Luye Pharma
绿叶制药

Luye Pharma Group Ltd.
绿叶制药集团有限公司
(incorporated in Bermuda with limited liability)
Stock Code: 2186

2024
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENTS

CONTENTS

1. DEFINITIONS

Unless otherwise stated in the Report, the following terms are defined as follows:

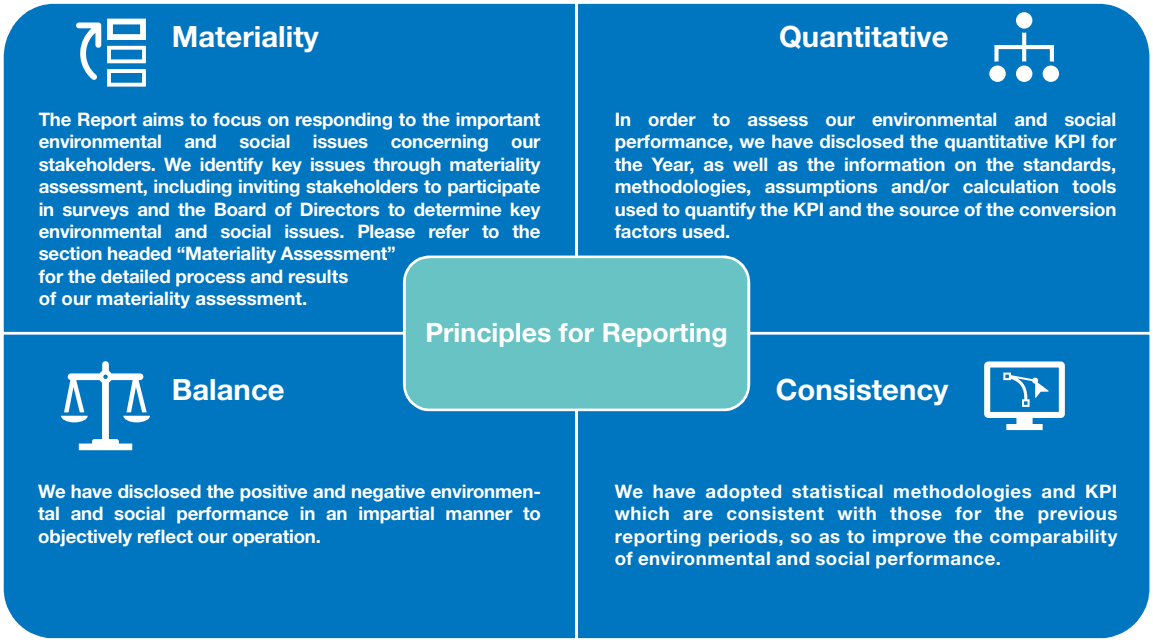
"Beijing WPU"	Beijing Peking University WBL Biotech Co., Ltd. (北京北大维信生物科技有限公司), jointly funded and operated by Shandong Luye Pharmaceutical Co., Ltd. and Beijing Peking University Asset Management Co., Ltd. (北大資產經營有限公司)
"Boan Biotech"	Shandong Boan Biotechnology Co., Ltd. (山東博安生物技術股份有限公司), a joint stock company incorporated in the PRC with limited liability and a subsidiary of Luye Pharma
"Board of Directors"	the board of directors of the Company
"CMO"	the contract manufacturing organizations commissioned by Luye Pharma
"EHS"	Environment, health and safety
"ESG"	Environmental, social and governance
"ESG Guide"	the Environmental, Social and Governance Reporting Guide as contained in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited by the Stock Exchange
"GMP"	Good Manufacturing Practices for Pharmaceutical Products
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"KPI"	Key Performance Index
"Luye Pharma" or the "Group" or "we" or "us"	Luye Pharma Group Ltd. and its subsidiaries
"PRC"	the People's Republic of China
"QA"	Quality Assurance Department
"QC"	Quality Control Department
"RMB"	RMB, the lawful currency of the PRC
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
the "Company"	Luye Pharma Group Ltd.
the "ESG Report" or "Report"	the Environmental, Social and Governance Report
"Year" or "Reporting Period"	the period from 1 January 2024 to 31 December 2024

2. ABOUT THIS REPORT

The Report is our ninth ESG Report addressed to the public and aims to present the ESG performance of Luye Pharma during the Year of 2024. We disclose our management approaches, strategies, goal and performance at the environmental and social levels in the respective sections of the Report.

2.1 Basis for Preparation

The Report has been prepared by the Company in accordance with the ESG Guide issued by the Stock Exchange, and with reference to the GRI Standards issued by the Global Reporting Initiative. This Report has been prepared in accordance the mandatory disclosure requirements and all "comply or explain" provisions set out in the ESG Guide of the Stock Exchange, and is based on the four reporting principles of materiality, quantitative, balance, and consistency.



2.2 Scope of the Report

The content of the Report primarily focuses the core businesses of Luye Pharma in Mainland China, with an aim to report on Luye Pharma's policies of and performance in environmental and social aspects. The scope of the Report for the Year is consistent with those of the ESG Report for the year 2023. Unless otherwise stated, the Report covers the period from 1 January 2024 to 31 December 2024.

2. ABOUT THIS REPORT (CONTINUED)

2.3 Review and Approval of the Report

The Report was reviewed and confirmed by the Board of Directors and approved on 27 March 2025.

2.4 Reader's Feedback

You are welcome to express your suggestions or opinions on our ESG Report or relevant work by contacting Luye Pharma through:

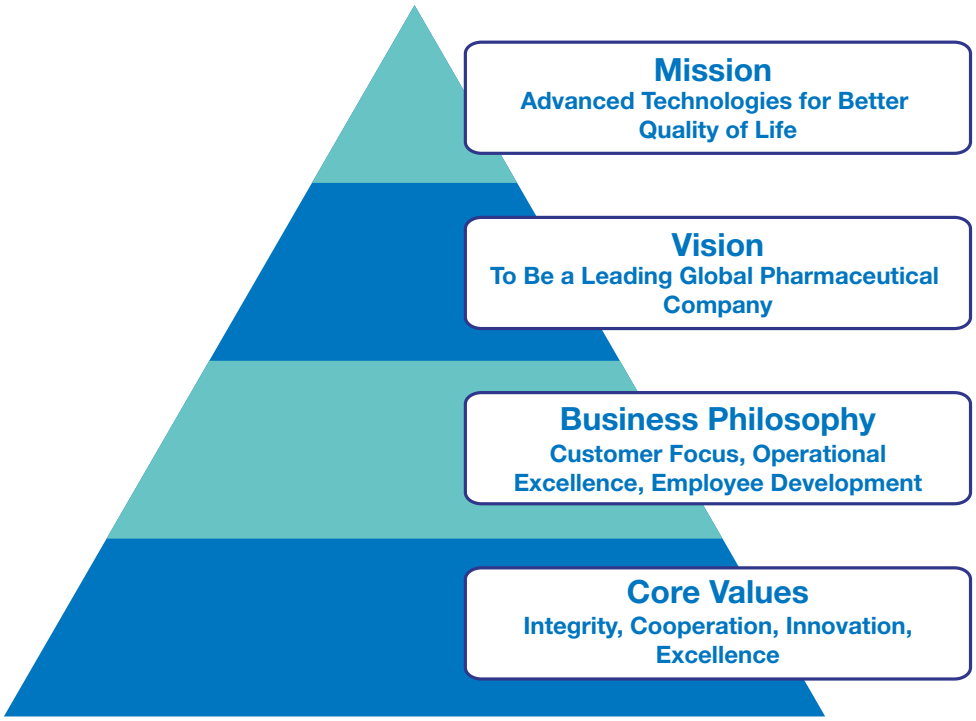
Address: Unit 3207, 32/F, Champion Tower, 3 Garden Road, Central, Hong Kong

Tel: + 852-3523 0428

3. ABOUT LUYE PHARMA

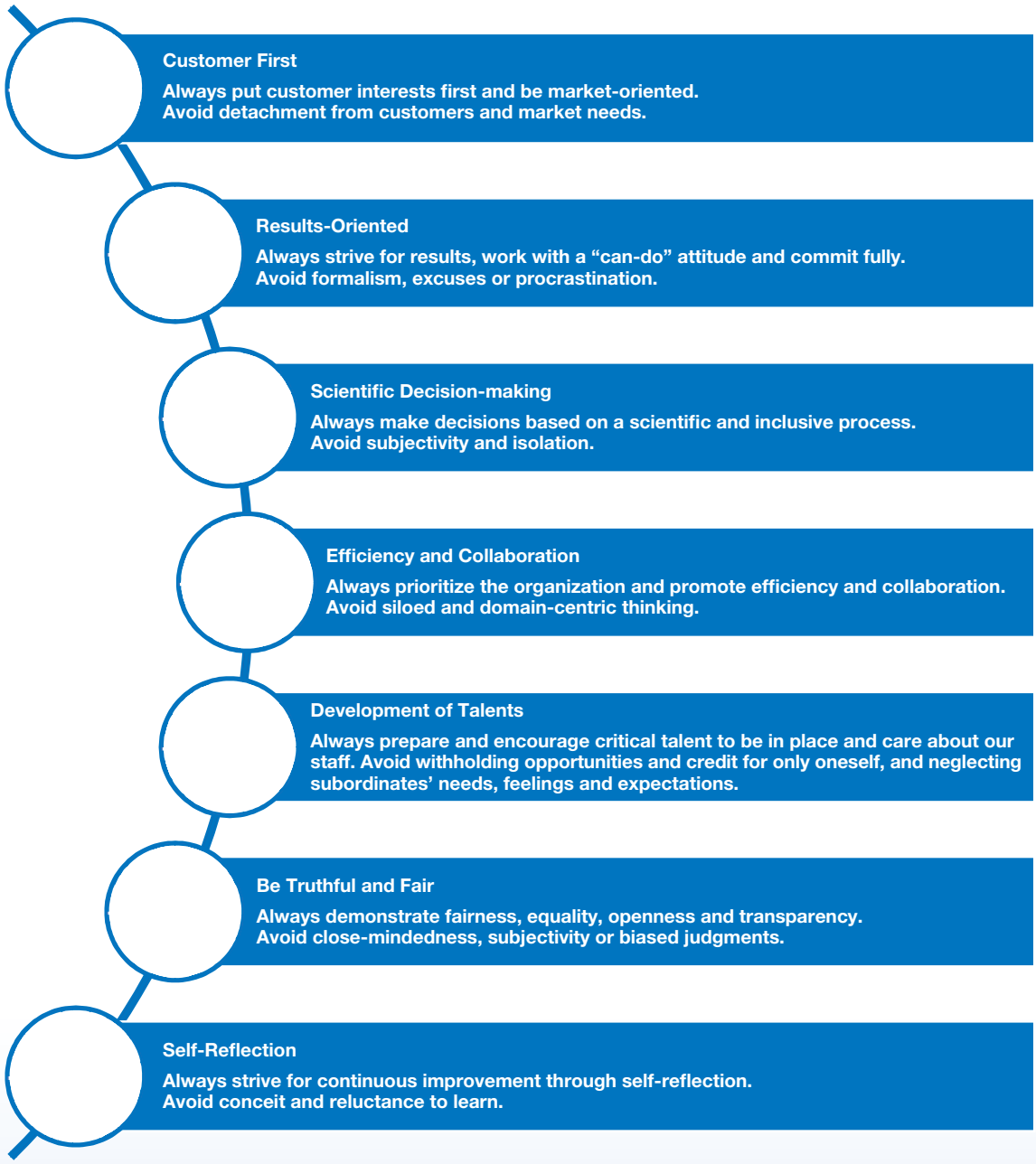
Luye Pharma, a member of Luye Life Sciences Group, was established in 1994 and listed on the Main Board of the Stock Exchange in 2014. It is an international pharmaceutical company dedicated to the research and development ("R&D"), manufacturing and sales of innovative medications with a focus on central nervous system ("CNS"), oncology, cardiovascular system, metabolism and other therapeutic areas. We are committed to providing high quality innovative medications for global patients with global R&D, global manufacturing, and the global market as our three main strategic priorities. Luye Pharma strives to become "the most respected and leading pharmaceutical enterprise in the world". We have set up R&D centers in China, the United States and Europe, including 35 R&D pipelines of drug candidates in China and 13 R&D pipelines of drug candidates overseas. In addition, we have 7 production bases in China and 1 production base in Germany. There are over 30 products being sold in more than 80 countries and regions around the world.

3.1 Corporate Culture



3. ABOUT LUYE PHARMA (CONTINUED)

Management Principles of the Group



3. ABOUT LUYE PHARMA (CONTINUED)

3.2 Message from our Employees

Mi Xuan
The Group's Regulation and Registration Department

Over the past 30 years, Luye Pharma has achieved groundbreaking progress across various areas, delivering innovative solutions that benefit more patients. As part of this journey, I take immense pride in our collective accomplishments. I am profoundly grateful to have collaborated with like-minded partners who share our vision. Moving forward, we will maintain our relentless pursuit of quality and innovation, continuously strengthen our competitiveness and contribute steadfastly to the Company's next 30-year chapter. Together, we will advance Luye Pharma's vision to become "the world's most respected leading pharmaceutical company."

Fan Yanli
Shandong Luye Manufacturing Division 1

In the future, we will fully leverage the initiative of our post-90s and post-00s new employees, actively guide, motivate and inspire them to break conventions and innovate, continuously spark new ideas and inspirations; keep pace with the times by strengthening the study and research of various laws, regulations and professional knowledge, further explore space for cost reduction and efficiency improvement, continuously adjust and optimize through more suitable and flexible approaches, and seek new perspectives and measures for cost reduction and efficiency improvement.

Wang Haibin
The Group's Information Department

With the accelerated digital transformation of enterprises, RPA technology (Robotic Process Automation) is assuming an increasingly vital role across various industries. I am pleased to have delivered valuable insights to colleagues through RPA knowledge-sharing training sessions. Moving forward, I aspire to share this expertise with a broader network of partners, and look forward to expanding these initiatives to help liberate teams from labor-intensive, repetitive tasks.

3. ABOUT LUYE PHARMA (CONTINUED)

3.3 Awards and Recognition

2024 "Top 5 Outstanding Biopharma BD Collaboration Enterprises of the Year" | "Outstanding Biopharma BD Collaboration Enterprise of the Year" Award

On 10 to 11 April 2024, the 11th International BioCon China Expo 2024 was held in Beijing with great fanfare. During the event, the organizers, in partnership with the globally renowned consulting firm Frost & Sullivan, unveiled the prestigious "BioCon Awards 2024" list. Leveraging its International strategic layout and innovative cooperation model, Luye Pharma was honored as one of the "Top 5 Outstanding Biopharma BD Collaboration Enterprises of the Year", standing out as a benchmark in cross-border partnerships among this year's awardees. This recognition highlights Luye Pharma's exceptional achievements, including: technology output of advanced drug delivery systems, international clinical pipeline expansion, and multi-national strategic alliance building.

2023 Annual Biopharmaceutical Industry High-Quality Development Enabling Policy Awards | Recipient of Multiple Provincial and Municipal Innovation Honors

On 26 September 2024, the "2024 International Conference on Pharmaceutical Innovation and Development" was grandly held in Yantai. During the event, the Yantai municipal government recognized innovative pharmaceutical and equipment products and enterprises that qualified for the 2023 industrial support policies, with Luye Pharma and its subsidiary Boan Biotech once again being honored for their outstanding innovation achievements. Earlier, the Shandong Provincial Department of Science and Technology announced the first batch of recipients for provincial funding support for Class I innovative drugs, with Luye Pharma and Boan Biotech jointly awarded over RMB18 million in subsidies, accounting for two-thirds of Yantai's total awards and nearly one-fifth of the provincial allocation.

3. ABOUT LUYE PHARMA (CONTINUED)

2024 China's Top 100 Pharmaceutical Innovation Enterprises | First Tier

On 14 November 2024, at the 16th Conference of Pharmaceutical Entrepreneurs, Scientists and Investors (Enlightening Conference), leveraging its outstanding innovative capabilities, Luye Pharma was honored as one of the first-tier companies in the "2024 Top 100 Chinese Pharmaceutical Innovative Enterprises" list.

Such authoritative evaluation is organized by Healthcare Executive, based on Clarivate Analytics Derwent Innovation™ patent database and Cortellis™ competitive intelligence and clinical trial data system. The evaluation is based on the three dimensions of innovation foundation, innovation process, and innovation results, and four indices, including the number of licensed patents, the total number of patents granted, the number of clinical trials, and the number of innovative medicines approved and marketed. This systematic evaluation mechanism fully demonstrates the industry's high recognition of Luye Pharma's innovative strength and achievements.

2024 "Annual Listed Brands of Household Generic Drugs" List | Listed Brands

In November 2024, in order to assist the public to make scientific drug purchases, continue to encourage pharmaceutical companies to develop quality standby drugs that meet the needs of Chinese families, and improve the home healthcare reserve system, the "2023-2024 China's Listed Brands of Household Generic Drugs" selection event organized by "Family Doctor Online" was held at Wuhan Pharmaceutical Trade Fair. Oulai® (Compound Sodium Aescinate Gel), the exclusive topical anti-swelling and pain relief drug of Luye Pharma, was selected as one of the recommended brands for the annual list of household generic drugs amongst other candidates due to its remarkable clinical efficacy and stable quality performance.

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION

Material issue(s) in this section

- Risk Management and Operation Compliance

With the vision of "becoming the most respected and leading pharmaceutical enterprise in the world", the Group has deeply integrated ESG governance into its strategic decision-making system and has continued to assuming its corporate social responsibility and maintaining high standards of compliance operation. As an important pillar for the long-term cooperate development, we continue to drive innovation and operational excellence through ESG practices. For ESG governance and risk management, we have established a comprehensive framework, covering mechanisms such as regular performance evaluation, risk monitoring and issue hierarchy management. Such framework ensures that we can systematically identify, evaluate, and manage ESG-related risks and take timely measures to enhance operational resilience and sustainable competitiveness.

To gain an in-depth understanding of stakeholders' expectations and concerns, we extensively collect feedback from key groups including investors, customers and employees through structured questionnaires, based on which we analyze the prioritization of material issues. These insights not only help us respond more precisely to the needs of all parties, but also provide an important basis for the formulation and implementation of our ESG strategy. This report aims to transparently present our progress and practices in the ESG field, covering key aspects such as corporate governance optimization, environmental management performance and social impact enhancement. We look forward to working with our stakeholders towards a more responsible and sustainable future through continuous communication and improvement.

4.1 ESG Governance and Risk Management

4.1.1 ESG Governance Framework

The Group's ESG governance structure is established based on clear organizational division of work and responsibility, with the aim of systematically identifying, assessing, and managing ESG-related risks and opportunities to support the Company's long-term sustainable development goals. To enhance ESG governance effectiveness, the Environmental, Social, and Governance Committee ("ESG Committee") established under the Board of Directors had its terms of reference updated through a Board resolution on 29 March 2022, ensuring its operational mechanisms remain aligned with international best practices and the latest regulatory requirements. The ESG governance framework of the Group is as follows:

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

The Board of Directors has explicitly authorized the ESG Committee to perform its duties and provided necessary authority and resource support to ensure effective implementation of ESG governance. To fully grasp ESG-related information, the ESG Committee is entitled to request assistance from employees at all levels of the Company and external professional consultants, including but not limited to preparing specialized analysis reports, attending meetings to provide explanations, and responding to specific questions raised by the Committee. In addition, in accordance with the ESG Guidelines of the Stock Exchange, the ESG Committee adopts diversified stakeholder engagement approaches. Through methods such as questionnaire and in-depth interviews, it extensively collects feedback from key groups such as investors, customers, suppliers, and community representatives, ensuring the report content meets requirements for comprehensiveness, accuracy, and objectivity.

The ESG Committee has implemented systematic self-review mechanism, and regularly conducts annual assessments of its own work performance and terms of reference, and makes recommendations for improvement to the Board of Directors. In addition, the Committee conducts an annual review of the Company's overall ESG performance, focusing on the following core aspects: (i) whether the resources, employee qualifications and experience, training programs, and budget related to the Group's ESG performance and reporting are sufficient; (ii) changes in the nature and degree of significant ESG risks of the Group since the last annual review; and (iii) the scope and quality of management's ongoing monitoring of ESG risks. All meeting minutes of the Committee, all resolutions and content for discussions are made available for review by the Board in time.

To maintain the momentum of ESG initiatives, the ESG Committee convenes at least one formal meeting annually, organized by the Company Secretary under the Chairman's direction. The core agenda items of the meeting include: reviewing the operational status of the ESG management system, formulating improvement plans for critical issues, and reporting ESG progress to the Board of Directors while providing strategic recommendations. This institution arrangement not only enhances the rigor of ESG governance decision-making but also ensures the aligned advancement of ESG objectives with corporate strategy.

The main functions of the **ESG Committee** established by the Company are detailed as follows:

(a) Coordinate, identify, evaluate, and manage ESG matters of the Group, and report to the Board of Directors on any significant issues;

(b) Formulate and review the principles and strategies of ESG policies of the Group, and closely monitor the implementation and effectiveness of ESG policies and measures;

(c) Set ESG-related goals according to the actual situation of the Group, and periodically review the Group's progress and performance based on those goals;

(d) Assist the Board of Directors in reviewing the annual ESG Report and coordinate the preparation of the ESG Report;

(e) Understand regulatory requirements and oversee the Group's compliance with relevant laws and regulations; and

(f) Coordinate any other ESG-related work that the Board of Directors may assign.

The main functions of the **ESG Working Group** established by the Group are detailed as follows:

(a) Be responsible for the specific implementation of all ESG work and management under the guidance of the ESG Committee;

(b) Assist the ESG Committee in preparing the ESG Report, and prepare to collect relevant data and information; and

(c) Regularly review and report to the Committee on the effectiveness of ESG measures implemented by the responsible department, and communicate with representatives of various departments within the ESG Working Group to promote effective implementation.

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

4.1.2 ESG Risk Management

As the highest decision-making body of Luye Pharma, the Board of Directors assumes the ultimate oversight responsibility for the Company's overall risk management and internal control systems, and regularly reviews its ongoing operational effectiveness. The Board of Directors is fully aware of the strategic impact of ESG factors on long-term corporate development and has systematically incorporated ESG-related risks into the Group's comprehensive risk management framework. Under the strategic guidance of the Board of Directors, the Company has established a tiered risk management mechanism with clear accountability: (i) all business units strictly adhere to the established policies and procedures, conducting comprehensive risk identification and assessment on a regular basis; (ii) specialized analysis is performed for ESG risks that may have material operational impacts; and (iii) differentiated mitigation strategies and response plans are developed based on risk severity levels. Meanwhile, the Company has established a sound risk reporting mechanism, and all departments regularly report the risk assessment results to the Board of Directors according to the organizational structure, so as to ensure that the Board of Directors can keep abreast of all types of material risk information, including ESG risks, and make wise decisions.

For details of the corporate governance structure of the Company, the operation mechanism of the Board of Directors and the functions and work of all special committees, please refer to the "Corporate Governance Report" in the 2024 annual report of Luye Pharma.

Operational Risks	• Description of risks: Operational risks refer to the risk of loss resulting from the inadequacy or lack of internal procedures, personnel and system, or from external events. The responsibility of managing operational risks basically vests with every function at divisional and departmental levels. • Response measures: Key functions in Luye Pharma are guided by their standard operating procedures, authority and reporting framework. The management will identify and assess the key operational exposures regularly, so that appropriate risk management measures can be taken.
Risks of Supply and Retention of Personnel	• Description of risks: Luye Pharma may be exposed to the risk of not being able to attract and retain key personnel and talents who possess appropriate and requisite skills, experience and competence. Such personnel and talents are necessary to meet the business objectives of our Group. • Response measures: We shall offer attractive remuneration packages to suitable candidates and personnel.
Environmental, Health and Safety Risks	• Description of risks: Environmental, health and safety risks refer to the potential loss resulting from inadequacy in environmental management and occupational health and safety management, or from accidents. • Response measures: Luye Pharma has developed an environmental, health and safety management system in these aspects. The management regularly identifies and assesses relevant risks, and implements measures in response to these risks in the product life cycle.

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

4.2 Stakeholders' Engagement

The Group consistently regards stakeholders' engagement as a core element of its sustainable development strategy. Adhering to principles of transparency and openness, we have established long-term, mutually trusting partnerships with various stakeholders through systematic communication mechanisms. This report serves as an important information disclosure vehicle, designed to accurately present our ESG goals, implementation progress, and management effectiveness to stakeholders including investors, costumers, employees, and community, so as to facilitate comprehensive understanding of the Company's sustainable development performance.

4.2.1 Communication with Stakeholders

To ensure stakeholders' opinions are fully considered, we have established a multi-dimensional communication system. In identifying the Group's material ESG issues, we regularly invite stakeholders to participate in questionnaire to systematically collect their evaluations and expectations regarding the Company's ESG performance. In addition, we have established various channels to continuously and effectively communicate with our stakeholders through a systematic communication mechanism. The following table sets out the communication channels between the Group and stakeholders, their major expectations and opinions on the Group, and the corresponding disclosure sections for the main concerns of the stakeholders.

Major stakeholders	Major expectations on us	Our response channels	Respective sections
Government and regulators	• Compliance with laws and regulations • Enhancement of R&D on technologies related to pharmaceutical products	• Optimizing the legal system for risk prevention and control • Significant investment in R&D on pharmaceutical products	• Respective sections in the Report
Investors	• Sound corporate operation management to minimize operational risks • Good investment returns • Transparent information disclosure • R&D ethics	• Holding regular results announcement presentations and general meetings • Optimizing the legal system for risk prevention and control • Updating the Company's website on a regular basis to ensure investors have access to the latest information on the Company	• Respective sections in the Report

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

Major stakeholders	Major expectations on us	Our response channels	Respective sections
Customer	• Provision of safe and quality pharmaceutical products • Continuous R&D on new drugs • Protection of interests of consumers	• Significant investment in R&D on pharmaceutical products • Optimizing the pharmaceutical manufacturing management system • Conducting customer satisfaction survey	• "Professional-led Innovation and Empowering Human Health"
Staff	• A pleasant working environment • Bright career prospects	• Offering good packages • Holding a variety of training programs • Organizing various employee activities • Providing a safe workplace	• "Environmentally Friendly and Green Production" • "Safety as a Foundation for Emergency Response" • "Talent Cultivation for Value Creation"
Business partners/ Suppliers	• Mutual benefits and win-win	• Actively seeking quality suppliers and CMO/ CDMO partners	• "Sustainable Supply Chain Management"
Peers/Industry associations	• Advancement of industry development	• Actively holding and participating in industry-wide forums and exchange activities	• "Responsible Governance and Compliant Operation"
Non-governmental organizations	• Continuous R&D on new drugs • Continuously improving access to and affordability of drugs	• Significant investment in R&D on pharmaceutical products	• "Professional-led Innovation and Empowering Human Health"
Media	• Transparent information disclosure	• Organizing press conferences	• Respective sections in Report
The public	• Serving the community • Public welfare and charity	• Taking an active part in community activities • Taking an active part in charitable activities	• "Contribution to the Society and Collaborating for Development"

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

Case: 30th Anniversary Celebration of the Group

On 18 June 2024, the Group's 30th anniversary celebration was held as anticipated by all Luye employees. All Luye colleagues around the world jointly celebrated this exciting moment, witnessing together this extraordinarily significant moment.

Case: The 8th Nanjing Jinling Oncology Annual Conference

On 19 November 2024, the 8th CSCO Jinling Oncology Annual Conference was successfully held in Nanjing. As a highly influential public academic platform in the field of oncology, the Jinling Oncology Annual Conference is organized by the Chinese Society of Clinical Oncology (CSCO) and the Beijing CSCO Clinical Oncology Research Foundation, with Luye Pharma serving as a co-organizer. Since its inception in 2015, the conference has been held eight times, dedicated to advancing the progress and development of clinical oncology diagnosis and treatment in China. During the conference, Luye Pharma's new products, including Zepzelca® (for small cell lung cancer) and Mimeixin® (for cancer pain management), emerged as key discussion topics.

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

Case: 2024 World Traditional Medicine Congress

From 3 to 4 December 2024, the 2024 World Traditional Medicine Conference was held in Beijing. The conference was conjointly organized by the Beijing Municipal People's Government, the National Health Commission of China, and the National Administration of Traditional Chinese Medicine, in collaboration with WHO. The conference brought together renowned experts and scholars in traditional medicine from multiple countries, representatives and officials from international organizations including WHO, government delegates, and industry leaders, who delivered keynote speeches and thematic reports. As a representative of Luye Pharma's traditional Chinese medicine business, Beijing WPU was invited to participate and showcase the scientific research and globalization achievements of Xuezhikang.

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

4.2.2 Materiality Assessment Procedures

In order to comprehensively grasp each stakeholder's expectation and focus about the Group's sustainable development, we have established a systematic materiality assessment mechanism. The Group regularly implement a materiality assessment process to optimize the assessment mechanism and methods, and we invite stakeholders to participate in the materiality assessment of sustainable development issues. This assessment considers all internal and external stakeholders of the Group and consists of five major steps, which are detailed below:

1. Identifying Major Stakeholders

   In implementing the materiality assessment, Luye Pharma comprehensively considers the "influence of stakeholders on Luye Pharma" and the "influence of Luye Pharma on stakeholders". The following types of participants are selected from various stakeholders and invited to participate in the materiality assessment survey:

Internal Stakeholders	External Stakeholders
• Directors • Senior managements	• Investors • Employees • Business partners/Suppliers • The public • Media

2. Identifying Relevant ESG Issues

   The Group makes reference to ESG Guide and incorporates ESG trends in the pharmaceutical industry to determine an inventory of ESG issues relevant to the Group.

3. Conducting Questionnaire Survey

   The Group invites key stakeholders to rank the importance of the inventory of ESG issues through a questionnaire survey. External stakeholders, including investors, peers, employees, the public, and partners/suppliers, rank the ESG issues from the "materiality to stakeholders", while internal stakeholders, including directors and senior management, rank the ESG issues from the "materiality to the Group".

4. Analyzing Survey Results

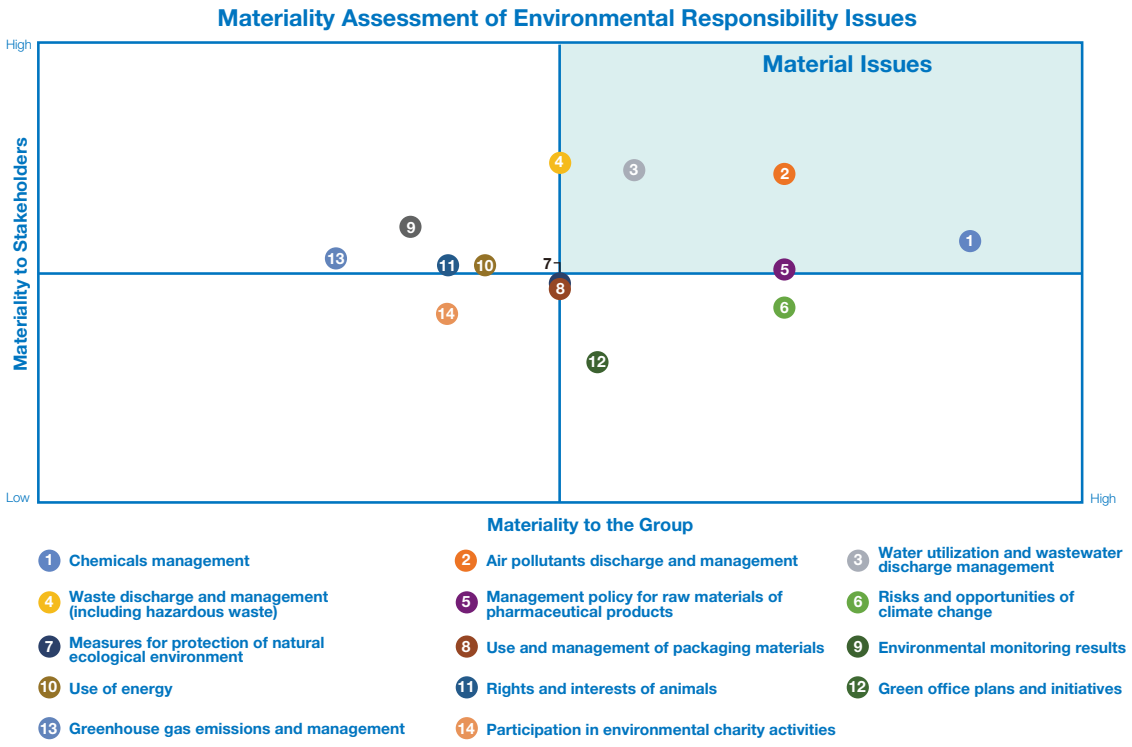
   Based on the questionnaire survey results, the Group carries out an analysis to identify issues scored high on both the "materiality to stakeholders" and "materiality to the Group" dimensions. Such issues are identified as "material issues" and constitute a materiality matrix.

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

5. Verifying Material Issues

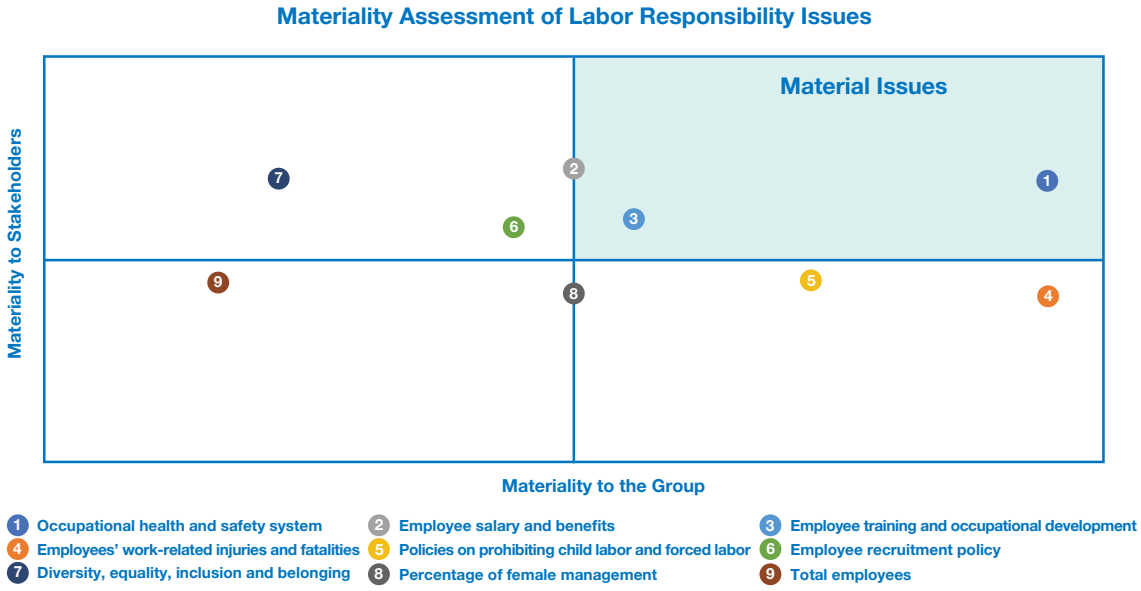
The Board of Directors reviews the survey results and verifies the material issues.

The following shows the material issues matrices in the areas of environmental responsibility, labor responsibility, and operational responsibility for Luye Pharma:

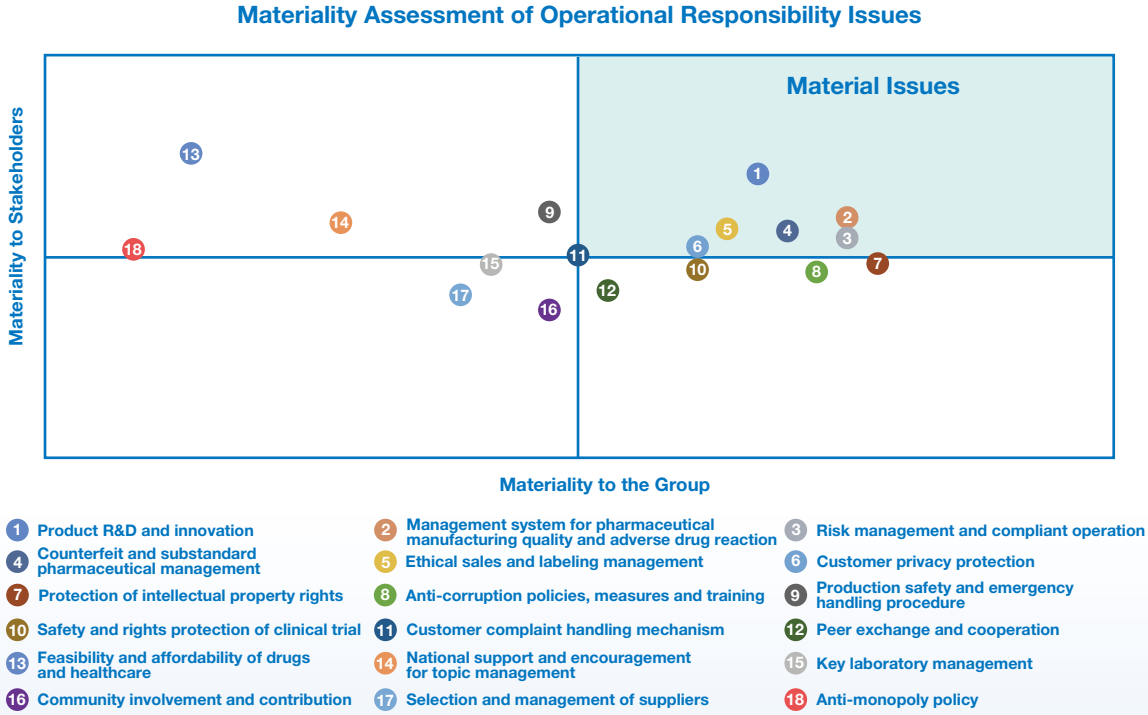


Material Issue Matrix of Environmental Responsibility of 2024

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)



Material Issue Matrix of Labor Responsibility of 2024



Material Issue Matrix of Operation Responsibility of 2024

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

During this assessment, the Group have identified 5 environmental responsibilities, 3 labor responsibilities and 6 operational responsibilities as 2024 materiality issues:

List of Materiality Issues

Environmental Responsibility	Labor Responsibility	Operational Responsibility
Chemicals management	Occupational health and safety system	Product R&D and innovation
Air pollutants discharge and management	Employee salary and benefits	Management system for pharmaceutical manufacturing quality and adverse drug reaction
Water utilization and wastewater discharge management	Employee training and occupational development	Risk management and compliant operation
Waste discharge and management		Counterfeit and substandard pharmaceutical management
Management policy for raw materials of pharmaceutical products		Ethical sales and labeling management
		Customer privacy protection

4.3 Management of ESG Goals and Performance

To promote the implementation of sustainable development strategies, the Group has formulated annual directional and quantitative objectives related to ESG. The Group has established target responsibilities for relevant functional departments and deadlines for achieving these objectives. To ensure that these objectives are completed on time, we regularly review our progress towards them. The Board of Directors is responsible for monitoring and reviewing the progress and performance of the environmental directional goals set by the Group. During the Year, the Board of Directors has supervised and monitored specific action measures for implementing environmental directional goals to ensure that the work towards achieving such goals is sustainably progressing:

Goal Indicators	Action Plan	Actions during 2024	Progress
1. Hazardous waste discharge target			
Legal disposal of hazardous waste with disposal rate of 100%	1. Hazardous waste shall be collected according to regulations, stored in compliant locations, and registered in records; 2. A management plan should be formulated at the beginning of the Year; 3. Hazardous waste should be entrusted to qualified third parties for disposal.	• At the internal collection and storage stage, hazardous waste is sorted according to its characteristics, placed at specific collection points and labeled; • Hazardous waste disposal is entrusted to a third party disposal organization with relevant qualifications and relevant record documents kept internally; • We complied with laws, regulations and internal rules to prevent, control, and treat hazardous wastes according to law. There were no environmental pollution incidents.	Completed

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

Goal Indicators	Action Plan	Actions during 2024	Progress
2. Non-hazardous waste discharge target			
Reduction of general solid waste (recyclable, household garbage, food waste)	1. General solid waste generated by each department is collected and classified by employees. Recyclable items such as paper and metal are uniformly sent to the warehouse for sales; 2. Kitchen waste generated by the restaurant should be collected in dedicated bins and disposed of by qualified units; 3. Non-recyclable waste generated by production and daily life is collected and transferred to the specified waste area for disposal by the sanitation department.	• During the Year, we continued to publicize the reduction of wastes at source and the 4R principles, and educated our employees and raised their awareness by putting up slogans, posters and using other materials; • We set annual waste reduction objectives and implemented management plans.	In progress
3. Greenhouse gas emissions target			
Reduction of greenhouse gas emissions	1. Use energy-saving and environmentally friendly refrigerants, such as R404A, R407C, and phase out outdated refrigerants such as Freon; 2. Adjust office and production site temperature and humidity in a timely manner according to demand; 3. Encourage the use of video conferencing for meeting to reduce carbon emissions from business trips and achieve a reduction in greenhouse gas emissions.	• Beijing WPU and Nanjing Base switched to energy-saving and environmentally friendly refrigerants such as R-404A, R-410A and R-407C; • For air-conditioning use, air-conditioning operators can make daily adjustments according to the weather conditions shown on the weather billboards.	In progress

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

Goal Indicators	Action Plan	Actions during 2024	Progress
4. Atmospheric pollutant target			
100% compliance with emission standards for production and domestic waste gas	1. Commission a qualified third-party monitoring agency to regularly monitor the emissions of pollutants from waste gas; 2. Regularly maintain waste gas treatment facilities and adjust their operation mode and parameters to improve energy efficiency indicators.	• All production units engaged a third party to conduct regular environmental monitoring and assessment; • Annual waste discharge targets and management plans were formulated.	Completed
5. Water usage target			
Water conservation	1. Use engineering and technical measures to reduce water consumption; 2. Increase the use of recycled water.	• Beijing WPU made upgrades to recycled water and waste water reuse systems; • Nanjing Production Base implemented steam condensate water recycling system upgrade; after the upgrade, Medicine Valley Plant annual tap water consumption reduced by 38% and High-tech Plant monthly water consumption reduced by 200 tons.	In progress
6. Energy efficiency related target			
Reduction of energy use	By utilizing solar energy and improving the air conditioning system, engineering and technical measures can be taken to reduce energy consumption.	• We installed solar power generation equipment for heating bathing water for employees, so as to reduce natural gas, electricity and other energy consumption, and carbon emissions; • The Shandong Production Base installed 22 sets of water-saving toilets and 29 sets of water-saving sensor taps in the factory, which is expected to save 2,000 tons of water resources annually.	In progress

4.4 Integrity and Compliance

Guided by our core values of "Integrity in Operations, Compliance for Sustainability", the Group has established a comprehensive compliance management system. We strictly abide by the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Law Against Improper Competition of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other laws and regulations as well as international anti-corruption compliance standards. Internally, we have formulated internal control rules to bind our employees, including the Code of Conduct for Employees (《員工行為準則》), the Anti-Corruption Compliance Policy (《反腐敗合規政策》) and the (International) Third Party Due Diligence Process (《(國際)第三方盡職調查流程》) according to our operation features. These rules are designed to clarify the bottom line of employees' and partners' behaviors subject to morals, laws and regulations, and prohibit any form of corruption, bribery, extortion, money laundering and fraud. During the Year, Luye Pharma complied with the applicable laws and regulations relating to bribery, extortion, fraud and money laundering which have a material impact on the Group, and was not involved in any corruption cases.

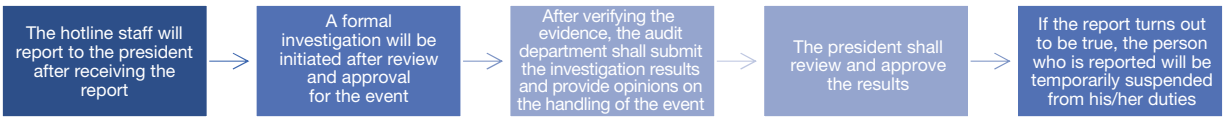
4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

Integrity and Compliance Policies

The Group has a profound understanding of the special characteristics of the pharmaceutical industry. In establishing integrity codes of conduct, professional ethics standards, and a compliance management system, we have conducted comprehensive considerations and systematic designs tailored to industry characteristics. We explicitly prohibit employees from providing improper benefits in any direct or indirect manner to healthcare professionals, government officials, or business partners for the purpose of obtaining or maintaining business advantages, including but not limited to cash, gifts, entertainment, or any other forms of valuables. We also strictly prohibit employees from soliciting or accepting any form of illegal payments. In terms of third-party partnership management, we require all employees to maintain a professional and prudent attitude and implement ongoing compliance supervision over business partners such as agents and suppliers, ensuring their business conduct fully complies with ethical requirements and the specific provisions of the Group's Anti-Corruption Compliance Policy.

Internal Whistle-blowing Channels and Whistleblower Protection Mechanism

In order to further strengthen the internal supervision mechanism for integrity and compliance management, Luye Pharma actively encourages all employees to participate collectively. Employees are urged to report any misconduct that violates the Company's rules or laws and regulations, as well as potential systemic loopholes, to assist regulatory departments in promptly identifying and effectively rectifying related issues. Pursuant to the Policy on Handling Hotline, E-mail Box and Staff Whistleblowing of Luye (《绿叶熱線、電子郵箱及員工舉報處理政策》) formulated within the Group, employees may submit reports through dedicated channels, including the Luye Hotline or a designated E-mail Box. To ensure that reported cases are properly addressed, the Group has established a comprehensive whistle-blowing handling mechanism. The specific process for handling is as follows:



In addition, we have taken different measures to prevent retaliation against whistleblowers in different ways. We strictly adhere to the confidentiality agreement in relation to whistleblower information according to the Policy against Retaliation (《反報復政策》), so as to ensure that the whistleblowers are protected. Once we find retaliation against any whistleblower, we will handle it seriously according to the Company's disciplinary procedures, and impose disciplinary sanctions and take legal action if necessary to safeguard the safety and legitimate rights and interests of the whistleblower.

Anti-corruption Training

The Legal Department of the Group is responsible for creating internal integrity and honest culture. During the Reporting Period, the Legal Department provided Directors and employees with several online and offline compliance training courses, including anti-corruption information training. These training courses further enhanced the compliance awareness of Directors and employees. Thus they would better carry out and implement the Group's relevant compliance policies.

4. RESPONSIBLE MANAGEMENT AND COMPLIANT OPERATION (CONTINUED)

Case: Legal Compliance Training for New Graduates

In July 2024, the Legal Department organized basic legal compliance training for new graduate employees. The program covered core compliance requirements including code of business conduct and intellectual property protection, etc., and was aimed to quickly establish compliance awareness among new hires.

Case: Compliance Training for Latin American Business Team

In December 2024, the Legal Department conducted specialized compliance training tailored to the unique requirements of our Latin American business team. The program focused on local anti-corruption regulations, data privacy protection laws and other region-specific compliance requirements, so as to significantly enhanced our overseas business personnel's capabilities in legal risk mitigation.

Furthermore, the Group continuously reinforces awareness of integrity in business conduct by actively participating in anti-corruption and anti-bribery training sessions and exchange programs organized by external professional institutions. Through systematic coursework and case studies, we not only deepen employees' understanding of business ethics and compliance requirements but also further enhance the Group's overall risk prevention capabilities. The Group also maintains proactive communication with regulatory bodies and industry associations to stay abreast of the latest legal and regulatory developments, ensuring that operational practices comply with international anti-corruption standards and local legal requirements.

In May 2024, Nanjing Luye Pharmaceutical Co., Ltd., a subsidiary of the Group, participated in the "Jiangsu Province Pharmaceutical Industry Anti-Commercial Bribery Compliance Forum" and contributed as a speaker during the exchange session.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT

Material issue(s) in this section

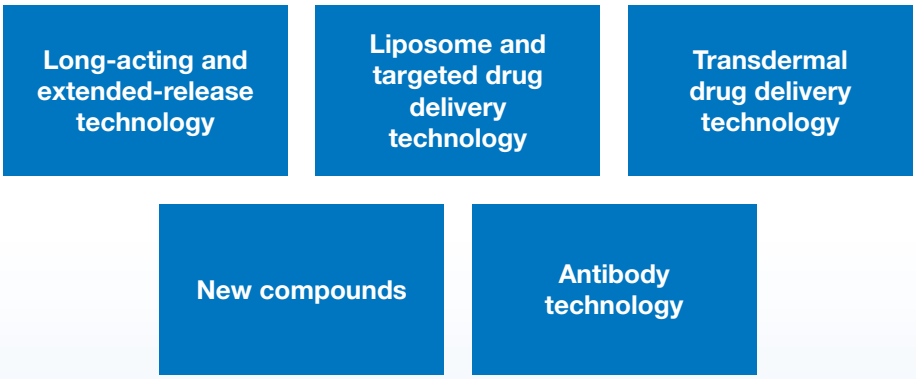
- Product R&D and innovation
- Drug production quality and adverse reaction management system
- Counterfeit and inferior drugs management
- Ethical sales and labeling management
- Customer privacy protection

5.1 Promoting Innovation in R&D

As an enterprise focused on biopharmaceutical R&D and manufacturing, Luye Pharma recognizes that independent innovation serves as the core driver for sustainable development. Through continuous investment in technological innovation and drug development, we consistently strengthen our intellectual property protection system and refine R&D management mechanisms. We are committed to delivering superior therapeutic solutions for patients across various disease areas while reinforcing the Group's competitive advantages in the industry. While pursuing scientific breakthroughs, we prioritize R&D ethics as our foremost consideration, strictly adhering to both international and local regulatory requirements to ensure the safety and rights of clinical trial participants are fully protected. Furthermore, we place strong emphasis on laboratory animal welfare, conducting scientific research with a responsible approach to maintain balance between innovative development and ethical compliance, demonstrating our respect and commitment to life sciences.

5.1.1 R&D System

Luye Pharma has reached the international advanced level in the field of advanced drug delivery technologies, including microspheres, liposomes and transdermal drugs, and continue to deepen the strategic layout and R&D investment in frontier fields of new molecular entities, biological antibodies, cells therapy and gene therapy. With innovation drive as the core, the Group has established a systematic R&D system mainly covering on the following five directions:



5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

Adhering to the global R&D strategy, Luye Pharma have set up professional research centers in the PRC, the United States and Europe. Each base has targeted specific medical fields for in-depth research according to regional advantages, forming an international collaborative innovation network. The national key laboratory for long-acting and targeting drug delivery system established by the Group in PRC is not only the first national scientific research platform in this field in China, but also represents our leading position in high-end preparation technology. The laboratory focuses on the research of innovative pharmaceutical preparations, and its three main research directions include development and research of long-acting drug delivery systems and drug release technologies, targeted drug delivery systems and drug release technologies, and high-end carrier materials for sustained and targeted drug delivery.

Global R&D Centers

R&D Center in the PRC	R&D Center in the United States	R&D Center in Europe
		
Mains Direction in R&D: Long-acting and Extended Release Technology Liposome and Targeted Drug Delivery Technology New Molecular Entity (NME) Platforms Biological Antibody Technology Innovative Medical Technology	**Mains Direction in R&D:** International R&D Collaboration Exploratory Study for Innovative Drugs	**Mains Direction in R&D:** Transdermal Drug Delivery Technology

With scientific resource allocation as the core, Luye Pharma continuously optimizes its R&D strategy and systematically promotes the development of innovative projects such as new dosage form development, new molecular entity (NME) R&D, biosimilars and new antibody products. We have built and continue to build various technological platforms, including new formulation and new molecular entity (NME) technology platforms, biological antibodies, and innovative therapies, so as to deeply explore the innovative potentials in these biologic fields. To date, the Group boasts over 30 marketed products, with business covering over 80 countries and regions in the world and it focuses on such disease areas as central nervous system, oncology and cardiovascular system.

Overseas market	Chinese market
Our sales network covers over 80 countries and regions worldwide, including major pharmaceutical markets and fast-growing emerging markets international emerging markets. It adopts both the B-to-B and the B-to-C business models. Its key products for overseas markets include Rykindo, Erzofri, Seroquel and Seroquel XR, Rivastigmine transdermal patches, Fentanyl transdermal patches, Buprenorphine transdermal patches, Xuezhikang capsules.	Collectivized operation and management are implemented, with products covering over 22,000 hospitals with different grades and levels in 31 provinces, cities, and autonomous regions in China. Among these products, oncology products cover about 2,900 hospitals and central nervous system products cover about 3,900 hospitals.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

During the Year, Luye Pharma had a pipeline of 23 candidate products in the PRC under various stages of development, 9 international development projects in total, 7 approved products for marketing in total, 5 clinical trials in total. As of the end of the Year, Luye Pharma's R&D team had 649 employees, including 58 holding a Ph.D. degree and 318 holding a Master's degree in medical, pharmaceutical and other related disciplines. The total investment in R&D projects amounted to RMB498.59 million.

Case: LY021702 (Mimeixin)

On 4 July 2024, Luye Pharma announced that its self-developed new analgesic drug Mimeixin® (oxycodone hydrochloride and naloxone hydrochloride sustained-release tablets) was approved for marketing by China's National Medical Products Administration (NMPA) on 28 June 2024, for the treatment of moderate to severe pain in adults, including cancer pain and non-cancer pain. Mimeixin® is an innovative formulation that combines the potent opioid analgesic oxycodone with the opioid receptor antagonist naloxone to provide sustained analgesia for up to 12 hours while effectively alleviating the side effects of opioid-induced constipation (OIC). The product also uses patented "medication-locking" technology to significantly reduce the risk of drug abuse.

As the first domestically oxycodone hydrochloride and naloxone hydrochloride sustained-release tablets in China, the marketing of Mimeixin® fills the gap in this therapeutic area in China. China implements strict fixed-point production and total amount control system for anaesthetic drugs. The successful approval of Mimeixin® demonstrates the R&D strength and quality management level of Luye Pharma in the field of special drugs.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

Case: LY03003 (Jinyouping)

On 20 June 2024, Luye Pharma announced that its self-developed innovative microsphere preparation Jinyouping® (Rotigotine Microspheres for Injection) has passed the priority review and approval process of NMPA and was officially approved for the treatment of Parkinson's disease (PD). Jinyouping® utilizes breakthrough microsphere technology to develop rotigotine, a dopamine receptor agonist into a once-weekly long-acting formulation. Compared to existing short-acting formulations requiring daily administration, the product demonstrates the following significant advantages:

1. Achieve sustained and stable drug release and maintain stable blood concentrations for 7 days;
2. Accord with the "Continuous Dopaminergic Stimulation (CDS)" therapeutic concept;
3. Effectively reduces symptom fluctuations and adverse reactions caused by drug concentration variability; and
4. The once-weekly medication significantly improves patient medication adherence.

As the world's first long-acting extended-release microsphere formulation for the treatment of PD, the marketing of Jinyouping® not only demonstrates Luye Pharma's innovative capabilities in microsphere technology platforms, but also further solidifies the Company's leading position in the central nervous system (CNS) therapeutic area. The successful development of this product marks the dawn of a new era in PD treatment through advanced long-acting drug delivery systems.

5.1.2 R&D Ethics

Protection of the Rights and Interests of Clinical Trial Participants

Luye Pharma places the protection of interests and safety of clinical trial participants at the core of its R&D efforts. We have established a comprehensive participant protection system, implementing the highest ethical standards from system design to execution levels. During the trial initiation phase, all clinical research protocols must undergo rigorous review by independent ethics committees to ensure the trial design meets both scientific rigor and embodies humanistic care. Particular emphasis is placed on the standardization of the informed consent process, requiring researchers to clearly explain key information such as trial purpose, procedures, anticipated risks, and potential benefits in a manner understandable to participants. Informed consent forms are only signed after participants have fully understood the information and voluntarily agreed to participate.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

To comprehensively safeguard the interests of participants, we have established a dual protection mechanism: on one hand, procuring professional liability insurance for all clinical trials, and on the other, setting up a dedicated medical compensation fund to ensure participants receive necessary medical care during and after the trial. In terms of personal data protection, we adopt measures to protect the privacy of our participants and prevent personal information leakage. We are committed to ensuring the due rights of the participants when they are participating in clinical trials through the following measures:

Right to know

- Participants are given full explanations of the important matters related to the research, such as the purpose of the study, the study background, methodologies and procedures of the experiment drugs, to ensure that they have a clear understanding of the content and potential risks of the clinical trials.
- Participants will be promptly notified and be allowed to decide whether to continue to participate in the study when the latest information about the drug safety is made available during the course of the study.
- If a participant is unclear about the study or wants to have more information, the participant shall have the liberty to ask questions any time, and study physician or staff will reply as much as possible.

Right to free choice

- The study physician will explain the study in detail to the participants during their first interview, while the latter need to read and sign the informed consent agreement on their decision as to whether to participate or not.
- Participants will be informed that joining the study is not the only option they have; study physician will explain to participants on alternative clinical studies or alternative treatment solutions that are still effective for their ailment, as well as related risks and benefits.
- Participants may refuse to participate in or withdraw from the clinical trials at any time without providing any reasons, and the withdrawal will not have any impact on their medical rights.

Right to privacy

- All information collected from the clinical trials will be kept confidential in accordance with relevant laws and regulations. The personnel, government, national drug regulators and assessment institutions that are involved in Luye Pharma's clinical trials shall have the right to view the medical records of participants to give confirmation to the clinical trial procedures and data but would only do so on the condition that they will not violate the privacy of the participants.
- The personal information and related information of the participants shall be strictly confidential. Study records will not be identified by the participants' full name or any detailed address. Instead, we shall use the participants' pinyin abbreviation, date of birth, gender and assigned number when the relevant study data is to be recorded.

Other rights

- Compensation will be made to the participants for the time and inconvenience incurred due to participation in the study, such as the provision of nutrition subsidies and transportation subsidies.
- All trial-related medications and treatments will be provided to the participants for free during the time period when the trial is proceeding.
- We will take necessary medical measures and active treatments, and take up the responsibility for relevant medical expenses and corresponding economic compensation if the participants suffer from any injuries related to the study.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

Animal Experiment Management

Luye Pharma consistently adheres to the core philosophy of respecting life in drug development and research, treating laboratory animal welfare as a crucial component of R&D ethics. We have formulated a rigorous Animal Laboratory Management and Animal Ethics Welfare System (《動物實驗室管理及動物倫理福利制度》) to comprehensively regulate the use, breeding, and management procedures of laboratory animals. This ensures that every step – from animal procurement and transportation to experimental operations and daily care – complies with the highest bioethical standards.

In practice, we strictly adhere to the national standard – Guideline for Ethical Review of Animal Welfare (《實驗動物福利倫理審查指南》) (GB/T 35892-2018), implementing "Three R Principles" (Replacement, Reduction and Refinement) and the "Five Freedoms" (freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury and disease, freedom to express normal behavior, and freedom from fear and distress) as fundamental guidelines. To ensure compliance in animal experiment and fulfill our commitment to life and responsibility, we have implemented the following concrete measures:

Relevant measures for laboratory animal management

Animal laboratory use management	Laboratory animal use management	Laboratory animal feeding management
• All laboratories of Luye Pharma that are involved in animal experiments have obtained the "Laboratory Animal Use License" (實驗動物使用許可證) • The personnel engaged in animal experiments are required to hold a certificate for animal testing practitioners • Animal experimental activities can only be carried out after the application for laboratory use is submitted and approved	• We shall submit the IACUC application in advance and comply with the ethical review system • In the process of experiments, we follow the principle of "gentle and stable, kindness and comfort, and reduce the animals' pain and stress response", and without prejudice to the experimental operation, we endeavor to minimize behavioral restriction imposed on experimental animals. Meanwhile, we adopt measures to avoid or relieve the pain or injury caused to animals, which are not directly related to the purpose of the experiment • At the end of the experiment, euthanasia shall be used to reduce the pain of animals	• We shall purchase laboratory animals from the entities in possession of the "Laboratory Animal Production License" (實驗動物生產許可證) to ensure that each batch of animals is accompanied by a quality certificate. Laboratory animals can be used in experiments after being received and having passed quarantine observation • Animals' feed shall be purchased from the suppliers who have obtained the "Laboratory Animals' Feed Production License" (實驗動物飼料生產許可證) and shall be stored in the feed warehouse by categories, so as to ensure that the feed meets the specifications and nutritional standards • Every year, experts are entrusted with testing the key indicators (such as temperature and humidity) of the animal feeding environment to ensure compliance with the requirements of the laboratory animal environment and facilities

Ethical Review Mechanism

Luye Pharma consistently places ethical compliance in clinical research at the forefront of its operations. We have established a strict ethical review mechanism to ensure all clinical trials adhere to the highest ethical standards. The Company's Ethics Committee conducts periodic systematic reviews of all drug clinical studies, with particular emphasis on verifying the completeness and compliance of core documents including clinical study protocols, informed consent forms, and investigator brochures. Throughout clinical trial implementation, any material amendments such as significant protocol modifications, updates to informed consent document, or changes of principal investigator brochures must be promptly submitted to the Ethics Committee for review, with implementation permitted only upon obtaining formal approval.

We mandate that all approved clinical research programs must be strictly implemented in accordance with the unified protocols reviewed and approved by Luye Pharma's Ethics Committee. These protocols not only comply with regulatory requirements including the Good Clinical Practice (《藥物臨床試驗質量管理規範》) standards issued by China's National Medical Products Administration (NMPA), but also rigorously adhere to internationally recognized ethical guidelines such as the Declaration of Helsinki (《赫爾辛基宣言》) and International Council for Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) guidelines. The Ethics Committee conducts regular follow-up reviews of ongoing clinical trials to ensure continuous compliance with established ethical standards, while promptly identifying and addressing any potential ethical issues that may arise during the research process.

5.1.3 Protection of Scientific Research Results

Luye Pharma remains committed to independent innovation, regarding intellectual property protection as a core strategy for the Group's innovative development. Our intellectual property department has established a comprehensive intellectual property management system guided by an "Intellectual Property Strategy" approach and "independent technological innovation" as the basis. Throughout the entire process spanning technology R&D, product manufacturing, and market promotion, we systematically integrate intellectual property protection measures to ensure unified integration of technological leadership, market exclusivity, and legal safeguards, and strive to build an innovative pharmaceutical enterprise with international competitiveness.

We strictly abide by the laws and regulations that have a significant impact on us, such as the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), and has developed a comprehensive suite of intellectual property management systems combined with the actual situation of enterprises, including the Technical Secret Management Standards (Trial) (《技術秘密管理規範(試行)》), the Patent Management System (《專利管理制度》), the Inventor's Recognition System (《發明人署名制度》), and the Control Procedures for Use of Intellectual Property Rights (《知識產權運用控制程序》). These systems explicitly standardize the organizational structure, division of responsibilities, and operational procedures for intellectual property management, thereby providing protection for the Company's innovation achievements across all dimensions.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

Among which, the Patent Management System of Luye Pharma Group Ltd. (《绿叶制药集團有限公司專利管理制度》) specifies in detail the organizational structure, personnel responsibilities, property rights management, information utilization and implementation transformation of patent work, so as to ensure the standardization of patent application, maintenance and application. The Technical Secret Management Standards (《技術秘密管理規範》) focuses on strengthening technical confidentiality in the process of research and development, effectively preventing the risk of technology leakage and safeguarding the legitimate rights of enterprises and inventors through measures such as hierarchical management, authority control and file protection.

As of the end of the Year, the number of patents granted and currently under application of Luye Pharma in the PRC and overseas is as follows:

Patent Registration

	Valid authorized patents	Valid patents under application
PRC	275	78
Overseas	580	120

Trademark Registration

	Valid authorized trademarks	Valid trademarks under application
PRC	608	11
Overseas	783	58

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

5.1.4 Management of National-Supported Projects

Adhering to its core development concept of technological innovation, the Group actively responds to the national innovation-driven development strategy while continuously deepening its participation in national-level key scientific research projects and major research initiatives. At the implementation level, the Group has established specialized management teams comprising cross-disciplinary experts to systematically execute project planning, resource allocation and quality control through standardized processes and dynamic risk assessment mechanisms, ensuring all research complies with internationally recognized scientific norms and technical standards. To strengthen our innovation foundation, we have established strategic partnerships with leading global academic institutions, national laboratories and industry authorities, creating an open innovation ecosystem through joint laboratories, technology exchange platforms and talent development programs that effectively integrate transnational R&D resources and cutting-edge technological achievements.

In industrial application, the Group emphasizes two-way alignment between clinical needs and technological R&D, establishing a complete value chain spanning from fundamental research to commercial application. Through comprehensive patent portfolios and a robust intellectual property management system, we have successfully transformed multiple core technologies into market-competitive innovative products. Looking ahead, Luye Pharma will continue to intensify investment in R&D investment, closely align with national strategic development priorities in healthcare, and focus on addressing unmet clinical needs and breakthrough frontier technologies, thereby making greater contributions to industry advancement and societal development.

Case: Boan Biotech Successfully Designated as a National Specialized and New "Little Giant" Enterprise

"Specialized and new" refers to small and medium enterprises (SMEs) with specialized, refined, distinctive and innovative characteristics, among which top performers recognized as specialized and new "Little Giant" enterprises. Boan Biotech has been successfully awarded as a national specialized and new "Little Giant" enterprise in the field of biopharmaceutical by virtue of its excellent innovation ability, leading core technology, significant market competitive advantage and excellent quality and benefit performance.

As an industry benchmark, Boan Biotech will take this recognition as a new starting point and focus on playing a demonstration and leading role in the following aspects: deepening innovative biopharmaceutical R&D, breaking through key core technology bottlenecks, participating in industry standard formulation, strengthening professional talent cultivation, and promoting high-quality development of biopharmaceutical industry through continuous technological innovation. This honor not only recognizes Boan Biotech's past achievements, but also inspires its future development. Boan Biotech will continue to maintain innovative vitality and make greater contributions to enhancing the competitiveness of China's biopharmaceutical industry.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

5.1.5 Key Laboratory Management

The Group has established specialized research institutions including drug development laboratory, formulation development laboratory, production process laboratory, and testing and analysis laboratory, covering the entire R&D chain from drug discovery to industrial application. To ensure operational efficiency and technological leadership, we continuously enhance infrastructure development and management system optimization to systematically improve R&D productivity and innovation capabilities. The Group has formed a professional management team responsible for comprehensive laboratory planning, design, decoration construction, equipment procurement, and daily operations management, ensuring all experimental environments comply with international standards and industry regulations. At the same time, we actively introduce globally advanced research equipment and technology platforms to promote the standardization, digitalization and informatization of laboratory operations, thereby enhancing research data accuracy and experimental efficiency.

Case: Beijing WPU Passed the Laboratory Accreditation Re-review by the China National Accreditation Service for Conformity Assessment (CNAS)

In 2024, Beijing WPU has maintained the excellent operation of its CNAS-accredited laboratory. The laboratory successfully passed the rigorous assessment by China National Accreditation Service for Conformity Assessment (CNAS) in March 2023, with its accreditation valid until 19 March 2029.


中国合格评定国家认可委员会
实验室认可证书
（注册号：CNAS L9805）
兹证明：
北京北大维信生物科技有限公司质量管理部实验室
北京市海淀区中关村永丰基地永盛北路2号，100094
符合 ISO/IEC 17025：2017《检测和校准实验室能力的通用要求》（CNAS-CL01《检测和校准实验室能力认可准则》）的要求，具备承担本证书附件所列服务能力，予以认可。
获认可的能力范围见标有相同认可注册号的证书附件，证书附件是本证书组成部分。
生效日期：2023-03-20
截止日期：2029-03-19
中国合格评定国家认可委员会授权人

Following CNAS accreditation, the laboratory has demonstrated significant improvements in personnel quality, management systems, and technical capabilities. This certification not only means that the laboratory's testing competence in compliance with international standards but has also substantially enhanced its professional reputation and market competitiveness. Currently the laboratory has been officially listed in the national accreditation registry and continues to receive regular supervision and review to ensure its testing services consistently maintain internationally recognized quality standards.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

5.2 Superior Quality Assurance

Luye Pharma, with innovative medical solutions at its core, continues to provide high-quality drugs and professional customer service, contributing to the global health initiatives. To ensure our products meet the highest standards of safety and performance, we have implemented a rigorous quality supervision system and refined production processes, strictly adhering to international GMP standards and national drug regulatory requirements at every stage – from raw material procurement and formulation development to process optimization and finished product testing. The Group also guarantees that our medical devices undergo comprehensive quality inspections prior to reaching consumers. In addition, our quality management system has not only obtained multiple internationally recognized certifications but has also established continuous improvement mechanisms, regularly conducting internal audits and process optimization to adapt to increasingly stringent global regulatory requirements.

At the same time, we offer high-quality services to our customers wholeheartedly. Our efforts are always centered on customer needs and satisfaction, and we strive to improve customer experience and increase customer value in the whole process of product development, manufacturing, and after-sales support. We will make greater contributions to the global medical and health with a more rigorous attitude, more advanced technology and a better service system, so that more patients can enjoy the health benefits brought by innovative medicine.

5.2.1 Drug Quality Management

Luye Pharma consistently prioritizes drug quality and patient safety, strictly adhering to the Law of the People's Republic of China on the Administration of Pharmaceuticals (《中華人民共和國藥品管理法》), the Implementation Regulations on the Law of the People's Republic of China on the Administration of Pharmaceuticals (《中華人民共和國藥品管理法實施條例》) and other supporting regulations, while fully implementing all standards of the Good Manufacturing Practices for Pharmaceutical Products (《藥品生產質量管理規範》) (GMP). We have established a comprehensive quality management system covering the entire drug lifecycle, which not only fully complies with national drug regulatory requirements but also systematically designs for the company's own production characteristics, ensuring every process from raw material intake to finished product release remains under stringent control.

In terms of quality management system construction, we have set clear quality objectives, policies and targets, and have integrated the requirements in relation to the safety, efficacy and quality control of pharmaceutical products into the whole process of material management, production process, quality control, product release, storage and transportation. We promise to meet and even surpass GMP standards by continuously optimizing our quality control system, to ensure that our pharmaceutical products reach the highest standards in terms of safety and efficacy.

Quality objectives	to pursue higher quality in order to meet customers' needs
Quality approaches	to put quality as primary, integrity as basis, innovation as priority, aiming at serving for human health, pursuing higher quality and satisfying customers' needs
Quality goals	to ensure product quality and supply to meet market demand with 100% passing rate for market sampling of product and zero quality accident throughout the Year. Other factors are determined on an annual basis

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

Each production base of Luye Pharma consistently upholds rigorous quality management principles, systematically establishing and continuously enhancing efficient quality control systems. Under the guidance of the Group's unified quality strategy, each production base has formulated specific annual quality objectives and quantitative evaluation standards in combination with its own characteristics. Through regular quality analysis meetings, we conduct comprehensive audits and assessments of target achievement, followed by the formulation of targeted improvement plans. These enhancement measures span multiple dimensions including production process optimization, equipment technology upgrades, professional staff training, and quality management innovation, fundamentally ensuring sustained product quality improvement. Additionally, each production base of Luye Pharma continuously seeks new scientific research technologies and management methods to address new challenges and opportunities in the industry, further strengthening the quality control system. The quality assessment results of the production bases during the Year demonstrate that all production bases have successfully achieved the established quality objectives, and all of the production bases met their respective quality objectives during the Year, further verifying the effectiveness of the current quality management system.

Luye Pharma's GMP Pharmaceutical Quality Management System

Management aspects	Management systems
• Quality management • Deviation management • Plant and facility management • Equipment management • Materials and product management • File management • Manufacturing management • Quality control and quality assurance • Product transportation and shipment, and recall management • Self-inspection management	• Management standards • Operation standards • Process documentation • Risk assessment report • Voucher record • Accounts record • Warehouse cleaning • Process specifications • Batch production, and batch packaging records • Technical standards

Luye Pharma's Quality Assurance (QA) and Quality Control (QC) departments serve as the core organization of drug quality management, bearing critical responsibilities for ensuring product quality compliance. The QA department is responsible for establishing and maintaining a complete quality management system, with operational scope encompassing the formulation of quality policies and objectives, preparing quality manuals and procedural documents, supervising compliance of production processes and organizing internal audit to ensure that the quality of the production process meets relevant regulations and standards. The QC department is responsible for developing and implementing drug quality control plans, inspection standards, and inspection methods, to ensure that the quality of drugs meets standards and regulations. and meanwhile responsible for reviewing the documents relating to the GMP pharmaceutical quality management system, ensuring that production management and quality control activities are complied with relevant laws and regulations for pharmaceutical products. While other functional departments are in charge of cooperating and participating in drug quality management.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

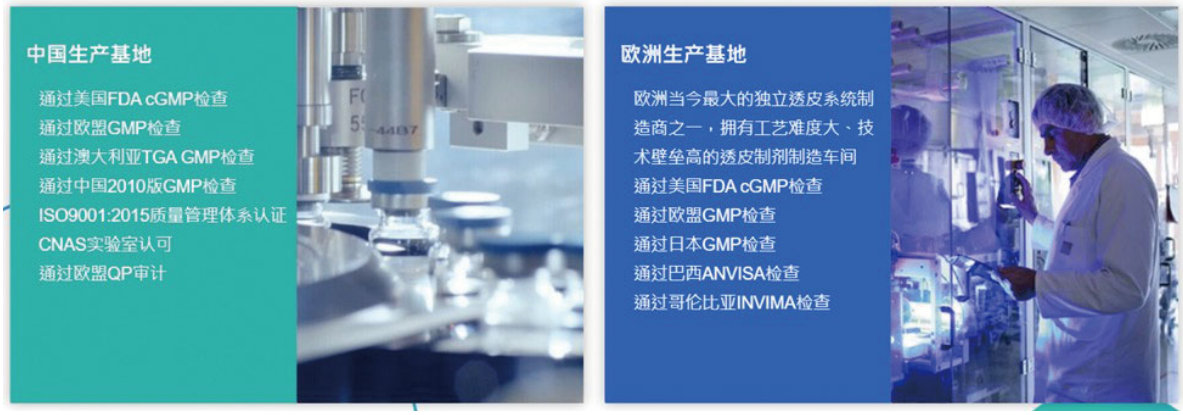
The management overview of each section under Luye Pharma's GMP quality management system is as follows:

Drug production Process management	• Production management procedures and operation procedures are established under the requirements of GMP to bring the whole process of drug production into the management of the GMP system; • Production is strictly based on the approved prescription process to ensure that the drugs produced meet the intended use and registration requirements.
Quality control procedures for drug products	• Establishing quality control system related management documents and standard operation procedures (SOP), including corporate internal control quality standards for materials, intermediate products, and finished goods, various inspection operation procedures, and management procedures for various inspection instruments, equipment and reagents, etc., to realize quality control of the whole process of receiving materials, producing products and inspecting finished products.
Product launch, storage and shipment procedures	• Formulating relevant documents to manage the whole process of product release, storage and shipment to ensure that the whole process of product release, storage, and transportation and shipment can meet the requirements of GMP.
Quality risk management	• Establishing the quality risk management system, which assesses and controls the identified quality risks, minimizes risks, thereby ensuring the safety and effectiveness of drugs and the quality of drugs conforms to legal standards and is suitable for intended use.
Quality assurance procedure	• Formulating and implementing quality management such as the Self-inspection Management Procedures, Quality Review Management Procedures and Corrective and Preventive Actions (CAPA) Management Regulations to standardize verification management, alteration management, deviation management, CAPA, etc., and to control quality risks by corrective actions and preventive measures for ensuring product quality.
Annual product quality review analysis	• Conducting annual quality review on all registered products, assessing whether product quality is under continuous control and whether improvement or preventive actions are needed. • Including the product stability experimental results and any bad trend and all matters in relation to the returns, complaints and recalls resulting from product quality in the key contents of the annual product quality review report.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

Quality Inspection and Certification that Luye Pharma's Production Lines have passed

During the Year, a number of products and production lines of Luye Pharma passed the GMP compliance test in China. All of the production bases in Boan Biotech, Beijing WPU, Shandong and Nanjing have obtained ISO9001 quality management system certification.



ISO9001 quality management system certification

Nanjing production base ISO9001:2015

Shandong production base ISO9001:2015

Boan Biotech ISO9001:2015

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

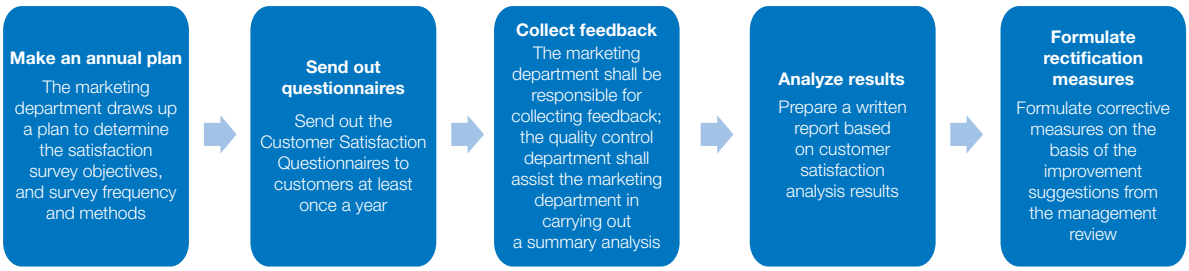
5.2.2 Quality Customer Services

Customer satisfaction surveys

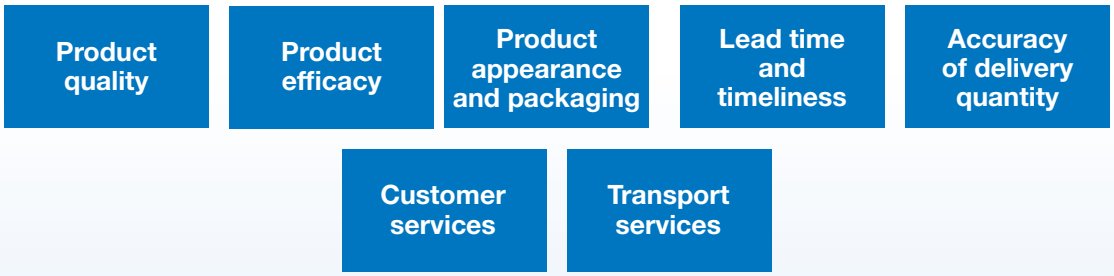
We recognize that customers' suggestions and needs are valuable resources for the Group's continuous improvement. Thus, the Group are committed to refining our customer satisfaction management system to systematically collect, analyze, and respond to customer feedback. Through regular multi-dimensional customer satisfaction surveys, we gain in-depth insights into customers' genuine evaluations of various aspects, including product efficacy, safety, ease of use, and after-sales service. These precious market feedbacks not only help us promptly identify opportunities for improvement in service processes but also provide important references for product innovation and quality enhancement.

At the specific implementation level, each business unit under the Group has established standardized customer feedback management mechanisms. Boan Biotech strictly adheres to the Customers-Related Requirements Review and Control Procedures (《與顧客有關要求評審控制程序》), which clearly defines comprehensive process management requirements spanning from customer needs identification, evaluation to implementation of improvements, ensuring timely and effective resolution of customer feedback. Meanwhile, the Shandong and Nanjing production bases follow the Customer Satisfaction Measurement and Control Management Protocol (《顧客滿意度測評控制管理規程》). They employ a combination of quantitative and qualitative research methods to periodically collect feedback from diverse client groups such as medical institutions and distributors. These insights are then analyzed in dedicated meetings to translate customer input into concrete improvement measures.

Customer satisfaction monitoring procedures



Customer satisfaction evaluation indicators



5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

Customer complaint handling

Luye Pharma attaches great importance to customer feedback and complaint handling, having established a comprehensive customer complaint management system. We have formulated and strictly implemented the Complaint Management Regulations (《投訴管理規程》) and Complaint Handling Operation Procedures (《投訴處理操作規程》). These regulations clearly standardize the full-process management requirements from complaint receipt, investigation and analysis to rectification and implementation, ensuring that the handling of all customer issues meets high-standard requirements.

Division of labour amongst its functional groups in handling complaint management

Quality Control Department	Production, supply chain and engineering departments	Quality manager/person in charge of quality	Business personnel in the medical department
To be in full charge of quality complaint handling	To cooperate with the investigation of complaints and carry out corrective and preventive measures	To be in full charge of emergency handling of quality complaints and approval for preventive measures	To communicate with customers directly and know about the concrete content of complaints

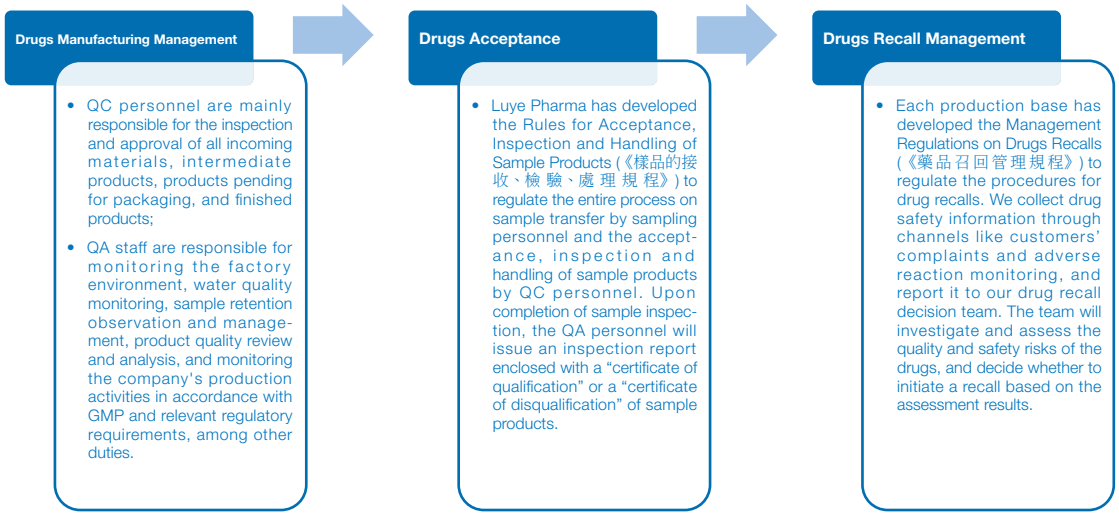
A systematic process is adopted for our complaint handling. Firstly, we sort and record the feedback we received. Upon receiving customer feedback, our complaint management-related functional departments will immediately initiate a standardized processing procedure: first, conduct detailed classification, registration, and tracking to ensure that each piece of feedback is fully recorded and followed up. For complaints involving product quality, we strictly carry out a comprehensive investigation in accordance with the Guidelines on Handling Product Problems (《產品問題處理指南》), complete root cause analysis within the committed time frame, and use advanced risk assessment tools for systematic evaluation. Based on this analysis, we will formulate targeted corrective measures and follow the Implementation Specification on Corrective Measures (《改正措施實施規範》) for continuous monitoring. Through regular audits and effectiveness evaluations, we ensure the effectiveness of these measures, thereby achieving continuous improvement in product safety and quality.

Furthermore, we attach great importance to customers' suggestions and opinions. We have formulated a series of targeted optimization measures after comprehensively analyzing the feedback, which cover not only the continuous improvement in product and service quality but also process optimization and more effective communication. We aim to continuously enhance our service quality and management level through this systematic complaint management and feedback handling process, thereby improving customer satisfaction and trust.

During the Year, Luye Pharma had received a total of 40 complaints in relation to drugs quality and safety, customer consultation, customer service and others, none of which involved product recall. We promptly handled all complaints in accordance with the aforementioned complaint handling process, actively responding to customers' requests.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

Luye Pharma has formulated a product recall process to ensure that effective actions can be taken in time when quality or safety problems are identified, so as to protect the interests of consumers and our brand reputation. The specific product recall process is as follows:



During the Year, Luye Pharma had made no recalls of sold or shipped products for safety and health reasons.

5.3 Ethical Marketing

The Group is committed to maintaining compliance and ethical standards in drug promotion and has established a rigorous compliance management system in the field of drug promotion. We strictly adhere to relevant laws and regulations such as the Law of the People's Republic of China on the Administration of Pharmaceuticals (《中華人民共和國藥品管理法》) and the Code of Conduct for Employees in Medical Institutions (《醫療機構從業人員行為規範》) and have formulated the Code of Conduct for Pharmaceuticals Promotion (《藥品推廣行為準則》) on this basis. The Code clearly defines the behavioral boundaries and ethical requirements for various aspects including academic promotion, commercial sponsorships, and customer interactions, and clearly communicates to our employees the behavioral and ethical norms to be observed in promotional activities to avoid any improper conduct. To ensure the effective implementation of these standards, we also provide comprehensive employee training covering regulations and ethical standards to ensure that each staff understands and implements these key regulations.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

Luye Pharma has established the strict marketing compliance management system, ensuring that all marketing and promotion activities comply with laws, regulations, and internal company standards through a systematic monitoring mechanism. We conduct comprehensive supervision of the promotional activities of marketing personnel and regularly carry out internal audits to verify their compliance. For any identified non-compliant behaviors, the Company will take corresponding corrective measures according to the severity of the circumstances, including but not limited to warnings, suspension of qualifications, or termination of labor relations.

While adhering to compliant operations, we always place great importance on the quality of customer service. The Company has established a professional customer support team and standardized service processes, dedicated to providing customers with timely and accurate product information and professional support. We regularly collect customer feedback and continuously optimize our service system, striving to create maximum value for customers while complying with regulatory requirements.

Code of pharmaceuticals promotion

Luye Pharma takes the Code of Conduct for Pharmaceuticals Promotion (《藥品推廣行為準則》) as the fundamental standard for all employees to carry out marketing and promotion activities. This code systematically expounds the compliance requirements and professional ethical standards in the process of drug promotion. The document details core elements such as the approval procedures and usage norms for promotion funds, the organizational principles for academic conferences, the content review standards for promotional materials, and the accuracy requirements for information disclosure, providing clear operational guidelines for all marketing activities. All employees of the Group shall know about and strictly comply with the provisions of the Code. We also require our employees to sign to confirm that they have correctly understood the detailed rules and regulations of the Code and promise to comply with the provisions of the Code in the Group's pharmaceuticals promotion activities, large-scale activities, distribution of promotion materials or other activities.

Drug promotion information	The promotion of drug information shall be conducted according to the basic principles of consistency, accuracy and scientificity, and avoid any misleading content.
Management of Promotion Funds	When using promotion funds, employees must comply with the Group's financial management system and relevant laws and regulations, and shall not engage in any irregular behavior.
Academic exchanges of healthcare professionals	In the academic exchange activities, our employees shall focus on providing scientific or educational information and disseminating relevant drug information. When participating the activities with different natures, our employees shall follow relevant points for attention, including not to take the opportunity to promote drugs to health-care professionals, and not to influence the prescribing rights of health-care professionals by any means.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

Product label management

Luye Pharma strictly complies with relevant national pharmaceutical regulatory laws and regulations. In the design of product labels and package inserts, we fully adhere to the content specifications approved by the National Medical Products Administration of China, ensuring that all key information such as written descriptions, indications, usage and dosage, and contraindications are completely consistent with official approval documents.

In terms of product advertising, we strictly observe the provisions of the Law of the People's Republic of China on the Administration of Pharmaceuticals (《中華人民共和國藥品管理法》) and the Measures for the Examination of Drug Advertisements (《藥品廣告審查辦法》). All advertisements are subject to the advertising approval and filing system, ensuring that each advertisement obtains a valid approval number before being published on designated platforms. We place particular emphasis on the scientific validity and truthfulness of advertising content: all efficacy claims are supported by clinical trial data to ensure the authenticity and accuracy of the advertisements, while avoiding any misleading or fraudulent practices.

Information security and privacy protection

Luye Pharma Group regards the protection of customer privacy and information security as an important part of its corporate social responsibility. We strictly comply with relevant national laws and regulations such as the Personal Information Protection Law (《個人信息保護法》) and the Data Security Law (《數據安全法》), and have established complete the Personal Data Protection Policy (《個人數據保護政策》) and supporting implementation rules to systematically regulate the full-process management of customer information collection, storage, use, and destruction. In addition, we continuously optimize information protection technologies and measures. For example, firstly, we use encryption technology for personal information stored electronically to prevent the information from being illegally accessed or tampered with during transmission and storage; secondly, for sensitive discarded documents containing personal information, relevant personnel destroy them in time according to the correct process to avoid the leakage of personal information. All employees of the Group shall receive comprehensive privacy protection training to ensure that they can properly manage and protect sensitive information and avoid information leakage and damage risk.

Medicines affordability and accessibility

Luye Pharma Group adheres to the patient-oriented principle and is committed to enabling more patients to access high-quality and affordable drug treatments. In terms of drug pricing strategies, we have established a scientific and transparent price management system, comprehensively considering factors such as R&D costs, production investments, and patients' payment capabilities to ensure the rationality of drug pricing. Most of our products have been included in the "National Basic Medical Insurance, Work Injury Insurance and Maternity Insurance Drug Catalog (2024)" (《國家基本醫療保險、工傷保險和生育保險藥品目錄》(2024年版)), in which the average reimbursement rate of Category A drugs is 90-100% and that of category B drugs is 70-80%, effectively reducing the medication burden of patients. To further enhance drug accessibility, the Group has built a diversified sales network system. We have also actively expanded our sales channels, such as offline hospitals, pharmacies beside hospitals, Internet hospitals, e-tailers and offline retailers, to further spread the coverage of drugs.

5. PROFESSIONAL-LED INNOVATION AND HUMAN HEALTH EMPOWERMENT (CONTINUED)

In 2024, some highlights of our efforts in promoting medicine accessibility and affordability are as follows:

Ruoxinlin accessibility and sales strategy

As an innovative antidepressant independently developed by Luye Pharma, Ruoxinlin (Toludesvenlafaxine Hydrochloride Sustained-Release Tablets) successfully passed the national medical insurance drug list negotiation in 2024 and was included in the medical insurance reimbursement scope at a more reasonable price. This significant progress has remarkably improved the accessibility of the drug, providing depression patients with a treatment option that has proven efficacy and a lighter financial burden.

In terms of commercialization strategy, Ruoxinlin has established an omnichannel sales network covering both online and offline channels. Currently, more than 660 medical institutions nationwide have included the drug in their prescription lists. Meanwhile, through multiple channels such as internet hospitals, online pharmacies, and physical pharmacies, patients are ensured convenient access to the drug. As of the end of the Reporting Period, the drug has cumulatively benefited over 25,000 depression patients, providing them with professional and standardized treatment plans.

Boyounuo® assistance project for patients

To effectively reduce the financial burden on patients with malignant tumors and promote access to standardized treatment, Shandong Boan Biotechnology Co., Ltd. (山東博安生物技術有限公司), a subsidiary of the Group, continued to carry out charity donation programs in 2024, providing free-of-charge the self-developed anti-tumor biologic drug Boyounuo® (bevacizumab injection) to the Beijing Health Alliance Charitable Foundation. Strictly complying with relevant regulatory requirements, this charitable assistance program has established standardized application procedures and review criteria. Patients who meet the medical and financial hardship criteria can receive drug assistance after submitting complete application materials and passing professional review.

Management of counterfeit and substandard drugs

Luye Pharma always places consumer rights protection and medication safety at the forefront of its business operations. We strictly adhere to relevant laws and regulations such as the Law of the People's Republic of China on the Administration of Pharmaceuticals (《中華人民共和國藥品管理法》) and the Measures for the Reporting and Monitoring of Adverse Drug Reactions (《藥品不良反應報告和監測管理辦法》), and have established a quality and safety management system that spans the entire lifecycle of drugs. In supply chain management, we implement a strict supplier audit system to control the quality of raw materials from the source, and achieve full-process monitoring of product circulation through a digital traceability system. In addition, we have also taken effective measures, including standardizing the drug adverse reaction monitoring process in accordance with the Adverse Reaction and Technical Complaint Monitoring Management Process of Luye Pharma (《绿叶制药藥品不良反應和技術性投訴監測管理流程》), to ensure public medication safety.

6. SUSTAINABLE SUPPLY CHAIN MANAGEMENT

Luye Pharma regards sustainable supply chain management as a key pillar of its ESG strategy, ensuring that all links in the supply chain meet high standards of environmental protection, social responsibility, and corporate governance through a systematic management mechanism. We have established a complete supplier management system and formulated a series of regulatory documents, including the Management Regulations on Suppliers (《供應商管理規程》), the Procurement Management Rules (《採購管理細則》), the Procurement Manual (《採購手冊》), and R&D Pharmaceutical Commissioning Production Management Procedures (《研發藥品委託生產管理規程》). These systems not only define the standardized processes for the Group's supply chain management but also provide clear behavioral guidelines for suppliers, contractors, and other partners, covering performance monitoring and evaluation in areas such as environmental management, occupational health and safety, and product quality.

The following is the main process of supplier management in the development of our R&D Drug Commissioning Production Management Codes (《研發藥品委託生產管理規範》):

Luye Pharma's sustainable supply chain system is primarily composed of two categories of partners: CMO/CDMO enterprises undertaking contract manufacturing, and suppliers providing professional equipment and raw materials. To ensure that production standards and product quality at all supply chain stages meet strict requirements, we have established a systematic supplier evaluation mechanism.

At the supplier selection stage, we implement a multi-level evaluation process, comprehensively considering key indicators such as production technology compatibility, completeness of compliance qualifications, and past cooperation performance. During the evaluation, we collect empirical data through daily business interactions (including order execution, logistics tracking, and document management), and require suppliers to provide complete key documents such as intellectual property certificates and quality certification documents as objective evidence for review. In terms of performance management, we adopt a multi-dimensional evaluation system covering quantitative indicators such as product quality stability, delivery accuracy rate, and ESG compliance performance, and conduct comprehensive assessments by integrating on-site audit results and sample testing data to ensure the objectivity and reliability of the evaluation process and analytical outcomes.

The CMO Management Department shall be responsible for supervising, communicating, and coordinating the investigation and screening of suppliers, and giving priority to suppliers that meet business requirements and performance standards, including:

- Collecting the information on CMO/CDMO and conducting preliminary assessment;
- Conducting due diligence on potential partners by on-site inspection and preparing a due diligence report;
- Inviting project quotations from potential cooperative suppliers and selecting cost-effective suppliers; and
- Establishing and updating CMO/CDMO catalogs.

6. SUSTAINABLE SUPPLY CHAIN MANAGEMENT (CONTINUED)

The selection of suppliers shall follow the principle of open and fair competition, and try to select suppliers with good reputations to reduce the procurement costs and risks. Some of the supplier selection practices include but not limited to:

Operating management levels	We mainly consider suppliers' market position, professional skills, technical and service support capabilities, compliance management, confidence, and intellectual property concepts, among other comprehensive operation and management levels.
Cost and product quality factors	Price, quality standards, supply position, company scale, credit risk, sales and after-sales services, etc..
EHS management performance	When assessing a supplier's qualification, we usually review its EHS performance, including whether its environmental and occupational health and safety management system has passed ISO14001 environmental management system certification, OHSAS18001 occupational health and safety certification, and whether its holds pollutant discharge permits.
Laws and regulations, industry and international standards	Suppliers shall have the licenses required by laws and regulations and meet international production standards.

In addition, Luye Pharma actively promotes green procurement. The environmentally-friendly procurement practices we have developed and implemented include:

- products with environmental protection certification documents and environmental protection grade labels will be preferred in the purchase of office supplies, and products that are environmentally friendly with low energy consumption will be considered when purchasing electrical products; for example, energy-saving LED lamps shall be used, with newly purchased electrical devices to meet China IV energy efficiency label or above;
- E0-grade panels that meet the new international testing standards will be preferred in the bidding of office furniture when considering the environmental grade of the products tendered;
- phosphorus-free environmentally friendly detergents shall be purchased and used;
- no use of snow melting agent in winter;
- energy-saving LED lamps shall be used, with newly purchased vehicles to meet China V Emission Standard or above; and
- the procurement and use of chemicals shall follow the principle of reduction and substitution.

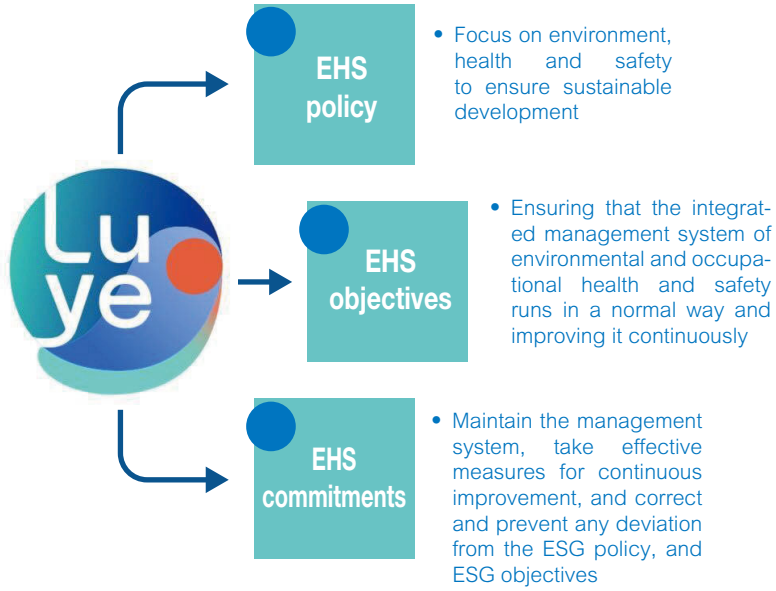
During the Year, Luye Pharma had 13,604 domestic suppliers and 479 overseas suppliers, and the above supplier engagement practices apply to all suppliers to ensure the sustainability of our supply chain.

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION

Material issue(s) in this section

- Emission and management of air pollutants
- Water resource utilization and Sewage discharge management
- Wastes discharge and management

Environmental protection and production safety are the cornerstones of the Group's responsible operations and sustainable development. We actively take actions to promote sustainable development in environment and reduce the negative impacts of our production and operations on the environment, undertaking our responsibilities and obligations as an enterprise citizen. Insisting on our production and business philosophy of "environmental protection, production safety and professional services for human health", we have formulated the Group's general EHS policy, objectives and commitments, which are as follows:



7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

7.1 Environmental Protection System

Luye Pharma regards environmental protection as a core component of its corporate sustainable development strategy. Based on international standards such as ISO 14001:2015, we have established a scientific and comprehensive environmental management system. Our business covers research and development centers, manufacturing plants and office facilities, with major environmental impact factors involving waste management, energy consumption, greenhouse gas emissions, air pollutant emissions and the safe disposal of chemicals. For more specific information on our environmental performance, please refer to the Environmental Performance Table in the appendices.

To systematically advance environmental protection efforts, we have formulated the Environmental and Occupational Health and Safety Manual (《環境與職業健康安全手冊》) as the guiding document for EHS management across the entire Group. The Manual clearly specifies environmental protection objectives and indicators, management responsibilities, operational norms, and emergency response plans. It requires all employees to strictly implement environmental protection measures in various business processes such as R&D, production, and logistics, in order to reduce, prevent, or eliminate potential environmental pollution caused by our operations. Additionally, we ensure that every employee accurately understands and implements the requirements of the Manual through regular education and training, thereby effectively fulfilling their environmental responsibilities.

The Group's Environmental Management System (EMS) is built based on the ISO 14001:2015 standard. As an important part of continuously improving the management capability of the EMS, we follow the management cycle concept of "Plan-Do-Check-Act, PDCA" to conduct regular internal and external audits of the EMS. These audits aim to review and evaluate the entire management system, ensuring that revisions and improvement measures are proposed and implemented in a timely manner. Currently, multiple production bases of the Group have successfully passed the ISO 14001:2015 certification. This not only represents international recognition of our environmental management standards but also motivates us to continuously enhance our environmental performance.

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

ISO14001 environmental management system certification

Beijing WPU
ISO14001:2015

Luye Pharma (Shandong Base)
ISO14001:2015

Luye Pharma (Nanjing Base)
ISO14001:2015

During the Year, we have strictly complied with the laws and regulations that have a significant impact on us relating to air and greenhouse gas emissions, waste discharge into water and soil, and generation of hazardous and non-hazardous waste.

Laws and Regulations relating to environmental protection that Luye Pharma is subject to and significantly affected (including but not limited to)

- The Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)
- The Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法》)
- The Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)
- The Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)
- The Law of the People's Republic of China on Appraisal of Environment Impacts (《中華人民共和國環境影響評價法》)
- The Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》)
- The Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise (《中華人民共和國環境噪聲污染防治法》)
- The Law of the People's Republic of China on Soil Pollution Prevention and Control (《中華人民共和國土壤污染防治法》)
- The Law of the People's Republic of China on Cleaner Production Promotion (《中華人民共和國清潔生產促進法》)
- The Law of the People's Republic of China on Renewable Energy (《中華人民共和國可再生能源法》)

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

For each major environmental factor, we have formulated a number of environmental policies with reference to applicable laws and regulations, part of which are set out below:

Major environmental factors	Internal policies of Luye Pharma (including but not limited to)
Hazardous and non-hazardous waste	• The Management Procedures for Prevention and Control of Pollution by Solid Waste (《固體廢物污染防治管理程序》) • The Management Procedures for Hazardous Waste (《危險廢物管理制度》)
Air pollutant emissions	• The Management Procedures for Prevention and Control of Air Pollution and Hazards (《大氣污染及危害防治管理程序》) • The Management System of Prevention and Control of Pollution Sources (《污染源防控管理制度》)
Water resources management	• The Management Procedures for Prevention and Control of Water Pollution (《水體污染防治管理程序》)
Use of energy/Greenhouse gas emissions	• The Management Procedures for Energy and Resources (《能源資源管理程序》)
Chemicals disposal	• The Management Procedures for Dangerous Goods (《危險品管理程序》)
Environmental accidents	• The Environmental Accidents Emergency Plan (《突發環境事件應急預案》)
Other environmental impacts	• The Procedures for Identification, Appraisal and Update of Environmental Factors (《環境因素識別、評價與更新程序》) • The Management Procedures for Environmental Operation Control (《環境運行控制管理規程》) • The Management Procedures for Noise and Vibration (《噪聲與震動管理程序》)

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

7.2 Green Manufacturing System for the Full Lifecycle

Upholding the core philosophy of "green design, green production" and guided by Made in China 2025 (《中國製造2025》) and the Green Manufacturing and Engineering Implementation Guide (《綠色製造工程實施指南》), Luye Pharma has established a green management system that spans the full lifecycle of pharmaceutical products. Adhering to the dual-drive strategy of "innovation + internationalization," we comprehensively promote the construction of a green manufacturing system and implement the following green manufacturing principles:

Green Design	Implement low-carbon management throughout the drug lifecycle. From project initiation and screening, conduct energy-saving and environmental protection analyses for the project itself. In process design, strive to shorten production steps, minimize the use of auxiliary materials, and reduce the use of environmentally harmful chemicals. When selecting cooperative suppliers, prioritize manufacturers with environmental certifications to avoid secondary pollution.
Green Procurement	Actively promote green and low-carbon concepts, formulate and implement environmental procurement principles, conduct regular supplier risk assessments, and gradually increase the proportion of low-risk suppliers.
Green Production	Emphasize the concept of the drug lifecycle, prioritize the use of green raw materials, processes, technologies, and equipment to meet comprehensive standard requirements, and pursue continuous improvement.
Green Marketing	Adhere to green management concepts, fully consider social and consumer needs to establish green marketing concepts, set green prices, develop green sales channels, and build high-quality green after-sales services.
Green Recycling	Establish product recall procedures to ensure timely and effective measures can be taken to protect consumer interests and brand reputation when quality or safety issues are identified.

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

While ensuring drug efficacy, quality, and cost-efficiency, Luye Pharma systematically integrates environmental protection and resource efficiency across the entire manufacturing lifecycle to minimize pollution. The following are the key management policies and measures for medical waste and waste pharmaceuticals:

- A Management Regulation for Waste from Raw and Auxiliary Materials Workshop (《原輔料車間廢棄物管理規程》) is formulated to standardize the disposal of raw material waste of drugs and to prevent pollution and cross-contamination;
- Small items such as plastic bags, locking cords and labels required for drug packaging shall be used appropriately to reduce waste;
- The defective products produced in the production process shall be managed in accordance with the requirements of the Control Regulation for Defective Products (《不合格品控制規程》) to ensure proper disposal of cartons used in packaging, tail waste and other waste and avoid arbitrary disposal; and
- An on-post personnel will collect and label those defective products, and a QA personnel shall confirm the quantity and seal condition of such products for issuing a certificate of disqualification. Thereafter, the defective products will be collectively and temporarily stored in warehouses for registration and management. A warehouseman will then liaise with a waste disposal unit for their disposal.

Through implementing the above-mentioned measures, Luye Pharma is committed to manufacturing high-quality pharmaceutical products while minimizing the negative impact on the environment and making contributions to sustainable development.

7.3 Waste Management

The Group is fully aware of the importance of waste disposal to the environment and undertakes to minimize the impact of waste on nature through strict management policies. In the operations, the hazardous waste generated by the Group includes medical and pharmaceutical waste, organic waste liquid, waste activated carbon, discarded reagent bottles and containers, laboratory waste and ink cartridges used in offices. Non-hazardous waste can be further categorized as recyclable and non-recyclable waste, including medicine dregs, discarded packaging materials, paper and sludge. According to the requirements of Chinese relevant environmental protection laws and regulations, we have formulated and implemented comprehensive waste disposal regulations, clarified relevant personnel's responsibilities, standardized waste disposal processes, and the corresponding system of rewards and penalties. These regulations also explain the requirements for the entrustment of qualified waste disposal suppliers.

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

Luye Pharma (Nanjing Base) – The Management Procedures for Hazardous Waste

- Collection of hazardous waste
  - Hazardous waste shall be collected by category based on their characteristics, placed at specific hazardous waste collection points and marked.
  - Collection containers must be intact and well-sealed to prevent the risk of waste leakage.

- Storage of hazardous waste
  - The storage areas of hazardous waste shall meet the Pollution Control Standards for Hazardous Waste Storage (《危險廢物貯存污染控制標準》), so as to prevent scattering, loss and leakage, and the warning signs of storage areas, the Hazardous Waste Management System, the Preventive Measures and Contingency Plans for Hazardous Chemicals and Hazardous Waste Accidents shall be posted.

- Transfer of hazardous waste
  - It is prohibited to provide hazardous waste for units without business licenses for collection, storage, transportation and disposal or entrust the collection, storage, transportation and disposal of hazardous waste to any such unit.
  - Hazardous waste transfer forms shall be filled in according to national regulations and the hazardous waste shall not be transferred without the approval from safety and environmental protection authorities.

- Entrust qualified waste disposal suppliers
  - The safety and environmental protection authorities track and assess suppliers on a regular basis. The assessment involves the effectiveness of qualifications, whether the disposal process meets the requirements of laws and regulations, etc.
  - Irregular behaviors shall be rectified in time according to the Management Procedure for the Rectification, Prevention and Control of Irregular Behaviors.

Luye Pharma (Sichuan Base) – the Management Regulations on Solid Waste Pollution Prevention and Control

- Disposal of general solid waste
  - Recyclable waste shall be stored in a waste recycling room in a centralized and unified way, and the Administration Department shall be responsible for selling and disposing of such waste to minimize resource waste.
  - Coal cinders in general industrial waste shall be recycled and disposed of by an agreement entered into between the Administration Department and external organizations.
  - Recyclable waste shall be stored in a waste recycling room in a centralized and unified way, and the Administration Department shall be responsible for selling and disposing of such waste to minimize resource waste.

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

To foster environmental awareness among all employees, we have launched a variety of publicity and educational initiatives. All production units actively adopt the principle of "Prevention, Reduction, Recycling and Reusing" to implement waste reduction programs, including but not limited to: establishing classified recycling stations in office areas with clear instructional signage; promoting the "Clean Plate Campaign" in staff canteens to encourage food waste reduction. Through data monitoring and effectiveness evaluation, we continuously refine waste reduction strategies to enhance overall waste treatment efficiency.

Case: Publicity and Education about 4R Principles

Luye Pharma (Shandong Base) – food-saving signs in the canteen

Beijing WPU – garbage sorting publicity

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

7.4 Air Emissions Management

The Group's operations mainly involve R&D on drugs and drug production. The air pollutants from our business activities mainly come from the exhaust gas emitted by combustion in boilers and exhaust gas from workshops and laboratories. We are committed to complying with relevant laws and regulations, including the Comprehensive Emission Standards for Air Pollutants (GB16297-96,《大氣污染物綜合排放標準》), based on which, we have formulated the Measures for the Prevention and Control of Air Pollution (《大氣污染防治管理辦法》) and the System for the Monitoring and Management of Emission Sources (《排放源監控管理制度》). We strictly control and manage exhaust gas emissions through these policies. In addition, we have set clear quantitative emission reduction targets and persistently track and monitor emission information. We have entrusted a third-party professional agency to conduct an emission assessment and an environmental impact analysis every quarter to ensure that all emission levels are within the statutory limits.

In accordance with relevant national laws and regulations and international environmental protection standards, each of our subsidiaries has established emission management and control procedures to reduce exhaust gas emissions and ensure compliance with environmental protection requirements. The following table shows the details of certain management procedures:

Luye Pharma (Shandong Base) – the Management Procedures on Prevention and Control of Air Pollution and Hazards

- In terms of process, we promote four new technologies (new products, new processes, new materials and new technologies) and give priority to non-toxic, low-toxic and low-waste clean production processes.
- Exhaust-related operators shall be provided training so that they understand the hazards that may be caused to the atmosphere and the operating environment by an illegal operation.
- Personnel exposed to hazardous emissions shall wear articles for labour protection to operate in strict accordance with the requirements of the operating procedures, so as to protect themselves from harm and minimize damage to the environment caused by abnormal emissions due to improper operation.

Luye Pharma (Sichuan Base) – the Management Regulations on Prevention and Control of Air Pollution and Hazards

- The exhaust gas generated from the combustion of boiler fuel shall be emitted from the chimney after dust and sulfur removal and other disposals. The final exhaust gas emissions shall be monitored once a year by the environmental monitor station in Luzhou City, and the monitoring results shall meet the requirements of the Boiler Air Pollutant Emission Standard (GB13271–2014,《鍋爐大氣污染物排放標準》).
- If incidents or other emergencies, emissions and leakages that cause or may cause air pollution incidents and do harm to human health occur, we must take emergency measures immediately to prevent and control the hazards of air pollution, stop pollutant emissions, notify the units and residents who may be affected by the air pollution, and report to the local environmental protection authority for investigation and treatment.

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

In order to further reduce the impact on the environment, we have also adopted various measures to reduce the emissions of various air pollutants during the Reporting Period:

Beijing WPU

- The slag discharged and exhaust gas condensed is purified by water washing and microorganism filtration and adsorption.
- The organic exhaust gas that came out of the extraction process is purified by spray washing, condensation and cooling, and activated carbon adsorption.

Luye Pharma (Shandong Base)

- The exhaust gas that came out of the sewage treatment station is sealed, transported to exhaust gas treatment facilities through negative pressure, and then emitted to the atmosphere to reduce the emissions of waste gas pollutants such as hydrogen sulfide, ammonia gas, odor concentration and VOCs.
- To replace the original natural gas heating system, solar thermal collectors have been installed to supply heated water to staff shower facilities.

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

7.5 Energy and Climate Change

Climate change has emerged as a critical global challenge. As an international pharmaceutical enterprise, Luye Pharma recognizes the profound impact and potential opportunities that climate change presents to the industry. We have systematically integrated climate-related considerations into our corporate strategic planning and are proactively addressing associated risks and challenges. In terms of physical risks, extreme weather events may disrupt the supply stability of traditional Chinese medicinal materials, agricultural and sideline products, thereby affecting drug production and supply chain operations. At the same time, climate change could alter disease prevalence patterns, increasing the incidence of both infectious and non-communicable diseases. These factors may have a direct impact on our business operations.

To effectively address these challenges, we have formulated documents such as the Corporate External Environmental Analysis Report (《公司外部環境分析表》) to identify and assess climate-related risks and opportunities across different production processes. Furthermore, we continue to enhance our adaptive capabilities and are committed to strengthening the resilience and sustainability of our overall supply chain. The table below outlines selected climate adaptation measures implemented at certain production facilities of the Group:

	The potential impact of climate change	Tackling methods
Luye Pharma (Shandong Base)	Climate change may lead to an increase in the frequency of extreme weather, causing damage to the planting of Chinese medicinal materials, agricultural and sideline products and the guarding of cities.	It has increased the inventories of Chinese medicinal materials and the supply channels of down-stream products to reduce supply risks.
	Under the general trend of climate change, China may tighten its control over the extraction or synthesis of raw materials, which emit many pollutants.	These materials have been replaced by materials that emit fewer pollutants, so as to reduce environmental impact and climate risks.
Luye Pharma (Sichuan Base)	Climate change may increase haze pollution and influence the operation of the production chain.	A contingency plan for heavily polluted weather has been formulated, and the relevant measures, steps, an emergency supervision mechanism and the responsibilities of related personnel have been clearly defined.

The greenhouse gases emitted by Luye Pharma during its operation are mainly those from boilers, refrigeration equipment, production facilities, automobiles and power consumption in offices. We fully recognize our corporate responsibility in environmental protection and are committed to implementing various measures to reduce energy consumption, enhance energy efficiency, and lower corresponding greenhouse gas emissions.

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

In addition to meeting the requirements of relevant laws and regulations, we have formulated internal regulatory documents including the Energy Management Regulations (《能源管理規程》) and the Energy Resource Management Procedures (《能源資源管理程序》) to clearly define the organizational structure, departmental responsibilities and operational standards for energy management. These regulations provide the Group with a comprehensive policy framework and implementation basis for its energy conservation and emission reduction initiatives. Furthermore, in accordance with the Group's policies and their specific operational characteristics, all production facilities have actively implemented energy management improvement measures, including establishing dedicated energy management teams and implementing energy consumption monitoring mechanisms; conducting carbon footprint assessments for core products to evaluate environmental impacts throughout their life cycles; and performing regular energy usage reviews to continuously optimize equipment efficiency. These measures not only ensure compliance with environmental regulations but also progressively establish a robust energy management system.

Case: Energy Management Team and Energy System Audit of Beijing WPU

Beijing WPU established an Energy Management System Team with the objectives of reducing corporate energy consumption and enhancing energy utilization efficiency. In addition to implementing a standardized energy management system, Beijing WPU has formulated and promulgated its energy management policy of "Compliance with Regulations, Cleaner Production, Energy Conservation & Emissions Reduction, and Sustainable Development". To ensure the standardization and effectiveness of the energy management system, Beijing WPU has strictly implemented its operations in accordance with the national standard GB/T 23331-2020 Energy Management Systems Requirements and Usage Guidelines. In December 2024, the company engaged a third-party certification body to conduct a surveillance audit of its energy management system, performing comprehensive evaluations of energy management practices across relevant departments and operational sites.

认 证 证 书

注册号：0752023En10003R1

兹证明

北京北大维信生物科技有限公司

注 册 地 址：中国北京市海淀区永盛北路2号3幢
审 核 地 址：中国北京市海淀区永盛北路2号3幢
统一社会信用代码：91110108625906531K

建立的能源管理体系符合

GB/T 23331—2020/ISO 50001:2018及RB/T 114—2014 标准

该体系覆盖的范围

调脂药物血脂康胶囊的生产所涉及的能源管理相关活动。

（单位产品综合能耗、能耗核算边界详见附件）

本次发证日期：2023 年 01 月 30 日
证书有效期至：2026 年 01 月 29 日
初次发证日期：2020 年 02 月 10 日

总经理：

北京中化联合认证有限公司

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

Case: Boan Biotech Greenhouse Gas Verification and Product Carbon Footprint Statement

In 2024, Boan Biotech engaged a professional third-party organization to conduct a comprehensive verification of greenhouse gas emissions across its operational processes and implement carbon footprint assessments for its key products. These professional evaluations have not only enabled Boan Biotech to more accurately identify the sources of its environmental impact but have also provided critical basis to support the Group's formulation of science-based carbon reduction strategies moving forward.

经纬方达

温室气体核查声明

受核查方/客户名称：山东博安生物技术股份有限公司
地址：烟台市高新区纬一路 8 号
一、范围陈述：
1. 本次审定/核查依据：
根据 GB/T32150《工业企业温室气体排放核算和报告通则》与《工业其他行业企业温室气体排放核算方法与报告指南（试行）》制定，旨在指导温室气体核查工作并全面落实《国家发展改革委办公厅关于开展碳排放权交易试点工作的通知》（发改办气候[2011]2601 号）等相关标准和要求。
2. 与客户商定的审定/核查范围：
核查范围：山东博安生物技术股份有限公司的厂区（烟台市高新区纬一路 8 号），核算和报告在运营上受企业控制的生产系统产生的温室气体排放。2023 年 1 月 1 日至 12 月 31 日排放情况。
保证等级：合理保证。
二、结果陈述
1. 核查过程严格按照根据 GB/T32150《工业企业温室气体排放核算和报告通则》与《工业其他行业企业温室气体排放核算方法与报告指南（试行）》确定的核查方法开展核查工作，核查报告的核算、报告与方法学符合相关规定要求。经核查，受核查方最终版本排放报告的核算、报告与方法学符合 GB/T32150《工业企业温室气体排放核算和报告通则》的要求，原始数据管理完整，可采信；受核查方碳排放报告已覆盖核查范围，核查过程中没有发现未覆盖的问题。
2. 山东博安生物技术股份有限公司（项目责任方）已产生如下温室气体排放：2023 年 CO_2 的排放量为 E=E 燃烧+E 过程+E 废水+E 购入电+E 购入热 =0+0+0+0+7373.02+921.26=8294.28tCO_2
最终核定的总排放量为 8294.28tCO_2

济南经纬方达节能技术有限公司

2024 年 04 月 22 日

证书编号：20240528

经纬方达

产品碳足迹声明

产品名称：	博优诺®
规格型号：	LY01008
组织名称：	山东博安生物技术股份有限公司
组织地址：	烟台市高新区纬一路 8 号
依据标准：	ISO 14067:2018(E) & PAS 2050:2011
功能单位：	1 支
系统边界：	■从摇篮到大门 □从摇篮到坟墓
单位产品碳足迹：	99.095CO_2e
核算机构：	济南经纬方达节能技术有限公司

12.04%
22.68%
65.28%
原材料生产
原材料运输
能源生产使用
单位产品碳足迹分布

济南经纬方达节能技术有限公司

2024 年 05 月 28 日

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

Furthermore, we have actively promoted the adoption of high-efficiency equipment to enhance energy utilization efficiency. During the Year, all of our production bases have implemented specific measures to improve equipment energy efficiency, thereby reducing air pollutants and greenhouse gas emissions.

Promoting energy conservation and consumption reduction practices

Management of electricity consumption

- Post "Save Electricity" labels in offices and film videos that promote energy saving to raise awareness of energy saving and environmental protection among all staff members;
- Production machinery and equipment shall be handled and controlled by designated personnel to avoid idling operation and unnecessary waste of energy. Through reasonable production scheduling, we control the start/stop time of some major power-consuming equipment to reduce idle time of the equipment and its unit power consumption;
- For lighting, natural lighting should be used as far as possible, and it is prohibited to turn on lights under unnecessary circumstances; no redundant lighting should be turned on at night when working overtime to avoid prolonged lighting;
- For the use of air-conditioners, air-conditioner operators may adjust the temperature daily according to the weather conditions shown on the weather board, so as to save energy consumption; if the air-conditioners are found to be aged or damaged during operation, it should be reported to the engineering department in time to avoid energy consumption;
- For office electric appliances, they should be turned on only when needed and turned off when not in use for a long time to reduce standby power consumption.

Management of steam consumption

- The production department and the engineering assurance department should apply to the utility companies for the use of steam in a reasonable manner in their daily work, and inform the utility companies the change in the steam consumption in a timely manner at the change of seasons according to the change in the steam consumption;
- The mechanical maintenance team of the engineering assurance department conducts regular inspection for the condition of the equipment using steam and carries out timely repairs for deflation, emissions, droppings and leakage.

Luye Pharma deeply recognizes the global challenges posed by climate change and will continue to explore and implement innovative environmental protection measures, thoroughly integrating energy conservation and carbon reduction concepts into our corporate strategy. We will continuously improve our environmental management system, actively introduce advanced energy-saving and emission-reduction technologies, and through transparent environmental information disclosure, collaborate with stakeholders to promote green transformation of the industry, contributing to the achievement of global sustainable development goals.

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

7.6 Water Resources Management

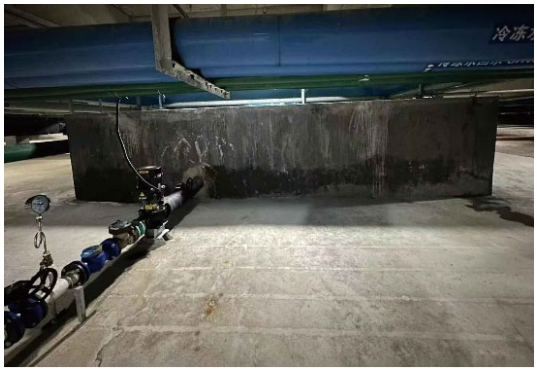
Luye Pharma has established a comprehensive water usage monitoring system for water resources management. Our operational water usage is primarily categorized into two types: industrial water directly used in pharmaceutical production processes and facility operations, and domestic water utilized for daily cleaning and staff catering purposes. All water we utilized came from the local municipal water supply system, and we did not encounter any material problems when obtaining water sources.

Water Saving Measures

We strictly implement the relevant provisions of the Energy and Resource Efficiency Management Policy (《能源與資源效率管理政策》), establishing comprehensive water resource monitoring systems across all production bases to ensure continuous improvement in water usage efficiency. At the implementation level, each production unit formulates clear water conservation targets and quantifiable metrics based on annual operational plans, accompanied by corresponding water usage budgets and implementation plans. On this basis, we have established assessment and incentive mechanisms to ensure all departments effectively implement water usage policies and actively execute water conservation measures.

Case: Optimization of Reclaimed Water Circulation System at Luye Pharma (Shandong Base)

During the construction of new workshops at Shandong production base, a comprehensive optimization design was carried out for the wastewater discharge system. The reclaimed water pipelines that met the reuse standards were integrated, and professional reclaimed water collection and storage facilities were constructed as supporting measures. It is estimated that this initiative will reduce the annual consumption of municipal tap water by approximately 5,600 tons.



7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

In addition to optimizing the wastewater and reclaimed water recovery systems, we have also upgraded the environmental protection facilities within the Company. For example, water-saving toilets and sensor-operated hand-washing facilities have been installed in the Company's bathrooms, optimizing and reducing daily water consumption. Furthermore, we have enhanced employees' awareness by strengthening skill training for personnel in relevant positions and posting water conservation notices, ensuring that the principle of water conservation is deeply ingrained and encouraging employees to develop good water usage habits.

Water Conservation Publicity Posters

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

Sewage Management

The Group attaches great importance to the management of industrial wastewater generated during the pharmaceutical production process. We strictly abide by relevant laws and regulations, and have formulated internal normative documents such as the Strategies for Prevention and Control of Water Pollution and the Wastewater Discharge Management System, which clearly stipulate the standard procedures and regulatory requirements for wastewater treatment. These systems cover the whole process management from the generation, collection and treatment of wastewater to its final discharge, ensuring that every link is effectively controlled. Throughout the Year, our wastewater discharge has met the standard requirements.

Sewage Treatment Process

The system explicitly stipulates that all wastewater must be treated by the Company's wastewater treatment facilities and can only be discharged after the treatment effect meets the national and local discharge standards. It is strictly prohibited to discharge wastewater indiscriminately. The wastewater discharge standards shall be implemented in accordance with the Water Quality Standard of Sewage Discharged into Town Sewers (GB/T 31962-2015) and the Comprehensive Sewage Discharge Standard (GB8978-1996). We have also engaged professional environmental monitoring institutions to regularly sample and analyze the wastewater at the discharge outlets to ensure compliance with regulatory requirements.

To ensure the safety and effectiveness of the sewage treatment process, the Group coordinates with all production bases to formulate detailed emergency plans for sewage treatment based on actual operational conditions, so as to promptly initiate response measures in case of emergencies and effectively control environmental risks. Taking Beijing WPU as an example, this company strictly implements the Emergency Plan for Treatment of Sewage Accidents, which clearly specifies the complete process from emergency response at the initial stage of the accident, hierarchical notification, to subsequent system repair and environmental monitoring. In terms of regular operations, Beijing WPU periodically entrusts a third-party testing institution with professional qualifications to conduct comprehensive testing and evaluation of its sewage treatment facilities every six months, and strictly monitors the discharged water quality to ensure that all indicators continuously meet the requirements of environmental protection regulations.

7. ENVIRONMENTALLY FRIENDLY AND GREEN PRODUCTION (CONTINUED)

7.7 Engagement in Environmental Activities

Luye Pharma aims to become a benchmark enterprise in terms of environmental protection by deeply embedding the concept of environmental protection into every aspect of its corporate culture and operations. We are well aware that employee engagement is key to implementing environmental policies, so we continue to ensure that all employees understand and implement environmental measures through training and advocacy. During the Reporting Period, we organized a variety of environmental protection activities, effectively enhancing employees' environmental awareness and promoting the development of green habits. In the meantime, we actively collaborated with external institutions such as government departments, partner universities, industry associations, and environmental organizations to jointly promote green environmental practices.

Case: Green Plant Donation by Luye Pharma (Shandong Base) in 2024

In March 2024, Shandong production base donated 20 Chinese horse chestnut trees to Shandong Drug and Food Vocational College, supporting the campus ecological construction through practical actions. This donation not only enriched the variety of campus greenery and beautified the teaching environment, but also demonstrated the Company's firm commitment to integrating the concept of "green development" into its corporate culture.

8. SAFETY FIRST AND EMERGENCY PREPAREDNESS

Material issues in this section

- Occupational health and safety system training
- Chemicals management
- Management policy for raw materials of pharmaceutical products

Luye Pharma adheres to the concept of "safety first" and has established a strict occupational health and safety management system. Through standardized processes and regular risk assessments, it systematically identifies and controls potential hazards in the workplace. We continuously conduct safety training and emergency drills for all employees to enhance their safety awareness and response capabilities. Meanwhile, we actively cultivate a preventive safety culture to ensure comprehensive protection of the health and safety of every employee. These measures work together to form a complete safety management cycle from risk prevention and control to capability building.

8.1 Occupational Health and Safety

Luye Pharma is committed to safeguarding the well-being of its employees, continuously reviewing and upgrading its EHS system, and actively enhancing health protection and safe production conditions for its workforce. During the Reporting Period, we strictly adhered to these regulations related to occupational health and safety and fully implemented internal management strategies to ensure the practice of safety production standards. This Year, we did not experience any major safety accidents or work-related fatalities. The total number of lost days due to work injury was zero. Additionally, the Group did not receive any regulatory sanctions or legal proceedings related to violations of occupational health and safety regulations.

Occupational health and safety related laws and regulations abided by Luye Pharma which have a significant impact on it (including but not limited to)	**Internal policy of Luye Pharma (including but not limited to)**
• Production Safety Law of the People's Republic of China • Fire Protection Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Occupational Diseases • Provisions on Safety Management of Dangerous Chemicals • Emergency Provisions on Production Safety Accidents	• Production Safety Inspection System • Administration Procedure of Personal Labor Protection Articles • Occupational Health and Monitoring Management System • Mechanical Protection Safety Procedure • Fire Management System • Emergency Plan for Production Safety Accidents • Special Equipment Operation Personnel Management System • Accidents and Hazards Screening and Governance System • Management and Control System of Safety Risk Classification • Occupational Disease Hazard Alert and Report System

The Group has established an occupational safety management system that complies with international standards, and several of its production bases have successfully obtained the ISO 45001:2018 certification for occupational health and safety management system, fully demonstrating our professional commitment and excellent practices in the field of workplace safety and health protection.

8. SAFETY FIRST AND EMERGENCY PREPAREDNESS (CONTINUED)

ISO45001 Occupational Health and Safety Management System Certification

Beijing WPU ISO45001:2018

ISO45001:2018 for Luye Pharma (Shandong Base)

ISO14001:2018 for Luye Pharma (Nanjing Base)

Hazard identification and rectification system

In addition, each production base has established a comprehensive system for identifying and addressing potential hazards in accordance with the certification requirements of the occupational health and safety management system, while clarifying the safety responsibilities and authorities of each position. During the system development process, we strictly referenced relevant national laws and regulations, and the headquarters' safety management rules to ensure compliance, rationality and effectiveness of the system. Meanwhile, we established a systematic mechanism for the identification and rectification of potential safety hazards, while clarifying the identification cycles and contents and responsible persons.

8. SAFETY FIRST AND EMERGENCY PREPAREDNESS (CONTINUED)

Taking Luye Pharma (Shandong Base) as an example, the Company made clear the following functions in respect of safety hazard screening and governance:

General Manager

- Take full responsibility for the hazards screening and governance for the whole Company, establish and improve the relevant accountability system;
- Organize and formulate governance program for significant hazards; and
- Organize and hold meetings on governing work and analysis, and supervise the implementation of hazard rectification measures.

Department Manager

- Formulate a hazard screening list according to the departments' actual situation;
- Organize safety inspection at least once a month based on hazard screening list, fill in the inspection records faithfully, and formulate rectification measures in a targeted manner after the classification of the hazards being identified; and
- Organize inspections of production equipment, safety gear, fire-fighting facilities, protective equipment, etc. before and after major holidays.

Team Leader

- Assist department supervisors in implementing potential hazard rectification measures, set up warning signs for hazards that cannot be immediately rectified, and temporarily suspend their use;
- Conduct daily safety inspections of fire-fighting facilities, safety warning signs, electrical equipment and facilities, distribution lines, etc., and keep records; and
- Organize and participate in team safety inspections, and promptly discover and stop violations of operating procedures and labor discipline.

8. SAFETY FIRST AND EMERGENCY PREPAREDNESS (CONTINUED)

Emergency management system

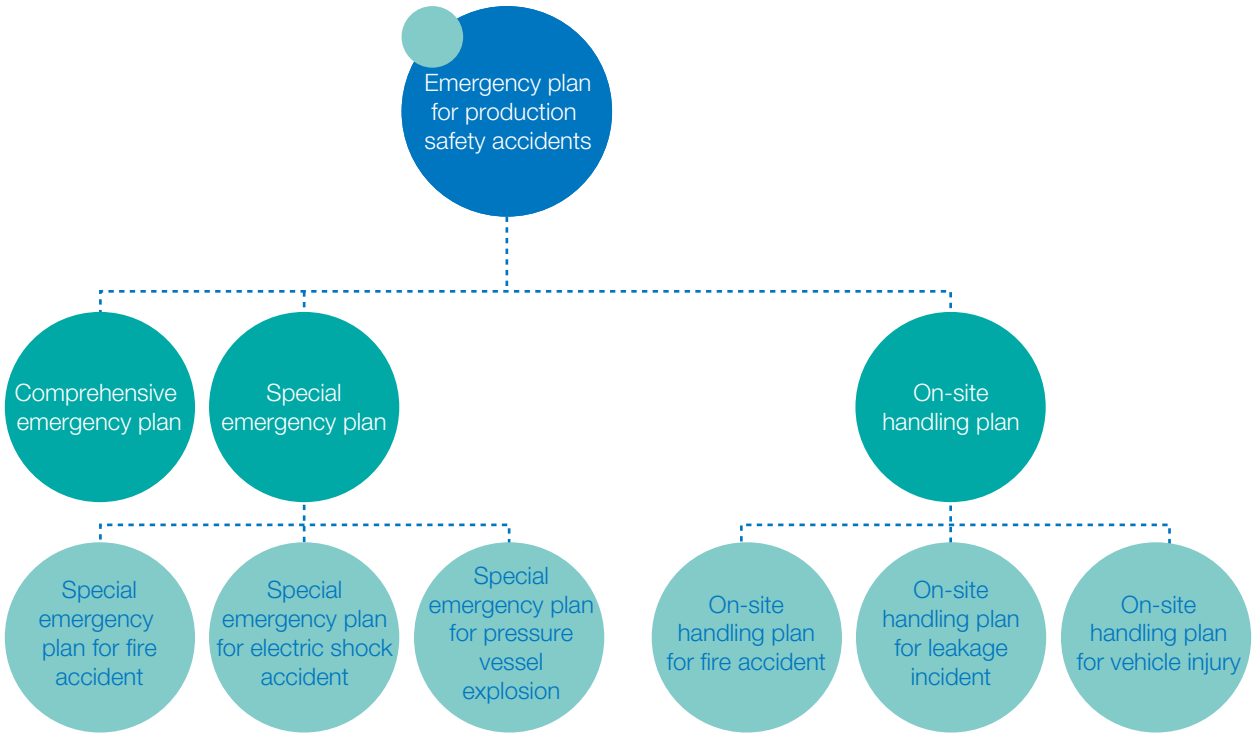
We have also created a safe and healthy working environment for employees through a comprehensive emergency management system and an occupational health and safety system. We strictly comply with laws and regulations such as the Emergency Response Law of the People's Republic of China《中華人民共和國突發事件應對法》, the Emergency Provisions on Production Safety Accidents《生產安全事故應急條例》, and the Measures for the Administration of Emergency Plans for Production Safety Accidents in Production and Business Units《生產經營單位安全生產事故應急預案管理辦法》, and have formulated a comprehensive Emergency Plan for Production Safety Accidents《生產安全事故應急預案》. Besides establishing an emergency plan system, we continuously enhance employees' capabilities to respond to emergencies and improve the pertinence and practicability of emergency plans through regular emergency drills and training.

Case: Emergency Drill for Hazardous Chemical and Confined Space Accidents at Luye Pharma (Shandong Base)

Shandong production base successfully completed the 2024 Comprehensive Emergency Plan Drill for Hazardous Chemicals and Confined Spaces on 11 July 2024, strictly implementing the special activity themed Two Channels and One Drill. Through this practical drill, the practicability and operability of the Company's emergency plan have been effectively verified, and the rapid response and collaborative combat capabilities of various rescue teams have been strengthened.

8. SAFETY FIRST AND EMERGENCY PREPAREDNESS (CONTINUED)

To ensure the effectiveness and standardization of emergency response, the Company has established a three-level emergency plan system consisting of a comprehensive emergency plan, a special emergency plan, and an on-site disposal plan. Among them, the comprehensive emergency plan serves as the overall guideline, providing global guidance for emergency work; the special emergency plan targets specific types of emergencies to clarify emergency response procedures and measures; and the on-site disposal plan is formulated by each department based on their own work characteristics to ensure rapid and orderly emergency response at the accident scene.



Emergency rescue plan system for safety accidents

8. SAFETY FIRST AND EMERGENCY PREPAREDNESS (CONTINUED)

Occupational safety management system

We have formulated the Emergency Rescue and Management System for Occupational Disease Hazards《職業病危害應急救援與管理制度》and the Handling and Reporting System for Occupational Disease Hazard Accidents《職業病危害事故處置與報告制度》, clarifying the emergency response procedures and reporting mechanisms for occupational disease hazard accidents. In the event of an employee injury accident, we will immediately activate the emergency response plan to provide timely and effective treatment for the injured, minimizing the impact of the accident and offering necessary care and assistance to the involved employee.

Case: Offline Occupational Health and Safety Training at Beijing WPU

From 26 August to 10 September 2024, Beijing WPU organized a 16-day special training activity on occupational health and safety. This training covered all production bases and functional departments under the Group, aiming to comprehensively enhance employees' awareness of occupational health and safety and their safety operation skills.

8. SAFETY FIRST AND EMERGENCY PREPAREDNESS (CONTINUED)

8.2 Chemicals Management

Luye Pharma regards chemical safety management as a crucial aspect of its corporate operations, since chemicals play a key role in our production process, not only in pharmaceutical manufacturing and processing but also in experimental research and quality control. To ensure that our product quality meets the highest industry standards, we rigorously select high-quality chemical raw materials and fully obey relevant quality specifications and regulatory requirements. All chemicals used must pass rigorous purity tests and safety assessments, including multiple indicators such as toxicity, stability and environmental impact, thus ensuring the quality and safety of the final products.

Based on the potential risk characteristics of chemicals, we have formulated internal regulations such as the Chemical Safety Management Procedure《化學品安全管理程序》and the Environmental Emergency Response Plan《環境應急回應計劃》in accordance with these regulations including the Regulations on the Safety Management of Hazardous Chemicals《危險化學品安全管理條例》and the Environmental Protection Law《環境保護法》. These management measures aim to systematically reduce the potential risks associated with the use of chemicals, safeguard employee health and environmental safety, and establish a comprehensive emergency response mechanism to ensure rapid and effective countermeasures in the event of accidents.

Preventive measures

To strengthen the safety management of hazardous chemicals and prevent major environmental and safety accidents, we have formulated comprehensive hazardous goods management procedures, some of which are as follows:

- When loading and unloading hazardous chemicals, the safety facilities of the transport vehicles and the goods must be inspected to ensure they are complete. And transport units must comply with national standards and relevant regulations such as the General Technical Conditions for the Packaging of Dangerous Goods for Transport《危險貨物運輸包裝通用技術條件》and the Packaging Marks of Dangerous Goods《危險貨物包裝標誌》;
- In the process of loading and unloading, it is necessary to handle with care and strictly prevent vibration, impact, friction, heavy pressure and tipping. And it is strictly prohibited to mix load items that are chemically incompatible and prone to combustion, explosion or other chemical reactions;
- Safety education must be provided to personnel involved in the loading and unloading of hazardous chemicals, and fixed personnel should be assigned for this task;
- When hazardous chemicals are stored in the warehouse, the safety labels on the packages or containers must be verified, and a “Safety Data Sheet” must be provided as well;
- Units using highly toxic substances must strictly follow the safe operation procedures. And waste containing highly toxic substances cannot be arbitrarily dumped and must be collected and stored in a dedicated storage area.

8. SAFETY FIRST AND EMERGENCY PREPAREDNESS (CONTINUED)

Emergency measures

While implementing chemical management measures, we strictly adhere to the guiding principles of the Environmental Emergency Response Plan to address potential environmental emergencies. The Group has formulated a comprehensive emergency plan and a special disposal plan for specific incidents such as chemical leaks, fires and explosions, standardizing the rescue processes and response measures for various emergencies. For these different incidents, we have defined corresponding rescue procedures and detailed emergency measures respectively.

To ensure the effectiveness of emergency response, the Group has established a professional emergency command center to coordinate the maintenance of emergency equipment and the reserve of relief supplies, ensuring that resources are always ready for use. Meanwhile, we regularly organize emergency training and practical drills for all employees to enhance their crisis response capabilities and safety awareness. By implementing this emergency management mechanism, we have effectively safeguarded personnel safety and environmental protection, demonstrating the Company's rigorous attitude and professional standards towards safety management.

Case: Special Training on Hazardous Chemicals at Beijing WPU

In 2024, Luye Pharma Group organized and implemented a quarterly special training program on hazardous chemicals, conducting a total of 4 systematic training sessions throughout the Year. This training program covered 328 employees in key positions such as research and development, production, and warehousing, focusing on enhancing professional knowledge and skills related to the Safe Operation Specifications for Hazardous Chemicals and special storage conditions and management requirements.

8.3 Pharmaceutical Raw Material Management

The quality of these raw materials used in the pharmaceutical production process directly affects the safety and efficacy of the final products. To ensure that every raw material meets our quality control standards, we have established a comprehensive management system for pharmaceutical raw materials that covers all links such as selection, procurement, inspection, storage and distribution of raw materials. By strictly controlling the quality of raw materials, we have effectively avoided drug defects and production stagnation as caused by raw material issues, thereby improving production efficiency and product quality.

Luye Pharma (Shandong Base) – Enterprise Quality Management System (《企業質量管理體系》)

- Raw and auxiliary materials, packaging materials, intermediate products, products awaiting packaging, and finished products all comply with these registered and approved requirements and quality standards

- Before product release, the review of batch records is completed, and quality standards, sampling methods, testing methods, and other quality management operating procedures are approved to manage pharmaceutical raw materials

9. TALENT CULTIVATION AND VALUE CO-CREATION

Material issues in this section

- Employee salaries and benefits
- Employee training and career development

The Group always regards talents as the most valuable asset, adheres to the corporate philosophy of "achieving employee success", and is committed to creating an environment that enables employees to continuously progress and develop in their careers. We are well aware that only the continuous progress of our employees can drive the long-term development of our enterprise. Therefore, we invest substantial resources in creating a systematic training mechanism to help every employee achieve breakthroughs and growth in their careers.

In terms of employee care, we have established a comprehensive remuneration and welfare system with industry competitiveness, which not only offers salaries superior to market levels but also covers diversified benefits such as social insurance, medical insurance, and housing provident fund. We pay particular attention to the balance between work and life for our employees. In this regard, we implement a flexible work system and provide considerate arrangements such as paid annual leave and festival benefits, allowing employees to pursue career development while also taking care of their personal and family quality of life.

To promote the common growth of the enterprise and its employees, we have established a smooth two-way communication mechanism. Luye Pharma actively builds a platform for direct dialogue between the management and the front-line employees; and through channels such as suggestion box, we continuously collect employee feedback and make timely improvements. All of these initiatives not only enhance employees' sense of belonging and participation but also cultivate an open, inclusive and innovative corporate culture, thus laying a solid talent foundation for the sustainable development of Luye Pharma.

9.1 Employment Management

The Group has established a set of scientific and perfect employee management system. While strictly adhering to these labor laws and regulations closely related to the Company's development, it attracts and cultivates outstanding professionals from both domestic and international markets through a systematic talent management mechanism, aiming to build a high-performance team. We advocate an open, inclusive, innovative and collaborative work atmosphere, encourage every employee to showcase their strengths, stimulate the creativity and cohesion of the teams, and have both employees and teams grow together with the enterprise. Our employee management system mainly focuses on the following core elements:

Recruitment, dismissal and promotion

Recruitment

We strictly abide by these employment-related laws and regulations that have a significant impact on us, such as the Labor Law of the People's Republic of China《中華人民共和國勞動法》, the Labor Contract Law of the People's Republic of China《中華人民共和國勞動合同法》, the Employment Promotion Law of the People's Republic of China《中華人民共和國就業促進法》, and the Contract Law of the People's Republic of China《中華人民共和國合同法》, etc. We have also formulated the Management Regulations on Internal Recruitment and Selection of Luye Pharma Group《绿叶制药集团内部招聘與選拔管理規定》to ensure an orderly recruitment process.

Equal opportunity, diversity and anti-discrimination

In all aspects including recruitment, career development, promotion, training and rewards, we treat every employee equally, regardless of their skin color, nationality, race, age, gender, religious belief or physical disability. We advocate for providing a harmonious, diverse and friendly work environment for our employees, allowing them to leverage their strengths.

Dismissal

Should an employee fail to pass the probationary period or commit serious violations of discipline or dereliction of duty that results in significant losses or major accidents, Luye Pharma may terminate the labor contract with that employee and issue a corresponding notice and compensate pursuant to applicable laws and regulations.

9. TALENT CULTIVATION AND VALUE CO-CREATION (CONTINUED)

Labor standards

Regulations on strictly prohibiting child and forced labor

When formulating its recruitment policies, Luye Pharma strictly adheres to the Regulations on the Prohibition of Child Labor《禁止使用童工規定》. During the recruitment and hiring process, we check the personal identity documents of applicants to verify their personal information and eliminate the possibility of employing child labor. In addition, we do not force employees to work against their will. If employees have a need for overtime work, they must submit a relevant application to their supervisor in advance. During the Year, we did not encounter any instances of employing child and forced labor. In case of any child or forced labor, we will take serious action and conduct investigations into the relevant departments.

Remuneration and promotion management

Remuneration management

Luye Pharma offers market-competitive remuneration and benefits. We regularly participate in the annual salary survey of domestic pharmaceutical market as organized by a globally renowned remuneration research firm to gain a comprehensive understanding and grasp of remuneration levels, current situations and development trends in the pharmaceutical market. Every year, based on the existing development strategy, we formulate an overall remuneration strategy to attract, motivate and retain outstanding talents. In terms of remuneration structure design, we have established a performance-oriented assessment and evaluation system that helps determine employees' remuneration levels by taking into account three major factors, i.e., market remuneration levels, job responsibilities and employee performance.

Promotion management

We also provide transparent and standardized promotion opportunities for our employees based on their performance evaluations and our business operations, in accordance with the promotion mechanism outlined in our human resources policies. We promote outstanding employees internally to more important and suitable positions to motivate their enthusiasm for work.

Working hours and leaves

Working hours

Our standard workweek consists of 40 hours, with Saturdays and Sundays as rest days. If employees need to work overtime due to special reasons, they must fill out an Overtime Application Form and obtain approval from their department manager before working overtime, thereby eliminating the possibility of forced labor.

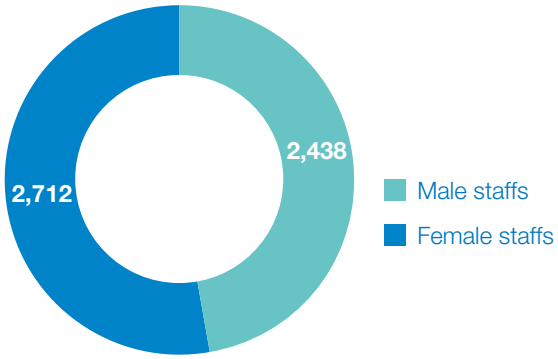
Leave

Employees of Luye Pharma are entitled to various public holidays and leaves, such as paid annual leave, marriage leave, maternity leave and sick leave, ensuring their right to adequate rest.

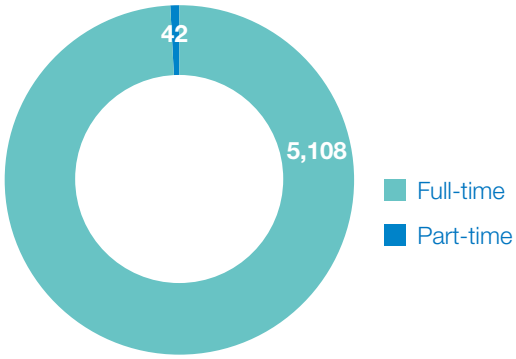
9. TALENT CULTIVATION AND VALUE CO-CREATION (CONTINUED)

During the Year, Luye Pharma has complied with applicable laws and regulations regarding remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare that have a significant impact on the Group. During the Year, Luye Pharma had a total of 5,150 employees. The number of employees by gender, employment type, age group and region is as follows:

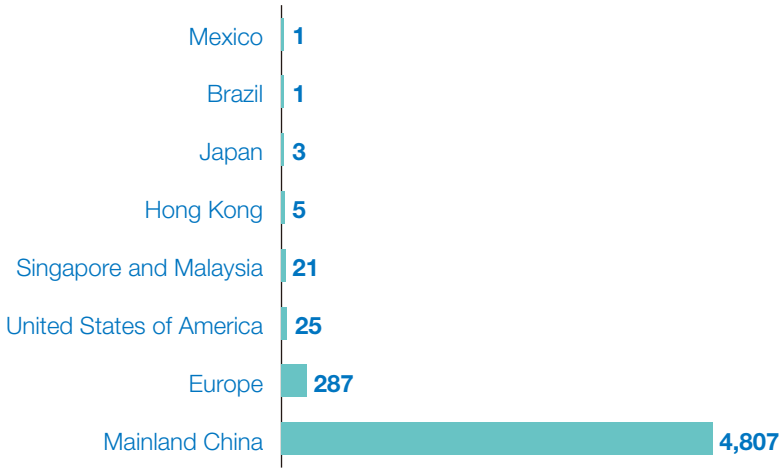
Number of employees (by gender)



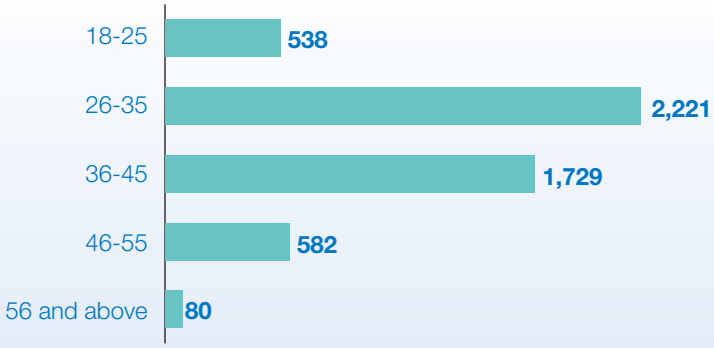
Number of employees (by employment type)



Number of employees (by region)



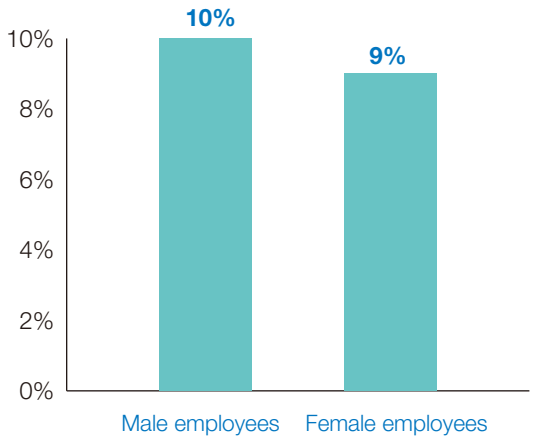
Number of employees (by age group)



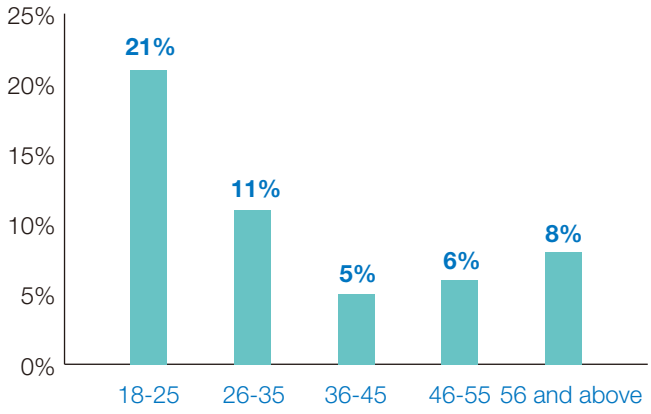
9. TALENT CULTIVATION AND VALUE CO-CREATION (CONTINUED)

The employee turnover rate[1] of Luye Pharma by gender, age group and region during the Year is as follows:

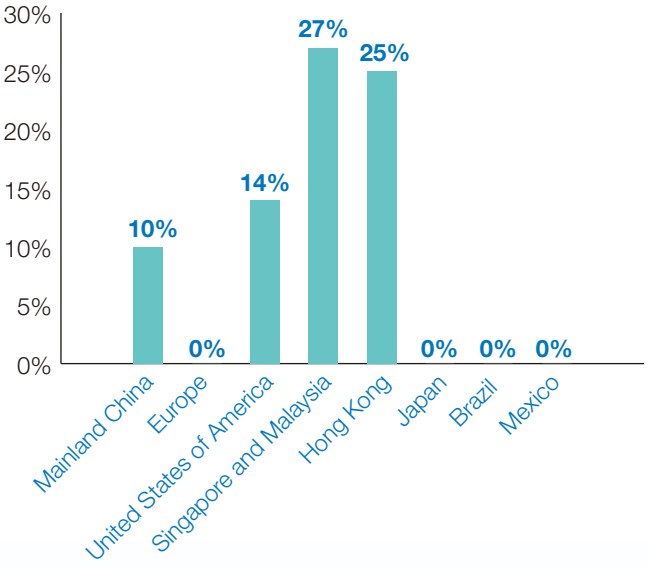
Employee turnover rate (by gender)



Employee turnover rate (by age group)



Employee turnover rate (by region)



[1] *Calculation formula of employee turnover rate: Number of employees in this category leaving/Total number of employees in this category × 100%.*

9. TALENT CULTIVATION AND VALUE CO-CREATION (CONTINUED)

9.2 Talent Training

We are well aware that outstanding talents are the key driving force for corporate innovation, and are committed to providing employees with diversified development platforms and growth paths to achieve a win-win situation for both the enterprise and its employees. We continuously optimize our talent development system and provide employees with opportunities to enhance their professional skills and overall qualities through diversified training platforms. In terms of training system construction, we take Evergreen Academy as a core platform to integrate high-quality internal and external resources and design differentiated training courses tailored to the development needs of employees at different ranks and positions.

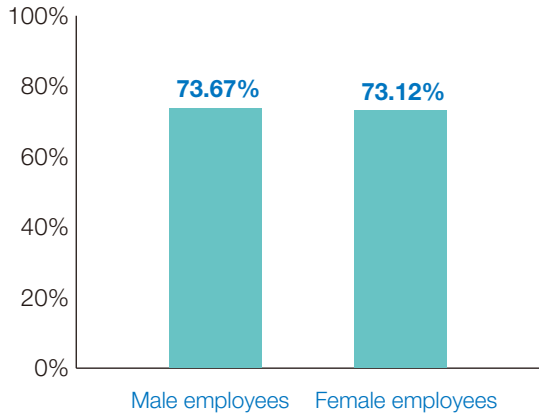
To ensure the effective implementation of training initiatives, we have established standardized training planning and management processes. The Human Resources Department and the QA conduct semi-annual training summaries regularly for the management personnel responsible for training in each department to ensure that they adhere to the rules and requirements of the annual training plan. The training topics cover multiple areas such as comprehensive management capability, team communication and project management, so as to support employees to succeed in their respective workplaces and careers.

While improving the internal training system, we actively support employees to participate in external professional developments. To standardize the management of such training, we have formulated the Regulations on the Management of External Training Programs of Luye Pharma Group, aiming to provide clear guidance and management for employees' participation in external developments and related educational expenses. This policy clearly stipulates the selection criteria for external training, the scope of financial support, and the approval process to ensure the rationality and effectiveness of resource allocation. We believe that this training model, which combines internal and external resources, can not only broaden employees' professional horizons, but also bring new knowledge and skills to the enterprise, enhancing the organization's innovative vitality.

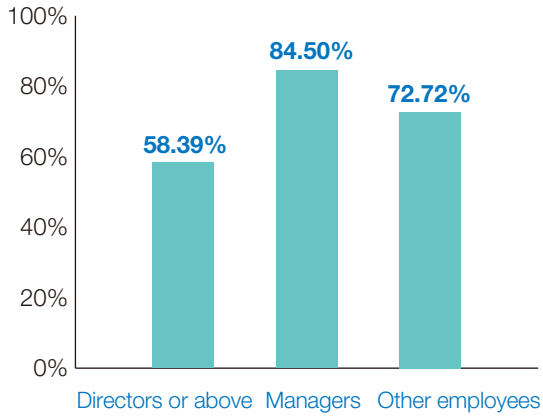
9. TALENT CULTIVATION AND VALUE CO-CREATION (CONTINUED)

During the Year, the employee training data[2] of Luye Pharma is as follows:

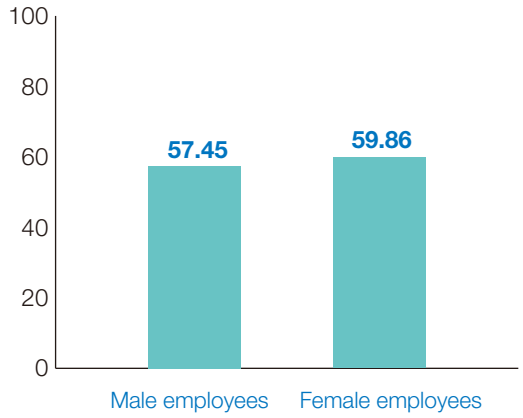
Percentage of employees trained (by gender)



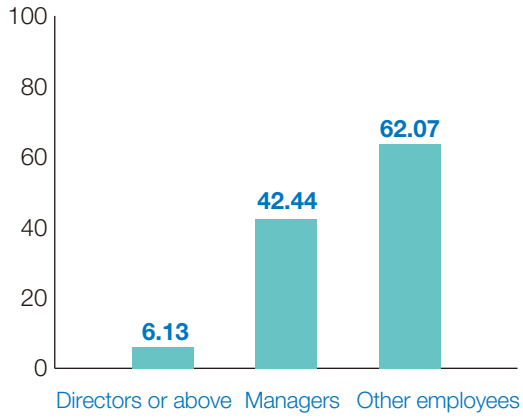
Percentage of employees trained (by employment type)



Average training hours completed per employee (by gender)



Average training hours completed per employee (by employment type)



[2] *Calculation formula of percentage of employees completed training by category: Number of employees completed training in this category/Total number of employees in this category. Calculation formula of average training hours completed per employee by category: Training hours completed by employees in this category/Total number of employees in this category.*

9. TALENT CULTIVATION AND VALUE CO-CREATION (CONTINUED)

At the subsidiary level, different production units have also formulated systems such as the Mentor Management System of Luye Life Sciences Group and the Company-Level Training Plan based on the Group's talent development strategy and the needs of specific business areas, clearly guiding the work related to employee training:

Mentor Management System of Luye Life Sciences Group

- Arrange the management and senior employees to provide guidance to new employees, including career planning and job skill development;
- Aim to help new employees form correct work values and attitudes, while also addressing workplace challenges and clarifying career development paths through experience sharing by mentors.

Company-Level Training Plan

- Have the Human Resources Department conduct research based on the needs of each department and formulate the Company's annual training plan, including training time, training contents, training targets, instructors, class hours, etc;
- Have the Human Resources Department be responsible for establishing corporate training records and individual employee training archives, as well as summarizing and managing various training records;
- List the forms of training assessments, scoring standards and detailed schedules, arrange assessment sessions for trainees as needed to enhance their understanding of the training contents, and evaluate whether the training courses effectively achieve the training objectives.

9. TALENT CULTIVATION AND VALUE CO-CREATION (CONTINUED)

This Year, we organized a variety of employee training activities, including:

Training courses uniformly organized by the Group

Internal Open Courses

- Provided open onboarding training for new employees (including corporate culture presentations, performance management, etc.), with a total of 200 participants.
- Provided centralized onboarding training and open courses for comprehensive skill enhancement for fresh graduates, with a total of 210 participants.
- Provided open courses on logic and presentation training, high-performance habit cultivation, etc., for front-line employees and low-level managers, with a total of 140 participants.
- Provided training activities such as high-performance management personnel training camps, DDI online courses, and themed workshops on the Code of Conduct of Luye Life Sciences Group for newly promoted supervisors and managers at all levels, with a total of 240 participants.

Business-customized Training Programs

- Invited internal and external instructors to conduct business-customized training, covering themes such as work reviews, cross-departmental communication, project management, and grassroots organizational capacity building, to meet the career development needs of personnel in different business departments, with a total of 106 participants.

Training activities on drug quality management, safety production and other themes as arranged independently by various business departments

GMP Quality Management System Training

- Conducted professional knowledge training and basic principles of GMP and pharmaceutical regulations training for all employees according to the Skills, Training and Awareness Enhancement Procedures.
- Assigned each production base to independently plan and implement a series of quality management training activities, so as to comprehensively improve drug quality standards.

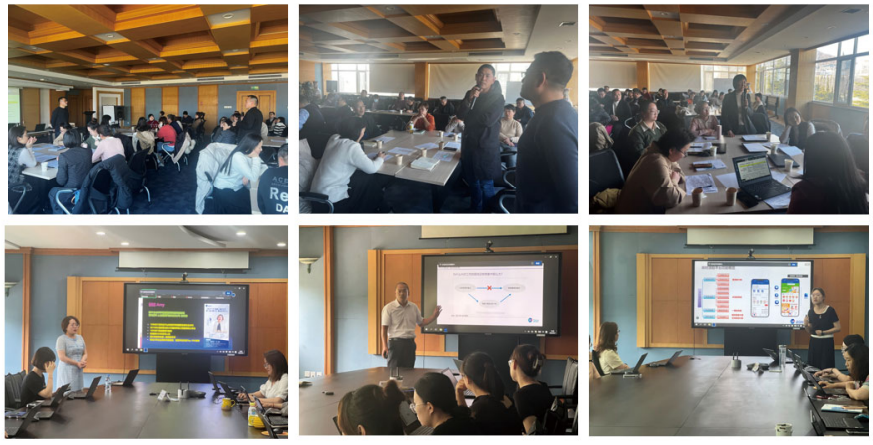
EHS Training

- New employees were required to undergo three-level EHS training to learn about national and local government laws, regulations and standards related to safety production, internal corporate rules and regulations, workplace hazard factors, as well as general situations and responsibilities of safety production in different positions.
- Employees were required to undergo relevant EHS risk training for the adoption of new processes, technologies, materials and equipment.
- Emergency drills were conducted according to the Emergency Preparedness and Response Procedures.

9. TALENT CULTIVATION AND VALUE CO-CREATION (CONTINUED)

Case: 2024 workshop rotation training on Enhancing Management Efficiency and Achieving Cost Reduction and Efficiency Improvement Goals (10 sessions in total)

Case: 2024 "Brand Application and Regulation", "Embracing PRA" and other theme sharing (7 sessions in total)



Case: Training to enhance the management efficiency of professionals

9. TALENT CULTIVATION AND VALUE CO-CREATION (CONTINUED)

9.3 Caring about the Employees

The Group has always regarded the well-being of its employees as an important part of corporate development. On the basis of fully implementing various labor security systems stipulated by the State, we have established a comprehensive employee care system and are committed to creating a healthy and harmonious working environment for our employees. In terms of welfare security, we not only strictly implement the state-mandated social insurance and housing provident fund systems, but also offer competitive supplementary benefit packages tailored to our employees based on the actual situations. These measures fully demonstrate the Company's emphasis on employees' quality of life, and provide a strong guarantee for employees to work with peace of mind.

Besides the basic benefits stipulated by the State, Luye Pharma also enhances the quality of life of its employees by providing a series of good benefits and treatments, including but not limited to:

Holiday benefits	During some Chinese traditional holidays, we distribute employees with certain holiday benefits, including for the Spring Festival, Women's Day, Mid-Autumn Festival, Children's Day, etc.;
Commercial insurance	This includes hospitalization and outpatient medical insurance, 24-hour personal accident insurance, and critical illness insurance to strengthen health protection for employees;
Annual health check-up	We organize an annual health check-up for employees and establish health records for them accordingly;
Employee mutual aid program	We establish an employee mutual aid fund. In the event of various accidents and major family difficulties, employees will not only receive assistance from statutory welfare and commercial insurance, but also receive certain assistance from the mutual aid fund to help them and their families overcome difficulties;
Wedding cash gift	We prepare wedding cash gift for these employees getting married for the first time;
Excellence recognition	We hold annual recognition ceremonies at the group and subsidiary levels every year to reward outstanding employees and teams. Under the ICV program incentive system, there are year-end reward funds and real-time reward funds to encourage employees to actively participate in innovative practice programs; and
Golden Leaf medal	We award a Golden Leaf medal to these employees who have served the Company for 10 years.

Meanwhile, we also pay close attention to the physical and mental health of our employees, and thus regularly organize various health promotion activities. By organizing activities such as team sports meets and health knowledge lectures, we help employees enhance their physical fitness and relieve stress. In addition, we also emphasize the harmony of our employees' families, regularly organize family day events and other activities to enhance interaction and communication between employees and their families, creating a warm and welcoming work atmosphere. In the future, we will continue to improve our employee care system, enabling every employee to realize their personal value and career aspirations at Luye Pharma.

9. TALENT CULTIVATION AND VALUE CO-CREATION (CONTINUED)

Case: Themed Event on Celebrating the 30th Anniversary

In June 2024, the Group organized a variety of colorful employee activities across various regions to jointly celebrate its 30th anniversary, conveying a love for a better life and cheering for Luye's 30th birthday together.

Beijing WPU held a staff gathering to celebrate the Group's 30th anniversary

Shanghai Office organized a birthday party to celebrate the Group's 30th anniversary

Case: 2024 "Run, Luye People"

In June 2024, we successfully held the factory-circumnavigation running activity themed "Run, Luye People" at Shandong Luye production base. As an annual traditional sports event of the Group, this activity specially incorporated thematic elements celebrating the Group's 30th anniversary, adding special significance to this regular activity.

Case: Family Open Day Activity

In July 2024, the R&D Center under the Group held the activity themed "National Key Laboratory of Advanced Drug Delivery System Open Day", inviting little Luye successors to enter the Drug Research and Development Laboratory to explore the journey and mysteries of drug creation together.

10. CONTRIBUTION TO THE SOCIETY AND COOPERATION FOR WIN-WIN SITUATION

While pursuing operational excellence, Luye Pharma has consistently upheld the philosophy of "From Society, For Society," deeply embedding social responsibility into our corporate development strategy. During the Reporting Period, we translated our commitment as a corporate citizen into concrete actions through a series of meaningful philanthropic initiatives focused on four key pillars of "Supporting scientific innovation, Promoting primary healthcare access, Assisting vulnerable communities and Environmental conservation":

- Supporting the "Evidence-Based Scientific Research Fund for Natural Lipid-Regulating Drugs"
- 3.12 Arbor Day Initiatives
- Entered into Strategic Collaboration Agreement with Shanghai Mental Health Center

Moving forward, we will continue to deepen our social engagement and contribute Luye's strength to building a healthier, more sustainable society through innovative philanthropic models.

Case: Luye Pharma-Supported "Evidence-Based Scientific Research Fund for Natural Lipid-Regulating Drugs" Announces Grant Recipients

On 23 June 2024, the "Evidence-Based Scientific Research Fund for Natural Lipid-Regulating Drugs" initiative, jointly established by Luye Pharma and the Suzhou Industrial Park Oriental Huaxia Cardiovascular Health Institute, achieved a significant milestone. The philanthropic program officially unveiled its funded research projects at the 18th Oriental Congress of Cardiology (OCC 2024) and the World Congress of Cardiology (WCC 2024). This announcement underscores Luye Pharma's commitment to advancing population-wide cardiovascular health.

Case: Boan Biotech's 2024 Spring Tree-Planting Initiative

In March 2024, Boan Biotech, a subsidiary of Luye Pharma, organized its annual employee tree-planting activity, which not only demonstrated the Company's commitment to environmental protection, but also strengthened team cohesion.

11. APPENDICES

11.1 Environmental Performance Table[3]

	Data for 2024	Data for 2023	Measurement unit
Resource consumption[4, 5]			
Direct energy consumption in total	40,779.78	42,118.90	'000 kWh
Direct energy consumption intensity	0.07	0.069	'000 kWh/income of RMB10,000
Indirect energy consumption in total	118,564.68	129,279.88	'000 kWh
Indirect energy consumption intensity	0.20	0.21	'000 kWh/income of RMB10,000
Total electricity consumption	75,438,301.32	81,765,161.14	kWh
Intensity of electricity consumption	124.46	133.10	kWh/income of RMB10,000
Total natural gas consumption (stationary sources)	3,683,299.00	3,831,270.00	Cubic meters
Intensity of natural gas consumption (stationary sources)	6.08	6.24	Cubic meters/income of RMB10,000
Total natural gas consumption (cooking)	66,660.17	41,520.4	Cubic meters
Intensity of natural gas consumption (cooking)	0.110	0.067	Cubic meters/income of RMB10,000
Total industrial steam consumption	155,254.83	171,052.86	MKJ
Intensity of industrial steam consumption	0.26	0.28	MKJ/income of RMB10,000
Total gasoline consumption (by automobiles)	20,768.00	21,693.00	Liters
Intensity of gasoline consumption (by automobiles)	2,966.86	2,410.33	Liters/per gasoline powered automobile
Total diesel consumption (by automobiles)	3,813.00	4,048.00	Liters
Intensity of diesel consumption (by automobiles)	3,813.00	4,048.00	Liters/per diesel powered automobile
Total water consumption	1,392,264.00	1,210,415.00	Cubic meters
Intensity of total water consumption	2.30	1.97[6]	Cubic meters/income of RMB10,000
Total packaging materials consumption	1,616.35	1,578.31	Tons
Intensity of packaging materials consumption	0.0027	0.0026	Tons/income of RMB10,000

[3] *The statistical scope of 2024 remained consistent with that of 2023. The 2024 statistics cover Luye Pharma's headquarter, four production bases, including Nanjing Base, Beijing WPU, Sichuan Base and Shandong Base, and the Boan Biotech.*

[4] *Total energy consumption includes electricity, natural gas (stationary sources and cooking), industrial steam, gasoline and diesel consumption, the conversion method of which made reference to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial) issued by the National Development and Reform Commission of the People's Republic of China. Energy consumption of 2024 includes electricity, natural gas (stationary sources, domestic sources), industrial steam, gasoline and diesel consumption.*

[5] *Luye Pharma recorded total revenue of RMB6,061.441 million during the Year. Luye Pharma recorded total revenue of RMB6,143.078 million in 2023.*

[6] *The total water intensity data for 2023 has been revised.*

11. APPENDICES (CONTINUED)

	Data for 2024	Data for 2023	Measurement unit
Emission of air pollutants by boilers			
NO_x emission	5,339.82	5,627.41	Kilograms
SO_x emission	29.57	29.15	Kilograms
Emission of air pollutants from cooking			
NO_x emission	79.99	49.82	Kilograms
SO_x emission	0.04	0.02	Kilograms
Particulate matter	7.33	4.57	Kilograms
Emission of air pollutants by automobiles[7]			
CO emission	195.76	212.31	Kilograms
NO_x emission	117.60	130.25	Kilograms
SO_x emission	0.37	0.39	Kilograms
PM2.5 emission	4.31	4.75	Kilograms
PM10 emission	4.74	5.23	Kilograms
Emission of greenhouse gas (Scope 1 and Scope 2)[8]			
Emission by use of boilers (Scope 1)	7,963.99	8,283.93	Tons
Emission by use of cooking (Scope 1)	144.13	89.77	Tons
Emission by automobiles (Scope 1)	57.764	60.523	Tons
Emission by refrigerants (Scope 1)	1,944.84	2,321.05	Tons
Emission by use of industrial steam (Scope 2)	17,078.03	18,815.81	Tons
Emission by electricity consumption (Scope 2)	40,480.19	46,630.27	Tons
Greenhouse gas emission in total	67,668.95	76,201.35	Tons
Intensity of greenhouse gas emission in total	0.11	0.12	Tons/income of RMB10,000

7 *The calculation method for emission data of air pollutants from automobiles owned and controlled by Luye Pharma made reference to the Technical Guide for Air Pollutants Emission Inventory for Road Motor Vehicles (Trial) issued by the Ministry of Ecology and Environment of the People's Republic of China.*

8 *The calculation method for emission data of greenhouse gases (Scope 1) from boilers, natural gas for cooking and greenhouse gases (Scope 2) from use of industrial steam made reference to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial) issued by the National Development and Reform Commission of the People's Republic of China; the calculation method for emission data of greenhouse gases (Scope 1) from automobiles made reference to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Land Transport Enterprises (Trial); and the calculation method for emission data of greenhouse gases (Scope 1) from refrigerants made reference to IPCC AR6 report. The calculation method for emission data of greenhouse gases from use of electricity and related emissions factors in 2024 made reference to the national grid average emission factor, 0.5366t CO_2/kWh, indicated in the Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics.*

11. APPENDICES (CONTINUED)

	Data for 2024	Data for 2023	Measurement unit
Production waste water discharge			
Production waste water discharge	890,554.05	851,966.23	Tons
Intensity of production waste water discharge	1.47	1.39	Tons/income of RMB10,000
Non-hazardous waste produced[9]			
Medicine dregs produced	528.76	392.64	Tons
Medicine dregs recycled	65.46	13.12	Tons
Packaging materials waste produced	3.6	12.30	Tons
Packaging materials waste recycled	62.08	42.50	Tons
Total non-hazardous waste produced[10]	535.81	404.94	Tons
Total non-hazardous waste recycled	222.52	144.29	Tons
Total intensity of non-hazardous waste produced	0.00088	0.00067	Tons/income of RMB10,000
Hazardous waste produced (at production bases)[11]			
Medical waste produced	7.65	6.30	Tons
Organic waste liquid produced	1,021.94	1,261.64	Tons
Organic resin waste produced	0	0	Tons
Waste activated carbon produced	59.96	47.08	Tons
Reagent bottles, packaging materials waste produced	45.76	69.51	Tons
Medical waste produced	34.31	40.20	Tons
Waste mineral oil and lubricant oil produced	0.80	0.71	Tons
Waste containers produced	29.39	15.40	Tons
Laboratory wastes produced	10.64	14.10	Tons
Sludge produced	778.56	110.13	Tons
Total hazardous waste produced (at production bases)	1,989.02	1,566.06	Tons
Total intensity of hazardous waste produced (at production bases)	0.0033	0.0025	Tons/income of RMB10,000
Hazardous waste produced (at offices)[12]			
Waste toner cartridge produced	536	553	Suppliers
Waste fluorescent tube produced	0	0	Suppliers

9 *The statistical caliber of non-hazardous waste produced at production bases was based on the non-hazardous waste discharged.*

10 *Non-hazardous waste categories included: waste packaging materials, medicine dregs, paper, packing tape, glass, plastic, metal utensils and general solid waste. The calculation formula for intensity of this Year was: The total non-hazardous waste produced/The total revenue of Luye Pharma in this Year.*

11 *The statistical caliber of hazardous waste produced at production bases was based on the hazardous waste discharged. Hazardous wastes in 2024 included medical waste, organic liquid waste, organic resin waste, waste activated carbon, reagent bottles and packaging materials waste, pharmaceutical waste, waste mineral oil and lubricant oil, waste containers, laboratory wastes and sludge.*

12 *The statistical caliber of hazardous waste produced at offices was based on the hazardous waste discharged. Hazardous wastes in 2024 included waste toner cartridges and waste fluorescent tubes.*

11. APPENDICES (CONTINUED)

11.2 Social Performance Table

Employee Data

		Number of people	Turnover rate (%)[13]
Total number of employees		5,150	9%
By gender	Male staff	2,438	10%
	Female staff	2,712	9%
By employment type	Full-time	5,108	/
	Part-time	42	/
By type of employees	Directors and above	149	/
	Managers	471	/
	Other employees	4,530	/
By age	18-25	538	21%
	26-35	2,221	9%
	36-45	1,729	5%
	46-55	582	9%
	56 and above	80	27%
By region	Mainland China	4,807	10%
	Europe	287	0%
	United States of America	25	45%
	Singapore and Malaysia	21	36%
	Hong Kong	5	40%
	Japan	3	0%
	Brazil	1	0%
	Mexico	1	0%

[13] *Calculation formula of employee turnover rate: Number of employees in this category leaving/Total number of employees in this category × 100%*

11. APPENDICES (CONTINUED)

Employee Training Data

		Percentage of employees completed training[14]	Average training hours completed per employee (hour/person)[15]
By gender	Male staff	74%	57.45
	Female staff	73%	59.86
By type of employees	Directors and above	58%	6.13
	Managers	85%	42.44
	Other employees	73%	62.07

		Data of 2024	Unit of Measurement
Work Injury Data			
Lost days due to work injury		0	Days
Death toll in 2024	Employee	0	Number of people
	Contractor	0	Number of people
Death toll in 2023	Employee	0	Number of people
	Contractor	0	Number of people
Death toll in 2022	Employee	0	Number of people
	Contractor	0	Number of people
Supplier Data			
Number of suppliers	Domestic	13,604	Suppliers
	Foreign	479	Suppliers

[14] *Calculation formula of percentage of employees completed training by category: Number of employees completed training in this category/Total number of employees in this category.*

[15] *Calculation formula of average training hours completed per employee by category: Training hours completed by employees in this category/Total number of employees in this category.*

11. APPENDICES (CONTINUED)

	Data of 2024	Unit of Measurement
Product Recall Data		
Percentage of total products sold or shipped subject to recalls for safety and health reason	0	Percentage
Complaint Data		
Number of products and service related complaints received[16]	40	Cases
Anti-corruption Data		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period	0	Cases
Community Service Data		
Utilised resources to the focus area	147.8	RMB10,000

[16] *All the 40 complaints received this Year have been promptly fed back to the customers in accordance with the relevant complaint handling procedures.*

11. APPENDICES (CONTINUED)

11.3 ESG Report Content Index

ESG Reporting Guide			Reference to GRI Standard	Related sections in the Report
A. Environment				
Item		Descriptions		
Aspect A1: Emissions				
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer have a significant impact on the issuer relating to exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	GRI 305: Emissions; GRI 306: Effluents and Wastes; GRI 307: Environmental Compliance	"Environmental Protection System"
Key Performance Indicators	A1.1	Types of emissions and respective emissions data.		"Environmental Performance Table"
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.		"Environmental Performance Table"
	A1.3	Total hazardous waste produced and, where appropriate, intensity.		"Environmental Performance Table"
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.		"Environmental Performance Table"
	A1.5	Description of emission target(s) set and steps taken to achieve them.		"Environmental Protection System"
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.		"Environmental Protection System"

11. APPENDICES (CONTINUED)

Aspect A2: Use of Resources				
General Disclosure		Policies on effective use of resources.	GRI 302: Energy; GRI 303: Water Resources and Effluents; GRI 307: Environmental Compliance	"Environmental Protection System"
Key Performance Indicators	A2.1	Direct and/or indirect energy consumption by type in total and intensity.		"Environmental Performance Table"
	A2.2	Water consumption in total and intensity.		"Environmental Performance Table"
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.		"Management of ESG Goals and Performance"
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.		"Management of ESG Goals and Performance"
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.		"Environmental Performance Table"
Aspect A3: Environment and Natural Resources				
General Disclosure		Policies on minimizing the issuer's material impact on the environment and natural resources.	GRI 302: Energy; GRI 303: Water Resources and Effluents; GRI 305: Emissions; GRI 306: Effluents and Wastes	"Environmental Protection System"
Key Performance Indicators	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		"Environmental Protection System"
Aspect A4: Climate Change				
General Disclosure		Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	GRI 201: Economic Performance	"Energy and Climate Change"
Key Performance Indicators	A4.1	Description and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		"Energy and Climate Change"

11. APPENDICES (CONTINUED)

B. Social			Reference to GRI Standard	Related sections in the Report
Item		**Descriptions**		
Aspect B1: Employment				
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	GRI 401: Employment; GRI 405: Diversity and Equal Opportunity	"Employment Management" and "Caring about the Employees"
Key Performance Indicators	B1.1	Total workforce by gender, employment type, age group and geographical region.		"Employment Management" and "Social Performance Table"
	B1.2	Employee turnover rate by gender, age group and geographical region.		"Employment Management" and "Social Performance Table"
Aspect B2: Health and Safety				
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to provision of a safe working environment and protection of employees from occupational hazards.	GRI 403: Occupational Health and Safety	"Occupational Health and Safety" and "Chemicals Management"
Key Performance Indicators	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.		"Social Performance Table"
	B2.2	Lost days due to work injury.		"Social Performance Table"
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.		"Occupational Health and Safety" and "Chemicals Management"

11. APPENDICES (CONTINUED)

Aspect B3: Development and Training				
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	GRI 404: Training and Education	"Talent Training"
Key Performance Indicators	B3.1	Percentage of employees trained by gender and employee type.		"Talent Training" and "Social Performance Table"
	B3.2	Average training hours completed per employee by gender and employee type.		"Talent Training" and "Social Performance Table"
Aspect B4: Labor Standards				
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of child labor or forced labor.	/	"Employment Management"
Key Performance Indicators	B4.1	Description of measures to review employment practices to avoid child and forced labor.		"Employment Management"
	B4.2	Description of steps taken to eliminate such practices when discovered.		"Employment Management"

11. APPENDICES (CONTINUED)

Aspect B5: Supply Chain Management				
General Disclosure		Policies on managing environmental and social risks of the supply chain.	GRI 308: Supplier Environmental Assessment; GRI 414: Supplier Social Assessment	"Sustainable Supply Chain Management"
Key Performance Indicators	B5.1	Number of suppliers by geographical region.		"Sustainable Supply Chain Management" and "Social Performance Table"
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.		"Sustainable Supply Chain Management"
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.		"Sustainable Supply Chain Management"
	B5.4	Description of practices used to promote environmentally preferable products and service when selecting suppliers, and how they are implemented and monitored.		"Sustainable Supply Chain Management"

11. APPENDICES (CONTINUED)

Aspect B6: Product Responsibility				
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of remedy.	GRI 416: Customer Health and Safety; GRI 417: Marketing and Labeling; GRI 418: Customer Privacy	"Promoting Innovation in R&D", "Superior Quality Assurance" and "Ethical Marketing"
Key Performance Indicators	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		"Superior Quality Assurance" and "Social Performance Table"
	B6.2	Number of products and service related complaints received, and how they are dealt with.		"Superior Quality Assurance" and "Social Performance Table"
	B6.3	Description of practices relating to observing and protecting intellectual property rights.		"Promoting Innovation in R&D"
	B6.4	Description of quality assurance process and recall procedures.		"Superior Quality Assurance"
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.		"Superior Quality Assurance"

11. APPENDICES (CONTINUED)

Aspect B7: Anti-corruption				
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GRI 205: Anti-corruption	"Integrity and Compliance"
Key Performance Indicators	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.		"Social Performance Table"
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.		"Integrity and Compliance"
	B7.3	Description of anti-corruption training provided to directors and staff.		"Integrity and Compliance"
Aspect B8: Community Investment				
General Disclosure		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 201: Economic Performance	"Contribution to the Society and Cooperation for Win-win Situation"
Key Performance Indicators	B8.1	Focus areas of contribution.		"Contribution to the Society and Cooperation for Win-win Situation"
	B8.2	Resources contributed to the focus areas.		"Contribution to the Society and Cooperation for Win-win Situation" and "Social Performance Table"

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