risk controllability is reviewed regularly, and the quality management system is continually improved to control drug production quality risks, ensuring drug safety, efficacy, and controllability.

Post-Market Surveillance and Monitoring

Hansoh Pharma strictly fulfills its safety responsibilities and has established an effective pharmacovigilance management system. We have formulated risk management plans for drugs post-market launch and proactively conduct post-market research to further verify the safety, efficacy, and controllability of the drugs. This maximizes the reduction of drug safety risks, protects and promotes public health, and ensures the management of the entire lifecycle of the drug.

During the Reporting Period, Hansoh Pharma's operating sites have continuously improved the quality management system in line with domestic and international regulations and standards, including FDA cGMP, EU GMP, PMDA JGMP, PICs GMP, WHO GMP, ICH guidelines, NMPA GMP, and ISO 9001.

Hansoh Pharma has successfully connected to the Document and Training Management System (DMS/TMS). The DMS realizes the control of all kinds of documents under the GMP system from addition, upgrade, distribution and retrieval, making the documents more traceable. While the TMS automatically realizes the classification and statistics of data, the training methods are also more flexible and efficient. The newly launched Quality Review System (QRS) is used to summarize and analyze the annual production and quality data of various products of the Company. Through information-based management, the control and analysis of production and quality data are realized, ensuring the accuracy, timeliness and high efficiency of the control and analysis of production and quality data, and improving work efficiency.

Changzhou Hansoh has been continuously improving its internal document Procedures for Management of Commissioned Production in accordance with 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. This is aligned with daily operations and includes requirements for commissioned production audit plans, drug traceability, and other related procedures.

8.4.2 Comprehensive Quality Training for All Employees

Quality awareness and employee competence are crucial for the effective operation of the quality management system. Hansoh Pharma remains committed to enhancing the quality awareness of all employees and improving the professional skills of our staff as a key aspect of quality management. For new employees, quality awareness-related knowledge is included as part of the mandatory onboarding curriculum. For current employees, training courses are configured based on job roles and changes in external environments, with regular training sessions and effectiveness assessments. We regularly organize "Quality Month" activities to foster a culture where everyone values quality, establishing a company-wide commitment to quality. Additionally, we actively participate in quality management award evaluations organized by various government agencies and pharmaceutical industry associations, striving to become a benchmark for industry quality standards.

During the Reporting Period, we conducted in-house training on regulatory and standard requirements for drug registration management, production quality management, and drug quality and safety risk management, and conducted a number of special training sessions, including topics such as stability management, change deviation management, pest control, remote auditing and self-inspection management. In collaboration with external professional institutions, we also held a series of training sessions, including topics such as Improving Pharmaceutical Production Quality, Holder's Quality and Safety Responsibility Training, Post-Market Change Management Training, Environmental Monitoring Regulations and Applications Seminar, Statistical Analysis Methods for Typical Production Quality Data Scenarios and Application of Risk Assessment Tools in the Management of Changes, Deviations, OOS, and Validations. **During the Reporting Period, the Group held more than 8,800 quality-related training sessions, with nearly 230,000 people participating in these training sessions, and the training duration exceeding 334,000 hours.**

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

8.4.3 Continuous Improvement of Production and Quality Inspection Capabilities

Hansoh Pharma has established a complete quality inspection and monitoring mechanism. Around the quality elements all operating 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 finished 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, Jiangsu Hansoh, in an effort to reduce inspection errors, replaced manual shaking with mechanical vibration equipment during high-intensity shaking operations. Standardized operational parameters were set to ensure consistent shaking effects, while significantly reducing the physical strain on operators and improving inspection accuracy.

Guided by clinical needs, Changzhou Hansoh actively promotes the research and development of products with new and special dosage forms and the construction of production infrastructure. During the Reporting Period, it accelerated the construction of workshops for new and special dosage forms such as antibody-drug conjugates (ADCs) and small nucleic acid drugs, and had already met the production conditions ahead of schedule by the end of the Reporting Period. It optimized the management of material and product release, added the management of release evaluators, the review, evaluation and release processes for drug substance and finished products, as well as the release requirements for materials used in different types of products. It added management requirements for entrusted off-site storage to ensure that the entire process of off-site storage of materials (including but not limited to cell banks, products, materials, etc.) continuously complies with legal requirements, and guarantee the safety and controllability of the entire process of off-site storage of entrusted or consigned materials.

Quality Inspection Process for Materials, Intermediates or Finished Products

8.4.4 Sound Risk Prevention and Deviation Feedback Mechanisms

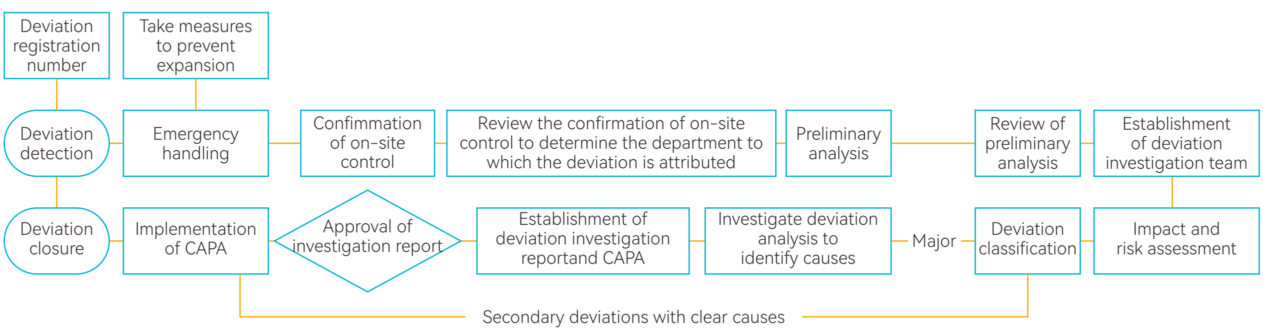
To address common quality risks related to GMP compliance, change control, maintenance/calibration, and deviation management, we conduct risk assessments based on the severity, likelihood, and detectability of each risk. Corresponding control measures are then developed and their effectiveness evaluated to ensure that critical quality elements are effectively controlled. Before the implementation of new processes or the launch of new products, we conduct multiple rounds of pre-production verification. This includes testing the impact of factors such as environmental cleanliness, equipment stability, and personnel activity on quality indicators. Production only begins once all risks are controlled, and pre-production tests are successful, preventing deviations during formal production. During the Reporting Period, Changzhou Hansoh drafted various validation templates, including those for equipment validation, utilities system validation, and computerized system validation file, adding risk assessment components to further improve the validation process.

Case: Jiangsu Hansoh Controls Process Change Risks through Pre-Verification

To enhance the production compliance of imatinib mesilate tablets' compression process, improve product quality, and increase production efficiency, Jiangsu Hansoh, after process exploration and optimization, decided to increase the amount of auxiliary materials during the Reporting Period. The test results were favorable. To ensure process stability and manageable quality risks before formal production, we conducted a process verification with three batches of commercial-scale production in June 2024. The results confirmed that the changes met expectations, and in December 2024, we received registration approval from the Jiangsu Medical Products Administration.

Case: How do we handle quality deviations?

Each of Hansoh Pharma's operating sites has established a Deviation Handling Management Procedure, which categorizes, reports, investigates, evaluates, addresses, and tracks deviations. Corrective actions are formulated to prevent deviations from escalating and to avoid or minimize the occurrence of similar deviations in the future. In addition, an annual deviation review report is prepared, which analyzes deviations from various perspectives. This review helps determine the severity of deviations, identify trends, and, for recurring deviations, investigate their root causes, taking proactive measures accordingly. During the Reporting Period, Changzhou Hansoh upgraded its Deviation Management Procedure, incorporating the requirement to develop appropriate preventive measures based on potential or identified causes when the cause of a deviation is unclear. This enhancement further improves the effectiveness and preventative nature of deviation investigations.

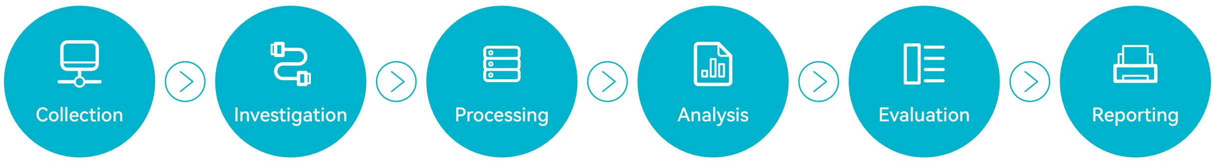


8.4.5 Deployment of Pharmacovigilance for Entire Operational Process

Leveraging a comprehensive pharmacovigilance system that spans the entire product lifecycle, Hansoh Pharmac proactively aligns with the latest pharmacovigilance regulations, refines internal processes, conducts professional pharmacovigilance training, and implements activities to monitor, identify, assess, and control adverse drug reactions (ADRs) for both investigational and marketed products.

To obtain ADR data promptly and accurately, Hansoh Pharma utilizes multiple channels such as the national direct reporting system for adverse drug reaction holders, public email, hotline, and literature searches to collect information on adverse drug events. Dedicated personnel are assigned to download data, monitor emails, and answer hotline calls, ensuring that the reporting pathways for drug-related adverse events remain open and efficient. Collected safety information is entered, processed, assessed, and reported in accordance with regulations in the pharmacovigilance database. During the Reporting Period, we updated standard operating procedures including Pharmacovigilance Data and Record Management, Hotline Management, and Handling of Clinical Trial Safety Reports, further enhancing the management of individual safety reports and improving the standardization of our pharmacovigilance operations.

Adverse Drug Reaction Monitoring Process



Adverse Drug Reaction Reporting Channels

Tel.:
400-828-5227 or 0518-83096666

Email:
PV.SERVICE@hspharm.com

We have established a safety risk management plan or pharmacovigilance program for all products. Through the analysis and evaluation of drug safety data, we continuously monitor and confirm both known and potential risks of our products. If a new safety signal is identified, 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 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 mentioned above.

During the Reporting Period, we updated the guidelines for maintaining the information of marketed products, and formulated and improved a series of standard operating procedures, covering nearly 10 key PV activities such as PV data and record management, literature retrieval and processing, hotline management, training management, handling of individual clinical case safety reports, and the preparation of safety reports. We will step by step achieve the automatic generation of individual case security report event descriptions, incorporated 100% of all original data into the pharmacovigilance system, completed the recording, evaluation, and processing within the system, realized a paperless process, and made the entire process traceable, more efficient, and standardized.

Case: Proactive Pharmacovigilance Training

During the Reporting Period, the pharmacovigilance department conducted a total of 37 internal training sessions, involving 440 participants, ensuring that pharmacovigilance professionals fully understood the latest pharmacovigilance-related regulations and the Company's internal process policies. Additionally, 35 cross-departmental and supply chain training sessions were held, targeting business teams, ESG, the Clinical Project Team, and outsourced pharmacovigilance vendors. These sessions included PV training and related materials. In-person training reached over 3,800 participants, while online training exceeded 7,300 participants.

8.4.6 Regular Product Recall Drills

In accordance with the Administrative Measures for Drug Recalls (No. 92 of 2022) of the National Medical Products Administration, as well as China GMP, EU-GMP, and U.S. Federal Regulations 21 CFR, Hansoh Pharma has developed a Drug Recall Management Procedure. This procedure outlines the responsibilities of the product recall leadership team and relevant departments, and standardizes the emergency response procedures and business processes for recalling marketed drugs. The Company has made a 24-hour emergency hotline publicly available to ensure timely and accurate communication both internally and externally, enabling the swift and complete traceability of product information and market distribution. This ensures the efficient recall of relevant products. Each production site conducts an annual product recall emergency drill to verify and assess the effectiveness of the recall procedure. During the Reporting Period, no events requiring regulatory recalls occurred within the Company.

Product Recall Process

Business department
Make statistics of sales information, notify customers and recall sold products

Quality department
Notify drug regulatory agency, submit investigation and evaluation report and recall plan

Warehousing department
Receive recalled products, isolate and store the mand handle them according to the recall plan

Production technology department
Cooperate with the quality assurance(QA) department to assess the impact, investigate the cause of quality incidents, and determine corrective and preventive actions

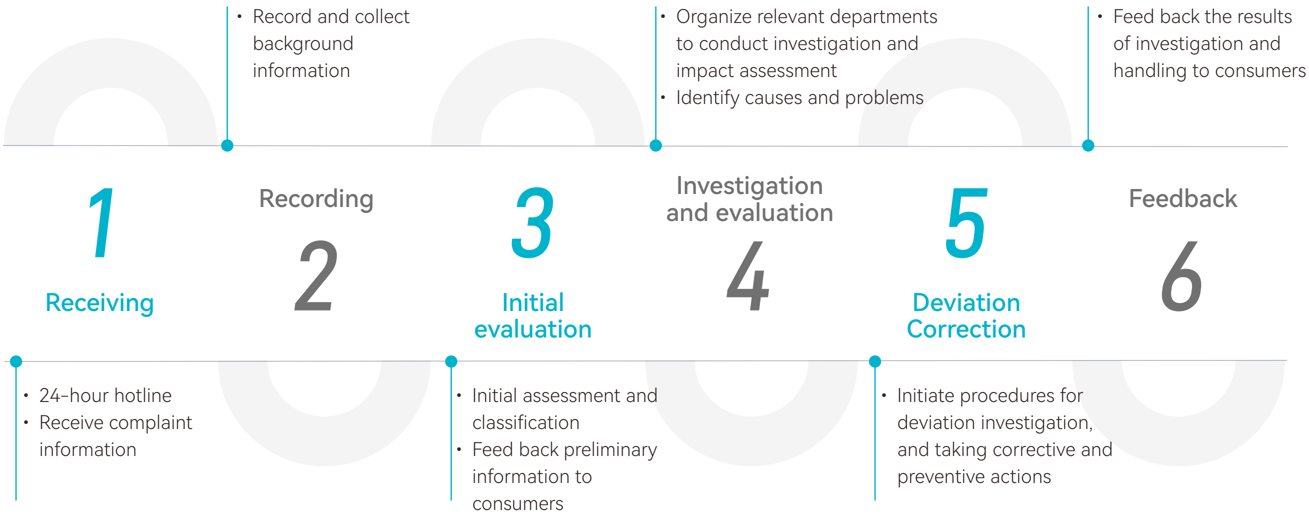
Case: Jiangsu Hansoh Conducted a Simulated Recall Drill for Tenofovir Amibufenamide Tablets

During the Reporting Period, Jiangsu Hansoh conducted a mock recall of the contract-manufactured tenofovir amibufenamide tablets due to a simulated drug safety incident. Upon receiving information about the simulated incident, an emergency meeting of the drug safety committee was convened. Various departments were mobilized to assess the situation, analyze the cause, and, based on the investigation and risk assessment results, decide to carry out a simulated recall. The departments involved included the quality center, warehousing department, commercial management department, the quality department, production department, and materials department of the contracted manufacturer. A total of 46 participants took part in the drill. The exercise was conducted according to the drug recall plan, and the simulated recall report was completed on December 26, 2024. This drill focused on testing the recall process and communication channels, confirming the accuracy of contact information, ensuring smooth market communication, and verifying that the recall process was well-organized. The recall timeline adhered to the established first-level recall deadline. All relevant departments, the contracted manufacturer Changzhou Hansoh, and the drug distribution companies actively cooperated, and the drug recall system was effectively tested, achieving the intended outcomes of the drill.

8.4.7 All-out Efforts to Improve Customer Satisfaction

Hansoh Pharma consistently adheres to a "patient-centered" service philosophy, actively promoting the dissemination of drug and disease knowledge, and conducting targeted follow-up on medication use. During the Reporting Period, our efforts focused on oncology, central nervous system disorders, diabetes, and other therapeutic areas. In collaboration with authoritative institutions or public welfare organizations, and the leading experts from major cities, we combined online and offline approaches to educate primary care physicians and patients. This initiative not only elevated the standard of care in grassroots medical institutions but also improved patients' (including potential patients') adherence to treatment, self-awareness, and management skills. For more details, please refer to Sector 11.2.3.

We collect and consolidate customer feedback through various channels and conduct annual customer satisfaction surveys. We also analyze customer complaints and satisfaction survey results, implementing corrective actions based on the feedback, thereby continuously improving customer satisfaction.



Hansoh Pharma strongly supports government efforts to enforce strict regulations on counterfeit drugs and combat the production and sale of counterfeit medicines, ensuring patient safety in medication use. To reduce the risk of counterfeiting, we take proactive measures starting with the product itself. These include the use of sealant for packaging and the design of anti-counterfeit patterns to prevent the reuse of packaging and increase the difficulty of counterfeiting. Additionally, 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.

8.5 QUALITY MANAGEMENT PERFORMANCE

During the Reporting Period, Hansoh Pharma's production and operation sites underwent 9 inspections by domestic drug regulatory agencies, 3 inspections by a foreign regulatory agency, and 26 audits by overseas customers. Among them, there were 2 PSCI member enterprises that received 3 audits. The Company successfully passed 100% of GMP compliance inspections and routine supervisory checks by drug regulatory agencies, as well as 100% of customer audits. No product quality-related penalties or regulatory warnings were issued by either domestic or international authorities. All operating sites have also successfully passed ISO 9001 quality management system certification and supervisory audits.

The Group received a total of 42 consumer complaints, all of which were related to quality, without service-related complaints. Among them, 3 were concerning the identification of counterfeit drugs. After investigation, it was confirmed that all products in question were manufactured by the Company, with no counterfeit drugs identified. 6 were concerning the adverse drug reactions. After investigation, the production and quality control of the implicated batches complied with the regulatory requirements, and no abnormalities were found. The investigation results have been reported to the pharmacovigilance department for handling in accordance with the established protocols. 5 were directly related to the production quality, all of which were minor defects, with no abnormal issues found in key quality indicators such as the composition, content, purity, and stability of the drugs. There were 28 other types of complaints, mostly caused by improper use and storage, resulting in packaging or other non-essential problems, such as broken vials, damp tablets, torn small boxes, etc. For such issues, the Group, in accordance with the complaint handling process, had the production quality department and the R&D department work together for improvement. The complaint handling rate was 100%.

During the Reporting Period, Jiangsu Hansoh and Changzhou Hansoh commissioned professional companies to conduct customer satisfaction surveys. Jiangsu Hansoh distributed 4,585 questionnaires and received 4,431 valid responses. The customer satisfaction score was 89.50, remaining the same level as the previous year. Changzhou Hansoh conducted its first customer satisfaction survey, distributing 739 questionnaires and receiving 720 valid responses, resulting in a score of 89.09. During Reporting Period, no incidents of counterfeit products were identified in the market.

We conducted a review of our strategic goals, and all quality targets for 2024 were successfully met.

09 SUSTAINABLE SUPPLY CHAIN

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

In today's complex and volatile geopolitical and economic landscape, the pharmaceutical industry is at a critical juncture of innovation and transformation. Fluctuations in international geopolitical dynamics and the rapid iteration of new technologies present unprecedented challenges to pharmaceutical supply chains. The Group maintains a steadfast commitment to the sustainable development of global supply chains. We actively explore the latest industry trends and best practices, striving to fully integrate environmental, social, and economic sustainability into our modern supply chain management system. By continuously strengthening the resilience of our supply chain, we are dedicated to building a fair, transparent, and mutually beneficial community of shared interests. We are committed to creating a sustainable supply chain ecosystem that is behaviorally compliant, environmentally friendly, innovation-driven, open, and harmonious.

9 SUSTAINABLE SUPPLY CHAIN

9.1 SUPPLY CHAIN GOVERNANCE

9.1.1 Governance Structure

The ESG Committee of the Group's Board of Directors is responsible for overseeing the implementation of supply chain social responsibility. In accordance with the "Sustainable Procurement - Guidance" (ISO 20400: 2017) and referencing the "Pharmaceutical Supply Chain Initiative (PSCI) Principles of Responsible Supply Chain Management" (the "**PSCI Principles**"), we have formulated the "General Principles of Sustainable Procurement" applicable to the entire Group, as well as the "Supplier Code of Conduct" serving as the foundation for assessing supplier social responsibility.

We have developed and continuously upgraded a digital Supplier Relationship Management (SRM) platform, integrating sustainability requirements and risk management into every stage, including the supplier selection process, procurement applications, bidding (price inquiry and comparison), and contract performance, ensuring systematic management with interconnected processes.

For major procurement projects and supplier collaboration decisions, we give careful consideration to sustainable development factors. We have established cross-functional teams comprising professionals from various fields, including procurement, quality, EHS, and social responsibility, to conduct comprehensive evaluations. These teams thoroughly assess the impact of decisions on sustainable development from multiple perspectives, ensuring the scientific rigor and forward-looking nature of our choices. We have also established a regular joint meeting mechanism, chaired by senior managers of the Group, with participation from key relevant departments, to discuss and resolve major issues arising within the supply chain management, driving the effective implementation of our sustainable development strategy.

9.1.2 Governance Strategy

As a pharmaceutical company expanding its business globally, we primarily focus on Chinese mainland while sourcing high-quality products and services from around the world. With the accelerating pace of our innovation and transformation, the number of suppliers involved in innovative drug research and development, production, and promotion services is continuously growing. The requirements for the reliability and resilience of their product/service quality are also increasing, leading to a more complex and diversified supply chain landscape.

To achieve more precise and efficient supplier management, we employ Pareto Analysis to classify suppliers into three classes: A, B, and C, based on their business significance and the controllability of their sustainability risks. Class A suppliers, due to their critical impact on our business operations and high value in sustainable development, are the primary focus of our current sustainable procurement policy and ESG information disclosure efforts. They are also central to our priority management objectives. The specific classification criteria are as follows:

Class A suppliers

- Have a direct impact on product R&D, production and operation quality
- Have had business cooperation with the Company in the past three years, with the subject matter exceeding a certain amount
- Have exclusive products/services, with no substitutes for them in the short term
- Constitute and can exert influence on the Company's ESG policy

Class B suppliers

- Have a direct impact on product R&D, production and operation quality
- Have a slight influence on the Company's ESG policy, or
- Have well-governed sustainable practices, and publicly disclose the ESG report

Class C suppliers

- Are in large quantities, and have a small scale of operation
- Cooperate with the Company on small subject matter of business
- Have small influence on the Company's ESG policy

For Class A suppliers, we further classify them into strategic suppliers, key suppliers and general suppliers based on different attributes such as their countries and regions, purchase amount, adequacy of market competition, material categories, quality features and ESG risk levels, and implement different management strategies for each class of suppliers:

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 operation 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

9.2 SUSTAINABLE PROCUREMENT STRATEGY

9.2.1 Strategic Positioning

The supply chain, as the core hub of a company's R&D, production, and operations, encompasses the entire process from raw material procurement to product delivery, involving multiple crucial aspects such as planning, coordination, and control. Scientific and rational supply chain management not only helps companies improve operational efficiency, reduce costs, effectively manage risks, and optimize logistics processes, but also significantly enhances customer satisfaction. It is key to achieving sustainable development and gaining a competitive advantage.

Hansoh Pharma considers a sustainable supply chain a crucial component of its core competitiveness, clearly recognizing its key position within the Company's overall strategy. By deeply integrating environmental, social, and economic sustainability into every detail of supply chain management, we are committed to establishing long-term, stable, and mutually beneficial partnerships with our suppliers, jointly creating a sustainable supply chain ecosystem. On this basis, we aim to achieve long-term, stable business development and contribute positively to the sustainable development of society and the environment.

9.2.2 Strategic Objectives

Sustainability in the supply chain is closely linked to the United Nations Sustainable Development Goals (SDGs). Hansoh Pharma deeply recognizes this connection and closely integrates its supply chain sustainability management with the SDGs, striving to make a positive impact and outstanding contributions in several key areas:

Responsible Consumption and Production: By comprehensively implementing green procurement practices and optimizing supply chain management, we minimize resource consumption and environmental impact, promoting the industry's transition towards green and sustainable production and consumption models.

Climate Action: By leveraging a robust management system of carbon emissions from supply chain and scientific climate risk assessment tools, we develop and actively implement practical emission reduction strategies. This effectively reduces greenhouse gas emissions, enabling us to join global counterparts in tackling the challenges of climate change.

Decent Work and Economic Growth: We promote fair employment practices within our supply chain by establishing sound mechanisms to protect labor rights and a comprehensive occupational health and safety system. We also actively engage in regional industrial collaborations, fostering economic prosperity and creating more high-quality employment opportunities.

Industry, Innovation, and Infrastructure: By continuously increasing investments in technological innovation and accelerating the development of a green supply chain, we drive industrial upgrading and sustainable development, enhancing the overall competitiveness of the industry and contributing to building a modern industrial system.

Partnerships for the Goals: By sharing R&D achievements and advanced production technologies, we improve access to medicines and contribute to better global health outcomes. We strengthen collaboration with partners throughout the supply chain to jointly address global public health challenges and contribute to human well-being.

To achieve the aforementioned goals, we commit to:

- Closely monitor the latest global sustainability standards, guidelines, and industry best practices, and regularly review and upgrade our "General Principles of Sustainable Procurement" and "Supplier Code of Conduct". Deeply integrate sustainability requirements into process of our procurement operations and supplier management, ensuring our procurement activities consistently align with international best practices.
- By 2030, fully integrate the "Supplier Code of Conduct" into the admission criteria for registered suppliers across all operational areas, achieving a 100% written/electronic signature rate. This will strengthen suppliers' awareness of social responsibility and ensure the sustainable development of the entire supply chain.
- Continuously increase the weighting of social, environmental, labor rights, and business ethics considerations in supplier social responsibility assessments and evaluations within core business processes, such as supplier selection, procurement bidding, contract terms, and critical supply audits.
- Fully promote the development of a green supply chain. Actively drive the green transformation of our supply chain to make positive contribution to addressing global climate change by implementing a series of energy conservation and emission reduction measures.
- Strive to participate in the Pharmaceutical Supply Chain Initiative (PSCI) by 2030. While undergoing ESG-related audits by member companies, actively share our successful experiences and innovative achievements in ESG practices with industry peers to collectively raise the industry's sustainability standards.
- Actively participate in EcoVadis social responsibility assessments, continuously optimizing our corporate social responsibility management system, and strive to make Jiangsu Hansoh the first to achieve the Gold Medal by 2030, setting a benchmark for sustainable development in the industry.

9.3 SUPPLY CHAIN RISK MANAGEMENT

Based on the "Risk Management – Guidelines" (ISO 31000:2018) and the Group's risk management strategies, we have conducted a comprehensive and in-depth analysis of both internal and external factors affecting our supply chain. Following the framework of "Integration, Design, Implementation, Evaluation, and Improvement," we have comprehensively identified, accurately assessed, and rationally prioritized various risks originating from our supply chain. Based on risk prioritization, we implement targeted control strategies to achieve continuous optimization and improvement in supply chain risk management.

9.3.1 Identification Of Risks

We utilize techniques such as brainstorming, checklists, flowchart analysis, and data analysis to comprehensively identify risks within our supply chain. For example, we identify potential risks at every stage, from raw material procurement to product delivery, by mapping our supply chain processes. The following are examples of risks included in Group-level control*:

Risk Type	Risk Matters	Potential Impact
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.	Result in unstable product quality, threaten the life and safety of patients; damage the corporate reputation, trigger regulatory penalties, and negatively affect the market image and long-term development of the corporate
Business Ethics Risks	Inadequate compliance system, corruption, lack of corporate ethical culture, etc.	Undermine fair competition and affect product/service quality; increase operating costs, erode employee integrity, and damage the corporate's social credibility
Environmental Risks	Lack of a sound environmental management system, illegal emissions, regulatory penalties, complaints from residents, etc.	May result in supply chain disruptions, damage the corporate reputation, and lead to uncertainty of delivery date
Production Safety Risks	Inadequate identification of safety risks, imperfect management system, major safety accidents, regulatory penalties, etc.	Affect supply chain stability, damage the corporate reputation, and cause delivery delays
Labor Rights Risks	Employment of child labor, forced labor, non-payment of wages or labor insurance to employees, poor labor environment, etc.	Disrupt the stable operation of the supply chain, create quality risks, cause delivery delays, affect international markets (such as the EU), and damage the corporate's social image and brand reputation
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	Threaten supply chain stability, increase supply costs, affect the Group's greenhouse gas emission reduction targets, and hinder the development of a green supply chain
Regional Conflict Risks	The upstream main supply chain is located in an unstable area(such as war and trade dispute), production and operation are unstable, logistics are interrupted, and goods are lost	Disrupt the normal operation of the supply chain, drive up supply costs(e.g. tariff barrier), increase freight and insurance expenses, weaken terminal supply capacity, and impact customer satisfaction
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	Interfere with the normal operation of the supply chain, lead to inaccurate logistics information, delays in product delivery, leakage of confidential corporate information, and potential economic losses and reputational damage

* This table only lists examples of major risks originating from the supply chain and does not represent an exhaustive identification of all risks.

9.3.2 Risk Management Strategy

Based on the identified supply chain risks, we determine the probability of risk occurrence from aspects such as supply stability, quality reliability, cost suitability, and logistics complexity, using methods like mathematical statistics and expert judgment. We assess the impact of risk occurrence from perspectives including finance, R&D, production, reputation, and customer service.

Based on the likelihood and impact of risk occurrence, we employ professional tools such as risk matrices, sensitivity analysis, and scenario analysis to scientifically classify risks and accurately identify key risks in each operational stage. We develop and implement corresponding priorities and control strategies for different risk levels to ensure effective risk control. We adopt effective measures to ensure that over 90% of critical materials that could significantly impact production and operations have or reserve at least two suppliers to enhance the supply chain resilience. We closely monitor climate change to mitigate physical and transition risks affecting supply chain stability. We adopt a principle of localized procurement and implement domestic substitutes for overseas suppliers potentially impacted by geopolitical issues. We actively participate in industry supply chain associations and alliances, maintaining open and friendly communication and collaboration with peer companies and upstream and downstream partners. We work together with our partners to ensure supply chain stability and guard against risks posed by unpredictable events.

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) files 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 files 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, and regular audits

Case: How do we manage supplier admission?

The Group implements strict supplier admission management and has formulated and improved the "Supplier Code of Conduct". Based on this Code of Conduct, and referencing the PSCI Principles and industry best practices, it has established a management process from signing the informed consent form for the code of conduct, filling out and submitting qualification files by suppliers, review and evaluation to supplier rectification and re-evaluation. This process integrates supplier sustainability policies, practices, and performance into the registration, evaluation, and audit stages.

Evaluation Dimension	Core Contents	Evaluation and Control Methods
Compliance and Business Ethics	Applicable laws and regulations, anti-corruption and anti-bribery, fair competition, anti-commercial fraud, anti-money laundering, 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	Require suppliers to sign the Code of Conduct, have the Internal Control Department receive reports, and conduct comprehensive supervision through methods such as public platform inquiries, mass media interviews, and corporate due diligence investigations
Quality Assurance Capability	Enterprise production and service license qualification, production and testing infrastructure, internal quality control system, supply chain assurance	Stringently review qualification files, conduct regular on-site audits, commission third-party professional institutions for audits when necessary, and form cross-departmental teams for due diligence investigations
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 certificates or responsiveness files, conduct on-site audits, and perform comprehensive assessments through methods such as government public platform inquiries, due diligence investigations, and mass media interviews
Employment and Labor Rights	Prohibition of child labor and forced labor, opposition to employment discrimination, fair treatment, working hours, remuneration and benefits, working conditions, union and collective agreements	Require suppliers to sign the Code of Conduct, conduct on-site audits and employee interviews, and supervise through methods such as public platform inquiries
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	Require suppliers to sign the Code of Conduct, conduct on-site audits, commission third-party audits, and manage through methods such as public platform inquiries and due diligence investigations by specialized departments
Enterprise Governance	Enterprise organizational structure, senior management commitment, social responsibility governance, supply chain impact	Require suppliers to sign the Code of Conduct, review corporate public files, interview senior management, and conduct supplier questionnaires and other activities

9.4 SUPPLY CHAIN COLLABORATION

9.4.1 Green Supply Chain Development

In accordance with the "Green Manufacturing - Green Supply Chain Management in Manufacturing Enterprises - Guideline" (GB/T33635:2017) and "Green Supply Chain Management in Manufacturing Enterprises - Control of Purchase" (GB/T39258:2020), the Company formulated the "Green Procurement Guidelines" in 2020. From procurement planning and supplier selection to product packaging and transportation, and to product end-of-life waste management, we are committed to achieving green development and clean production across the entire supply chain, setting a benchmark for the industry. Our specific management strategies and action plans are as follows:

Operation Stage	Management Strategies	Action Guidelines
Procurement Planning	Define the green characteristics of product/service demand	Assess the environmental impact throughout the lifecycle of products/services, 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 files	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 or allocate more purchase plans to 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

During the Reporting Period, Jiangsu Hansoh maintained its national-level designations as a "Green Factory" and "Green Supply Chain" by continuing its participation in the MIIT annual dynamic evaluation for "Industrial Energy Conservation and Green Development", disclosing its continuous improvement and performance in compliant operation and green procurement.

9.4.2 Verification of Carbon Emission from Supply Chain

To promote the development of a green supply chain, since 2022, we have conducted annual inventories of greenhouse gas emissions from all three scopes of emission sources for the entire Group in the previous year. We commission globally recognized and AA1000 accredited institutions in the field of corporate social responsibility to perform verification and auditing. Following third-party verification, the total greenhouse gas emissions from our supply chain sources (including purchased goods and services, capital goods, and upstream and downstream transportation and distribution) during the Reporting Period amounted to 14,394.05 tons of CO_2e, accounting for 25.83% of the total emissions from all Scope 3 sources. Based on the verification results, we prioritize our supply chain carbon reduction initiatives according to their difficulty, importance, and impact.

Data Table for Carbon Emissions from Supply Chain Related Activities for the Last Three Years

Unit: tCO_2e

Type of carbon emission from supply chain	2022	2023	2024
Goods and services purchased	1,445.3	11,854.93	11,602.47
Capital goods purchased	28.23	1,631.04	2,238.55
Transportation of products purchased	94.07	222.17	151.91
Transportation and distribution for product sales	376.08	258.54	401.13
Total	1,943.68*	**13,966.68**	**14,394.05**

* Due to missing carbon emission factors in 2022, only the carbon emissions from some of the products and transportation were included in the statistics

9.4.3 Empowering Suppliers

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, business, 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 files, 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.

The Company 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 and/or procurement volume 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.

Case: How do we enhance supplier capabilities and supply chain resilience?

In view of the characteristics 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. For example, the five-layer co-extruded infusion film of Jiangsu Hansoh used for Linezolid Glucose Injection was originally sourced from a supplier located in North America. The lead time for this material was long, typically requiring a 15-month lead time for order submission, which limited the flexibility of our production scheduling for the finished product. During the Reporting Period, we conducted research on domestic membrane plastic manufacturers in China. We assessed the drug-packaging compatibility according to relevant guidelines, comparing various physicochemical indicators, guiding potential suppliers in product technology optimization and evaluating the sustainability risks of potential suppliers. Through a multi-supplier selection process, we added a company from Hubei province as a supplier for this product and obtained approval from the drug regulatory authorities.

To replace imported fillers, Changzhou Hengbang's procurement department, in collaboration with production, quality, and internal control departments, conducted a two-month evaluation of three domestic candidate suppliers. This resulted in the successful selection of a domestic supplier, realized the domestic substitution of imported raw materials. So far, Changzhou Hengbang has completed secondary supplier evaluations and secured reserves for eight key material categories, including shake flasks, continuous flow centrifuge tubing, and mixing bags.

9.4.4 Management Capability Enhancement

We provide diverse training programs on sustainable procurement for managers and procurement personnel involved in sustainable procurement and green supply chain development. These programs continuously elevate the ethical standards of the Company and our supply chain governance capabilities. During the Reporting Period, we offered a comprehensive sustainability curriculum for procurement personnel, covering topics such as compliance and business ethics, as well as best practices in sustainable supply chains.

We invited compliance experts to conduct online and offline training on compliance and business ethics for all employees, including procurement personnel, and carried out follow-up supervision and assessments.

We conducted specialized training on tendering and procurement management systems, focusing on the "General Principles for Sustainable Procurement" and "Supplier Code of Conduct". This training helped employees further understand the Company's sustainability requirements for suppliers and related management processes, particularly how to deeply embed sustainability into procurement workflows.

We participated in on-site EHS audit activities of PSCI member companies and sustainability practice sharing sessions. We also accessed the Pharmaceutical Supply Chain Initiative (PSCI) resource library to understand industry best practices and the PSCI Principles, continuously improving our supplier sustainability management strategies.

We participated in the EcoVadis online social responsibility questionnaire to gain in-depth understanding of the sustainable procurement issues and improvement recommendations focused on by mainstream rating agencies. We also accessed and participated in relevant courses offered by the EcoVadis Academy.

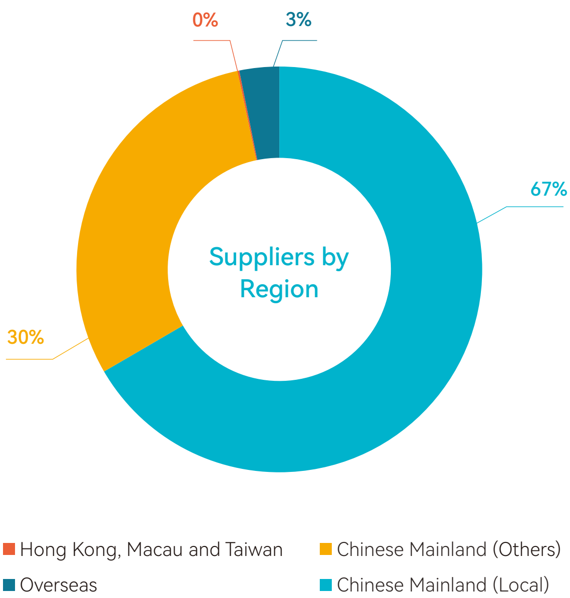
Case: Jiangsu Hansoh, Sharing Sustainable Procurement Practices in PSCI

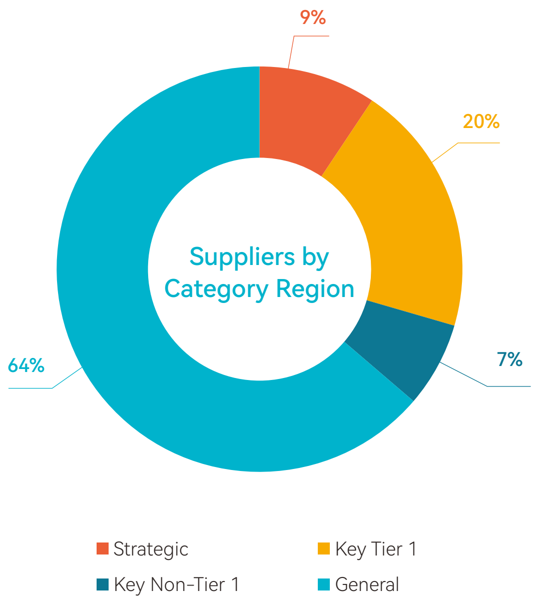
The Pharmaceutical Supply Chain Initiative (PSCI) enables traceability and verification of information across all links in the supply chain by establishing a unified data standard and reporting mechanism. This, as a vital platform for international pharmaceutical companies to share sustainability practices, fosters more stable and transparent supply chain relationships. During the Reporting Period, to address international customer audit requirements, Jiangsu Hansoh officially submitted a Self-Assessment Questionnaire covering topics such as business ethics, labor and human rights, environment, and occupational health and safety, subject to an EHS audit for Members Supplied, and participation through procurement management personnel in sustainable practice sharing activities among Members Supplied. By benchmarking against leading international companies, Jiangsu Hansoh identified areas for improvement, enhanced its sustainability performance, acquired international collaboration opportunities, and gained insights into cutting-edge supply chain management.

9.5 SUPPLE CHAIN MANAGEMENT PERFORMANCE

Supplier Structure

As of the end of the Reporting Period, the Group had a total of 2,180 suppliers under Class A management. By region, there were 2,108 suppliers in Chinese mainland (including 1,452 local suppliers), 3 suppliers in Hong Kong, Macau and Taiwan, and 69 overseas suppliers. By supplier management strategy, there were 204 strategic suppliers, 587 key suppliers, including 439 Tier 1 and 148 non-Tier 1 key suppliers, and 1,389 general suppliers.





Procurement Activities

During the Reporting Period, the Company had 153 new procurement projects subjected to bidding, 240 newly invited or re-evaluated Class A suppliers, 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 16 suppliers failed to meet the admission requirements, of these, 1 met the admission requirements through capacity-building during the facilitation period and became potentially qualified suppliers.

Scores on sustainability, including quality, are weighted at an average of 15% in material procurement bidding or price inquiry and comparison files; sustainability requirements are fully incorporated into the fixed terms of new Class A supplier contracts; and in the course of contract performance, 2 cases of supplier breaches of business ethics and contractual agreements were identified, and were blacklisted, notified to the Group after verification, and also banned from participating in all the Group's bidding projects for three years in accordance with relevant management regulations of the Group.

Supplier Evaluation

During the Reporting Period, the Company conducted annual evaluations for over 1,100 material suppliers, accounting for approximately 50% of Class A suppliers, with 2 suppliers identified as high risk and included in the unqualified supplier list, with supply qualifications of five suppliers suspended. Audits were performed on 188 Key material suppliers subject to audits at least once every three or five years, including 87 on-site audits, 66 document reviews, and 28 remote online audits, with 7 suppliers audited by a third party. A special audit was conducted for 73 non-material suppliers. During the annual evaluations and routine audits, no suppliers were found to be non-compliant with sustainability and/or GMP requirements. Moreover, there were no liability risks related to quality, safety, environment, or business ethics arising from products or services provided by suppliers, nor were there any resulting negative public incidents.

Supplier Capacity Building

During the Reporting Period, the Company engaged in exchanges on quality, technology, and sustainability with 387 suppliers. 83 suppliers participated in improvement initiatives or capacity building programs, representing 21.4% of the total.

The Company continued to strengthen green supply chain development. During the Reporting Period, 100% of all newly procured materials had their green characteristics qualitatively and/or quantitatively described during the procurement planning stage. Tender documents clearly prioritized products with more prominent green characteristics and suppliers with better sustainability performance. No instances of non-compliance with national energy conservation, environmental protection, and occupational health standards were found among the newly procured materials.

Procurement Personnel Management

As of the end of the Reporting Period, the Group had 33 employees engaged in procurement management. Sustainable (green) procurement targets were incorporated into the performance evaluations for 100% of these employees. No instances of bribery, fraud, exclusion of potential competitors, or other unethical conduct were identified among procurement personnel and no reports related to procurement ethics were received. During the Reporting Period, all procurement personnel participated in approximately 80 hours of online and offline sustainability-related training, averaging 2.4 hours per person.

Key Performance Indicators

Sustainable Procurement Indicators	Unit	Annual Target	Actual Achievement
Written/electronic signing rate of the "Supplier Code of Conduct" by Class A suppliers	%	100	100
Weighting of sustainability in tender evaluation scores	%	15	15
Proportion of contracts with Key Suppliers containing sustainability clauses	%	100	100
Average annual training duration for procurement personnel	Hours	1.8	2.4
Coverage rate of procurement personnel training	%	100	100
Proportion of procurement and management personnel whose performance evaluations include sustainable procurement targets	%	100	100

TALENT DEVELOPMENT

10

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

Hansoh Pharma upholds the talent development concept of "make progress, create brilliance, share and enjoy together with the Company's development". Through the establishment of dual career development pathways and a diverse mechanism combining performance evaluation with equity incentives, the Company cultivates a high-caliber talent pool. Anchored in an inclusive and open workplace environment, Hansoh Pharma strictly adheres to equal employment policies and has established a comprehensive health and safety management system, ensuring both employee rights protection and workplace safety progress in parallel. Furthermore, leveraging digital transformation tools and innovation-driven platforms, Hansoh Pharma provides full-cycle support for talent pipeline development, fostering a diverse, collaborative and innovative team with enhanced capabilities for sustainable growth.

10 TALENT DEVELOPMENT

10.1 TALENT AND ORGANIZATIONAL GOVERNANCE

In line with its global, diversified, and sustainable strategic framework, Hansoh Pharma strengthens its training system, risk management practices, and inclusive workplace environment to cultivate high-quality teams across R&D, production, commercial operations, and management, continuously enhancing organizational efficiency across all operational levels and functional divisions.

10.1.1 Governance Structure

The Board of Directors of Hansoh Pharma assumes ultimate responsibility for the Group's talent strategy. Under the Board, the Nomination Committee oversees the nomination and appointment of directors and senior management. The ESG Committee evaluates the Group's organizational effectiveness and diversity development. The Remuneration Committee reviews the remuneration framework and the Restricted Share Unit (RSU) incentive plan, ensuring accountability across recruitment, development, motivation, and retention.

The Group has established a human-resource strategy and development center, which is responsible for group-wide organizational development, talent acquisition, employee relations, and compensation performance policies. Within this center, the human-resource strategy and development center manages employee data and shared services. The organization and talent development division focuses on organizational optimization and talent development frameworks. The HRBPs provide HR support, performance evaluations, and compensation recommendations to business units, fostering a high-performance talent-driven system. The EHS department oversees occupational health and safety. Additionally, the Group has established trade unions at various operating sites, which function independently in accordance with laws and trade unions' charters. These trade unions are responsible for: safeguarding employee rights, negotiating collective labor agreements on behalf of employees, fostering corporate culture, and promoting harmonious labor relations. Through this governance framework, Hansoh Pharma has created a management matrix that integrates policy formulation with execution (vertically) and talent development, performance incentives, rights protection, and workplace safety (horizontally), achieving high-intensity synergy across the entire human resources value chain.

10.1.2 Institutional Framework and Commitments

Hansoh Pharma Group strictly adheres to 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 Law of the People’s Republic of China on Trade Unions, and the Special Provisions on Labor Protection for Female Employees, among other laws and regulations. The Group actively aligns with the International Bill of Human Rights, the Ten Principles of the United Nations Global Compact, and the core requirements of the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. To institutionalize these commitments, Hansoh Pharma has established policies and guidelines such as the Employee Diversity Policy, the Occupational Health and Safety Policy, and the Employee Handbook. These frameworks comprehensively cover: Employee rights protection, including anti-discrimination and equal employment practices; occupational health and safety management; full-cycle human resources governance, including talent recruitment, compensation and benefits design, training and development programs, and performance evaluation mechanisms; and protection of minors in the workplace. These policies underscore the Group’s commitment to human rights, diversity, and inclusion, ensuring a seamless translation of laws and regulations and international standards into localized compliance and corporate responsibility.

Case: Revision of the Employee Handbook

Based on the best management practices of human resource and the Group’s reality, the Employee Handbook has undergone a systematic iterative upgrade, incorporating both regulatory revisions and practical experience to ensure a more structured and effective governance framework. Through a modular restructuring approach, the revision comprehensively covers core governance dimensions. Key updates include: Enhancements to corporate strategy and cultural integration, alongside refinements to employee qualification standards, professional conduct guidelines, and disciplinary policies; Addition of two critical business control sections, namely financial management (expense reimbursement procedures and compliance review mechanisms) and information management (data security regulations and system access controls); Reinforced compliance awareness, ensuring the establishment of a holistic employee governance framework that balances regulatory enforceability with operational feasibility.

Hansoh Pharma's commitment to fair employment

- Protect fundamental rights and interests of employees as granted by the Constitution of the People's Republic of China and other laws and regulations in the operating locations;
- Strictly comply with the Labor Contract Law of the People's Republic of China and all regulatory policies issued by local authorities in our operating sites, ensuring full adherence to the Employee Diversity Policy, Occupational Health and Safety Policy, and Employee Handbook;
- Ensure fairness and equity across all aspects of talent management - including recruitment, training, appointment, and retention - regardless of nationality, race, gender, skin color, or religious belief, while actively eliminating any form of discrimination or bias;
- Prohibit child labor;
- Develop career growth pathways, providing employees with skills training, promotion opportunities, and performance-based incentives to foster aligned personal and corporate development;
- Respect employees' rights to work and rest, offering flexible adjustment of working hours where applicable, discouraging excessive overtime, and strictly prohibiting forced labor. Any additional or non-standard working hours will be compensated in accordance with the law, including time off in lieu or overtime pay;
- Establish a compensation and benefits system that balances internal equity with external competitiveness, ensuring both policy transparency and personal privacy protection;
- Foster an inclusive, diverse, and open workplace culture, promoting civilized and healthy work-life values, while prohibiting all forms of workplace discrimination and harassment;
- Support labor unions in safeguarding employees' rights, facilitating collective bargaining, and encouraging a variety of legal social and cultural activities that promote corporate culture, strengthen workplace communication, and enhance employee well-being;
- Conduct regular employee engagement and satisfaction surveys, using feedback to continuously improve human resources management performance;
- Provide a safe and healthy work environment for all employees, contractors, contingent workers, and external visitors;
- Uphold employee rights across the supply chain, using due diligence and audits to ensure that upstream and downstream partners adhere to fair labor practices.

10.2 TALENT MANAGEMENT SYSTEM THROUGHOUT THE EMPLOYEE LIFECYCLE

Hansoh Pharma regards talent as a strategic resource for sustainable development. Based on the Human Resource Value Chain theory, the Company has established a three-pronged human resource management system encompassing value creation, value assessment, and value distribution.

Value Creation: We have implemented a Talent Reservoir Program, integrating global talent acquisition with localized talent development. Our multinational R&D team has grown to over 1,800 professionals, while 33.7%of revenue-generating positions are held by women. Leveraging the "Xuexiqiangsen" (Strengthen Hansoh through Learning) and other digital platforms, we provide an average of 71 hours of targeted training per employee per year. Value Assessment: We have developed a performance evaluation framework based on job value, covering key performance indicators such as R&D conversion rates and clinical project milestone achievements, as well as competency-based assessments in risk management, decision-making, and team collaboration. Value Distribution: Our differentiated compensation structure (base salary + performance bonuses + project dividends + long-term equity incentives) is closely tied to performance evaluations, while our dual-track career progression system (specialist and management pathways) ensures that assessment outcomes directly impact individual compensation and career advancement.

This system integrates talent management across the entire employee lifecycle, aligning with the Company's "innovation-driven" strategic objectives while adhering to global standards such as the core conventions of the International Labour Organization (ILO) and the United Nations Sustainable Development Goals (SDGs). Through policies such as the Employee Diversity Policy and the Occupational Health and Safety Policy, we translate ESG governance requirements on labor and human rights into concrete HR practices - including anti-discrimination provisions in recruitment, equal pay mechanisms in compensation and benefits, and leadership development programs for women in career advancement - thereby shaping a talent strategy that is both strategically forward-looking and rigorously compliant.

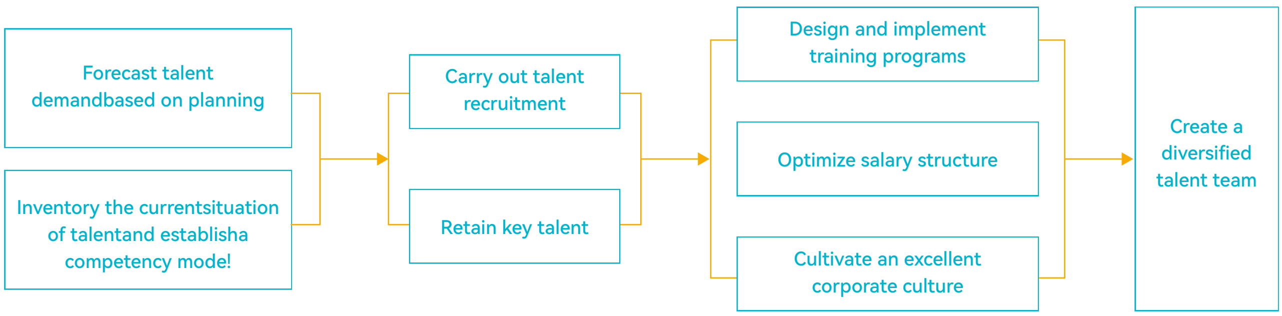
10.2.1 Diverse Talent Attraction and Recruitment

Hansoh Pharma has established a collaborative internal-external talent supply matrix. In external recruitment, we adopt a dual-track strategy of "consolidating the foundation through traditional channels + enhancing efficiency through digital tools" to continuously expand our talent acquisition reach. This approach reinforces our campus and social recruitment, while leveraging an online platform to achieve end-to-end intellectualization, including smart job matching, AI-driven resume screening, and cloud-based interview systems. Additionally, we have implemented an employee referral incentive program, improving recruitment efficiency and reducing per-position hiring costs. For internal mobility, we integrate internal competition mechanisms with a "talent revitalization initiative". We have established a dynamic talent allocation mechanism based on monthly demand insights, transparent job postings, and dual-track career mobility. Through the OA system, the Human Resources Development Center publishes internal vacancies across R&D, manufacturing, and commercialization, offering parallel professional and managerial career tracks. Employees can proactively explore cross-functional opportunities based on competency assessment results, with HRBPs providing career transition guidance and skill development plans. This system enhances both organizational talent density and individual career growth momentum.

Hansoh Pharma has deeply embedded the principles of diversity and inclusion into its talent supply chain, earnestly implemented the institutional frameworks of the Employee Diversity Policy and Employee Handbook to establish a comprehensive anti-discrimination recruitment management system. At the talent selection stage, we implement precise job-person matching based on a competency model. A job description (JD) compliance screening mechanism is in place to scan recruitment information for potentially discriminatory language, such as gender preferences or regional restrictions. Additionally, we have established a dual-verification mechanism combining identity document authentication and academic record cross-checking to ensure zero risk of child labor violations. In terms of employment environment governance, we have introduced a job load factor assessment model and leverage an intelligent scheduling system to dynamically optimize resource allocation, effectively mitigating risks associated with forced labor. For compliance risk management, we have instituted a routine recruitment compliance audit system, overseen by the internal control department, to ensure comprehensive supervisory review of hiring decisions and documentation. To address child labor and forced labor risks, we have developed a three-tier emergency response plan consisting of risk alert and screening, immediate isolation, and legal remediation, ensuring that any identified risks are fully resolved within 72 hours. This end-to-end risk control framework integrates policy enforcement with technological empowerment, routine oversight with emergency response, creating a robust and proactive compliance safeguard.

10.2.2 Diversified Talent Pipeline Development

Hansoh Pharma has positioned talent pipeline development as a core engine for its strategic transformation, employing a dual-driven model of forward-looking planning and dynamic capability alignment to actively build a talent pipeline that spans the entire business value chain. We carry out a special review of the key position sequences quarterly. Horizontally, the pipeline encompasses three major strategic clusters - innovative drug R&D, intelligent manufacturing, and commercial expansion. Vertically, it penetrates critical value-chain segments, including target discovery, clinical operations, regulatory submissions, and market access. Meanwhile, a competency assessment system is employed to evaluate technical R&D depth, clinical translation efficiency, and cross-functional collaboration, establishing differentiated competency benchmarks across R&D, business, technology, and functional roles. On this basis, through a "performance-potential-culture" triad matching framework, combined with big data analytics to track real-time talent mobility trends, we conduct talent structure diagnostics to generate a succession roadmap for key positions. The application of this model can scientifically predict talent gaps across all levels and more precisely match the talent development program to effectively ensure a seamless alignment between talent supply and business strategy. This system continuously enhances organizational capabilities to serve as a strong foundation for the innovative transformation and high-quality development of the enterprise.



Case: 2024 Competency Model Development and Talent Review

In 2024, Hansoh Pharma launched a comprehensive initiative to systematize organizational capabilities, implementing a targeted talent management strategy for key strategic business units. Focusing on five core departments—Key Account Management (KA), Market Access (MA), Channel Operations (Commercial/Retail/Broad Market), IT Digitalization Team, and HR Strategic Business Partners—the Company developed an integrated "Strategy-Competency-Position" model. Simultaneously, it completed the iteration of the executive leadership model of the Group and upgraded the competency framework for business leaders, covering regional managers and district managers.

The current competency framework follows a four-dimensional unified structure: In particular, the business management dimension emphasizes strategic execution and resource integration. The team management dimension strengthens pipeline development and cross-functional collaboration. The client management dimension focuses on managing stakeholder complexity. The Self-management dimension embeds continuous learning and innovation.

This model is deeply embedded across all talent management scenarios. In talent selection, a dual-engine evaluation tool was developed, comprising a behavioral event database and a scenario-based question bank, enabling role-specific situational assessments. In the annual talent review, competency assessments, 360-degree evaluations, and a performance-potential nine-box matrix were integrated to precisely identify key talent, accelerating the development of high-potential employees while optimizing underperforming workforce allocation. Through a competency-position-compensation linkage mechanism, this system has enhanced the scientific rigor of leadership promotion decisions and strengthened the strategic talent pipeline.

During the Reporting Period, 360-degree job performance evaluations and potential analyses were conducted for 213 mid-to-senior management executives and core business talents.

Example of Competency Models

Competency Dimensions	Competencies					
	Senior management	Weight	Intermediate management	Weight	Grassroots	Weight
Business Management	Business Insight & Decision-Making	20%	Complex Problem-Solving	20%	Problem Analysis & Resolution	20%
	Project Coordination	20%	Project Planning	20%	Planning & Organization	20%
	Driving Strategic Execution	15%	Execution Implementation	15%	Efficient Execution	15%
Team Management	Leading Change	5%	Facilitating Change	5%	–	
	Enhancing Synergy	10%	Collaboration & Coordination	10%	Cross-Departmental Communication & Coordination	15%
	Leading Teams	10%	Team Management	10%	–	
Self-Management	Self-Awareness	10%	Inspiring Excellence	10%	Self-Drive	15%
	Systematic Thinking	10%	Continuous Learning	10%	Proactive Learning	15%

10.2.3 Talent Cultivation and Development

Hansoh Pharma places great emphasis on cultivating and inspiring employees' abilities to support their career growth. During the Reporting Period, we developed a comprehensive range of online and offline training programs, promoted internal trainers and mentorship initiatives, and encouraged employees to engage in continuous learning to enhance their job competence. We offer diverse career development opportunities through role models, multidimensional performance evaluations, and equal and fair promotion opportunities, ensuring a synergistic development between the Company and its employees.

Talent Cultivation

Hansoh Pharma has developed a multi-tiered training system based on strategic planning and business needs. The Company systematically designs an annual training plan with a three-tiered linkage among the Group, business units, and departments, incorporating this plan into specialized budget management and performance evaluation frameworks. The training content spans three core modules: professional skills enhancement, such as drug development technical standards and production quality management; professional ethics development, including business ethics, labor rights, and occupational health and safety standards; and leadership development. The dual-track curriculum system supports both management and professional career paths, fostering multidimensional employee growth.

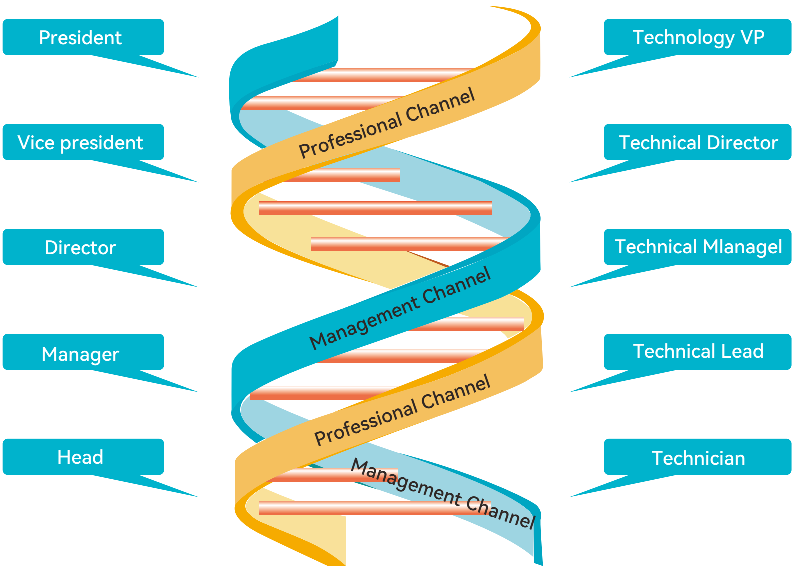
To enhance training effectiveness, the Company has established a digital learning platform integrating both online and offline resources. A course repository covering all business scenarios, including strategic thinking, technical problem-solving, and compliance management, has been developed. Mandatory courses consolidate core job capabilities, while elective modules expand cross-disciplinary and composite skills. A credit accumulation and knowledge-sharing incentive mechanism has been introduced, creating an ecosystem for continuous learning that systematically enhances employees' professional competence, execution efficiency, and sense of responsibility, facilitating the synergistic evolution of organizational capacity and individual value. We also provide transition training for employees returning from sick leave or maternity leave to help them adapt more quickly and effectively to the work pace and environment, alleviate psychological stress, and restore work efficiency and performance.

To accelerate the development of talent pipelines for key positions, Hansoh Pharma has established an on-the-job education empowerment system. By creating a collaborative education mechanism linking industry, academia, and research, the Company has deepened its partnerships with institutions like Shenyang Pharmaceutical University. This collaboration includes dual-track progress, with customized professional degree courses such as advanced technology workshops and academic visits, as well as joint research projects to foster the integration of theory and industrial practice. During the Reporting Period, two key employees successfully completed their thesis defense and earned their master's degrees through the joint program with Shenyang Pharmaceutical University. This academic breakthrough – industry transformation educational empowerment system has achieved significant progress. For additional examples of training initiatives during the Reporting Period, please refer to 10.5 – Special Case: 2024 Talent Development Projects of Hansoh Pharma.

In 2024, Hansoh Pharma completed a comprehensive upgrade of its "Xuexiqiangsen" online platform, transforming it into a central hub for the Group's training and talent development. With newly added functional modules and a fully optimized graphical interface, the platform's usability and user experience were significantly improved. Meanwhile, the upgrade included a complete overhaul of the exclusive "Welcome to Hansoh – New Employee Onboarding Program", which provides new hires with a comprehensive and systematic onboarding guide and integration assistance. The newly launched "Talent Development" module offers each employee a personalized learning map and competency framework. Additionally, the platform introduced the "Online Classroom" and "Offline Classroom" features, providing employees with a wealth of high-quality online courses, internal training sessions, and external learning opportunities. These resources, aligned with the learning map, ensure accurate and efficient access to professional development tools for employees.

Talent Development

Hansoh Pharma has established a strategically oriented dual-track career development system, based on organizational strategy decoding and talent value creation. This system defines a dual-level structure with parallel management and professional tracks. The management track focuses on enhancing organizational effectiveness, identifying roles with team management responsibilities and resource allocation authority, and building leadership competency models to support talent development. The professional track emphasizes technical depth, establishing expert-level positions in key technical areas. Professionals in these roles are expected to possess systematic expertise and problem-solving capabilities to address complex challenges, driving business value growth through technological innovation.



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

The system innovatively establishes a two-way, interconnected career development matrix. In the vertical dimension, it sets ladder-style promotion standards within each track, aligned with a differentiated competency evaluation mechanism. In the horizontal dimension, it creates cross-functional empowerment channels, allowing employees to choose between deepening expertise vertically or expanding horizontally based on their career anchors. By the end of the Reporting Period, we have successfully implemented the dual-track parallel mechanism in the manufacturing and R&D innovation sectors. This model effectively couples organizational strategic demands with individual professional strengths through precise job matching, ensuring the technical capabilities of core business units and stimulating innovative leadership within the management tier. This dual-track system provides vital talent support for achieving the Company's strategic goals.

10.2.4 Retention of Key Talent

Hansoh Pharma has established a key talent retention system through a three-dimensional strategy of incentives-development-ecosystem. Based on differentiated compensation design, a multi-tier incentive structure is implemented for key talents such as R&D experts, alongside special honors to reinforce value recognition. The dual-channel promotion mechanism, which includes both management track and professional track, eliminates barriers in both vertical and horizontal career development, providing high-level talents with diverse growth opportunities. By creating a flexible work matrix, some positions offer flexible office hours, health management programs, and family care benefits. Additionally, a "talent risk radar" early warning system is in place, utilizing an AI model to predict resignation tendencies and identify retention risks in advance. Tailored retention plans are then implemented, forming a comprehensive talent retention ecosystem with a full-cycle approach: "preventive measures, real-time interventions, and post-event review".

Incentives and Communication

Based on the principles of "fair benchmarks, just measurements, and transparent mechanisms", Hansoh Pharma has established a comprehensive performance evaluation system. By creating a strategic map and utilizing tools such as the balanced scorecard, 360° competency radar, and job value contribution analysis, the Company's strategic planning is progressively broken down into departmental OKRs and individual KPIs. This ensures a systematic alignment from organizational strategic goals to individual value assessments. During the Reporting Period, the Group established a three-tier performance calibration system, conducting a precise evaluation of nearly 10,000 employees' effectiveness, achieving 100% coverage for performance assessments across all employees, positions, and evaluation cycles.

Leveraging the job value assessment matrix and a performance-level correlation model, we designed a broadband compensation structure for different job levels. For management, a strategic goal incentive system is in place; R&D personnel are incentivized based on project milestones; business employees are driven by performance-oriented rewards; and frontline staff follow a skill development-based compensation system with performance points. Through this broadband compensation design, the alignment of assessment outcomes with compensation rewards is structured to drive organizational strategy implementation and cultivate a high-performance culture, creating a shared value creation community between the Company and its employees.

We have continued to foster a multidimensional communication ecosystem. Through quarterly focus meetings and monthly review sessions, we achieve dynamic alignment of goals across various levels and positions. By utilizing the "Competency Compass" assessment model, we have set up eight core dimensions - strategic thinking, business problem-solving, collaborative innovation, and others - establishing a 360° feedback system for employee performance, enabling anonymous peer evaluations. HRBP has developed four key roles: "strategic partner, performance coach, cultural ambassador, and employee advocate", and, based on the nature of the positions, facilitates proactive communication on a quarterly, semi-annual, and annual basis, ensuring continuous, cycle-based growth. During the Reporting Period, this system achieved 100% communication coverage for key positions, improved communication efficiency across hierarchies and departments and drove reasonable flow of the organizational knowledge and effective achievement of strategic consensus.

Goal Management

Jointly set annual and quarterly goals with direct supervisors, conduct regular follow-up assessments, and provide employees with feedback on goal attainment

360° Feedback

In addition to self-assessments, employees receive comprehensive feedback from department colleagues, direct supervisors, cross-functional teams, and external clients. This serves as the basis for evaluating employee contributions and value

Superior-Subordinate Communication

Implement agile performance management through weekly/monthly superior-subordinate dialogues to oversee the goal achievement process

Team Performance

Employee performance is assessed within the context of both team and individual goals, recognizing their role as part of the team

Compensation and Benefits

Hansoh Pharma has established a compensation system based on the principles of "market competitiveness benchmarking, job value benchmarking, and performance contribution benchmarking" to precisely empower talent value. We regularly conduct talent market research and use big data analysis to assess the salary competitiveness of various talent categories. Based on this, we dynamically adjust compensation levels by referencing industry benchmarks and job premium coefficients, ensuring that our compensation strategy remains balanced with industry talent mobility trends and maintains the necessary competitiveness. We construct a job value evaluation matrix from four key dimensions: strategic impact, professional depth, performance output, and risk responsibility. We implement job value measurement to form differentiated compensation bandwidths covering seven major job series, including R&D, production, and business. Leveraging a panoramic performance evaluation ecosystem, we base compensation components on job characteristics and contributions, setting up different compensation accounts such as base salary, performance-based pay, special allowances, talent retention incentive, project rewards, and comprehensive benefits. This structure ensures an organic balance between individual short-term value creation and the organization's long-term commitments.

Hansoh Pharma has developed a diverse benefits package. In addition to comprehensive coverage of the statutory "endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund", we offer supplementary medical insurance, health check-ups, academic advancement support, patent application incentives, and other benefits for special employees, effectively enhancing the compensation competitiveness for our talent.

Statutory basic benefits

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

Hansoh Pharma employee benefits*

Housing benefits: rental subsidy, talent apartment.
Travel benefits: commuter shuttle, transportation allowance, travel allowance, business travel insurance, etc.
Health benefits: annual physical examination, supplemental commercial medical insurance, high temperature allowance, workplace psychological counseling, fitness facilities, etc.
Humanistic benefits: festival benefits, departmental reunion team-building, employee birthday benefits, newlywed gift, anniversary benefits, sympathy gift for retired employees, benefits for dispatched employees visiting relatives, 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, etc.
Family support: parental leave, working day breastfeeding time, breastfeeding room, flexible working hours, commercial medical insurance for children, etc.
Other benefits: free meals or meal allowance, overtime meals, birthday meals, maternity meals, communication card benefits, etc.

* Some benefits are only provided for specific employees.

Starting from 2019, Hansoh Pharma has implemented a 10-year restricted share unit scheme to reward eligible managers and technical professionals for their contributions to the Group. On June 27, 2024, the Company granted restricted share units representing a total of 11,397,590 shares to 616 grantees of restricted share units, including 2 directors and 614 employees. In 2024, the targets of equity incentive covers the directors, senior executives, middle managers and first-line core R&D personnel of the Company. The coverage ratio below VP accounted for about 95% (588 people) of all the equity incentive grantees, accounting for about 6.6% of the total number of employees of the Group.

How do we provide a "living wage" to help employees lead a decent life?

The "living wage" refers to the income that is necessary to maintain the basic living needs of workers themselves and their families. Hansoh Pharma helps employees obtain a living guarantee through a variety of measures:

1. **Provide reasonable salary and benefits:** Understand the salary levels in the same industry and the same region, formulate competitive salary standards and salary growth mechanisms to ensure that employees' income is not lower than the market average level of the same position and the local minimum wage level. Meanwhile, we provide more living guarantees including statutory benefits such as the "Five Social Insurance and One Housing Fund" to relieve employees' living burdens and eliminate their worries.
2. **Pay attention to employees' career development:** Assist employees in formulating career development plans, clarifying their career development paths and promotion channels within the enterprise. Provide corresponding training and development opportunities based on employees' interests, specialties, and abilities, enabling them to continuously grow and progress in the enterprise and enhance their professional value.
3. **Create a favorable working environment:** Pay attention to employees' physical and mental health. Provide psychological counseling and guidance services for employees to help them relieve work stress and maintain a good state of mind. Foster a corporate culture atmosphere that is positive, promotes teamwork, and respects employees, so that employees can feel the warmth of the enterprise. Listen to employees' opinions and suggestions, care about their work and life, and promptly address the problems and difficulties they encounter.
4. **Improve employees' quality of life:** Provide life support services such as employee canteens, dormitories, and gyms. Encourage employees to participate in social activities like community services and environmental protection campaigns and other public welfare undertakings. Establish various interest groups or clubs, such as those for calligraphy and painting, music, and sports, to help employees develop their hobbies in their spare time.
5. **Pay attention to employees' family life:** Give understanding and support for employees' special situations in their families. Organize activities such as family open days and family events to enhance the understanding and recognition of employees' families for the enterprise, and promote a harmonious relationship between employees' families and the enterprise.

As of the end of the Reporting Period, the Group has not received any reports indicating that employees have lost their decent living due to insufficient "living wage".

10.3 HUMAN RESOURCES RISK MANAGEMENT

Human resources risk is one of the Group's top-priority risks. Through the PDCA model of "identification and assessment – response – monitoring – improvement", Hansoh Pharma regularly conduct regular audits on labor employment compliance, organizational health diagnostics, and talent gap risk analysis, leveraging the three-pillar HR framework for targeted risk control, and establishing a full-cycle risk management mechanism.

10.3.1 Compliance Risks in Employment

Hansoh Pharma has established a comprehensive employment protection system, proactively identifying changes in human resources policies and stakeholder requirements while conducting compliance evaluations. We engage professional legal counsel to oversee key employment processes, including recruitment, contract execution, and attendance and leave management, ensuring full legal compliance. To strengthen employment compliance, we utilize a digital contract management system and conduct specialized legal reviews through the legal department, guaranteeing that all labor contracts and confidentiality agreements are legally binding and 100% compliant with policy requirements. We regularly provide mandatory legal training for managers, incorporating case studies of labor disputes to enhance risk awareness. Moreover, we plan to launch an HR Q&A section on our internal communication platform, allowing employees to access policies and submit inquiries at any time. In response to unforeseen employment issues, we have established a Human Resources Emergency Task Force and implemented a three-tier early warning mechanism that categorizes risks based on severity, enabling targeted interventions. Furthermore, we maintain close communication with local labor authorities and regularly engage third-party agencies to assess employment health, ensuring legal compliance throughout the entire employment lifecycle while safeguarding the rights and interests of both employees and the Company.

Remedial Measures for Identified Cases of Child Labor

Hansoh Pharma strictly prohibits the employment of child labor. All job applicants are required to provide valid identification documents, and as of the end of the Reporting Period, no instances of child labor have been identified. However, we have established a corresponding emergency response protocol, and in the event that any instance of child labor is discovered, we will take the following remedial measures:

(1) Immediately terminate their employment and remove them from the work environment;

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

(3) Report the case to the relevant authorities, including the local labor inspection department and child protection agencies, detailing the occurrence, underlying causes, and remediation measures;

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

(5) Conduct an internal investigation to identify the root cause of child labor occurrences and implement corrective measures, including improving policies and procedures and providing necessary training to prevent recurrence;

(6) Proactively fulfill our social responsibility by publicly disclosing any instances of child labor, advocating for its eradication, and contributing to the promotion of sustainable social development.

Hansoh Pharma strictly complies with the Labor Law of the People's Republic of China and labor regulations in all its operating sites, systematically safeguarding workers' rights. We have established a four-pronged risk prevention mechanism covering human trafficking prevention, forced labor early warning, minor protection, and anti-discrimination and anti-harassment monitoring, ensuring the complete prevention of illegal employment practices. Adhering to the principle of “equal pay for equal work”, we implement dynamic salary benchmarking to ensure that all employees' wages exceed the local minimum wage and that salary differentials for the same position and equivalent labor remain within predefined thresholds. Through mechanisms such as pre-employment background checks, in-service audits, and exit reviews, alongside a comprehensive compliance training program for all employees, we ensure full compliance and ethical integrity throughout the employment lifecycle. By translating the core standards of the International Labour Organization into actionable management guidelines, we continuously enhance both employment compliance and worker rights protection.

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 regularly track employee attendance and overtime hours in real-time through an electronic platform. Any discrepancies are promptly investigated, and, if necessary, adjustments are made to the human resources allocation to reduce the workload of the affected positions.

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. We maintain a zero-tolerance policy toward any form of discrimination or harassment.

The Group has established labor unions in its three primary operating sites - Shanghai, Lianyungang, and Changzhou. These unions operate independently, legally safeguarding employees' right to free association. They represent employees in signing collective agreements with the Company, ensuring that more than 90% of employees are covered by union representation and collective agreements. As needed, Employees’ Congresses are convened in each operating site to review key policies, attendance regulations, and other significant employment-related matters.

Case: Convening the Employees’ Congress

In January 2024, Hansoh Pharma’s Shanghai headquarters held an Employees’ Congress to review the revised Employee Handbook, which was subsequently approved through democratic voting.

We have established a comprehensive employee rights protection mechanism, with a particular focus on key areas such as recruitment and employment, working hours, fair compensation, anti-discrimination safeguards, and health and safety. During the Reporting Period, Hansoh Pharma formed a dedicated task force to conduct human rights due diligence across its major operating sites and two community locations. The investigation team engaged in interviews and surveys with 20 departments - including production, quality, safety and environmental protection, procurement, and R&D - as well as with neighborhood committees from Jiangsu Hansoh and Changzhou Hansoh. The scope of the investigation covered issues such as living wages, working hours, social security rights, occupational health and safety, harassment and discrimination, freedom of association, privacy rights, community impact, and security personnel management, aiming to identify potential risks within business operations. The investigation did not identify any significant human rights violations or risks of harm to the rights and interests of surrounding communities within the Group.

Although no major issues were identified, we have established an early warning and rapid response mechanism. For potential human rights issues that may occur within the Company, we will form a dedicated task force to conduct investigations. Relevant personnel are held accountable in accordance with company policies, and affected employees are actively assisted in resolving the issues. For external suppliers or business partners, we require key suppliers to proactively report on employee rights protection. If any violations - such as illegal employment practices, forced labor, or the employment of underage workers - are identified, the supplier will be required to take immediate corrective action and will be subject to ongoing monitoring for improvements.

10.3.2 Workplace Health Risks

Hansoh Pharma is committed to the physical and mental well-being of every employee. Aligned with the ISO 45001 standard, we have established, implemented, maintained, and continually improved our occupational health and safety management system. Through organizing various recreational and welfare activities, we enhance the physical and mental experiences of our employees, creating smooth communication and grievance channels to better listen to their voices and concerns, thereby fostering a healthy workplace environment.

Occupational Health and Safety

Hansoh Pharma strictly adheres to national laws, regulations, and the requirements of the ISO 45001 management system. We have formulated and publicly released our Occupational Health and Safety Policy, which outlines the Group's objectives and commitments in fulfilling health and safety responsibilities. We regularly identify health and safety hazards throughout all operational processes, conduct risk assessments based on our risk management framework, determine risk levels, and develop tailored risk prevention plans. In line with the "three simultaneities" requirements for construction projects, we have implemented a "safety first" decision-making model, embedding mandatory health and safety evaluations during the feasibility assessment stage of major projects. This ensures that evaluation conclusions are drawn and targeted improvement suggestions are made. We integrate various data sources, including 360° employee safety perception surveys, AI-based video behavior analysis, internal and external ISO 45001 reviews, government regulatory inspections, and client EHS audits. This data is used to construct a safety maturity index, ensuring the accuracy of risk warnings and driving the evolution of our occupational health and safety management from mere compliance to a more proactive, lean preventative approach.

To effectively fulfill the commitments outlined in our Occupational Health and Safety Policy, we adhere to the principles of "safety first, prevention first, comprehensive governance, continuous improvement, and health focus". We have established preventive safety performance indicators, incorporating metrics such as "number of work-related fatalities", "lost days due to work injury", "lost-time injury frequency rate (per million hours worked)", and "number of accidents in high-risk jobs". These indicators are included in the dual-assessment system for both safety responsibility owners and regulatory bodies, and we enforce a "safety-first" policy, where safety violations result in a veto. Each operating site adopts a dual-line safety supervision model. Safety responsibility owners implement a three-tier preventive control process consisting of pre-shift self-inspections, daily patrols, and weekly reviews. The safety supervision department conducts special inspections and regular patrols. Using an intelligent inspection system, we monitor high-risk operational behaviors in real time, promptly identifying potential hazards and risks. This ensures that safety production objectives are integrated into the entire operational process, achieving a closed-loop management system from risk warning to effective risk prevention and control.

Case: "Three Basis, Four Entire Management, Five Implementations" Working Method of Safety Management in Jiangsu Hansoh

Jiangsu Hansoh's raw material site, in response to production hazards, comprehensively prevents and controls work safety risks through the "Three Basics, Four Entire Management, and Five Implementations" working method:

Three Basis: Strengthen the grassroots level, lay a solid foundation, and practice basic skills. That is, facing the front line of production, consolidate the foundation of work safety, and painstakingly practice basic skills so that everyone understands safety and can handle situations

Four Entire Management: All employees, the whole process, all aspects, and all weather. That is, all personnel are responsible for work safety. There are no blind spots in safety throughout all processes. All elements such as man, machine, material, method, environment, and measurement are related to safety. There is a 7×24-hour all-weather safety emergency response

Five Implementations: Safety responsibility, safety management, safety investment, safety training, and emergency rescue should be in place; for the treatment of potential safety hazards, responsibility, measures, funds, time limit, and contingency plan should all be in place. That is to say, management personnel at all levels and front-line operators all bear safety responsibility objectives and indicators. They should strictly implement the systems of self-inspection, mutual inspection, and regular inspection for work safety, ensure sufficient investment in work safety, and make sure that safety facilities, on-site diagrams and signs, and personal protective equipment fully meet the standards. Combine basic training, special training, and routine pre-job training to continuously improve employees' capabilities and awareness of work safety. Fully implement emergency facilities, contingency plans, and responsibilities to ensure that emergency preparedness and responses are sufficient, timely, and effective.

In terms of occupational disease prevention, we regularly conduct assessments of occupational disease hazards and health surveillance. Each year, we arrange occupational health check-ups for employees in relevant positions and maintain health monitoring records for continuous dynamic health surveillance. 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.

To prevent and mitigate potential health and safety risks, Hansoh Pharma establishes an emergency drill plan every year and regularly conducts emergency response exercises. These drills not only enhance the health and safety awareness of all employees but also test the efficiency of the entire process from incident reporting, response, and resolution to improvement. We evaluate the scientific and timely nature of emergency responses, as well as the completeness and responsiveness of various protective facilities and equipment.

During the Reporting Period, each major operating site organized tens of times of comprehensive drills, special drills and on-site handling 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: Safety Production Emergency Drill of Jiangsu Hansoh

In 2024, Jiangsu Hansoh held a total of **1** comprehensive emergency drill, **7** emergency drills focused on raw material sites, **24** on-site response plan drills, and **31** emergency skills training sessions.

The image above shows a comprehensive emergency response drill at Jiangsu Hansoh

Employee Care

Hansoh Pharma is committed to building a "happy workplace ecosystem" by implementing diverse and differentiated cultural care initiatives, proactively addressing employee mental health risks, and systematically enhancing employees' sense of organizational belonging and value recognition.

In the realm of mental and cultural development, we foster team spirit through outdoor team-building activities, encourage diverse development through skill-based interest clubs, and implement heartwarming support programs that reach vulnerable groups. We also organize the "book drift bottle" reading and sharing initiative and have created workplace healing spaces at each operating site, equipped with reading corners and other stress-relief facilities.

Hansoh Pharma supports the legitimate and autonomous activities of trade unions, ensuring employees' constitutional right to freedom of association. We encourage employees to engage in diverse interest-based communities to inspire work vitality and creativity, thereby strengthening team cohesion and organizational belonging. As of the end of the Reporting Period, the Company had established over ten cultural and sports associations and art troupes, including those focused on calligraphy and painting, table tennis, badminton, and basketball. During the Reporting Period, more than 100 cultural, sports, and art exchange events were held.

We strictly adhere to the Law of the People's Republic of China on the Protection of Rights and Interests of Women and actively respond to the United Nations' Convention on the Elimination of All Forms of Discrimination against Women, offering comprehensive support for women's career development, health, and safety. This includes, but is not limited to, various protective measures for pregnant employees, such as flexible working hours, customized nutritious meal plans in the cafeteria, and dedicated seats on company buses. For breastfeeding employees, we provide private mother-baby rooms at each operating site and offer flexible leave policies. We also organize women's-themed seminars to help female employees manage societal and familial pressures, fully supporting their efforts to balance work and life.

In 2013, Jiangsu Hansoh established the Employee Mutual Aid Fund, with the Company setting up a funding pool. Starting in 2017, the Employee Mutual Aid Fund was extended to the entire Hansoh Pharma Group. Funded initiatives include: 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.

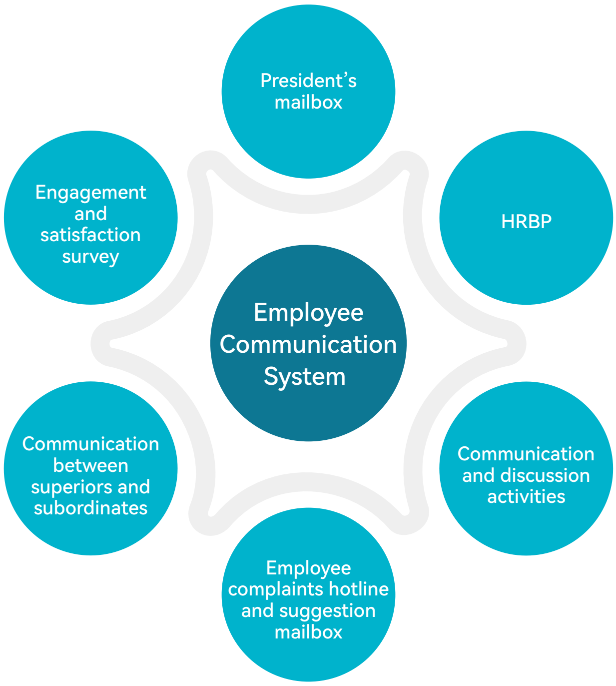
Changzhou Hansoh
2024 Women's Day Activities

Changzhou Hansoh
2024 Badminton Competition

Hansoh Health
"Book Drift Bottle" Activity

Communication and Complaints

Hansoh Pharma has established a multi-dimensional employee communication system, utilizing platforms such as the Employees' Congress, management dialogue sessions, and regular communications through HRBPs to systematically collect employees' development concerns and provide timely responses. For key matters such as strategic adjustments, personnel changes, major projects, and award nominations, we implement a transparent decision-making process. This includes pre-announcement, in-progress evaluations, and post-publication mechanisms to ensure employees' right to be informed and their participation rights are protected.



Hansoh Pharma has established a regular employee status monitoring system, conducting multiple, differentiated surveys each year that cover various scenarios and focus on employee engagement and satisfaction. This survey system encompasses core areas such as career experience, organizational identity, and collaborative effectiveness, including factors such as work experience, value assessment, job satisfaction, team collaboration, corporate culture, and innovation incentives. It provides an in-depth analysis of key indicators, including employees' intrinsic motivation, stress levels, workplace happiness, and organizational trust. This data-driven approach serves as a strategic talent management tool, supporting the optimization of human resource allocation, the enhancement of employee rights protection systems, and the precise formulation of retention strategies.

Case: Hansoh Pharma Employee Canteen Satisfaction Survey

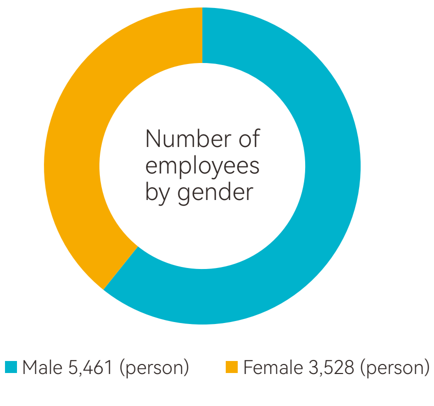
Hansoh Pharma has established employee canteens at its main operating sites in Shanghai, Lianyungang, and Changzhou, conducting multiple satisfaction surveys each year. The average satisfaction rate for the year 2024 was approximately 80%. To improve the transparency of its catering services and more accurately gather employee feedback and suggestions, Jiangsu Hansoh regularly holds "Head Chef Reception Days". This initiative creates direct communication channels between employees and the head chefs, fostering trust and understanding.

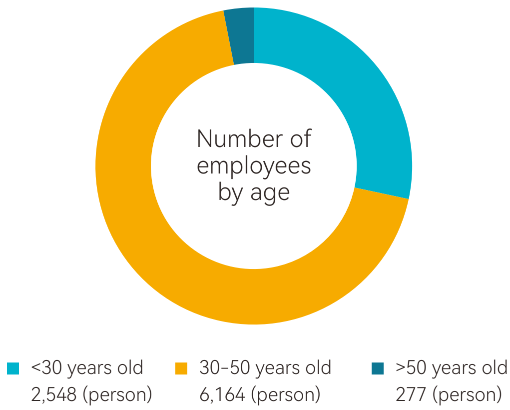
We have established a comprehensive grievance and reporting channel for human rights issues, including a dedicated reporting platform and a direct communication mailbox for the president, to fully receive workplace issue complaints, compliance risk reports, and management improvement suggestions. A dedicated intake and complaint handling mechanism is in place to categorize and address complaints and reports. Based on the nature of the matter, a standardized investigation process is initiated. For significant incidents, a special task force is formed to work alongside the human rights investigation team. After thorough investigation, the evaluation results and corrective actions are submitted to the management for implementation. If workplace discrimination, harassment, or other violations are confirmed, disciplinary actions are enforced in strict accordance with the Company's policies, such as the Employee Handbook. In cases involving suspected legal violations, judicial referral procedures will be initiated. The entire process ensures the complainant’s right to be informed of the outcome. The Company has also established a Protection Policy for Whistleblowing and Whistleblowers, ensuring strict confidentiality for all commercial ethics reports, including human rights issues, providing protection for good-faith whistleblowers, and implementing a “zero-tolerance” policy for any retaliatory actions.

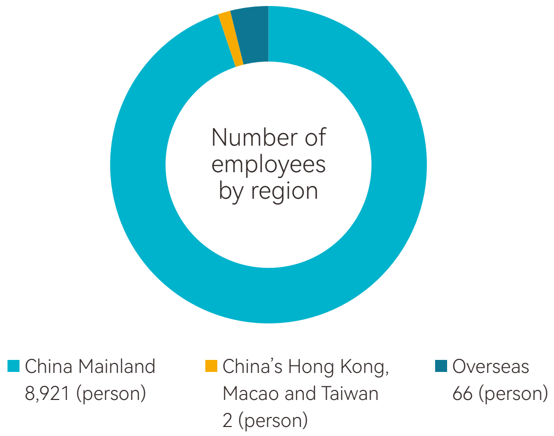
10.4 TALENT DEVELOPMENT PERFORMANCE

10.4.1 Talent Structure Indicators

As of the end of the Reporting Period, the Group had a total of 8,989 employees, with no part-time employees, of which 1,943 were new employees during the Reporting Period. Among the new employees, 1,046 were male and 897 were female. The Group had 245 employees from ethnic minorities and employed 1 disabled person.







10.4.2 Production Safety Goals

Hanson Pharma has publicly committed to a "Zero Goal of Production Safety", adhering to the management philosophy of "safety first, depth defense". The Company has established a four-tier responsibility transmission mechanism, from the Board of Directors to the grassroots level. Each production and laboratory operational unit is equipped with dedicated EHS departments and has implemented a modular responsibility matrix. The Company has also adopted an annual safety performance contract system, whereby management and core EHS staff sign the Safety Responsibility Agreement, and the trade union, on behalf of employees, signs a special collective contract on labor safety and hygiene with the enterprise. The Company has created a strong link between safety performance and compensation, introduced a "one-vote veto" system for major safe production accidents, and established a "goal-assessment-accountability" closed-loop management system. During the Reporting Period, the Group fully achieved the "One Improvement, Two Reductions, and Three Zeros" goals.

One Improvement	Enhance automation, informationization, digitalization, and intrinsic safety management to progressively establish a strong safety culture system;
Two Reductions	Reduce attempted and minor incidents by 10%; reduce the economic loss in accidents by 10%;
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.

10.4.3 Other Key Indicators

Indicator	Unit	Data
Incidents of child labor detected	Cases	0
Incidents of forced labor or human trafficking detected	Cases	0
Proportion of female employees	%	39
Proportion of positions filled through internal recruitment	%	12.6
Total annual training enrollments	Persons	503,975
Average annual training hours per employee	Hours/person	71
Annual training investment	RMB	1,610,000
Average annual training investment per employee	RMB/person	181
Training coverage rate	%	99.64
Employees obtaining degrees through degree support programs	Persons	2
Proportion of employees receiving regular performance appraisals	%	100
Number of employees recognized for achievements	Persons	868
Proportion of R&D personnel receiving project awards	%	38
Proportion of employees below VP level participating in the Restricted Share Unit Plan	%	6.6
Average salary gap between male and female employees	%	14.7
Median salary gap between male and female employees	%	13.3
Total person-times of diversity training for employees	Person-time	9,250
Percentage of new employees receiving diversity training	%	100
Proportion of employees covered by trade unions	%	90
Proportion of employees covered by collective agreements	%	90
Number of lawsuits related to discrimination, harassment, or violations of employee rights	%	0
Annual employee mutual aid fund assistance amount	RMB10,000	222.3
Number of employees benefiting from the mutual aid fund annually	Persons	417
Production and operation sites covered by ISO 45001 Occupational Health and Safety Management System certification	%	100
Number of occupational disease cases	Cases	0
Number of general or above safety accidents	Cases	0

10.5 SPECIAL TOPIC

Facilitating Innovative Transformation, Hansoh Pharma Fully Implements Talent Development Projects

Innovative transformation is an important strategy for the Group to conform to the reform of the national medical and health system, actively assume social responsibilities, and enhance the competitiveness of the enterprise. It requires a large number of R&D talents with professional knowledge, high-quality management talents, and academic talents who can meet clinical needs. During the Reporting Period, the Group has continuously increased its efforts in talent cultivation and training, and implemented diversified talent cultivation projects, which have greatly enhanced the core driving force for the enterprise's innovative transformation.

Leadership Development Program

Five-Dragons Programs 2024 Online Training Initiative

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.

Lianyungang & Changzhou regions:

① Flying Dragon Program for tier-1 department heads: From June 26 to July 30, 2024, 58 tier-1 department heads participated in online courses on Motivation: Unlocking Intrinsic Drive and Crisis Response & Risk Management, achieving a 98.28% completion rate;

② Leaping Dragon for managers: From June 27 to July 30, 2024, 149 managers (excluding tier-1 department heads) participated in online courses on Effective Decision-Making and Influence, with a completion rate of 99.33%;

③ Watchful Dragon Program for supervisors: From June 27 to July 30, 2024, 156 supervisors participated in online courses on Interpersonal Collaboration in Management and Structured Problem Analysis & Resolution, achieving a 98.04% completion rate.

Shanghai region:

① Flying Dragon Program for tier-1 department heads & directors: 77 department heads participated in online courses on Motivation: Unlocking Intrinsic Drive;

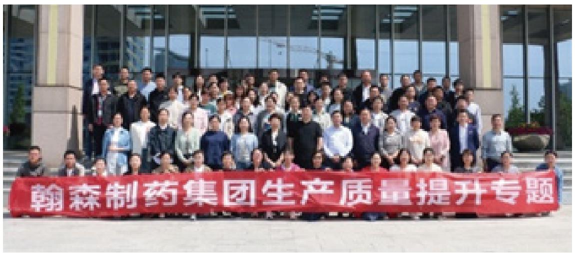
② Leaping Dragon for managers: 123 managers (excluding tier-1 department heads) participated in online courses on Building High-Performance Teams and Persuasion & Influence;

③ Watchful Dragon Program for supervisors: 311 supervisors participated in online courses on Fundamentals of Workplace Communication and High-Performance Habits.

Professional Skills Enhancement Program

Production Quality Improvement Training

In alignment with the latest national and industry regulatory standards, Hansoh Pharma conducted a specialized training program aimed at continuously enhancing production quality. In May 2024, over 90 key technical experts and senior executives from the production and R&D divisions participated in the training. A professor-level instructor with 20 years of GMP practical experience was invited to deliver in-depth insights on key quality control points across the product lifecycle. Through regulatory interpretation, case studies, hands-on discussions, and group coaching, the training strengthened the technical team's systematic problem-solving capabilities in complex quality issues and reinforced the Company's quality control standards.



Innovative Drug Clinical Project Management Training

The 25th session of the Intelligence Lecture, titled Clinical Project Management of Innovative Drugs, was led by a senior expert from Shanghai Hansoh's project development and management department. The course attracted 123 participants both online and offline. It provided a comprehensive analysis of the entire innovative drug development process, focusing on key elements of clinical trial stages (from IND to NDA). By incorporating case studies, the course highlighted critical project management strategies. Participants widely reported gaining a structured understanding of full-process clinical trial management and highly appreciated the practical application of project management methodologies within the R&D system.

General Skills and Professional Competency Enhancement Program

Hansoh Empowerment Station

This project, leveraging a digital learning platform, provides specialized training in core workplace competencies across the entire organization. The curriculum covers three main areas: communication and collaboration, systematic problem-solving, and innovative thinking. Key courses such as Harmonious Interpersonal Interactions, Breakthrough Thinking: 360-Degree Problem-Solving Method, and Three-Step Problem Analysis and Resolution are offered to build a methodological framework for employees in diagnosing issues, conducting root cause analysis, and formulating strategic solutions. The program has reached over 4,000 employees, effectively driving the synergistic enhancement of individual professional skills and organizational efficiency.

"Every Day, Better" Professional Competency Enhancement Program

This course focuses on advancing core workplace skills. It includes a Practical Excel and PPT Business Presentation digital office module, which covers techniques in data processing, modeling, and business information visualization; a Three-Step Problem Analysis and Resolution logical thinking module, enhancing employees' ability to deduce causality and make strategic decisions; and the Pyramid Principle for Effective Reporting communication module, which trains employees in structured expression and strategies for presenting to senior management. These three core skill modules form a comprehensive capability chain, assisting employees in transitioning from tool-based operations to strategic thinking in their professional development.

Graduate Development and Internal Trainer Mentoring

"Health Ark" Graduate Development Program

Hansoh Pharma's "Health Ark" Graduate Development Program officially launched in July 2024 as part of the talent development initiative. The program establishes a comprehensive competency matrix, offering 23 online specialized modules and 7 offline scenario-based workshops. In addition, 5 thematic team challenge tasks are designed to complement the training. The program adopts a "cloud-based learning – hands-on training – task-driven refinement" integrated training model to facilitate the transformation of 28 recent graduates from students to professionals. This immersive learning system effectively translates theoretical knowledge into actionable strategic capabilities, injecting new energy into the talent pipeline for organizational development.

"The Wizard of Oz" Internal Trainer Exploration Journey

In March 2024, we implemented a multi-faceted, collaborative model that successfully covered both production and functional systems. A total of 77 certified trainers completed advanced empowerment sessions. The program began with the Ten Years of Craftsmanship and Legacy, a documentary chronicling the internal trainer development journey, showcasing the executive team's exemplary coaching leadership practices and the outstanding achievements of the internal training system in knowledge accumulation and experience transfer. The project innovatively integrated action learning workshops and visual thinking tools, utilizing the "Wizard of Oz" themed scenario design to create an immersive learning environment. This "input – co-creation – output" knowledge-driven learning model fosters the transformation from experience sharing to organizational wisdom, effectively activating the talent development value chain within the Company.

During the Reporting Period, Hansoh Pharma's internal trainer mentoring program progressed steadily, with 18 courses and mentoring sessions covering over 350 new employees.

【现场研讨】激发碰撞集体智慧

视觉引导全景图

ACCESS TO HEALTHCARE

11

Humanity has made remarkable strides in healthcare, yet numerous regions still grapple with poverty and inadequate access to medical services and medications. This disparity stems from factors such as imbalanced economic development, uneven resource allocation, shortages of healthcare professionals, fragile primary healthcare systems, and the high cost of medicines. As a pharmaceutical company dedicated to global health, we bear the responsibility to enhance healthcare for all and contribute to the realization of the United Nations Sustainable Development Goals. To that end, we strive for continuous innovation and operational excellence, leveraging our knowledge, products, and services to provide high-quality, affordable medicines to patients worldwide, while also supporting community development and progress.

11 ACCESS TO HEALTHCARE

11.1 GOVERNANCE AND STRATEGY

11.1.1 Policy Statement

Guided by the mission of "Continuous Innovation to Improve Human Health", Hansoh Pharma actively implements the United Nations Sustainable Development Goals and the "Healthy China" strategy. We are dedicated to developing safer, more effective, and affordable medicines, making health and well-being accessible to patients globally. The Board of Directors of the Company recognizes Access to Healthcare as a key area of focus for corporate social responsibility. We have publicly released our "Product Liability and Accessibility Policy", outlining our commitments and action plans for Access to Healthcare, ensuring that the policy is transparent and enforceable, and regularly assessing the effectiveness of its implementation, so as to realize a virtuous cycle for Access to Healthcare.

11.1.2 Objectives and Commitments

Access to Healthcare is an integral part of Hansoh Pharma's global corporate citizenship strategy. Through our commitment to Access to Healthcare, we aim to actively contribute to the following United Nations Sustainable Development Goals:

Good Health and Well-being. We increase investment in research and development of drugs for major diseases such as cancer and cardiovascular diseases, as well as rare diseases, leveraging advanced technologies like gene editing and artificial intelligence to enhance research efficiency, shortening development cycles, and providing patients with more effective treatment options. While ensuring quality and efficacy, we support generic drug competition, enabling production and operation at lower costs to provide patients with affordable alternative medication choices.

Reduced Inequalities. While guaranteeing drug quality, we reduce production costs and establish a reasonable pricing system to align drug prices with patients' ability to pay. We implement tiered pricing strategies based on regional economic development levels, patient income, and market demand to offer lower-priced medications or preferential policies to low-income regions and impoverished populations. We establish an extensive drug distribution network to ensure timely and accurate delivery of medicines to remote areas, rural communities, and regions with limited medical resources, thereby improving drug accessibility. We actively participate in drug assistance programs initiated by governments and charitable organizations to provide free or low-cost medicines to underprivileged patients and vulnerable groups.

Partnerships for the Goals. By collaborating with universities, research institutions, and medical facilities to conduct drug research and development, clinical trials, and healthcare professional training, we accelerate the translation of scientific achievements to enhance the industry's overall innovation capacity and medical technology standards. We engage in domestic and international industry associations and alliances, and participate in industry seminars, academic conferences, and experience-sharing sessions to collectively address challenges faced by the sector.

To achieve these goals, in accordance with our "Product Liability and Accessibility Policy", we are committed to:

Innovative Drug Research and Development	We focus on unmet clinical needs in major human diseases. By integrating independent research and development with external collaborations, we advance both original and integrated innovation, accumulate cutting-edge technologies and leading research and development capabilities, and expand our product pipeline. We strive to include innovative drugs with accessible healthcare value in the National Reimbursement Drug List within two years of their launch, effectively easing the medication burden on patients.
Drug Development in Key Areas	We proactively engage in the development of new antibiotics, antiviral drugs, and treatments for rare diseases. Collaborating with global pharmaceutical counterparts, we address public health challenges such as antimicrobial resistance, the emergence of infectious diseases, and access to medicines for patients with rare diseases.
Enhancing Drug Accessibility	We implement lean management throughout our entire operational process, striving to reduce operating costs while ensuring drug quality and robust business operations. This enables us to participate in centralized procurement of drugs, negotiate for inclusion in health insurance formularies, and compete in the international market with more accessible prices, allowing a wider patient population to benefit from our innovative products.
Promoting HCP and Patient Education	We conduct responsible business promotion, unite with public welfare and charity organizations or patient organizations, utilizing multi-level and diverse academic activities and patient education programs. This approach empowers healthcare professionals with knowledge of the latest clinical research findings and equips them with the most advanced diagnosis and treatment plans, ultimately contributing to better health and well-being for patients.
International Aid and Cooperation	We are committed to assisting underdeveloped countries and regions in strengthening their basic healthcare infrastructure. This support encompasses, but is not limited to, transparent and tiered pricing policies, necessary patent licensing, collaboration on process technologies and sharing of medical achievements. By 2030, we aim to increase the number of our products available in low- and middle-income countries by over 35 compared to 2022, cumulatively benefiting 30 million patients in these countries.

11.2 ACTIONS AND PRACTICES

11.2.1 Innovative Drug Research and Development

Accelerating International Cooperation

Driven by globalization, the Company steadfastly pursues a global strategy, upholding the principle of open innovation, actively engaging in international business cooperations, and striving for close interaction with the forefront of global pharmaceutical advancements to share innovative achievements.

In terms of License-in, it introduces the world's most cutting-edge innovative achievements to China 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, the Company has introduced a total of 11 collaborative projects, 9 of which are advancing into clinical studies and 2 of which have entered the commercialization phase.

In terms of License-out, following last year's grant of exclusive overseas licensing rights to GlaxoSmithKline (GSK) for two products, HS-20089 (B7-H4 ADC) and HS-20093 (B7-H3 ADC), during the Reporting Period, the Company reached a global exclusive licensing overseas agreement with MSD for the oral GLP-1 receptor agonist HS-10535.

HS-20093 (B7-H3 ADC) Receives Priority Medicines (PRIME) Designation from the European Medicines Agency (EMA)

During the Reporting Period, HS-20093, an innovative drug developed by Hansoh Pharma and granted exclusive overseas licensing rights to GlaxoSmithKline (GSK), received Breakthrough Therapy and PRIME designations from the U.S. Food and Drug Administration (FDA), China's National Medical Products Administration (NMPA), and the European Medicines Agency (EMA). The drug is a B7-H3-targeted antibody-drug conjugate (ADC) consisting of a fully human anti-B7-H3 monoclonal antibody covalently linked to a topoisomerase inhibitor (TOPOi) payload. The intended indication is extensive-stage small cell lung cancer (ES-SCLC) that has progressed after standard first-line therapy (platinum-based doublet chemotherapy plus immunotherapy).

The PRIME designation was based on preliminary clinical data from the ARTEMIS-001 study, an open-label, multicenter study conducted by the Company in over 200 patients to evaluate the safety, tolerability, and preliminary antitumor activity in locally advanced or metastatic solid tumors (including recurrent ES-SCLC), the result of which has been presented at the 2024 World Lung Cancer Conference (WCLC).

Promoting R&D of New Antibiotics

Antimicrobial resistance poses a global public health threat. The Company actively invests in the research and development of novel antibiotics. In addition to the already marketed innovative drugs Hengmu (Tenofovir Amibufenamide Tablets) and Mailingda (Morinidazole Sodium Chloride for Injection), and Zetan (Tigecycline for Injection), and Hengsen (Micafungin Sodium for Injection), Hengmeida (恒美達®) (Ibrexafungerp Tablets) has been granted drug registration approval by the National Medical Products Administration (NMPA) of China as of the date of this Report.

Ibrexafungerp Tablets, an Antifungal Drug with a Novel Mechanism of Action, has been granted drug registration approval

Vulvovaginal candidiasis (VVC) is a common and frequently occurring condition among women of reproductive age. Current standard treatments for VVC have limited efficacy and carry risks of drug resistance and safety concerns. Ibrexafungerp is an antifungal agent and the first representative of a novel class of structurally-distinct glucan synthase inhibitors, triterpenoids, introduced by the Company. It has demonstrated broad-spectrum antifungal activity, in vitro and in vivo, against multidrug-resistant pathogens, including azole- and echinocandin-resistant strains. Ibrexafungerp Tablets has been granted drug registration approval by the NMPA as of the date of this Report.

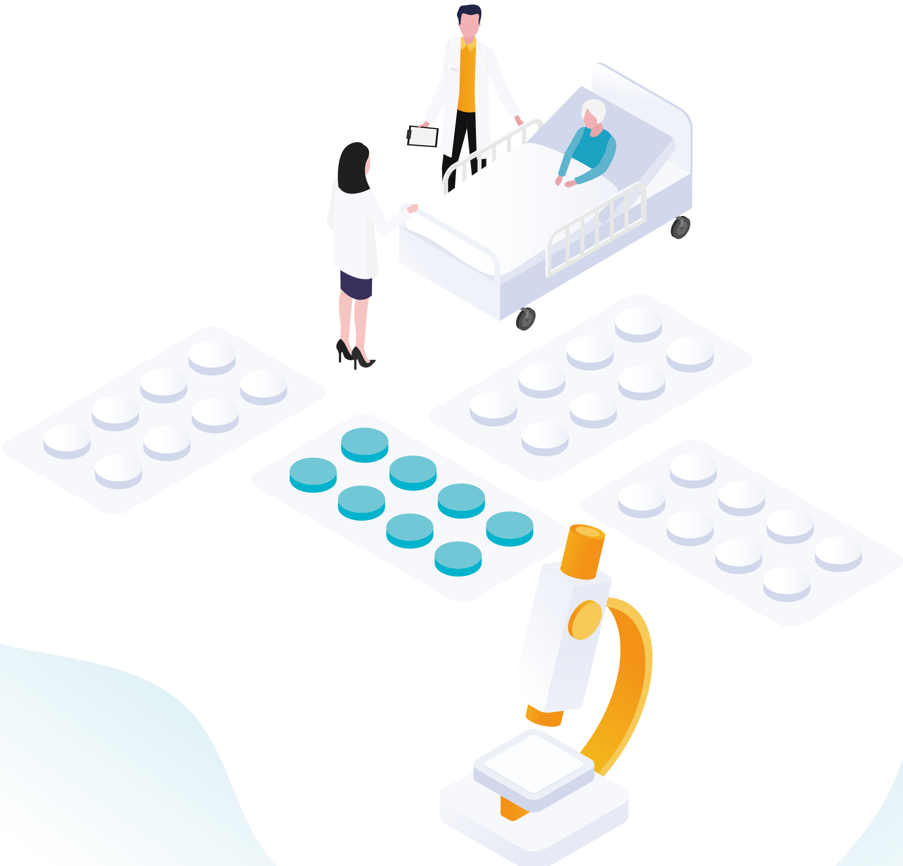
Addressing the Need for Rare Disease Treatments

The diagnosis and treatment of rare diseases are 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 prevalent and severe diseases, the Company is also actively involved in rare disease therapies, striving to develop treatment solutions for rare disease patients facing limited or no treatment options. As of the end of the Reporting Period, we had three rare disease drugs approved for marketing, with one innovative drug for the treatment of Von Hippel-Lindau disease (VHL, a rare, familial tumor syndrome caused by mutations in the VHL gene) receiving clinical trial approval and commencing clinical studies. For more information about Hansoh Pharma's academic contributions to rare disease drug innovation and our initiatives to support healthcare professionals and patients during the Reporting Period, please refer to Section 11.4 - Special Case.

Selexipag Tablets, the First Generic Drug for Pulmonary Arterial Hypertension in China, Receives Marketing Authorization.

During the Reporting Period, another first-to-market generic drug for the treatment of pulmonary arterial hypertension (PAH), Selexipag Tablets, received marketing authorization from the China National Medical Products Administration (NMPA).

Hereditary pulmonary arterial hypertension is a rare disease, affecting approximately 3 to 5 individuals per million people annually. The onset is often insidious, with atypical early symptoms. As the disease progresses, symptoms such as dyspnea, fatigue, and chest pain may arise, making diagnosis and treatment challenging. Selexipag Tablets work by selectively activating the IP receptor, mimicking the action of prostacyclin, which increases intracellular cyclic adenosine monophosphate (cAMP) levels. This mechanism leads to relaxation of vascular smooth muscle, inhibition of platelet aggregation, reversal or delay of vascular remodeling, ultimately improving pulmonary vascular structure and function.



11.2.2 Guarantee of Business Continuity

To cater to the demands of medical institutions and patients for drugs, the Company has established a specialized business team to support academic services, patient education, and product specialist. We have made the business continuity plan to identify and assess various risk factors affecting the clinical demand, conducted sensitivity test on major factors, and have formulated contingency plans and improvement measures to guarantee continuous market supply.

Production operation is an important part to guarantee business continuity. Its risk factors include, but are not limited to, the reliability and accuracy of the business 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 promotion plan, we have set up a terminal demand information collection system and a central market + provincial and regional market plan deployment center, through annual market planning, monthly production and sales meetings, and product symposiums, to ensure that the supply plan delivered to the production system is accurate, timely, flexible and forward-looking 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 supply plan, and scientifically deploy the production elements to achieve continuity of key products, on-time delivery of orders, and agility of new drug development, and achieve the synergy of various objectives such as market supply, research and development support, access compliance and cost control. In terms of operation support, for key products, we have established parallel workshops and production lines for key processes to ensure sufficient production capacity to respond to sudden market demand. 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 sound business continuity, with no shortages or stockouts of major products in both domestic and international markets.

11.2.3 Grassroots HCP & Patient Education

The Company attaches great importance to the construction of academic platforms and HCP & 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 commited to alleviating the contradictions such as the concentration of patients in big cities and the heavy workload of doctors, it also effectively improves grassroots doctors' standardized diagnosis and treatment capabilities, and the compliance, self-awareness and management ability of patients (including potential patients) for disease treatment.

Case: Hansoh Pharma Partners with the Chinese Anti-Cancer Association to Inject New Momentum into Cancer Education and Standardized Treatment.

With the accelerating pace of modern life and changes in environmental factors, the incidence and mortality rates of prostate cancer continue to rise. To help patients systematic understanding of the disease and raise public awareness, Hansoh Pharma collaborated with the Urology Committee and Science Popularization Committee of the Chinese Anti-Cancer Association (CACA) to initiate the compilation of the "Prostate Cancer Diagnosis and Treatment: A Guide for Patients" during the 2024 Chinese Congress on Holistic Integrative Oncology (CCHIO) Annual Meeting. This guide will leverage the expertise of specialists and scholars to break down complex knowledge about prostate cancer into easily understandable questions and answers. By doing so, it aims to help patients develop a correct understanding of the disease, master daily disease management methods, improve overall treatment outcomes, and enhance their quality of life.

The science publicity project "2025 CACA Guidelines China Tour- Infinite Happiness Grassroots Tour" was launched concurrently at this CCHIO conference. In recognition of its contributions to the promotion of CACA Guideline and the interpretation of core scientific knowledge, Hansoh Pharma was awarded the "2024 Model Unit for Science Publicity and Public Benefit".

During the conference, Hansoh Pharma also participated in the "National Cancer Prevention and Control Publicity Week and the 4th CACA Guidelines Forum on Cancer Drug Safety," contributing insights and recommendations on safe cancer drug use.

Case: From "Happy China Tour" to "Guardian of CML Patients" - Building a Health Education Platform for CML Patients

Chronic Myeloid Leukemia (CML) is a myeloproliferative neoplasm. Targeted therapy has significantly improved patient outcomes, and patient education plays a crucial role in treatment.

To improve patient adherence to treatment, enhance self-management abilities, reduce anxiety and fear, prevent side effects, and enhance quality of life, Hansoh Pharma has consistently organized both online and offline patient education activities for many years collaborating public welfare organizations, establishing a comprehensive CML science publicity system while continuously improving the diagnosis and treatment capabilities of primary care physicians. During the Reporting Period, the Company held nearly 200 events, including CML Hematology Forums, expert lectures, and elite case sharing sessions, reaching over 15,000 physicians. Under the themes of "Happy China Tour," "Guardian of CML Patients," and "Slow Dance with Happiness", we invited more than 100 CML clinicians to participate in patient education conferences, cumulatively reaching over 12,000 patients.

11.2.4 Enhancing Affordability of Drugs

Reducing Operating Costs

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 improve operational efficiency and reduce production and operation costs, while ensuring product quality through continuous process optimization, centralized production scheduling, supplier price negotiations, and strengthened business assessments. We actively conduct cost-benefit analyses and disclose pharmacoeconomic data to professional institutions and relevant government departments. This provides good conditions for participating in the negotiations for national centralized procurement of drugs and medical insurance access for innovative drugs. During the Reporting Period, direct material costs for both the Company's major APIs and formulated products continued to decline, while per capita output and equipment OEE continued to rise, reaching the expected annual targets.

Case: Results of Economic Responsibility Assessment at Jiangsu Hansoh

Examples of Economic Responsibility Assessment Targets	Targets for 2024	Achieved in 2024
Average Reduction Rate of Direct Material Costs for Major API Varieties	≥1.2%	1.34%
Reduction Rate of Direct Material Costs for Finished Dosage Forms	≥0.6%	0.74%
Increase Rate of Per Capita Output	16.2%	18.5%
Improvement Rate of Equipment OEE	≥3.2%	3.27%

Fair and Transparent Pricing

While striving to reduce operating costs, we adhere to the principles of "fair pricing and transparency". For newly launched products, we determine reasonable prices based on the cost-value principle. As of the end of the Reporting Period, all seven innovative drugs developed by Hansoh Pharma have undergone pharmacoeconomic evaluations by professional organizations before launch. For patients, the prices of these medications are reasonable, affordable, and accessible. We have implemented a stringent pricing policy and exercise strict price supervision over distributors and retail pharmacies. For products included in centralized procurement and the National Reimbursement Drug List, we strictly follow regulations by publicly disclosing the winning bid prices and medical insurance reimbursement standards on relevant procurement platforms across regions. All product prices for overseas markets are accessible through the respective local customs systems. Customs clearance procedures are conducted in strict accordance with local customs regulations, ensuring no concealment or misreporting of pricing information. During the Reporting Period, the Company did not receive any patient complaints regarding price discrimination nor incur any penalties from regulatory authorities in any country or region.

For international markets, especially low- and middle-income countries and underdeveloped regions, we respect local commodity pricing rules, medical care 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. During the Reporting Period, the Company added 3 new products and entered 5 new markets in low- and middle-income countries, benefiting nearly 80,000 additional patients.

11.2.5 Contributing to Global Healthcare Development

We maintain a global perspective, support scientific research by clinical experts both domestically and internationally, participate in professional academic conferences, and share clinical research results with global pharmaceutical peers and the public, including post-marketing real-world data analysis and anonymous patient-level data, etc, to contribute to the advancement of global health.

Four Research Findings on Hansoh Pharma's Tenofovir Amibufenamide Presented at an International Conference

At the 75th Annual Meeting of the American Association for the Study of Liver Diseases (AASLD), four research findings on Hansoh Pharma's Tenofovir Amibufenamide Tablets (Hengmu) were presented as Posters.

The AASLD Annual Meeting is one of the largest and most prestigious hepatology conferences worldwide, attracting nearly ten thousand hepatologists and liver disease researchers from around the globe each year. Participants gather to exchange and share the latest groundbreaking research findings, treatment guidelines, and therapeutic approaches in hepatology.

As the first domestically developed oral antiviral drug for hepatitis B in China, the four research findings on Tenofovir Amibufenamide published at the conference included randomized controlled trials (RCTs),

Latest Research on Hansoh Pharma's HS-10506 Presented at the ECNP Congress

During the 37th European College of Neuropsychopharmacology (ECNP) Congress, the latest research findings on HS-10506, a novel first-in-class drug developed by Hansoh Pharma, were presented in a poster presentation. The potential indication for HS-10506 is insomnia.

The ECNP Congress is the largest applied and translational neuroscience conference in Europe, attracting approximately 6,000 medical researchers annually from various fields including neuropsychopharmacology, psychiatry, and neurology. The congress aims to foster discussion and collaboration on the latest advancements in mental health and brain disorders.

The clinical trial results presented at the ECNP Congress demonstrated that a single oral administration of HS-10506 (up to 60mg) exhibited a favorable safety and tolerability profile. The drug displayed favorable pharmacokinetic (PK) characteristics and elicited the expected pharmacodynamic effect of somnolence. The research data support further clinical development of HS-10506 for the treatment of insomnia.

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 multidimensional 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 participate in local bidding, share Hansoh Pharma's clinical research results, quality technology, and international concepts with local medical institutions and patients, and conduct training on local HCPs to help these underdeveloped areas accelerate the use of a new generation of drugs that are safer, more effective and more cost-effective. Meanwhile, Hansoh Pharma cooperates with local drug manufacturers to help these countries improve production experience and strengthen basic medical capacity building through technology transfer.

Case: Elevating Pharmaceutical Logistics Standards in the Malaysian Market

The difference of temperature at which pharmaceuticals are stored and transported can lead to varying degrees of change in the physical, chemical, and biological properties of medicines, thereby affecting their efficacy and safety. Southeast Asia experiences consistently high temperatures throughout the year. While local pharmaceutical regulations primarily focus on product storage temperatures, there is insufficient attention paid to the potential impact of high temperatures during transportation. Hansoh Pharma's products exported to Malaysia were found to be exposed to temperatures exceeding 40 degrees Celsius during transit. Despite the lack of clear regulatory requirements, and to ensure medication safety for patients, the Company upgraded its transportation conditions from regular freight to temperature-controlled transportation, maintaining the products within a 20-25 degrees Celsius environment throughout the shipping process. This initiative effectively guaranteed drug quality and set a positive example for the local pharmaceutical transportation and supply chain, contributing to the improvement of temperature-controlled supply chain management in the region.

11.2.6 Promoting Community Development

In the principle of "In the local area, by the local area, and for the local area", we actively participate in community construction and social welfare services to achieve shared development. During the Reporting Period, in newly signed procurement contracts, purchases from local suppliers accounted for 31.1% of the total amount. In accordance with the Group's published Tax Guidelines, we strictly complied with the fiscal and tax-related regulations in our operation locations, promptly paid all types of taxes and fees in accordance with the law, and 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.

We have established a two-way communication mechanism with local communities and neighborhoods where we operate to stay informed about their public welfare needs. We carry out targeted community development activities to contribute to local economic and social progress. During the Reporting Period, Jiangsu Hansoh, leveraging the talents of its employees, collaborated with the local subdistrict to offer two sessions of children's vocal music and electronic wind instrument classes. The Company also organized over 30 volunteers to participate in the "September 9 Charity Blood Donation" initiative and participated in two district-level cultural performances. Changzhou Hengbang donated school supplies, daily necessities, and mental health guidebooks to underprivileged children in the Community.

Jiangsu Hansoh, utilizing its employees' talents, partnered with the local subdistrict to organize a public welfare music class. Two sessions of vocal music and electronic wind instrument lessons were completed, benefiting over 30 local children of appropriate ages.

On the eve of International Children's Day, Changzhou Hengbang provided targeted donations to children living in poverty in Xinchen Community of Xuejiazhen, Xinbei District. They delivered school supplies, daily necessities, mental health guidebooks, and other items, fulfilling the children's small wishes.

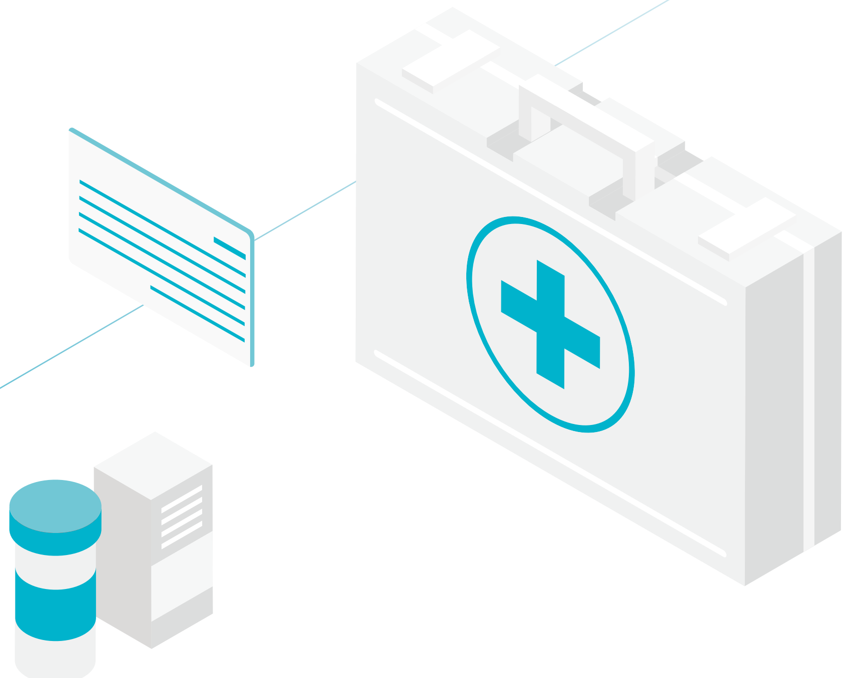
11.3 PERFORMANCE INDICATORS

An Expanding R&D Pipeline

During the Reporting Period, applications for marketing authorization of three new indications for HS10296 were accepted, and 30 research achievements were presented at prestigious international oncology conferences. We initiated 8 new clinical trials for innovative drugs, with 6 approved domestically and 2 launched overseas. As of the end of the Reporting Period, 40 innovative drugs are undergoing more than 60 clinical trials, with core products demonstrating Best-in-Class (BIC) or First-in-Class (FIC) potential globally. These trials are progressing smoothly.

All Innovative Drugs have been Included in NRDL

As of the end of the Reporting Period, 7 Class 1 innovative drugs and 9 indications developed by the Company in the fields of oncology, anti-infectives, central nervous system disorders, metabolic diseases, and autoimmune diseases have been included in the National Reimbursement Drug List.



Contributing to a Healthy China

During the Reporting Period, Jiangsu Hansoh implemented 44 technological improvement projects, resulting in an average increase of 18.5% in production personnel efficiency and a continuous decline in the direct material costs of both APIs and finished dosage forms. As of the end of the Reporting Period, a total of 26 product varieties from the Group have been awarded contracts through the national centralized drug procurement program, benefiting millions of patients and saving over RMB 60 billion in healthcare resources.

Access to Healthcare in Low- and Middle-Income Countries

During the Reporting Period, international market sales increased by over 40%, with sales in low- and middle-income countries increased by 30%. Nearly 100 new projects were signed, 76 of which are in low- and middle-income countries and regions. As of the end of the Reporting Period, the number of medicines developed and produced by the Company that are available in low- and middle-income countries and regions reached 42, cumulatively benefiting nearly 200,000 patients.

Community Construction

During the Reporting Period, the Company's total charitable donations amounted to RMB 35.438 million, with 31 volunteers serving for a total of 452 hours.

Access to Healthcare Indicators	Unit	Indicator	Performance
Number of New Clinical Trial Approvals for Innovative Drugs Obtained	Counts	-	8
Number of New Patent Grants in China/Overseas	Counts	-	48/42
Cumulative Number of Products Awarded Contracts through National Centralized Drug Procurement	Counts	-	26
Number of Innovative Drugs/Indications Included in the National Reimbursement Drug List as at the end of the Reporting Period	Counts	-	7/9
Number of Low- and Middle-Income Countries and Regions Where Products are Available	Counts	-	42
Number of Long-term Drug Donation Programs	Counts	-	2
Amount of Charitable Donations	RMB 10,000	-	3,543.8
Total Hours of Volunteer Service	Hours	-	452

11.4 SPECIAL CASE

Medical Contributions to Rare Disease Neuromyelitis Optica Spectrum Disorder (NMOSD) and A Series of End-to-End Activities Supporting Healthcare Professionals and Patients

Neuromyelitis Optica Spectrum Disorders (NMOSD) is an autoimmune disease of the central nervous system that primarily affects the optic nerves and spinal cord. Its global incidence ranges from approximately (0.5-3.4)/100,000, and its diagnosis and treatment are complex, classifying it as a rare disease. Hansoh Pharma introduced the world's first humanized CD19 monoclonal antibody, XINYUE (Inebilizumab Injections), for the treatment of adult patients with anti-AQP4 antibody-positive NMOSD, which was approved for market launch in China in 2022. During the Reporting Period, Hansoh Pharma cumulatively held 318 events collaborated with patient organizations and public welfare institutions, covering 668 medical professionals and reaching 24,000 patients, and also supported relevant institutions in publishing clinical guidelines and scientific papers, making a positive contribution to the treatment of the rare disease NMOSD globally.

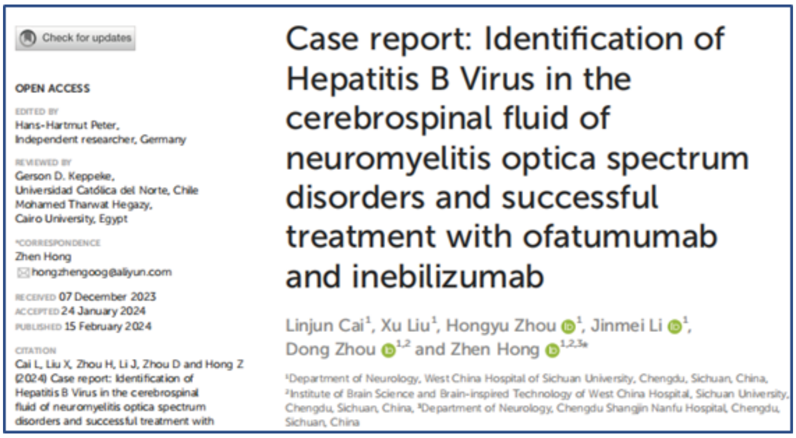
Contributions to Clinical Medicine:

In 2024, the Company supported professional institutions in the integration and release of the Expert Consensus on the Clinical Practice of Inebilizumab in the Treatment of Neuromyelitis Optica Spectrum Disorder, marking the world's first consensus on the use of CD19 monoclonal antibodies. This consensus was jointly drafted and discussed by experts on neurology, radiology, and ophthalmology from the National Center for Neurological Disorders, the Neurology Branch of the Shanghai Stroke Association, and multiple centers across the Pan-Yangtze River Delta region, and neuroimmunology specialists with extensive experience in medicine use from other regions of China. Based on evidence-based data and clinical practice experience with Inebilizumab, the consensus guides standardized treatment practices in real-world settings, addressing over 90% of the medication-related concerns faced by clinicians.

Abstract Number: 1242/P1602

Clinical Practice Expert Guidance for the use of Inebilizumab in NMOSD

LEI ZHOU [1],Bitao Bu [2],Sheng Chen [3],Wenyu Li [4],Yuxin Li [5],BENYAN LUO [6],Chun-Feng Liu [7],Hui Liang [6],Xiang Li [8],Wei Qiu [9],Jin Wang [4],Jiayong Wu [10],Yiqin Xiao [11],Yun Xu [10],Yongfeng Xu [12],Huan Yang [13],Baorong Zhang [12],Kezhong Zhang [14],Yanlin Zhang [7],Hongyu Zhou [15],Wenli Zhu [6],Bruce A.C. Cree [16],Brian Weinshenker [17],Qiang Dong [1],**Chao Quan** [*1], In 2024, 7 research papers presenting real-world evidence from China on the use of Inebilizumab for NMOSD were presented at international conferences, including ACTRIMS, and 3 were published in SCI journals such as Front Immunol. As the country with the highest usage of Inebilizumab globally, China's sharing of its extensive experience benefits physicians worldwide, contributing to improved treatment strategies for NMOSD patients.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Case report: Identification of Hepatitis B Virus in the cerebrospinal fluid of neuromyelitis optica spectrum disorders and successful treatment with ofatumumab and inebilizumab

Linjun Cai[1], Xu Liu[1], Hongyu Zhou[1], Jinmei Li[1], Dong Zhou[1,2] and Zhen Hong[1,2,3*]

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Enhancing Grassroots Healthcare Capacity for NMOSD:

2024 NMOSD Bedside Diagnosis and Treatment Training Program

This program, co-developed with the National Center for Neurological Disorders (Shanghai Huashan Hospital), focuses on enhancing specialized NMOSD management capabilities. The program employs a residency-style case consultation model, complex case discussions, and evidence-based precision medicine seminars to address key challenges in grassroots NMOSD management, such as weak diagnostic capabilities and limited experience with biologic therapies. This program utilizes a three-tiered specialized disease alliance framework consisting of "National Demonstration Centers - Provincial Training Bases - County Medical Communities" to train grassroots physicians. Covering primary medical institutions in over 30 cities across Jiangsu, Anhui, Hubei, Hebei, Guangxi, and Shandong provinces, the program promotes the establishment of standardized NMOSD diagnosis and treatment pathways and a two-way referral mechanism, significantly enhancing the early identification and standardized treatment of this rare disease.

Rare Disease Alliance NMOSD Center Development Project

This project centers on enhancing the standardization and quality of NMOSD diagnosis and treatment. Leveraging the resources of the National Rare Disease Alliance, it establishes an innovative three-tier collaborative framework: "Centers of Excellence - Diagnosis and Treatment Centers - Management Centers". By integrating clinical databases from 65 member hospitals and following over 4,000 patients, the project develops standardized diagnosis and treatment pathways and referral guidelines, promoting the dissemination of high-quality medical resources from the provincial level to the grassroots level. In 2024, the standardized evaluation of the first batch of five Centers of Excellence and Diagnosis and Treatment Centers was completed, establishing a preliminary collaborative network. This enables the precise referral of patients in the acute phase and localized management of patients in stable condition. The project emphasizes the sharing of clinical data and multidisciplinary collaboration. Through cross-level case discussions, drug application training, and a remote consultation system, it systematically enhances the early identification and standardized treatment of NMOSD across all levels of medical institutions.

Expert Webinar Series

Leveraging online live streaming and radio broadcasts, these initiatives featured leading neuroimmunology experts from across China to disseminate knowledge about NMOSD. Recordings of the live streams and broadcasts were subsequently made available on official websites and partner platforms to further enhance public understanding and raise awareness of NMOSD. The audio content reached an audience of over 3 million, while the video content garnered over 1 million views.

End-to-End Full Recovery Cycle Support Program for NMOSD Patients

Establishing October 26 as International Neuromyelitis Optica Spectrum Disorder (NMOSD) Day

In collaboration with the Hongmian Cancers and Rare Disorders Charity Foundation, October 26 was designated as International Neuromyelitis Optica Spectrum Disorder (NMOSD) Day. During the Reporting Period, various activities were held on NMOSD Day, including expert Q&A sessions, patient sharing sessions, and healing markets. These initiatives aimed to educate patients about the latest advancements in NMOSD treatment and rehabilitation, bolster their confidence in treatment, enhance doctor-patient communication, and foster trust. These efforts also served to convey care and support for the NMOSD patient community, providing them with a sense of warmth and fostering a more inclusive and supportive social environment.

"Hundred Cities Tour" Free Clinic

Organized in partnership with the Illness Challenge Foundation of Beijing and renowned hospitals across various locations, this initiative brought together leading experts in neuroimmunology to offer free opportunities for in-depth one-on-one or group discussions between NMOSD patients and specialists. At the event sites, other than the free clinic, dedicated lecture areas were set up where experts provided comprehensive and easy-to-understand explanations on disease pathogenesis, early symptom recognition, and daily care for NMOSD, reaching a wide audience, including patients, their families, and the general public, with an aim to increase public awareness of this rare disease and promote disease prevention and control.

NMOSD Listening Sessions

Cooperating with the Red Cotton Tumor and Rare Disease Public Welfare Foundation, combined online live broadcasts with offline events, these sessions provided a platform for open communication and exchange among NMOSD patients and between patients and doctors. These sessions featured several NMOSD patients at different stages of their disease journey, sharing their experiences with diagnosis and treatment. Renowned experts in neuroimmunology were also invited to deliver keynote speeches on the latest research findings, treatment approaches, and disease management strategies for NMOSD, covering the entire spectrum from diagnosis and treatment to rehabilitation. Patients had the opportunity to engage in face-to-face communication with doctors to address their concerns and could also form support groups with fellow patients facing similar challenges, fostering mutual encouragement and support.

Support Production of Patient Documentary

We supported the Illness Challenge Foundation of Beijing in producing three patient documentaries: "Our Parallel Lives", "Painting My Life," and "Voice of Rebirth". These documentaries shared the inspiring stories of four NMOSD patients at different stages, highlighting their treatment journeys, rehabilitation processes, and successful returns to work. By showcasing successful treatment outcomes, the documentaries aimed to encourage more NMOSD patients, particularly women in early to middle adulthood who represent a significant portion of those affected, to actively pursue treatment, regain confidence, and reclaim their lives.

Online address of the video:
https://mp.weixin.qq.com/s/jljDnR2wGHL4rrXXV9VUpg

Online address of the video:
https://mp.weixin.qq.com/s/YURkfWj56lvHs7PDc538gA

Online address of the video:
https://mp.weixin.qq.com/s/qP2Z0vL8FXFjjMySoJi4PQ

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/2025/04/22/7ebb118772f440fb9bdf760d2d3d5fe6.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. <Hansoh Pharma Group Co., Ltd. Environmental and Biodiversity Protection Policy>
    https://www.hspharm.com/upload/file/2025/04/22/6f4bb46ef30a4f4388cc69829ff23e23.pdf
11. <Hansoh Pharma Group Co., Ltd. Privacy Policy>
    https://www.hspharm.com/upload/file/2025/04/22/76063b29790a4e5fa27272dd8d611b49.pdf
12. United Nations Sustainable Development Goals: https://sdgs.un.org/goals
13. International Financial Reporting Standards (IFRS) Sustainability Standards:
    https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/
14. World Resources Institute (WRI): https://wri.org.cn/
15. International Bureau of Intellectual Property: https://patentscope2.wipo.int/search/en/search.jsf
16. Joint Procurement Bidding Network: http://www.lcwl.net/
17. Orphanet: Database of Rare Diseases and Orphan Drugs: https://www.orpha.net/consor/cgi-bin/index.php
18. SRM System: Supplier Relationship Management, Supplier Management System

19. EHS: Environment, Health and Safety, Environmental, Occupational Health, and Safety Management System
20. China's "3060" Dual Carbon Strategy Target: On September 22, 2020, China proposed at the United Nations General Assembly that it aims to peak carbon dioxide emissions before 2030 and strive to achieve carbon neutrality before 2060. This is referred to as the "3060" dual carbon target.
21. RCP: Representative Concentration Pathways (RCPs), a series of representative carbon concentration pathways, where RCP8.5 is a baseline scenario with high greenhouse gas emissions and high radiative forcing in the absence of or with minimal policy intervention, and RCP2.6 is a scenario with very low greenhouse gas concentrations under more stringent emission reduction measures.
22. GMP: Good Manufacturing Practice, a set of production management standards applicable to the pharmaceutical, food, and other industries.
23. GCP: Good Clinical Practice, a set of standards and guidelines aimed at ensuring the scientific validity, reliability, and ethical integrity of clinical trials.
24. MHRA: Medicines and Healthcare Products Regulatory Agency
25. EMA: European Medicines Agency, the EU's drug evaluation agency.
26. FDA: Food and Drug Administration, the highest law enforcement agency authorized by the U.S. Congress and the federal government to manage food and drugs.
27. PMDA: Pharmaceuticals and Medical Devices Agency, the regulatory agency for medical devices and pharmaceuticals in Japan.
28. NMPA: National Medical Products Administration of the People's Republic of China
29. EU: European Union, a political and economic union comprising multiple European countries.
30. PIC/S: The Pharmaceutical Inspection Co-operation Scheme, is an international cooperative organization among pharmaceutical regulatory agencies.
31. WHO: World Health Organization, World Health Organization
32. EMBA: Executive Master of Business Administration
33. National Drug Centralized Procurement: A centralized drug procurement organized by the National Healthcare Security Administration of the People's Republic of China.
34. National Healthcare Security Administration: National Healthcare Security Administration of the People's Republic of China
35. National Medical Insurance Catalogue: The National Medical Insurance Catalogue released by the National Healthcare Security Administration of the People's Republic of China.
36. NMOSD: neuromyelitis optica spectrum disorder
37. The Doha Programme of Action: A new generation of commitments between the least developed countries and their development partners (including the private sector, civil society, and governments at all levels), reaffirming and strengthening these commitments.

APPENDIX II: Summary of Indices and Indicators

Economic and Environmental Performance Indicators	unit versus	2024 data
Economic indicators		
Operating revenue	RMB 1 million	12,260.81
Operating profit	RMB 1 million	4,371.83
Research and development expenditure	RMB 1 million	2,701.65
Environment, health and safety expenditure	RMB 10 thousand	4,580.05
Environmental indicators		
Waste gas emission		
Total Volatile Organic Compound Emissions	kilograms	13,266.32
Total particular matter emissions	kilograms	121.8
Wastewater discharge		
Total wastewater discharge	cubic meter	702,702.75
Total COD discharge	Tonnes	32.93
Total ammonia nitrogen discharge	Tonnes	0.73
Greenhouse gas emissions		
Greenhouse gas direct emission (Scope I)	tCO_2e	13,163.25
Greenhouse gas indirect emission (Scope II)	tCO_2e	88,227.05
Total greenhouse gas emission (Scope I + Scope II)	tCO_2e	101,390.3
Value chain greenhouse gas emission (Scope III)	tCO_2e	55,724.79
Greenhouse gas emission per unit operating revenue (Scope I + Scope II)	tCO_2e /RMB 1 million	8.27
Energy consumption		
Direct energy consumption	Tonnes of standard coal equivalent (TCE)	64.68
Indirect energy consumption	TCE	24,296.84
Total energy consumption (direct + indirect)	TCE	24,361.52
Energy consumption per unit operating revenue	TCE /RMB 1 million	1.99
Renewable energy consumption	MWh	219.12

Economic and Environmental Performance Indicators	unit versus	2024 data
Wastes		
Total volume of hazardous wastes	Tonnes	5,883.78
Total volume of hazardous waste incinerated	Tonnes	1,778.21
Total volume of disposal of expired or discarded drugs	Tonnes	56.39
Disposal volume hazardous wastes per unit operation revenue	Tonnes /RMB 1 million	0.48
Total volume of non-hazardous wastes	Tonnes	587.44
Disposal volume non-hazardous wastes per unit operation revenue	Tonnes /RMB 1 million	0.05
Non-hazardous waste recycling rate	%	95
Utilization of water resources		
Total water consumption	cubic meter	58,664,963.75
Municipal water withdrawal	cubic meter	1,002,311.5
Groundwater and surface water withdrawal	cubic meter	0
Water consumption from other sources*	cubic meter	116,572.25
Circulating water volume	cubic meter	57,546,080.00
Municipal water intake per unit of operating revenue	Cubic Municipal water withdrawal /RMB 1 million	81.75
Water recycling rate	%	98
Packaging material		
Consumption of packaging materials**	Tonnes	2,097.93
Packaging materials consumption per unit operating revenue	Tonnes of packaging materials consumption/RMB 1 million	0.17
Environmental Compliance and Biodiversity		
Fined by environmental regulators	RMB yuan	0
Number of biological reserves near the operation site	Number	0

* Steam condenses water
** 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

Social Performance Indicators		unit versus	2024 data
Employee			
Total number of employees		Person	8,989
Total number of part-time employees		Person	0
By gender	Male	Person	5,461
	Female	Person	3,528
By position	Executive management	Person	35
	Senior management	Person	177
	Middle management	Person	1,343
	Grassroot management	Person	969
	General staff	Person	6,465
By age	Under 30	Person	2,548
	30-50	Person	6,164
	Above 50	Person	277
By region	Mainland China	Person	8,921
	Hongkong, Macao and Taiwan	Person	2
	Overseas	Person	66
Employee turnover rate*		%	13.57
By gender	Male	%	13.10
	Female	%	14.32
By age	Under 30	%	20.82
	30-50	%	10.62
	Above 50	%	3.65

* Voluntary turnover rate of employees.

Social Performance Indicators		unit versus	2024 data
Employee turnover rate*			
By region	Mainland China	%	13.59
	Hongkong, Macao and Taiwan	%	0
	Overseas	%	11.68
By position	Executive management	%	14.49
	Senior management	%	15.63
	Middle management	%	8.75
	Grassroot management	%	9.58
	General staff	%	15.03
Average years of employment by gender	Male	Years	6.9
	Female	Years	4.9
Total number of new employees in 2024		Person	1,943
By gender	Male	Person	1,046
	Female	Person	897
By age	Under 30	Person	837
	30-50	Person	1,088
	Above 50	Person	18
By region	Mainland China	Person	1,919
	Hongkong, Macao and Taiwan	Person	1
	Overseas	Person	23

* Voluntary turnover rate of employees.

Social Performance Indicators		unit versus	2024 data
Work injury			
Number and percentage of work-related fatalities	2022	Person	1*
		‰	0.1
	2023	Person	1*
		‰	0.1
	2024	Person	1*
		‰	0.1
Lost days due to work injury		Days	340.5
Lost-time injury frequency rate (per million hours worked)		Number of injuries/ million hours worked	0.83
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	8,957
Percentage of trained employees		%	99.64
Total expenditure on employee training		RMB 10 thousand	160.66
Average expenditure on employee training and development		RMB/Person	181
Percentage of Employee Trained**			
By gender	Male	%	60.40
	Female	%	39.58
By position	Executive management	%	0.44
	Senior management	%	1.84
	Middle management	%	14.57
	Grassroot management	%	10.60
	General staff	%	70.62

* Caused by the employee's personal health issues

** 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.

Social Performance Indicators		unit versus	2024 data
Training hours of employees			
Average training hours of employees		hours	70.95
By gender	Male	hours	76.71
	Female	hours	61.11
By position	Executive and Senior management	hours	22.29
	Middle management	hours	45.83
	Grassroot management	hours	41.37
	General staff	hours	81.69
Proportion of employees receiving regular performance and career development appraisals		%	100
Percentage of vacancies filled by internal candidates		%	12.6
Diversity			
Proportion of females in each position	Board of Directors	%	50
	Executive management	%	34.3
	Senior management	%	40.1
	Middle management	%	37.3
	Grassroot management	%	50.8
Proportion of females management personnel in revenue generating departments*		%	33.7
Proportion of females in STEM related positions		%	44.7
Number of minority employees		Person	245
Number of minorities in management		Person	66
Number of disabled employees		Person	1
Total number of employee diversity policy training participants		Person-time	9,250
Total duration of environment and climate-related training		hours	2,252.55

* Revenue generating departments refer to: business and promotion, production and operations departments.

Social Performance Indicators		unit versus	2024 data
Gender pay gap			
Average gender pay gap		%	14.66
Median gender pay gap		%	13.30
Basic Employee Rights			
Trade union employee coverage		%	90
Number of operating sites and suppliers where employees are at significant risk of human rights		Number	0
Coverage of employees with collective bargaining agreements		%	90
Incidents related to child labour or forced labour		Cases	0
Number of incidents of discrimination, harassment found		Cases	0
Supplier			
Number of suppliers		Number	2,098
By Region	Chinese mainland	Number	2,023
	Hong Kong, Macao, and Taiwan	Number	2
	Overseas	Number	73
The number of key suppliers conducting ESG audits		Number	153
Customer Service			
Percentage of products recalled for safety and health reasons		%	0
The number of complaints related to product authenticity identification		Number	3
Incidents of counterfeit medicines found after identification		Number	0
Number of complaints received about adverse product reactions and other reasons		Number	39
Complaint handling rate		%	100
Customer satisfaction rate		%	89.5

Social Performance Indicators	unit versus	2024 data
Intellectual Property Rights		
Number of patents new authorized in China	Number	48
Number of new official applications for overseas patents	Number	222
Number of overseas new authorized patents	Number	42
Employee social contribution		
Expenditure in supporting employees in difficulties	RMB 10 thousand	227.3
Expenditure in charity donation and other relevant fields	RMB 10 thousand	3,543.8
Total employee volunteer activity	Number of participants	31
	Hours	452
Code of Business Conduct		
Number of corruption litigation cases	Number of cases	0
The number of legal actions against anti-competitive behavior, antitrust, and anti-monopoly practices	Number of cases	0
Percentage of board and staff covered by anti-corruption training	%	96
Total amount of political contributions	RMB yuan	0
Total number of people trained in responsible marketing	per capita	24,915
Received complaints of confirmed invasion of customer privacy	Number of cases	0
Proven corruption-related fines	RMB yuan	0
Incidents of non-compliance concerning product and service information and labelling	Number of cases	0
Proven incidents of non-compliance concerning marketing communications	Number of cases	0
Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	RMB yuan	0
R&D and Quality Assurance		
Fines related to clinical trials in developing countries	RMB yuan	0
Clinical trials terminated due to violations of GCP and other regulatory requirements	Number	0
Volume of FDA alert functions received	Number	0
The percentage of publicly available R&D pipelines that are clearly recognized by the scientific community as "First-in-Class"	%	17
The percentage of NDA applications submitted within 5 years that were included in priority review	%	30

APPENDIX III: List of Major Applicable/Referenced Laws, Regulations, and Internal Management Documents

Applicable primary laws			
1	Constitution of the People's Republic of China	2	Data Security Law of the People's Republic of China
3	Civil Code of the People's Republic of China	4	Personal Information Protection Law of the People's Republic of China
5	Administrative Licensing Law of the People's Republic of China	6	Charity Law of the People's Republic of China
7	Administrative Litigation Law of the People's Republic of China	8	Copyright Law of the People's Republic of China
9	Criminal Law of the People's Republic of China	10	Trademark Law of the People's Republic of China
11	The Drug Administration Law of the People's Republic of China	12	Patent Law of the People's Republic of China
13	Anti-Money Laundering Law of the People's Republic of China	14	Social Insurance Law of the People's Republic of China
15	Product Quality Law of the People's Republic of China	16	Employment Promotion Law of the People's Republic of China
17	Company Law of the People's Republic of China	18	Tax Collection and Administration Law of the People's Republic of China
19	Trade Union Law of the People's Republic of China	20	Enterprise Income Tax Law of the People's Republic of China
21	Labor Law of the People's Republic of China	22	Consumer Rights Protection Law of the People's Republic of China
23	Labor Contract Law of the People's Republic of China	24	Anti-Unfair Competition Law of the People's Republic of China
25	Minor Protection Law of the People's Republic of China	26	Administrative Punishment Law of the People's Republic of China
27	Accounting Law of the People's Republic of China	28	Advertising Law of the People's Republic of China
29	Labor Dispute Mediation and Arbitration Law of the People's Republic of China	30	......

Applicable current regulations and administrative rules			
1	Regulations for the Implementation of the Drug Administration Law of the People's Republic of China	2	Supervision and Administration Measures for Drug Production
3	Good Clinical Practice (GCP) for Drug Clinical Trials	4	Supervision and Administration Measures for the Quality of Drug Operation and Use
5	Good Manufacturing Practice for Pharmaceutical Products	6	Regulations on Work-related Injury Insurance
7	Good Supply Practice, GSP	8	Invoice Management Measures of the People's Republic of China
9	Measures for the Administration of Drug Registration	10	Regulations for the Implementation of the Trademark Law of the People's Republic of China
11	Jiangsu Province Energy Conservation Regulations	12	Good Pharmacovigilance Practices (GVP)
13	Jiangsu Province Lake Protection Regulations	14	Adverse Drug Reaction Reporting and Monitoring Management Measures
15	Regulations for the Protection of Computer Software	16	Drug Recall Management Measures
17	Regulations on Anesthetic and Psychotropic Substances	18	Jiangsu Province Air Pollution Prevention and Control Regulations
19	The Implementing Regulations of the People's Republic of China Labor Contract Law	20	Jiangsu Province Yangtze River Water Pollution Prevention and Control Regulations
21	Provisional Measures for the Administration of Examination and Approval of Advertisements for Drugs, Medical Devices, Health Foods, and Special Medical Purpose Formula Foods	22	Jiangsu Province Discharge Outlet Setting and Standardization Management Measures
23	Prohibition of Child Labor Regulations	24	Implementing Regulations of the Patent Law of the People's Republic of China
25	Management Measures for the Review of Regional Balance Schemes for Major Pollutant Emission Totals in Construction Projects of Jiangsu Province	26	Guide for Corporate Green Procurement (Trial) (Circulation Letter [2014] No. 973)
27	Detailed Rules for the Implementation of the Regulations on Human Genetic Resources Management	28	……

Execution and management of technical specifications, guidelines, and reference standards.			
1	Requirements for the enterprise intellectual property compliance management system (GB/T 29490 series standards)	2	ISO and ICH standards and guidelines related to quality control in pharmaceutical research and production.
3	Pharmacopoeia of the People's Republic of China, USP, BP, EP, Japanese Pharmacopoeia, and other foreign pharmacopoeia standards.	4	Environmental Management System (ISO 14001 series standards)
5	Basic Standards for Internal Control in Enterprises	6	Occupational Health and Safety Management System (ISO 45001 series standards)
7	Guidelines for Comprehensive Risk Management of Central Enterprises	8	Measurement management system (ISO 10012 and measurement-related standards)
9	Management Measures for Compliance of Central Enterprises	10	"Pharmaceutical Industry Air Pollutant Emission Standard (GB37823-2019)" and other standards.
11	Quality Management System (ISO 9001 series standards)	12	"Standard for Unorganized Emission Control of Volatile Organic Compounds (GB37822-2019)"
13	Energy Management System (ISO 50001 standards related to energy use and management)	14	ISO 27001 series standards for Information Security Management Systems
15	Social Responsibility Guide (ISO 26000 series standards)	16	"Informatization and Industrialization Integration Management System" GB/T 23001 and related informatization standards
17	Standards related to factory building construction engineering, such as the "Fire Protection Design Code for Buildings," etc.	18	......

Main international standards, conventions, and guidelines referenced			
1	United Nations Global Compact	2	U.S. Foreign Corrupt Practices Act (FCPA)
3	United Nations 2030 Agenda for Sustainable Development	4	United States Federal Trade Commission Act
5	International Covenant on Economic, Social and Cultural Rights	6	Paris Convention for the Protection of Industrial Property
7	United Nations Framework Convention on Climate Change	8	ISO 37001 "Anti-bribery management systems - Requirements and guidance for use"
9	EU General Data Protection Regulation (GDPR)	10	International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards S1, S2
11	Sustainability Accounting Standards Board (SASB) Biotechnology and Pharmaceuticals Sustainability Accounting Standards, SASB Standards for Biotechnology and Pharmaceuticals, or SASB Biotech and Pharma Standards. (Note	12	Pharmaceutical Supply Chain Initiative (PSCI) Public Scientific Principles
13	Global Reporting Initiative (GRI: 2021) standards,	14	Universal Declaration of Human Rights, International Covenant on Human Rights
15	Convention Establishing the World Intellectual Property Organization,	16	Science-Based Targets Initiative (SBTI)
17	U.S. COSO-ERM "Enterprise Risk Management Framework"	18	Patent Cooperation Treaty
19	U.S. Honest Advertising Act	20	......

Group and Company ESG-related main management documents			
1	Occupational Health and Safety Policy	2	Anti-corruption policy
3	Tax criteria	4	Responsible Marketing Policy
5	Employee diversity policy	6	Product Liability and Drug Accessibility Policy
7	Policies for Addressing Global Climate Change	8	Whistleblower and Whistleblower Protection Policy
9	Environmental and biodiversity protection policy	10	Privacy Protection Policy
11	Supplier Code of Conduct	12	Employee Handbook
13	Sustainable Procurement Guidelines	14	Business Conduct and Ethics
15	Code of Conduct for Interacting with GOs and GEs	16	Code of Conduct for Interactions with HCPs and HCOs,
17	Code of Conduct for Interacting with Patients and Patient Organizations	18	Declaration of Interest System
19	General Principles of Information Security Management	20	Supplier Information Security Management Regulations
21	Information Security Incident Management Regulations	22	Information Security Risk Assessment Management Regulations
23	Employee Information Processing Management Regulations	24	EHS Management Manual
25	Environmental protection management	26	Environmental monitoring and management
27	Environmental Factor Identification, Evaluation, and Control Procedure	28	Emergency Response Plan for Sudden Environmental Accidents
29	Pollutant Emission Management,	30	EHS Incident and Emergency Rescue Management

Group and Company ESG-related main management documents			
31	EHS training management	32	Management of Major Hazard Sources
33	EHS compliance management for new, modified, and expanded projects.	34	Electrical Safety Management System
35	Contractor Safety Management System	36	Fire Safety Management System
37	Special equipment safety management	38	Procedure for Managing Hazardous Chemicals
39	Management of Emergency Response Plans and Drills for Safety Incidents	40	Emergency Response Procedures for Hazardous Chemicals and Production Safety Accidents
41	Management of Special Operations Personnel	42	Energy Management System Manual
43	Energy Review Control Procedure	44	Energy resource operation control program
45	Energy objectives, indicators, management implementation and control procedures	46	Cadre Management System Plus
47	Position and Rank System Management Regulations	48	General Training Principles
49	System for managing on-the-job education and training	50	Recruitment Management System Plus
51	Talent Inventory System	52	Union Charter
53	Procedures of employees' congress	54	Regulations for the Management of Employee Mutual Assistance Fund
55	General process of innovative drug development	56	Process optimization management
57	Process change management	58	Rework and Reprocessing Management
59	Intermediate and finished product review, evaluation, and release	60	Management of printing and packaging materials

Group and Company ESG-related main management documents			
61	Supplier Management Manual	62	Supplier Management Measures
63	Management of Material Suppliers	64	Drug Recall Management
65	Contract Management System	66	......

APPENDIX IV: Index to ESG Reporting Benchmarking

Report Section	HKEx ESG Code	SASB 2023	GRI Standard 2021*
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BUSINESS ETHICS			
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* Hansoh Pharma reports the information referenced in this content index by reference to the GRI standard on the period of January 1, 2024 to December 31, 2024

Report Section	HKEx ESG Code	SASB 2023	GRI Standard 2021
ADDRESSING CLIMATE CHANGE			
CLIMATE GOVERNANCE FRAMEWORK	Part D: Climate-related Disclosures		
IDENTIFICATION AND ASSESSMENT OF CLIMATE RISKS			
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PROGRESS AND PERFORMANCE OF CLIMATE TARGET QUANTIFICATION			201-2 305-1;305-2;305-3;305-4
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Report Section	HKEx ESG Code	SASB 2023	GRI Standard 2021
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QUALITY GOVERNANCE			
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Report Section	HKEx ESG Code	SASB 2023	GRI Standard 2021
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SUMMARY OF INDICATOR DATA	A1-1.1, 1.3, 1.4 A2-2.1, 2.2, 2.5 B1-1.1, 1.2 B2-2.1, 2.2 B3-3.1, 3.2 B5-5.1 B6-6.1, 6.2 B7-7.1, 7.3 B8-8.1, 8.2	HC-BP-210a.1 HC-BP-210a.2 HC-BP-210a.3 HC-BP-240a.1 HC-BP-250a.3 HC-BP-250a.4 HC-BP-250a.5 HC-BP-260a.3 HC-BP-270a.1 HC-BP-330a.2 HC-BP-510a.1	206-1 301-1;302-1;302-2;302-3;3 02-4;303-3;303-4;303-5; 305-7;305-1;305-2;305-3;3 05-4; 306-3;306-4;306-5 401-3;402-1;403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-8; 403-9; 403-10;404-1; 404-3;405-1; 405-2; 415-1; 418-1
ESG REPORT ASSURANCE STATEMENT			2-5

ESG Report Assurance Statement

To: stakeholders of Hansoh Pharmaceutical Group Company Limited

China Quality Certification Centre Co., Ltd.(CQC), commissioned by Hansoh Pharmaceutical Group Company Limited (hereinafter referred to as Hansoh), conducted independent verification on Hansoh Pharmaceutical Group 2024 Environmental, Social and Governance Report.(hereinafter referred to as the ESG Report)

Hansoh was responsible for collecting, summarizing, analyzing, and disclosing the information and data mentioned in the ESG Report.CQC implemented report verification within the scope specified in the agreement with Hansoh. Hansoh is the designated user of this statement.

This statement was based on the assurance activities conducted on the ESG Report prepared by Hansoh compliance with Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited, and reference to Global Reporting Initiative (GRI) Sustainability Reporting Standards, International Financial Reporting Sustainability Disclosure Standards, United Nations Sustainable Development Goals,and Hansoh was responsible for the completeness and authenticity of the information and data in the ESG Report.

Scope of Assurance

Information and data disclosed in the ESG report

Basis for Assurance

AA1000 V3，Type 2, Moderate Assurance

Assurance Methods

The methods used in this assurance include but are not limited to:

a. Report review;
b. Interviews；
c. Verification of documents, records, certificates, bills, and other materials;
d. Field verification;
e. Trusted information source verification;
f. Verification against disclosure basis;
g. Recalculation/estimation;
h. Confirmation of statistical, calculation/estimation processes.

Assurance Conclusions

The ESG report fairly reflects the performance of Hansoh in environmental, social, and governance in 2024. The information disclosed is true and reliable, with availability, timeliness and relevance well maintained, no significant misstatements，which basically meets the requirements of AA1000 V3 and the four principles of AA1000AP (2018) as follows:

Inclusivity: Hansoh has identified both internal and external stakeholders, including government and regulatory agencies, customers, employees, shareholder, supply chain, society, public. In the report preparation process, the expectations and needs of stakeholders have been considered.

Materiality: Based on the principle of impact materiality and financial materiality, Hansoh has identified and prioritized their ESG issues, integrating the management of various issues into the company's daily operations. The overall content of the ESG Report meets the requirements of the materiality principle.

Responsiveness: Hansoh has established a governance structure, management system and processes, as well as a communication mechanism with stakeholders, capable of taking action to respond to the demands of various stakeholders.

Impact: Hansoh has monitored, measured, and held accountable the performance of key issues,through quantitative, qualitative, or a combination of both, and Hansoh has disclosed the main impacts on stakeholders in terms of environment, society, and governance.

Specific performance information: Based on the process and results of this assurance, we have not found any deficiencies in the reliability and quality of key data and information in the ESG report.

Recommendations

Based on the assurance findings, it is recommended that:

- Based on changes in the internal and external environment of the enterprise, dynamically evaluate and adjust ESG performance, strengthen performance monitoring,develop and implement targeted measures, and ensure the achievement and continuous improvement of ESG goals.

Limitations

- This assurance was conducted using sampling methods based on quantitative and qualitative risk analysis and the sampling scope was limited to the data and information selected in the ESG Report, not fully tracing or independently recalculating all raw data of Hansoh.
- The assurance site was located at the headquarters of Hanson Pharmaceutical Group in Shanghai, as well as its main subsidiaries Shanghai Hansoh Biomedical Co. Ltd. and Jiangsu Hansoh Pharmaceutical Co., Ltd. There were no on-site visits to other subsidiaries and external stakeholders of Hanson Pharmaceutical Group.
- The data and information audited/verified by a third party in the ESG Report were not subject to repeated verification during this assurance process.
- Some of the data and information in the ESG report cannot be compared and verified through independent sources. This assurance only evaluated their reasonableness.
- Activities outside the scope of information disclosure were not included in this assurance;
- The statement regarding the position, viewpoints, beliefs, goals, future development directions, and commitments of Hansoh were not included in this assurance.

Statement on Independence and Verification Capability

Affiliated with China Certification & Inspection Group (CCIC), CQC is a third-party professional certification body approved by the Chinese government and recognized by multiple foreign governments and international authoritative organizations. CQC can provide various management systems certification, service certifications, product certifications, as well as independent assurance services for social responsibility reports, sustainable development reports, and ESG reports.

As an independent certification body, CQC ensured that there were no conflicts of interest with Hansoh and its stakeholders during the assurance process of the ESG Report. All information in the ESG Report was provided by Hansoh. CQC and the personnel conducting this assurance of the ESG Report were not involved in the preparation process of the ESG Report.

AA1000
Licensed Report
000-366/V3-HUHHT

President of CQC: 谢肇煦

April 3, 2025

Beijing, China

Note: In case of any inconsistency or discrepancy, the Chinese version of this assurance statement shall prevail, while the English translation is used for reference only.