三生制药
3SBIO INC.

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 01530

# 2024

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

三生制药
3SBIO INC.

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# Our 2024: Steady Progress and Continuous Improvement

## ESG Rating Results

As a responsible corporate citizen, 3SBIO (the "**Company**" or "**3SBIO**" and collectively referred to as the "**Group**" with its subsidiaries) makes environmental, social, and governance ("**ESG**") management a priority of its management agenda and has been working to improve ESG management.

The Group's ESG management work has been recognized by the society and the capital market. In 2024, we continued to receive an A– rating under the evaluation of ESG rating agency SynTao Green Finance, and issues such as business ethics, governance structure, employee development, pollutant emissions, and compliance management are all at the industry-leading level. In addition, for the fifth consecutive year, the Group has maintained its "B" rating (management level) in the questionnaire on climate change by the Carbon Disclosure Project (CDP), a globally renowned non-profit organization. This further proves the Group's long-term and effective management and response strategies on climate change issues.


ESG Rating Score by SynTao Green Finance

| | | | | |
|---|---|---|---|---|
| 3Sbio | Climate Change 2023 | 2023 | Submitted | B |
| 3Sbio | Climate Change 2022 | 2022 | Submitted | B |
| 3Sbio | Climate Change 2021 | 2021 | Submitted | B |
| 3Sbio | Climate Change 2020 | 2020 | Submitted | B |

Scores in CDP Climate Change Questionnaire

## ESG Key Performance in 2024

### Environmental Performance

Non-hazardous waste intensity 0.45 kg/RMB10,000, down approximately 29.82% year-on-year

Hazardous waste intensity 0.90 kg/RMB10,000, down approximately 31.07% year-on-year

### Social Performance

Training hours per person averaged approximately 22.64 hours

### Governance Performance

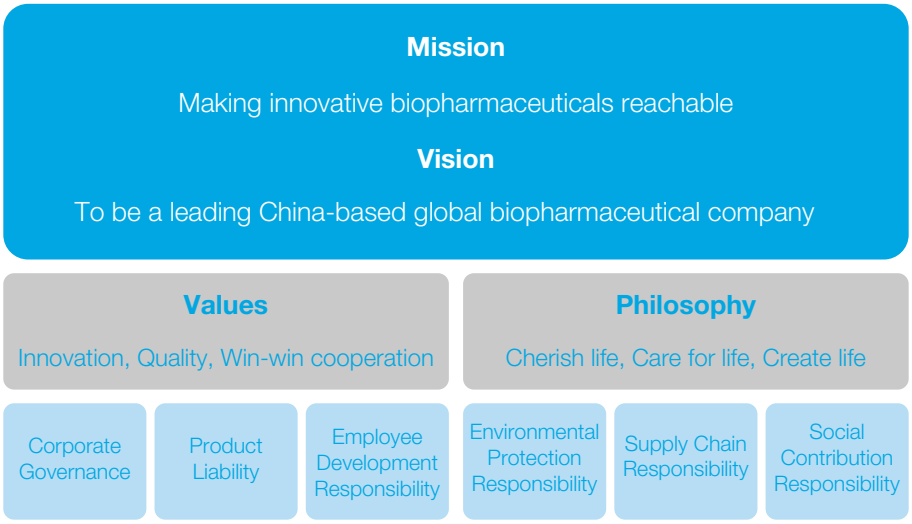
The percentage of anti-corruption training for Board directors reached 100%

# 1. ESG Governance

## 1.1 Sustainable Development Concept

Driven by the mission of "making innovative biopharmaceuticals reachable", the Group has been devoted to solving medicine-related problems for patients. Surmounting disease-related challenges one after another, it strives to improve patients' life quality with high-quality medicine and safeguard people's health.

The Group regards compliance operation as the foundation of its Corporate Social Responsibility (CSR), honoring its commitments to stakeholders, including shareholders, clients and consumers, employees, members of the public and community, and the government and regulators. The Group takes active measures to fulfill its CSRs, provides doctors with reliable treatment tools and patients with trustworthy medicines, helps the government reform the medical system, extends care and support to its employees, and brings hope of life to patients and their families in poverty.

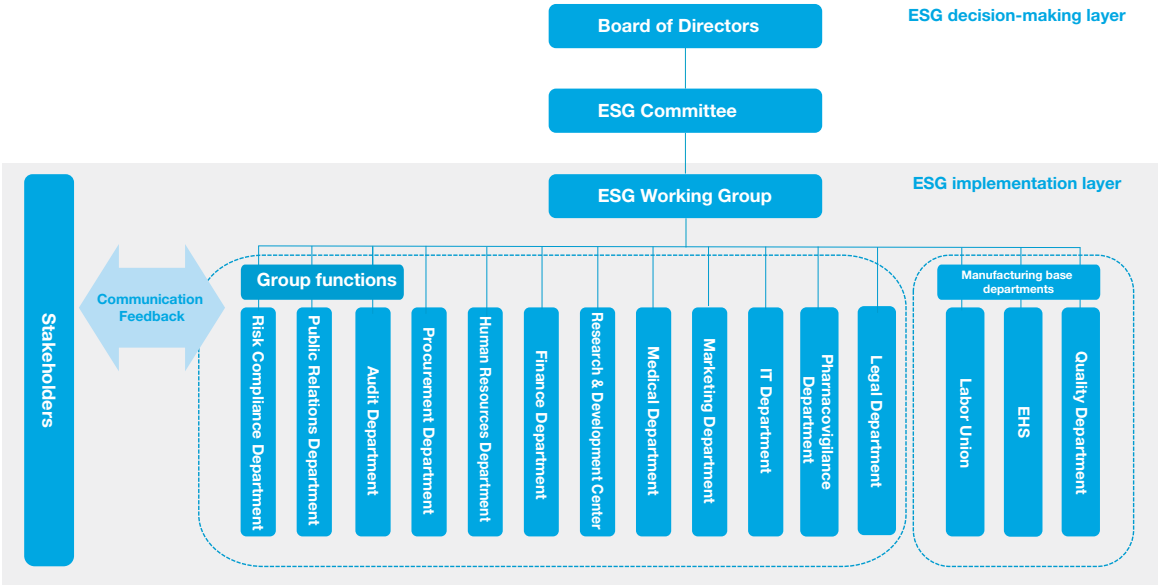



## 1.2 ESG Management Framework

The Group has set up a top-down ESG management framework. The ESG Committee, with the participation of the Board of Directors of the Company, is responsible for the ESG strategic directions and matters across the Group, makes decisions regarding ESG, and oversees the execution. To ensure precise execution of ESG work, the Group has established an ESG Working Group, responsible for specific daily operations and execution under the guidance of the ESG Committee.

The ESG Committee is committed to continuously optimizing the Group's overall performance in environmental, social, and corporate governance while elevating its ESG performance standards. Its ultimate goal is to establish the Group as an ESG leader in the biopharmaceutical industry. The powers, duties, and operation mechanism of the ESG Committee are specified in the *Terms of Reference of Environmental, Social and Governance (ESG) Committee* on the Group's official website.

## ESG Management Framework of 3SBIO




The ESG Committee is responsible for guiding and reviewing the management of the Group's key ESG topics, including medical inclusion and health care accessibility, product quality and safety, human capital development, emissions management, and climate change mitigation and adaptation. The Committee regularly reviews the Group's performance on key ESG topics, reviews the progress in achieving the goals through quarterly reports, interim reports, annual reports, and special reports, provides recommendations on actions to be taken to achieve the goals, and reports regularly to the Board of Directors on the progress of management to ensure that the Board of Directors understands and manages the Group's ESG risks and promote continuous improvement of the Group's ESG management performance.

The Group has set goals for ESG management in respect of the discharge of hazardous wastes, reduction of greenhouse gas emissions, and improvement of energy use efficiency. The target-related functions rely on a professional ESG data management system to collect and compile data indicators related to the ESG targets on a quarterly or semi-annual basis, taking into account the actual management needs, and submit them to the ESG Committee for review.

# 1. ESG Governance

The Board of Directors performs management oversight responsibilities for important ESG topics and ESG strategies of the Group no less than twice a year, discusses and sets ESG management action goals for the following year at the beginning of each year, and provides advice and necessary support on actions to be taken to achieve management goals. The Group's Board of Directors exercises oversight responsibility for the Group's ESG performance and the remuneration performance of Board directors is linked to key ESG indicators of concern to the Group.

## 1.3 Identifying Material Topics

### Communication with Stakeholders

The Group fully recognizes the significance of stakeholders in its long-term development and consistently adheres to the fundamental principle of stakeholder participation in ESG management. The Group maintains efficient and smooth communication channels with stakeholders, respects them, and gets full insights into their views and demands. The Group further responds to reasonable concerns from all stakeholders and incorporates them in the decision-making and execution process.

**Stakeholders' Key Concerns and Responses**

| Key stakeholders | Issues of concern | Communication and responses |
|---|---|---|
| Shareholders and investors | • Compliance operation<br>• Corporate governance<br>• Business ethics<br>• Product quality and safety<br>• R&D innovation | • Information disclosure as a listed company<br>• Shareholders' meetings<br>• Investors' meetings |
| Employees | • Employees' rights, interests, and welfare<br>• Occupational health and safety<br>• Human capital development<br>• Diversification, equality, and inclusiveness | • Labor Union and Congress of Employees<br>• Environment, Health and Safety (EHS) management system<br>• Regular training, performance assessment, and job promotion |

| Key stakeholders | Issues of concern | Communication and responses |
|---|---|---|
| Customers and Consumers | • Product quality and safety<br>• Medical inclusion and health care accessibility<br>• Compliance operation<br>• Responsible marketing | • Quality management system<br>• Drug donation activities for public welfare<br>• Standardized drug use training<br>• Client service system<br>• Sales Force effectiveness (SFE) management system |
| Government and Regulators | • Compliance operation<br>• Business ethics<br>• Product quality and safety | • Establishment and management of compliance system<br>• Daily policy implementation<br>• Participation in and giving suggestions on policy making |
| Suppliers | • Industry development<br>• Supply chain resilience<br>• Intellectual property rights (IPRs) protection | • Industry activities, such as exhibitions and seminars<br>• Coordinated development<br>• Standardized supplier management system<br>• Transparent and fair procurement |
| Public and Community | • Community relations<br>• Emissions management<br>• Resource conservation and utilization<br>• Medical research ethics<br>• Climate change mitigation and adaptation | • Various programs for public welfare<br>• Laboratory animal management system<br>• Environmental impact analysis, plan and control |

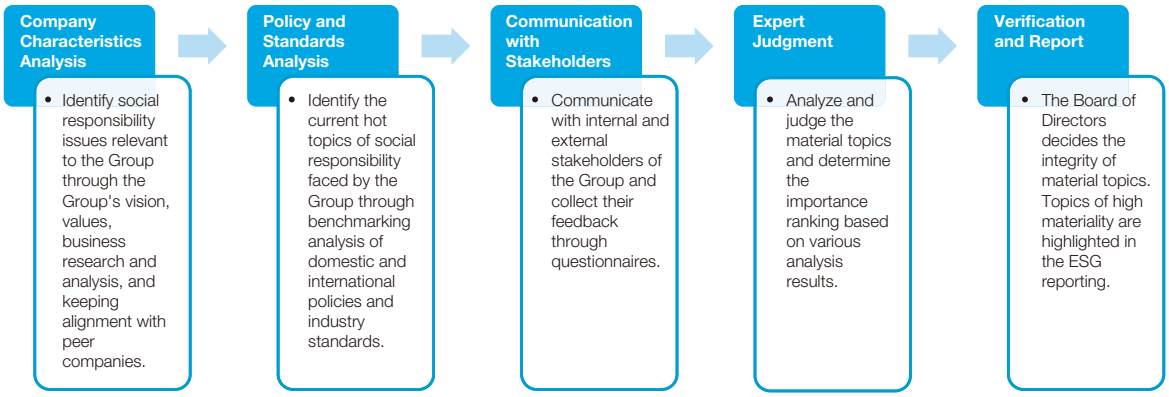
## Analysis of Material Topics

The Group regularly identifies and updates ESG material topics as the basis for the Group's ESG management efforts. Based on the Group's vision, values and industry characteristics, the Group benchmarks domestic and international industry policy standards, combines stakeholder communication and expert judgment, and comprehensively identifies material topics and ranks them in terms of their importance to the Group. The Group conducts stakeholder questionnaire research and quantitative communication once every 2 years.

# 1. ESG Governance

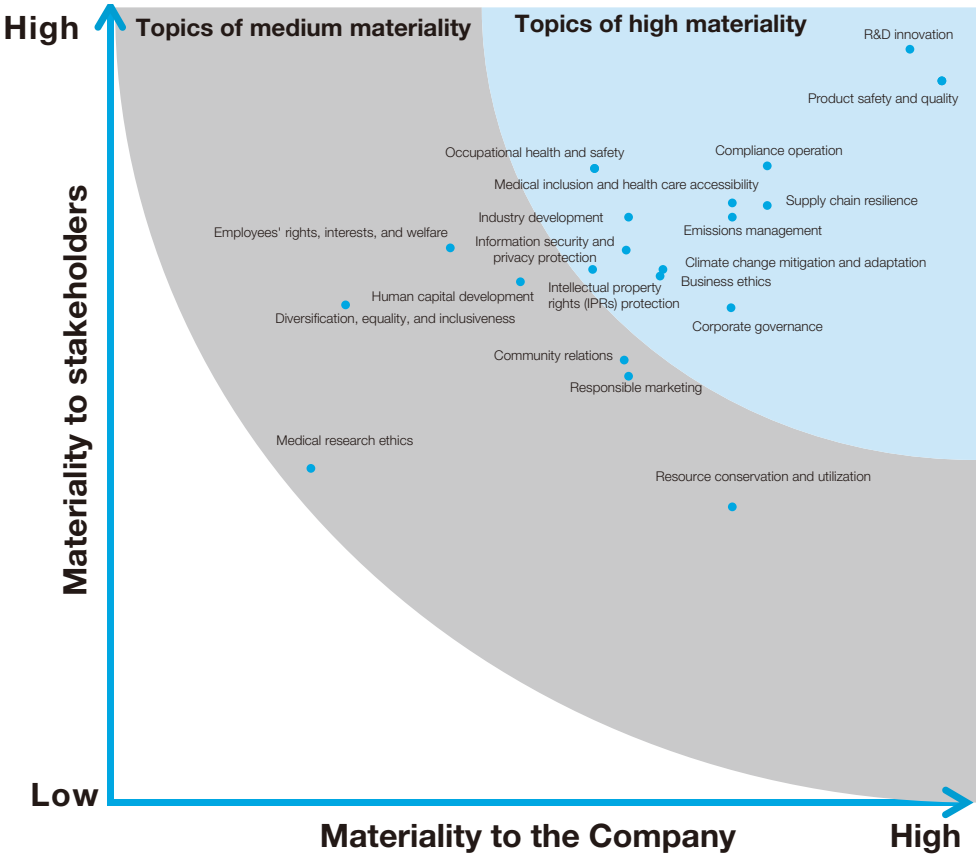
During the reporting period, the Group conducted surveys and communicated with all stakeholders, taking into account the latest policy requirements, material topics of peers, and its work priorities for the year. The Group updated and adjusted material topics per the rigorous *Procedure for the Analysis of Material Topics*.

## Procedure for the Analysis of Material Topics



After the identification and adjustments in the reporting period, the Group has 13 topics of high materiality, including “R&D Innovation”, “Product Quality and Safety”, “Compliance Operation”, “Supply Chain Resilience”, “Medical Inclusion and Health Care Accessibility”, “Occupational Health and Safety”, “Industry Development”, “Information Security and Privacy Protection”, “Intellectual Property Rights (IPRs) Protection”, “Corporate Governance”, “Climate Change Mitigation and Adaptation”, “Business Ethics”, and “Emissions Management”.

## Matrix of Material Topics



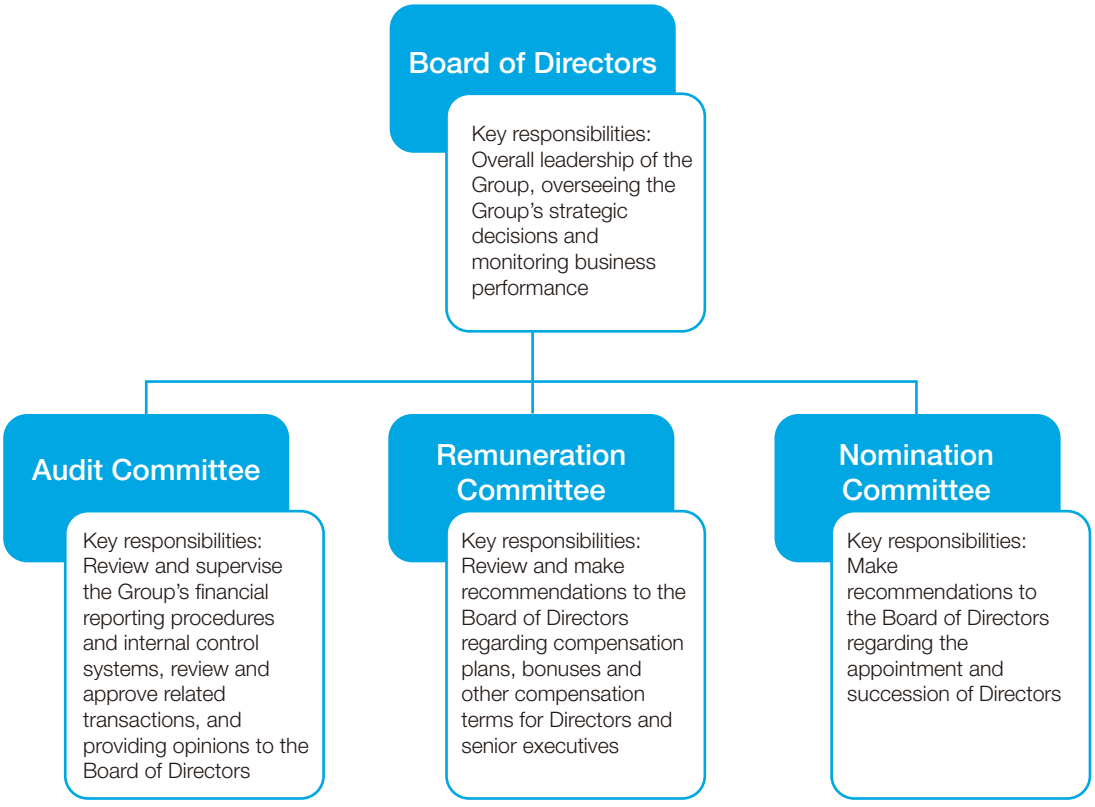
# 2. Corporate Governance

## 2.1 Corporate Governance Framework

The Group maintains rigorous corporate governance practices to safeguard shareholders' rights and interests, bolster corporate value, and foster accountability. The Group employs the *Corporate Governance Code* (the "**Code**") as set out in Appendix C1 of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* as the principles and basis for corporate governance, adhering to all applicable provisions of the Code. The Group will continue to review and supervise the daily corporate governance of the Group to ensure compliance with the provisions of the Code.

According to the Code, the Group has established an effective Board of Directors, tasked with leading and overseeing the Group's operations. The Board of Directors features the following framework and responsibilities:

**Framework and Responsibilities of 3SBIO Board**




Following the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, the Group appoints Directors, ensures the proportion of independent non-executive Directors in the composition of the Board of Directors, and assures that Directors possess requisite professional qualifications and industry experience. During the reporting period, a non-executive Director retired and a new non-executive Director was appointed; and one independent non-executive Director retired. The composition of the Board of Directors and Board of Directors meetings are as follows:

## Composition of the Board of Directors of 3SBIO

**Directors**
- 6

**Executive Directors**
- 2

**Non-Executive Director**
- 1

**Independent Non-Executive Directors**
- 3
- Percentage 50%

**Director, medical expert**
- 3
- Percentage 50%

**Director, financial management expert**
- 3
- Percentage 50%

## Meeting of the Board of Directors of 3SBIO

**General Meeting of Shareholders**
- 1

**Board Meetings**
- 4

**Directors' Committee Meeting**
- 3

The Group recognizes and values the diversity of its Board of Directors, considering it as one of the key elements of its competitive advantages. The Group has formulated the *3SBIO Board Diversity Policy*, which stipulates that the Nomination Committee of the Board of Directors reviews the framework, size, and composition of the Board of Directors annually. Taking into account factors such as gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry, and regional experience, the Nomination Committee formulates quantitative targets for implementing this policy and provides effective recommendations for changes to the Board of Directors when appropriate to achieve these targets.

Regarding gender diversity, the Board of Directors includes three female directors, respectively serving as executive Director, non-executive Director and independent non-executive Director, representing 50% of the board membership. The Board will review the implementation and effectiveness of the Board diversity policy annually and evaluate gender diversity in case of changes in Board of Directors to determine whether follow-up planning measures need to be taken.

## 2.2 Risk and Compliance Management

The Group implements a compliance strategy of "from overarching framework to phased deepening and solidification", focusing on five key areas: anti-commercial bribery, anti-monopoly, fiscal and tax compliance, data and information security, and product promotion. Its risk compliance management system covers the entire process of risk identification, assessment, monitoring, and mitigation, employing preventive measures, in-process controls, and post rectification. During the reporting period, the Group was recognized as one of the Top 30 Most Contributing Compliance Teams in the WELEGAL Legal Alliance Compliance Rankings, setting a benchmark for operational compliance management in the pharmaceutical sector. Additionally, Sunshine Guojian was honored as a Shanghai Model Enterprise for Contract Compliance and Creditworthiness, achieving the highest AAA credit rating for contract integrity.

### Compliance Management System

The Group has put in place and constantly improved a well-established system for risk identification and compliance management. It has introduced the *3SBIO Compliance Management Regulations*, the *Compliance Guidelines for Daily Medical Interactive Communication* and *Standard Operating Procedures for Academic Activities and Conferences*, setting out compliance requirements for various sections of business operations. During the reporting period, the Group continued to improve its compliance management regulations for various processes and updated some regulations to offer compliance guidance for business activities.

During the reporting period, the Group renamed the "Compliance Management Committee" to the "Risk and Compliance Management Committee" as the highest management body for risk and compliance management to further improve the compliance governance structure of the Group. The Risk and Compliance Management Committee mainly establishes and promotes the improvement of the compliance management system, determines the organizational framework, and appoints or dismisses responsible persons of the risk and compliance management departments. It is responsible for formulating the Group's risk and compliance management policies and approving the Group's compliance management regulations, annual compliance management work plans, and regular compliance reports.

The Risk and Compliance Management Committee consists of executive members including the Chairman, and the rotating members, the Committee Secretary and base compliance execution supervisor. Manufacturing base heads serve as the base compliance execution supervisors. The Risk Compliance Department, as the executive department of the Group's daily compliance management, is closely connected with the compliance management of each manufacturing base. The general manager of each manufacturing base serves as the base compliance execution supervisor, their main responsibilities include: attending committee meetings to report on compliance management work in their respective bases or respond to inquiries, submitting opinions and suggestions to the committee, and overseeing the implementation of the committee's resolutions within their base. The establishment of this role further strengthens the Group's control over compliance management efforts in each base.

The Group convenes its Risk and Compliance Management Committee at least semi-annually, with extraordinary meetings as needed. During the reporting period, three committee sessions were held to formulate compliance management plans and conduct phased reviews, ensuring sustained compliant operations. These plans focus on key pharmaceutical industry priorities, including academic conferences, sponsorships/donations, and third-party collaborations, with enhanced monitoring and auditing of both employee conduct and external partners. Furthermore, the Group actively participates in industry policy research and analysis to track regulatory trends. It refines internal risk management measures for areas highlighted by regulators and industry guidelines, promptly disseminates compliance updates to staff, and intensifies compliance audits to maintain controllable risk exposure.

Under the guarantee of various internal systems, the Group has always centered on its three lines of defense against compliance risks (including the overall risk management of the Group, information security compliance management and early warning and handling of crisis events) to strengthen and deepen compliance governance.

### Compliance Risk Defense System


The Group follows the strategy of "front-loaded compliance management" and front-loads compliance management at strategic and operational levels. At the strategic level, the Group integrates compliance risk identification and guidance procedures into the discussion and planning stages of its business strategy. At the operational level, it manages compliance on a project specific basis. During the project initiation stage, it thoroughly analyzes compliance risks, and upon project completion, it undertakes a comprehensive compliance audit covering the entire project lifecycle to ensure full compliance implementation.

Employees play both the roles of compliance management executors and compliance requirements implementers. At the employee management level, in order to further enhance the core of the compliance culture, the Group organizes diversified compliance activities, increases employee compliance participation, and cultivates a compliance atmosphere.

## Employee Compliance Education and Management Measures

| Description | Measure | Effect |
|---|---|---|
| **Compliance training** | • Board of Directors: Compliance training during meetings of the Board of Directors;<br>• Entire Group: Annual compliance training;<br>• Marketing center: Responsible marketing training;<br>• Third parties: Conduct a series of compliance training. | • During the reporting period, the Group conducted a series of compliance training on topics such as anti-commercial bribery and anti-fraud, responsible marketing, data and information security, and medical insurance fund maintenance, reaching 33,000 persons or instances. |
| **Compliance leadership program** | • A compliance leadership program was launched, with the Chairman personally leading management participation, interpreting the connotation of compliance leadership (i.e., the ability to lead the company towards a compliant future), and promoting the improvement of management's compliance management capabilities through a series of activities and training. | • Three sessions were conducted during the reporting period, covering 139 persons. |
| **Compliance Ambassador Day** | • The first Compliance Ambassador Day was established to deepen the concept of Compliance Ambassadors as regional compliance partners, and continuously promote Compliance Ambassadors to assist regional managers in policy interpretation, compliance consultation and coaching. | • During the reporting period, a total of 76 Compliance Ambassadors participated in the Group Compliance Day activities, and the results of the activities will be promoted to various teams for learning. The activities include legal case drills to enhance the understanding of medical audits; commend outstanding ambassadors to encourage work results; carry out team building and strengthen partnerships. |

| Description | Measure | Effect |
|---|---|---|
| **Compliance culture week, compliance micro classes, compliance stories and other routine compliance promotion** | • The activities aim to encourage procurement, human resources, finance, information technology, public relations, legal affairs and other departments to participate in compliance promotion activities, regularly carry out compliance culture week, compliance micro classroom and other activities, publish articles such as compliance stories, let employees understand compliance knowledge, and build the compliance culture of the Group. | • During the reporting period, a total of 6 compliance activities were carried out and 112 related promotional papers were released. |
| **Crisis event drills** | • In order to better cooperate with the government's medical industry audit, the Group cooperates with a third-party law firm to regularly carry out crisis event drills, covering key functional departments such as the Group's Risk Compliance Department, Financial Management Department, and Marketing Center. Relevant departments of the four major bases participated in the drills for the first time to ensure the legality and compliance of the process. | • During the reporting period, the drills covered a total of 6,790 persons or instances. |
| **Compliance scorecard** | • The Group continuously uses the employee behavior compliance scorecard to conduct compliance quantitative assessments on the Group's marketing personnel, and formulate a comprehensive compliance evaluation model including compliance training, flight inspections, expense compliance monitoring, and project pre-review assessment. The score of the employee behavior compliance scorecard is directly linked to the current salary/bonus assessment;<br>• During the reporting period, the proportion of compliance training in the employee behavior compliance scorecard assessment was increased. For the assessment of some compliance training, the management assumed joint responsibility for assessment to strengthen the business management's participation in pre-compliance supervision. | • The Group drives continuous improvement in employee compliance awareness and behavior through employee compliance performance appraisals, and uses scorecards to provide management with clear compliance management tools to improve management effectiveness. |

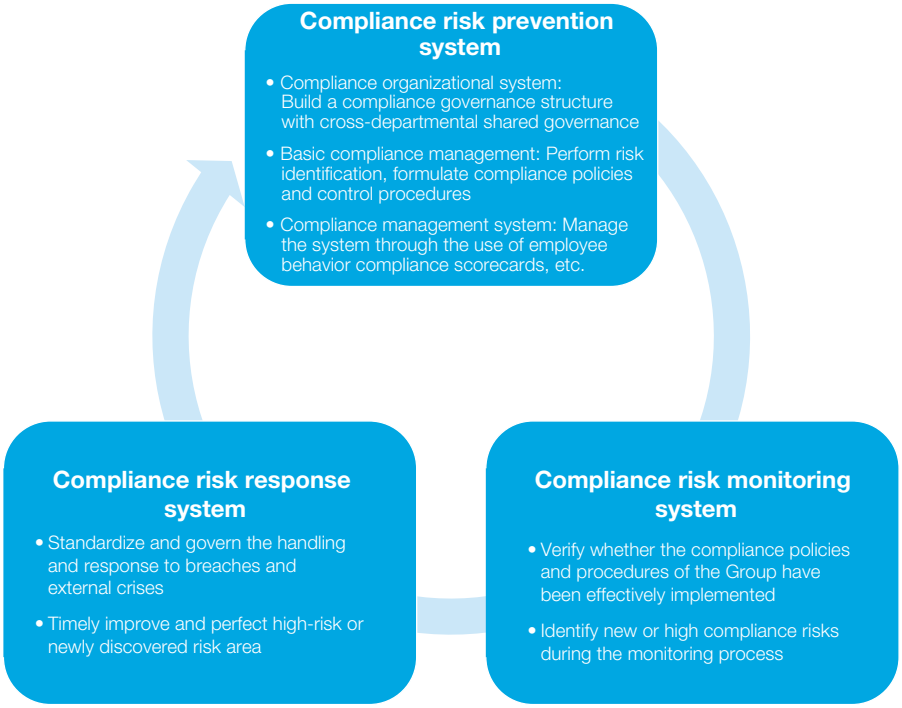
In recent years, Chinese authorities have promulgated regulations such as the *Regulations on Supervision and Administration of Healthcare Insurance Fund Use* to rigorously combat fraudulent activities targeting healthcare insurance funds and to strengthen whole-process oversight. In proactive response to national policies and to prevent such violations, the Group conducted publicity campaigns on relevant laws and established mechanisms for investigating/reporting irregularities during the reporting period. The Group organized mandatory training for relevant personnel, and conducted comprehensive audits of insurance-related projects, and required employees/partners to sign compliance pledges, ensuring secure and lawful healthcare fund usage.

Continuously enhancing its compliance system and executing compliance management, the Group actively participates in the development and improvement of the industry's compliance knowledge system. It participated in the solicitation of opinions on the *Compliance Guidelines for Pharmaceutical Enterprises to Prevent Commercial Bribery Risks* of the State Administration for Market Regulation and the *Medical Representative Registration Measures* of the National Medical Products Administration. During the reporting period, the Group also co-authored the *Hospital-Enterprise Collaboration Compliance Guidelines*, providing best practices for institutional compliance and hospital-business interactions. As an expert unit of the Health Development Research Institute, the Group participated in the pilot project of pharmaceutical commercial bribery compliance management and provided compliance advice. The Group also went deep into medical institutions to discuss compliance issues of hospital-business interactions with the Office of Conduct and Discipline Inspection Department, providing practical support for building an enterprise-business relationship with transparent information and risk sharing.

### Risk Management Mechanism

Continuously enhancing its awareness and capability in compliance risk management, 3SBIO has established a sound and robust risk management mechanism to fully prevent and respond to compliance risks in various fields. It has developed a closed-loop compliance risk management system in combination with its compliance strategy and industry trends. This system consists of three subsystems: a compliance risk prevention system, a compliance risk monitoring system, and a compliance risk response system.

## Compliance Risk Management System




To further enhance its compliance management framework, the Group established a Process Project Department during the reporting period. This department is responsible for initiating authorized management of various processes within the Group, reviewing the necessity and compliance of each business process, gradually optimizing these processes, and improving the Group's authorized management and risk prevention capabilities.

To ensure proactive risk management, the Group closely monitors domestic and international developments of laws and regulations. Through this monitoring, the Group identifies emerging risks that may potentially impact its business and formulates preemptive countermeasures accordingly. The Group's identification of emerging risks and countermeasures taken during the reporting period include but are not limited to:

### Identification of Emerging Risks and Countermeasures (Partial)

| Region | Law/Regulation | Risk Description | Countermeasure |
|---|---|---|---|
| **Chinese mainland** | *Shanghai Pharmacovigilance Management Measures (for Trial Implementation)* | The Shanghai Medical Products Administration has imposed strict requirements on the timeframe, scope and content of the reporting of adverse drug reactions. Failure to report suspected adverse reactions in a timely, accurate and complete manner may expose the Group to legal liability and reputational damage. | The countermeasures are to improve the pharmacovigilance system, optimize the process of monitoring and reporting of adverse reactions, ensure the timeliness and accuracy of information collection, analysis and reporting, and introduce information technology system to enhance efficiency. |
| | *Compliance Guidelines for Pharmaceutical Enterprises to Prevent Commercial Bribery Risks* | The Group faces risks such as confusion of duties, behavioral transgressions, transfer of benefits and irregularities in filing in academic visits and exchanges, which may lead to allegations of commercial bribery or compliance penalties. | The countermeasures are to strictly regulate academic visits and exchanges, to ensure that the behavior of medical representatives and promoters is in compliance with laws and regulations, and to strengthen internal supervision and training. |

On the basis of a thorough understanding of relevant laws and regulations, the Group adheres to the principle that "compliance risks arise from compliance obligations, and compliance obligations stem from business activities" to continuously enhance risk management capabilities. The Group regularly conducts surveys and interviews to assess risk identification capabilities and key control points across business units, sorts out types of business activities, and performs risk evaluations based on legal requirements, industry standards, and internal policies. Through training programs and compliance reviews, the Group educates employees on risk awareness and policy requirements while verifying the compliance of business operations. Bimonthly compliance reviews are conducted to facilitate top-down discussions with business management regarding periodic compliance achievements and challenges, with proactive exploration of improvement measures to gradually strengthen the compliance of business practices.

Furthermore, the Group engages employees in compliance risk identification through questionnaire surveys and interviews to increase their participation in risk awareness initiatives. During the reporting period, the Group completed four effective surveys and updated compliance-related policies based on survey analysis, business operation models, and new industry regulations.

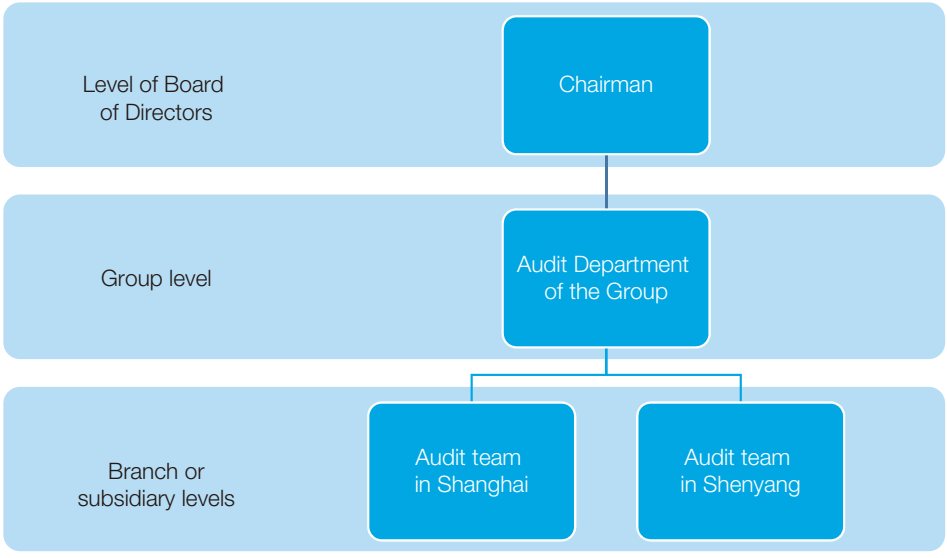
# 2. Corporate Governance

## Audit Mechanism

The Group is committed to establishing a long-term and regular audit and supervision mechanism, having formulated the *3SBIO Group System for Internal Audit, 3SBIO Group Work Flow for Internal Audit*, and other systems. It completes a full internal audit procedure once every three years to improve internal control system and business management and forestall business risks.

The Group attaches great importance to the role and position of audits in corporate management, emphasizing the independence and significance in the design of the audit organization framework and reporting mechanism. The Group's Audit Department reports directly to the Chairman and is accountable to the Board of Directors. The Group's Audit Department has two separate audit teams. One team is responsible for the internal control audit of Sunshine Guojian, while the other team oversees the internal control audits of the manufacturing bases in Shenyang, Shenzhen, and Hangzhou, as well as other branches and subsidiaries.

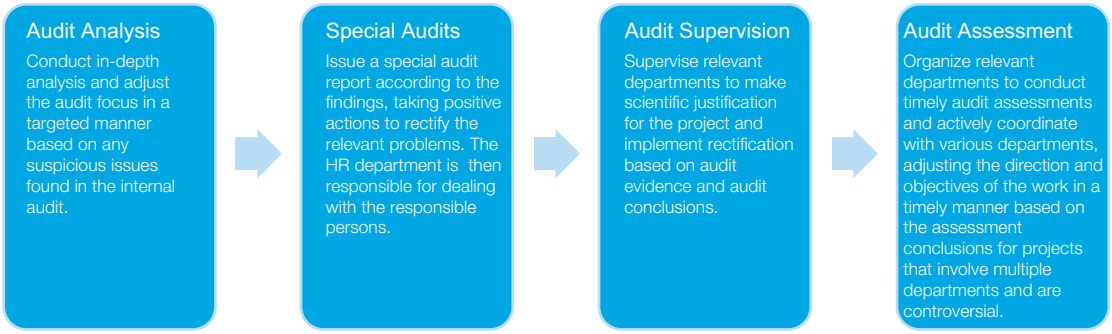
### Audit Organizational Framework




During the reporting period, the Group conducted business training for the audit team, including risk-oriented auditing, internal control process design, information system security operation and maintenance and hotspots of medical research projects, etc., aiming to enhance the professional competence of the audit staff and strengthen the team's ability to identify and respond to risks in a complex environment. The training was conducted in a combination of online and face-to-face instruction to ensure 100% coverage of all audit staff and further enhance the professional quality of the team.

The Group's Audit Department has fully implemented the establishment of a mechanism for the full integration of internal audit and control, and conducted audit analysis, special audits, audit supervision and audit evaluation based on audit findings.

### The Operation Process of the Mechanism Integrating Internal Audit and Control




The Group strengthens its ability to operate in compliance through internal and external audits. During the reporting period:

- The Group carries out routine monitoring of related processes.
- The Group, in addition to its routine audits, has also engaged a third-party professional organization to conduct special audits on the settlement of three construction projects in progress, focusing on project quality, environmental protection, sustainability principles, and anti-corruption efforts. In terms of sustainability principles, the Group pays attention to recycling, the proportion of non-hazardous materials in construction materials, and the procurement of eco-friendly facilities. In terms of anti-corruption, no corrupt behavior has been found within the scope of audits.
- The Group continuously conducts internal control audits on the key business cycles of each manufacturing base, covering sales and receivables, procurement and payables, expenses, fund management, financial statements and closure of accounts, long-term assets, research and development, and investments. 3SBIO conducts internal control audits on a three-year basis, while its subsidiary Sunshine Guojian undergoes a full-process audit yearly.
- The Group conducts anti-corruption audit investigations involving all financial and physical processes such as procurement, fund management, R&D projects, fixed assets, and human resources, and extends the audit to relevant positions and responsible persons.
- The Group engages third-party representatives to provide services for or on behalf of the Company in the normal course of business. During the reporting period, third parties conducted independent external audits of the Group per the provisions of relevant laws and regulations and regulatory requirements and issued relevant reports per the regulatory timelines.

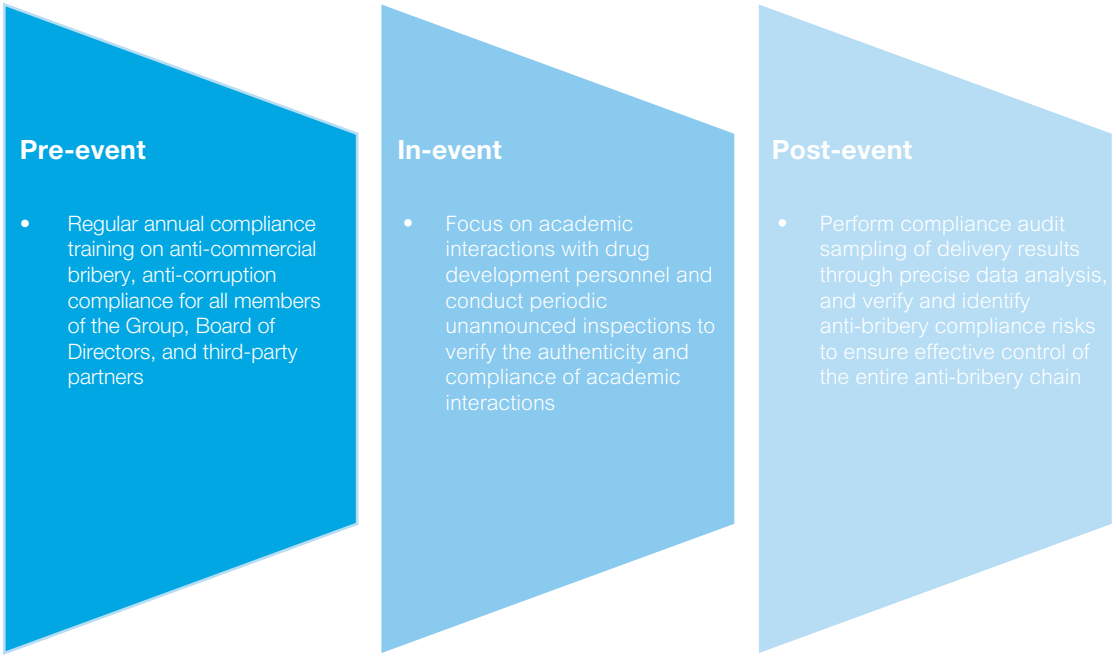
## 2.3 Business Ethics and Anti-corruption

### Business Ethics and Anti-corruption System

The Group places great emphasis on business ethics and anti-corruption. The *3SBIO ESG Code of Conduct* includes *Anti-Corruption and Anti-Bribery Policies* that cover all employees, directors, and third-party representatives, explicitly prohibiting the payment of facilitation fees. Meanwhile, the Group actively followed up on the national regulatory policies in the retailing of pharmaceutical products, conducted filing and internal training of pharmaceutical representatives in accordance with the *Management Measures for Registration of Medical Representatives (Interim)* and updated the compliance management system and procedures of the retailing line in accordance with the *Measures for Quality Supervision and Administration of Drug Distribution and Use*. During the reporting period, the Group did not engage in any corruption litigation cases against the Company or its employees.

To eliminate corruption and commercial bribery, the Group has established a sound anti-commercial bribery compliance management system that covers the entire process from pre-event, in-event, to post-event control methods.

### Anti-commercial Bribery Compliance System




In the area of academic promotion, the Group has established the *Norms for Management of Academic Promotion Publicity and Educational Materials of 3SBIO*. These norms ensure that promotional and educational materials used by employees in direct or indirect contact with patients, healthcare professionals, and medical institutions adhere to national laws and regulations, drug management regulations, and industry standards. To ensure the implementation of these systems and procedures, the Group has established pre-event training and interpretation to inform employees of the systems and encourage their compliance, in-event audits to confirm the legality and compliance of academic promotion materials used, and post-event compliance monitoring to verify employees' compliance with internal regulations in the use of promotional materials.

The Group executed rigorous pre-event compliance establishment procedures for third-party-funded academic conferences and other donation projects to ensure that all activities undergo strict compliance reviews. The Group intensified the compliance monitoring of the entire process for these projects to ensure that each step, from project establishment to execution, meets the requirements of applicable regulations.

Regarding projects related to Internet platforms, the Group has further enhanced its compliance control over the operations of third-party platforms. Specific measures include but are not limited to thorough reviews of various compliance risks in platforms, such as potential commercial briberies, the legality of product promotion activities, the effectiveness of personal information protection mechanisms, and cybersecurity measures.

### Supervision and Reporting System

The Group has put in place a supervising and reporting system. The Group's Risk Compliance Department has put through multiple reporting channels via e-mails and telephones, inviting real-name or anonymous tip-offs about existing or suspected irregularities against systems and regulations from employees, third-party representatives, and business partners. The systems and regulations include: the *3SBIO Group Regulations for the Group's Internal Compliance Investigation*, the *Code of Conduct and Ethics for Employees,* and the *Grants, Sponsor and Donate Program Conduct Guidelines*.

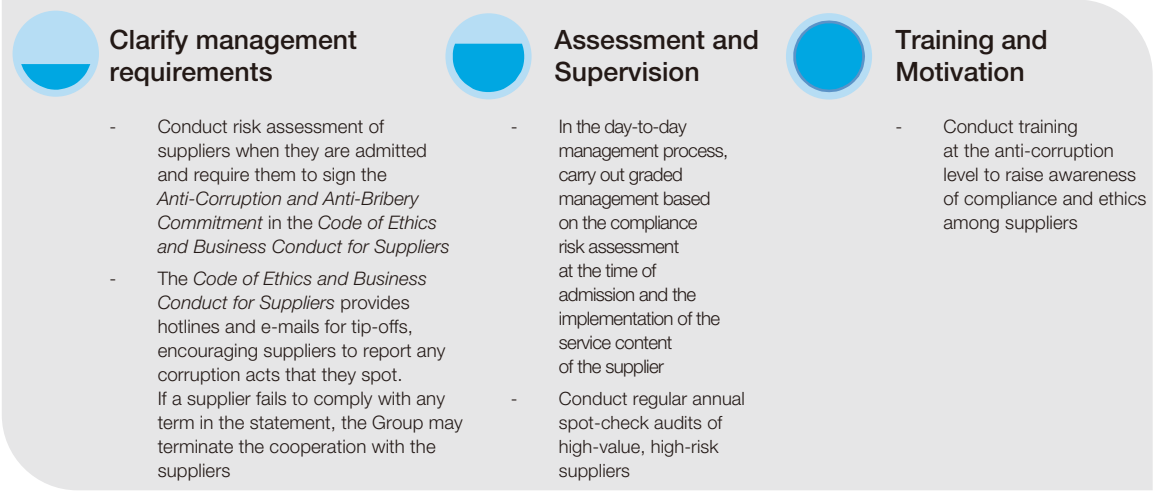
The Risk Compliance Department will report the tip-offs to the Compliance Management Committee. A case will be filed and investigated in accordance with the 3SBIO Group Regulations for the Group's Internal Compliance Investigation. A detailed reply and confirmed investigation report will be offered within one month to the informer (including anonymous informers), who will be protected with the following measures:

- The informers' personal information and the tip-offs will be kept completely confidential. The Group will mete out harsh punishment to those breaking confidentiality rules and hold them accountable per the law.

- Those retaliating against informers or related witnesses will face the consequences based on the severity of their behaviors, including but not limited to removal from a post, termination of labor contracts, and transfer to judicial organs for handling.

### Anti-corruption Management for Suppliers

Through the *3SBIO Group Supplier Management System* and supplier management system, the Group conducts anticorruption management on suppliers from three aspects: management requirements, assessment and supervision, training and motivation.



According to the *3SBIO ESG Code of Conduct*, the Group stipulates that suppliers should have an appropriate anti-corruption policy in place, conduct regular audits against the anti-corruption system to ensure the effectiveness of the system, and agree to be audited by the Group or a third party engaged by the Group to verify the supplier's compliance with anti-corruption principles.

The Group developed the *Code of Ethics and Business Conduct for Suppliers*, which includes anti-corruption and anti-bribery policies and a reporting hotline or email address for reporting on corruption and briberies. The Group requires key suppliers to sign the code at least once a year and regularly monitors their conduct, including on-site inspections. For non-key suppliers, the Group requires them to sign the code during the supplier access stage to ensure that all suppliers are aware of the anti-corruption and anti-bribery policies outlined in this code. As of the end of the reporting period, approximately 96.58% of suppliers had signed the *Code of Ethics and Business Conduct for Suppliers*.

3SBIO has established a supplier compliance management module to strengthen the full compliance supervision of suppliers:

- Pre-event training and promotion: Via training and promotion, the Group requires suppliers to commit to providing services per the Group's compliance management principles;

- Supplier access review: The Group strictly controls supplier access management and due diligence, focusing on controlling the bribery risks of service suppliers; it also conducts timely compliance audit investigations on abnormal or early warning third parties through dynamic monitoring;

- Annual compliance audits: The Group conducts compliance audits covering the entire process of business application, execution and delivery for no less than 33% of regular suppliers every year and all suppliers every three years. The audits include but are not limited to anti-corruption and anti-bribery, advertising and publicity, personal information protection, etc. The Group checks whether the supplier had completed compliance training and signed compliance commitments as required.

During the reporting period, the Group continuously carried out compliance training for all suppliers, requiring them to adhere to industry regulations and 3SBIO's standards. The training aimed to introduce and interpret compliance management requirements such as "anti-corruption and anti-commercial bribery requirements", "conflict of interest behaviors", and "entertainment and prohibited behaviors". The Group also informed suppliers of the channels for reporting violations. In addition to the above, the Group offered tailored compliance training to new suppliers.

## 2.4 Information Security and Privacy Protection

To ensure the information security of the Group and its partners and protect patients' privacy, the Group has put in place the *Regulations for Personal Information and Data Safety Management,* the *Guidelines for Commercial Secrets Management,* the *Group Information System and Cybersecurity System*, and the *Clinical Information System Management System* to comply with its confidentiality principle regarding non-public information about clients, employees, and agents. During the reporting period, no incidents of violation of laws and regulations related to information security and privacy protection occurred.

The Group has implemented the *Trade Secret Management Policy*. This policy establishes a classification system for trade secrets and stipulates that the Risk and Compliance Management Committee, Risk Compliance Department, and departments involving trade secrets should cooperate to create a firewall to protect the Group's trade secrets. During the reporting period, the Group formulated the *Trade Secrets Management Manual* on the basis of this policy in order to refine and implement the management of the Group's trade secrets and to promote the conscious protection of the Group's trade secrets by all employees of the Group.

### Trade Secret Management Departments and Their Responsibilities

| Department | Responsibilities |
|---|---|
| **Risk and Compliance Management Committee** | • Establishing the Group's trade secret management policy and setting phased management objectives;<br>• Deliberating and approving systems and regulations for trade secret management;<br>• Deliberating and approving reports on trade secret management within the Group;<br>• Evaluating the effectiveness of the Group's trade secret management policy and organizing self-inspections across departments to optimize and enhance the protection of trade secrets. |
| **Risk Compliance Department** | • Designing the trade secret management framework for the Group;<br>• Summarizing the management rules and measures related to trade secrets of departments and submitting them to the Risk and Compliance Management Committee for approval;<br>• Organizing regular meetings on trade secret management and reporting to the Risk and Compliance Management Committee;<br>• Continuously optimizing and improving the Group's trade secret protection and management. |
| **Departments involving trade secrets** | • Creating and optimizing own trade secret protection system;<br>• Taking measures to protect trade secrets;<br>• Reporting and coordinating to handle events related to trade secrets. |

In addition, the Group formulated the *Data Classification and Categorization Process Management System* to provide reference standards for the classification, categorization, identification and labeling of data assets. Based on reasonable costs, the subsidiary adopted corresponding protective measures for data assets of different importance levels to prevent them from being destroyed, misused, or accessed without authorization and to ensure their confidentiality, integrity, and availability.

To enhance the development of the information security system and day-to-day management, the Group focused on building basic security capabilities and improving the information security management system. It ensured information security from the perspectives of attack prevention, event detection, defense reinforcement, and security recovery. As at the end of the reporting period, the Group's official website had obtained Grade 2 of the information system security protection grade.

## Information Security Protection System

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| **Information Security Management of the Group** | Information security management mechanism | Established an Information Security Committee as the supreme governing body for information security management and data security management. The committee is chaired by a board member serving as the Chief Information Security Officer (CISO), who is responsible for making critical decisions regarding data security management and establishing information security classification and grading requirements. Under this committee, an Information Security Management Team has been formed to guide the Cybersecurity Implementation Team in executing various information security measures to safeguard the Group's information security. |
| | Information security emergency plan | Implemented the *Emergency Plan for Security Drills for Webpage Tampering Scenarios, Emergency Plan for Encrypted Blackmail Scenarios, Emergency Drill Plan for Phishing Emails, Emergency Drill Plan for Network Attack Scenarios, Emergency Drill Plan for Malicious Program Scenarios*, and *Emergency Drill Plan for Information Leakage Scenarios*. |
| | Information security protection measures | • Access security: Sorted out user access and minimized user access configuration;<br>• Baseline security: Developed security baselines for operating systems, middleware, and databases;<br>• Network access control: Sorted out Alibaba Cloud and local security group policies and refined security access control;<br>• Exposure security: Detected the open ports of the Internet and closed unnecessary Internet mapping ports;<br>• Security vulnerabilities: Conducted vulnerability assessments for third-party application systems and server systems, including the evaluation of application systems such as AD account management systems, application systems, and official websites, as well as security vulnerability scanning and rectification work for Alibaba Cloud and local data centers;<br>• Penetration testing: Carried out penetration testing and rectification for application systems. |
| | Information security feedback channel | Established an information security feedback channel, clarified the first contact for information security, and established a 3SBIO information security email group. |

| | | |
|---|---|---|
| **Supplier Information Security Protection** | Security standards for new system development | Clarified the security standards for new system development of suppliers and provided a detailed security requirement comparison form to standardize the parts related to host security, cybersecurity, and application security in such development. |
| | Privileged account management | Fully launched the privileged account system during the reporting period, which effectively protects the information security of suppliers by pre-setting the scope of use. |
| | Signing of confidentiality agreement | Urged suppliers to fulfill their confidentiality obligations by encouraging them to sign confidentiality agreements for their projects, sorted out their account numbers, and conducted minimal access management to fully safeguard information security and privacy in cooperation with suppliers. During the reporting period, all suppliers signed project confidentiality agreements or confidentiality clauses. |
| **Client Information Security Protection** | Client information access management | Necessary client information is collected and managed through our Sales Force Effectiveness (SFE) system, whose access is strictly restricted. Users of different hierarchical levels only have limited access to the data in different visual forms. Any information regarding businesses, hospitals, or other clients can only be viewed and used in the system. Downloads of the information in any form are strictly prohibited. |
| **Cultivation of Employee Information Security Awareness** | Information security training and inspection | • Carried out annual information security awareness training and examinations for all employees of the Group, and regularly tested the sensitivity risks of employees in routine compliance awareness through information technology. During the reporting period, a total of 5,550 employees actively completed business secrets and information security training, including 2,665 employees in the marketing team and 2,885 employees in various manufacturing bases, and the pass rate for the information security exams was essentially 100%;<br>• Carried out online and offline information security publicity every quarter, including employee anti-leakage guides, phishing email trap reminders, terminal security publicity, security system publicity, etc., in the form of corporate WeChat posts, setting up roll-up banners, etc;<br>• Carried out office information security inspections at various manufacturing bases, offices and subsidiaries to improve employees' awareness of routine business behavior compliance and personal information and information security. |

## 2.5 Medical Research Ethics

### Animal Welfare

The Group has constructed laboratory animal centers in three manufacturing bases, namely Sunshine Guojian, Shenyang Sunshine, and Sciprogen, which involve the use of laboratory animals in pre-clinical pharmacological and pharmacological efficacy studies, pharmacogenetic toxicological studies and animal in vivo testing and abnormal toxicity testing and pyrogen testing during the product release stage. The Group highly values medical research ethics during research and development, continuously strengthens the management of laboratory animals and safeguards their welfare.

**Animal Welfare Management System**

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| **Animal Welfare System Construction** | • The Group follows the *Laboratory Animal – General Requirements for Animal Experiments* (GB/T 35823-2018), *Laboratory Animal – Guideline for Ethical Review of Animal Welfare* (GB/T 35892-2018), *Laboratory Animal – General Code of Animal Welfare* (GB/T42011-2022), and *Laboratory Animal – Environment and Housing Facilities* (GB14925-2023), and other National Standards.<br>• The Group has developed and improved management systems such as the *Animal Welfare and Animal Experimentation Ethics Review System, Laboratory Animal Facility Operation and Management System, Laboratory Animal Welfare Protection System, Management Procedures for Cleaning and Disinfection of Animal Experimentation Center Environment and Animal Cage Equipment*, and *Standard Operating Procedures for Animal Experimentation Protocol Review*, etc., so as to safeguard the environment of animal rearing and to reduce non-necessary injuries in the course of experimentation. |
| **Animal Welfare Management Mechanism** | • The Group has established a laboratory animal management committee in the animal experimentation center of each manufacturing base, which is responsible for implementing laws and regulations related to laboratory animal work, formulating laboratory animal management systems, inspecting the licensing status of laboratory animal use, strengthening the quality control level of animal experiments, managing animal laboratories and improving the business level of practitioners. |

Shenyang Sunshine developed and released the *Management Procedures for Technical Service Contracts* specifically for laboratory animal suppliers and third-party consigned clinical trials involving laboratory animals. The procedures outline the review process before supplier access, communication and supervision mechanisms during trials, and review and revision steps after trials. It also clarifies the qualification materials that suppliers should provide, including the *Animal Use License* and the *Animal Quality Certificate*. In terms of laboratory animal quality and genetic quality control, Shenyang Sunshine evaluates suppliers and screens those that meet the requirements to ensure that the quality of animals provided meets the standard requirements.

The Group follows the 3Rs (Reduction, Replacement, Refinement) principle and is committed to reducing or avoiding unnecessary harm and discomfort to laboratory animals and safeguarding the five freedoms that they have.

**Freedom from hunger and thirst**

- Inspect the animal's dietary conditions daily to ensure fresh food and water.

**Freedom from discomfort**

- Provide a light environment of 12 light hours and 12 dark hours;
- Record the temperature and humidity values of each feeding room to ensure that the experimental animals are in a comfortable living environment;
- Set up temperature and humidity monitoring points in the animal room and add an automatic telephone alarm function to receive information and take corrective action at the first sign of temperature and humidity exceeding limits;
- Change the bedding regularly to ensure dry bedding and reduce environmental ammonia concentration and odor.

**Freedom from pain, injury and disease**

- Clean and disinfect materials, cages and feeding rooms for laboratory animals regularly;
- Prepare animals according to experimental requirements before the experiment, using the minimum number of animals;
- Give animals the necessary anesthesia or analgesia during the experiment, keep them warm after the operation, and give soft chow to weak animals;
- Hold the animals gently, touch comfortingly, inject with accurate injection sites and push the drugs slowly to reduce the animals' pain during the experiment;
- Perform euthanasia on animals that are dying or are evaluated by veterinarians to tolerate pain to safeguard laboratory animals from unnecessary suffering.

**Freedom from fear and distress**

- Do not keep animals alone to avoid a sense of loneliness.

**Freedom to express normal behavior**

- Use group feeding and give toys such as hideout houses.

The Group has established a mechanism for reviewing animal experiments, with veterinarians conducting sporadic inspections of animal facilities and testing the status of animals; checking whether the animal experimental process has reasonable analgesia and anesthesia, and whether it meets the requirements of national standards, etc. For non-compliance, the person in charge of the experiment will be notified for handling. Sciprogen stipulates that a "Laboratory Animal Certificate of Guangdong Province" must be issued for each experiment from the Guangdong Provincial Laboratory Animal Public Service Center as required to ensure traceability and ensure the accuracy and reliability of animal experiment data.

Each manufacturing base of the Group organizes employees related to laboratory animals to participate in professional training organized by local regulatory authorities and internal organizations, in a bid to ensure employees work with training post certificates for laboratory animal practitioners.

### Animal Welfare Training of Each Manufacturing Base in 2024

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|---|---|
| **Shenyang Sunshine** | • Internal training: Organized and carried out annual training, and conducted publicity and training on *Laboratory Animal Safety Management* and *Laboratory Animal Quality Control Requirements*, lasting a total of 4 hours;<br>• External training: Organized laboratory animal practitioners in animal experimentation centers to participate in the training for laboratory animal practitioners held by the Liaoning Provincial Department of Science and Technology; courses include *Standardization of Laboratory Animal Construction, National Standards Related to Laboratory Animal Environment and Housing Facilities, National Standards Related to Parasites, Microbiology, and Genes of Laboratory Animals and Monitoring, National Standard Related to Laboratory Animal Institutions* and *Introduction to Industry, Local, and Group Standards for Laboratory Animals*, lasting a total of 24 hours; participated in the "Ethical Lecture on Laboratory Animal Welfare" organized by the Liaoning Provincial Department of Science and Technology, lasting a total of 5 hours. |
| **Sunshine Guojian** | • Internal training: A total of 5 laboratory animal-related training sessions and lectures were conducted for positions related to animal room operation management and animal experiments, including the World Laboratory Animal Day lecture, the *Laboratory Animal – Environment and Housing Facilities* (GB14925-2023) lecture, the popularization of laboratory animal resource development information, small animal experiment experience exchange, and animal anesthesia and analgesia, lasting a total of 7.5 hours;<br>• External training: Participated twice in management training and academic exchanges hosted by the Shanghai Laboratory Animal Research Center, lasting a total of 4.5 hours, including the interpretation of *Laboratory Animal – Environment and Housing Facilities* (GB14925-2023) and laboratory pig-related research and animal welfare. |
| **Sciprogen** | • Internal training: 13 laboratory animal training sessions were conducted internally, covering laboratory animal-related regulations training, basic knowledge of laboratory animals, basic operation training, EPO in vivo activity, abnormal toxicity, pyrogen operation training, laboratory safety training, emergency response to laboratory animal emergencies, and application requirements for extension of laboratory animal use licenses, lasting a total of approximately 50 hours;<br>• External training: Laboratory personnel received training on basic knowledge and operation skills of laboratory animals organized by the Laboratory Animal Society and obtained training certificates. |

### Protection of the Rights and Interests of Subjects

All of the Group's clinical studies involving subjects are conducted in external research centers, each of which has an ethics committee. As the sponsor, the Group provides ethical review related materials, including clinical trial protocols, investigator manuals, informed consent forms, etc., in accordance with the law to ensure that the studies comply with ethical and regulatory requirements.

The Group attaches importance to the protection of the rights and interests of the subjects and strictly complies with relevant laws and regulations such as the Good Clinical Practice. The Group has set up Marketing Authorization Holder (MAH) drug safety committees at each of its manufacturing sites, and each MAH drug safety committee follows up on the conduct of clinical trial projects to maximize the protection of the safety of subjects.

#### Measures to Protect the Rights and Interests of Subjects

| | |
|---|---|
| **Subjects' Right-to-Know Protection** | • Prior to the commencement of a clinical trial, subjects are required to sign an informed consent form, which covers key information such as potential risks and benefits of the study, alternative treatment options, subject compensation, privacy protection, and biospecimen handling.<br>• The Group has purchased human clinical trial liability insurance for all registered clinical trials to further protect the rights and interests of subjects. |
| **Subject Safety Monitoring** | • Subject safety data is regularly reviewed through medical surveillance, and in the event of a major safety issue, a meeting will be organized to discuss the issue and formulate the next decision.<br>• In response to serious adverse events (SAEs) and suspected unanticipated serious adverse reactions (SUSARs), close communication is maintained with the investigators and the Ethics Committee to ensure that they are reported and addressed in a timely manner.<br>• The Group annually submits a Development Safety Update Report (DSUR) to the Ethics Committee for filing to ensure data transparency and compliance, and continuously monitors the safety of the subjects. |
| **Risk Management and Protection** | • The Group specifies the terms of protection of subjects' rights and interests in each project protocol document. The Pharmacovigilance Department writes project risk management plans and formulates management measures according to the risk characteristics of different products.<br>• During the research process, serious adverse events for each subject are reviewed case by case and reported to the national regulatory authorities as required.<br>• Actively evaluates safety events, recommending interventional treatments and following up on governance outcomes to ensure that subjects are properly protected. |

# 3. Product Responsibility

## 3.1 Product Quality Control

The Group's major marketed products and product candidates in the pipeline cover areas including nephrology (e.g., SSS06 NuPIAO), oncology (e.g., anti-PD-1/VEGF bispecific antibody 707, etc.), autoimmunity and others (e.g., anti-IL-17A antibody 608, etc.), ophthalmology (e.g., 601A anti-VEGF antibody), and dermatology (e.g., MN709).

The products are mainly sold to hospitals and other medical institutions (i.e., clients). As of the end of the reporting period, the Group's sales team had covered nearly 3,000 Grade III hospitals and over 9,000 Grade II or lower hospitals and medical institutions in all provinces, autonomous regions and municipalities in the Chinese mainland.

### Quality Control System

The Group implements a set of unified quality management standards and has put in place a quality control system covering the entire product life cycle from raw materials to product R&D, manufacturing, testing, product release, circulation and recall.

The Group's quality control system has been widely recognized at home and abroad. All our pharmaceutical subsidiaries have acquired Good Manufacturing Practice (GMP) 2010 version of the People's Republic of China. In the meantime, Shenyang Sunshine, Sunshine Guojian and Sciprogen have received PIC/S (International Drug Inspection Organization) certification. As of the end of the reporting period, all operating sites that have been put into production and are operating steadily have obtained relevant certifications for quality management systems.

## Certification of Quality Control System of Each Manufacturing Base (As of the End of Reporting Period)

| Manufacturing base | Certification authority | Certification (inspection) | Scope of certification |
|---|---|---|---|
| **Shenyang Sunshine** | Liaoning Medical Products Administration | GMP INSPECTION | Recombinant human thrombopoietin injection |
| | Drug Regulatory Authority of Pakistan | GMP INSPECTION | Human erythropoietin injection |
| | State Service of Ukraine on Medicines and Drug Control | GMP INSPECTION | Recombinant human thrombopoietin injection, Human erythropoietin injection |
| | Thailand Food and Drug Administration | GMP INSPECTION | Recombinant human thrombopoietin injection, Human erythropoietin injection |
| | Russian State Institute of Drugs and Good Practices | GMP INSPECTION | Human erythropoietin injection |
| | Food and Drug Administration of the Philippines | GMP INSPECTION | Recombinant human thrombopoietin injection, Human erythropoietin injection |
| | Brazilian National Health Surveillance Agency | GMP INSPECTION | Human erythropoietin injection |
| | Egyptian Drug Authority | GMP INSPECTION | Human erythropoietin injection |
| | Ministry of Health of Cambodia | Manufacturer registration license | Biological products |
| **Sunshine Guojian** | Shanghai Medical Products Administration | GMP compliance statement | Recombinant human type II tumour necrosis factor receptor-antibody fusion protein |
| | Shanghai Medical Products Administration | GMP compliance statement | Narlumosbart Injection |
| | Shanghai Medical Products Administration | GMP compliance statement | Inetetamab for Injection |
| | National Agency of Drug and Food Control of Indonesia (BPOM) | GMP CERTIFICATION | Recombinant Human Tumor Necrosis Factor-α Receptor II: IgG Fc Fusion Protein for Injection |
| | Ministry of Health of Turkey | GMP CERTIFICATION | Recombinant Human Tumor Necrosis Factor-α Receptor II: IgG Fc Fusion Protein for Injection |

| Manufacturing base | Certification authority | Certification (inspection) | Scope of certification |
|---|---|---|---|
| **Sunshine Mandi** | Zhejiang Medical Products Administration | GMP CERTIFICATION | Tablets, capsules, tinctures (for external use), and therapeutic biologics (BCG polysaccharide nucleic acid injection) |
| | Zhejiang Medical Products Administration | GMP CERTIFICATION | Creams (hormones) |
| | Zhejiang Medical Products Administration | GMP CERTIFICATION | Sprays |
| | Zhejiang Medical Products Administration | GMP CERTIFICATION | Granules |
| | Zhejiang Medical Products Administration | GMP compliance check | Tinctures (external) |
| | Zhejiang Medical Products Administration | GMP compliance check | Ointments |
| | Zhejiang Medical Products Administration | GMP compliance check | Foams |
| | Zhejiang Medical Products Administration | GMP compliance check | Tablets |
| **Sciprogen** | Guangdong Medical Products Administration | Drug production license | APIs, small-volume injections, therapeutic biological products |
| | Food and Drug Administration of the Philippines | Registration certificate | Human erythropoietin injection |
| | Food and Drug Administration, Myanmar | Registration certificate | Human erythropoietin injection |

## Product Quality Control System

| Control links | Control measures |
|---|---|
| **Material management** | • Manufacturing bases put in place a full set of operational guidelines for supplier selection, materials procurement, receiving, inspection, release, and storage. The procurement, acceptance, sampling, inspection, storage, and distribution of raw materials follow corresponding management rules and operational guidelines and every step is documented. |
| **Production and in process control** | • Manufacturing bases conduct standardized management on their production process in strict accordance with state-approved production procedures.<br>• Through in-process control (IPC), critical point control, procedure check-up methods, and automatic testing systems, manufacturing bases carry out non-stopping monitoring of the production process to ensure product quality.<br>• The Group has set out systems and management processes such as *Management Procedures for Communication and Handling of Quality Information of Consigned Manufacturing, Management Procedures for Consigned Manufacturing*, and *Procedures for Supervision and Management of Consigned Manufacturing Bases.* These procedures clarify the management requirements related to the consigned manufacturing and stipulate drug laws and regulations and technical specifications applicable to the consigned manufacturing, to ensure the quality of products. |
| **Quality inspection** | • Manufacturing bases set out management procedures for testing production materials, intermediate products, semi-finished products, and samples. Products can only leave the factory after they pass quality inspection, and the results are verified and approved by the quality control managers.<br>• Manufacturing bases put in place handling procedures for unqualified products. |
| **Product transportation** | • Manufacturing bases entrust qualified third-party forwarding agents to transport their products and monitor the entire process of transportation. The monitoring system for temperature and humidity in cold-chain vehicles meets the standards of Good Supply Practice and the products are ensured to stay in stable quality during the transportation. |

| Control links | Control measures |
|---|---|
| **Drug label management** | • Manufacturing bases formulated regulatory documents, including *Regulations for the Management of Printed Packaging Materials* and the *Standard Management Procedures for Label and Manual Design and Printing*.<br>• The Group put in place standard management protocols for drug labels and made explicit stipulations for the design, procurement, acceptance, inspection, storage, and use of drug labels and insert sheets. |
| **Quality training** | • The Group formulated the *Employee Training Management Protocols*, which set out requirements for training of employees working on positions related to pharmaceutical production quality. The training covers laws and regulations, professional knowledge, and GMP.<br>• Inspection personnel are required to go through pre-service training before they can start work. |

During the reporting period, the manufacturing bases across the Group continuously improved their quality management regulations and updated or established new management regulations for consigned manufacturing, validation management, complaint management, recall management, change control, and supplier management. These enhancements aim to enhance the effectiveness and adaptability of the quality management system, thereby ensuring product quality and safety.

The Group continues to undergo domestic and international official audits and inspections, as well as audits from clients, including GMP compliance reviews, pharmaceutical production supervision inspections, production license renewal inspections, site inspections for production site changes, pharmacovigilance site inspections, and product-specific special inspections, in a bid to improve its quality management capabilities through external audits.

During the reporting period, Shenyang Sunshine received a total of two domestic and international official audits; Sunshine Guojian received a total of three domestic and international official audits and audits from clients; Sunshine Mandi received a total of eight domestic and international official audits and commissioned production site audits; and Sciprogen received a total of three domestic and international official inspections. Each base promptly developed and implemented corrective measures for defects identified during inspections.

Each manufacturing base carries out regular internal audits of the quality management system, including quarterly quality management reviews, annual self-inspections, and irregular internal quality audits, to ensure the effective operation of the quality system and to promote the continuous improvement of the quality system. Sunshine Guojian has formulated the *Standard Operating Procedures for Quality Statistics and Trend Analysis*. It regularly conducts quality statistics and trend analysis on critical manufacturing control points, inspection data of drug substances and drug products, environmental monitoring data in critical manufacturing areas, and process water monitoring data. By doing so, it promptly identifies any unfavorable trends and promptly investigates and analyzes any abnormal trends, and if any, followed by the formulation of measures to identify and prevent potential quality issues.

# 3. Product Responsibility

Each manufacturing base has established an employee quality training system to clarify the coverage and frequency of quality training. All companies within the Group ensure that their employees undergo training on product quality and safety, with a minimum frequency of once per year, to enhance their awareness of quality management. During the reporting period, each manufacturing base of the Group continued targeted training on product quality and safety.

## Quality Training for Each Manufacturing Base in 2024

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|---|---|
| **Shenyang Sunshine** | • Shenyang Sunshine updated the *Employee Training Management Protocols*, added training requirements for temporary workers and outsourced personnel, stipulated periodic training of operational SOPs, and approval requirements for examination papers, and clarified the duration and quantity of various types of training.<br>• GMP controlled personnel receive training once a year. In 2024, Shenyang Sunshine conducted four training sessions on product quality, reaching about 500 employees, mainly covering the process knowledge of various products. The training aims to enhance employees' understanding of product knowledge and ensure that their knowledge and skills in product quality are further improved. |
| **Sunshine Guojian** | • On-the-job/resumption training for production quality personnel: Sunshine Guojian completed the corresponding on-the-job training or training on job modules according to the on-the-job training plan, with 53 participants.<br>• Company-wide annual training on quality system: Sunshine Guojian completed 35 training courses, with 4,129 participants. Among them, on-site lectures were conducted for the training on material management, with 128 participants.<br>• Departmental annual training on quality system: Sunshine Guojian completed 7 training courses, with 323 participants.<br>• 38 employees participated in 20 external training courses, mainly involving laws, regulations, industry trends, verification, and professional skills.<br>• 68 employees participated in the training for special operators involving hazardous chemicals, pressure vessels, etc. |

| | |
|---|---|
| **Sunshine Mandi** | • Sunshine Mandi conducted 966 training sessions on product quality, with 11,918 participants and 2,556 hours of training. The main content includes training on the *Law of the People's Republic of China on the Administration of Drugs, Good Manufacturing Practice*, training on quality management documents before they take effect, training before implementation of verification, laboratory safety training, practical training on inspection instruments, orientation training for new employees. Participants include management, current employees, and new employees, covering all levels and departments of the company. |
| **Sciprogen** | Sciprogen has established a quality training system integrating internal and external training. The internal part involves company-level, cross-departmental, and departmental training, while the external part includes training on regulations organized by drug regulators, special skills training, and internal technical exchange training within the industry. These training activities covered all employees of Sciprogen.<br><br>• Company training: Organized company training according to the requirements of the annual training plan, covering the full life cycle management of verification and validation, the full life cycle management of drug registration, summary analysis of external inspection defects, product stability studies, and adverse drug reaction reporting and analysis.<br>• Departmental training: Provided departmental training according to the annual training plan of the department, covering training on job operation skills, deviation handling, electronic data management, entrusted production supervision and management, material and product release process, supplier management, GMP regulatory knowledge, etc.<br>• External training: The training content covers pharmacovigilance and risk management, quality and safety improvement of key holders, microbiological and physical and chemical testing, laboratory computerized system management, etc. |

## Quality Inspection

The Group's manufacturing bases have established systems such as *Procedures for Quality Inspection Management, General Guidelines for Inspection, Standard Management Procedures for Inspection Data and Audit Trail*, and *Standard Management Procedures for Reporting Inspection Results*. According to the *Standard Management Procedures for Material Release* and *Standard Management Procedures for Product Release*, and other documents, products can only leave the factory after they pass internal quality inspection, and the results are verified and approved by the quality control managers.

# 3. Product Responsibility

The Group has comprehensive internal inspection capabilities and can carry out testing at all stages from the entry of materials into the factory to the shipment of finished products out of the factory, including raw and auxiliary material inspection, packaging material inspection, product testing, stability investigation, sample retention observation, and methodological validation. Our Quality Control Department has sections such as material room, product room, microbiology room, and new product room. The laboratory is equipped with an instrument room, physical and chemical laboratory, stability investigation room, and microbiology laboratory that meet GMP requirements. Having undergone pre-service training, our inspection personnel inspect samples and assess stability according to approved operating procedures and conduct out of specification (OOS) investigations on deviations during the inspection process to ensure the accuracy of detection data.

## Quality Testing Abilities of Each Manufacturing Base

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| **Shenyang Sunshine** | • Have the ability to analyze and test recombinant protein biological products, including biological activity determination, protein purity test, protein content determination, identification of protein drug physicochemical properties, residual impurity test, glycosyl analysis, safety test, etc.<br>• During the reporting period, Shenyang Sunshine introduced equipment such as molecular interaction analyzers to expand its testing capabilities for protein products. |
| **Sunshine Guojian** | • Possess the measurement certification of the inspection and testing agency recognized by the National Institute for Food and Drug Control and can develop and test the whole process of analytical methods for antibodies.<br>• Have the ability to test all kinds of samples for product inspection, method development, and validation. Inspection items include physical and chemical examination, identification, content, purity, activity, process-related impurities, microorganisms, and other quality attributes; raw and auxiliary materials, packaging materials, process water, environmental monitoring, and other related testing. |
| **Sunshine Mandi** | • Have the ability to carry out testing at all stages from the entry of materials into the factory to the shipment of finished products out of the factory. Inspection items include physical and chemical examination, identification, content, process-related impurities, microorganisms, and other quality attribute testing. |
| **Sciprogen** | • Have the analysis and detection capability for recombinant protein biological products and micromolecule drugs, including high performance liquid chromatography, electrophoresis purity detection involved in characterizing the purity of drugs; capability for ELISA detection, animal experiment, potency detection and analysis based on the principle of enzymatic reaction involved in drug activity characterization.<br>• Have the whole process testing capability for intermediates and finished products of human erythropoietin injection, nadroparin calcium injection and low molecular weight heparin calcium injection; and the detection items related to high performance liquid chromatography, gas chromatography, ion chromatography, thermal energy analyzer, real-time quantitative PCR instrument, etc. |

For third-party testing, the subsidiaries and manufacturing bases of the Group have developed the relevant rules and policies and operation procedures.

## Third-party Testing Procedures of Each Manufacturing Base

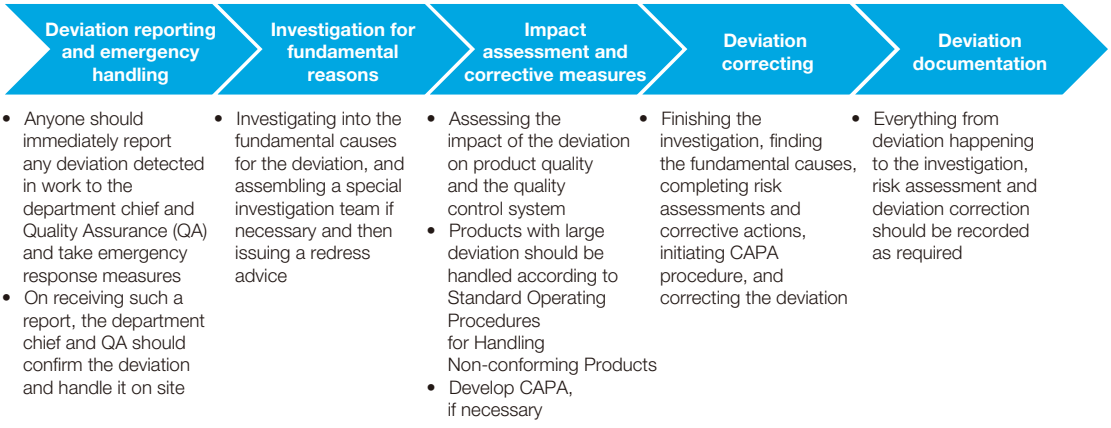
| | |
|---|---|
| **Shenyang Sunshine** | • Has formulated the *Management Regulations for Entrusted Inspection*, requiring to choose different audit methods for different entrusted parties, including the qualification audit and document audit.<br>• Evaluate, approve, file or report the entrusted inspection according to relevant guidelines. |
| **Sunshine Guojian & Sunshine Mandi** | • Have formulated the *Standard Operating Procedures for Entrusted Inspection Management*, specifying to select the entrusted party that meets the qualification requirements according to the requirements of entrusted inspection projects, and evaluate the risk level of entrusted inspection projects. According to the risk level, the audit methods for the entrusted party are classified into three types: on-site audit, written audit and qualification audit.<br>• The Quality Assurance Department (QA) shall report the entrusted inspection related to commercialized production to the Municipal Medical Products Administration for filing, and audit the entrusted party regularly. |
| **Sciprogen** | • Have developed the *Management System of Entrusted Inspection*, specifying the applicable conditions of entrusted inspection, and stipulating the entrusted inspection process, to ensure the accuracy of inspection results and the ability level of technical service providers through the standard process of selecting the entrusted party, signing the contract, implementing the inspection and evaluating the inspection results. Meanwhile, the system sets clear requirements for the qualification approval of quality authorized persons to ensure that they can effectively supervise the entrusted inspection process. |

## Corrective and Preventive Actions

Each manufacturing base of the Group has established its systems such as the *Standard Handling Procedure for Quality Deviation, Standard Operating Procedures for Annual Product Quality Review*, and the *Standard Management Procedures for Corrective and Preventive Actions (CAPA)*, to carry out CAPA and preventive inspection for deviations, self-inspections and external audits in the production process.

The Group regulates the management of deviations in the production process, ensuring that any deviation should be reported, recorded, evaluated, investigated and disposed of according to the prescribed procedures. All deviations identified require clear explanations or descriptions, and should be thoroughly investigated and properly handled. Only after meeting release standards as verified in the assessment can products leave the factory. Otherwise, they will be handled according to *Standard Operating Procedures for Handling Non-conforming Products*, and if necessary, corrective and preventive measures will be taken to prevent the recurrence of such deviations.

### Deviation Handling Flow



The Group has formulated the *Standard Management Procedures for Defective and Waste Products, Standard Operating Procedures for Rework, Standard Management Procedures for Returns and Exchanges*, and other systems to register, isolate, and mark products that are judged as unqualified due to deviation processing, and rework, scrap or return and exchange. For products that use computerized warehousing management, it is necessary to update their material quality status in the computer system and paste unqualified product labels to ensure accurate transmission and traceability of information.

Unqualified products or expired drugs are handled in accordance with the requirements of the *Plant Waste Management Procedures* and entrusted to qualified institutions for processing. Meanwhile, the quality management personnel of each manufacturing base monitor the entire process of unqualified product processing. Materials with the same production batch number that have been treated as unqualified products will no longer be purchased, and it will be clearly stipulated in the contract or agreement with the supplier to avoid similar problems from happening again.

For consigned production, the Group stipulated relevant matters related to the management of non-conforming products of consigned and commissioned production in the *Standard Management Procedures for Non-conforming and Waste Products* with reference to the quality agreements for consigned and commissioned production, to meet the needs of such consigned and commissioned production.

## 3.2 Drug Safety Management

### Pharmacovigilance System

Pharmacovigilance (PV) and risk management represent an important part of the life-cycle risk management of products. To fulfill our promise to safeguard patients' safety, the Group has established a pharmacovigilance system for the entire life cycle from the development of new drugs to the post-marketing of drugs in accordance with the *Law of the People's Republic of China on the Administration of Drugs*, the *Regulations on Adverse Drug Reaction Reporting and Surveillance*, and the *Good Pharmacovigilance Practices (GVP)*, and established the full-time pharmacovigilance department. Risk management measures will be taken for important safety risks of drugs found during the new drug development stage and post-marketing stage, to improve the overall safety level of drug use and ensure the safety of drug use by patients.

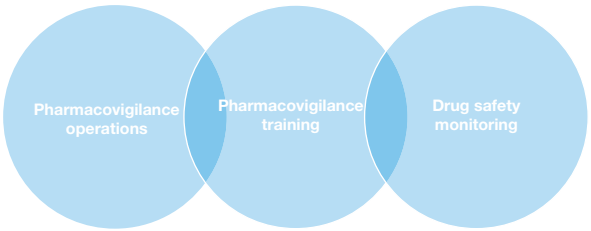
Following the documented management system, such as the *Pharmacovigilance Management System* and the *Charter of the Drug Safety Committee*, the Group regulates pharmacovigilance throughout the life cycle of drugs. The Group continuously optimized the pharmacovigilance management system and formulated a series of pharmacovigilance operating procedures for MAH at each manufacturing base, covering the operating procedures of various pharmacovigilance tasks, pharmacovigilance quality systems, signal monitoring, risk control plan, etc., and formulated the assessment system for key performance indicators of pharmacovigilance, strengthened the control of pharmacovigilance quality system, to timely identify any defect of the pharmacovigilance system and other risks in implementation of pharmacovigilance, and ensure the compliant, efficient and high quality operation of the pharmacovigilance system according to the requirements.

# 3. Product Responsibility

Each MAH of the Group has established Drug Safety Committee and the independent Pharmacovigilance Department. The Pharmacovigilance Department is responsible for the pharmacovigilance work of each MAH, covering three major pharmacovigilance systems, i.e. pharmacovigilance operations, pharmacovigilance training, and pharmacovigilance monitoring, to establish a sound pharmacovigilance system for the entire life cycle from the development of new drugs to the post-marketing of drugs.

| | |
|---|---|
| **Drug Safety Committee** | **Responsibilities:** Responsible for the study and judgment of major drug risks, handling of major or emergency drug incidents, risk control decisions and other major matters related to pharmacovigilance. |
| **Pharmacovigilance Department** | **Responsibilities:** Responsible for the effective operation and maintenance of the pharmacovigilance system, ensuring compliance of pharmacovigilance activities throughout the life cycle of the drug. |

## Pharmacovigilance System




The Group and the MAH of each manufacturing base have established effective and smooth channels for the collection of post-marketing adverse drug reaction information, including but not limited to the hotline, public mail, medical literature search, quality complaints, etc. The Pharmacovigilance Department conducts entry of adverse drug reaction/event data, quality control, and medical evaluation by utilizing the pharmacovigilance database, and submits the report to regulatory agencies within the period required, to ensure that collected adverse reaction reports are handled in a timely, systematic, and compliant manner.

## Case Report Collection Methods and Approaches

**Medical institutions**

Mainly through medical information communication specialists

**Pharmaceutical business enterprises**

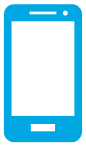
Mainly through the provisions of the PV clause in the drug quality agreement

**Literature Search**

Chinese databases:
CNKI, Wanfang, Cqvip
Foreign databases:
PubMed, Embase, Ovid

**Regulatory Feedback Report**

Automatic database download, Triage daily testing and report creation



**Telephone and Complaints**

PV 24h hotline, 400 call center, and safety information contained in drug complaints

**Post-marketing Study**

Reporting requirements for studies initiated by the Group, and adverse reactions mainly specified in the study protocol

**Collection of Information on Overseas Marketed Drugs**

Mainly by signing SDEA separately or by incorporating the PV clauses in other agreements

**Others**

PV public mail and data collection project

In clinical studies conducted for new drugs or new indications for drug applications, each MAH under the Group collects, handles and evaluates serious adverse events (SAEs) (except for serious adverse events not immediately reportable as specified in the trial protocol or other documents (e.g., Investigator's Manual)), adverse events of special interest (AESI) and pregnancy events that meet regulatory requirements. For individual cases that meet the definition of suspected unexpected serious adverse reactions (SUSAR), each MAH within the Group should report promptly to the drug regulatory and health departments, researchers, relevant institutions and ethics committees as required.

# 3. Product Responsibility

For post-marketing drugs, the Group scientifically and normatively detects drug safety risk signals every six months or every year and forms a test report. For the known or potential major risks of identified and confirmed drugs, the Group has established an effective communication mechanism to promptly convey drug risk information to stakeholders such as regulatory authorities, patients, and medical institutions to protect patient safety and public health. During the reporting period, each MAH continued to carry out routine pharmacovigilance work such as safety information collection and signal monitoring. Based on the collected safety information and previous accumulated data, no new safety risks related to marketed products were found.

The Group will continue to carry out routine pharmacovigilance activities, including individual safety report evaluation, regular safety data analysis and risk signal monitoring, to promptly identify and evaluate the safety risks of drugs, and take corresponding risk minimization measures, such as revising the drug instructions to update safety information. For major safety issues identified subsequently or risks that require cross-departmental coordination, the Group will formulate and implement corresponding measures and action plans based on the characteristics of risk signals to ensure that drug safety risks are effectively controlled.

In addition, to monitor potential risks of immunogenicity of biological products and improve the safety of patients' medication, Shenyang Sunshine launched the product immunogenicity risk monitoring project, and carried out laboratory tests on serum of patients to identify antibody production, so as to provide reference for doctors in clinical medication. The Project is open to doctors and drug users nationwide, and the Company provides free testing services.

The Group and each MAH Pharmacovigilance Department organized regular training to popularize the knowledge of pharmacovigilance among employees and improve their awareness of pharmacovigilance management. The Pharmacovigilance Department provided pharmacovigilance training to new employees so that they can understand the pharmacovigilance activities, improving their awareness of handling adverse reaction.

## Pharmacovigilance Training of Each MAH in 2024

| | |
|---|---|
| **Shenyang Sunshine** | • Organized training session covering all employees, mainly including the relevant laws and regulations on pharmacovigilance, the necessity of collecting adverse events and safety information and the methods of collecting reports, in the forms of face-to-face instruction and written examination, to ensure the effectiveness of the training.<br>• Arranged for the staff of the Pharmacovigilance Center to attend several external training, such as the seminar on core techniques of pharmacovigilance, the seminar on risk monitoring and evaluation techniques of drug risk management, and the workshop on special topics regarding drugs for "going abroad", to ensure the compliant and smooth process of pharmacovigilance work. |
| **Sunshine Guojian** | • Arranged 24 pharmacovigilance training sessions, mainly for new employees in the marketing system, pharmacovigilance employees, DTP pharmacy staff, etc. The training contents covered awareness of adverse event reporting, pharmacovigilance related regulations and skills training, etc.<br>• Organized training for all marketing personnel and all employees to enhance awareness of adverse reaction reporting, and the training assessment pass rate was over 97%.<br>• Organized over 24 sessions of internal sharing, training and participation in various safety training of the drug administration or the industry, to improve the professional knowledge and skills of pharmacovigilance personnel and ensure the compliant and high-quality operation of the pharmacovigilance system. |

# 3. Product Responsibility

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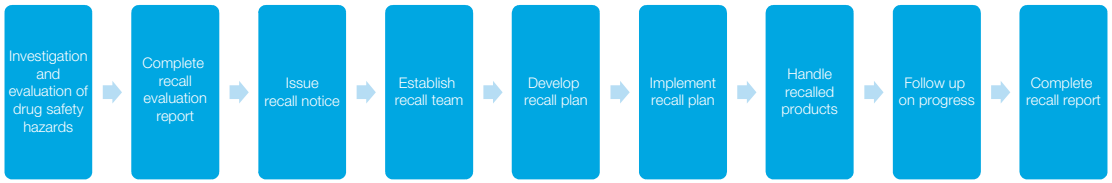
|---|---|
| **Sunshine Mandi** | • Organized 12 pharmacovigilance training, mainly covering practical training on key activities of pharmacovigilance, including pharmacovigilance related laws and regulations and systems, literature search, etc.<br>• Provided training for all employees on pharmacovigilance, to enhance the awareness of reporting adverse drug reactions.<br>• Arranged induction training for new pharmacovigilance specialists, covering laws and regulations such as pharmacovigilance quality management standards, departmental management systems such as handling of adverse drug reaction reports, practical training and assessment, to ensure the orderly process of pharmacovigilance work. |
| **Sciprogen** | • Company training: Organized company-level training according to the requirements of the annual training plan, with the contents mainly on the quality management standards of pharmacovigilance.<br>• Departmental training: Provided departmental training according to the annual training plan of the department, covering training on laws and regulations related to pharmacovigilance and professional and technical knowledge related to pharmacovigilance. The training topics include pharmacovigilance safety risk management system, master file of the pharmacovigilance system, medical consultation and complaint handling, and pharmacovigilance equipment and resource management.<br>• External training: Arranged for pharmacovigilance specialists to participate in the training course on pharmacovigilance ability improvement organized by the Affairs Center of Guangdong Medical Products Administration. |

## Product Recall Mechanism

The manufacturing bases of the Group have developed the *Procedure for Products Recall* and *Standard Management Regulations for Recall Management*, according to the *Regulations on Drug Recall, Good Manufacturing Practice (2010)* and *Good Manufacturing Practice of European Union* and other laws and regulations, detailing organizational structure, processes and operating procedures for recalls and specifying the levels and reporting time for product recall. During the investigation and evaluation process, if defects involving production or quality systems are found, corresponding corrective and preventive measures should be formulated, and the implementation period and responsible persons of the corrective and preventive measures should be clearly specified in the report to ensure the lawful, accurate and quick recall of drugs with quality problems or potential safety risks marketed by the Group. During the reporting period, there was no event requiring product recall by the Group.

### Product Recall Procedures




The Group conducts mock product recalls at least once every two or three years to evaluate the effectiveness of the recall system. During the reporting period, the manufacturing bases of the Group have conducted mock recall exercises, covering the sales end of the bases to hospitals, drugstores and retailers. The mock process included drug safety hazard investigation and assessment, drug recall plan formulation, initiation of recall notice sending, request for recall notice receipt, receipt and processing of recalled drugs, etc. and 100% of the products were recalled within the required period, fully verifying the operability and reliability of the recall system.

# 3. Product Responsibility

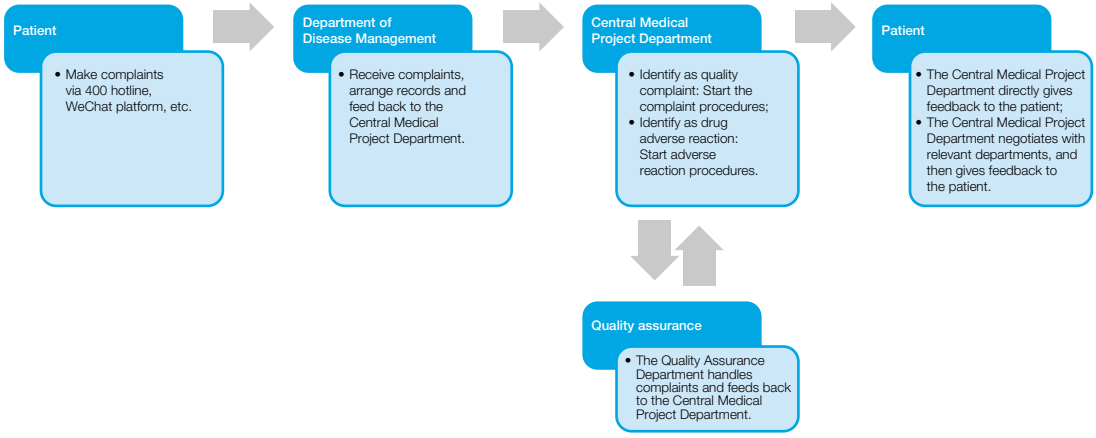
## Handling Client Complaints

The Group plays high importance on services for patients, and has established the user communication channels to form a comprehensive client service system through the Group's 400 hotline, WeChat platform and brand service hotlines of third party calling centers as well as regular patient visits, to offer timely and efficient solutions.

Each manufacturing base has formulated the *Standard Management Procedures for Handling User Complaints, Standard Management Procedures for Complaint Management*, and *Complaint Management Procedures*, and manages the entire process of receiving, classifying, investigating and analyzing user complaints, as well as the handling of complained products and the formulation of corrective and preventive measures, to ensure that complaints can be handled promptly and properly. According to the nature of the incident, complaints can be divided into quality complaints, medical complaints, and suspected counterfeit drug complaints. At the same time, according to the severity and the risk to patient health, each manufacturing base manages complaints in a graded manner to adopt a more targeted strategy.

Upon receiving any client complaint, the Group will immediately commence in-house communication according to the in-house client complaint handling procedures, to offer a satisfactory reply and solution to the client. During the reporting period, the Group received 89 client complaints for products and services, with a 100% complaint handling rate.

### Procedure for Handling Client Complaints



## 3.3 Responsible Marketing

Upholding the business philosophy of "Integrity, Standardization, Transparency and Fairness", the Group promotes drugs and medical knowledge in an ethical, scientific and objective manner; strictly observes national laws and regulations on product labeling and advertisement, and ensures that regulators, medical professionals, and patients have access to authentic and rigorous products and academic information.

The Group formulated the *Procedure for Approving Promotional and Educational Materials*, requiring all information for marketing or statements to be accurate, clear and transparent. To enhance compliance risk management in pharmaceutical marketing, the Group updated and refined multiple policies during the reporting period, incorporating new industry regulations, regulatory trends, and past compliance experience. These include the *Marketing and Promotional Materials Management Standards, Promotional Service Provider Qualification Procedures*, and *Investigative Measures for Promotional Service Provider Violations*, ensuring compliant and standardized promotional activities.

To guarantee the compliance, academic integrity, and standardization of academic promotion, the Group implements end-to-end controls over product publicity and promotional materials management. At the pre-approval phase, the Group conducts rigorous compliance review on all promotional content; during the execution phase, it has unannounced inspections and real-time monitoring of promotional activities; during post-evaluation phase, the Group conducts comprehensive audits to assess material compliance and eliminate false/exaggerated claims.

In addition, the Group has established a regular audit mechanism for "responsible marketing", and conducts internal audits of "responsible marketing" at a frequency of once every three years to fully assess the compliance of marketing activities and continuously improve marketing management.

# 3. Product Responsibility

## Three Major Principles of Marketing

**Accuracy:** Promotional information or statements should be in line with the tags approved by the government, and no advertising or promotional materials may be used without proper authorization

**Clearness:** All product information for public communication should be complete and clear and contain no misleading narrative

**Transparency:** Full description of product safety should be offered; there should be no exaggeration of a product or technology or hiding of potential risk to prevent misunderstanding in any form

## Procedure for Approving Promotional and Educational Materials

### Material making

- Generally, the product manager or medical manager is in charge of material making.

### Filing for approval

- All promotional and educational materials can be used only after they are approved.
- Promotional and educational materials for products involving third-party cooperation can be used only after they are approved by both the Group and the competent departments of the partner.

### Printing and filing

- The Procurement Department will print materials approved by the authorities with the issued approval number and validity period.

### Validity management

- All employees should only use approved materials within the validity period for promotional and educational activities.
- Departments using the materials should file for a new round of approval for the materials prior to the expiry of the validity period.

### Recall and destruction

- When a decision for recalling promotional and educational materials is made, the relevant employees should be notified via the Group's OA system or e-mail, and distribution of the materials outside the Group should be immediately terminated.
- The product manager should make a list of materials to be destroyed and document the list for record filing.

The Group arranges responsible marketing training for all employees at least once a year, and further determines the coverage and training frequency of responsible marketing training for key positions:

- For all new employees, at least three training sessions on responsible marketing topics such as product promotion specifications within 90 days after joining the Company;
- For new regional managers and area managers, at least two to three training sessions per year;
- For all employees in the marketing line, at least two training session per year.

During the reporting period, the Group conducted targeted compliance training and education for new employees, new managers, high-risk personnel and all employees. Among them, the Marketing Department conducted a total of 940 compliance training sessions utilizing online and offline approach. These sessions employed case study analysis and other interactive formats, complemented by assessment mechanisms, to enhance employees' understanding of responsible marketing practices. The training has 32,118 participants, representing a 100% training coverage rate.

In terms of product label management, the Group has established a strict label management process and ensured that the content of the label complies with the requirements of the *Provisions for Drug Insert Sheets and Labels* and the Pharmacopoeia of the People's Republic of China (2020 edition), and is consistent with the information approved by the drug regulatory authorities.

### Product Label Management Measures for Each Manufacturing Base

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|---|---|
| **Shenyang Sunshine** | • Shenyang Sunshine formulated management systems such as the *Packaging Materials Management Regulations and the Printing Packaging Materials Design and Platemaking Management Regulations*, which stipulate a series of contents such as label design, platemaking, approval, printing, arrival acceptance, warehousing, storage, inspection, and distribution. |
| **Sunshine Guojian** | • Based on the update of the *Standard Operating Procedures for Design, Review and Approval of Printing and Packaging Materials*, system training is carried out for all production employees, covering the requirements for management and use of labels and printed packaging materials, with the purpose of enhancing the knowledge of employees for product label printing. |
| **Sunshine Mandi** | • During the reporting period, the *Standard Management Procedures for Label and Instruction Design and Printing* was updated to add rules for changing numbers for labels and instructions and standardize the control change process. |
| **Sciprogen** | • Sciprogen formulated management systems such as the *Regulations for the Management of Printed Packaging Materials, Standard Operating Procedures for Material Acceptance and Storage*, and *Standard Operating Procedures for Material In and Out of Warehousing*, and clearly defined the label management process as including acceptance, storage, testing and release, issuance and destruction. |

# 4. Employee Development Responsibility

## 4.1 Employees' Rights, Interests and Welfare

### Labor Management

The Group always adheres to legal employment, strictly abides by the *Labor Law of the People's Republic of China, Labor Union Law of the People's Republic of China,* and *Special Provisions on Labor Protection of Female Employees*, and other laws and regulations, and signs the labor contract with all the employees in accordance with laws and regulations. Following the *Employee Manual,* the *Guidelines for Employee Dismissal,* the *Guidelines for Employee Attendance and Leave*, and other policy documents, the Group regulates recruitment, working hours, promotion, remuneration and welfare of employees. During the reporting period, the Group updated its *Labor Management Policy* to ensure that the Group practices the principles of diversity and equality in recruitment and career development, to ensure that no employee is discriminated on the basis of race, religion, gender or other factors; and respects and protects the personal privacy of employees.

The Group firmly prohibits the employment of child labor and strictly verifies the age of job applicants during recruitment. It implements effective identity and age verification procedures, such as checking identity documents and conducting background checks, to ensure that no child labor is employed. In addition, the Group adheres to the principle of free choice of employment to ensure that all employees are hired voluntarily and to eliminate forced labor. In case of violation, the Group will take legal actions.

**Employee Recruitment and Their Basic Rights and Interests**

| Recruitment, dismissal and promotion | Working hours and leaves | Remuneration |
|---|---|---|
| • **Recruitment:** The Group follows the principle of employment equality and prohibits the use of child labor and forced labor<br>• **Dismissal:** The Group introduced the *Guidelines for Employee Dismissal* to regulate and improve management on employee dismissal<br>• **Promotion:** Employees will receive their year-end bonus or get promoted or demoted based on the result of their performance evaluation; the Group offers a clear career growth path to employees in terms of professional development and management development based on their personal willingness | • **Working hours:** Employees of standard working hours work 40 hours a week; employees of comprehensive working hours work and rest according to the actual situation of their departments<br>• **Overtime:** Employees can apply for compensatory leave accordingly if they have overtime work<br>• **Leave:** The Group provides paid annual leave, marriage leave, bereavement leave, maternity leave, sick leave, etc., in accordance with national regulations | • **Remuneration:** The payments are in line with laws and regulations; implementing a payment system combining employees' position, performance and competence; researching remuneration and welfare provided by peer pharmaceutical companies and those in other industries to provide a reference for employees' payment adjustment; offering personalized remuneration adjustment to outstanding employees |

# 4. Employee Development Responsibility

The Group is committed to building a diversified employee structure and an inclusive corporate culture. The Group provides training on diversified and equal employment for all employees at least once a year, sets the diversified performance indicators such as "no illegal events in employee diversity management" and "the proportion of employees participating in diversified training every year" to regularly monitor the fulfillment of such targets. As at the end of the reporting period, the proportion of female employees was over 50% among new employees of the Group in the past two years, and the percentage of female senior executives was nearly 40%.

**Target of Gender Diversity:**

- There should be at least one candidate with the diversified background in the interview list of positions above the director level;
- The percentage of new female employees each year should not be less than 40%.

**Supporting Measures for Gender Diversity:**

- Formulate the recruitment policies based on gender equality, implement gender equality review mechanism and strengthen gender equality training and publicity, so as to ensure fairness and justice in the recruitment process;
- Establish the incentive system and encourage all departments to pay attention to the training of female talents, to promote the gender balance within the enterprise;
- The senior officers of the Group regularly check the recruitment data and gender ratio, and supervise and rectify the departments that fail to meet the standards, to ensure that the gender ratio of employees in enterprises meets the requirements.

The Group is committed to protecting employees from discrimination and unfair treatment at work. The Group incorporates anti-discrimination contents into publicity and implementation of the corporate culture, and regularly arranges anti-discrimination training, in the forms of online courses, offline lectures, seminars and case studies to improve employees' understanding of discrimination issues, enhance team cohesion and create a fair and harmonious working environment. During the reporting period, the Group had no incidents of discrimination or harassment.

The Group continues to cooperate with the China Disabled Persons' Federation and third-party suppliers to build a legal employment system for persons with disabilities. After going through recruitment and interview processes, disabled people holding valid disability can be formally employed by the Group. The Group pays salaries and social security for these disabled people. Moreover, the Group entrusts suppliers to provide more pre-employment vocational training to people with disabilities to improve their work skills, including product production, manual skills, behavior rehabilitation exercise and lectures on health science, etc. During the reporting period, the Group continued to carry out employment of persons with disabilities, and employed 42 disabled persons in total (470 persons-months in total).

# 4. Employee Development Responsibility

## Employee Benefits

The Group provides commercial insurance for regular employees, re-employed retirees and dispatched labors, including the insurance for employee accidental death and disablement, death by disease, accidental medical treatment, critical illness, outpatient emergency and inpatient medical service insurance and maternity benefit insurance for women. It also provides accidental medical insurance for part-time employees.

The Group implements the comprehensive employee care initiatives, providing care and benefits for employees, including holiday benefits, assistance for difficulties, solicitude for female employees, etc., covering all employees (including re-employed retirees and dispatched labors).

To make the life more colorful, and ensure the work-life balance of employees, the Group encourages all employees to participate in cultural and sports activities actively, and provides financial support for them. The Group has set up sports clubs for basketball, football, badminton, table tennis, etc., and regularly organizes activities and training, and various internal and external competitions for employees irregularly, providing opportunities for them to learn skills and enhance their relationship. During the reporting period, the Group held two high-performance incentive travel activities in Xinjiang and Beihai, Guangxi, and organized 13 weekend leagues for basketball clubs.

### Employee Welfare and Care Activities at Each Manufacturing Base in 2024 (partial)

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|---|---|
| **Shenyang Sunshine** | • Set up the love fund, employee hospitalization solatium, and solatium for the death of immediate family members of employees.<br>• Provided employees with rental and housing subsidies, seniority allowance, birthday gifts, and holiday activity fees.<br>• Provided holiday gifts to female employees on March 8th Women's Day.<br>• Built a caring room orientated to the needs of female employees, which was graded as a provincial level caring room for female employees.<br>• Set up lounge and club activity room for employees.<br>• Arranged family activity days and employee tours.<br>• Established 16 clubs such as photography, table tennis, basketball, fitness, dance, etc., and organized the clubs to carry out employee club activities in a planned manner, with the participation of 350 employees. |

**Sunshine Guojian**

- Set up a special fund of RMB110,000 to provide additional subsidies to employees and their families who are eligible for targeted assistance.
- Distributed high-temperature labor protection products and high-temperature subsidies in summer.
- Provided birthday gifts to employees.
- Distributed holiday packages on Dragon Boat Festival, Mid-Autumn Festival and Spring Festival.
- Distributed holiday gifts to 298 female employees on March 8 Women's Day.
- Continuously expanded the service contents of the "nursing rooms", including publicity posters, breastfeeding tips, maternity magazines and display shelves, mother and baby care treasure box and other supporting measures.
- Held family day activities to help employees' families understand the corporate culture and working atmosphere.

**Sunshine Mandi**

- Visited employees suffering from critical diseases according to the *Sympathy System for Employees and Families in Significant Misfortune*. Added the condolence payment for critical diseases and significant family misfortunes of employees or relatives. 12 visits to employees in connection with births, hospitalizations, funerals, etc.
- Arranged "Cool Summer" activities in summer, preparing and sending cooling beverages to front-line employees.
- Organized birthday parties for employees on a monthly basis and distributed birthday Gratuities.
- Arranged Mid-Autumn Festival family banquet for non-local resident employees.
- Distributed holiday gifts to female employees on March 8 Women's Day, and organized cultural activities.
- Protected the rights and interests of female workers to legally enjoy maternity leave, breastfeeding leave and childcare leave, and newly extends marriage leave.
- Built a safe cafeteria, established a "workers' home", and purchased books and fitness equipment and other materials.
- Organized various cultural and sports activities, such as the Dragon Boat Race in the Dragon Boat Festival, the Mid-Autumn Festival Photography Competition, and the Pioneer Cup Basketball Tournament.
- Built a staff activity center with comprehensive functions, integrating basketball court, badminton court, table tennis court, reading room, etc. providing software and hardware support for employees for diversified spare time activities.

## 4. Employee Development Responsibility

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| **Sciprogen** | • Distributed welfare materials to employees with difficulties and employees who persistently performed their duties during holidays.<br>• Visited sick and hospitalized employees and female employees who have given birth to Children.<br>• Provided maternity care gifts and breastfeeding leave for female employees.<br>• Distributed holiday gifts to each female employee on March 8 Women's Day.<br>• Provided birthday cash gifts to employees and provided holiday gifts and shopping cards to employees on holidays.<br>• Distributed red envelopes, telephone coupons, movie tickets and other membership benefits of Shenzhen Federation of Trade Unions to employees.<br>• Organized outstanding employees to go to Heyuan Bavaria Manor for recuperation activities. |

## Communication with Employees

The Group has built the diversified platforms for democratic communication, including the Staff and Workers' Representative Congress, online communication platform and employee grievance channels, to ensure employees' rights to know, participate, express and supervise.

All manufacturing bases of the Group have established the labor unions, which represent all employees in negotiating and signing collective contracts and collective wage negotiation agreements with labor unions. The labor unions of the Group actively play a key role in employee communication and organize various forms of employee communication activities to listen to the employees' opinions and suggestions on the work of the union.

### Communication with Employees at Each Manufacturing Base in 2024

| | |
|---|---|
| **Shenyang Sunshine** | • Shenyang Sunshine negotiated and signed collective contracts, collective wage negotiation agreements and special protection agreement for female employees with labor unions<br>• Shenyang Sunshine conducted 4 employee representative conferences and organized online communication and exchange for heads of enterprise labor union |
| **Sunshine Guojian** | • Sunshine Guojian negotiated and signed collective wage negotiation agreements and special protection agreement for female employees with labor unions<br>• Sunshine Guojian held three employee representative conferences and one trade union member election |
| **Sunshine Mandi** | • Sunshine Mandi held one employee representative conference and one trade union committee election<br>• Sunshine Mandi organized employee consultations to safeguard the legitimate rights and interests of employees in accordance with the law |
| **Sciprogen** | • Sciprogen signed a collective contract with the trade union, covering labor safety and health, special labor protection for female employees, vocational training, etc.<br>• Sciprogen conducted four employee communications, including two model worker studio exchanges and two employee discussions |

## 4. Employee Development Responsibility

The Group has established the formal employee grievance channel and the comprehensive employee grievance handling mechanism, allowing employees to submit grievances anonymously. For the incidents reported or appealed by employees, the Group will establish a working group for investigation actively, to ensure the objectivity and impartiality of the investigation, face up to the problems and resolve them in a timely manner from the source. Meanwhile, the Group will communicate with employees in a timely manner on the results of the handling to safeguard their legitimate labor rights and interests.

The Group strictly keeps confidential the complainant's personal information and all complaint materials provided. Those violating against the confidentiality provisions will be severely punished by the Group. For those who commit a crime, the Group will pursue legal responsibilities against them according to law. Additionally, those retaliating against whistleblowers or related witnesses will face the consequences based on the severity of their behaviors, including but not limited to removal from the post, termination of labor contracts, and transfer to judicial authorities.

The Group has informed employees of the grievance mechanism and channels during training of new employees. In case of compliance problems, the employees can report the problems to their superiors, labor unions, the Human Resources Department and Compliance Department. In case of incidents that may be suspected of disciplinary violations, they can report via OA, email, phone or to the Audit Department.

**3SBIO Compliance Complaint and Reporting Channel**

- Hotline: 4008445110
- Email: fxhgb@3sbio.com

The employee satisfaction survey is another important channel for the Group to listen to employees' voices and get to know their perception and opinions on the operation of the Group. The Group conducts the employee satisfaction survey among all the employees once a year. During the reporting period, the Group conducted a satisfaction survey for employees of all age groups, with over 3,000 participants in total. The results showed that more than 82% of the employees surveyed strongly supported the working atmosphere of the team, more than 85% of the respondents agreed with the management style, personal charisma of the leaders and career development prospects and opportunities within the Group, and more than 87% of the respondents said they would recommend their friends to join the Group.

Based on perfect employee management, during the reporting period, the Group received the "2024 Excellent Employer Award" issued by HRoot.

## 4.2 Human Capital Development

### Talent Introduction and Retention

The Group is gradually expanding its talent pool through external talent recruitment and internal training. In the meantime, it gives full consideration to employees' individual career growth demands and wishes, provide them with counseling and personal development platforms and give priority to the possibility of promotion or rotation of internal employees when there are suitable job vacancies.

Externally, the Group actively expands talent sources through headhunter recruitment, university-enterprise cooperation, etc. During the reporting period, the Company gained three new headhunter recruitment channels in R&D and clinical directions to expand the absorption of medical talents. It has established talent cultivation bases through university-enterprise cooperation; and comprehensively upgraded the recruitment system to achieve online visual management throughout the process, improve recruitment efficiency and build standardized talent pool.

The Group actively develops its talent pool by cooperating with colleges and universities to recruit fresh undergraduates and postgraduates every year. During the reporting period, the Group attracted 157 fresh graduates to join us through online and offline recruitment. Meanwhile, the Group has carried out university-enterprise cooperation with some medical-related colleges and universities in Tianjin, Jinan, Sichuan, Anhui and Guangdong, and has co-built a "Practical Education Base" with Shenyang Pharmaceutical University for four consecutive years, and regularly carries out internship activities with these colleges. This provides a good interactive platform for enterprises and college students, helps to deliver cutting-edge science and technology to campus, allows students to realize the organic combination of what they learn and what they use, and provides more development space for college students' internship, practice and employment.

The Group has introduced a series of diversified incentives to retain employees, including setting up the "Talent Scout Award" to commend internal recommendations of excellent talents, offering the "Talent Retention Award" and "Long-term Service Award" to affirm and reward employees who remain loyal to the Company, and implementing an equity incentive plan so that employees share the fruits of company growth and strengthen employees' sense of belonging. The Group conducts in-depth analysis and study on departing employees so as to continuously optimize its talent management system and ensure that its talent resources form an important and lasting force driving the Group's development.

# 4. Employee Development Responsibility

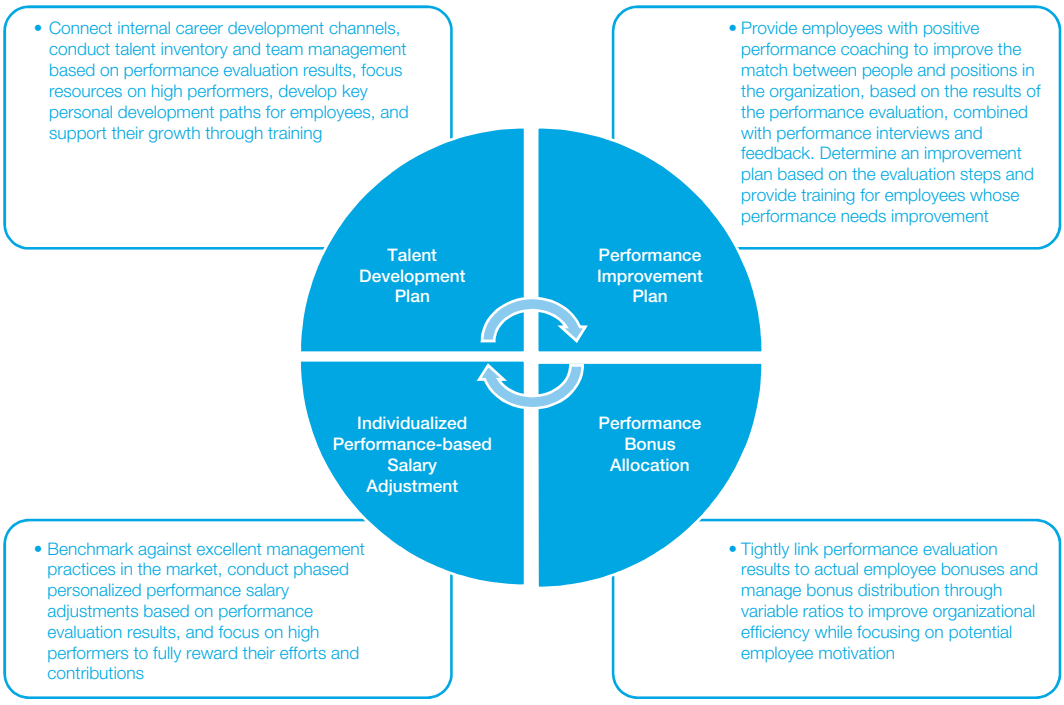
## Employee Retention Measures

| Measure | Main contents | Progress in 2024 |
|---|---|---|
| **Talent Scout Award** | • The Group's Research & Development Center ("R&D Center") sets up the "Talent Scout Award" to encourage employees to recommend outstanding professionals. All employees from the R&D Center can recommend candidates based on job descriptions. After the candidates are recruited and pass the probationary period, the one recommending the new recruitment will be eligible for the "Talent Scout Award". | • A total of 15 employees won the "Talent Scout Award". |
| **Talent Retention Award** | • To retain core employees, the Group has introduced a talent retention program. Over a three-year period, employees in the program will receive bonuses equivalent to 30%, 30%, and 40% of their salary for each additional year of service, respectively. | • A total of 22 employees won the Talent Retention Award. |
| **Long-term Service Award** | • Every year, the Group awards long-term service incentive prizes to employees who have served in the Group for 10 and 20 years. | • A total of 104 employees won the "Long-term Service Award". |
| **Equity incentive** | • The Group has established an equity incentive mechanism, granting equity to executives, middle-level management personnel, and key employees in crucial positions within the Group. | • The Group has established an equity incentive mechanism, granting equity to executives, middle-level management personnel, and key employees in crucial positions within the Group.The number of the Group's equity incentive grants was 362, accounting for approximately 6.4% of all employees, mainly covering R&D and manufacturing positions. |
| **In-depth analysis of departing employees** | • Every year, the Group selects departing employees from different sectors, analyzes the reasons for their departure, and implements improvement measures. | • Leavers in the Sales sector were sampled for analysis, and interviews were conducted to understand the underlying reasons for their departure, and improvement measures were carried out based on the reasons in order to retain the existing outstanding talents. |

## Employee Selection and Promotion

The Group adopts an integrated performance management system to standardize talents selection management, and the performance appraisal is carried out fairly and transparently. The entire Group participates in performance target setting, and each system customizes performance appraisal methods according to business characteristics, including monthly, quarterly, semi-annual and annual appraisals. The appraisal results are taken as the basis for bonus distribution and job promotion. During the reporting period, the Group conducted performance appraisals of all employees, communicated one-on-one with them after the appraisals, summarized work and formulated a development plan to promote their personal growth.

### Performance Improvement Plan in 2024




The Group makes clear career growth plans for employees who are free to choose to pursue a path for professional development or management development. Manufacturing bases formulate the *Measures for Job Promotion*, making clear promotion principles and career growth paths so as to provide a strong guarantee for employees' career growth and development. During the reporting period, the Group added professional and technical paths for sales personnel, expanded the development space for sales positions, and updated the *Marketing Center Functional Support System Employee Career Development Management Measures* and the *Marketing Center Functional Support System Performance Management Measures* to provide strong guarantees for the career growth and development of employees.

# 4. Employee Development Responsibility

The Group has developed a succession plan to identify potential candidates for key positions through job and talent evaluations. It carries out "post evaluation" by dividing organizational levels, identifying post value contributions, judging post-problem-solving processes and other processes, and carry out "person evaluation" from the perspectives of strategic thinking, compatibility of values with corporate culture, performance appraisal, leadership and other perspectives to select and promote talents suitable for the Group's strategy and culture.

During the reporting period, the Group organized a talent review focusing on outstanding young employees from group functions and base marketing functions, using the nine-zone grid framework to assess the development potential of employees in a scientific manner, and providing support for the implementation of the company's succession plan. For the marketing product manager positions, the Group formulated capability assessment projects and plans, completed sandbox simulation assessments for nearly 70 product managers, and finally completed the nine-zone grid positioning to identify outstanding successors.

## Talent Training and Support

The Group pays close attention to talents training and regards employees' development as an essential driving force for business growth and an essential part of its corporate social responsibility. The Group has established a 3S (Standard, Specific, Self-management) training system covering all employees, including those from contractors. Under the system, standard, specific and self-management personalized training programs are offered to employees through online and offline channels.

### Employee Training System

| Training for New Employees | Training for Employee Growth | Management Training |
|---|---|---|
| • Germination Initiative: Public courses, position basic knowledge (including EHS and quality management) training, etc.<br>• Outreach training for new graduates<br>• Welcome Day | • Defeating the Workplace Monster Series<br>• Office professionals<br>• Training tailor-made by departments | • Project Management Training<br>• Mini-MBA program by China Europe International Business School<br>• Project Management Training<br>• Dawn Leadership Training<br>• Crucial Conversation |

During the reporting period, the Group significantly increased the frequency and coverage of training, with 155 training sessions implemented, 18,694 people trained and a training coverage rate close to 100%.

## Training Activities for Employees in 2024 (Partial)

| Type of training | Description | Training content and coverage |
|---|---|---|
| **Leadership improvement** | The Group, based on business needs and system planning, internalizes and iteratively refines internal leadership courses designed for personnel from to-be-promoted front-line employees to medium and senior executives to meet the training needs of different levels. During the reporting period, besides regularly conducting systematic training for front-line business personnel and the management, the Group focused on conducting management-level practical programs and talent training programs | • **"Shining Star" Mid-level Leadership Program:** Improving employees' core capabilities of regional marketing planning and coaching leadership through training and one-on-one mentoring, which covered 178 trainees;<br>• **"Newcomer" TBU Program:** Strengthening and improving the regional market management capabilities of supervisors and managers, with a total of 18 sessions of the second and third phases of *Market Thinking* training completed, which covered 496 trainees;<br>• **EBU training program:** strengthening the coaching team management and micro-market analysis skills of supervisors and managers, and completing two tactical training sessions, covering 47 people;<br>• **Phase II of "Emerging Extraordinary Talent Development Program":** Selecting and training the best new talents in line with the goals of the Group's talent strategy level by level based on 3SBIO exclusive talent portraits, with 473 participating in the selection and eventually 66 new talents selected;<br>• **Leadership development program with "Dawn Leadership" and "Self-Leadership" as the core:** Targeting high-potential and new managers/supervisors to improve basic management capabilities, a total of 9 sessions, covering a total of 247 people. |

# 4. Employee Development Responsibility

| Type of training | Description | Training content and coverage |
|---|---|---|
| **Professional skill improvement** | With the actual needs of business departments as the focus, the Group conducts online professional skill improvement programs to help business departments quickly improve professional skills in a complex and changeable environment and meet the needs of Group development and personal growth | • **Training content:** Technical sharing sessions, anti-monopoly compliance system, adverse event reporting and Good Clinical Practice (GCP) training, examination and certification training, etc. online, which covered 14,010 trainees;<br>• **Levels:** Employee-level/department-level/group-level training divided according to the applicable targets. |

In response to digitalization and intellectualization trends, the Group is committed to empowering employee training with high technology. During the reporting period, the Group upgraded and iterated its online learning platform, included digital human technology in its online courses, actively tried advanced technologies such as intelligent AI coaching and created a digital knowledge cycling hub centered on business empowerment and talent development. As of the end of the reporting period, the platform had 5,735 students, 5,206 courses, and 816 test papers. The total learning time for all employees during the reporting period was 79,134.2 hours.

Sunshine Guojian has built the Boya Academy as training venue. The academy has more than 1,000 square meters of teaching area and is equipped with professional teaching equipment such as computers, projectors, audio and page-turning laser pens. Sunshine Guojian invites part-time training teachers with professional expertise to share their work experience and knowledge with employees. During the reporting period, Boya Academy completed 38 training courses and trained with a total of 4,414 people.

In order to introduce and cultivate excellent talents that meet the Group's strategic development needs, the Group has launched a management trainee program in the hair and dermatology field. After selecting excellent university talents, the program trains them according to a "3+4 training plan (3-month internship + 4-month probationary period)" and implements rotation training and a mentoring system, providing an exclusive training and promotion channel for talents with high potential. In 2024, the management trainee program was reused in the recruitment of group marketing center as a successful campus recruitment experience. The Group launched a special trainee program for marketing centers, which effectively attracted target candidates' attention to the company and job opportunities through various channels including dedicated recruitment seminars, university job fairs, and engagements with career offices and academic advisors. This program not only provided university students and faculty with deeper insights into the pharmaceutical industry as a whole, but also enhanced their understanding of academic promotion practices for medical representatives. The program has injected fresh talents into both the industry and the company's development.

Furthermore, the Group supports employees to upgrade their academic and vocational skills, opens up a channel for all employees including part-time employees and employees dispatched to apply for financial assistance under the academic and vocational skill upgrade program and supports and funds employees to obtain academic upgrading or vocational skills certificates.

### Academic/Vocational Skill Certificate Support Measures

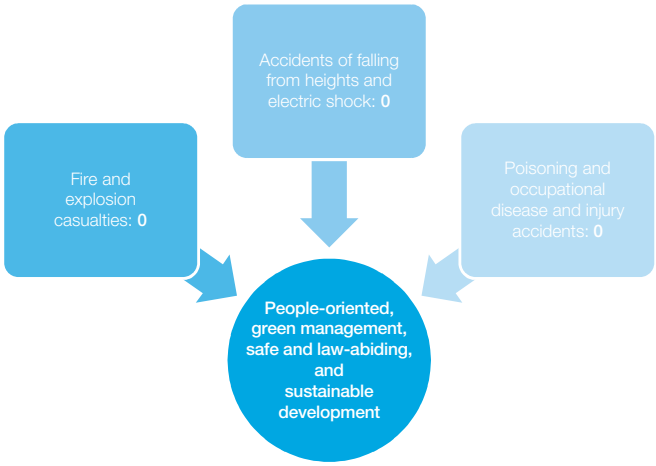
| Project type | Support measure |
|---|---|
| **GCP certificate examination** | • The Group encourages employees who have been employed for more than three months to participate in the GCP certificate examination. The Human Resources Department is responsible for preparing the list of participants, and employees can also apply to the Human Resources Department to register for the examination. The Group reimburses the examination fees, and the Human Resources Department is responsible for compiling detailed certification steps and materials and presenting them to business departments, to help employees successfully obtain certificates. A total of 376 people of the Group participated in the examination, and the pass rate was 100% as of the end of the reporting period. |
| **Continuing education** | • **Education funding program:** The Group collaborates with Shenyang Pharmaceutical University to fully waive the tuition of the top 10 students by entrance examination results. By the end of the reporting period, 10 employees were successfully admitted to Shenyang Pharmaceutical University through the adult college entrance examination.<br>• **Industry-university-research cooperation program:** Through industry-university research cooperation with the School of Pharmacy, Guangdong Medical University, the Group introduces the university's education resources to provide employees with on-the-job continuing education, covering diploma education, degree education and the Master of Engineering program. In addition, the university also offers classes for advanced studies of postgraduate courses and short-term training to meet employees' diversified learning and teaching needs. |

# 4. Employee Development Responsibility

| Project type | Support measure |
|---|---|
| **Professional title evaluation** | • In terms of high-end talent training, Shenyang Sunshine has formulated the *Postdoctoral Work Management Measures* to attract more high-end talents that meet the company's R&D needs based on the postdoctoral research workstation, thereby realizing the cultivation of high-end talent R&D capabilities.<br>• In terms of professional and technical talent training, Shenyang Sunshine actively participates in the "Fast Track" service for professional title evaluation provided by the Shenyang Municipal Human Resources and Social Security Bureau, opening a "green channel" for enterprise personnel to apply for professional title. During the reporting period, a total of 7 people passed the review for senior pharmacy engineer in the pharmacy field.<br>• In terms of skilled talent development, Shenyang Sunshine, as an authorized vocational skill certification evaluator, has obtained accreditation to independently assess qualifications for two occupational categories: Pharmaceutical Inspector and Pharmaceutical Preparations Technician. The Company provides targeted training and assessment for employees in these specialties. Trainees who successfully complete all skill training modules and pass the evaluations will receive official vocational skill certification, thereby achieving professional competency advancement. |
| **Vocational skill level certification** | • Sunshine Mandi fully utilizes governmental resources to apply for independent recognition of vocational skill levels in accordance with the *Measures of Zhejiang Province for the Pilot Program of Vocational Skill Level Certification by Enterprises*. After the application is approved, Sunshine Mandi will have the authority to independently arrange the professional skill level certification of employees every year. |

## 4.3 Occupational Health and Safety

### Safety Production




The Group adheres to the occupational health and safety and environmental (EHS) policy of "People-oriented, green management, safe and law-abiding, and sustainable development" and sets occupational health and safety objectives.

The Group has established the Safety Production Management Committee responsible for developing EHS work policies and objectives, supervising the development of EHS rules and regulations, studying and reviewing the production safety responsibility system, supervising EHS publicity and education, etc. The Group has formulated the safety management mechanism, including the *Production Safety Management Regulations*, the *Safety Inspection Management Regulations,* the *Safety Hazards Detecting and Correcting Regulations*, and the *Emergency Rescue Regulations, Provisions on Fines and Penalties for Production Safety Accidents, Guidelines for the Reporting and Investigation of Accidents in Special Equipment*, and *Guidelines for the Determination of Major Accident Hazards in Special Equipment* to guide its work on safety management.

In addition, the manufacturing bases have developed the *Regulations for Hazardous Chemicals Management and Regulations for Highly Toxic Products* for hazardous chemicals such as ethanol and hydrochloric acid involved in production and business operation. The Group specifies the procedures for warehouse management, and the responsibilities of the personnel for purchasing, using and management of hazardous chemicals, to ensure safety in using hazardous chemicals.

# 4. Employee Development Responsibility

By the end of the reporting period, Shenyang Sunshine, Sunshine Guojian, Sunshine Mandi and Sciprogen have passed the certification for Level 3 enterprises of national work safety standardization.

Under the guidance of the Safety Production Management Committee, each manufacturing base regularly carried out the evaluation of the current status of safe production, identified and managed safety hazards in the workplace, and implemented measures such as identification and rectification of potential safety hazards, identification and classified control of hazard sources, regular safety training and emergency drills, to ensure the safety of the personnel and workplace with all efforts.

## Production Safety Work of Each Manufacturing Base in 2024 (Partial)

| | |
|---|---|
| **Shenyang Sunshine** | • Engaged a third-party professional agency to conduct a safety assessment of the hazardous chemical usage, confirming that production conditions meet safety requirements.<br>• Updated the emergency response plan for production safety incidents and completed its filing, including a comprehensive plan, specialized plans for fire accidents, pressure vessel explosions, boiler explosions, and on-site disposal plans for production safety incidents.<br>• Conducted company-wide environmental safety training, covering topics such as environmental safety knowledge, emergency response, and occupational health prevention, to deepen employees' understanding of safety and health management systems, occupational hazards, and occupational health knowledge.<br>• Carried out hazardous chemical leakage drills to enhance employees' emergency response capabilities in handling safety incidents. |
| **Guangdong Sunshine** | • Updated the *Hazardous Chemical Safety Management System*, established a standardized safety production documentation framework, developed fire safety management documents and inspection checklists, and formulated safety work plans and inspection schedules to standardize safety production management.<br>• Conducted daily inspections of hazardous chemical storage areas, promptly reported and documented any issues, performed irregular safety spot checks in key areas, and completed explosion hazard rectification.<br>• Conducted hazard identification activities, identifying 952 hazards, and implemented risk control measures to reduce risk levels. It completed the "Three Simultaneities" acceptance for safety, environmental protection, and occupational health, with 100% signing of safety production responsibility agreements covering safety, environmental, and occupational health objectives.<br>• Organized 31 emergency drills, held Safety Month and Fire Safety Month activities, and conducted safety knowledge and firefighting skills competitions with 39 participants.<br>• Conducted various safety training sessions: Provided three-level safety education for 156 new employees, held hazardous chemical safety training for 180 employees, and ensured each department holds at least one safety training session a month as planned. |

**Sunshine Guojian**

- Conducted emergency drills for biological laboratory container leakage, emergency drills and fire safety drills for chemical leakage in hazardous waste storage room.
- Held a safety knowledge quiz during Safety Month, with 131 participants.
- Conducted hazard identification activities, identifying 1,261 hazards, including 14 medium- and high-risk items.
- Achieved 100% signing of safety production responsibility agreements, covering safety objectives, responsibilities, and reward/penalty details at the Company, departmental, and individual levels.
- Provided system-related content training for 30 employees and safety protection knowledge training for 200 employees.

**Sunshine Mandi**

- For hazardous chemical storage areas, tank zones, and production workshops, additional combustible gas and oxygen concentration detection alarms were installed. The emergency ventilation system was upgraded with interlocking activation, and a standalone centralized gas detection and alarm system was implemented to enhance the safety of hazardous chemical storage and usage.
- Monthly inspections were conducted to verify employee compliance with PPE (Personal Protective Equipment) requirements. Non-compliant behaviors were corrected and addressed through coaching. During these inspections, the Company engaged with employees to gather feedback on PPE effectiveness and ergonomic usability, which provides advice on equipment upgrades or replacements.
- Two emergency drills for sudden environmental incidents were conducted, including a hazardous waste spill response drill and an abnormal operation drill for environmental treatment facilities. A total of nine safety drills were organized, with cumulative participation from 112 employees.
- Formulated the “Safety Operation Procedures for Underground Tanks” and “Operation Procedures for Unloading Tank Trucks”, and revised the “Hazardous Waste Management System”.
- Conducted 22 safety training sessions, covering 575 employees.

# 4. Employee Development Responsibility

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|---|---|
| **Sciprogen** | • Performed hazard identification twice, identifying 812 risks. It implemented control measures (elimination, substitution, engineering controls, policies, training, and emergency response) to reduce hazards and lower risk levels.<br>• Strengthened end-to-end safety supervision of hazardous chemicals, assigning dedicated personnel to oversee procurement, transportation, storage, usage, and disposal.<br>• Conducted a fire safety assessment for the packaging line renovation area; updated fire evacuation floor plans and organized evacuation drills with 254 participants.<br>• Implemented multiple safety upgrades including: anti-static epoxy self-leveling floor treatment in the API workshop's alcohol precipitation centrifuge area, equipotential bonding updates, and installation of combustible gas detectors; addition of automated pre-fill packaging lines to enhance production efficiency; and engagement of third-party testing agencies to inspect secondary circuit electrical safety across the facility.<br>• Organized Safety Production Month and Fire Safety Month campaigns and held voluntary firefighting drills. During Safety Production Month, it conducted company-wide safety knowledge training with 268 participants. Hands-on CPR training sessions were held with 30 employees participating. Practical training on using fire hammers to break through safety glass doors was provided to 90 staff members. Additionally, it hosted one safety knowledge competition during the safety month event, which attracted 100 participants. |

No safety accidents such as fire and explosion, chemical poisoning, injury from occupational diseases occurred, nor death of employees of the Group due to work-related injuries from 2022 to 2024.

## Occupational Health

Committed to creating a healthy and safe working and living environment for its employees, the Group has formulated the *Manual for Environmental and Occupational Health and Safety Management* and the *Regulations on Occupational Health Management* in strict accordance with national and local laws and regulations, and established the occupational health management department, to improve the management of employee occupational health continuously. By the end of the reporting period, all the manufacturing bases of the Group in China (Shenyang Sunshine, Guangdong Sunshine, Sunshine Guojian, Sunshine Mandi and Sciprogen) have passed the certification and review for ISO 45001:2018 occupational health and safety management system. All identified non-conformities from the audit have been promptly addressed and effectively closed out.

The risks of occupational diseases involved in manufacturing bases include dust, noises, acid and alkali corrosion. The Group has strengthened the warning notices and daily inspection patrols at the production site, and continually regulates the production processes, and provides employees with full sets of protective measures for occupational diseases and labor protection articles. The manufacturing bases regularly conduct on-site detection of occupational hazardous elements and publish the results. For employees working in the positions with the risks of occupational disease, provide adequate protective articles and arrange annual physical checkups for occupational diseases, to ensure their occupational health. During the reporting period, the Group provided health checkups for employees in positions involving occupational disease risks, and no occupational disease hazards occurred.

### Occupational Health Work of Each Manufacturing Base in 2024 (Partial)

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|---|---|
| **Shenyang Sunshine** | • Conducted occupational hazard testing and inspection, and conducted special inspections for purification positions, liquid dispensing positions and lab technician positions involving occupational hazards, and checked the safety sign layout, on-site protective facilities, ventilation facilities, and the deployment and use of labor protection equipment. The inspection results met the compliance rate of 100%;<br>• Occupational health examinations were conducted for workers exposed to toxic and hazardous substances, with a total of 86 employees in occupational health-related positions undergoing examinations, all showing normal results. |

# 4. Employee Development Responsibility

**Guangdong Sunshine**

- An occupational disease control effectiveness evaluation was performed, where the Company engaged a third-party certification agency to test for occupational hazard factors, and successfully passed the occupational disease control effectiveness assessment;
- Established 13 occupational health management system and operational procedure documents, enhanced employee training on occupational health, requiring 8 training hours for each worker in positions with occupational hazards. Additional protective measures included improving occupational health safety facilities, providing protective equipment and emergency supplies, organizing 30 occupational health examinations, and conducting hazard inspections to safeguard employees from occupational disease risks;
- Based on job requirements, the Company supplied emergency materials and personal protective equipment (PPE) while implementing supervision and inspection protocols. For packaging, bottle-washing, and visual inspection positions, the Company reduced workers' exposure time to noise and enforced the use of earplugs or earmuffs as protective measures.

**Sunshine Guojian**

- Conducted regular detection of occupational disease hazard factors, with a 100% pass rate;
- Implemented comprehensive occupational health examinations, including 93 pre-employment check-ups, 262 check-ups for on-the-job employees, and 29 check-ups for people who left the positions, achieving 100% coverage for all workers exposed to occupational hazards;
- All employees were equipped with and required to use proper personal protective equipment;
- Won the third prize for Occupational Health Demonstration Enterprise.

**Sunshine Mandi**

- Conducted regular detection of occupational disease hazard factors;
- Arranged special physical examinations for 52 employees in positions at risk of occupational diseases;
- Equipped employees with protective earplugs and protective masks and required them to use the appliances;
- Conducted special training in the prevention and treatment of occupational diseases, involving 17 employees;
- Carried out occupational health week activities to promote occupational health and safety-related laws and regulations through the distribution of brochures, posters, multimedia scrolling, etc.

| | |
|---|---|
| **Sciprogen** | • Conducted regular detection of occupational disease hazard factors, and add noise testing of Packaging Room II on the second floor of the production building to the testing of occupational hazard factors;<br>• Implemented engineering controls at the noise source of packaging equipment while reducing employees' exposure duration and mandating proper use of personal protective equipment (PPE) including earplugs and earmuffs;<br>• Uniformly purchased and distributed labor protection appliances to employees in positions at risk of occupational diseases;<br>• Confirmed that raw materials meet environmental protection, safety and occupational health requirements before purchasing them;<br>• Regularly educated and assessed all employees in positions at risk of occupational diseases and required and supervised their correct wearing of labor protection appliances during operation;<br>• Reasonably arranged work periods and supported work efficiency improvement of employees in positions at risk of occupational diseases to ensure production while minimizing the duration of their exposure to occupational disease risks;<br>• Frequently conducted occupational health and safety training for all employees; during the Work Safety Month, invited local labor union to conduct first aid training for safety officers from various departments;<br>• Organized and carried out a series of labor competition activities, such as job operation skills competitions, enterprise product quality, safety and production knowledge competitions, etc. |

During the reporting period, the Group carried out a series of employee health activities. We provided free 7*24-hour medical consultation services for employees and their families to help them quickly obtain online consultation services during difficult times. To ensure the mental health of employees, we opened the "Diligent Heart" public welfare hotline to provide employees with professional external support.

# 5. Environmental Protection Responsibility

## 5.1 Environmental Management System

The Group mainly consumes electricity, steam, heat, natural gas, LNG, gasoline and diesel directly or indirectly in its production and business operation. It uses water from the municipal water supply system and there are no risks in seeking appropriate water sources. Main discharges and emissions by the Group include wastewater, waste gases, solid waste and greenhouse gases. The Group works strictly in accordance with the requirements of the emission permit, and pollutants such as effluents, waste gases and noise at the factory boundary are discharged in accordance with the requirements of the emission permit. During the reporting period, Sunshine Guojian was honored as a 2024 Shanghai Green Factory and a national green factory; Sunshine Mandi was honored as a 2024 Hangzhou Green Low Carbon Factory and a Zhejiang Province Water-saving Enterprise.

The Board of Directors of the Group performs the responsibility of supervising environmental management. Under the guidance of the Board of Directors, the Group has set up a leading group for environmental protection, headed by the Senior Vice President (also a Board Director) of the Group. To complete environmental management tasks smoothly, the Group has incorporated environmental performance assessment indicators in the salary assessment and incentive system for the head of the leading group for environmental protection, accounting for approximately 20% of the total. The Group follows the GMP requirements to establish and continuously improve the environmental management system, which manages and implements the environmental protection agenda. The leading group directs the environmental management of each manufacturing base under the guidance of the *Environmental Management Regulations*.

The Group's manufacturing bases, which are responsible for implementing environmental protection measures, set up EHS departments, put in place guidelines for the environmental management of manufacturing bases, and formulate regulations, including the *EHS Management Manual*, the *Wastewater Management System*, the Waste Gas Management System, the *Noise Management System, the Regulations on Hazardous Waste Management* and the *Contingency Plan for Emergency Response*.

During the reporting period, each manufacturing base conducted its own annual environmental monitoring, and the pollutant emissions were in compliance with national environmental protection requirements. Based on ISO 14001 management requirements, all of the Group's manufacturing bases in China (Shenyang Sunshine, Guangdong Sunshine, Sunshine Guojian, Sunshine Mandi and Sciprogen) conduct third-party audits covering all operational aspects at a frequency of no less than once every three years. As of the end of the reporting period, all the manufacturing bases of the Group in China with stable operation and certification qualifications had passed the ISO 14001:2015 environmental management system certification.

The Group conducts environmental impact audits on manufacturing bases every year and targeted audits based on management demands of different projects. Meanwhile, each manufacturing base actively conducts training related to environmental protection for all employees to enhance their environmental compliance awareness and their ability to handle environmental emergencies.

## Environmental Training of Each Manufacturing Base in 2024 (Partial)

| | |
|---|---|
| **Shenyang Sunshine** | • Provided all employees with environmental safety training that mainly introduced environmental safety knowledge, emergency response, occupational health prevention and other content.<br>• Provided hazardous waste disposal training for production departments, covering hazardous waste disposal requirements, disposal principles, daily collection considerations, emergency disposal, etc. |
| **Guangdong Sunshine** | • Organized environmental protection awareness training for new employees.<br>• Organized training in environmental management system-related documents for all employees.<br>• Organized environmental factor identification training for safety officers.<br>• Organized environmental emergency drills and training.<br>• Organized solid waste classification training for safety officers.<br>• Organized environmental protection management personnel to participate in external training, such as pre-job training on sewage treatment and enterprise management training for automatic monitoring systems for water pollution sources. |
| **Sunshine Guojian** | • Organized environmental factor training for all employees.<br>• Organized training in environmental management system-related documents for all employees. |
| **Sciprogen** | • Organized training in safety knowledge about pollution prevention and control facilities.<br>• Organized capability improvement training for environmental protection officers.<br>• Organized environmental protection training in wastewater and waste gas treatment for related operators.<br>• Organized training in standard management of hazardous waste for related department personnel. |
| **Sunshine Mandi** | • Collected typical environmental penalty cases and organized education and training for employees, in which the cases were used in the explanation of related environmental protection laws and regulations.<br>• Organized employees to participate in training on exhaust gas tower operation procedures, emergency plans for environmental accidents such as hazardous chemicals leakage, followed by hands-on drills. |

During the reporting period, the Group continued to conduct environmental management around the established goals for water resource utilization, energy utilization, hazardous waste discharge and greenhouse gas emission.

| ESG management goals for 2025 | Unit | Progress in 2024 |
|---|---|---|
| Reducing water consumption per revenue unit by 30% by 2025, compared to 2017 | $m^3$/RMB million of operating revenue | 118.34 |
| Reducing energy consumption per revenue unit by 40% by 2025, compared to 2017 | MWh/RMB million of operating revenue | 19.22 |
| Reducing hazardous waste per revenue unit by 30% by 2025, compared to 2018 | kg/RMB million of operating revenue | 89.78 |
| Reducing greenhouse gas emissions per revenue unit by 20% by 2025, compared to 2017 | Mt of $CO_2e$/RMB million of operating revenue | 7.39 |

Note: The Group sets ESG quantitative goals based on data from manufacturing bases that operate continuously and stably. The Group may adjust the goals in the future owing to business expansion needs.

## 5.2 Pollutant Reduction

### Wastewater Management

Wastewater generated by the Group mainly includes domestic sewage, industrial effluents and production wastewater. Among them, production wastewater is small in amount and is not toxic. After treatment with alkali, it can be discharged by manufacturing bases in accordance with the requirements. Domestic sewage and industrial effluents can be discharged into the civil pipeline system after they are treated in the wastewater treatment center of the factory or industrial park and reach discharge standards.

In line with emission standards, manufacturing bases issue internal pollutants discharge and emission control standards. They control pollutants both at the workshop and in the effluent treatment center to reduce the discharge of effluents and pollutants. On the basis of meeting national and regional discharge standards, manufacturing bases work to reach even higher standards they set for themselves on major pollutant indicators.

### Wastewater Discharge Standards and Major Control Indicators

| Discharge Standards | Major Control Indicators |
|---|---|
| *Discharge Standards of Water Pollutants for Pharmaceutical Industry Bio-Pharmaceutical Category* (GB21907-2008)<br>*Integrated Wastewater Discharge Standard* (GB8978-1996)<br>*Shanghai Municipal Discharge Standard of Pollutants for Bio-pharmaceutical Industry* (DB31/373-2010)<br>*Liaoning Provincial Integrated Discharge Standards for Wastewater* (DB21/1627-2008)<br>*Guangdong Provincial Discharge Limits of Water Pollutants* (DB44/26-2001)<br>*Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015)<br>*Indirect Discharge for Emission Limitation of Nitrogen and Phosphorus for Industrial Wastewater* (DB33/887-2013)<br>*Self-monitoring Technology Guidelines for Pollution Sources – Pharmaceutical Industry Chinese Traditional Medicine Category, Biological Pharmaceutical Products Category, Chemical Pharmaceutics Preparations Category* | Five-day biochemical oxygen demand ($BOD_5$), chemical oxygen demand (COD), suspended solids, ammonia nitrogen, nitrogen, phosphorus, animal and vegetable oil, pH, etc. |

### Wastewater Discharge Reduction Measures of Each Manufacturing Base in 2024

| | |
|---|---|
| **Guangdong Sunshine** | • Implemented a drainage pipeline renovation project by adjusting the discharge method of disinfection water in the water preparation room from pipeline discharge to the sewage treatment center to discharge into the condensate collection device, which then enters the boiler room for recycling, so as to reduce sewage discharge while saving water.<br>• Optimized the CIP cleaning process of each workshop to the optimum state, to reduce water consumption and wastewater discharge. |
| **Sunshine Mandi** | • Implemented a sewage dosing system transformation project by adding agent level alarms and incorporating existing reflux pump and fan operation status information into the scope of monitoring alarms to ensure the normal operation of the sewage treatment system.<br>• Implemented sludge filter press transformation by increasing the capacity from about 200 kg per frame to about 500 kg per frame to improve sludge pressing efficiency and discharged water quality.<br>• Carried out equipment dismantling and electromechanical installation and renovation of the traditional Chinese medicine extraction workshop. After the reconstruction, the amount of wastewater will be reduced by 30,837 tons per year, COD will be reduced by 1.234 tons, and ammonia nitrogen will be reduced by 0.0624 tons. |
| **Sciprogen** | • Controlled the source of workshop cleaning wastewater discharge and reduced the rinsing and drainage frequency in the cleaning procedure by changing the process flow of cleanroom garment cleaning equipment.<br>• Changed the cleaning procedure of instrument cleaning equipment, separately cleaned instruments not in contact with protein and eliminated alkaline-containing wastewater generated by alkaline washing.<br>• Conducted on-site disposal of an unexpected wastewater exceedance at a wastewater treatment station.<br>• Appropriately adjusted the cleaning method based on the production needs of EPO original liquid workshop from the automatic cleaning by equipment to manual cleaning, reduce cleaning wastewater discharge. |

## Waste Gas Management

The main line of business of the Group is biopharmaceutical. The chemical drugs and Chinese patent medicine produced by Sunshine Mandi are a small part of its business. Waste gases from the biopharmaceutical business line come from the small amount of odor generated from nutrient solution discharge and replacement in biopharmaceutical production through fermentation. The waste gases, mainly comprising ammonia and steroid substances, contain an extremely low number of pollutants after infiltration and purifying, thus generating little adverse impact on the external environment. Waste gases from the chemical drugs production line are mainly non-methane hydrocarbon and effluvium, and the Group has entrusted a third-party agency with testing the two indicators, ensuring they are emitted up to standards. In addition, the Group uses boilers that generate waste gases, including nitric oxide and sulfur dioxide.

## Waste Gas Emission Standards and Major Control Indicators

| Discharge Standards | Major Control Indicators |
|---|---|
| *Emission Standard of Air Pollutants for Pharmaceutical Industry* (GB37823-2019)<br>*Integrated Emission Standard of Air Pollutants* (GB16297-1996)<br>*Emission Standards for Odor Pollutants* (GB14554-1993)<br>*Emission Standard of Cooking Fume (Trial)* (GB18483-2001)<br>*Air Quality – Determination of Odor – Triangle Odor Bag Method* (GB/T14675-93)<br>*Shanghai Municipal Emission Standard for Air Pollutants from Boilers* (DB31/387-2018)<br>*Guangdong Provincial Emission Standard of Air Pollutants for Boilers* (DB44/765-2019)<br>*Guangdong Provincial Emission Limits of Air Pollutants* (DB44/27-2001)<br>*Hangzhou Municipal Emission Standards for Major Industrial Enterprises' Volatile Organic Compounds* (DB3301T 0277-2018)<br>*Discharge Standard of Pollutants for Bio-pharmaceutical Industry* (DB31/373-2010) | Non-methane hydrocarbons, odor, particulate matter, hydrogen sulfide, etc. |

## Waste Gas Emission Reduction Measures of Each Manufacturing Base in 2024

| | |
|---|---|
| **Guangdong Sunshine** | • Reduced the concentration of $NO_x$ emissions by replacing the low-$NO_x$ burners in steam boilers, optimizing the cyclone blades in the boilers, modifying the burner control system, and modifying the furnace ports to reduce the concentration of $NO_x$ emissions to less than 50 milligrams of $NO_x$ per cubic meter of boiler exhaust gas emissions. |
| **Sunshine Mandi** | • Removed the exhaust gas outlet of the traditional Chinese medicine workshop and improved the exhaust gas treatment process, reducing the emission of volatile organic compounds by 7.478 tons per year. |
| **Sciprogen** | • Adjusted the evaporator steam supply in real time based on production plan requirements and operated two evaporators alternately to reduce waste gas emissions.<br>• Regularly maintained evaporator equipment to reduce the failure rate and the waste of steam and balance the amounts of steam and waste gas produced. |

### Solid Waste Management

Non-hazardous wastes generated by the Group include domestic wastes, wasted packaging generated in production, wasted rubber plugs, wasted aluminum caps, and a small amount of wasted active carbon produced in water-making and treatment centers. Hazardous wastes include wasted organic solutions, dregs of a decoction, wasted penicillin bottles, harmful sludge generated in water treatment centers, raw and auxiliary materials passing expiration date and wasted phenol. During the reporting period, the Group generated 89.78 (kg/RMB million of operating income) of hazardous waste per revenue unit, a decrease of approximately 31.07% year-on-year. The Group launched a green packaging campaign to reduce carbon emissions from discarded packaging through methods such as packaging reduction and recycling.

#### Major Measures for Solid Waste Treatment

| | |
|---|---|
| **Non-hazardous waste** | • Domestic waste: handed over to the sanitation department;<br>• Other solid wastes generated in production (e.g., wasted silica sand, wasted aluminum foil, wasted paperboard and uncontaminated packaging) are collected and handed over to qualified facilities for unified treatment according to the requirements of environmental protection regulations. |
| **Hazardous waste** | • Hazardous wastes (e.g., waste drugs produced in production and inspection processes, medicines passing the expiration date, toxic wasted packaging) are handed over to qualified facilities for unified treatments. |

#### Solid Waste Reduction Measures for Each Manufacturing Base in 2024

| | |
|---|---|
| **Guangdong Sunshine** | • Identified hazardous wastes and classified and stored the hazardous wastes produced;<br>• Reduced the use of non-renewable materials and used materials strictly according to process requirements;<br>• Strengthened the operation and management of production equipment to ensure stable production and reduce the generation of hazardous waste;<br>• Reasonably utilized waste, such as cleaning waste liquid containers and used them to hold waste liquids of similar nature. |
| **Sunshine Mandi** | • Reconstructed the traditional Chinese medicine workshop and reduced the amount of sludge generated by adjusting the operation mode of the sewage station. |

## 5.3 Climate Change Mitigation and Adaptation

### Climate Change Governance

The Group keeps a close eye on the global climate change situation and has included climate change mitigation and adaptation in its corporate social responsibility. The Group identifies risks and opportunities related to climate change referring to the International Financial Reporting Standard for Sustainability Disclosure No.2 – Climate-related Disclosures (IFRS S2). Accordingly, it improves its management and reduces greenhouse gas emissions in business operations so as to mitigate its impact on climate change. The Group found that it mainly generates indirect greenhouse gas emissions out of outsourced power supply.

**Management System for Climate Change**

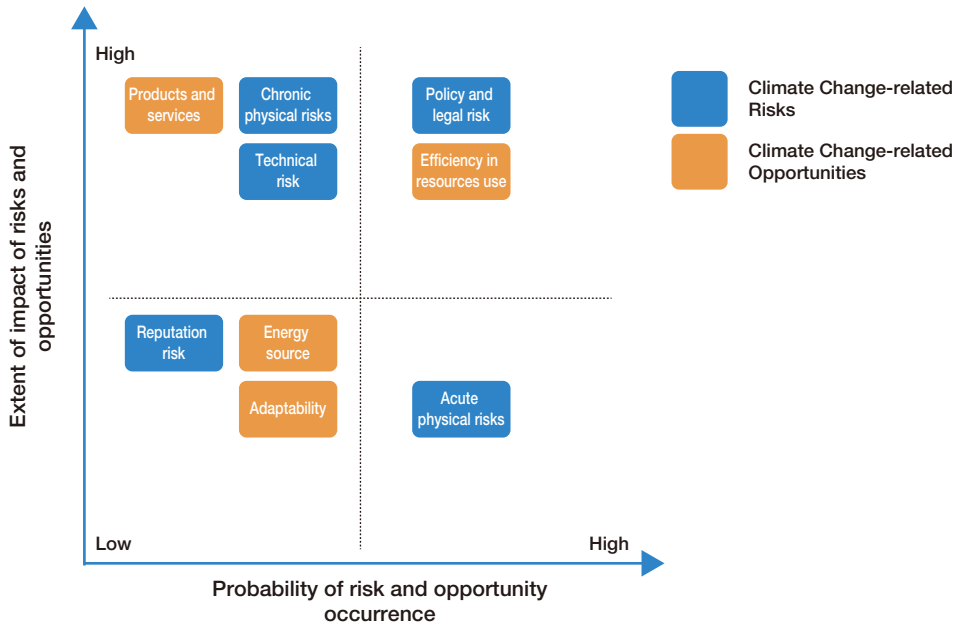
| | |
|---|---|
| **Governance** | • Included climate change in the Group's ESG agenda, communicated climate change as a priority issue with stakeholders through channels such as ESG reports, and made climate change mitigation and adaptation one of the priorities of all relevant business units and EHS departments.<br>• Established a climate change governance structure of "Board of Directors – ESG Committee – ESG Working Group" and improved the climate change governance mechanism. |
| **Strategy** | • Continued to improve energy efficiency and promote green packaging to actively respond to climate change in response to the significant risks and opportunities identified.<br>• Sunshine Guojian has formulated a plan to build a "zero-carbon" factory, carried out greenhouse gas emission verification, and implemented energy-saving and carbon-reduction projects. |
| **Risk Management** | • Identified potential risks and opportunities for operational activities and incorporate them into the Group's overall operational risk management.<br>• Formulated targeted management measures based on the results of risk and opportunity identification. For details, please refer to the chapters on "Reducing Pollutant Emissions" and "Saving Resources".<br>• Tracked relevant regulations and policies annually in order to respond to requests as and when they arise.<br>• Established emergency plans and conducted annual emergency drills to deal with the impact of emergencies. |
| **Indicators and Targets** | • Disclosed the amount and intensity of greenhouse gas emissions in its annual ESG report, evaluated the Group's performance on climate change mitigation and made plans for improvement. |

# 5. Environmental Protection Responsibility

## Risks and Opportunities in Climate Change

To better deal with potential risks and opportunities related to climate change, the Group identified related risks and opportunities in its business operation through policy studying, alignment with peer businesses and consulting experts. It also evaluated the impacts of these risks and opportunities on its financial conditions.

### Matrix of Climate Change Risks and Opportunities Identified



## Financial Impacts of Climate Change Risks and Opportunities Identified by the Group

| Climate Change-related Risks and Opportunities Identified | Potential Financial Risks |
|---|---|
| **Policy and legal risk**<br>The Group's manufacturing bases located in the two pilot cities, namely Shanghai and Shenzhen, may be the first to be required to participate in the carbon emissions trading market. | Increase in operational costs |
| **Technical risk**<br>If laws and regulations demand the deployment or use of clean energy, writing off existing assets or scrapping them in advance and using/designing new operation procedures might increase operational costs. | Increase in operational costs |
| **Reputation risk**<br>As a company listed on the Stock Exchange of Hong Kong, the Group is required by the Exchange to disclose greenhouse gas emission data and emission reduction measures. Therefore, this information is public to customers and investors, and when it is lower than the expectations of customers and investors, it will be detrimental to the corporate reputation. | Higher financing costs<br>Decrease in operating income |
| **Acute physical risks**<br>The Group's manufacturing bases in Shanghai and Shenzhen are more susceptible to extreme weather typhoons, which may cause power outages and waterlogging and result in safety incidents or forced production suspensions. | Increase in operational costs<br>Decrease in the value of fixed assets |

| Climate Change-related Risks and Opportunities Identified | Potential Financial Risks |
|---|---|
| **Chronic physical risks**<br>Persistent scorching weather due to climate change may lead to an abnormal power supply. Climate change affects human health and may lead to more uncertainty, more adverse reactions, or require faster iterations of drugs produced by the Group. | Increase in operational costs<br>Decrease in operating revenue |
| **Resource Efficiency Opportunities**<br>Increased efficiency in energy and water resource use will lower the operational cost. | Decrease in operational cost |
| **Energy Source Opportunities**<br>More low-emission or clean energy use will lower the risk of a future energy price increase. | Decrease in operational cost |
| **Product and Service Opportunities**<br>Climate change is likely to enhance the incidence rate of some diseases; if the Group solves the diseases through R&D innovation, it would be able to improve its competitive edge and increase earnings. | Increase in operating revenue |
| **Adaptability Opportunities**<br>By adopting measures for improving energy use efficiency and selecting eco-friendly suppliers, the Group will be more adaptable to climate change. | Decrease in operational cost |

## 5.4 Efficient Use of Resources

### Energy Management

The Group follows the principle of green development and is committed to continuously optimizing the energy structure in its production operations, actively promoting the recycling of energy, vigorously developing new energy sources and accelerating the innovative application of clean technologies. We actively implements various energy-saving projects to comprehensively improve the energy utilization efficiency of all manufacturing bases under the Group and achieve sustainable development and efficient operations. During the reporting period, the Group's energy consumption per revenue unit was 19.22 (MWh/RMB million of operating revenue).

## Energy Management Measures for Each Manufacturing Base in 2024 (Partial)

| | |
|---|---|
| **Shenyang Sunshine** | • Adopted a waste heat recovery system that supplies heating with part of the waste heat.<br>• Purchased 3,500 MWh of green electricity, of which 440 MWh was solar power. Clean electricity use accounts for approximately 24.59% of the base's total electricity consumption.<br>• The lighting facilities in offices, factories, warehouses and other auxiliary areas were upgraded and renovated, and the original fluorescent lamps were upgraded to energy-saving, low-wattage, high-illuminance LED energy-saving lamps. A total of more than 2,200 lamps were upgraded, saving at least 200 megawatt-hours of electricity each year. |
| **Guangdong Sunshine** | • Utilized boiler waste heat recovery to preheat the water supply to the Clayton boiler and to store condensate in a temporary water tank, saving 38,325 cubic meters of natural gas and RMB170,000 in costs each year.<br>• Optimized zone control of air conditioning: changed air conditioning of rooms on different floors and equipment rooms from centralized to independent control and turned off the corridor air conditioning to save electricity. It is expected to save 150 MWh of electricity and RMB120,000 in electricity bills each year.<br>• Provided lighting for outdoor public roads in the factory area using solar panels. A total of 82 solar street lights were installed, which is expected to save 4.98 MWh of electricity and RMB3,720 in electricity bills each year.<br>• Provided hot water for washing of employees in the dormitory building and for dining hall use through the solar water heating system, which can save 239.9 MWh of electricity and about RMB191,900 in electricity bills each year.<br>• An ice storage system is adopted, which uses the cold water chiller and cold storage pool to store cold during the off-peak electricity price period, and uses the cold storage pool to release cold during the peak electricity price period, thereby saving the difference in electricity prices between peak and off-peak periods. It is estimated that the electricity bill can be saved by about RMB353,300. |

# 5. Environmental Protection Responsibility

| | |
|---|---|
| **Sunshine Guojian** | • A total of 3,800 energy-saving lighting fixtures were installed in the Eco-Center, saving approximately RMB400,000 in electricity costs each year.<br>• Identified high-energy, low-efficiency equipment and completed equipment replacement, with an estimated annual electricity savings of RMB1 million.<br>• Upgraded and transformed the existing street lighting system to improve energy efficiency and reduce operating costs.<br>• Optimized the centrifugal speed and slag discharge time of post-processing to reduce production energy consumption. |
| **Sunshine Mandi** | • Conducted an electricity storage capacity expansion transformation to upgrade the energy consumption level to Level II, which is expected to save 40 MWh per year.<br>• Conducted a street light energy-saving transformation by changing them to solar street lights, saving about 12 MWh of lighting electricity each year.<br>• Conducted a centralized air supply transformation of air compressors by changing from requiring multiple units to operate at night to requiring only one air compressor to operate at night, to save energy. |
| **Sciprogen** | • Continuously reduced the consumption intensity of major energy sources through measures such as optimizing the workshop production structure, reasonably adjusting the operating hours of energy-consuming equipment, improving the maintenance of steam generators and power supply systems and continuing to train and publicize energy conservation and consumption reduction awareness among employees.<br>• Launched a campaign to improve the conservation of gas used for industrial steam, reduced no-load losses by operating one boiler during valley periods and two during peak periods and regularly maintained boiler furnaces to improve steam generation efficiency.<br>• Launched a campaign to improve the heat exchange efficiency of water chillers by cleaning the liners of the heat exchangers thereof. |

## Water Resources Management

The Group places emphasis on the conservation and utilization of water resources and reduces water consumption through water recycling and water-saving technology renovation. During the Reporting Period, the Company's water consumption per revenue unit was 118.34 ($m^3$/million yuan of operating revenue).

### Water Management Measures for Each Manufacturing Base in 2024

| | |
|---|---|
| **Shenyang Sunshine** | • The circulating water was about 7,200 $m^3$, accounting for approximately 3.99% of the total water consumption at the base;<br>• About 7,200 tons of wastewater is discharged from the sewage station each year for irrigation of the park's greenery. |
| **Guangdong Sunshine** | • Carried out steam condensate recovery, collected it in the boiler room for deoxidation, and then reheated it for use, effectively saving water resources and natural gas consumption, saving RMB34,671.35 per year;<br>• The concentrated water discharged from the water treatment system was recycled and used for garage flushing and landscaping watering, with an average of 20 tons of recycled water recycled every day. |
| **Sunshine Guojian** | • Added a three-way collection pipe to the bottom drainage pipes of the multi-media tank and activated carbon tank to collect the water to the backwash water recovery tank. The backwash water is filtered through quartz sand and activated carbon and supplied to the greening irrigation and factory facility cleaning in the park;<br>• Circulating water is mainly used for purified water system, air conditioning system cooling, and refrigeration unit cooling. The total annual circulating water consumption is about 20,000 tons. |
| **Sunshine Mandi** | • Renewed old ABS water pipes to effectively reduce current phenomena of water running, spraying, dripping and leaking and prevent long-term leakage of concealed pipes. |
| **Sciprogen** | • Supplied treated sewage that meets discharge standards for internal landscaping irrigation, hazardous chemical warehouse sprinkling and cooling and various external cleaning purposes after temporary storage. During the reporting period, the cumulative amount of water recycled was 9,829 tons. |

# 6. Supply Chain Responsibility

The Group classifies its suppliers into strategic suppliers, preferred suppliers, relationship maintenance suppliers and transactional suppliers based on the principles of materiality and substitutability in terms of their impact on business. The Group focuses on the quality, safety and stability of its supply chain, continues to strengthen the environmental compliance and social responsibility management of suppliers and is committed to building a resilient and sustainable supply chain.

## 6.1 Resilient Supply Chain

In terms of supplier quality management, the Group has built a sound supplier quality management system, and it continues to optimize and improve the supplier quality management mechanism through effective measures such as strengthening system construction, implementing strict quality audits, conducting regular quality reviews and empowering suppliers, thereby effectively ensuring the stability of supply chain product quality.

### Supplier Quality Management System

| Management Dimension | Management Method |
|---|---|
| **System Construction** | The Group signs quality agreements with strategic suppliers to ensure product quality by agreeing on quality responsibilities. As of the end of the reporting period, the Group had signed quality agreements with all its 114 strategic suppliers.<br><br>Manufacturing bases formulated the *Standard Management Procedures for Supplier Management*, the *Management Procedures for Supplier Audit* and the *Standard Operating Procedures for On-Site Quality Inspection* to manage the quality of products provided by suppliers and broke down the management requirements for material and service suppliers by category. Suppliers' promise to the Group in quality can stand the test of authoritative certification and professionals from the Group, therefore ensuring the safety of medicine products. |
| **Quality Audit** | The Group has built a quality audit system that covers new and existing suppliers:<br><br>• **For new suppliers,** the Group audits their qualifications and strictly reviews their business qualifications and quality standards for raw materials to ensure conformity with the standards for quality and technology in production. The Group reviewed 46 new supplier qualifications during the reporting period.<br><br>• **For suppliers in partnerships,** regular and random quality inspection operations are conducted, including written and on-site inspections. The inspection focuses both on suppliers' production management and quality control and on their procurement standards, their audit mechanisms for their secondary suppliers and the list of their qualified suppliers, among others. In response to the quality issues identified during the inspections, the Group will issue quality improvement notification forms to require suppliers to carry out rectification and establish quality issue tracking forms to continuously follow up on the rectification situation. During the reporting period, the Group completed a total of 305 written audits and 58 on-site audits. |

| Management Dimension | Management Method |
|---|---|
| **Quality Review** | The Group conducts annual quality evaluations on material suppliers in terms of the percentage of pass and deviation rate. Those failing the evaluation will be removed from the Group's suppliers list.<br><br>The Group implements annual review of material suppliers regarding their delivery service, product inspection pass rate, and deviation/complaint rate and prepares a review report. Those failing the evaluation will be removed from the Group's suppliers list. The Group conducts periodic quality assessment of qualified suppliers on a regular basis, and suppliers subject to periodic assessment are included in the *Annual Supplier Quality Assessment Plan and implemented* according to the plan. |
| **Supplier Empowerment** | **Supplier training**<br><br>The Group regularly provides quality training to qualified suppliers requiring GMP management and new suppliers every year by means of online training, offline information delivery by correspondence, and on-site inspection guidance in conjunction with management needs, and the frequency of training is no less than once a year to achieve simultaneous improvement of suppliers' quality management capabilities. In addition, the manufacturing bases carry out training for suppliers from time to time, and train suppliers of pharmaceutical cold-chain transportation in quality control of product transportation every year.<br><br>**On-site guidance**<br><br>The Group provides on-site guidance and training to new suppliers during the qualification review, in order to help them correct and prevent quality problems promptly.<br><br>**Suppliers' capability enhancement**<br><br>The Group and manufacturing bases offer regular on-site guidance to local suppliers, give them suggestions on quality, production, equipment management, and plant layout in response to their problems found, and supervise their rectification in a bid to enhance their quality management capabilities and increase quality management results. |

## Supplier Audit and Training Status of Each Manufacturing Base in 2024

| | |
|---|---|
| **Shenyang Sunshine** | • According to the revision of the *Risk Assessment Report on the Audit Method of the Material Manufacturer's Quality System*, material manufacturers are divided into four levels of management: key manufacturers, primary manufacturers, secondary manufacturers and general manufacturers, and the audit methods and audit cycles of the quality systems of suppliers at all levels are determined. The management of suppliers is divided into the selection stage, confirmation stage, cooperation stage and termination stage.<br>• 183 suppliers were evaluated, including 13 on-site audits and 170 document and qualification audits, and all audit results were satisfactory.<br>• Conducted annual quality training for all suppliers, covering 183 suppliers, to promote the improvement of supplier quality system. |
| **Sunshine Guojian** | • Audits were conducted on 34 material suppliers, including 24 document audits and 10 on-site audits. The suppliers' qualifications and production management, quality management, and warehousing management systems all met the requirements.<br>• Organized strategic suppliers and preferred suppliers to participate in ESG reporting and management improvement training, with more than 100 participants. |
| **Sunshine Mandi** | • Conducted internal and external assessments on suppliers, including document audits on 4 suppliers and on-site audits on 24 suppliers. |
| **Sciprogen** | • Written audits were conducted on 64 material suppliers (including manufacturers and distributors) and 13 service suppliers, and on-site audits were conducted on 10 key material and service suppliers. The audit conclusions were in line with the Company's requirements for suppliers.<br>• The two logistics transporters were trained on legal knowledge, safety, and key points of on-site operations related to pharmaceutical cold chain logistics. |

To further enhance supply chain resilience and reduce the risk of inventory disruption and stagnation, the Group has set up a Material Committee, which is responsible for promoting coordination and fine management of materials, as well as the development of secondary suppliers and domestic suppliers in each manufacturing base, so as to reduce risks in material supply and ensure business stability. The Group did not experience any work and production suspension due to material supply disruptions during the reporting period.

## Measures to Enhance Supplier Resilience

| | |
|---|---|
| **Refined Material Management** | • The Group has formulated the *Procedure for Cost Control of Raw Material for Products under Development* to manage the costs of raw materials in ongoing projects starting from the material selection on the platform until product launching and post-marketing change.<br>• For the manufacturing stage, the Group has developed procedures for production needs management and sluggish materials management to ensure strengthened internal communication and regular exchange of dynamic data such as order lead time and material delivery time, so as to identify potential short-supplied materials in advance and communicate with suppliers.<br>• To further promote the efficiency of material data processing, the Group has built the Material Requirement Planning Business Intelligence (MRP BI) model to process and import offline data such as Bill of Material (BOM) and Master Production Schedule (MPS), achieving the automated data processing.<br>• During the reporting period, Sunshine Guojian provided material demand plans to eight core suppliers and held regular meetings for communication. |
| **Supplier Diversification** | • The Group continued the development of a second supply source and substitution with domestic suppliers in each manufacturing base, and shortened the supply cycle of materials and reduced the risk of material import supply by increasing the number of backup suppliers and localization substitution, to ensure the timely delivery of products.<br>• As of the end of the reporting period, each manufacturing base had carried out a total of 120 second supply source development projects, with a completion rate of approximately 52.5%; Sunshine Guojian established a dispatching room for overall coordination of production materials, and 5 types of auxiliary materials and 45 types of packaging materials for marketed products have completed the second supplier configuration. The second supplier accounts for approximately 45% of the auxiliary materials and packaging materials. |
| **Long-term Cooperation with Suppliers** | • The Group has clearly stated the regulations for establishing long-term supply agreements with important suppliers in the *Manual for Procurement Management* and the *Quality Assurance Agreement* of the GMP system to ensure stable production of the Group.<br>• In addition, the Group has initiated supply chain finance projects to provide financial support to supply chain partners and ensure their stable cash flow. During the reporting period, the Group carried out financial cooperation with 63 suppliers, an increase of 47 from 2023. |

## 6.2 Responsible Supply Chain

The Group has formulated the *Manual for Procurement Management*, the *Standards for Production Material Suppliers Management* and the *Standard Procedure for On-site Audit on Suppliers*, and other regulations to regulate the suppliers' social and environmental risk management. Since 2018, the Group has required all suppliers to sign and deliver the *Code of Conduct for Suppliers*, which imposes responsibility requirements on suppliers in terms of environmental protection. The EHS department of each manufacturing base has a veto right on suppliers based on audit checks in terms of environmental protection.

The Group regularly assesses and scores our suppliers in terms of product quality and safety, environmental protection and social responsibility every year to achieve the concept of supply chain compliance, quality and safety, environmental protection and sustainable development responsibility requirements. During the reporting period, the Group evaluated approximately 87.66% of our suppliers in terms of environmental, labor and ethical assessments.

The Group used the system provided by Risk Raider to conduct due diligence investigations and monitor risks on suppliers. Its monitoring is on a monthly basis. For suppliers with high risk, the system will monitor them for several consecutive months to master their risk changes. The system delivers the following types of risk profile: "normal", "concern", "general warning" and "special warning". For suppliers with "special warning", the Group will conduct risk assessment, list those with high risk in the compliance review, implement thorough reviews and require them for rectification and feedback. During the reporting period, 2,025 suppliers were subject to a cumulative number of 8,211 Risk Raider monitoring activities.

The Group has established a two-way communication mechanism with our suppliers. The Procurement Department explains the significance of abiding by law, labor and environment requirements via telephone or e-mail on a regular basis. Suppliers give feedback to designated contact from the Procurement Department and get knowledge of laws, labor and the environment from the contact, thus facilitating the Group's guidance on our suppliers. In addition, the Group conducts ESG training for all suppliers of materials, services, engineering, etc. every year to convey the concept of sustainable development to suppliers.

While meeting GMP standards, the Group prioritizes the procurement of green products, pays attention to environmental protection and conveys the principle to suppliers, encouraging suppliers to adopt an eco-friendlier approach to production, packaging and transportation.

- The Group established the SRM system (3SBIO procurement platform) to improve the overall operational efficiency of the supply chain through 12 management modules and reduce the use of paper and waste generation through electronic procurement.

- The Group purchased a business travel system to facilitate the centralized management of employees' reimbursement of business travel. The electronic business travel system can save more than 130,000 sheets of printing paper such as air tickets, hotel orders or car orders throughout the year, thus avoiding carbon emission of about 0.12 tons of $CO_2e$.

- The lighting facilities in offices, factories, warehouses and other auxiliary areas were upgraded and renovated, and energy-saving, low-wattage, high-illuminance LED energy-saving lamps were purchased to replace the original fluorescent lamps. This saved electricity while avoiding the problem of fluorescent powder leakage, saving approximately RMB150,000 in electricity bills and waste disposal costs each year.

- The Group replaced oil-based ink with water-based ink for color printing boxes, in a bid to reduce the volatile organic compounds content in the ink, and lessen pollution to the environment. Also, while maintaining the same dimensions, a lighter weight box material design was adopted.

- Cold chain pharmaceutical transportation suppliers were required to adopt recyclable insulated box transportation mode to reduce the use of disposable insulation materials. During the reporting period, a total of approximately 26,882 recyclable incubators were used.

- The Group required suppliers to install environmental protection equipment to reduce environmental pollution. The Group required a supplier to install an environmental protection absorber for medicinal acetate, a tail gas absorber for isopropanol and other organic products, and a deodorant factor system for ammonia water, with a total investment of approximately RMB9 million. These environmental protection facilities have been put into use during the reporting period and have effectively improved exhaust emissions.

# 7. Social Contribution Responsibility

## 7.1 Supporting Healthcare Development

### R&D Innovation and IPRs Protection

The Group boasts a professional R&D team of over 600 experienced scientists and the national engineering research center of antibody medicine approved by the National Development and Reform Commission. With four R&D Centers in Shenyang, Shanghai, Shenzhen, and Hangzhou, the Group has established a dual biological and chemical drug platform, covering the whole process of drug development ranging from basic R&D, pre-clinical research, clinical trials to new drug registration for marketing. The Group's subsidiaries Shenyang Sunshine, Sunshine Mandi, Sunshine Guojian, NERC and Sciprogen have been recognized as "National High-Tech Enterprises".

As of the end of the reporting period, the Group had 28 products under development, 27 of which were developed as innovative drugs in the Chinese mainland, covering areas such as nephrology, oncology, autoimmune diseases, dermatology and ophthalmology.

The Group attaches importance to intellectual property rights (IPR) protection. Upholding the principle of "Innovation-driven research and development, future-oriented management" in IPR management, the Group has put in place various regulations, including the *Guidelines for IPR Management*, the *Guidelines for Commercial Secrets Management* and the *Manual for Business IPR Management*. While effectively managing and protecting IPRs, including patents, trademarks and commercial secrets, these regulations have protected the Group's competitive advantages and brand reputation and prevented infringement on others' IPRs. On the basis of implementing the Group's regulations, Sunshine Guojian and NERC introduced the *Guidelines for Patent Management* and the *Guidelines for Trademarks Management* to manage their own IPRs better.

The Group carries out due diligence on IPR when reviewing projects. The Group checks the patent application and legal status of products or key technologies involved in a new project before the project is launched. The Group then issues a patent investigation report and alerts as to risks. After a project is launched, the Group will keep tracking the patent conditions of products or key technologies involved in order to protect the Group's IPRs. During the reporting period, the Group's patent and trademark applications and licenses are shown in the table below, with domestic, foreign and Patent Cooperation Treaty (PCT) international patent application data, and domestic and foreign trademark data.

### 3SBIO Patent and Trademark Applications and Grants in 2024

| Field | Progress in 2024 |
|---|---|
| **Patent** | • 68 patent applications<br>• 34 patents granted |
| **Trademark** | • 12 trademark applications<br>• 14 trademarks registered |

During the reporting period, the Group conducted patent search and patent database training for research and development personnel, aiming at enabling the research and development personnel to understand how to obtain information on their own and others' intellectual property rights through patent searches, so as to avoid infringing on the intellectual property rights of others, effectively utilize the patent information, and create and protect their own intellectual property rights.

## Supporting the Development of Biopharmaceutical Industry

The Group also takes an active part in revising industry standards and various studies to boost the development and progress of the biopharmaceutical industry, with a number of the Group's products included in various medical guidelines as recommended drugs. During the reporting period, the Group assisted the China National Institutes for Food and Drug Control and the Shanghai Institute of Quality Inspection and Technical Research in jointly carrying out research work such as the preparation and stability study of national standards for the system suitability of the EPO charge variant, the expanded validation of the determination of sialic acid content in EPO stock solution, and the pharmacopoeia publication methods for icIEF and N-sugars in EPO stock solution. In addition, the Group participated in the formulation of perioperative blood management guidelines for orthopedics and supported the revision of the *Chinese Expert Consensus on the Management of Chronic Kidney Disease-Associated Pruritus* to promote the standardized diagnosis and treatment of chronic kidney disease-associated pruritus and increase clinical attention to CRA and the standardization of diagnosis and treatment.

### Inclusion of Products in Medical Guidelines as Recommended Drugs in 2024

| Product names | Guidelines |
|---|---|
| **Xenopax®** | • *Chinese Expert Consensus on the Diagnosis and Treatment of Acute Graft-Versus-Host Disease after Hematopoietic Stem Cell Transplantation (2024 edition)*<br>• *Chinese Expert Consensus on the Diagnosis and Treatment of Acute Graft-Versus-Host Disease after Liver Transplantation (2024 edition)* |

# 7. Social Contribution Responsibility

| Product names | Guidelines |
|---|---|
| **TPIAO®** | • *Chinese Expert Consensus on Autologous Hematopoietic Stem Cell Transplantation for Adult Acute Leukemia (2024 Edition)*<br>• *Interpretation of CSCO Guidelines for Diagnosis and Treatment of Thrombocytopenia Induced by Tumor Treatment (2024 Edition)*<br>• *Chinese Expert Consensus on Clinical Management Pathway and Adverse Reaction Management of Trastuzumab (2024 edition)*<br>• *Chinese Expert Consensus on the Standardized Management of Thrombocytopenia Associated with Chemoradiotherapy for Gynecological Malignancies (2024 edition)*<br>• *Guidelines for the Diagnosis and Treatment of Primary Liver Cancer (2024 edition)*<br>• *Clinical Diagnosis and Treatment Guidelines for Long-Term Systemic Complications of Kidney Transplant Recipients in China (2024 edition)*<br>• *Practical Guidelines for the Clinical Management of Thrombocytopenia in Cirrhosis (2024 Edition)*<br>• *Clinical Guidelines for Infection-Induced Organ Dysfunction Syndrome in the Elderly (2024 Edition)*<br>• *Asia-Pacific Expert Consensus on the Diagnosis and Treatment of End-Stage Liver Disease With Infection (2024 edition)* |
| **Cipterbin®** | • *CSCO Breast Cancer Diagnosis and Treatment Guidelines (2024 Edition)*<br>• *Guidelines and Standards for the Diagnosis and Treatment of Breast Cancer of the Chinese Anti-Cancer Association (CACA) (2024 Edition)* |
| **Recombinant Human Tumor Necrosis Factor-α Receptor II: IgG Fc-Fusion Protein for Injection** | • *Shanghai Biomedical "New and Excellent Drugs and Devices" Product Catalog* (the fourth batch)<br>• *2024 (First Batch) Shanghai Innovation Product Recommendation Catalog* |
| **EPIAO®** | • *CSCO Clinical Practice Guidelines for Cancer-Related Anemia (2024 Edition)*<br>• *NCCN Guidelines for Hematopoietic Growth Factors (2024 Edition)* |

To encourage more young Chinese physicians to contribute to basic research and clinical application in the area of THROMBOCYTOPENIA (TCP), the Group launched "Sunshine TCP R&D Fund for Young Physicians" jointly with Shenyang Pharmaceutical University in 2015 to encourage more basic research and clinical applications.

The Group persisted with innovative exploration in research directions and application fields. Regarding TCP fund projects, 30 high-quality articles were published. As of the end of the reporting period, 13 research topics among the projects of the third TCP Fund were completed, two articles were published, and three international conference posters and oral reports were completed. The research results have obtained important clinical references and scientific data in the areas of ITP therapeutic applications in pregnancy, pre-transplantation stem cell mobilization and post-transplantation platelet implantation recovery.

## Introduction to the Research Topics of Sunshine TCP R&D Fund for Young Physicians (Partial)

| Research Topics | Main Role |
|---|---|
| *A Prospective Randomized Controlled Study of Recombinant Human Thrombopoietin at Different Intervention Timings for the Prevention and Treatment of Thrombocytopenia after AI-Based Chemotherapy Regimen in Bone and Soft Tissue Tumors* | The results show that a rapid decrease of more than 40% in platelet count within 3 days after chemotherapy can prelude a prophylactic administration of rhTPO. rhTPO treatment can significantly reduce the probability of grade 4 thrombocytopenia without additional adverse reactions. Previous studies mainly focused on platelet counts before intervention, while this research result provides new directions and references for the specific quantification of rapid platelet decline and for using rapid decline as an indicator for preventive intervention. |
| *Exploration of the Optimal Timing of Administration of Recombinant Human Thrombopoietin for Secondary Prevention of Chemotherapy-Induced Thrombocytopenia (CIT) in Patients with Acute Myeloid Leukemia (AML) Undergoing High-Dose Cytarabine Consolidation Therapy: A Prospective, Randomized, Self-Controlled Study* | In patients with AML treated with intermediate/high-dose cytarabine, increasing pre-chemotherapy PLT counts may shorten the duration of CIT. Based on this, the study raises the possibility that the optimal time to use megakaryocyte stimulators for secondary prevention of CIT may be before chemotherapy rather than after chemotherapy. This finding provides new ideas for optimizing CIT prevention strategies. |
| *Thrombopoietin Regulates Endothelial Cell Injury in Sepsis via the PI3K/AKT Pathway* | The study observed the changes in endothelial cell injury markers and inflammatory factors in patients with sepsis after rhTPO treatment. The results showed that rhTPO can reduce endothelial injury and improve inflammatory indicators in patients with sepsis. Its mechanism of action may regulate septic endothelial cell injury by activating the PI3K/AKT signaling pathway. This discovery provides an important theoretical basis for exploring new targets for the treatment of sepsis. |

# 7. Social Contribution Responsibility

The Group took an active part in medical academic exchanges, and actively held and participated in various academic conferences and forums to promote the development of the biopharmaceutical industry. During the reporting period, the Group participated in a total of 12 international conferences and 419 domestic conferences, covering rheumatology, oncology, nephrology, hematology, hepatology, ICU, orthopedics, gynecology, surgery, radiotherapy, dermatology and other fields, where we actively shared and exchanged industry experience with domestic and international counterparts.

## Progress of Academic Exchanges in 2024 (Partial)

| Conferences | Achievements |
| --- | --- |
| **The 27th Chinese Society of Rheumatology, Chinese Medical Association Annual Meeting in 2024** | • Sunshine Guojian exclusively supported the annual work summary and commendation session of the "Ankylosing Spondylitis-Based Healthy Village Program" at the opening ceremony of the conference. |
| **The 22nd Annual Academic Conference of the Chinese Committee of Integrated Traditional Chinese and Western Medicine for Rheumatology in 2024** | • Sunshine Guojian held a special meeting and delivered a keynote report on *Exploring Chinese Solutions for the Treatment of Rheumatoid Arthritis with Traditional Chinese Medicine Combined with Biological Agents*. |
| **The 8th Hematological Oncology Conference of the Chinese Society of Clinical Oncology (CSCO)** | • 3SBIO sponsored a special meeting of the 8th Hematological Oncology Conference of the Chinese Society of Clinical Oncology (CSCO), where topics such as *Optimizing Platelet-boosting Strategies for Chemotherapy-induced Thrombocytopenia in Hematologic Malignancies* were interpreted. |
| **2024 CSCO National Conference on Clinical Oncology** | • 3SBIO participated in the 2024 CSCO National Conference on Clinical Oncology, co-organized a special session on bone marrow suppression caused by tumor treatment, held a special meeting, and shared special content related to HER2-positive breast cancer. |
| **2024 Critical Kidney Disease and Blood Purification Conference of the Nephrology Branch of Chinese Medical Association** | • 3SBIO participated in a special meeting at a branch venue to share *Pathogenesis and Diagnosis and Treatment Progress of Chronic Kidney Disease Pruritus*, bringing new treatment concepts and solutions to the treatment of patients with chronic kidney disease pruritus. |

| Conferences | Achievements |
| --- | --- |
| **The 18th Annual Meeting of Hematologists of the Chinese Medical Association and the 2024 China Hematology Conference** | • 3SBIO participated in a special meeting at a branch venue and shared a special report on *Efficacy and Safety of High-dose Recombinant Human Thrombopoietin in the Treatment of Immune Thrombocytopenia* at the meeting. |
| **The first plenary meeting of the 11th Chinese Medical Association Hematology Branch Youth Group in 2024** | • 3SBIO exclusively hosted the special meeting, which interpreted topics such as *New Progress in Prognostic Biological Markers for Npm1-Mutated Acute Myeloid Leukemia, Research on Reduced-Dose ATG Combined with CD25 Monoclonal Antibody to Prevent GVHD after Haploid Transplantation, Practical Precision Treatment of Leukemia under the Guidance of Multi-Omics, Exploration of the Impact of rhTPO on Hematopoietic Stem Cells and Immune Cells in AA Patients and MDT Experience of West China Hospital of Sichuan University in AL Amyloidosis*. |
| **The 18th Hematology Academic Conference of the Chinese Medical Association in 2024** | • 3SBIO held a special meeting to share a special report on *Comparison of the Efficacy of Humanized Anti-CD25 Monoclonal Antibody instead of Short-Course Methotrexate in preventing GVHD in Haploid Hematopoietic Stem Cell Transplantation*. |
| **2024 Annual Meeting of the Chinese Medical Association on Organ Transplantation** | • 3SBIO held a seminar on diagnosis and treatment of immunosuppression and thrombocytopenia in organ transplantation, introducing the topic of *Strategies for the Management of Acute Complications in Organ Transplantation*. |
| **The First National Health Commission Orthopedic Accelerated Rehabilitation Promotion Conference and the Ninth National Orthopedic Accelerated Rehabilitation Academic Exchange Conference in 2024** | • 3SBIO held a special session on blood management for accelerated recovery in orthopedics, sharing *Management Measures for Anemia in Perioperative Orthopedics and Application of Red Blood Cell Mobilization in Perioperative Period under the ERAS Concept*, providing clinical guidance and reference experience for the accelerated recovery of perioperative orthopedic patients. |

## 7.2 Enhancing Accessibility to Medicines and Medical Services

Adhering to the professional competence and the spirit of assistance in the pharmaceutical field, the Group has incorporated "health care accessibility" into our long-term strategy for development. In addition, the Group also supports the Doha Declaration on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement and Public Health and the provisions of the Patent Law of the People's Republic of China for compulsory licensing of relevant drug patents for purposes of public interest or in cases of emergency.

As the highest responsible body for the issue of health care accessibility, the Board of Directors is responsible for supervising the implementation of the health care accessibility strategy in the Group, and the ESG Committee is responsible for daily management of this issue. The Group is committed to improving the accessibility of healthcare by means of R&D innovation, social donations, training of primary care physicians, and fair pricing, to advance the realization of inclusive health care. For relevant performance indicators, such as the charitable donations made in 2024, please refer to the announcement of the Company dated 25 March 2025 and the annual report of the Company for the year ended 31 December 2024.

### Medical Inclusion

The Group stays concerned about the impact of drug pricing on the affordability and accessibility of pharmaceutical products. As of the end of the reporting period, TPIAO®, EPIAO®, Cipterbin®, Remitch®, and YISAIPU® of the Group have been included in the National Reimbursement Drug List (NRDL). For patients, the inclusion in NRDL brings the drugs closer to accessibility and helping patients reduce their financial burden.

In order to ensure the wide accessibility of health resources, the Group developed different pricing strategies based on factors such as the purchase and payment capabilities in locations where pharmaceutical products were sold, the speed of disease spread, and the regions involved, with the aim to provide fair, affordable and quality pharmaceutical products and services for patients. Drug pricing complies with the international pricing standards of CBP and MRP. The Group takes into comprehensive consideration the price of brand-name drugs, market competitiveness and relevant policies in pricing of biosimilar products, and the retail prices in China, local purchasing power, patient demand and market development potential in pricing of innovative pharmaceutical products.

## Supporting Development of Primary Care

Centered on the vision of becoming a leader of global biopharmaceutical industry, the Group has been committed to promoting the sustained improvement of medical services in China. The Group has implemented the Ankylosing Spondylitis-Based Healthy Village Program nationwide and actively fulfilled our social responsibilities, giving impetus and contribution to the development of national healthy villages.

**During the reporting period, the Ankylosing Spondylitis-Based Healthy Village Program got the following achievements:**

- 219 new designated treatment hospitals;
- 318 additional physician training sessions and charity screening and treatment sessions, with 14,016 trainees;
- 7,399 screened patients and 6,980 treated patients;
- Additional grants for medical treatment: RMB5,664,233.96

To further promote the early screening and treatment of ankylosing spondylitis patients in rural areas, the Ankylosing Spondylitis Healthy Villages Program continued to be implemented in depth in 2024, expanding the training mainly for grassroots doctors, with the training content including diagnosis and identification of common rheumatic and immune diseases, such as ankylosing spondylitis, disease management, patient management, and the content of the program for ankylosing spondylitis, with the new training sessions increased to nearly 200, training 14,000 people throughout the year.

Based on this program, the Group officially launched the *Real-World Study on the Effectiveness and Economy of Interventions for Patients with Active Ankylosing Spondylitis (AS) in China Based on the "Ankylosing Spondylitis-Based Healthy Village Program"* in 2022. As of the end of the reporting period, the Company has continued to promote the development of real-world studies, completed the registration of 3,211 cases and enrolled 3,150 cases into the study that were eligible for baseline assessment, of which 3,027 cases have completed the third follow-up. It is expected to complete the study completion report in 2025.

# 8. Appendix

## 8.1 ESG Datasheet and Notes

### Compliance

The Group takes compliance as the cornerstone of sustainable enterprise development. During the reporting period, the Group reported no confirmed irregularities or wrongdoings in respect of product quality and client services, employment, occupational health and safety, child and forced labor, anti-corruption and ethics, IPR protection and responsible marketing.

| Field | Name of Main Laws and Regulations |
|---|---|
| **Anti-corruption and Ethics** | *Anti-Unfair Competition Law of the People's Republic of China, Anti-Monopoly Law of the People's Republic of China, Interim Provisions on Prohibiting Commercial Bribery, Welfare Donations Law of the People's Republic of China, and Regulations on Recording Commercial Bribery in Pharmaceutical Purchases and Sales* |
| **Intellectual property rights (IPRs) protection** | *Patent Law of the People's Republic of China, Rules for the Implementation of the Patent Law of the People's Republic of China, and Trademark Law of the People's Republic of China* |
| **Product Quality** | *Law of the People's Republic of China on the Administration of Drugs, Pharmacopoeia of the People's Republic of China* (2020 Revision), *Good Manufacturing Practice, Measures for the Supervision over and Administration of Pharmaceutical Production* (enacted in 2020), *Provisions for Drug Registration* (enacted in 2020), *Regulations for Drug Recording and Data Management (Trial)* (enacted in 2020), *Regulations for the Administration of Post-Marketing Drug Changes (Trial)* (enacted in 2021), *Drug Good Laboratory Practices, Good Clinical Practice, Provisions for Drug Insert Sheets and Labels, ICH-Q10 Pharmaceutical Quality System, U.S. FDA Guidance for Industry Quality Systems Approach to Pharmaceutical CGMP Regulations, and EU Guidelines for Good Manufacturing Practice for Medicinal Products for Human and Veterinary Use* |
| **Animal welfare** | *Regulations for the Administration of Affairs Concerning Experimental Animals, the Guidelines on the Ethical Treatment of Experimental Animals* |
| **Responsible marketing** | *Advertisement Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, Anti-Monopoly Law of the People's Republic of China, Provisions for Drug Advertisement Examination, Law of the People's Republic of China on the Administration of Drugs, and Standards for Drug Advertisement Examination* |

| Field | Name of Main Laws and Regulations |
|---|---|
| **Employee's Rights, Interests and Welfare** | *Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Special Provisions on Labor Protection of Female Workers, Provisions on Social Endowment Insurance, and Social Insurance Law of the People's Republic of China* |
| **Employee Health and Safety** | *Law of the People's Republic of China on Work Safety, Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Fire Prevention Law of the People's Republic of China, and Regulations on the Safety Administration of Dangerous Chemicals* |
| **Supply Chain Responsibility** | *Good Manufacturing Practice, Contract Law of the People's Republic of China, and Sarbanes-Oxley Act* |
| **Environmental Protection** | *Environmental Protection Law of the People's Republic of China, Solid Waste Pollution Prevention and Control Law of the People's Republic of China* (2020 Revision), *Water Pollution Prevention and Control Law of the People's Republic of China, Atmospheric Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on Promoting Clean Production, and Regulations on the Administration of Construction Project Environmental Protection* |
| **Community Investment** | *Welfare Donations Law of the People's Republic of China, and Charity Law of the People's Republic of China* |

# 8. Appendix

## Anti-corruption

| Performance Indicators | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Number of concluded legal cases regarding corrupt practices brought against the Group or its employees | / | 0 | 0 | 0 |
| Anti-corruption training coverage for employees | % | 100 | 100 | 100 |
| Anti-corruption training coverage for Board directors | % | 100 | 100 | 100 |
| Anti-corruption training hours for employees per capita[1] | Hour | 1.07 | 1.11 | 1.15 |
| Anti-corruption training hours for directors per capita[2] | Hour | 0.50 | 0.50 | 0.50 |

Notes:

1. The number of hours of anti-corruption training per employee = Total number of hours of anti-corruption training received by employees/Number of employees participating in anti-corruption-related training × 100%.

2. The number of hours of anti-corruption training per director = Total number of hours of anti-corruption training received by directors/Number of board members participating in anti-corruption-related training × 100%.

## Products and Client Service

| Performance Indicators | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Percentage of products sold subject to recalls for safety and health reasons | % | 0 | 0 | 0 |
| Number of product- and service-related complaints received | / | 67 | 78 | 89 |
| Handling rate for product- and service-related complaints | % | 100 | 100 | 100 |
| Total number of irregularities arising from health and safety, labeling, and customer privacy of products and services | / | 0 | 0 | 0 |

## Employees Responsibility

| Performance Indicators | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Employee Employment[1]** | | | | |
| Total number of employees | Person | 5,213 | 5,411 | 5,577 |
| Number of male employees | Person | 2,466 | 2,569 | 2,611 |
| Number of female employees | Person | 2,747 | 2,842 | 2,966 |
| Number of employees under labor contracts | Person | 5,148 | 5,365 | 5,485 |
| Number of employees subject to labor dispatching | Person | 53 | 38 | 45 |
| Number of part-time employees | Person | 5 | 5 | 6 |
| Other forms of employment[2] | Person | 7 | 3 | 41 |
| Number of employees aged below 30 | Person | 2,003 | 2,131 | 1,838 |
| Number of employees aged 30-50 | Person | 3,066 | 3,126 | 3,564 |
| Number of employees aged above 50 | Person | 144 | 154 | 175 |
| Number of employees from the Chinese mainland | Person | 5,118 | 5,309 | 5,465 |
| Number of employees from Hong Kong, Macao, Taiwan and foreign countries | Person | 95 | 102 | 112 |
| Number of grass-roots employees | Person | 4,291 | 4,394 | 4,582 |
| Number of employees at middle management level | Person | 770 | 869 | 839 |
| Number of employees at senior management level | Person | 152 | 148 | 156 |
| Employee turnover rate[3] | % | 19.71 | 16.11 | 22.62 |
| Turnover rate of male employees[3] | % | 21.89 | 17.40 | 25.04 |
| Turnover rate of female employees[3] | % | 17.66 | 14.91 | 20.35 |
| Turnover rate of employees aged below[3] | % | 24.07 | 19.65 | 28.06 |
| Turnover rate of employees aged 30-50[3] | % | 16.84 | 13.67 | 19.62 |
| Turnover rate of employees aged above 50[3] | % | 14.29 | 12.99 | 19.72 |
| Turnover rate of employees from the Chinese mainland[3] | % | 20.01 | 16.35 | 22.80 |
| Turnover rate of employees from Hong Kong, Macao, Taiwan and foreign countries[3] | % | 0.00 | 0.97 | 12.50 |
| **Employee Health and Safety** | | | | |
| Number of working days lost due to work injury[4] | Day | 609 | 424 | 117 |
| Work-related death toll | Person | 0 | 0 | 0 |

# 8. Appendix

| Performance Indicators | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Employee Training** | | | | |
| Employee training coverage | % | 99.81 | 99.67 | 99.73 |
| Training coverage of male employees | % | 99.88 | 99.84 | 99.85 |
| Training coverage of female employees | % | 99.75 | 99.51 | 99.64 |
| Training coverage of grassroots employees | % | 99.74 | 99.64 | 99.64 |
| Training coverage of middle management | % | 100 | 99.88 | 100 |
| Training coverage of senior management | % | 99.34 | 99.32 | 99.36 |
| Training time per employee[5] | Hour | 18.09 | 20.90 | 23.15 |
| Training time per male employee | Hour | 19.27 | 19.46 | 23.45 |
| Training time per female employee | Hour | 17.02 | 22.49 | 22.89 |
| Average hours of training for grassroots employees | Hour | 14.58 | 19.91 | 21.45 |
| Average hours of training for middle management | Hour | 41.28 | 26.87 | 33.44 |
| Average hours of training for senior management | Hour | 13.46 | 15.24 | 17.89 |

Notes:

1. Employee employment statistics are all consistent with the scope of the current year's consolidated financial statements.

2. Other forms of employment are mainly temporary employees.

3. The turnover rate of employees in a category = number of employees in that category lost during the reporting period/(number of employees in the category at the end of the reporting period + number of employees lost in the category during the reporting period) × 100%. In 2024, the Group experienced an increase in employee turnover as a result of the restructuring and changes in the functions of some positions.

4. In 2024, the Group experienced a reduction in the number and severity of workplace injuries, and experienced a significant decrease in the number of days lost from work due to workplace injuries.

5. Training hours per employee in a category = hours of training received by employees in that category/number of employees.

## Environmental Responsibility

| Performance Indicators | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Use of resources** | | | | |
| Power consumption | MWh | 113,166.48 | 154,393.82 | 175,054.74 |
| Power consumption intensity | MWh/RMB10,000 | 0.16 | 0.20 | 0.19 |
| Non-renewable energy use | MWh | 112,166.48 | 151,933.82 | 171,554.74 |
| Renewable energy use | MWh | 1,000.00 | 2,460.00 | 3,500.00 |
| Gasoline consumption of self-owned vehicles for official use | L | 68,663.62 | 75,788.63 | 65,903.82 |
| Gasoline consumption intensity of self-owned vehicles for official use | MWh/RMB10,000 | 0.0009 | 0.0009 | 0.0006 |
| Diesel consumption of self-owned vehicles for official use | L | 12,266.63 | 13,473.80 | 16,267.28 |
| Diesel consumption intensity of self-owned vehicles for official use | MWh/RMB10,000 | 0.0002 | 0.0002 | 0.0002 |
| Natural gas consumption | $m^3$ | 3,270,718.00 | 5,244,289.00 | 6,047,810.00 |
| Natural gas consumption density | MWh/RMB10,000 | 0.0515 | 0.0726 | 0.0718 |
| Consumption of liquefied natural gas | Ton | 5.55 | 8.45 | 7.85 |
| Consumption of liquefied petroleum gas[1] | L | 1,705.00 | – | – |
| Power consumption | MWh | 52,875.43 | 70,960.72 | 81,932.88 |
| Power consumption intensity | MWh/RMB10,000 | 0.08 | 0.09 | 0.09 |
| Steam consumption | Ton | 30,448.71 | 32,694.80 | 34,028.53 |
| Steam consumption intensity[2] | MWh/RMB10,000 | 0.0342 | 0.0323 | 0.0288 |
| Heat consumption[3] | MWh | 24,067.70 | 25,795.80 | 26,860.25 |
| Heat consumption intensity | MWh/RMB10,000 | 0.035 | 0.033 | 0.029 |
| Water consumption | Ton | 764,245.29 | 985,475.00 | 1,077,715.00 |
| Water consumption density | Ton/RMB10,000 | 1.11 | 1.26 | 1.18 |
| Total circulating water | $m^3$ | 36,659.00 | 46,651.00 | 49,190.56 |
| Proportion of water circulation and recycled water to the total water consumption | % | 4.80 | 4.73 | 4.56 |
| Total packaging material used for finished products | Ton | 1,911.70 | 2,050.61 | 2,161.33 |
| **Emissions** | | | | |
| Waste gas emissions | $m^3$ | 38,927,315.77 | 58,678,432.78 | 71,692,273.37 |
| Total non-methane emissions | kg | 2.79 | 780.00 | 586.46 |
| Industrial wastewater discharge | $m^3$ | 438,140.00 | 496,217.00 | 502,199.00 |
| Chemical oxygen demand (COD) emissions | Ton | 11.35 | 6.75 | 6.82 |
| Ammonia nitrogen ($NH_3$-N) emissions | Ton | 0.37 | 0.34 | 0.43 |
| Total hazardous waste | Ton | 1,003.46 | 1,018.02 | 817.63 |
| Hazardous waste intensity[4] | kg/RMB10,000 | 1.46 | 1.30 | 0.90 |
| Total non-hazardous waste | Ton | 342.79 | 504.93 | 412.90 |
| Non-hazardous waste intensity | kg/RMB10,000 | 0.50 | 0.65 | 0.45 |

# 8. Appendix

| Performance Indicators | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Greenhouse gas emissions (based on location)[5] | Ton of $CO_2$ | 45,896.56 | 60,649.53 | 67,270.87 |
| Greenhouse gas emissions (based on market)[5] | Ton of $CO_2$ | – | – | 69,136.12 |
| Scope I GHG emissions | Ton of $CO_2e$ | 7,257.23 | 11,663.45 | 13,304.07 |
| Scope II GHG emissions (based on location) | Ton of $CO_2e$ | 38,639.33 | 48,986.08 | 53,966.80 |
| Scope II GHG emissions (based on market) | Ton of $CO_2e$ | – | – | 55,832.05 |
| Greenhouse gas emission intensity (based on location) | Ton of $CO_2e$/ RMB10,000 | 0.067 | 0.078 | 0.074 |
| Greenhouse gas emission intensity (based on market) | Ton of $CO_2e$/ RMB10,000 | – | – | 0.076 |

Notes

1. Since 2023, the Company's liquefied petroleum gas consumption has returned to zero because Sunshine Mandi has been connected to the natural gas pipeline and no longer uses liquefied petroleum gas.

2 Shenyang Sunshine and Sunshine Mandi are involved in the use of steam. During the reporting period, the Company uniformly referred to the *Steam Heat Calculation Method (GB/T 34060-2017)*. Shenyang Sunshine uses saturated steam with a pressure value of 0.3~0.85 MPa, and takes the maximum value of 0.85 MPa, so the calculated specific enthalpy value is 2,779.76 kJ/kg; Sunshine Mandi uses saturated steam at a temperature of about 168°C, so the calculated specific enthalpy value is 2,765.89 kJ/kg.

3 The heat consumption is the sum of steam and hot water consumed. Shenyang Sunshine purchased hot water. The consumption of purchased hot water is converted based on price and the conversion coefficient between the heating cost and heat consumption of Shenyang Sunshine is determined to be RMB95.16/GJ according to applicable documents such as the *Notice on Adjusting Heating Prices* (SJSP [2008] No. 92) and the *Notice on Adjusting Residential Heating Prices* (SJF [2015] No. 25).

4. In 2024, the Group's hazardous waste production decreased, operating income increased, and the density of hazardous waste generation dropped significantly.

5. The GHG emissions were the sum of Scopes I and II.

The greenhouse gas-related parameters for Scope I and Scope II come from the *Accounting Method and Reporting Guidelines of Corporate GHG Emissions Power Generation Facilities and the China Energy Statistical Yearbook* (latest released version). In the calculation of Scope II GHG emissions, the steam emission coefficient came from the *Accounting Methods and Reporting Guidelines for GHG Emissions of Industrial Enterprises in Other Industries (Trial)* (2015) issued by the National Development and Reform Commission of China. The Group selected 0.5703 kg $CO_2$ equivalent/kWh (according to the Ministry of Ecology and Environment's *Notice on the Management of Greenhouse Gas Emissions Reporting by Enterprises in the Power Generation Industry from 2023 to 2025*) for the electricity emission factors in 2022 and 2023. for the electricity emission factors in 2021. Also, the Group selected 0.5366 $CO_2$ equivalent/kWh (based on location) and 0.5856 $CO_2$ equivalent/kWh (based on market) (according to the Ministry of Ecology and Environment's *Notice on the Release of $CO_2$ Emission Factors for Electricity in 2022*).

In addition, referring to the national level greenhouse gas emission intensity data released by the European Environment Agency, Italy's greenhouse gas emission intensity in 2022 and 2023 were 0.252 Ton of $CO_2$/MWh (https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-14/#tab-googlechartid_chart_41), and the greenhouse gas emission intensity in 2024 was 0.225 Ton of $CO_2$/MWh (https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emission-intensity-of-1/greenhouse-gas-emission-intensity-of-electricity-generation-country-level).

## Supply Chain Responsibility

| Performance Indicators | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Total number of suppliers[1] | / | 2,570 | 3,017 | 4,026 |
| Number of suppliers from the Chinese mainland | / | 2,120 | 2,639 | 3,632 |
| Number of suppliers from Hong Kong, Macao, Taiwan and foreign countries | / | 450 | 378 | 394 |
| Number of suppliers subject to evaluation in terms of environment, labor and ethics | / | 2,152 | 2,638 | 3,529 |
| Number of suppliers passing evaluation in terms of environment, labor and ethics | / | 2,152 | 2,638 | 3,529 |

Note

1. In 2024, the expansion of the Group's business scale will drive an increase in the number of suppliers in the categories of materials, engineering, services and fixed assets.

# 8. Appendix

## Social Contribution Responsibility

| Performance Indicators | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Number of people contributing to volunteer services[1] | / | 400 | 200 | 400 |
| Total hours of volunteer services[1] | Hour | 400 | 200 | 11,000 |

Note:

1. Volunteer service duration is calculated as "Service duration = Number of volunteers × Average service times.

   From 2022 to 2024, the form of volunteer activities of the Company's employees has been adjusted, with participation in the public welfare drug donation program in 2022, improvement of drug accessibility through the volume-based procurement organized by the Healthcare Security Administration in 2023, and assistance in screening clinics and grassroots doctors' training for the Ankylosing Spondylitis Healthy Villages Project in 2024. As the Ankylosing Spondylitis Healthy Village Project organized several volunteer activities during the reporting period and was not included in previous statistical scopes, the number of people contributing to volunteer services and total hours of volunteer services increased.

## 8.2 Description of Topics of High Materiality

Based on the screening thresholds and impact assessment of the material topics for 2024, the Group has identified topics of high materiality to 3SBIO for 2024 (see the "Analysis of Material Topics" for details). The Group has explained the definition and boundaries of these topics in the table below and indicated the location of relevant information in the report. Among them, "material topic boundaries" refer to the links that may have a significant impact on the Group's value chain, which can be tentatively divided into three links: "supply chain", "production and operation", and "service".

| Topics of High Materiality | Topic Description | Topic Boundary: Supply Chain | Topic Boundary: Production & Operation | Topic Boundary: Products and services | Location |
|---|---|---|---|---|---|
| R&D Innovation | The Group's innovations and R&D achievements in drug discovery and biotechnology. | | | √ | Supporting Healthcare Development |
| Product Quality and Safety | The Group ensures that its products or services comply with laws, regulations and industry standards and that its products meet the requirements for human health, personal safety and property protection, including management systems and measures. User services, user complaints and handling, including disclosure of data relating to user satisfaction, user services and complaints. | | √ | √ | Product Quality and Safety<br>Drug Safety Management |
| Compliance Operation | The Group strictly complies with laws and regulations in the conduct of its business and operations. | | √ | | Risk and Compliance Management |
| Supply Chain Resilience | The Group's assessment and management of suppliers' environmental, labor and social performance. The Group's efforts to improve the stability of the supply chain, such as increasing the proportion of local suppliers. | √ | √ | | Resilient Supply Chain Responsible Supply Chain |

# 8. Appendix

| Topics of High Materiality | Topic Description | Topic Boundary: Supply Chain | Topic Boundary: Production & Operation | Topic Boundary: Products and services | Location |
|---|---|---|---|---|---|
| Medical Inclusion and Health Care Accessibility | The Group takes innovative steps to provide access to medicines and products for poor patients in both developed and developing countries. The Group benefits from these steps, thereby expanding its reputation, corporate and product brands, and market penetration of its products and services. | | | √ | Enhancing Accessibility to Medicines and Medical Services |
| Occupational Health and Safety | The Group provides a safe working environment and the necessary protective measures for its employees, including establishing an occupational health management system, conducting risk assessment and identification, and providing safety training. | | √ | | Occupational Health and Safety |
| Industry Development | The Group strengthens cooperation, including participation in the formulation of industry standards and industry conferences, with companies in the same industry or upstream and downstream of the industry. | | | √ | Supporting Healthcare Development |
| Information Security and Privacy Protection | The Group standardizes its data processing activities, including management methods, management measures, etc., to ensure data security. | | √ | | Information Security and Privacy Protection |
| Intellectual Property Rights (IPRs) Protection | The Group's management system, management measures and results in protecting its intellectual property rights and not infringing the intellectual property rights of others. | | √ | | Supporting Healthcare Development |

| Topics of High Materiality | Topic Description | Topic Boundary: Supply Chain | Topic Boundary: Production & Operation | Topic Boundary: Products and services | Location |
|---|---|---|---|---|---|
| Corporate Governance | The Group establishes an effective governance structure of "General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Senior Management" and promotes the diversity and independence of the Board of Directors to ensure the standardized operation of the Group and scientific, standardized and transparent corporate governance. | | √ | | Corporate Governance Framework |
| Climate Change Mitigation and Adaptation | The Group's management methodology and data disclosure regarding carbon emissions management of its own operations and carbon footprint management of its products. | √ | √ | | Climate Change Mitigation and Adaptation |
| Business Ethics | The Group's actions and results in the prevention of commercial bribery, corruption, fraud, extortion and conspiracy. | | √ | | Business Ethics and Anti-corruption |
| Emissions management | Classification and treatment of the Group's wastewater, air emissions, hazardous waste and non-hazardous waste, and reduction of the Group's wastewater, air emissions, hazardous waste and nonhazardous waste, including management methods and emission data. | | √ | | Pollutant Reduction |

## 8.3 Index to the *Environmental, Social and Governance Reporting Guide* of the Hong Kong Stock Exchange (the version effective since December 31, 2023)

| Aspects, General Disclosure, Key Performance Indicators (KPIs) | Chapters |
|---|---|
| **A. Environmental** | |
| A1. Emissions | Environmental Management System<br>Pollutant Reduction |
| A1.1 | ESG Datasheet and Note |
| A1.2 | ESG Datasheet and Note |
| A1.3 | ESG Datasheet and Note |
| A1.4 | ESG Datasheet and Note |
| A1.5 | Environmental Management System<br>Pollutant Reduction<br>Climate Change Mitigation and Adaptation |
| A1.6 | Pollutant Reduction |
| A2. Use of resources | Environmental Management System<br>Efficient Use of Resources |
| A2.1 | ESG Datasheet and Note |
| A2.2 | ESG Datasheet and Note |
| A2.3 | Environmental Management System<br>Efficient Use of Resources |
| A2.4 | Environmental Management System<br>Efficient Use of Resources |
| A2.5 | ESG Datasheet and Note |
| A3. 環境及天然資源 | Environmental Management System<br>Efficient Use of Resources |
| A3.1 | Environmental Management System<br>Efficient Use of Resources |
| A4. Climate Change | Climate Change Mitigation and Adaptation |
| A4.1 | Climate Change Mitigation and Adaptation |
| **B. Society** | |
| **Employment and Labor Practices** | |
| B1. Employment | Employees' Rights, Interests and Welfare<br>Human Capital Development |
| B1.1 | ESG Datasheet and Note |
| B1.2 | ESG Datasheet and Note |

| Aspects, General Disclosure, Key Performance Indicators (KPIs) | Chapters |
|---|---|
| B2. Health and Safety | Occupational Health and Safety |
| B2.1 | ESG Datasheet and Note |
| B2.2 | ESG Datasheet and Note |
| B2.3 | Occupational Health and Safety |
| B3. Development and Training | Human Capital Development |
| B3.1 | ESG Datasheet and Note |
| B3.2 | ESG Datasheet and Note |
| B4. Labor Guidelines | Employees' Rights, Interests and Welfare |
| B4.1 | Employees' Rights, Interests and Welfare |
| B4.2 | No Violations |
| **Operating Practices** | |
| B5. Supply Chain Management | Responsible Supply Chain |
| B5.1 | ESG Datasheet and Note |
| B5.2 | Resilient Supply Chain<br>Responsible Supply Chain<br>ESG Datasheet and Note |
| B5.3 | Responsible Supply Chain |
| B5.4 | Responsible Supply Chain |
| B6. product liability | Product Quality Control<br>Drug Safety Management<br>Responsible Marketing |
| B6.1 | ESG Datasheet and Note |
| B6.2 | Drug Safety Management<br>ESG Datasheet and Note |
| B6.3 | Supporting Healthcare Development |
| B6.4 | Product Quality Control |
| B6.5 | Information Security and Privacy Protection |
| B7. Anti-corruption | Business Ethics and Anti-corruption |
| B7.1 | ESG Datasheet and Note |
| B7.2 | Business Ethics and Anti-corruption |
| B7.3 | Business Ethics and Anti-corruption |
| **Community** | |
| B8. Community Investment | Enhancing Accessibility to Medicines and Medical Services |
| B8.1 | Enhancing Accessibility to Medicines and Medical Services |
| B8.2 | Enhancing Accessibility to Medicines and Medical Services<br>ESG Datasheet and Note |

# 8.4 About the Report

The ESG report is the ninth released by 3SBIO. It discloses to key stakeholders the actions the Group has taken in promoting sustainable economic, environmental and social development and the achievements it has made.

## Basis of the Report

The report is prepared in line with the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange (the version effective since December 31, 2023).

## Scope of the Report

Organizational coverage: This report covers 3SBIO and its subsidiaries, consistent with the coverage of consolidated financial statements in the annual report. Among them, environmental performance data come from the subsidiaries mainly engaged in manufacturing and R&D, excluding subsidiaries mainly engaged in investment holding and project management.

Time Scope: January 1, 2024 to December 31, 2024.

### Full and Short Names of Affiliates in the Report

| Major Subsidiaries | Name in Short |
|---|---|
| Shenyang Sunshine Pharmaceutical Company Limited | Shenyang Sunshine |
| Guangdong Sunshine Pharmaceutical Company Limited | Guangdong Sunshine |
| Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. | Sunshine Guojian |
| National Engineering Research Center of Shanghai Antibody Medicine | NERC |
| Zhejiang Sunshine Mandi Pharmaceutical Co., Ltd. | Sunshine Mandi |
| Shenzhen Sciprogen Bio-pharmaceutical Co., Ltd. | Sciprogen |
| Sirton Pharmaceuticals S.p.A. | Sirton |

Notes:

1. As NERC is a subsidiary of Sunshine Guojian, the information disclosed in this report in regard to Sunshine Guojian include the information of NERC.

## Data Description

Data and cases in this report come from the original records of business operation or financial reports of the Group.

Financial data in this report are denominated in RMB. In the event of any discrepancy in financial data between this report and the Group's annual financial statements, the latter shall control.

## Principles of Reporting

The report follows the reporting principles of the ESG Reporting Guide by the Hong Kong Stock Exchange. They include:

- **Materiality Principle**

  In line with the principle, the report determines ESG issues that should be responded to in reporting through surveys on stakeholders and analysis of materiality. ESG issues that are sufficiently important to investors and other stakeholders are highlighted in the report.

- **Quantitative Principle**

  By this principle, the report discloses KPIs which are accompanied by a narrative, explaining the calculation basis and assumptions.

- **Balance Principle**

  By this principle, the report provides an unbiased picture of the Group's performance, with both positive and negative indicators.

- **Consistency Principle**

  By this principle, the report explains the KPI numbers as well as the corresponding calculation basis and assumptions. Meanwhile, it manages to use consistent KPIs in different reporting periods to reflect the performance trend.

## Reporting Responsibility and Assurance

The Board of Directors of the Company has overall responsibility for ESG strategy and reporting of the Company. To the best knowledge of the management, there are no falsified information, nor material misleading statements or material omissions in this report.