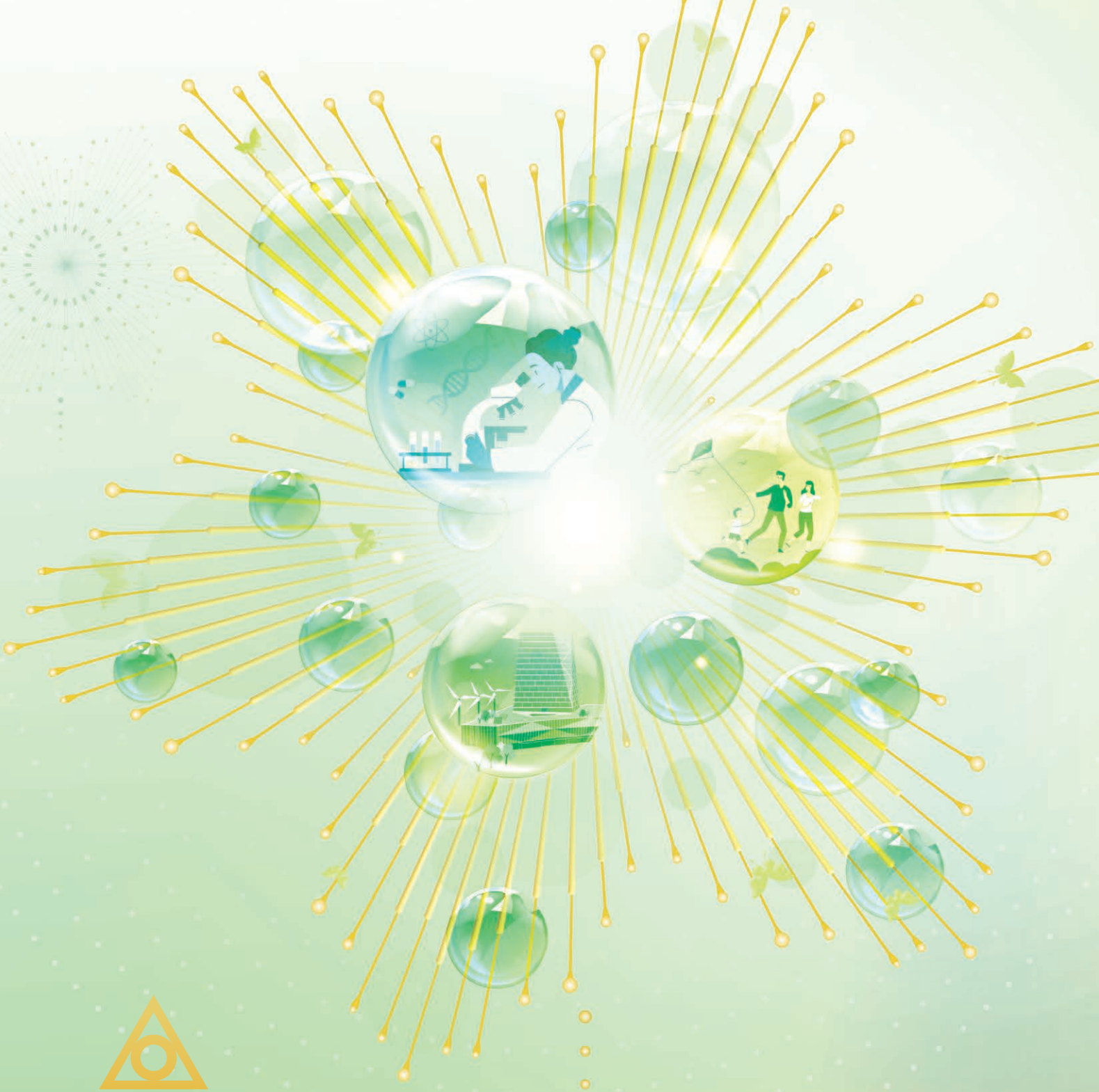

SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1177)

2023 Environmental, Social and Governance Report

ABOUT THIS REPORT

This is the environmental, social and governance ("ESG") report (the "Report") publicly disclosed by Sino Biopharmaceutical Limited. It aims to fully and truly present the management practice and performance of Sino Biopharmaceutical Limited in the ESG aspects in 2023 to its major stakeholders including shareholders, employees, regulatory bodies, customers, partners and the public. The Report follows the four reporting principles of materiality, quantitative, balance and consistency.

Basis of Preparation

This Report has been prepared based on the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide"), Appendix C2 to the Main Board Listing Rules of the Stock Exchange of Hong Kong, with reference to the Global Reporting Initiative Standards (GRI Standards) of the Global Sustainability Standards Board (GSSB), the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, the IFRS S2 Climate-related Disclosures, the Ten Principles of the United Nations Global Compact (UNGC), the UN's 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). Please refer to the "Corporate Governance Report" section of the Annual Report 2023 of Sino Biopharmaceutical Limited for details of the Company's corporate governance efforts in 2023.

Reporting Scope

Unless otherwise specified, the scope of disclosure in this Report is consistent with the 2023 Annual Report of Sino Biopharmaceutical Limited.

Source of Information

The key financial data in this Report is extracted from the 2023 Annual Report of Sino Biopharmaceutical Limited which is disclosed by Sino Biopharmaceutical on the websites of the Stock Exchange of Hong Kong and the Company, and other information and data are sourced from the internal management documents and relevant records of the Group. Unless otherwise specified, the currency for denomination in this Report is Renminbi ("RMB").

After comprehensive consideration of factors such as the proportion of operating income contributed by and the Group's shareholdings in the member companies, we selected 6 major member companies, such as Chia Tai Tianqing Pharmaceutical Group Co., Ltd., as the presentation subjects of the relevant policies, working mechanisms and specific cases relating to various ESG issues. The names of the 6 member companies can be seen in the "Abbreviations" section.

This Report has been entrusted to the independent third-party certification body, the British Standards Institution Management Systems Certification (Beijing) Co., Ltd., to verify its authenticity and provide an independent assurance opinion statement. For more details, please refer to Appendix I.

Reporting Period

From 1 January 2023 to 31 December 2023. Some content can be traced back to historical information.

Abbreviations

For the convenience of presentation and reading, Sino Biopharmaceutical Limited and companies within its scope of consolidation are referred to as the "Group", "Sino Biopharmaceutical", "we" or "us" in this Report.

In this Report, the subsidiaries of Sino Biopharmaceutical are referred to as "member companies", which mainly include Chia Tai Tianqing Pharmaceutical Group Co., Ltd. ("CT Tianqing"), Beijing Tide Pharmaceutical Co., Ltd. ("Beijing Tide"), Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. ("NJCTT"), CP Pharmaceutical Qingdao Co., Ltd. ("CP Pharmaceutical (Qingdao)"), Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. ("CT Fenghai") and Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. ("CT Qingjiang").

Availability of the Report

You may visit the website of the Sino Biopharmaceutical or the Stock Exchange of Hong Kong to browse or download the Chinese and English versions of this Report. If there is any discrepancy in the interpretations of the versions, the Chinese version shall prevail.

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CHAIRWOMAN'S STATEMENT

Ms. Tse, Theresa Y Y
Chairwoman of Sino Biopharmaceutical Limited

"We eagerly anticipate that, along with the continuous implementation of our "CARE" strategies, Sino Biopharmaceutical will grow hand in hand with partners across all sectors to fulfil our corporate mission of science for a healthier world."

In 2022, Sino Biopharmaceutical officially released the "CARE" ESG strategy, which clearly defines "Cure, Accessible, Relationship and Environmental" as the four key ESG areas. Guided by the strategy, we have promoted the close integration of ESG principles into our development strategies. We look forward to working with partners from all sectors to create a high-quality, sustainable development model.

2023 was the inaugural year for Sino Biopharmaceutical to fully implement the "CARE" strategy. We systematically introduced a number of ESG management practices focusing on the needs in the areas of disease treatment, medication, partner growth and environmental stewardship. We are delighted that our efforts have achieved satisfactory progress, which has not only achieved continuous improvement in several key international ESG ratings, but also attracted extensive attention, response and recognition from partners and stakeholders across various sectors. I am pleased to take this opportunity to share with you the progress Sino Biopharmaceutical has made in the ESG realm over the past year, as well as our reflections, initiatives and commitments in the process.

We deeply recognize that our interpretation of the perception of ESG determines our ability to achieve its true value. At Sino Biopharmaceutical, our mission and vision serve as the primary pillars of our growth, embodying our core values and long-term goals. ESG, on the other hand, acts as a vital connector, fostering cohesion around these pillars, linking us with the environment and society and maintaining a harmonious balance among the three to generate sustained vitality collectively.

We fulfil our commitment to patients, comprehensive innovation strategy is yielding remarkable results. "Science for a healthier world" epitomizes Sino Biopharmaceutical's commitment to patients, with continuous innovation to address clinical needs at the core of our mission. In 2023, we launched 27 new medicines, including flagship products such as Limaprost Tablets and Recombinant Human Coagulation Factor VIII. Many of these products were first-in-class innovative drugs or first-to-market generic drugs, swiftly filling crucial gaps in medication for domestic patients. Meanwhile, we remained steadfast in our goal to be the best Chinese partner for multinational pharmaceutical companies. Our BD business grew rapidly, securing a number of high-profile projects and establishing a wider cooperation network with innovative pharmaceutical companies around the world. Furthermore, we have established closer cooperation with many prominent medical institutions and universities in China. Our global R&D centre and overseas pharmaceutical innovation centre were established in Shanghai and Guangzhou, laying a solid foundation for the commercialization of scientific and technological achievements, the expansion of clinical research, and the iterative upgrading of the industry.

We fulfil our commitment to nature, steady progress has been made toward our goal of low-carbon transformation. As a responsible corporate citizen, we have committed to green development, promote low-carbon transformation, combat climate change, and actively engage in biodiversity conservation for the betterment of future generations. In 2023, the Group's efforts in low-carbon transition expanded to R&D area and the industrial chain, to green the entire product lifecycle that would span R&D, procurement, manufacturing and sales. Our annual investment in environmental protection exceeded RMB97 million. Consequently, we achieved a 13% reduction in GHG emission density compared to the benchmark year, witnessed a 76.64% surge in clean energy consumption from the previous year, and decreased packaging material consumption by 5% compared to the previous year. Besides, we completed carbon inventories of two pilot units and identified emission reduction opportunities throughout the process. These initiatives laid a solid foundation for the strategic planning of the Group's path towards carbon neutrality.

We fulfil our commitment to employees, talent pool is continuously optimized. For Sino Biopharmaceutical, employees are not only the most valuable assets, but also the long-term teammates, who we would working with us for the next five, ten and even twenty years. "Providing excellent experience and constantly empowering employees to grow" is our commitment. In 2023, we put forward a concept of talent development with "inheritance" as its core. We officially released the Employee Development Policy of Sino Biopharmaceutical, which emphasises the comprehensive transfer of knowledge, technology, experience and culture between new and seasoned employees. This initiative would rejuvenate our talent pool, while effectively safeguarding the rights and interests of all employees. Through these efforts, we aimed to perpetuate the corporate ethos of "Three Benefits Principle".

We fulfil our commitment to society, the welfare of public is always considered as a priority. We recognize that the value of a company stems from the needs and acknowledgment of society, and our growth is intertwined with the development and support of our community. Sino Biopharmaceutical's dedication to society is demonstrated through our unwavering commitment to positively impact the community over the long term. In 2023, the Group actively engaged in a number of major national strategic programmes such as the Belt and Road Initiative (BRI) and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area. Additionally, in the wake of the Gansu earthquake and the heavy rainstorms in the Beijing-Tianjin-Hebei region, we promptly extended assistance by donating funds and medicines to the affected areas, thus fulfilling our corporate responsibility with tangible actions. Over the past year, Sino Biopharmaceutical invested RMB56,777,400 in public welfare endeavours, with 4,196 employees participating in public welfare activities that lasted 5,195.5 hours in total.

The most fitting homage to history is to pen a new chapter. This ESG report stands as Sino Biopharmaceutical's annual testament to its mission, achieved with the collective efforts over 25,880 employees. We review the past through this report and commit to realizing the future through our actions. Sustainable development has emerged as a universally resonant global theme, and Sino Biopharmaceutical will remain steadfast in its mission, collaborating with partners to create value beyond business, further contribute to the high-quality development of China's pharmaceutical industry, while striving to building a global community of health for all.

CEO'S STATEMENT

Mr. Tse, Eric S Y
CEO of Sino Biopharmaceutical Limited

China is ascending from a pharmaceutical giant to a pharmaceutical powerhouse, with its ecosystem of pharmaceutical innovation rapidly advancing onto the world stage. This shift prompts companies to adopt all-inclusive approaches and continually refine their strategies. One notable exploration is the progressive integration of ESG principles into corporate strategies, a step we are actively pursuing.

In recent years, our focus has evolved from concentrating on the four major therapeutic areas to fully implementing the four core strategies, and now to gradually integrating the "CARE" ESG strategy. Through this journey, we have been exploring ways to build a more vigorous and sustainable organization, with the aspiration of becoming a century-old brand.

While building core competitiveness for the long term, we will continue to accumulate experience in sustainable development and prioritize ESG management as a fundamental driver of our robust operation. This pursuit aims to generate both innovative value and social value simultaneously.

In 2023, the year when the "CARE" strategy became deeply integrated into our operations, Sino Biopharmaceutical pushed forward the four strategies of "organizational integration, comprehensive innovation, internationalization, and digitalization". This provided a fertile ground for the implementation of a number of ESG management practices aligned with the "CARE" ESG strategy in terms of operational mechanisms, organizational culture, and development pathways.

Organizational integration has been implemented comprehensively, which accelerates the improvement of ESG management efficiency. Instead of merely structural adjustment, Organizational integration is a process aimed at promoting the group-wide sharing of resources to achieve optimal resource allocation and business focus. In 2023, Sino Biopharmaceutical successively implemented group-wide integration in various business areas, including BD, digital innovation, intellectual property rights, retail, procurement and auditing. In the process, unified management and comprehensive coordination were attained to dismantle organizational barriers and unleash maximum efficiency. These initiatives have laid a solid foundation for the Group to promote management practices such as "Carbon Neutral Goal and Pathways Planning Project" and "Responsible Supply Chain Construction Project" from top to bottom. On this basis, the Group in 2023 completed identifying carbon reduction opportunities for pilot units towards carbon neutrality and rigorously implemented ESG risk management measures tailored for the supply chain across member companies.

Focused on innovation and internationalization to meet patients' needs and promote pharmaceutical accessibility. Sino Biopharmaceutical has continued to expand its innovation roadmap by increasing R&D investment around the four key therapeutic areas of oncology, liver diseases, respiratory system, and surgery/analgesia to develop new targets, technologies, and platforms. In 2023, we invested RMB4.4 billion in R&D efforts, ranking our R&D pipeline 15th globally. As a result, a number of clinically needed innovative products would enter a period of intensive yield. Sino Biopharmaceutical is also one of the earliest leading Chinese pharmaceutical companies to engage in overseas operations, having long established a dual-cycle development strategy of "In China for Global" and "In Global for Global". In 2023, with a commitment to open-minded and mutually beneficial cooperation, the Group concluded a host of projects such as the F-STAR deal. Looking ahead, by sharing resources with the world's top partners, we will advance the core issues of "Cure" and "Accessible". This approach ensures that Chinese patients can more quickly and effectively benefit from global innovations, enhancing the health of numerous families.

Digitalisation strategy is being promoted extensively to facilitate business development and management reform across Sino Biopharmaceutical. The latest technological revolution has significantly accelerated the pace of industrial change. In this evolving landscape, emerging digital technologies represented by 5G, artificial intelligence and blockchain are rapidly reshaping the development trajectory of China's biopharmaceutical industry. In 2023, the Group closely integrated digital technologies into business operations, and tapped deep into key areas such as marketing, supply chain, R&D, production, corporate management and ESG by efficiently allocating resources, to continuously enhance the business support capabilities with digital means. Driven by this strategic focus, the ESG management of Sino Biopharmaceutical has accelerated into the digital phase. The Intelligent ESG Management Platform, which covers the entire Group and its subsidiaries, leverages digital technology and tools to precisely manage ESG data, optimise management processes, reduce operating costs and boost ESG decision-making capabilities.

There's a long journey ahead, and it's time to forge forward. Sustainable development has become a universal theme across the globe. Sino Biopharmaceutical remains committed to the business philosophy of the "Three Benefits principle", promoting deep integration of the concept of sustainable development with our core business strategies. We aim to encourage all levels of management to place equal emphasis on commercial value and social value, collaborating with partners from various sectors to achieve breakthroughs in innovation, pharmaceutical accessibility, integration of upstream and downstream industry chains, talent training, public welfare initiatives and environmental friendliness, with the goal of creating a sustainable future.

ABOUT SINO BIOPHARMACEUTICAL

Corporate Culture

With the mission of “Science for a healthier world”, Sino Biopharmaceutical is committed to accelerating research and development (R&D) innovation and employing cutting-edge technology to provide patients with diversified and affordable treatment solutions of better quality. Our goal is to enhance the quality of life of patients and protect their dignity of life through tangible actions.

We believe that our commitment to serving patients, focusing on R&D innovation and carrying out our mission will ultimately lead us to our vision of becoming a leading global pharmaceutical company.

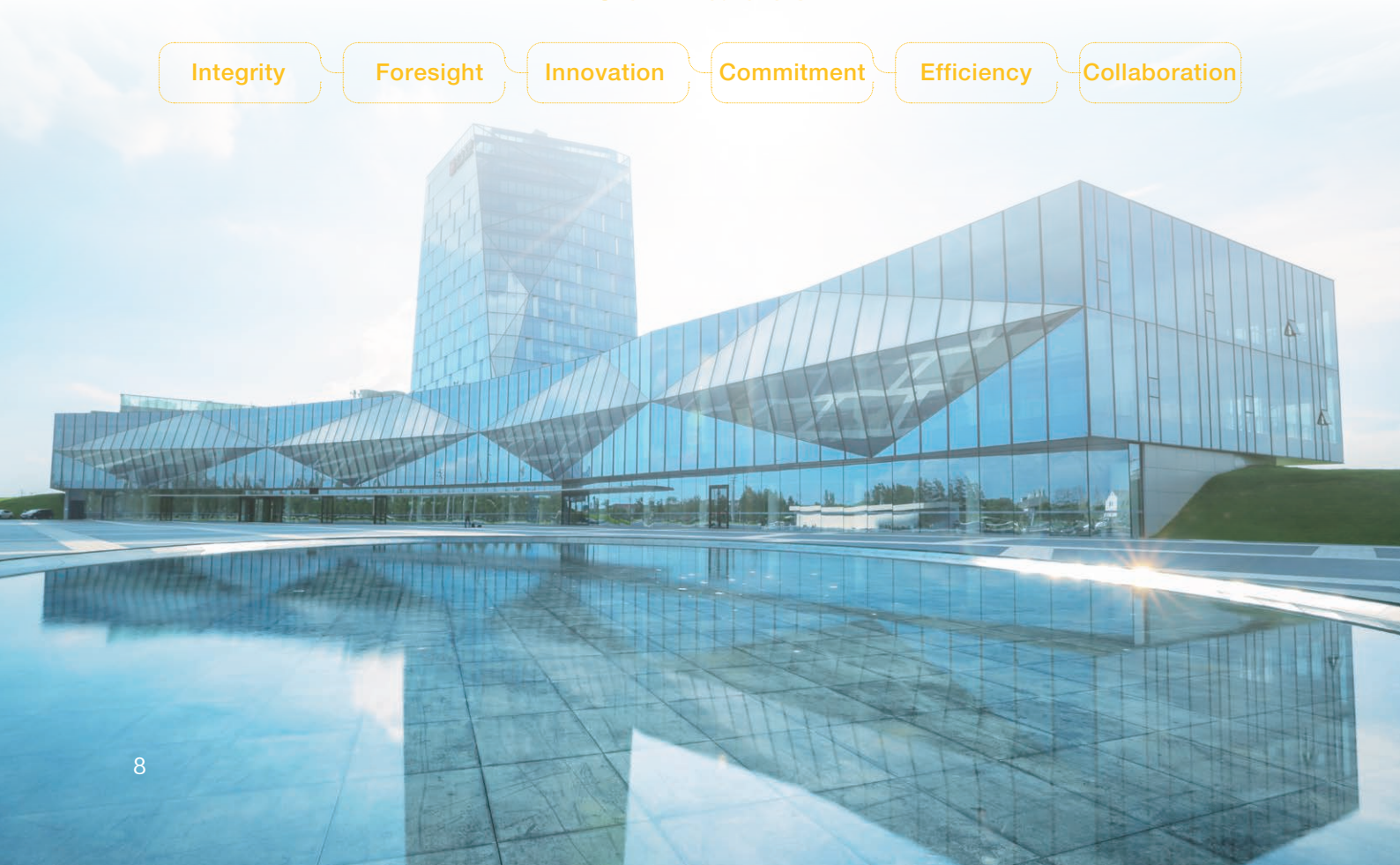
Science for a healthier world

Our Vision

To be a leading global pharmaceutical company through delivering innovative therapies for patients.

Our Values

Integrity | Foresight | Innovation | Commitment | Efficiency | Collaboration



Group Profile

Sino Biopharmaceutical Limited together with its subsidiaries ("Sino Biopharmaceutical" or the "Group") is a leading, innovative and R&D driven pharmaceutical conglomerate in the People's Republic of China ("China" or "PRC"). Our business encompasses a fully integrated chain in pharmaceutical products which covers an array of R&D platforms, a line-up of intelligent production and a strong sales system. The Group's products have gained a competitive foothold in various therapeutic categories with promising potentials, comprising a variety of biopharmaceutical and chemical medicines for tumors, liver diseases, respiratory system diseases and surgery/analgesia.

Sino Biopharmaceutical aims to become a world-class innovative pharmaceutical group. To this end, we have established four core strategies of "comprehensive innovation, internationalisation, organisational integration and digitalisation" from 2022 onwards. In 2023, the Group further promoted corporate development and reform around these four core strategies. We have maintained our investment in the R&D of new original drugs, expedited the construction of global R&D centres and overseas pharmaceutical innovation centres, and sped up the launch of major products in the pipeline. During the year, the Group successfully launch 27 drugs, including two innovative drugs and four biosimilars including Limaprost Tablets and Recombinant Human Coagulation Factor VIII for Injection, etc. The Group's internationalisation strategy has continued to make considerable advancements, further broadening our network of cooperation with global innovative pharmaceutical companies to expand our international business presence at a faster pace. Within the Group, we have continually optimised our organisational structure and expanded the development and application of digital operation systems and scenarios, injecting new momentum into our development and transformation efforts.

Organisational Structure of the Group

ESG Development Milestones

2016-2020

In 2016, the Group released its first ESG report.

In 2017, the Group received the MSCI ESG rating of "BB" for the first time.

In 2020, CT Tianqing, a member company of the Group, was awarded the title of "Green Factory" at the national level.

2021

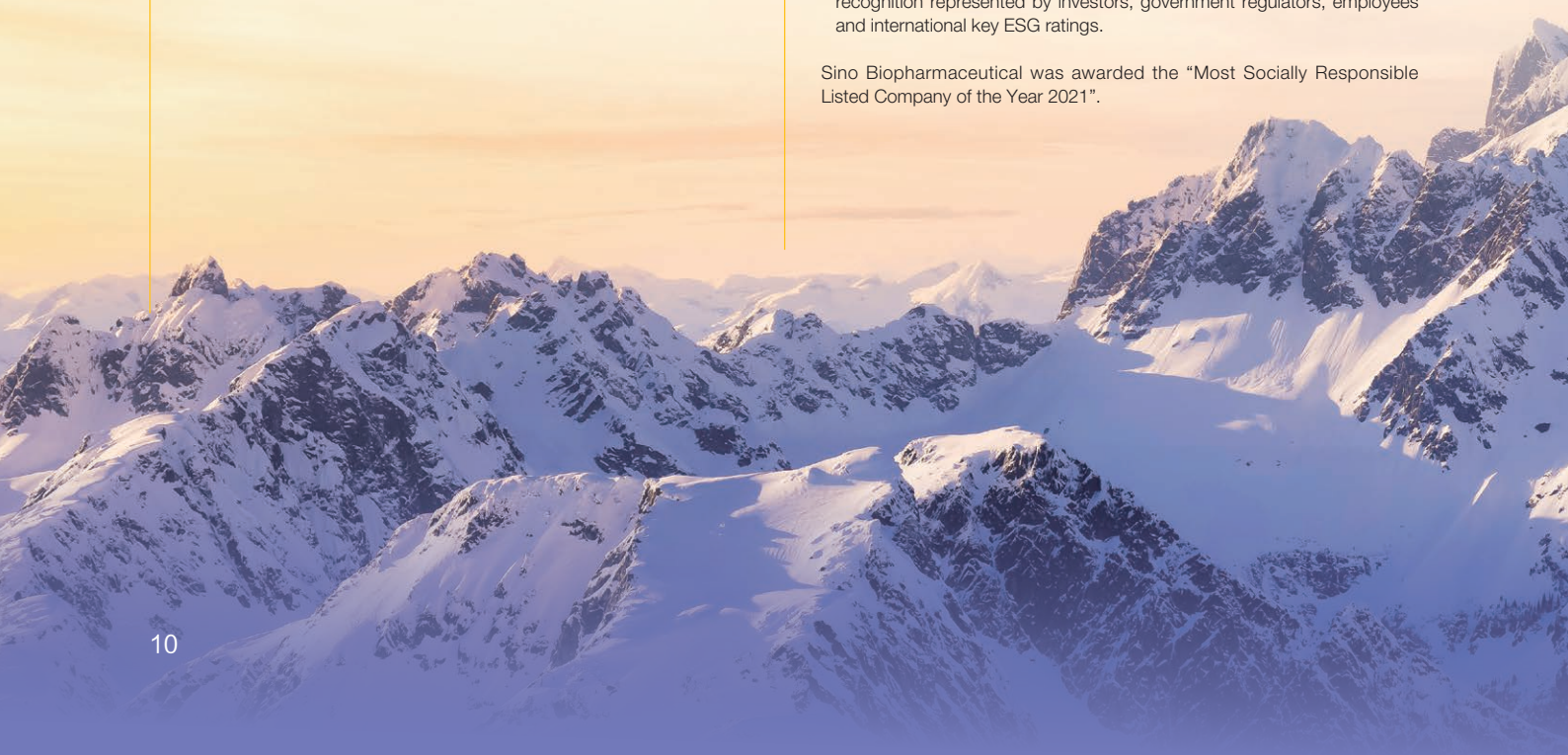
The year 2021 is the "Foundation Year" of the Group's ESG systematic management, and the Group's sustainable development strategy has been formally established, clearly focusing on ESG management as the core, and comprehensively promoting the Group's sustainable development.

A three-level ESG structure was created, which consisted of the ESG Committee of the Board, the ESG Work Management Committee of the Group, and the ESG committees of member companies, as the core guarantee of ESG systematic management.

Clarify the "2022-2024" three-year phased ESG work plan and objectives to provide effective support for the Group's strategic development, focusing on:

- Establish and improve the ESG governance system to ensure the full coverage of the Board of directors, management and executive level, and provide systematic guarantee for the effective promotion and sustainable development of ESG work;
- Integrate ESG risks into the Group's overall risk management framework, fully identify potential impacts and formulate targeted response plans to ensure that major ESG risks are effectively managed and controlled;
- Fully respond to the concerns of stakeholders, carry out targeted ESG governance improvement projects in light of the phased needs of enterprise development, and ensure that the governance of ESG key issues reaches the excellent level of the industry;
- Establish long-term communication mechanisms with key internal and external stakeholders, fully understand and respond to the concerns of relevant stakeholders, and continue to improve internal and external recognition represented by investors, government regulators, employees and international key ESG ratings.

Sino Biopharmaceutical was awarded the "Most Socially Responsible Listed Company of the Year 2021".



2022

The "CARE" ESG strategy was proposed, clearly defining "Curable, Accessible, Relationship, and Environmental" as the four key ESG areas.

The ESG Management Measures of Sino Biopharmaceutical was issued as a framework document for ESG management of Group and its member companies.

The ESG Digital Management Platform of Sino Biopharmaceutical was launched, the Group's ESG management entered the digital phase.

Systematically launched the "Sino Biopharmaceutical Carbon Neutrality Goal and Plan Project", "Sino Biopharmaceutical Hazardous Waste Emission Reduction Project", "The Responsible Supply Chain Project (Phase I)", "Sino Biopharmaceutical Employee Development Planning Management Project", comprehensively improved the relevant issues management, and formulated clear short/medium/long term work objectives and implementation plans.

The Group's MSCI ESG rating was upgraded to "BBB".

The Group's score on the S&P Global Corporate Sustainability Assessment (CSA) was within the top 9% of companies worldwide.

The Group was awarded the "2022 Best ESG Employer in China" by Aon Group.

CT Qingjiang, a member company of the Group, was awarded the honourary title of "2022 Green Factory in Jiangsu Province".

2023

The Carbon Neutrality Goal and Plan Project of Sino Biopharmaceutical was implement orderly across the Group. The climate change training according to the Listing Rules for the Board and management was finished and the carbon inventory of the pilot units was complement.

The Responsible Supply Chain (Phase II) project was completed, ensuring member companies could carry out ESG risk management along the supply chain.

The Group's MSCI ESG rating was upgraded to "A".

The Group's score on the S&P Global CSA was within the top 9% of companies worldwide for two consecutive years.

The Group's Climate rating was upgraded to "B" in the Carbon Disclosure Project (CDP).

Ranked 57th in the "100 ESG Pioneers among China's Listed Companies", a ranking published by CCTV and the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

The Group was selected in the S&P Global Sustainability Yearbook 2023 (China Edition), the first issue of the publication.

The Group was rated one of the "2023 Forbes China ESG Innovation Enterprises".

The Group was recognised as one of the "2023 Forbes China Best Employers".

NJCTT, a member company of the Group, was awarded the honourary title of "2023 Green Factory in Jiangsu Province".

2023 Operating Performance

Revenue
RMB **26,199** million

Profits tax paid
RMB **747** million

Salary, benefits, etc. paid to employees
RMB **4,353** million

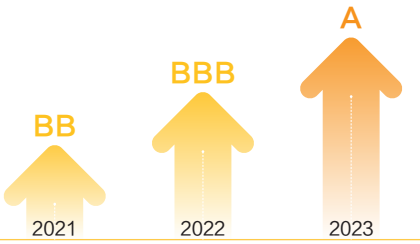
R&D Expenses
RMB **4,403** million

Proportion of R&D investment in innovative drugs and biological drugs
77 %

Number of new products approved for marketing
27

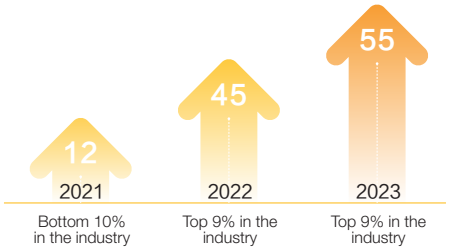
International ESG Rating

MSCI ESG RATINGS



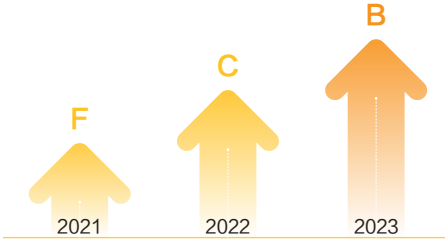
MSCI ESG rating was upgraded to “A” for the third consecutive year

S&P Global



S&P CSA score continued to improve, ranking in the top 9% of the industry

CDP DISCLOSER 2023



CDP climate score continued to improve to B

Honours and Awards of 2023 (Partial)

Market Value Category

Top 50 Global Pharmaceutical Enterprises in 2023

Awarding body: Pharm Exec

The 10th Top 100 Hong Kong Listed Companies The Most Valuable Investment Award

Awarding body: Top 100 Hong Kong Listed Companies Research Centre

2022 Golden Bull Awards for Hong Kong Listed Companies

Awarding body: China Securities Journal

2023 Fortune China 500 list

Awarding body: Fortune

ESG Category

2023 Forbes China ESG Innovation Enterprises

Awarding body: Forbes China

The 2023 Bloomberg Green ESG 50 Companies: Governance

Awarding body: Bloomberg Businessweek

Selected in the S&P Global Sustainability Yearbook 2023 (China Edition)

Awarding body: S&P Global

100 ESG Pioneers among China's Listed Companies

Awarding body: CCTV Financial Programme Centre

The BDO ESG Awards: Certificate of Merit, Best in Reporting

Awarding body: BDO

Top 20 ESG Competitiveness of China's Listed Pharmaceutical Enterprises in 2022

Awarding body: E Medicine Manager

Board Statement

The Board of Sino Biopharmaceutical Limited has reviewed and confirmed that this Report does not contain any false information, misleading information or material omission. The Board issued the following statement based on the supervisory and management responsibilities of the Board on ESG-related matters during the reporting period:

The Board of Sino Biopharmaceutical Limited, as the highest responsible, decision-making and supervisory body for ESG, has authorised the ESG Committee of the Board to perform supervision and management duties on ESG-related matters on behalf of the Board.

During the reporting period, the material ESG risks of the Group were incorporated into the overall risk assessment and management framework of the Group. The senior management and persons in charge of businesses and key internal and external stakeholders of the Group have thoroughly considered the possibility, impact and risk trends of material ESG risks and emerging ESG risks and have formulated response plans accordingly. The Board has reviewed and provided guidance on the results of the ESG risk assessment and response plans.

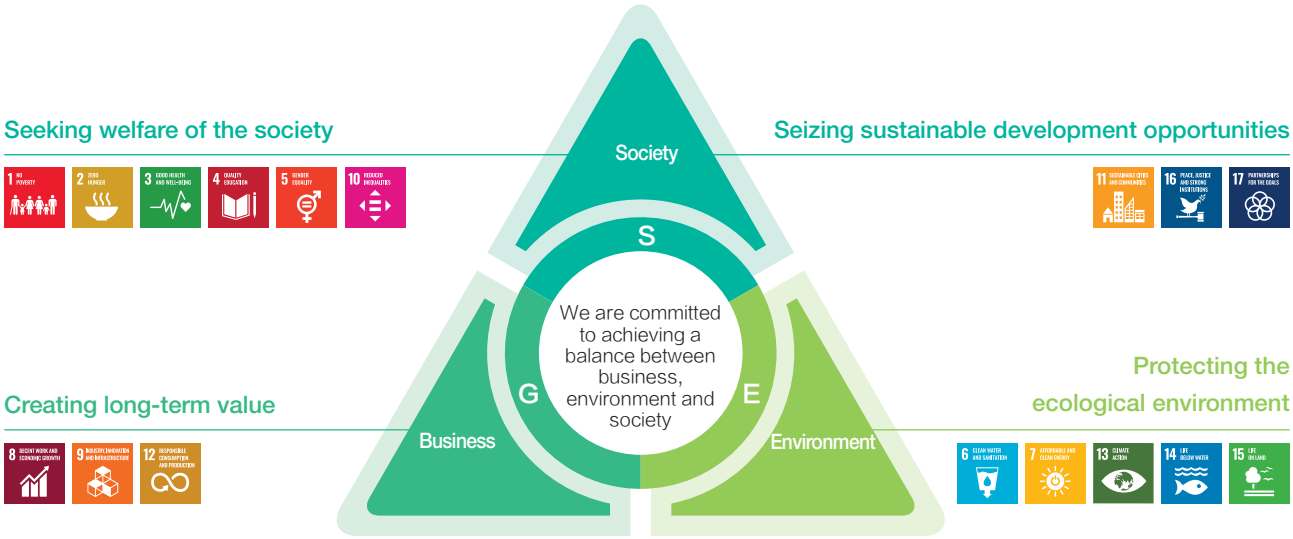
During the reporting period, the Group endeavoured to develop and implement the "CARE" ESG Strategy. Focusing on the four core ESG areas of "Cure", "Accessible", "Relationship" and "Environmental", we took governance enhancement initiatives and consistently made breakthroughs, including but not limited to the gradual achievement of energy conservation and carbon reduction targets, the ongoing expansion of healthcare accessibility, the innovative enhancement of talent attraction and development mechanisms, and the establishment of a responsible supply chain.

During the reporting period, the Group convened 2 meetings of the ESG Committee of the Board to approve the "11 ESG tasks of Sino Biopharmaceutical for 2023" and to review the process of the tasks. As at the end of the reporting period, the Group completed all 11 annual ESG tasks with high quality, and all annual ESG targets were met.

This Report discloses in detail the ESG efforts and results of Sino Biopharmaceutical in 2023, and has been reviewed and approved by the Board on 25th April 2024.

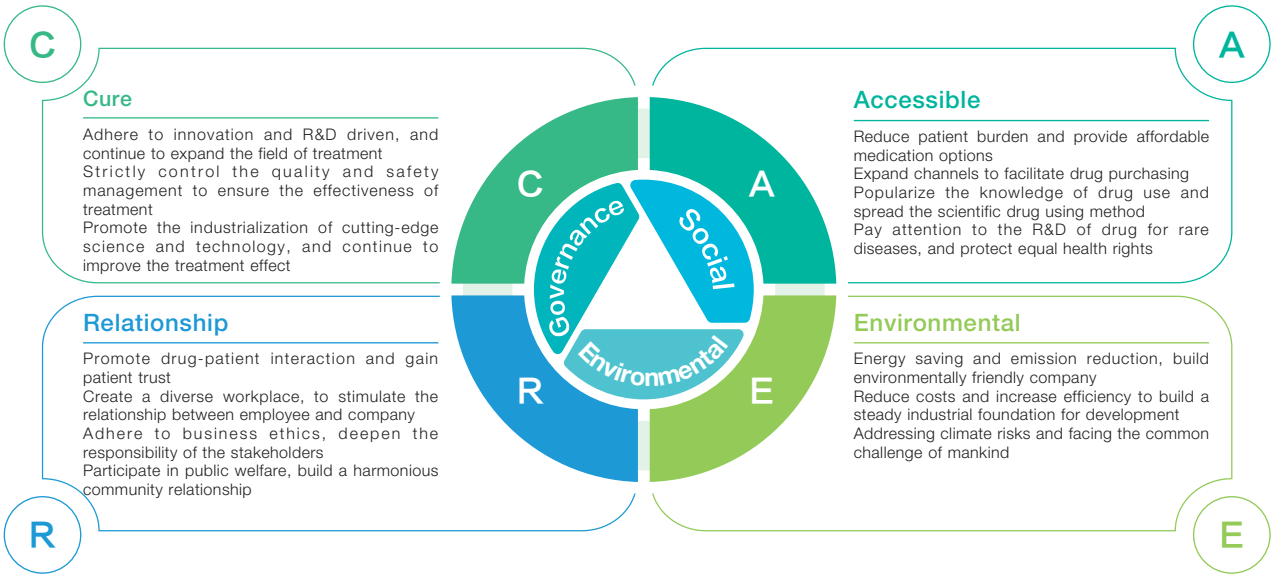
Our ESG Vision

The ESG vision of Sino Biopharmaceutical is to practice high-quality ESG management, uphold the operation tenet of "Three Benefits Principle", respond to the UN's SDGs, support the Healthy China initiative, seek health and well-being for more patients, and make more diseases to be treated. Meanwhile, we control risks, seize opportunities, promote the harmonious development of company, employees, society and the environment, provide strong support for the mission undertaking and sustainable development of the Group, and create long-term value for ourselves and our partners.



Our ESG Strategy

To ensure the realisation of the Sino Biopharmaceutical ESG Vision, the Group has formulated the ESG governance strategy based on "CARE", with "Cure, Accessible, Relationship, Environmental" as the four-core direction, promoting the organic integration of ESG strategy and development strategy of the Group and facilitating high-quality and sustainable development of the Group's business.



ESG Governance Structure

The Board

The highest responsible, decision-making and supervisory body for ESG

Environmental, Social and Governance (ESG) Committee (decision making level)

Overseeing material ESG-related matters as delegated by the Board and advising the Board on ESG risks, opportunities, policies and actions

Decision-making and management of ESG work

Work report

ESG Work Management Committee (management level)

Improving internal monitoring of ESG risks, organizing the implementation of the Board's ESG strategy, reviewing ESG risks and opportunities, and regularly reviewing the annual ESG work report and ESG-related information disclosure

Group ESG Implementation Team (Persons in charge of relevant departments)

ESG Work Management Committee (ESG Department)

Leading and promoting ESG work

Work report

ESG Work Committee of member companies (implementation level)

ESG implementation and execution

Decision-making Level

With the Board as the highest-level responsible, decision-making and supervisory body for ESG, Sino Biopharmaceutical has established the ESG Committee under the Board with Ms. Cheng Cheung Ling, vice chairwoman of the Board, acting as the chairwoman of the ESG Committee, and Ms. Li Mingqin, executive director and senior vice president of the Group, and Dr. Li Kwok Tung Donald, independent non-executive director as its members, to oversee major ESG-related issues of the Group and to advise the Board on ESG risks, opportunities, policies and actions.

Management Level

The Group has established the ESG Work Management Committee which follows the Regulations of Sino Biopharmaceutical ESG Work Management Committee and the relevant operating mechanism of the Committee, with Mr. Jin Song, vice president of the Group, assuming the organisational responsibility and the Group's senior management acting as the standing committee members, and the persons in charge of the Group's ESG-related functions and certain major member companies as the committee members. They are responsible for continuously improving the internal supervision of ESG risks, organising the implementation of the Board's ESG strategies and requirements, reviewing ESG risks and opportunities in a timely manner based on factors such as the macro environment and business changes, and regularly reviewing the annual ESG work report and ESG-related information disclosure. In order to facilitate the implementation of ESG management work, the Group has also established the Office for ESG Department and ESG Work Management Committee, a dedicated ESG management department responsible for the overall planning, coordinating, organising and promoting the execution of ESG tasks.

Implementation Level

Under the leadership and supervision of the Group, each member company has set up an ESG work executive committee, with its senior management of the member companies and the persons in charge of their respective ESG departments as members, to undertake the requirements of the Board and the Group for ESG work, to formulate and implement specific ESG work plans taking into account its actual situation and development needs of the member companies, to report to the ESG Work Management Committee of the Group in a timely manner on the progress of the ESG work plans, and to improve the quality of work according to the guidance of the Group.

"During the reporting period, the Group strictly complied with the Regulations of Sino Biopharmaceutical ESG Work Management Committee and the ESG Management Measures of Sino Biopharmaceutical to ensure the continuous and effective of the ESG governance. On this basis, to promote the systematic and comprehensive improvement of ESG work, the Group has continued to improve the relevant ESG management system in combination with changes in the internal and external environment. Under the guarantee of an effective system, the Group has deeply implemented the ESG governance strategy with "CARE" as the core, organized and promoted several ESG key issues governance projects, and constantly improved the overall sustainable development level of the Group.

ESG Work Management Committee, Mr. Jin Song, vice president of Sino Biopharmaceutical"

Progress of Key ESG Work in 2023

In 2023, the Group further improved the ESG work results of the previous year. Building upon a robust foundation of ESG governance structure, comprehensive coverage of major ESG risks, and enhancement of the ESG working mechanism and management system, our Group is dedicated to implementing targeted initiatives to enhance the governance of key ESG issues within the Group and member companies. This commitment is guided by an ESG strategy aligned with international best practices and tailored to our specific development needs, resulting in positive outcomes.

Persistent progress was made in implementing the ESG management system:

With the Regulations of Sino Biopharmaceutical ESG Work Management Committee as the guide, member companies of the Group, taking into account their actual situation, comprehensively formulated and improved the regulations on the ESG management committees of member companies and the ESG management measures of member companies during the reporting period, guiding the ESG management to further meet their practical needs and promote close integration of ESG concepts with corporate development strategies.

Employee development policy was officially released:

With the strategy of comprehensive human resources as the guide, the Group formulated and released the Employee Development Policy of Sino Biopharmaceutical to systematically regulate talent development planning. The policy sets out a number of employee development programs, such as the Job-specific Training Programme, Job Rotation Programme, Leadership Development Programme, Succession Programme, Continuing Education for Employees, and Performance Management, to ensure that necessary resources are invested in the development of employee knowledge and skills, attract and retain employees, enrich the Group's talent pool, and promote the formation of a sustained talent pipeline.

The first phase of the Project for Carbon Neutral Goal and Pathways Planning was finished:

With the forward-looking guidance from the Board, Sino Biopharmaceutical took the lead in the industry to launch the carbon neutrality planning project in 2022. In 2023, the Group finished making a comprehensive carbon inventory and identifying emission reduction opportunities for its two pilot units for carbon neutrality (please refer to the Report of Sino Biopharmaceutical on Making a Carbon Inventory of Pilot Units for Carbon Neutrality and the "Climate Change Response Project" section of the Report for details).

The Responsible Supply Chain Construction Project (Phase II) was finished:

Major goals for Phase II of the project included improving management mechanisms, fostering auditing capabilities and strengthening the awareness of suppliers. The major achievements during the reporting period are as follows:

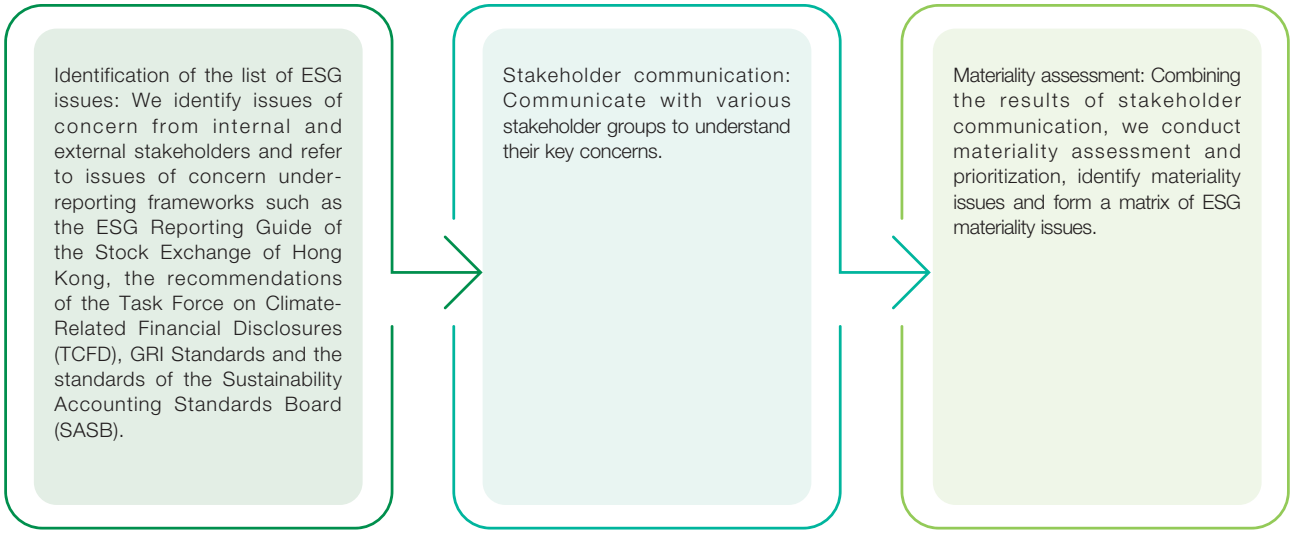
- The Standard of Sino Biopharmaceutical for ESG-based Classification Management of Suppliers was officially released to implement categorized management based on supplier types and key ESG risks identified;
- The Group built an audit team for supplier ESG management. The first phase of the team had 60 members, who received initial training on ESG-related laws/regulations and management practices, enabling them to audit supplier ESG management;
- ESG concepts and requirements for suppliers were promoted and implemented on all fronts: The Supplier ESG Code of Conduct and the Standard of Sino Biopharmaceutical for ESG-based Classification Management of Suppliers were promoted to all key suppliers and signed by over 90% of them. The promotion and implementation rate among key secondary suppliers reached 70%.

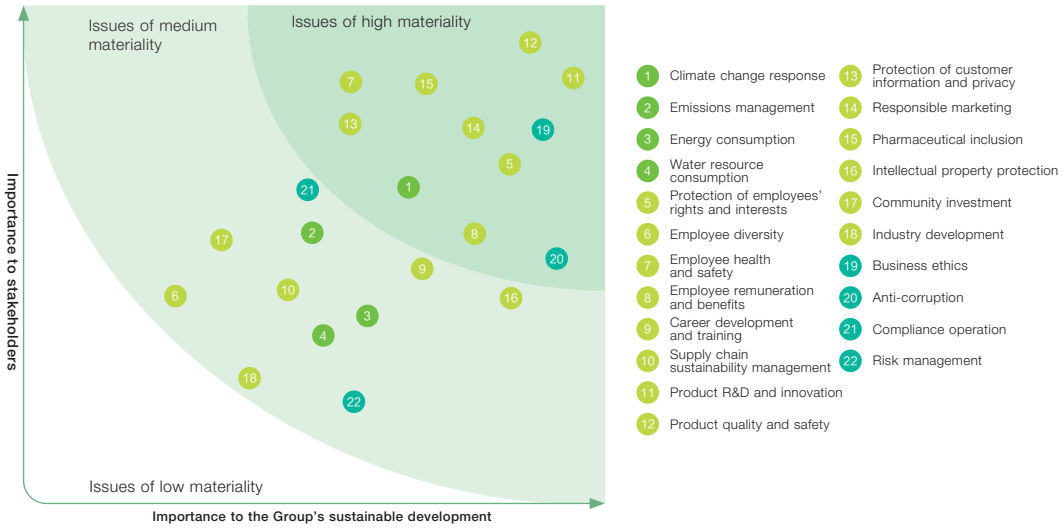
Analysis of ESG Materiality Issues

The Group regularly communicates with stakeholders through various channels to understand their expectations and opinions on the ESG performance of the Group. Our stakeholders include, but are not limited to, government and industry regulators, investors, customers, suppliers, employees, communities, industry peers, media and the general public. During the reporting period, the Group fully considered the views of stakeholders in its daily operational decisions and took actions to address their demands promptly.

Stakeholders	Channels of communication
Government and industry regulators	Government visits, work reports, policy consultation, participation in policy development, industry communication and collaboration
Investors	The Board meetings, general meetings, investor exchange meetings, disclosure of information by listed companies, ordinary visits, telephone and mail enquiry
Customers	Academic seminars, new product launch conferences, regular visits, seminars, telephone and mail inquiry, official complaint channels, satisfaction surveys
Suppliers	Supplier exchanges and visits, supplier training, supplier assessment, procurement and tendering process
Employees	Trade union, employee congress, employee activities, satisfaction surveys, complaints and feedback
Community	Community activities, cooperation with charitable organisations, volunteer activities
Industry peers	Exchange activities, industry forums and conferences
Media and the general public	Information disclosure, public opinion monitoring, official website, social media platforms, telephone and mail enquiry

Materiality analysis process of ESG issues:





In 2023, Sino Biopharmaceutical identified 11 high materiality issues, including product R&D and innovation, product quality and safety, pharmaceutical inclusion, responsible marketing, business ethics, employee health and safety, protection of customer information and privacy, protection of employees' rights and interests, climate change response, employee remuneration and benefits, and anti-corruption.

01 Corporate Governance

Our principles and objectives

Sino Biopharmaceutical holds the belief that robust corporate governance is instrumental in fostering the Group's sustainable growth. We are committed to building a governance mechanism characterized by a clear delineation of responsibilities, continuously enhancing the professionalism, independence and diversity of the Board, facilitating the effective fulfillment of duties by the Board and senior management, and safeguarding shareholders' rights and interests as well as the sustainable development of the Group.

Contribute to the following SDGs

Honours and awards

The 2023 Bloomberg Green ESG 50 Companies: Governance

Awarding body	Awardee
Bloomberg Green, Bloomberg Businessweek	Sino Biopharmaceutical

KPIs in 2023

Average meeting attendance rate of directors

93%

Percentage of independent directors on the Board

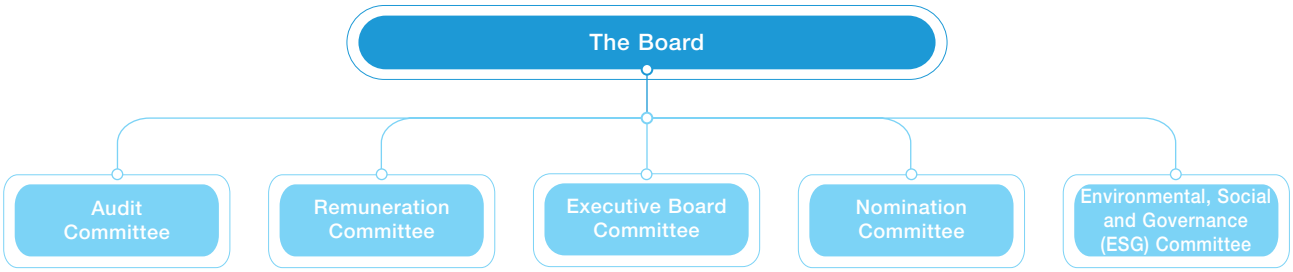
42%

Percentage of female directors

33.3%

Fulfillment of Responsibilities by the Board

Sino Biopharmaceutical has continuously improved its governance structure in strict compliance with the Company Law of the People's Republic of China, the Main Board Listing Rules of the Stock Exchange of Hong Kong and other relevant regulations in its operational jurisdictions. Consequently, there has formed a governance mechanism characterised by clear delineation of duties, coordination, and checks and balances, which ensures efficient and compliant corporate governance.



During the reporting period, the Group held 1 general meeting, 4 meetings of the Board, 2 meetings of the Audit Committee, 1 meeting of the Remuneration Committee, and 2 meeting of the ESG Committee, with an average attendance rate of 93% among directors. The holding of all meetings and voting procedures were in compliance with the relevant laws and regulations as well as the Group's Articles of Association and rules of procedure. All voting results were legal and valid.

Independence of the Board

Board independence is pivotal in overseeing the risk management and internal control of the Group. As of the end of the reporting period, independent directors accounted for 42% of the Board of the Group. Notably, both the Audit Committee and the Remuneration Committee were exclusively composed of independent directors, while independent directors made up 67% of the Nomination Committee. All independent directors bring substantial expertise and experience in accounting, finance, risk management and business operations. The Nomination Committee evaluates and confirms the independence of directors on an annual basis.

Percentage of independent directors on the Board

42%

Percentage of independent directors on the Nomination Committee

67%

Performance Evaluation of the Board

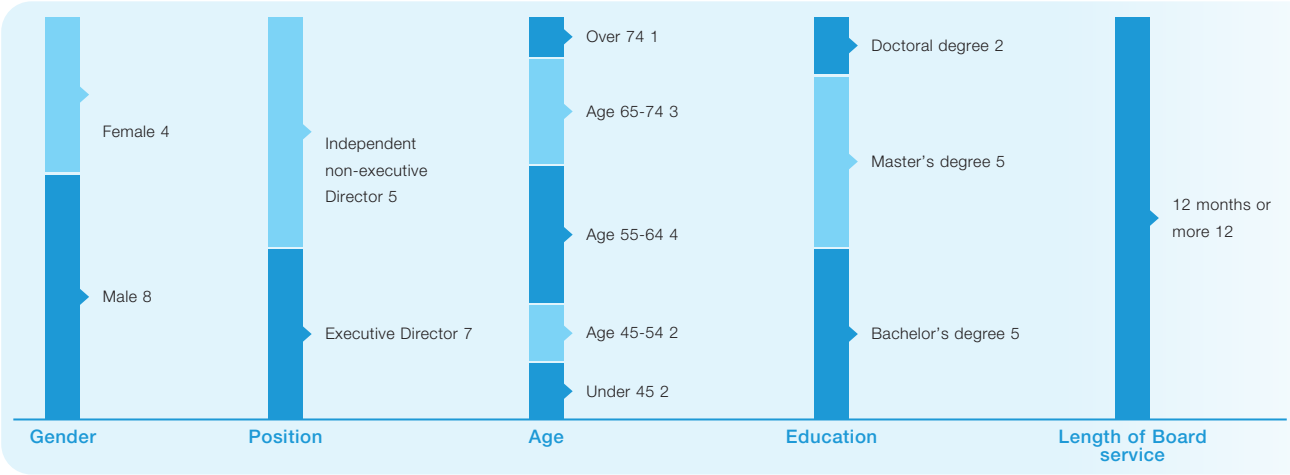
Sino Biopharmaceutical has established an appraisal and incentive mechanism. The Remuneration Committee evaluates the performance of directors and senior executives and recommends a remuneration package to the Board using its key financial and operational indicators for the current year, referring to job responsibilities, and following the performance evaluation standards and processes. The remuneration package takes into account market remuneration levels, the Group's operating conditions and the performance of directors and senior management to effectively motivate employees and strengthen responsibility and target constraints.

The Group was rated one of "the 2023 Bloomberg Green ESG 50 Companies: Governance" by Bloomberg Green and Bloomberg Businessweek in the year.

Diversity of the Board

We believe that a diverse Board is critical to being a world-class company. In an era of economic uncertainty and corporate sustainability challenges, the diverse composition is a key factor in maintaining high quality decision making for the Board. The Group has established the Board Diversity Policy and made amendments in line with its development needs to ensure that the Board has the right balance of skills, experience and diversity of views, a prerequisite for improving the effectiveness and quality of critical decisions. The Nomination Committee reviews the effectiveness and implementation of the Board Diversity Policy and conducts diversity assessments on an annual basis.

As of the end of the reporting period, there were 12 members on the Board of the Group, of whom 4 were female Directors, accounting for 33.3%. The current composition of the Board features a balanced ratio of gender, age and professional experience. All members of the Board have extensive industry experience and hold professional qualifications or backgrounds in various fields such as finance, risk management, medicine, pharmacy, law, economics and business administration.



Digital Governance

As one of the core development strategies of Sino Biopharmaceutical, digitalisation empowers us to thrive in the digital era. We invest substantially in digital capacity building, so as to continuously augment the decision-making ability of the Board and bolster corporate operation capabilities. This is a crucial prerequisite for sharpening our core competitiveness in the market.

In 2023, the Group achieved comprehensive digital coverage in key operational facets such as production, procurement and sales. By introducing advanced digital technologies and tools, we accomplished real-time monitoring and precise management of these facets, optimizing our production processes and enhancing resource integration and minimizing wastage of resources, elevated inventory turnover rates and lowered operating costs. In addition to enhancing operational efficiency and management capabilities, digital transformation has provided a brand-new driving force for the Group's innovative development. By harnessing big data analysis and mining, we have gained deeper insights into market demand, patient behaviour and disease trends. Meanwhile, more precise guidance have been provided for new drug development, clinical trials and marketing, and advanced the commercial conversion and application of innovative research results.

We believe that in the near future, the ongoing development and application of digital technology will increasingly serve as a core asset for corporate governance, bolstering the Group's ability to maintain its leading position in the fiercely competitive market and achieve even more robust and sustainable development.

> "The digital platform has established an effective communication channel between employees and decision-makers, facilitating the Board's timely and comprehensive understanding of employee opinions. It has provided valuable insights for the Board's decision-making process and injected new energy into the Group's development."

Enterprise Risk Management

Risk Management Structure

Sino Biopharmaceutical attaches great importance to risk management. The Group has established a three-tier risk management structure consisting of "governance, management and operation", and continuously improves its risk management system to ensure effective risk prevention and control.

Governance level

The Board is responsible for the overall risk governance of the Group. It oversees the effectiveness of the internal control system.

The Audit Committee, as authorised by the Board, reviews the internal control policy on a regular basis, oversees the implementation and effectiveness of the policy, and evaluates the work done by the external auditor.

The Board also authorises other committees (e.g. the ESG Committee) to carry out specific work related to risk management in their respective areas of expertise.

Management level

The Group and its member companies strictly comply with relevant national laws and regulations. The Risk and Compliance Committee has been established, which is headed by the chairwoman of the Board, to formulate and strictly implement the risk and compliance management system, advancing towards closed-loop management of risk assessment, control, review and rectification.

Operating level

The Audit and Supervision Centre of the Group and the business departments of member companies identify existing and potential risks and opportunities, including compliance risks, operational risks and ESG risks, based on the nature of business and processes. Consequently, control measures are formulated according to the priorities identified during the assessment process.

The Audit and Supervision Centre and other compliance department monitor the Group's key risk management.

Sino Biopharmaceutical strictly complies with the Company Law of the People's Republic of China, the Basic Standards for Internal Control of Enterprises, the Compliance Management Standards for the Pharmaceutical Industry and other relevant laws and regulations and guiding documents, and has established in-house documents such as the Compliance Management Policy of Sino Biopharmaceutical Limited (Trial) and the Regulations of the Risk and Compliance Committee of Sino Biopharmaceutical Limited. The Group and member companies stringently abide by the pertinent laws, regulations and internal policies to implement risk compliance management to control potential risks and respond to crises promptly effectively.

Meanwhile, the Group also engages external experts to carry out external audits, to identify potentially significant internal control deficiencies, continuously strengthening the management and control of potential risks, and enhancing the overall risk management level. We incorporate risk management indicators into individual performance appraisals and conduct stringent assessments to safeguard the effectiveness of risk management. Furthermore, we incorporate risk management indicators into individual performance appraisals and conduct stringent assessments to safeguard the effectiveness of risk management.

Emerging Risk Management

The Group promptly follows up on external changes in the macropolitical and economic environments, industry policies, technological advancements, climate change and other aspects that are closely related to its operations. We identify potential emerging risks and formulate countermeasures to reduce these risks to a manageable level. Currently, the emerging risks identified by the Group that may have a long-term impact on its business are as follows:

Risk category	Potential impact	Response options
Major global public health events	The outbreak of infectious diseases, human health problems caused by climate change, etc. lead to changes in global drug demand, and may jeopardise business continuity and operational stability.	Pay close attention to the global public health situation, follow up market trends in a timely manner, actively promote drug R&D and innovation, and develop contingency plans.
National policy for centralised procurement	With the enactment of the national policy for centralized procurement, some generic drugs have been successively included in the centralized procurement catalogue. As a result, their prices have dropped significantly, reducing the profit margins of these products.	To basically eliminate the impact of the centralised procurement policy on the Group's generic drug segment, the Group will undertake several strategic initiatives, such as consolidating the advantageous therapeutic areas, continuously increasing investment in innovative R&D, translating R&D results into clinical use more efficiently to meet urgent clinical needs, establishing differentiated competitive advantages, and optimising production processes to reduce production and operating costs.
Geopolitical risks	Geographical conflicts have prompted different countries to impose sanctions constantly, causing fluctuations in the prices of energy and some raw materials. On the front of the Group, restrictions on technology introduction and international strategic cooperation will pose threats to its operation and investment activities.	Continuously monitor and assess general economic and political trends, maintain close interaction with stakeholders, including suppliers and partners, and develop action plans to enhance the resilience and sustainability of the Group's operations.

"In the face of the complex and volatile external environment, identifying and proactively managing emerging risks is vital to ensuring the long-term effectiveness of the Group's risk governance."

Risk and Compliance Committee of Sino Biopharmaceutical Limited

Risk Culture Building

Sino Biopharmaceutical works to create a risk management atmosphere of responsibility, integrity and compliance, fostering a risk management culture with full participation of all employees. The Audit and Supervision Departments and other compliance department of the Group and its member companies organise risk management training and audit activities on a regular basis, and provide incentives, including public recognition, bonus incentives and internal promotion, to employees who have made significant contributions to risk identification and control.

02
Compliance Operation

Our principles and objectives

Creating an honest and compliant business environment requires the collective efforts of the entire industry. As a leading company in the industry, we aspire to set a precedent and collaborate with others to foster compliance and promote sound development of the industry. “Integrity”, “Commitment” and “Collaboration” stand as crucial pillars of the core values upheld by Sino Biopharmaceutical. We are dedicated to practicing the highest standards of business ethics and working with our partners to create a compliant operating environment that safeguards the long-term interests of all stakeholders.

Contribute to the following SDGs

Key progress and performance

Number of significant ESG negative events occurring at key suppliers
0

The publicity coverage of the Supplier Code of Conduct for key suppliers
100%

The signing rate of Supplier Code of Conduct by key suppliers was over
90%

The signing rate of Supplier Code of Conduct by key sub-suppliers reached
70%

Accomplishment rate of suppliers anti-corruption audit plans over
100%

Number of network security and data privacy breach incidents
0

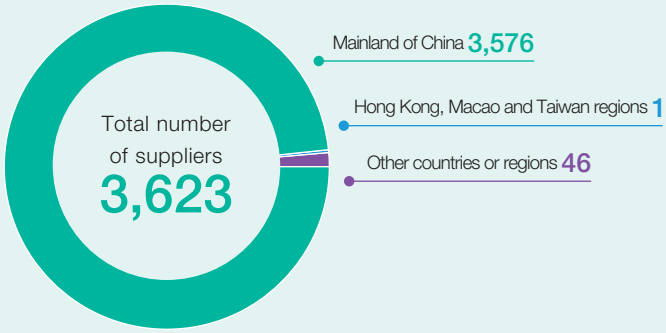
Coverage of anti-corruption training for directors and employees
100%

Hours of anti-corruption training for the management and employees in key positions
20,433

Compliance governance system

A robust management system serves as the cornerstone of the Group's comprehensive compliance risk management. The Board, as the highest decision-making body for the Group's overall risk management, has set up the Audit Committee and the ESG Committee, which are responsible for promoting, supervising and providing guidance on the Group's holistic compliance management. At the level of the Group's headquarters and member companies, the Audit and Supervision Department, compliance, legal and other departments collaborate closely with business departments to enforce the compliance management system in line with the provisions on the division of duties. The Compliance Management Policy of Sino Biopharmaceutical Limited (Trial) is a programme document, providing principled guidance for the Group's compliance management efforts.

Sino Biopharmaceutical attaches great importance to supplier management, upholds the cooperation principles of "Integrity" and "Collaboration", and works to establish honest, transparent, fair, win-win and cooperative relationships with suppliers. In 2023, we officially launched the Responsible Supply Chain Construction project (Phase II), signaling our commitment to working with suppliers to create a responsible business environment.



Supplier Management System

In strict accordance with the requirements of the pertinent national laws and regulations, Sino Biopharmaceutical has formulated and improved a number of in-house rules and policies such as the Supplier Management Procedures and the Procurement Management Policy to provide effective guidance and basis for compliant procurement management and sustainable supplier management.

In 2023, the Group completed the organizational integration of procurement and supplier management for key member companies. This effort involved forming standardized management requirements, enhancing efficiency, preventing supply chain risks, and establishing a unified supplier management system and procurement process.

The Group implements a hierarchical management approach for suppliers, taking into account factors such as procurement amount, material type, ESG risk and substitutability. Measures such as qualification confirmation, risk assessment, audit supervision and performance evaluation are employed to carry out risk control and management at various stages of the supplier lifecycle, including screening, access, use, maintenance, assessment, audit and elimination.

Supplier access

Sino Biopharmaceutical implements a strict supplier access mechanism to inspect various aspects of content such as company qualification, competitiveness, production conditions, product quality management and ESG management. Meanwhile, we further standardise supplier access management by continuously optimising the supplier audit and evaluation process.

Supplier audit

In accordance with the Good Manufacturing Practice of Medical Products, Sino Biopharmaceutical has formulated and strictly implemented a number of in-house rules and policies such as the Supplier Audit Management Rules and the On-site Supplier Audit Management Procedures. We have formulated the requirements for auditing frequency and methods based on supplier categories. Through planned supplier audits, we uphold the quality and safety of products from the source.

Requirements for supplier auditing frequency and methods	
Tier I suppliers (except suppliers for packaging materials)	At least one on-site audit every 3 years
Tier I suppliers for packaging materials	At least one on-site audit every 5 years
Other suppliers	1 letter audit every 5 years

In 2023, the Group completed over 600 supplier audits, which covered various dimensions such as quality and safety, supply support, ISO system, environmental practices and anti-corruption. The overall completion rate of audit plans exceeded 100%. For the problems identified during audits, we provided suppliers with guidance for improvement and continuously followed up on the progress of rectification.

Supplier evaluation and appraisal

The Group implements scientific assessments and effective incentives based on the execution of procurement business. High-quality suppliers are selected through various dimensions, such as annual supplier assessment and evaluation, assessment and evaluation of large projects, signing of supplier code of conduct, and mechanisms for handling abnormal supplier events, in order to improve supply chain efficiency and ensure the sustainable development of the Group's suppliers.

Number of supplier audits completed over

600

Suppliers are appraised by the procurement, production, quality assurance, EHS and other related departments together comprehensively and effectively. The appraisal covers a wide range of dimensions such as qualification, quality, service level, supply timeliness, financial status, business ethics and environment, health and safety (EHS).

Different follow-up measures are formulated for suppliers according to the appraisal results. For high-quality suppliers, we implement incentive policies to encourage their continued excellence. Suppliers with unqualified assessment results receive training and rectification to enhance their ability and performance given their gaps from management requirements. Punitive measures are taken for suppliers with unacceptable behaviour. These actions ensure the sustainable and high-quality development of suppliers, capable of providing the Group with high-quality products at more competitive prices.

The overall completion rate of audit plans exceeded

100%

Sustainable Procurement Management

Sino Biopharmaceutical takes the initiative to leverage the potential of core companies within the value chain, aiming to guide both upstream and downstream industry partners in adopting sustainable development practices together. In 2023, the Group released the Standard of Sino Biopharmaceutical for Managing ESG-based Classification of Suppliers officially to implement categorised management based on supplier types and key ESG risks identified.

The Group continued to implement supply chain sustainability management in its member companies. As at the end of the reporting period, each key member company of the Group completed constructing a supply chain ESG management system, set up a supplier ESG management team, and formulated and optimized supplier ESG management policies to standardise supply chain sustainability management.


中国生物制药有限公司

供应商环境与社会分级管理规范

2023 年 9 月

During the Year, the Group identified key ESG risks in the supply chain, including anti-corruption related risk, EHS related risk and product quality related risk.

"Supply chain development stands as a key initiative for the Group to navigate market competition, enhance operational efficiency, mitigate risks and attain sustainable development. For Sino Biopharmaceutical, a stable and resilient supply chain provides the fundamental assurance for consistently producing high-quality products."

Gu Jia, head of Procurement Centre, CT Tianqing

Supplier Code of Conduct

During the year, based on the Supplier Code of Conduct of Sino Biopharmaceutical, key member companies further refined and the Supplier Code of Conduct of Member Companies (Code of Conduct) in response to business development and ESG risk identification and assessment, which set out clear requirements in various areas such as business ethics, labor rights, business continuity, animal welfare, data privacy, health and safety, and environmental management systems. At the same time, the Group promoted the Code of Conduct to key suppliers and encouraged member companies to sign it. As of the end of the reporting period, the promotion and implementation rate of the Code of Conduct was 100% among key suppliers and the signing rate exceeded over 90%. Furthermore, the Group encouraged suppliers to communicate the requirements of the Code of Conduct to their subordinate suppliers and to monitor their compliance, with the promotion and implementation rate reaching 70% among key sub-suppliers as of the end of the reporting period.

As of the end of the reporting period

The publicity coverage of the Supplier Code of Conduct for key suppliers

100%

The signing rate of Supplier Code of Conduct by key suppliers was over

90%

The signing rate of Supplier Code of Conduct by key sub-suppliers reached

70%

Building ESG management capacity among suppliers

In 2023, the Group successfully established its first supplier ESG management team, with focus on internal capacity building. We have organized a series of responsible supply chain training sessions covering ESG related laws and regulations, leading management practices, auditing skills, etc. to help the team stay abreast of global and industry trends in supply chain ESG management, deepen their understanding of the Group's philosophy on sustainable supply chain development, and enhance their professional skills. Up to now, approximately 60 members have joined the supplier ESG management team from key member companies.

Supplier integrity management

The Group has formulated a supplier anti-corruption policy and has entered into a supplier integrity agreement with its suppliers. The document outlines clear requirements regarding both parties' integrity compliance responsibilities and strictly prohibits corruption like bribery, kickbacks and illegal payments. The Group carries out supplier anti-corruption audits from time to time. In the event of any violation, the Group will, depending on the severity, implement punitive measures, including internal announcements and inclusion in the supplier blacklist. During the year, the Group conducted 210 supplier anti-corruption audits, with the completion rate of the annual audit plan exceeding 100%.

The Group's Code of Business Conduct and Anti-corruption Policy are promoted to suppliers through various channels such as WeChat official account and on-site training. The aim is to raise awareness of integrity and compliance among suppliers and enhance their integrity management capabilities. During the year, the Group provided 364 anti-corruption training sessions for suppliers in total.

During the year

Number of supplier anti-corruption audits

210

Accomplishment rate of suppliers anti-corruption audit plans over

100%

Number of anti-corruption training sessions for suppliers

364

Supplier EHS risk management

The Group has signed the Environment, Health and Safety (EHS) Agreement for Suppliers with its key suppliers, specifying the requirements for environmental protection, health and safety management in the production and operation of suppliers. As part of our supplier screening and access process, we prioritize suppliers who have acquired Environmental Management System Certification (ISO 14001) and Occupational Health and Safety Management System Certification (ISO 45001).

Indicator	Unit	2023
Number of raw and auxiliary material suppliers with Environmental Management System Certification	Supplier	233
Proportion of raw and auxiliary material suppliers with Environmental Management System Certification	%	28
Number of raw and auxiliary material suppliers with Occupational Health And Safety Management System Certification	Supplier	179
Proportion of raw and auxiliary material suppliers with Occupational Health And Safety Management System Certification	%	21

Localised procurement

Sino Biopharmaceutical prioritizes sourcing raw materials from regions where it operates or nearby areas. This approach serves multiple purposes: it promotes the economic development of these regions, supports local employment rates, reduces transportation costs, and minimizes environmental and product safety issues associated with transportation. In 2023, the percentage of the Group's suppliers in China accounted for 98.7% of the Group's total number of suppliers.

In 2023

The percentage of the Group's suppliers in China accounted for

98.7%

Transition from imported material to localized one for Tianqing Suchang® (Budesonide Suspension for Inhalation) packaging

The packaging material for Tianqing Suchang® (Budesonide Suspension for Inhalation) was originally made of Purell PE 3020D, a type of low density polyethylene (LDPE) plastic particles imported from Germany. In 2023, we transitioned from imported packaging material to a locally sourced alternative. With an annual procurement volume of 200 tonnes, we now anticipate saving RMB2.3 million per year in procurement costs. At the same time, localized procurement would also boost local economic growth to a certain extent and reduce the environmental footprint associated with long-distance transportation.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

Fostering Supply Chain Sustainability

Sino Biopharmaceutical hopes to grow together with its partners within the supply chain and actively empower the sustainable development of the industry. Based on the Supplier Code of Conduct, the Group has been organising training sessions and seminars for suppliers on anti-corruption, quality management, environmental protection and other themes, with the aim of cultivating suppliers' proactive ESG management capabilities and building an innovative and sustainable supply chain through collaborative efforts.

CT Tianqing organized suppliers to visit the site and share advanced production management experience

Introducing a new series of supplier training sessions

In 2023, the Group's member companies conducted a series of training sessions for the 18 new suppliers of raw and auxiliary materials and packaging materials. These sessions covered various aspects of content such as code of conduct, anti-corruption and corporate culture. The objective was to ensure that suppliers gained a thorough understanding and recognition of the Group's relevant management requirements.

* The entity of this case is NJCTT, a member company of Sino Biopharmaceutical.

Business Ethics

"In today's competitive and ever-changing global business environment, Sino Biopharmaceutical understands that adhering to business ethics is a fundamental element for sustainable development. Being committed to conducting business activities in accordance with the highest ethical standards, we are working with partners to create a clean, honest and ethical business ecology."

In strict accordance with the laws, regulations and other regulatory requirements in the places where we operate, we have formulated and continuously improved relevant management policies and operating procedures as well as comprehensive risk management and auditing mechanisms, so as to effectively oversee a wide range of ethical issues, including anti-fraud, responsible marketing, clinical ethics, anti-trust and anti-money laundering (AML), to guard against ethical risks, and to actively build a long-lasting eco-governance system.

CT Tianqing, a member company of the Group, has joined the Enterprise Anti-Fraud Alliance of China and the Trust and Integrity Enterprise Alliance and regularly attends the online and offline training courses organised by them to keep abreast of the anti-fraud developments and to uphold the principles of business ethics and compliance.

Anti-fraud

Sino Biopharmaceutical attaches equal importance to prevention and punishment in the realm of anti-fraud. Upholding "Integrity" as the foremost principle of our corporate values, we take a "zero tolerance" stance against corruption and fraud, thoroughly investigating any instances to their conclusion. Those found in violation receive education to rectify their behaviour, while genuinely repentant individuals are offered the chance to start over again.

During the reporting period, the number of concluded legal cases of the Group regarding corrupt practices was 0.

During the reporting period

The number of concluded legal cases of the Group regarding corrupt practices was

0

"Strengthening the construction of enterprise integrity culture is conducive to creating a fair and just atmosphere, forming an efficient and united workforce, improving the management level of enterprises, establishing a good corporate image, and enhancing the competitiveness of enterprises.

For a long time, Sino Biopharmaceutical has attached great importance to the construction and promotion of enterprise integrity culture, continuously strengthened the crackdown on fraud and corruption, and established deterrence of "dare not to be corrupt"; Through the root cause analysis of fraud and corruption cases, optimize the closed-loop system, plug the management loopholes, and establish the prevention mechanism of "can not be corrupted"; continue to strengthen the propaganda and practice of integrity, and build the ideological defense line of "do not want to corrupt".

Zhao Weina, head of Audit and Supervision Centre, CT Tianqing"

Anti-fraud management structure

As the highest-level decision-making body of the Group, the Board is responsible for reviewing and supervising the related work of the Group's anti-fraud and integrity building, including but not limited to the compliance with laws and regulations, the operation of the management system and the improvement of relevant policies.

In 2023, to further strengthen the Group's anti-fraud risk management and improve the efficiency of the overall audit and supervision work, the Group integrated the auditing functions at the levels of the headquarters and member companies, and set up the Audit and Supervision Centre as the internal auditing body for the group-wide anti-fraud management practices.

Audit and Supervision Centre

It reports audit findings, risk prompts, measures for improvement and progress in implementation to the Audit Committee of the Board.

Audit Committee

It assists the Board in monitoring and reviewing the effectiveness of the Group's risk management and internal control systems by, among other things, regularly reviewing the reports on the work of internal and external auditors.

Board of Directors

It reviews and examines matters about business ethics and anti-corruption.

Anti-fraud management policies

During the year, the Group revised a number of anti-corruption and anti-fraud management policies, such as the Anti-Fraud Policy of Sino Biopharmaceutical and the Policy for Whistle-blowing and Whistle-blower Protection of Sino Biopharmaceutical, explicitly requesting all employees and business partners to refrain from engaging in any form of bribery, corruption, fraud, extortion, money laundering, payment or acceptance of convenience fees, etc. Meanwhile, they should be monitored by various stakeholders.

Building a culture of integrity

"People" serves as the cornerstone of building an integrity culture. Sino Biopharmaceutical attaches great importance to the development of integrity awareness among all employees. This entails assisting them to shift from a passive understanding of "not daring to corrupt" to an active commitment of "not intending to corrupt". By setting up an official WeChat account, producing promotional videos and carrying out online and offline themed training sessions, the Group promoted its anti-fraud, anti-commercial bribery culture, bribery penalties, whistle-blowing process, whistle-blower protection and other aspects of content to enhance awareness of anti-fraud among all employees and instill a culture of integrity that permeates throughout the organization.

Throughout the year, the Group achieved a 100% coverage rate of anti-corruption training for its directors and employees. The management and employees in key positions received a total of 20,432.8 hours of training.

Throughout the year

Coverage rate of anti-corruption training for directors and employees

100%

Total hours of training for the management and employees in key positions

20,432.8

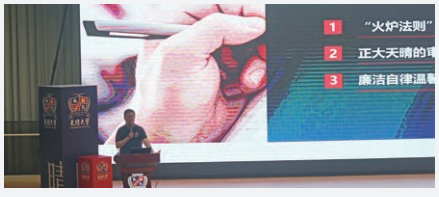
Articles on anti-corruption posted on the Tianqing WeChat account

Anti-corruption policy training for senior executives

In September 2023, Sino Biopharmaceutical invited industry experts to conduct training on medical and pharmaceutical anti-corruption policies for senior executives within the Group's marketing system. The training covered policy interpretation, explicit management requirements and sharing of typical cases, in order to enhance awareness of anti-corruption and compliance management among the Group's senior executives, fostering a top-down approach to updating their understanding and management practices in this regard.

The first lesson on integrity for new employees

Member companies of Sino Biopharmaceutical gave the first lesson on integrity to new employees recruited in 2023. The training covered various aspects of content, including the significance of integrity in the workplace and the specific requirements of the Group. The aim was to educate and guide new employees, instilling in them a deep respect for integrity and emphasizing the importance of conducting themselves ethically.



* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

Whistle-blowing and protection of whistleblowers

Sino Biopharmaceutical adheres to the principle of "100% analysis of the clues provided in complaint reports and 100% investigation and verification of clues provided in real", resolutely combating various violations of business ethics such as taking, giving and solicitation of bribes and acceptance of kickbacks. The Group's anti-fraud reporting channels and process of accepting reports are made known to the public, so that internal and external stakeholders of the Group can report in real name or anonymously through email, WeChat official account, phone call and other channels.

For the reports and complaints necessitating investigation, we immediately initiate the investigation process and set up a dedicated team to conduct thorough enquiries. The investigation process and findings will be reported directly to the management and the Board.

Reports/ complaints accepted	For a real-name report/complaint, the Audit and Supervision Centre promptly contacts the informant to understand the situation. In the case of an anonymous report/complaint, we collects relevant information swiftly, conducts preliminary verification and develops a plan for the next step, which will be sent to the Group's management for further action.
Investigation	As per instructions, when reports/complaints necessitate investigation, investigation teams at different levels are assembled to conduct enquiries considering the positions of the individuals reported/ complained about following the principle of recusal.
Summary report	Investigation reports (including handling recommendations and rectification plans) are submitted to the management and the Board of the Group in time for their review and input.
Circulation of handling results	In response to individual typical cases, documents are issued within the Group for the purpose of warning and education.
Mechanism improvement	Given the problems identified during the investigation process, the anti-fraud management mechanism is enhanced in a targeted manner.

In 2023, the Group investigated and verified more than 40 cases of fraud and corruption as per its anti-fraud policy. In these cases, 87 individuals were held accountable. Among them, 6 were fired, while the remaining ones received punishment and educational measures but were retained. Additionally, we earnestly rectified the problems exposed by the relevant cases.

Sino Biopharmaceutical respects and protects every whistle-blower. We strictly control the dissemination of whistle-blowing information within the Group and maintain strict confidentiality of materials involved in the investigation process. Personal information about whistle-blowers is kept confidential unless explicit consent is provided. In cases where legal requirements demand disclosure of a whistle-blower's identity, we adhere to stringent limitations on the scope of disclosure.

The Group maintains a zero tolerance stance against retaliation. Individuals found guilty of such acts are held accountable in accordance with relevant provisions. If their actions constitute a crime, they will be referred to judicial authorities for criminal prosecution in accordance with the law. After receiving a complaint of retaliation against a whistle-blower or a witness, we will promptly investigate the matter and take effective measures to protect the legitimate rights and interests of the whistle-blower or witness in accordance with the law.

Responsible Marketing

Management system building

Sino Biopharmaceutical carries out its marketing and promotional activities in strict compliance with the Advertising Law of the People's Republic of China, the Drug Administration Law of the People's Republic of China, the Law of the People's Republic of China Against Unfair Competition, and the Measures for the Administration of Medical Advertisements and other relevant laws and regulations in the places of operation.

The Group implements responsible marketing management within its compliance management system. At the same time, we have formulated a number of in-house policies for responsible marketing, such as the Responsible Marketing Policy of Sino Biopharmaceutical, the Anti-commercial Bribery Rules of Sino Biopharmaceutical, the Business Compliance Guidelines, and the Compliance Management Policy for Communication and Interaction with Healthcare Professionals, to manage and regulate the marketing behavior of all employees across the Group and its member companies, a prerequisite for ensuring that marketing activities comply with the pertinent laws and regulations.

The Group has established a rigorous review process for all marketing activities. These activities shall comply with the requirements of relevant laws and regulations as well as the approval documents of regulatory bodies, to ensure they are truthful, accurate, and free from ambiguous and misleading content. Marketing activities must be reviewed and approved by the Group's licensing management personnel before being announced for implementation.

In 2023, with the implementation of its digitization strategy, Sino Biopharmaceutical introduced digital management practices in its marketing activities. Online control and analysis of activities conducted by and expenses incurred by marketing staff in healthcare systems enables us to identify potential risks of marketing violations in a timely manner and improve the efficiency of marketing campaigns.

During the reporting period, the Group did not receive any complaints or legal proceedings in relation to misleading or deceptive content of marketing information.

Audit and supervision

The Group conducts regular marketing and sales activities audits and performs at least one group-wide responsible marketing audit each year to ensure the accuracy and compliance of advertising and marketing activities as well as legal compliance of sales and marketing practices.

Responsible marketing audits are intended to check whether sales staff follow the Group's relevant policies and systems, marketing compliance and fair trading. We oversee the timely rectification of the problems exposed and improve the relevant policies and systems.

We also conduct regular reviews of responsible marketing activities, identify potential problems and make improvements in a timely manner. In cases of non-compliance, punitive measures will be imposed in light of the nature and severity of the infraction, which include notifying and criticising the offender, deducting points from their performance appraisal, and withholding bonuses.

Responsible marketing training

We have developed a comprehensive responsible marketing training system to provide employees at different levels and in various business areas with training on responsible marketing laws, regulations and policies, promotion of compliance marketing concepts and relevant in-house rules and and policies in order to raise awareness of responsible marketing among all employees, ensuring they know and strictly comply with our marketing, advertising and sales policies.

The Group took into full consideration the job duties of employees in different positions as well as changes in the market to design targeted training content for employees in varying businesses or positions. During the year, the Group's employees received a total of 50,322 hours of responsible marketing training. The trained employees accounted for 88% of the Group's workforce, with the average hours of training per capita increasing by 28% as compared with that of the previous year.

Total hours of responsible marketing training

50,322

Percentage of employees receiving responsible marketing training

88%

The average hours of training per capita increasing by

28%

General training on responsible marketing

In 2023, Sino Biopharmaceutical provided an online training program on responsible marketing for all employees of the Group. The training covered, among other aspects of content, the analysis of basic responsible marketing requirements, sharing of best practices, and an overview of the Group's internal management policies. It aimed to enhance awareness of responsible marketing among all employees and foster a culture of responsible marketing within the Group.

"Compliance Ambassadors" training

In 2023, CT Tianqing, a member company of the Group, conducted an annual specific training for compliance ambassadors, which covered various dimensions of content, such as the interpretation of external regulations and rules, awareness of responsible marketing and effective management practices. Upon completion of the training, compliance ambassadors provided comprehensive marketing compliance training sessions for frontline marketing staff in the regions under their responsibility. These sessions were attended by more than 5,000 people, to significantly enhance awareness of responsible marketing among employees.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

"Study Days" activity for marketing personnel

In 2023, the Group's member companies initiated a program of two study days per month, in which marketing staff across all business segments from different offices/provincial-level companies received training on a wide range of sales content, such as product knowledge, promotional norms and marketing skills, in an effort to better apply academic knowledge gathered in practices and enhance responsible marketing awareness.

* The entity of this case is CT Fenghai, a member company of Sino Biopharmaceutical.

Ethical Considerations in Drug R&D

Ethics in drug R&D constitutes a critical aspect of Sino Biopharmaceutical's business ethics management. We strictly comply with relevant laws and regulations and ethical standards to protect the legitimate rights and interests of clinical trial subjects and to safeguard the welfare of experimental animals.

Protection of clinical trial subjects

Sino Biopharmaceutical values the protection of the rights and interests of clinical trial subjects. We strictly comply with laws and regulations and relevant codes of ethics, such as the Civil Code of the People's Republic of China, the Drug Administration Law of the People's Republic of China, the Good Clinical Practice of Pharmaceutical Products, the Measures for the Administration on Adverse Drug Reaction Reporting and Monitoring and the World Medical Association Declaration of Helsinki to protect the right to information, privacy and medication safety of subjects in clinical trials.

- Protection of right to know

Sino Biopharmaceutical respects clinical trial subjects' right to know. Our business is conducted without direct contact with these subjects, and we require our cooperation agencies to comply with relevant laws and regulations as well as clinical ethics, ensuring that clinical trials are conducted in a compliant manner, with subjects providing informed consent.

- Protection of privacy

The Group adheres to the principle of "no access without compliance and no access without necessity" regarding the information of clinical trial subjects. At the same time, for clinical trials carried out by third parties commissioned by us, we will assign project specialists to effectively oversee the clinical trial process and ensure that the researchers, third-party testing organisations, pharmaceutical R&D contract outsourcing service providers, and other handlers of clinical trials do not have access to the personal data of clinical trial subjects.

- Protection of medication safety

Sino Biopharmaceutical has established a quality management system covering the entire process of clinical trials to carry out safety evaluation of clinical drug trials. Our Clinical Research Management Centre and quality management departments collaborate with third-party agencies to continually monitor, audit and provide feedback on the risks of clinical trials, thereby firmly guaranteeing the medication safety of clinical trial subjects.

To enhance awareness of clinical ethics and foster a sense of responsibility among employees, we provide training on compliance and operational procedures tailored for clinical research staff, and disseminate the latest regulatory requirements through our office automation (OA) system and regular compliance meetings to ensure that employees keep informed of and comply with the relevant provisions in a timely manner. We evaluate the outcomes and effectiveness of these training efforts to continuously improve our staff's awareness of clinical ethics and related skills.

Animal welfare

For animal testing, Sino Biopharmaceutical strictly abides by the Regulations on the Administration of Laboratory Animals, the Guiding Opinions on Caring for Laboratory Animals, and the Biosecurity Law of the People's Republic of China and other relevant regulations, as well as the Principles of Bioethics of Sino Biopharmaceutical, to safeguard the welfare of animals, ensure biosafety and prevent environmental pollution.

The Group's Laboratory Animal Ethics Committee is the central body responsible for the ethical review of laboratory animals, which supervises, inspects and provides guidance for the ethical handling of laboratory animals, ensures that the use of laboratory animals meets ethical requirements, and promotes the standardisation and normalisation of animal experiments within the organisation. Meanwhile, the Group encourages the research into and application of alternative methods to animal experimentation, aiming to minimise the use of animals in research. In our experimentation process, we use laboratory animals, laboratory facilities, equipment, feeds, cages and other related products that comply with appropriate standards. We prioritise the welfare of laboratory animals by implementing multiple measures. Furthermore, we organise regular training on laboratory animal welfare and ethics to enhance awareness and understanding among relevant personnel.

Anti-monopoly

Sino Biopharmaceutical strictly abides by the Anti-monopoly Law of the People's Republic of China, the Anti-monopoly Guidelines on the Field of APIs and other relevant laws and regulations available at home and abroad, stringently implements the Anti-monopoly Rules of Sino Biopharmaceutical (Trial), and keeps refining the anti-monopoly management system to raise awareness of anti-monopoly compliance among all employees and mitigate monopoly risks.

Information Security

Information security serves as a vital safeguard and governance focus for Sino Biopharmaceutical's digital transition. In 2023, the Group undertook information security initiatives as per the principles of "compliant governance, business support, proactive prevention and continuous improvement". During the reporting period, Sino Biopharmaceutical did not incur any significant incidents related to information security, data breaches and privacy leaks.

Governance Structure

Sino Biopharmaceutical regards information security and privacy protection as an important aspect of its corporate compliance practices. The Group stringently complies with the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and the Data Security Law of the People's Republic of China, as well as the applicable laws and regulations such as the General Data Protection Regulation in the European Union (EU) and the United Kingdom (UK) and the Personal Data (Privacy) Ordinance in the Hong Kong Special Administrative Region. Meanwhile, we strictly implement in-house policies such as the Information Security Management Measures of Sino Biopharmaceutical to improve the information security management system continuously.

For Sino Biopharmaceutical, information security is the cornerstone of its compliance management. The Audit Committee assumes the functions of risk management and internal supervision to oversee the operation of the Group's information security management system. A senior executive with professional experience in the formulation of information security strategies and process & architecture management is designated as the representative for the management of the information security system. At the same time, a professional information security team is assigned to undertake the Group's information security management, data development and information technology (IT) adoption.

In 2023, the Group consistently and comprehensively strengthened its data security and privilege management policies. We issued a number of internal management norms at the company-wide level, including the Data Privilege Management Norms (Trial) and the Measures for Managing Data and Personal Information Protection of Sino Biopharmaceutical Limited (Trial), which set out explicit requirements and offer guidance for data security governance. For third-party data security management, we outlined requirements for data and privacy protection in the Code of Conduct for Suppliers of Sino Biopharmaceutical Limited, which was disseminated to all key suppliers.

Cybersecurity Protection

On the premise of ensuring system connectivity and data flow, the Group has established an in-depth defence system for cybersecurity. We delineated regional management boundaries according to business types and levels. In 2023, we realized segregated governance regarding research and quality system, and strengthened the reliability of cybersecurity protection for access terminals while enhancing network integrity.

Referring to the latest information security technologies and dynamics and relying on the in-depth defence system, we uniformly deploy or update enterprise-level anti-virus software, terminal security management systems and network access management systems across our network equipment. Additionally, we integrate firewalls, intrusion prevention systems, vulnerability scanning systems and other security measures to fortify our defence.

We continue to update and reinforce cloud WEB security, terminal equipment security, protection against viruses and malicious codes, border firewalls, and cybersecurity access control capabilities. Our aim is to ensure all-around security protection, enabling manageable assets, controllable risks and visible threats. These efforts provide a robust guarantee for the safe and stable operation of the Group.

Data Security Governance

The Group pays ongoing attention to the data management and protection from employee, customer, financial, business and others. In particular, in the process of collecting personal information, we fully respect the rights of relevant parties to be informed, have access to, modify and delete their information, etc. Our information collection follows the principle of data minimization and relevant parties are informed of data usage. We enforce compliance management of acquired personal data, strictly limiting data storage time and usage. At the technical level, data is encrypted and stored securely, while information management is strengthened by means of authority control, screen watermarking and compliance auditing, effectively preventing private information leaks.

During the year, the Group comprehensively reviewed the entire data lifecycle of collection, storage, acquisition, use and destruction, to sort out risk scenarios and conduct all-round governance. In response to the identification of sensitive information and the disorderly use of sensitive information in business systems, we completed the security grading of more than 7,000 sensitive fields, and desensitised or encrypted the databases and pages of more than 20 application systems. Furthermore, an online privilege control platform was constructed, to which 52 application systems were connected after retrofitting.

Information Security Risk Assessment

The Group has established an internal cybersecurity risk monitoring system and implemented categorised and graded risk management, formulated security emergency response procedures based on risk levels, and took targeted measures according to the potential consequences and impacts of security incidents. Meanwhile, we have established a security assessment mechanism for over 50 online systems, against which more than 290 security assessments were conducted throughout the year. These efforts enabled us to identify high-risk security vulnerabilities in advance, provide guidance for their repair, and fortify the security of online systems.

Auditing and Certification

We have established a mechanism for supporting information security compliance audits, whereby independent teams could analyse the operation status of network equipment and the occurrence and disposal of information security incidents. The latest cybersecurity dynamics and technical intelligence are used to identify and plug risk loopholes to continuously optimise cybersecurity management and technical strategies. During the reporting period, CT Tianqing, a member company of the Group, finished three-level protection assessments of its major systems. Additionally, we have also conducted information security compliance assessments and evaluations for shortlisted suppliers. During the reporting period, a total of 55 shortlisted suppliers underwent information security assessments.

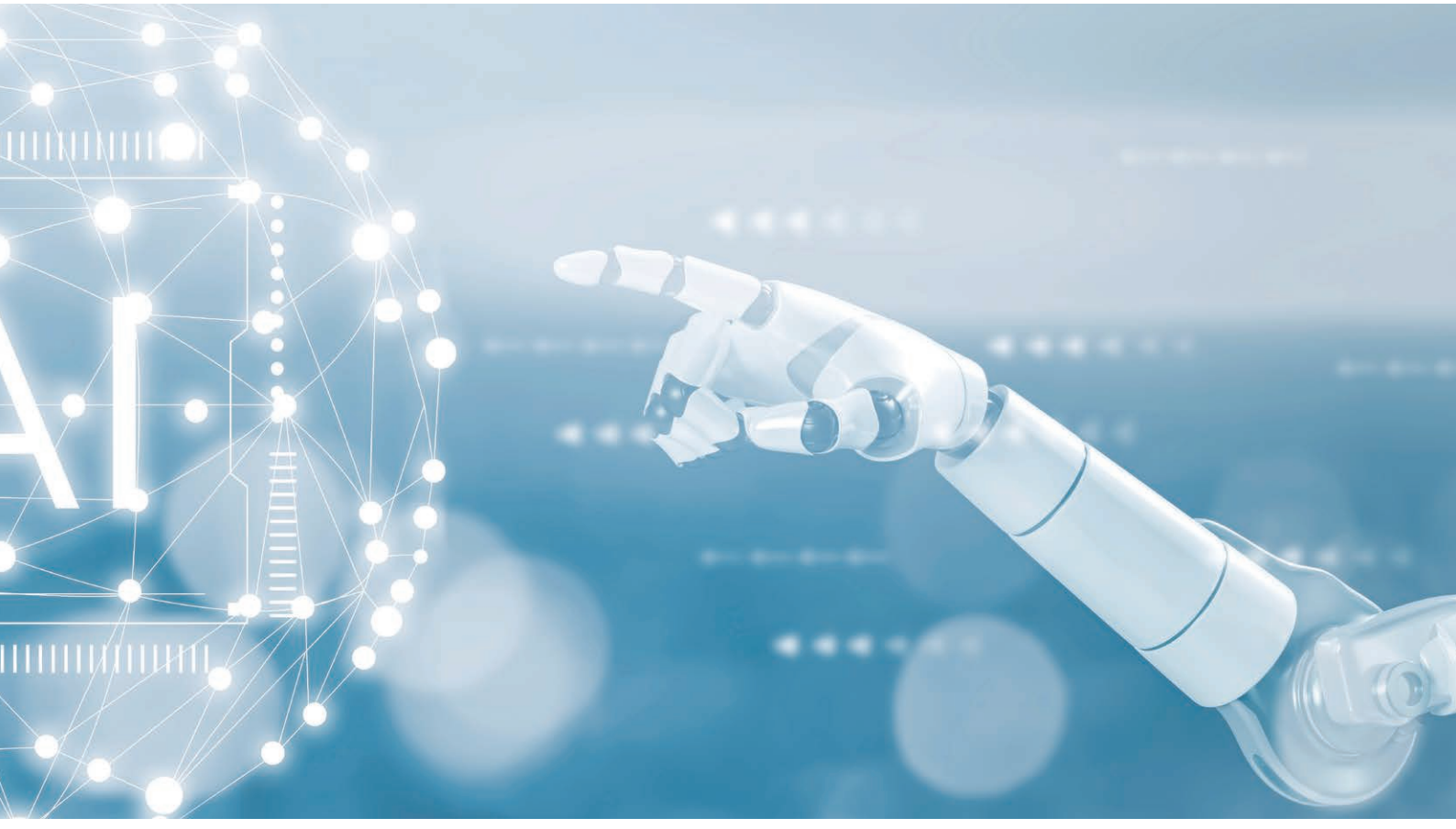
Emergency Response Management

We have established a cybersecurity emergency response management system, formulated a formal contingency plan for cybersecurity incidents and organised emergency response drills at least annually to ensure the effectiveness and enforceability of the Group's emergency response management system, thereby minimising the likelihood of major cybersecurity incidents.

Cybersecurity Awareness Enhancement

Key member companies of the Group continue to carry out information security awareness enhancement activities at all levels, including training sessions on security awareness, ransomware and phishing email prevention. Meanwhile, the Group has established online channels for information security publicity, in conjunction with trending events such as the National Cybersecurity Awareness Week, to regularly disseminate information security knowledge and relevant protection efforts through WeChat official account, thus enhancing employees' awareness of information security and their ability to identify relevant risks. During the year, more than 20 issues of information security bulletins were published on the Group's WeChat official account.

We actively organize offline training sessions on information security awareness, incorporate information security awareness training into the first lesson of our induction training program, and prevent and control information security risks by drawing red lines for cybersecurity, enhancing employees' information security awareness, and aligning information security responsibilities of the Group with individual job duties.



03
Environmental Protection

Our principles

The devastating impact on the planet of environmental issues like climate change, loss of the natural environment and biodiversity, pollution and waste continues to intensify. The pursuit of environmental sustainability and the response to global climate challenges are becoming widespread consensus within the international community. As a responsible corporate citizen, Sino Biopharmaceutical upholds stringent standards of environmental management. The Group continuously improves its environmental management system, responds to climate change and alleviates environmental pressure through various science-based measures, to play a positive role in promoting green and sustainable development of ourselves and society as a whole.

Contribute to the following SDGs

KPIs in 2023

Total investment in environmental protection

9,700 RMB10,000

Decrease in energy consumption intensity compared to 2021

15%

Carbon reduction through energy management and recycling of packaging materials compared to 2022

38.44 kiloton

Decrease in GHG emission intensity compared to 2021

13%

Coverage rate of ISO14001 certification among member companies

66.7%

Consumption of renewable energy

7,504 MWh

Our objectives

Greenhouse gas (GHG) reduction target: To reduce 20% GHG emissions per RMB1 million of revenue by 2025 with 2021 as the year of benchmark.

——in progress

20%

Hazardous waste reduction target: To reduce 10% hazardous waste discharges per RMB1 million of revenue by 2025 with 2021 as the year of benchmark.

——in progress

10%

Honours and awards

Green Factory at the National Level

- Awarding body: The Ministry of Industry and Information Technology of China
- Awardee: CT Tianqing

Green Factory in Jiangsu Province

- Awarding body: Industry and Information Technology Department of Jiangsu
- Awardee: NJCTT, CT Fenghai

2023 Green Development Leaders

- Awarding body: Department of Ecology and Environment of Jiangsu Province
- Awardee: CT Tianqing Lianyungang Runzhong Pharmaceutical Co., Ltd.

China ESG Golden Awards 2023 – Outstanding Enterprise in Social Responsibility

- Awarding body: Sina Finance
- Awardee: Sino Biopharmaceutical

Ranked 36th among the Top 100 China's Overseas Listed Companies for ESG and Low Carbon

- Awarding body: The Chinese University of Hong Kong, Shenzhen Shenzhen Institute of Data Economy
- Awardee: Sino Biopharmaceutical

The challenges posed by climate change are real, serious and enduring. In 2023, the twenty-eighth Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) continued to emphasise the theme of "Delivering as One", promoting cooperation among all parties to address climate change.

Sino Biopharmaceutical recognises the necessity for broad participation and collective efforts across all sectors of society to address climate challenges effectively. The Group integrates climate change considerations in its corporate strategy, comprehensively identifies climate change risks facing it, and establishes effective internal control mechanisms to minimise the negative impact of climate-related risks on itself and to seize new opportunities.

Climate Change Response

Sino Biopharmaceutical attaches great importance to the response to climate change risks. In 2023, relying on its ESG governance structure, the Group officially issued the Climate Risk Management Policy, which outlined the climate governance structure and management requirements.

Board of Directors	Bear the highest responsibility for the Group's matters related to climate change response.
ESG Committee	Review and confirm the strategies and targets for climate change response, and monitor and provide guidance on the implementation of climate related matters within the Group as well as the achievement of targets as authorised by the Board.
ESG Work Management Committee	Provide overall leadership and administrate climate risk management practices within the Group and its member companies through measures such as setting climate-related targets and work plans, regularly discussing climate change related issues, monitoring climate risks, and making climate change response efforts.
ESG Department and member companies	Coordinate the day-to-day climate risk management and implementation across the Group.

Discussions about climate issues by the ESG Work Management Committee of Sino Biopharmaceutical

On 22 September 2023, Sino Biopharmaceutical held its regular meeting of the ESG Work Management Committee in the third quarter. At the meeting, the chairwoman of the Board and all members of the committee reviewed the achievement of the Group's environmental targets for the first half of the year, jointly studied and discussed the requirements of the ISSB Climate Standards, and set forth the Group's implementation programme for the climate risk response and carbon neutrality plan. These initiatives aligned with the national strategy for low-carbon development and underscored the Group's commitment to fostering high-quality and sustainable development.

To ensure that various measures are effectively implemented, we have included qualitative and quantitative indicators related to climate change in the appraisal of the remuneration system for relevant personnel and assessed their annual performance, and recognised their contribution to the Group's climate risk response through incentive mechanisms.

Climate Risk Identification and Assessment

Sino Biopharmaceutical takes a proactive approach to identifying entities, transition risks and opportunities that may have a material impact on the Group's business operations, taking into account the Group's internal and external environments and referring to the TCFD recommendations.

In 2023, to further specify the potential impact of climate change on the sustainable development of Sino Biopharmaceutical, the Group made reference to the recommendations from the Stock Exchange's Guidance on Climate Disclosures. We selected stringent pathways and high-emission pathways with a high degree of comparability to carry out qualitative preliminary climate scenario analyses, which served as the basis for a comprehensive consideration of the short-, medium – and long-term climate risks, so as to formulate more targeted climate response strategies.

Selection of scenario		Key scenario parameters relevant to the Group's operations
Low-emission scenarios with strict interventions from climate change policies where global warming is limited to 1.5°C-2°C. (SSP1-2.6 and below 2°C pathway of the NGFS)	As climate-related policies have tightened, businesses are operating under more constraints from the external socio-economic environment and policies or opportunities arising from technological advances. In this scenario, the Group is more focused on transition risks/ opportunities.	The market demand for carbon credits has increased dramatically as countries introduce increasingly stringent climate policies, with the price of carbon likely to rise to USD33 per tonne by 2030 and around US100 per tonne by 2050. As the energy transition presents an increasing number of challenges, clean energy will account for the vast majority of total energy consumption and prices of industrial electricity and natural gas are projected to rise.
High-emission scenario without interventions from climate change policies where global warming will exceed 4°C by the end of the century. (SSP5-8.5 and current policy pathway of the NGFS)	The continued reliance on fossil fuels to drive economic growth will lead to a steady rise in GHG in the atmosphere and a significant increase in the physical risks posed by climate change.	The frequency and intensity of extreme weather conditions are expected to increase significantly. By 2050, losses from hurricanes and tropical cyclones may surge by more than 10%, while losses from flooding may spike by 44% in China. By 2050, there is projected to be a substantial rise in the number of extreme heat days experienced annually.

Based on the aforesaid scenario analysis results, we have further identified and assessed the Group's key climate change risks/opportunities as follows:

Risk/opportunity type	Possible impact	Duration of impact
Transition risks		
Policy and legal risk	Laws and regulations relating to carbon emissions, along with regulatory policies and requirements on carbon tax, mandatory carbon trading, information disclosure, etc., could heighten the Group's compliance risk, which in turn may increase operating costs associated with ensuring compliance.	Short-term
Technical risk	The technical upgrades to production processes for low-carbon operations and the introduction of energy-efficient equipment in response to policy requirements for a low-carbon transition could lead to higher capital expenditure or operating costs.	Medium-term
Market risk	Climate change-induced increases in the prices of pharmaceutical raw materials, logistics or packaging materials could lead to higher production costs.	Medium-term
Reputational risk	Failure to meet stakeholder expectations, including, but not limited to, inaction or delays in responding to climate change, as well as inadequate disclosure of information or inconsistent action regarding climate change, may result in reputational damage. This could impact the Group's earnings, institutional ratings, public credibility, and ultimately its long-term development.	Long-term
Physical risks		
Acute physical risks	Extreme weather conditions, such as typhoons and extreme precipitation, may lead to production stoppages, supply chain disruptions, and other situations affecting production capacity, may trigger the loss of fixed/current assets, such as production equipment, plants and raw materials, and may threaten the health and safety of employees.	Short-term
Chronic physical risks	Rising average temperatures could lead to increased energy consumption required for temperature control in production, warehousing, office and other spaces, thereby raising operating costs.	Long-term
Opportunities		
Emerging technologies	The rise of digitalisation and other emerging technologies presents an opportunity for the Group to enhance operational/R&D/production efficiencies, bolster market competitiveness and decrease operating costs.	Medium-term
Energy sources	Increasing the share of clean energy, improving the efficiency of energy use and participating in the carbon trading market could enable us to reduce operating costs, mitigate carbon emission risks and improve the Group's reputation.	Medium-term
Markets	The latest report from the World Economic Forum shows that climate change is having a significant impact on human health. In this context, the demand for both existing and innovative medicines is expected to increase further, presenting new market opportunities.	Long-term

Addressing Climate Risks

As the global consensus on climate change grows, Sino Biopharmaceutical has developed climate targets and risk response strategies given the identified climate risks and opportunities, aiming to drive the Group's transition to a lower-carbon and more sustainable business model.

Energy efficiency management

With the goal of continuously improving energy efficiency, the Group has formed a clearly defined management structure to ensure the effective implementation of energy management initiatives. At the same time, we improve the efficiency of energy management and utilisation by promoting energy saving and consumption reduction projects and digital energy management systems.

Renewable energy as alternatives

The Group is actively exploring and expanding the application of renewable energy to replace traditional energy sources and reduce GHG emissions.

Carbon footprint measurement

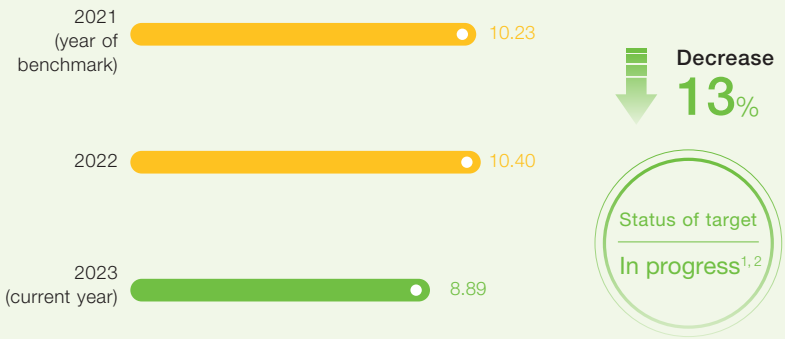
The Group analyses the use of energy and other sources of GHG emissions, and measures and discloses GHG emissions data with standardised GHG accounting methods. By inventorying and analysing GHG data, we offer guidance and direction for energy-saving and emission reduction efforts.

GHG reduction target of Sino Biopharmaceutical:

Reduce GHG emissions per RMB1 million of revenue by 2025 with 2021 as the year of benchmark.

20%

GHG emissions intensity — Data (tonne/RMB1 million of revenue)



Energy conservation and carbon reduction management

Energy consumption during production and operation activities is the primary source of GHG emissions for Sino Biopharmaceutical. Therefore, the Group works to reduce GHG emissions by such means as improving energy management, promoting energy conservation and consumption reduction projects, and increasing the proportion of clean energy.

The Group continuously improves its overall energy management standards according to the energy management system (ISO50001). We have refined the Energy Management Rules and other related policies and operating procedures to set out clear requirements for energy management. Member companies have set up energy management departments, and dedicated energy management personnel have been deployed within production and R&D segments. This clear division of duties can efficiently facilitate energy-saving efforts. In 2023, two member companies of the Group acquired ISO50001 certification.

The Group actively promotes energy conservation initiatives. We keep upgrading equipment and processes to reduce energy consumption in all aspects of R&D, production and operations. We set annual energy-saving targets and have realised real-time monitoring and refined management of energy consumption through digitalised systems to ensure that these targets are effectively achieved.

[1] In order to ensure the accuracy and comparability of the data, Sino Biopharmaceutical calculated the scope 2 greenhouse gas emissions generated by purchased electricity in 2023 based on the latest released CO_2 Emission Factor for Electricity in 2021 released by the Ministry of Ecology and Environment and the National Bureau of Statistics as of the date of the report, and retroactively adjusted the greenhouse gas emission data for 2021 and 2022.

[2] As of the reporting date, Sino Biopharmaceutical has divested its major stake in CP Pharmaceutical Qingdao Co., Ltd. and Shanghai Chia Tai Tongyong Pharmaceutical Co., Ltd. The statistical scope of environmental density related KPIs in 2023 is consistent with the Annual report, excluding the above two companies. In order to ensure the comparability of data, we made retrospective adjustments to the 2022 data under the same scope. Please refer to Appendix III: Table of KPIs in 2023.

in 2023

Total renewable energy consumption

7,504,186 kWh

Increase in renewable energy consumption compared to 2022

76.64%

Reduction in GHG emissions through renewable energy sources

4,178.33 tCO_2e

Sino Biopharmaceutical actively explores and expands the application of renewable energy, and a number of member companies of the Group have steadily pushed forward the construction of renewable energy projects such as solar photovoltaic power generation, yielding remarkable results. As of 2023, three member companies of the Group, that is, CT Tianqing (there plants), Beijing Tide and CT Fenghai established their photovoltaic power generation systems and put them into use.

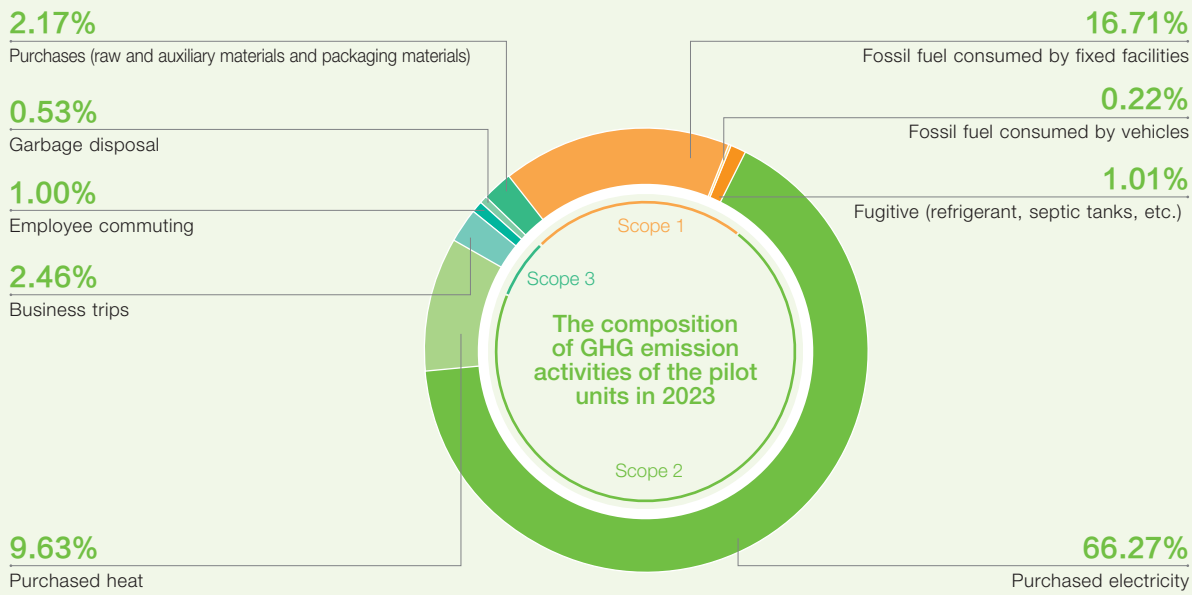
Photovoltaic power generation projects of Sino Biopharmaceutical in 2023

Beijing Tide, a member company of the Group, installed a 162kWp photovoltaic power generation system on the roof of its production plant. The system became operational at the end of April. As at the end of the reporting period, the project generated approximately 138,000 kWh of electricity.

The phase II photovoltaic power generation project of CT Fenghai, a member company of the Group, was officially commissioned in April, which added 680,000 kWh of electricity to the annual power generation of the company, raising the share of clean energy to 25% of its total.

Inventorying GHG emissions

In 2023, building upon the group-wide annual carbon verification, Sino Biopharmaceutical carried out a special inventory for scope 1, scope 2 and a portion of scope 3 emissions for the years 2022-2023. Two pilot units, namely CT Tianqing (Jiangning Plant) and Beijing Tide, were selected for this initiative. The purpose of this special carbon inventory was to gain a deeper understanding of carbon emission details at key member companies within the Group. The insights gathered from this inventory would serve as valuable input for setting carbon neutrality targets and developing strategic pathways.



In the future, Sino Biopharmaceutical will further expand the scope of its carbon inventory and develop a group-level carbon neutrality target and pathway plan.

The adoption of renewable energy allows us to lessen our reliance on fossil fuels and reduce GHG emissions. Whenever the sun illuminates the company's neatly arranged photovoltaic panels, I sense the abundance of green energy. I take pride in being part of this green initiative as we progressively implement solar power technology. Looking ahead, I am eager to collaborate with my colleagues to draw a new chapter of green development.

——Wu Jifeng from Production Department, CT Fenghai

I take great pride in the company's environmental initiatives, which encompass everything from energy conservation and emission reduction to running a green office. Every detail underscores our dedication to environmental stewardship. This is not only a commitment to social responsibility, but also makes me recognise that everyone can play a role in safeguarding the environment. Inspired by a sense of mission, I will work with my colleagues to make the world a better place.

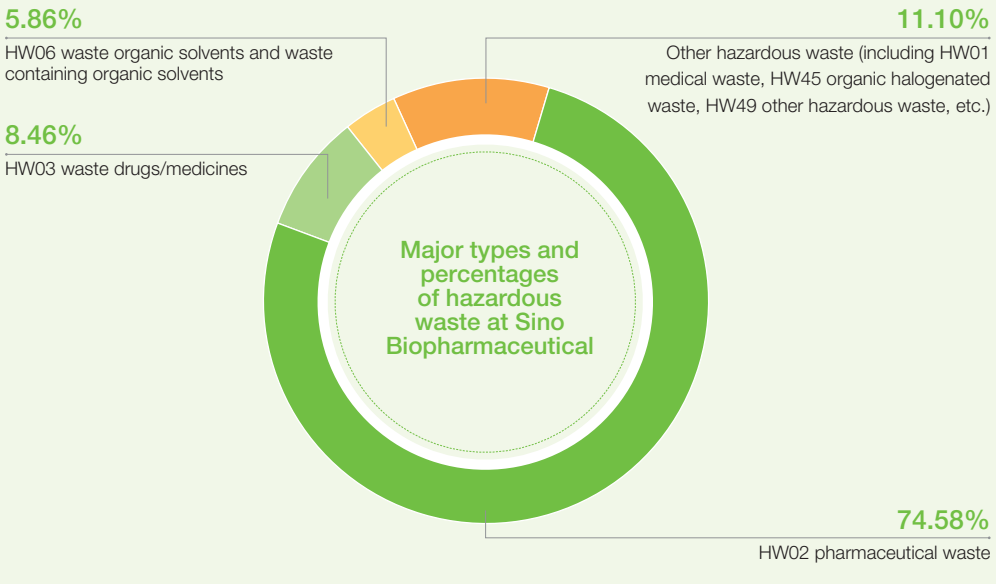
—— Liu Hongbing, a steward of the environment from Safety and Environment Department, CT Qingjiang

Sino Biopharmaceutical strictly implements the requirements of the laws and regulations in the places where it operates. The Group has formulated and implemented a number of in-house policies and operating procedures such as the Emission Management Policy, the Hazardous Waste Pollution Management Procedures and the General Waste Emission/Discharge Management Procedures, to strictly regulate the collection, storage, treatment and disposal of waste. In the course of production and operation, we reduce the waste generated by optimising production processes and increasing the recycling rate.

Hazardous Waste

Hazardous waste generated by Sino Biopharmaceutical primarily originates from R&D and production activities. The main types of hazardous waste include medical waste, pharmaceutical waste, waste organic solvents and waste drugs/medicines. The Group has established stringent hazardous waste control procedures covering the entire process of storage, labelling, registration and disposal to minimise the impact of hazardous waste on the surrounding environment and to ensure compliance with the standards available in the locations where it operates. Meanwhile, all hazardous wastes of the Group are handed over to qualified third parties for final disposal.

Dedicated to the reduction and harmless treatment of hazardous waste, the Group has set quantitative targets for hazardous waste reduction and formulated corresponding reduction plans and implementation initiatives. During the year, we continuously explored green production technologies to reduce hazardous waste at source through a host of measures such as the application of supercritical technology, process optimisation and introduction of low/non-toxic chemicals as substitutes. At the same time, we actively promoted the recycling of waste chemical reagents and the harmless treatment of waste reagent bottles to further reduce the generation of hazardous waste.



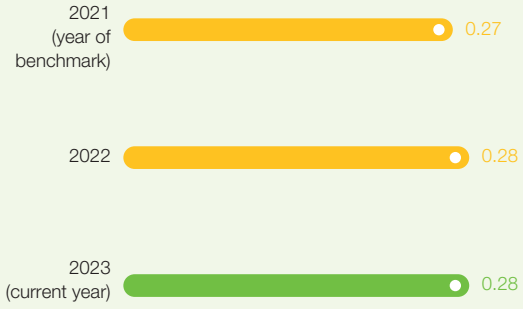
Our waste management target:

Reduce hazardous waste discharges per RMB1 million of revenue by 2025 with 2021 as the year of benchmark.

10%

Hazardous waste intensity for the years 2021-2023[3]

Data (tonne/RMB1 million of revenue)



Status of target: In progress

Application of supercritical technology to reduce waste organic solvents

The R&D team of CT Tianqing, a member company of the Group, applied supercritical fluid technology in the preparation of pharmaceutical formulations, effectively reducing the generation of waste organic solvents. In a closed container, pure substances assume different physical states as the temperature and pressure change. Once the temperature and pressure surpass a critical point, the distinction between liquid and gas will disappear, and the two will merge into a homogeneous fluid, which is called "supercritical fluid". Utilising supercritical fluid technology in pharmaceutical formulation offers inherent merits such as high biological activity and purity. Additionally, it reduces hazardous waste generation by an average of about 60% compared to traditional pharmaceutical preparation techniques. In 2023, CT Tianqing reduced approximately 10 tonnes of hazardous waste generation through the application of supercritical technology.

Specialised training on hazardous waste

In 2023, a member company of the Group conducted several training sessions on hazardous waste, covering relevant laws and regulations, identification and classification of hazardous waste, and labelling of hazardous waste. With a total attendance of 34 individuals, these training sessions further enhanced the professional competency of personnel responsible for hazardous waste management and disposal. This initiative provided robust support for the company's compliance management efforts in this area.

* The entity of this case is Beijing Tide, a member company of Sino Biopharmaceutical.

[3] From 2022 to 2023, Sino Biopharmaceutical included a number of projects within the scope of reporting that were in trial run and had not yet commenced formal production. Consequently, the total amount of hazardous waste increased without generating revenue, and the waste density saw an uptick compared to 2021. In 2023, the Group prioritised hazardous waste management initiatives. As a result, despite the growing number of actual sites in operation, the total amount of hazardous waste remained under control. Therefore, there was no increase in hazardous waste density in 2023 compared to 2022.

Non-hazardous Waste

The Group's non-hazardous waste primarily consists of metals, plastics, paper, food waste and office waste. Given their production and operation conditions, member companies continue to reduce non-hazardous waste generation through various measures, including optimising production processes, substituting disposable consumables and implementing recycling initiatives. These efforts help the Group to attain sustainable development. The non-hazardous waste generated is uniformly handed over to local environmental sanitation department for proper disposal.

In 2023

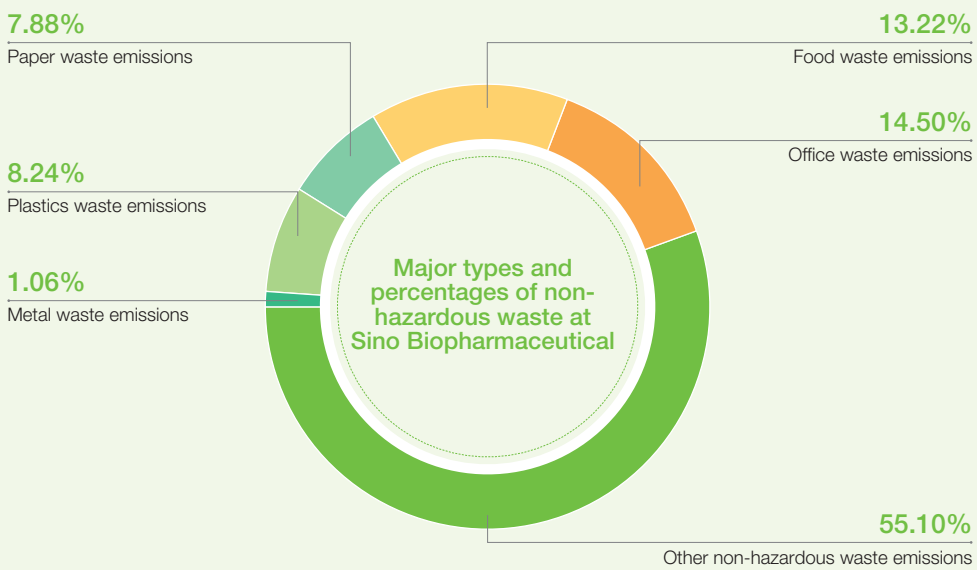
The Group's non-hazardous waste generation per RMB1 million of revenue was

0.12 tonne

Decrease from the previous year

25%


CARBON CREDIT


7.88%
Paper waste emissions
13.22%
Food waste emissions
14.50%
Office waste emissions
8.24%
Plastics waste emissions
1.06%
Metal waste emissions
Major types and percentages of non-hazardous waste at Sino Biopharmaceutical
55.10%
Other non-hazardous waste emissions

Environmental Management System

Governance Structure

To support the continuous improvement of the Group's environmental management practices, Sino Biopharmaceutical has established a top-down environmental management framework. The Group breaks down environmental management tasks one by one and assigns them to entities at various levels, ensuring the effective operation of the environmental management system and the attainment of management objectives.

Authorised as the highest decision-making and supervisory body by the Board, the ESG Committee is tasked with formulating environment-related policies, systems and targets, regularly monitoring the implementation of work and progress towards these targets, and reporting to the Board on such matters.

The ESG Work Management Committee is responsible for organising the implementation of environmental management tasks, drafting environmental management plans, ensuring the proper execution of relevant environmental protection work, and reporting to the ESG Committee on a regular basis.

The EHS and Equipment Departments at a member company of the Group are entrusted with implementing energy saving and emission reduction initiatives, including but not limited to managing three types of waste (wastewater, waste gas and waste residue) generated, managing carbon emissions, and upgrading environmental protection technologies.

The Group has included environmental management performance in the performance appraisal of senior executives at both the Group and its member companies as an important indicator. Failure to meet ESG assessment indicators may result in a deduction from the management's annual merit pay. Similarly, ESG and EHS-related assessment indicators have been incorporated into the individual performance appraisal for the heads and personnel of the EHS and equipment departments at member companies. These indicators encompass the attainment of environmental targets (such as energy conservation and waste reduction) as well as carbon reduction targets, EHS performance, and more. The relevant performance appraisal results will affect the amount of the annual bonus.

Management System Certification

Sino Biopharmaceutical continuously enhances its environmental management system, standardising and systematising the Group's environmental management practices. With reference to the certification requirements outlined in the environmental management system (ISO14001) for green factories, we have formulated and continuously refined environmental management policies, set up environmental objectives, implemented energy conservation and emission reduction initiatives, and supervised and audited the attainment of environmental management indicators. These efforts are aimed at comprehensively elevating our environmental management standards.

In 2023, 4 out of 6 member companies within the Group obtained ISO14001 certification, and the coverage rate of ISO14001 certification reached 66.7% among all member companies. Since 2020, CT Tianqing, a member company of the Group, has been awarded the title of "Green Factory" at the national level. In 2023, by virtue of its excellent performance in the green transition and upgrading of the industry, CT Tianqing, along with its subsidiary LYG Runzhong, made the way to the list of "2023 Green Development Leaders" in Jiangsu Province. At the same time, LYG Runzhong was granted the first "Environmental Protection Quality Award for Enterprises" in Jiangsu Province in the Year. During the reporting period, NJCTT, a member company of the Group, was named the "2023 Green Factory in Jiangsu Province".

NJCTT was recognised as the "2023 Green Factory in Jiangsu Province"

Since its establishment, NJCTT has integrated the concept of green development into its production and operation activities. It has made ongoing progress towards the construction of green factories in accordance with the principles of "land use intensification, production cleanliness, waste recycling and energy decarbonisation". On 14 December 2023, the Industry and Information Technology Department of Jiangsu issued the Announcement on the Shortlist of Green Factories and Green Industrial Parks in Jiangsu Province for 2023. NJCTT appeared on the list as a green factory in the province, signifying a significant milestone in the company's journey towards green and low-carbon development.

Environmental Compliance Audits

Sino Biopharmaceutical strictly controls environmental compliance risks. The Group has established an environmental compliance audit mechanism, under which it carries out at least one environmental internal audit annually and undergoes external inspections and audits from time to time to ensure standardised environmental governance. During the reporting period, the Audit Department of the Group organised internal environmental experts to set up an audit team, responsible for conducting special audits on environmental compliance of member companies, with audit items including but not limited to production energy consumption, environmental testing, disposal of hazardous waste and environmental protection equipment. In response to the risk points identified, member companies formulated and implemented annual rectification plans and programmes with guidance from the audit team, comprehensively preventing environmental compliance risks.

"When I am in the vibrant and lush factory, I feel that the company's achievements in the field of environmental protection development are fruitful and hard-won. At present, the concept of green and low-carbon has penetrated into the hearts of every employee and taken root in environmental protection work. The cooperation between colleagues makes me love here more.

Shi Yanni assistant manager of EHS Department, NJCTT"

Environmental Culture Building

Sino Biopharmaceutical prioritises enhancing environmental awareness of all staff members. We create a low-carbon and eco-friendly atmosphere within the Group by carrying out a variety of activities such as environmental training, knowledge competitions, environmental drills and environmental culture campaigns. These efforts aim to enhance environmental awareness and management skills among all employees.

Indicators related to environmental protection training	Unit	2023	2022
Percentage of employees who received environmental protection training	%	24	13
Total time of environmental protection training for employee	Hours	18,119	9,200
Average time of environmental protection training per employee	Hours	0.85	0.41

"Environment Day" training

On the Environment Day, 5 June 2023, a member company of the Group conducted an all-employee training session around the theme of "moving towards modernisation where human beings and nature coexist harmoniously". Training materials titled "Knowledge Related to Environmental Protection" were distributed to attendees through the University of Tianqing. Meanwhile, CT Tianqing made use of various channels such as company windows, publications, hanging banners and brochures, to disseminate energy and water conservation tips to all employees, thereby raising their awareness of environmental protection.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

Specialised training and drills for environmental protection

In February 2023, a member company of the Group carried out a drill on its environmental contingency plan. Through this activity, the emergency response team further improved its skills in handling unexpected environmental pollution incidents, and the coordination and cooperation mechanism among various departments during environmental emergencies was further enhanced.

* The entity of this case is CT Fenghai, a member company of Sino Biopharmaceutical.

Pollutant Prevention and Control

Sino Biopharmaceutical continuously strengthens the management of various types of pollutants such as waste gas, wastewater, soil pollution, and noise. The Group carries out a variety of initiatives to reduce the emission/discharge of pollutants, lessening the environmental impact caused by business operations. At the same time, we regularly engage qualified third-party testing organisations to monitor pollution, disclose environmental monitoring information in accordance with the requirements, and undergo reviews by regulatory authorities and supervision by the public.

Wastewater Management

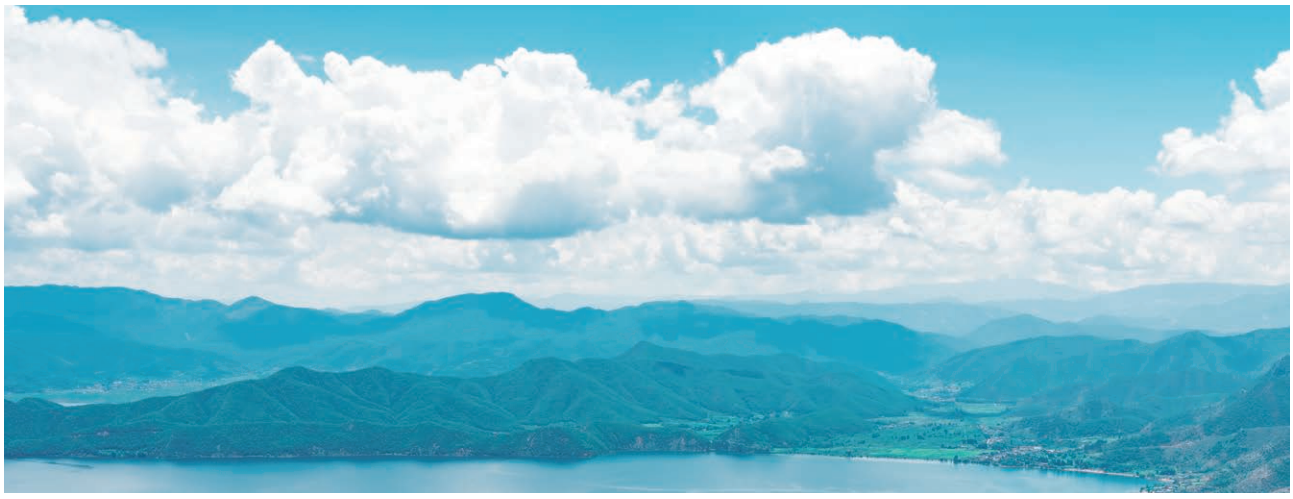
The wastewater discharge generated by the Group mainly includes domestic sewage, R&D and production wastewater, and circulating cooling system drainage. The Group strictly complies with the Water Pollution Prevention Law of the People's Republic of China and other relevant laws and regulations. We have formulated and implemented wastewater discharge-related documents such as the Water Pollution Prevention and Control Management Procedures and the Rules on Operation and Management of Wastewater Treatment Facilities to regulate wastewater treatment and discharge requirements, while raising the proportion of wastewater reuse to conserve water resources.

All member companies have established wastewater treatment stations and continued to improve the equipment and facilities within these stations, set up an online real-time monitoring and alarming system to ensure that wastewater discharged into the municipal pipeline network meets the required standards after treatment. At the same time, the Group keeps optimising its production processes to minimise the generation of wastewater at source.

Exhaust Gas Management

Sino Biopharmaceutical's exhaust gas emissions mainly come from various volatile organic compounds (VOCs), nitrogen oxides (NOx), sulphur oxides (SOx) and particulates generated during the production process. To ensure emissions compliance, the Group strictly follows the Law on Air Pollution Prevention and Control of the People's Republic of China and other relevant laws and regulations, and has formulated and strictly implemented a number of in-house management documents such as the Air Pollution Management Procedures and the Rule on the Operation and Management of Exhaust Gas Treatment Facilities.

In its daily management, the Group consistently optimises production processes to reduce exhaust gas emissions at source. Meanwhile, we continue to enhance our exhaust gas collection and treatment equipment/facilities to ensure that emissions meet relevant standards.



Resource Utilisation Management

In strict accordance with the laws and regulations related to the use of resources including the Water Law of the People's Republic of China, Sino Biopharmaceutical continuously improves its resource management system, conducts a host of initiatives such as water conservation, reduced packaging and green office running, aiming to reduce the consumption of resources in the course of business operations.

Water Utilisation Management

Water used by Sino Biopharmaceutical primarily comes from municipal water supplies. Its water consumption mainly consists of industrial cooling water, washing/cleaning water used in the R&D and production processes. The Group attaches great importance to water resource management. With the goal of continuously improving water use efficiency, we actively carry out water risk assessments and water conservation initiatives. Regular assessments of water shortage risks are conducted, and preventive measures are devised based on assessment outcomes. Member companies of the Group have developed relevant policies such as the Rules on Water Conservation Management, established water conservation management teams, exercised control on total water consumption, allocated water consumption plans across different departments and workshops, and implemented rewards and penalties according to the attainment of these plans.

In 2023, member companies of the Group introduced a number of water conservation initiatives such as technical upgrades to water-using equipment, process optimisation and recycling, with a 2% reduction in water intensity compared to 2022.

In 2023

Reduction in water usage intensity compared to 2022

2%

Use of Packaging Materials

Sino Biopharmaceutical is committed to reducing resource wastage at source and promoting reduced packaging solutions. An array of initiatives such as optimising packaging design, prioritising the use of eco-friendly packaging materials and increasing the reuse rate of packaging materials are adopted to reduce the consumption of packing materials, lessen the environmental impact and improve economic efficiency.

in 2023

Consumption of packaging materials per RMB1 million of revenue[4]

0.69 tonne

Decrease compared to 2022

5%

Total packaging materials recycled

295.90 tonne

[4] Sino Biopharmaceutical has made data corrections to the total packaging materials consumed by the Group in 2022, please refer to Appendix III: Table of KPIs in 2023 for specific corrections.

Less paper in packaging

A member company of the Group persisted in the adoption of printing product manuals on the interior of cartons rather than independent paper manuals, thereby realising lightweight packaging and reducing unit production costs. By the end of 2023, this practice was promoted to a number of products such as Zepolas® (Flurbiprofen Cataplasms), Debaining® (Lidocaine Cataplasms), Kaifen® (Flurbiprofen Axetil Injection), saving an average of 118.95 tonnes of paper per year and reducing the cost of packaging materials by approximately RMB1.54 million.

* The entity of this case is Beijing Tide, a member company of Sino Biopharmaceutical.

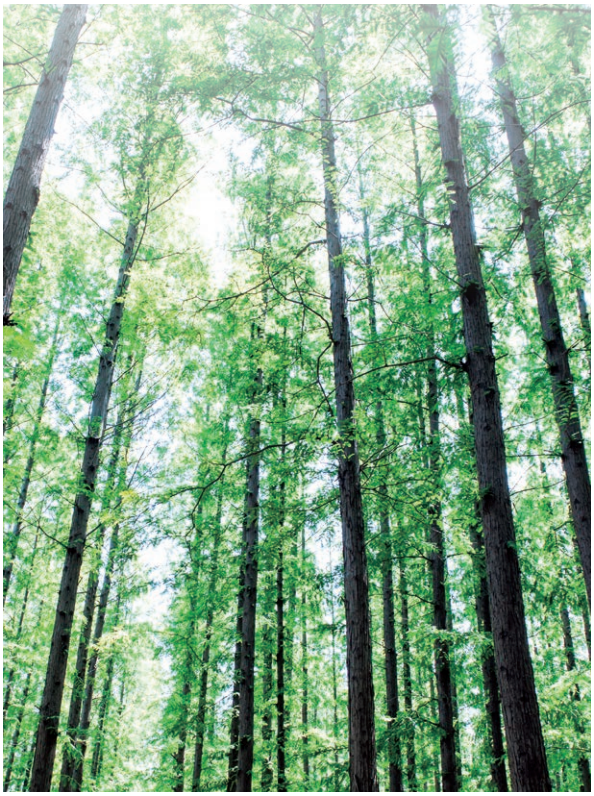
Green Office

Sino Biopharmaceutical remains committed to promoting intelligent, paperless office operations. For cross-regional collaboration, we implement online office tools, including online meetings, to reduce the frequency of business travel, improve office efficiency and reduce carbon emissions. As to the promotion of the digital transition, business systems and cloud documents are used to reduce paper usage, and employees are encouraged to avoid unnecessary printing and reduce the consumption of other office supplies. Furthermore, we continuously enhance the efficiency of lighting, air conditioning and sanitary facilities in office areas to save energy and water consumption.

Biodiversity Conservation

Sino Biopharmaceutical attaches great importance to biodiversity conservation. In strict accordance with the pertinent laws and regulations such as the Forest Law of the People's Republic of China, the Regulations on the Implementation of the Forest Law of the People's Republic of China, the Regulations on Returning Cultivated Land to Forests and the Law of the People's Republic of China on Environmental Impact Assessment, we cooperate with our supply chain and other related parties to avoid and minimise the impact of our operations on biodiversity and to resist improper behaviour that causes damage to the environment such as deforestation, pollution of water bodies, and land degradation. These efforts aim to practice our commitment to biodiversity conservation.

In strict accordance with biodiversity laws, regulations and principles such as the UN's Convention on Biological Diversity (CBD), we incorporate biodiversity-related risks such as "loss of biodiversity and degradation of ecosystems" and "available natural resources" into the Group's risk management system. We assess the severity of these risks and devise preventive and monitoring measures.



04

Inclusive Health

Our principles and objectives

Sino Biopharmaceutical believes that health and well-being are fundamental rights, equally entitled to every citizen. As a responsible corporate citizen, the Group has a vision to "to be a leading global pharmaceutical company through delivering innovative therapies for patients". We are always committed to accelerating R&D and innovation, and employing cutting-edge technology to provide patients with diversified and affordable treatment solutions of better quality. By enhancing the quality and dignity of patients' lives, we aim to contribute to the ongoing improvement of human health and well-being.

Contribute to the following SDGs

KPIs in 2023

R&D expenses
44.03
RMB100 million

R&D expenses as a proportion of revenue
16.81%

R&D expenses growth
5.7%

Proportion of R&D investment in innovative drugs and biological drugs
77%

Number of new products approved for market
27

Number of products in the stage of launch application
54

Number of new patents granted
264

Number of patients covered by products
Over 150 million Person

Honours and awards

Top 100 China's Innovative Pharmaceutical Enterprises in 2023

Awarding body
E Medicine Manager

Awardee
Sino Biopharmaceutical

Top 100 Enterprises in China – Chemical Medicine R&D Strength in 2023

Awarding body
2023 High Quality Development Conference for the Grand Health Industry

Awardee
CT Tianqing, Beijing Tide

Top 100 Enterprises in China – Comprehensive Strength in Medicine R&D in 2023

Awarding body
2023 High Quality Development Conference for the Grand Health Industry

Awardee
CT Tianqing

Innovative Drug Company of the Year

Awarding body
Sina Finance

Awardee
Sino Biopharmaceutical

China's Top 10 Listed Pharmaceutical Companies by R&D Innovation in 2023

Awarding body
E Medicine Manager

Awardee
Sino Biopharmaceutical

The Case of BRI Implementation

Awarding body
People's Daily

Awardee
Sino Biopharmaceutical

Top 50 Enterprises in China – Biological Medicine R&D Strength in 2023

Awarding body
2023 High Quality Development Conference for the Grand Health Industry

Awardee
CT Tianqing

Innovative R&D

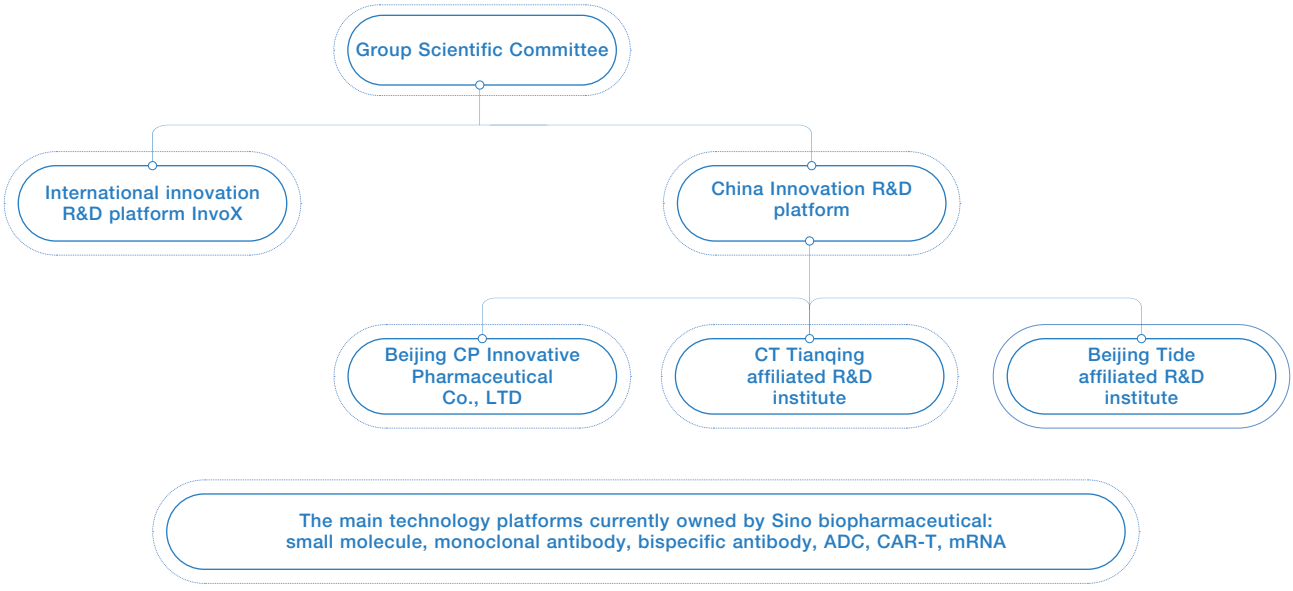
Innovation Strategy and Layout

Sino Biopharmaceutical is dedicated to increasing pharmaceutical accessibility through innovative R&D endeavours. Our goal is to alleviate and cure more illnesses and support more lives through relentless innovation and the pursuit of excellence in health science and technology. By doing so, we aim to bolster China's contributions to the high-quality development of the pharmaceutical industry and the building of a global health community.

The Group takes "comprehensive innovation" and "internationalisation" as its two strategies for accelerating differentiated innovation in internationalised development. We have created an innovative management system with the Science Committee as the core and two innovative R&D platforms at home and abroad as two pillars, which promotes domestic and overseas innovation projects to develop international business through two major paths, that is, "going out" and "bringing in".

In China, the Group has actively established a business presence in four key therapeutic areas, namely oncology, liver diseases, respiratory system and surgery/analgesia, and established a domestic innovative R&D platform primarily comprising Beijing CP Innovative Pharmaceutical Co., Ltd. and the research institute to which CT Tianqing and Beijing Tide, two key member companies of the Group, are affiliated. Of these, CT Tianqing specialises in liver diseases and oncology, while Beijing Tide focuses on analgesia and the respiratory system. We continue to increase investment in independent R&D and enhance our capability for independent innovation.

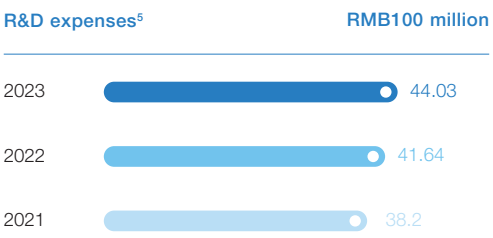
Internationally, the Group has set up a wholly-owned subsidiary, invoX, serving as an international innovative R&D platform. Over the past three years, we have initially built a strategic network of multiple R&D centres around the world through overseas mergers and acquisitions (M&As) via invoX. These overseas R&D centres, boasting more than 100 R&D experts, have put in place pipelines of first-in-class and best-in-class products. Looking ahead, the Group will authorise its innovative assets overseas through invoX, ultimately benefiting patients worldwide.



R&D Investment

Independent R&D stands as the cornerstone of Sino Biopharmaceutical's "comprehensive innovation" strategy. In recent years, the Group has continued to increase its investment in innovative R&D, focusing on infrastructure construction, technical capacity building, introduction of R&D personnel, etc.

In 2023, Sino Biopharmaceutical made R&D expenses of RMB4,403 million, accounting for 16.81% of its total revenue, a year-on-year increase of 5.7%. Notably, over 77% of the Group's total R&D investment was directed towards innovative drugs and biological drugs. As the Group's innovation journey progresses into the harvesting phase, Sino Biopharmaceutical anticipates bringing a number of innovative drugs to the market in the future, thereby extending better treatment options to more patients.



Global R&D headquarters officially landed in Shanghai

In April 2023, the ground-breaking ceremony for the global R&D headquarters of CT Tianqing, a core member company of Sino Biopharmaceutical, was held in Shanghai. The global R&D headquarters represented a significant endeavour made by the Group to attract top-notch talents from around the world, introduce and adapt international advanced technologies and varieties, and localise high-quality innovative product and technology platforms from overseas. The project covers an area of about 3.88 hectares, with a total floor area of 186,000 square metres. It will construct 3 biological laboratories and 5 technology development platforms equipped with state-of-the-art technology, which are expected to be completed and put into use in early 2026.

In the future, the global R&D headquarters will integrate clinical and medical service resources to undertake the clinical operations of innovative drug projects initiated by subsidiaries, thus capable of incubating foreign innovative drugs. It is anticipated that from 2028 onwards, the R&D headquarters will secure production approvals for more than 2 innovative or first-time generic biological products per year.

全球研發總部效果圖

[5] As of the reporting date, Sino Biopharmaceutical has divested its major stake in CP Pharmaceutical Qingdao Co., Ltd. and Shanghai Chia Tai Tongyong Pharmaceutical Co., Ltd. The statistical standard employed by the Group for R&D investment in 2023 remained consistent with that of the Annual Report 2023, which excluded the above two companies. To maintain data comparability, retrospective adjustments were made to the 2022 data using the same standard.

R&D Progress and Achievements

Over the past three years, Sino Biopharmaceutical has achieved rapid growth in innovative drug revenues. Revenues from innovative products amounted to RMB9.89 billion, a year-on-year increase of 13.3%. In 2023, the Group entered the intensive harvest period of innovative drugs. A number of heavyweight new drugs such as Yilishu® (Efbemalenograstim alfa Injection), Kailitong® (Limaprost Tablets) and Anhengji® (Recombinant Human Coagulation Factor VIII for Injection) were approved for marketing, bringing more choices of drugs to patients.

In 2023, the Group had a number of new drug varieties in the stage of launch application. The Group's self-developed anti-PD-L1 monoclonal antibody, Benmelstobart (TQB2450 injection), has been prioritised for review and approval by the Centre for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA) of China. It is intended for the treatment of recurrent or metastatic endometrial cancer in combination with Anlotinib Hydrochloride Capsules. D-1553, a KRAS G12C inhibitor collaboratively developed within the Group, has been listed as a priority review candidate. It is designated for the treatment of locally advanced or metastatic non-small cell lung cancer. In addition, the Group's self-developed category-1 innovative drugs, Unecritinib and Envonalkib, which were filing for marketing in 2022, are anticipated to offer new treatment alternatives for patients with non-small cell lung cancer.

In the clinical stage, the Group has initiated a phase III clinical study for China's first semaglutide injection developed by the Group, which is designed to offer both glucose-lowering efficacy and cardiovascular protection indications. In addition, GMA106 (GIPR antagonist/GLP-1R agonist), a category-1 innovative drug co-developed by the Group for the treatment of adult patients with overweight and obesity has been submitted and accepted for a phase Ib/II clinical trial.

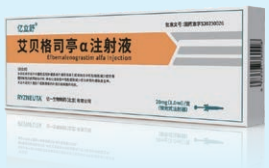
Over the next three years, the Group anticipates launching more than 10 innovative drugs into the market. Additionally, it expects to have over 40 innovative drugs in the pipeline available by or before 2030.

New drugs approved for marketing in 2023 (partial)

Yilishu®
(Efbemalenograstim alfa Injection)

亿立舒®

Chemotherapy-induced neutropenia (commonly known as "leukopenia") may result in lower doses of chemotherapy drugs, delay in their administration, and susceptibility to fever and infection, thereby increasing treatment expenses, reducing the efficacy of chemotherapy, and affecting the quality of survival of cancer patients.
As a third-generation long-acting drug designed to boost white blood cells, Yilishu® is suitable for reducing the incidence of infection manifested by febrile neutropenia when adult patients with non-myeloid malignant tumors receive myelosuppressive anticancer drugs that are prone to cause febrile neutropenia. Its approval and launch will add a new treatment option for neutropenia, ensuring high-quality and prolonged survival of tumour patients.



Kailitong®
(Limaprost Tablets)

凯立通®
利马前列素片

Lumbar spinal stenosis is one of the most common orthopaedic diseases among middle-aged and elderly people, with an estimated diagnosis of over 30 million in China. While conservative treatment remains the preferred option, currently available therapeutic drugs in the country fail to comprehensively alleviate clinical symptoms, resulting in low patient satisfaction with the treatment.
Limaprost Tablets directly target the pathological mechanism of lumbar spinal stenosis, improve the subjective symptoms (pain and numbness in the lower back and lower limbs) of patients with degenerative lumbar spinal stenosis (normal straight leg elevation test, intermittent claudication), providing patients with more treatment options.

Anhengji®
(Recombinant Human Coagulation Factor VIII for Injection)

安恒吉®

Haemophilia is an X-linked, recessive inherited haemorrhagic disease characterised by bleeding in joints, muscles, viscera and deep tissues that is challenging to stop following spontaneous or minor trauma. Recurrent joint haemorrhage may result in disability due to gradual development of joint dyskinesia.
Anhengji® (Recombinant Human Coagulation Factor VIII for Injection) has been approved for the prophylaxis of bleeding in haemophilia A patients (congenital coagulation factor VIII deficiency) aged 12 years and above, which is anticipated to provide a high-quality and cost-effective domestic treatment option for approximately 140,000 haemophilia patients in China.

Delituo®
(Rituximab Injection)

得利妥

Currently, the incidence rate of lymphoma in China stands at approximately 6.68 cases per 100,000 people, resulting in over 100,000 new cases annually. Non-Hodgkin's lymphoma accounts for around 90% of all lymphoma cases, with its incidence rate increasing year by year[6].
The approval of Delituo® (Rituximab Injection) for the treatment of the three primary indications of non-Hodgkin's lymphoma will further expand the utilisation of biosimilars, offer a wider range of therapeutic options for patients with lymphoma, and enhance the accessibility of high-quality biologics.

[6] Data source:
Chinese Society of Clinical Oncology (CSCO) Anti-Lymphoma Alliance, Chinese Society of Clinical Oncology (CSCO) anti-leukemia alliance. Leukemia · Lymphoma, 2019,29 (02): 65-72.
Li Xiaoqiu, Li Gandi, Gao Zifen, et al. Distribution of lymphoma subtypes in China: Analysis of 10002 polycentric cases in China [J]. Diagnostic Theory and Practice, 2012(2):111-115.

Progress in International Cooperation

Focusing on the "internationalisation strategy", Sino Biopharmaceutical is committed to establishing a world-leading innovative R&D platform, while continuously deepening the cooperation and innovation in the field of medicine and health. By fully leveraging its exceptional R&D strengths, robust production capacity and extensive sales network, the Group has entered into strategic partnerships with both domestic and overseas pharmaceutical companies to introduce innovative products to the global market and offer a wider range of medication options for patients.

As of 2023, through its wholly-owned overseas platform invoX, the Group has acquired three internationally advanced technology platforms: F-star bispecific antibody technology platform, pHion mRNA delivery platform and Softhale soft-mist inhaler technology platform, in order to achieve the strategic layout of global multi-R&D centres.

F-star (bispecific antibody technology platform) F·star THERAPEUTICS an invoX company	In March 2023, Sino Biopharmaceutical, via its overseas subsidiary invoX, successfully acquired F-star Therapeutics (F-star), a UK-based company, to further strengthen the Group's global immuno-oncology pipeline, enhance in-house R&D capabilities, and offer innovative oncology medicines worldwide to address unmet clinical needs.

pHion (mRNA delivery platform) pHion THERAPEUTICS	In June 2023, invoX concluded its second investment in pHion Therapeutics, a next-generation mRNA vaccine company. pHion Therapeutics is a UK-based vaccine development company dedicated to developing a range of therapeutic and prophylactic vaccines for oncology and infectious diseases. Currently, pHion has made substantial progress across all of its preclinical programmes and has established a laboratory for mRNA vaccine production in Belfast, Northern Ireland. This investment will underpin the development of pHion's proprietary RALA platform and prioritise advancing the company's leading programmes into clinical trials.

F-star entered into a licence agreement with Takeda

F-star, a proprietary platform of invoX, a wholly-owned subsidiary of Sino Biopharmaceutical, forged a strategic collaboration and licensing agreement with Takeda, a prominent Japanese pharmaceutical company. Under this partnership, the platform will explore and develop bispecific and polyspecific antibodies against cancer immunotherapy targets, ultimately benefiting cancer patients worldwide.

The fact that F-star and Takeda have entered into three licensing agreements within a single year underscores the tremendous potential of F-star as a multi-antibody platform. It also reflects the success of Sino Biopharmaceutical's internationalised innovation model.

Sino Biopharmaceutical's southern headquarters officially opened for operation, establishing a business pattern that supports both domestic and international operations

On 31 January 2024, Sino Biopharmaceutical inaugurated its southern headquarters on the Guangzhou International Bio-Island. This is a significant step for the Group to align itself with the national strategy of building the Guangdong-Hong Kong-Macao Greater Bay Area. Southern headquarters will bolster both domestic and international operations by bringing the world's leading drug pipeline for clinical translation and conversion into commercial use in China. To date, it has introduced a number of overseas clinical projects including Lanifibranor for the treatment of non-alcoholic steatohepatitis, Softhale, a soft mist inhalation pharmaceutical platform, and a new generation of tumour immunotherapies.

In the future, Sino Biopharmaceutical will take the southern headquarters and the overseas subsidiary invoX as the dual core, introducing the world's leading drug pipeline, and achieving clinical transformation and industrialization in the southern headquarters. The "one body, two wings" structure will support domestic and international operations, creating a new business model centred on "overseas technology importing – domestic R&D transformation".

Southern headquarters of Sino Biopharmaceutical

Protection of Intellectual Property Rights

Sino Biopharmaceutical attaches great importance to the protection of Intellectual Property Rights (IPRs) and strictly abides by the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other relevant laws and regulations in China. The Group has set up an Intellectual Property Department tasked with intellectual property managing and has formulated the Intellectual Property Management Manual of Sino Biopharmaceutical, consistently mitigates the risk of patent infringement while making proactive patent application and maintenance efforts.

Sino Biopharmaceutical actively engages in patent mining and application, promptly transforms the Group's scientific research achievements into intellectual property, and properly maintains the applied patents. During the reporting period, the Group and its member companies collectively filed 841 patent applications and were granted a total of 264 patents. In 2023, all member companies of the Group passed the national review for IPR demonstration/advantageous enterprises, CT Tianqing, CP Pharmaceutical (Qingdao) and CT Qingjiang were recognised as national IPR demonstration enterprises, while Beijing Tide, NJCTT and CT Fenghai were rated as national IPR advantageous enterprises.

During the reporting period

The Group and its member companies collectively filed

841 patent applications

Granted a total of

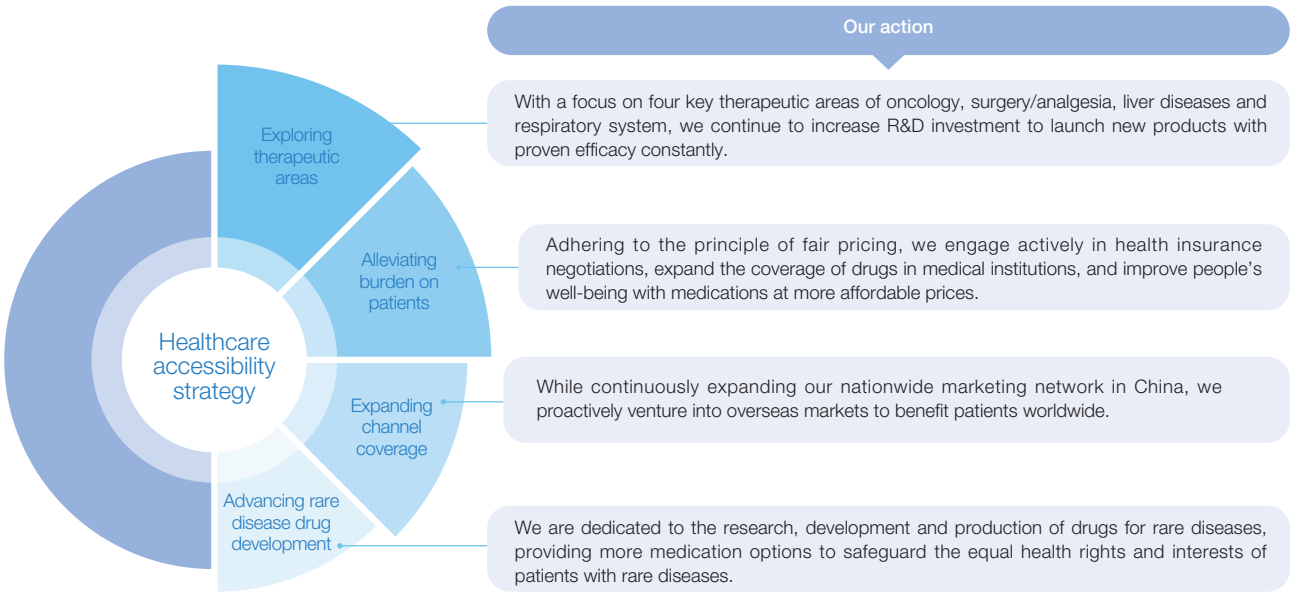
264 patents

Healthcare Accessibility

Healthcare Accessibility Management System

Sino Biopharmaceutical has established a comprehensive healthcare accessibility governance structure, whereby the Board is responsible for formulating the Group's healthcare accessibility strategy and objectives, and Ms. Tse, Theresa Y Y, Chairwoman of the Board, acts as the Board-level representative for the Group's healthcare accessibility management issues. At the request of the Board, the ESG Committee will provide guidance and recommendations regarding the direction of the Group's healthcare accessibility initiatives. Meanwhile, the Group's Strategic Decision-making Committee will oversee the implementation of the Group's healthcare accessibility efforts.

The Group has formulated a healthcare accessibility strategy centred on "exploring therapeutic areas, alleviating burden on patients, expanding channel coverage and advancing rare disease drug development", in a bid to enhance public health and improve patients' access to medications.



In response to the "Healthy China" strategy, we work to promote the sustainable development of the pharmaceutical industry by advancing pharmaceutical R&D, optimising the manufacturing process and lowering medication costs. These efforts are part of our unremitting commitment to achieving the goal of health for all. Additionally, we support the Doha Declaration on the TRIPS Agreement and Public Health, recognising its importance in helping developing countries in need to access medicines in special circumstances.

Products Benefit Patients

Over the years, Sino Biopharmaceutical has concentrated its efforts on oncology, liver diseases, surgery/analgesia and respiratory diseases. We have fully leveraged our innovative R&D capabilities, continuously expanded the disease coverage of our drugs, and committed ourselves to providing more patients with timely and effective treatment options. As of the end of the reporting period, Sino Biopharmaceutical's key products provided treatment to more than 150 million patients.

As of the end of the reporting period

Sino Biopharmaceutical's key products provided treatment to more than

150 million patients

Cumulative number of patients treated with key products

- Focus V® Anlotinib Hydrochloride capsules: 700 thousand
- Qingkeshu® Abiraterone Acetate tablets: 110 thousand
- Tianqinggan mei® Magnesium Isoglycyrrhizinate injections: 30 million
- Runzhong® Entecavir dispersible tablets: 3.5 million
- Zepusi/Debaian® Flurbiprofen cataplasms: 75 million
- Gaisanchun® Calcitriol Soft capsules: 40 million
- Tianqingsuchang® Budesonide Suspension for inhalation: 8.9 million

Fair Pricing

Sino Biopharmaceutical is dedicated to ensuring that high-quality medicines are accessible to more patients at affordable prices. To achieve this goal, the Group has formulated the Fair Pricing Policy, which clearly defines the principles of fair pricing centred on legal compliance, fairness, openness and accessibility. This policy ensures that the medication pricing strategy is fair and transparent, with prices reasonably set and adjusted in light of actual cost inputs, clinical value and patients' affordability. By adhering to these principles, Sino Biopharmaceutical aims to continually improve the accessibility of medicines for patients.

In the Chinese market, Sino Biopharmaceutical actively aligns with national policies and makes consistent progress in getting its products included in the catalogue of medicines covered by medical insurance, so as to provide people with more affordable drugs. During the reporting period, seven products of the Group were successfully included in the National Catalogue of Medicines Covered by Basic Medical Insurance, Work Injury Insurance and Maternity Insurance (Version 2023), including Yilishu® (Efbemalenograstim alfa Injection), a new category-1 drug launched by the Group in 2023. As at the end of the reporting period, 86.5% of the Group's products with sales revenue of over RMB100 million were added to the catalogue of medicines covered by medical insurance. In addition, Sino Biopharmaceutical has actively participated in the national centralized procurement of drugs. During the reporting period, six products of the Group secured bids for the ninth batch of the national centralized procurement of drugs. Since the implementation of the national centralised procurement policy, the Group has had a total of 54 products winning bids for national centralized procurement of drugs. These initiatives have played a significant role in alleviating the financial burden on patients and improving the accessibility of medicines.

In overseas markets, Sino Biopharmaceutical adopts a differentiated pricing approach that takes into full consideration various factors, including the level of economic development, healthcare system policies, and patients' affordability in different countries/regions, pricing of medicines remains relatively consistent within comparable countries, regions, or markets. At the same time, more accessible pricing strategies are tailored to the needs and affordability of patients in different countries/regions, aiming to serve a broader population worldwide. For some of the products exported to emerging markets and developing countries such as Africa and Southeast Asia, the Group comprehensively considers the affordability of local patients and sets prices according to the principles of covering costs and low gross profit.

Products newly added to the national catalogue of medicines covered by medical insurance

7

Coverage rate of drugs with a sales volume of over RMB100 million included in the national catalogue of medicines

86.5%

Products securing bids for the ninth batch of the national centralized procurement of drugs

6

Total number of products winning bids for the national centralized procurement of drugs

54

Expansion in Emerging Markets

Committed to its "Internationalisation" strategy, Sino Biopharmaceutical accelerates its expansion in emerging markets, enhances the accessibility of pharmaceutical resources, and helps to build a global health community.

In Southeast Asian countries, Sino Biopharmaceutical has been cooperating with local governments, universities and industries to promote the rapid launch of its products. In countries along the Belt and Road, the Group has seized the opportunities for coordinated development presented by the joint implementation of the Belt and Road Initiative (BRI) and has promoted strategic cooperation with countries in the Middle East and other regions to help them develop basic biomedical technology capabilities. While protecting people's lives and health and improving the quality of medical services, we also strive to create more employment opportunities for local communities.

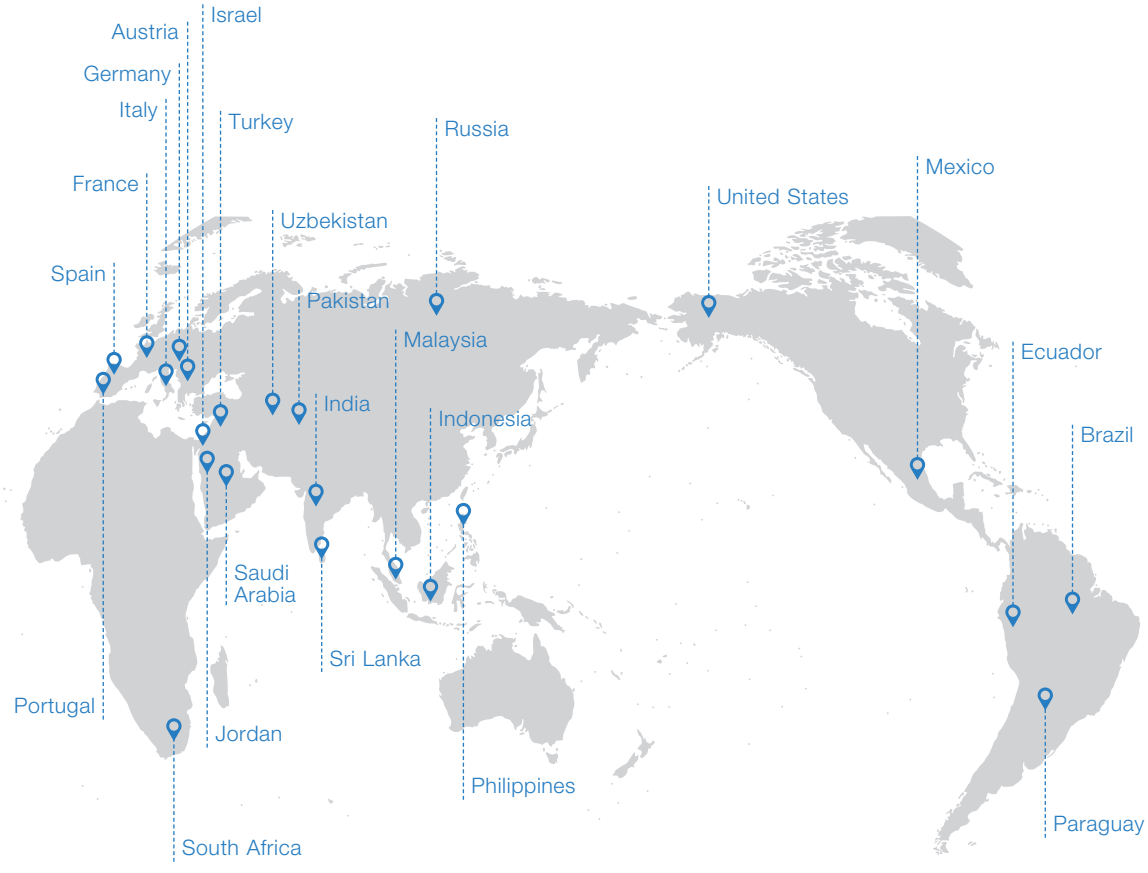
So far, the Group has had more than 10 products sold to 24 countries and regions. Looking ahead, we will expand further into markets along the Belt and Road, such as Southeast Asia, the Middle East and North Africa. As we promote more independently developed innovative products overseas, our R&D results will bring tangible benefits to patients worldwide.

"The continued implementation of the BRI provides a hard-won opportunity for Chinese pharmaceutical companies like Sino Biopharmaceutical to go global. Answering the call of China, the Group will promote its member companies to enhance cooperation with countries and regions along the Belt and Road in the areas of drug R&D, production and sales, with the aim of advancing the development of the local biopharmaceutical industry and benefiting more patients. Through these efforts, we strive to truly realise the vision of "developing science for a healthier world".

Ms. Tse, Theresa Y Y, Chairwoman of the Board of Sino Biopharmaceutical"

More than **10** products sold to **24** countries and regions

Products sold to 24 countries and regions including:



Ms. Tse, Theresa Y Y, Chairwoman of the Board of Sino Biopharmaceutical attended the Belt and Road CEO Conference and signed a Memorandum of Understanding

On the occasion of the 10th anniversary of the BRI, the Third Belt and Road Forum for International Cooperation was held in Beijing in October 2023. Ms. Tse, Theresa Y Y, Chairwoman of the Board of Sino Biopharmaceutical, was invited to attend the conference and signed a memorandum of understanding (MOU) with invoX, an overseas platform of the Group. The MOU was intended to promote the R&D of innovative products in countries and regions along the Belt and Road through collaborative efforts.

Sino Biopharmaceutical's member companies have exported their products to a number of Central Asian countries, gaining recognition in local markets. Moreover, the Group has begun communicating and cooperating with governments, universities and R&D institutions in Southeast Asian countries. Additionally, we are exploring methods and opportunities for cooperation with Middle East countries. These efforts are aimed at promoting the Group's products to benefit more patients overseas.

* Ms. Tse, Theresa Y Y, Chairwoman of the Board of Sino Biopharmaceutical (left), and Ben Toogood, CEO of invoX, a wholly-owned overseas platform of Sino Biopharmaceutical (right)

Sino Biopharmaceutical continued to expand product coverage in emerging markets

In 2023, Sino Biopharmaceutical continued to expand the market coverage of its products in developing countries.

CT Tianqing, a member company of the Group, developed a fulvestrant injection, which was supplied and sold in 55,000 units to five emerging markets, including Mexico, South Africa and Sri Lanka, during emergencies. This initiative ensured local patients had access to high-quality medicines when they needed them most.

In Central Asia, oxymatrine and diammonium glycyrrhizinate, two liver-protecting products of CT Tianqing, a member company of the Group, have been included in the local catalogue of medicines covered by medical insurance. The efficacy of these products has been consistently recognised by local patients and healthcare practitioners, bringing benefits to more overseas patients.

In addition, CT Fenghai, a member company of the Group, exported more than 100,000 vials of its compound amino acid injection (18AA) to Uzbekistan, providing better treatment options for local patients.

Sino Biopharmaceutical won the "Case of BRI Implementation" award

On 19 October 2023, Sino Biopharmaceutical delivered a keynote speech as a representative of Chinese innovative pharmaceutical enterprises at the Media Cooperation Forum on Belt and Road held by the People's Daily. During the event, the Group shared its practices in implementing the BRI, and advocated that Chinese pharmaceutical enterprises actively promote the high-standard implementation of the BRI. While propelling the high-quality development of the biopharmaceutical industry, we strove to serve as a bridge that connects and brings closer the BRI participating countries.

* The People's Daily, the organiser of the event, awarded Sino Biopharmaceutical the "Case of BRI Implementation" title.

Expanding Channel Coverage

Sino Biopharmaceutical is committed to diversifying its sales channels and expanding their coverage to provide more patients with more convenient and efficient access to necessary medications. In alignment with the “Internet Plus” policy of China, the Group continues to expand its cooperation with leading e-commerce platforms. We have established online brand flagship stores and partnered with e-commerce pharmacies. This approach allows us to leverage extensive distribution networks of e-commerce platforms to broaden the reach of our products, thereby meeting medication needs of patients in remote areas. At the same time, the Group is actively constructing an online service system. A patient education section has been added to its online flagship stores to provide patients with knowledge about diseases and medications and with online monitoring and treatment services for adverse reactions, thus enhancing patient experiences with our medications.

In 2023, CT Tianqing, a member company of the Group, established the first live-commerce channel called “Together We Can: Our Health Journey” among online flagship pharmacies in China. To date, the company has carried out more than 10 live-commerce sessions to share medical knowledge on a wide range of topics such as liver diseases, respiratory conditions, endocrinotherapy and oncology. These sessions have gained widespread acclaim from both patients and doctors.

Advancing Rare Disease Drug Development

Sino Biopharmaceutical has always paid attention to the clinical needs of patients with rare diseases and has made the enhancement of the accessibility of rare disease drugs one of the key considerations in drug development. In 2023, Anhengji® (Recombinant Human Coagulation Factor VIII for Injection) received marketing approval to address haemophilia, a rare disease. The product offers a high-quality and cost-effective treatment option to the vast number of individuals affected by haemophilia.

As of the end of the reporting period, Sino Biopharmaceutical marketed four rare disease drugs and had six rare disease drug projects under review and development.

Drug	Indication	Present stage
Yibitan® (Edaravone and sodium chloride injection)	Amyotrophic lateral sclerosis ("ALS")	Launch
Fenghaiyi® (Edaravone injection)	Amyotrophic lateral sclerosis ("ALS")	Launch
Taishule® (Ambrisentan tablets)	Pulmonary arterial hypertension patients with WHO class II or III symptoms Launch (WHO group 1)	Launch
Anhengji® (Recombinant human coagulation factor VIII for injection)	Haemophilia A (congenital coagulation factor VIII deficiency)	Launch
Recombinant human coagulation factor VIIa for injection	Hemorrhagic diseases	Under research
Nintedanib esilate soft capsules	Idiopathic pulmonary fibrosis	Under research
TDI01	Graft-versus-host disease	Under research
Tafamidis meglumine soft capsules	Rare genetic and fatal neurodegenerative disease (ATTR-PN)	Under research
Deutetrabenazine tablets	Chorea and adult tardive dyskinesia (TD) associated with Huntington's disease (HD)	Under research
FHND1002	Amyotrophic lateral sclerosis ("ALS")	Under research

Sino Biopharmaceutical's recombinant human coagulation factor VIII was approved for marketing, benefiting 140,000 haemophilia patients

On 31 August 2023, the recombinant human coagulation factor VIII for injection (Anhengji®), developed by CT Tianqing, a member company of Sino Biopharmaceutical, obtained a drug registration certificate from the National Medical Products Administration (NMPA). This medication was officially approved for preventing bleeding in haemophilia A patients (congenital coagulation factor VIII deficiency) aged 12 years and above.

Haemophilia is an X-linked recessive hereditary hemorrhagic disorder, which was included in the First Catalogue of Rare Diseases in May 2018 by the National Health Commission and other authorities of China. As a lifelong condition, haemophilia is now typically managed with replacement therapy, where patients rely on long-term supplementation of exogenous coagulation factors to mitigate the poor prognosis of bleeding. However, meeting the treatment needs of Chinese haemophilia patients has long been a challenge due to inadequate supplies and high prices of factor VIII drugs. The launch of Anhengji® effectively addresses this issue, thereby alleviating the financial burden of haemophilia patients.

In addition, CT Tianqing's injectable recombinant human coagulation factor VIIa (recombinant factor VII) has also entered a phase III clinical trial. Recombinant factor VII is primarily intended for treating bleeding episodes caused by inhibitors of coagulation factor VIII or IX in haemophilia patients, as well as ensuring safe and effective haemostasis in patients with congenital factor VII deficiency. This product is poised to become the first domestically produced recombinant factor VII product in China, further improving the medication accessibility for haemophilia patients and their quality of life.

Sino Biopharmaceutical's category-1 new neuroprotectant drug FHND1002 was approved for clinical trial

On 27 December 2023, FHND1002, a first-in-class new drug, independently developed by CT Fenghai, a member company of Sino Biopharmaceutical, was approved by the NMPA to conduct drug clinical trials. The approved indications include amyotrophic lateral sclerosis ("ALS", commonly known as "Lou Gehrig's disease") and ischemic stroke. In addition, the ALS indication has been declared for clinical trial in the United States (US), while preclinical studies and applications for other indications are currently underway. The approval of FHND1002 is anticipated to alleviate the lack of drugs for ALS patients and enhance their quality of life in the future.

Antibiotic Resistance Addressing

With the global issue of drug-resistant bacteria on the rise and the development of new antibiotics becoming increasingly challenging, Sino Biopharmaceutical has paid close attention and been taking continuous action to combat this problem. We are responding to initiatives to conduct fundamental research and drug development for drug-resistant bacteria, increasing our investment in new drugs and new diagnostic technologies, continuing to monitor antibiotic resistance, and combining our industrial strengths to widely disseminate scientific concepts of drug use.

As at the end of the reporting period, the Group has a number of antibiotic products available on the market and a number of antibiotic projects in the pipeline or in the process of being declared for production.

Project/Product name	Stage of research	Introduction
Tianyun® (Colistimethate Sodium for Injection)	Launch	It is intended for treating infections caused by carbapenem-resistant gram-negative pathogens and hospital-acquired pneumonia.
Tiance® (Biapenem for Injection)	Launch	It is intended for treating septicaemia, pneumonia, etc. caused by susceptible bacteria.
Tianming® (Caspofungin Acetate for Injection)	Launch	Capable of inhibiting fungal cell wall synthesis, it is intended to treat suspected fungal infections and invasive aspergillosis.
Tianli® (Linezolid Tablets)	Launch	As an antimicrobial agent of the oxazolidinone class, it is intended for treating infections caused by aerobic Gram-positive bacteria.
Ceftazidime and avibactam sodium for injection	Under research	As a beta-lactamase inhibitor, it is intended for treating abdominal abscesses, urinary tract infections and gram-negative bacterial infections.
Posaconazole	Under research	Capable of inhibiting the synthesis of key components of the fungal cell wall, it is intended for treating invasive Aspergillus and Candida infections.
Delamanid	Under research	As a mycolic acid synthase inhibitor, it is intended for treating Mycobacterium tuberculosis-resistant infections.
Omadacycline tosilate	Under research	It is a broad-spectrum antimicrobial agent belonging to the amino-tetracycline class.

05

Product Responsibility

Our principles and objectives

Sino Biopharmaceutical has always followed the principle of responsible operation, considered quality and safety as the lifeline, and taken “zero quality and safety incidents or product recalls” as the steadfast management objective to ensure medication safety for patients. We are dedicated to continuously enhancing the quality of our production and operation activities as well as the quality of our medicines and services, strive to provide patients with high-quality medicines and services.

Contribute to the following SDGs

KPIs in 2023

Production line GMP conformity-APIs

99

Production line GMP compliance-Drug formulations

102

Pass rate in annual GMP inspections organised by domestic pharmaceutical regulatory agencies

100%

Number of member companies certified by ISO9001 quality management systems

3

Coverage rate of quality training for employees

90.1%

Average time of quality training per employee

4.7 Hours

Completion rate of supplier quality audit plans

99%

Number of suppliers with quality control system certification

409

Honours and awards

Top 100 Pharmaceutical Companies by Competitiveness in 2023

- Awarding body: Top 100 Pharmaceutical Companies by Competitiveness in 2023
- Awardee: Sino Biopharmaceutical

Top 100 Chinese Pharmaceutical Companies in 2022

- Awarding body: 2023 China Pharmaceutical Industry Development Conference
- Awardee: CT Tianqing, Beijing Tide

Jiangsu Governor's Quality Award

- Awarding body: Jiangsu Provincial People's Government
- Awardee: CT Tianqing

"Quality Benchmark" of Jiangsu Province in 2023

- Awarding body: Industry and Information Technology Department of Jiangsu
- Awardee: CT Tianqing

Demonstration Enterprises for Drug Production Quality Management Standards in Jiangsu Province

- Awarding body: Jiangsu Medical Products Administration
- Awardee: CT Tianqing

Top 100 Chinese Chemical Pharmaceutical Companies in 2022

- Awarding body: Top 100 Chinese Pharmaceutical Companies in 2022
- Awardee: Sino Biopharmaceutical

2023 Best Industrial Enterprise for Pharmaceutical R&D Product Line in China

- Awarding body: 2023 China Pharmaceutical Industry Development Conference
- Awardee: CT Tianqing, Beijing Tide

Quality Management System

Sino Biopharmaceutical always regards quality as its lifeline and strictly complies with the Drug Administration Law of the People's Republic of China, the Regulations for the Implementation of the Drug Administration Law of the People's Republic of China, the Product Quality Law of the People's Republic of China and relevant laws, and other pertinent regulations and regulatory requirements in the places of operations as well as relevant laws and regulations that are newly implemented or amended to firmly safeguard product quality and safety up to the highest standards. During the reporting period, the Group and its member companies did not incur any material quality violations.

As per the quality management policy of "knowledge management and continuous improvement", Sino Biopharmaceutical strictly follows the Good Manufacturing Practice (GMP) standards and aligns with the requirements of the ISO9001 quality management system and international quality management standards. We have built a quality management system that spans the entire product lifecycle: product development, technology transfer, commercialisation, and withdrawal from the market and covers six aspects: quality assurance system, laboratory control system, production system, facility and equipment system, packaging and labelling system and material system.

In 2023, the Group continued to improve and enhance its quality management system. We comprehensively bolstered the efficiency and effectiveness of quality management efforts from four dimensions of commissioned production, digitisation, internationalisation and risk control.

Commissioned production:

We develop management procedures for commissioned production, outlining a hierarchical approval and management approach for quality assurance matters to delineate responsibilities between the commissioning and commissioned parties as well as the standardised approval and transfer process for technical and management documents.

Production bases establish a robust B-certificate quality management system and standardise the control process for quality incidents and information handover with entrusted production companies.

Digitisation:

We have implemented the parallel operation of the document management system (DMS) and the training management system (TMS) and established a digital management mode that spans the entire document lifecycle. This approach significantly improves the accuracy, completeness and traceability of production quality management documents.

We continue to expand the application of the laboratory information management system (LIMS) in quality management operations, advancing the progress of IT adoption in laboratories.

Internationalisation:

A law and regulation enquiry system has been created to continuously follow up on changes in foreign laws and regulations and update internal control requirements of the Group in a timely manner, ensuring compliance with regulatory standards.

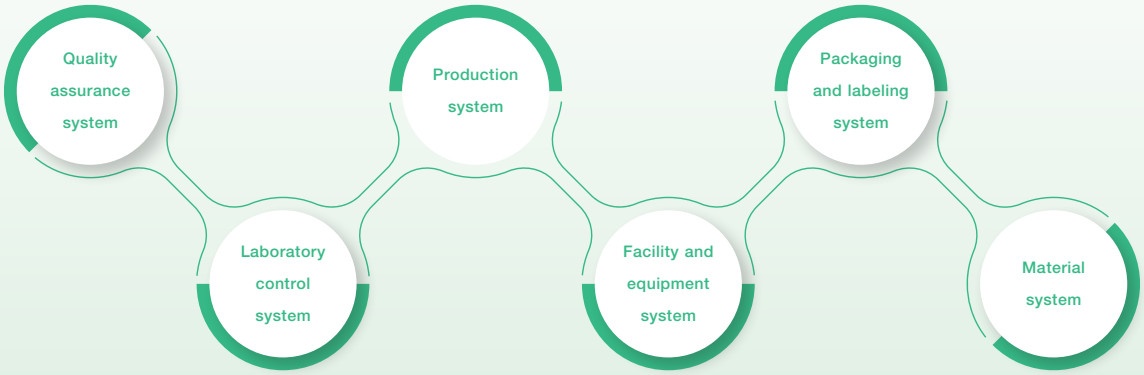
We conduct gap analyses using the quality measurement indicators and the FDA's annual summary reports on deficiencies for the past two years, and then make improvements through regulatory follow-up, document reconciliation, personnel training, and corrective action/preventive action (CAPA).

Risk control:

We improve electronic data integrity and have added the electronic data review process for finished product release to improve data reliability and compliance.

We have refined the requirements for the implementation of change control measures and improved the change management process to mitigate related risks.

Product lifecycle quality management system



CT Tianqing, a member company of Sino Biopharmaceutical, won the "Jiangsu Governor's Quality Award 2023", the highest recognition in the field of product quality within the province established by the Jiangsu Provincial People's Government.

Digital, Intelligent Tianqing

CT Tianqing, a member company of Sino Biopharmaceutical, always prioritises the construction and optimisation of a quality management system. It has built a distinctive "Digital, Intelligent Tianqing" quality management model, leveraging digital and intelligent technologies. Within its smart factories and intelligent workshops, innovative digital technology is deeply integrated with process engineering and manufacturing capability to ensure the stable and continuous improvement of drug quality.

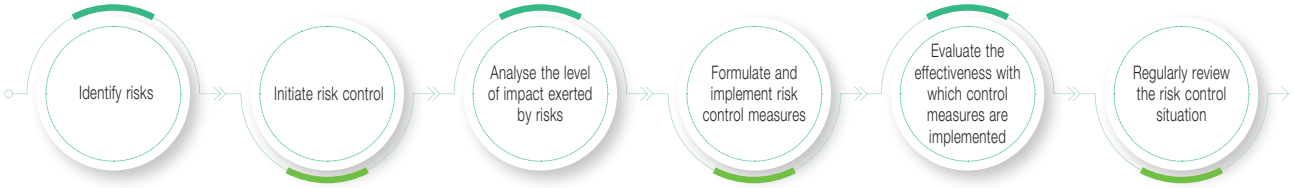
The "Digital, Intelligent Tianqing" quality management model emphasises the application of digital and intelligent technologies. By introducing advanced IT platforms and tools, it supports real-time collection, analysis and visualisation of quality data to improve the efficiency and accuracy of quality management. Meanwhile, through the analysis of data trends and correlations, it enables the identification, forewarning and intervention of quality risks, thereby reducing quality risks.

Production Quality Management

Production Quality Risk Management

Sino Biopharmaceutical puts patients' medication safety in the first place by implementing a quality risk management and knowledge management system that spans the entire pharmaceutical lifecycle. In addition to establishing quantitative quality control indicators, the Group also integrates quality risk management into a wide range of quality management processes, such as process performance and product quality monitoring, deviation and PACA, and change control. These efforts aim to continuously improve the quality management system and elevate the overall quality management standards.

Quality risk management process



Process performance and product quality monitoring

Quality risk management tools are utilised to effectively control variables in the processes of production and quality monitoring. Efforts are made to monitor changes in process and quality indicators through cyclical reviews such as ongoing process confirmation and quarterly management evaluation. This proactive approach aims to prevent product quality risk events before they occur.

Corrective action and preventive action (CAPA)

When product deviations are identified, they are promptly reported and accurately recorded, with the emergency response programme activated swiftly. A team of technical experts is assembled to conduct root cause investigations from various dimensions, including personnel, equipment, materials, operation methods, production environment and documentation. Targeted CAPA measures are formulated and implemented, and the effectiveness of their implementation is closely tracked. This approach forms a closed-loop management system covering deviation discovery, emergency response, root cause investigation, CAPA measures, tracking the implementation of such measures, and evaluating their effectiveness.

Change control

On the basis of quality risk management, the Group evaluates the impact of changes on the safety, efficacy or quality controllability of pharmaceutical products from various dimensions such as production process, materials, facilities, equipment, quality standards, regulatory compliance and EHS compliance. Guided by project management concepts, we formulate change implementation plans, monitor the effectiveness of change implementation, and eliminate potential adverse impacts of changes on product quality. Through effective control of quality risks, we continuously improve and optimise the production process.

"Quality certification represents a journey of continuous improvement and all-employee participation. The rigorous and pragmatic work ethos, coupled with an environment conducive to open discussions, has been instrumental in our successful navigation through each quality certification. It also serves as a cornerstone for us to advance on the path of drug quality assurance."

—Shi Hongping,
an assistant manager from Quality Assurance Department I, CT Tianqing Runzhong Production Base

Quality Certification

Sino Biopharmaceutical carries out quality management in strict accordance with national regulations, and all member companies of the Group comply with GMP requirements in China. Meanwhile, the Group considers quality management system certification as a crucial criterion and encourages its member companies to obtain ISO9001 quality system certification as well as quality management system accreditation in Europe, the US and other overseas places of sales and operation. The Group's performance in GMP conformity, international certification and quality management system certification as at the end of the reporting period is detailed as follows:

Production line GMP conformity

API production lines with GMP conformity

99

Drug production lines with GMP conformity

102

Pass rate of GMP conformity inspections by domestic drug regulatory agencies

100%

ISO9001 quality management system certification

Member companies obtained ISO9001 quality management system certification

3

The coverage rate of ISO9001 certification among member companies was

50%

International certification

FDA certificates

6

CE certificates

9

International GMP certificates

19

To further safeguard product quality, the Group has set up product quality testing laboratories in both production and R&D units to conduct comprehensive preventive tests on drug quality. The laboratories of the research institutes set up by the Group's member companies have been accredited by the China National Accreditation Service for Conformity Assessment (CNAS), and they are in compliance with the CNAS's national accreditation standard ISO/IEC 17025:2017 "General Requirements for the Competence of Testing and Calibration Laboratories".

A member company of Sino Biopharmaceutical passed three consecutive site inspections of the FDA with a "zero-defect" record

In January 2024, Lianyungang Runzhong Pharmaceutical Co., Ltd. ("LYG Runzhong"), a wholly-owned subsidiary of CT Tianqing, a member company of Sino Biopharmaceutical, passed a site inspection by the FDA with a "zero defect" record, marking the Group's quality management system was once again recognised by the internationally respected regulatory authority. Notably, LYG Runzhong had previously passed the FDA site inspection with zero defects in both 2014 and 2018.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

Quality Audits

The Group has established and consistently improved a quality audit mechanism integrating both internal and external audits. The internal audit team conducts comprehensive GMP self-inspection at least once a year, covering all member companies of the Group, and carries out special quality audits on a quarterly basis. While undergoing quality audits conducted by the regulatory authorities of the locations where they operate, member companies of the Group also accept third-party audits upon the request of customers. As for the problems and deficiencies found during quality audits, quality management departments supervise the rectification process and ensure that the problems/deficiencies are all resolved.

Sino Biopharmaceutical improved its internal audit model for product quality

In 2023, Sino Biopharmaceutical optimised or improved the internal audit model, divided the quality system into five major types of special audits, and established quality improvement projects combined with the reports on the analysis of deficiencies found in internal audits and on the analysis and monitoring of quality objectives. The goal was to chart pathways for implementing various measures and bolstering quality management practices. Meanwhile, the Group expanded the scope of external audits to include commissioned production service providers, standardised and refined the audited content, and intensified management of and communication with these providers to ensure the compliance and successful launch of new products.

* The entity of this case is Beijing Tide, a member company of Sino Biopharmaceutical.

Supplier Quality Management

Raw material safety control constitutes a crucial aspect of product quality management, to which Sino Biopharmaceutical attaches great importance. We have formulated the Supplier Quality Management Process, which clearly outlines the working procedures for supplier quality management and audit practices.

The Group has established a comprehensive supplier quality audit mechanism. For suppliers of key materials, the Group's quality departments conduct on-site quality audits at the access stage and inspect samples provided by suppliers in accordance with the requirements for material procurement management. This rigorous approach ensures stringent control over material quality. In 2023, the Group carried out 425 supplier quality audits, achieving an impressive completion rate of 99% for supplier quality audit plans.

To continuously improve the quality management standards of suppliers, the Group encourages suppliers to obtain quality management system certification (e.g. ISO9001). For major secondary suppliers of the Group, supplier certification should be carried out by the Procurement Department or entrusted to a third party. In 2023, 409 raw and auxiliary materials of the Group obtained quality management system certification.

For more information on supply chain quality management, see "Special Report: Responsible Supply Chain Construction Project" in the "Compliance Operation" section of this Report.

In 2023

The Group carried out supplier quality audits

425

Completion rate of supplier quality audit plans

99%

Raw and auxiliary materials of the Group obtained quality management system certification

409

Supplier training on quality

To set more clear quality management requirements and improve supplier quality management, the Group's member companies conducted special training sessions on GMP and Drug Administration Law for some key suppliers. Typical cases were elucidated to help suppliers deepen their understanding of quality requirements in the pharmaceutical industry and the Group's management rules and policies, so as to ensure that products subsequently furnished by suppliers can meet the Group's stringent quality management requirements.

Operational Quality Management

Pharmacovigilance

Sino Biopharmaceutical attaches great importance to and carries out pharmacovigilance management in strict accordance with the existing pertinent laws and regulations such as the Pharmacovigilance Quality Management Practice and the Measures for the Administration on Adverse Drug Reaction Reporting and Monitoring as well as other relevant laws and regulations that are newly implemented or amended. During the reporting period, the Group did not receive any feedback on group adverse drug reaction events.

Sino Biopharmaceutical has established a pharmacovigilance system covering the entire drug lifecycle (including pre-launch to post-launch phases) to rigorously prevent medication safety risks.

With respect to the organisational structure, the Group has set up a pharmacovigilance management committee, which is responsible for the pharmacovigilance system and major drug safety events, and has established a pharmacovigilance department, which is responsible for the operation and continuous improvement of the pharmacovigilance system as well as the monitoring and reporting of adverse drug reactions.

In terms of institutional documents, the Group has formulated a number of pharmacovigilance management policies and procedures such as the Adverse Drug Reaction Monitoring and Reporting Management and the Pharmacovigilance Management. These documents specify explicit requirements for the disposal of suspected adverse drug reaction information, risk identification, assessment and control, writing and submission of important pharmacovigilance documents, system management, etc., ensuring the smooth implementation of pharmacovigilance activities.

To safeguard the suitability and effectiveness of the pharmacovigilance system, the Group reviews pharmacovigilance management policies and procedures annually. Meanwhile, regular pharmacovigilance-related exchange and training sessions are organised, and marketing personnel are required to undergo pre-service pharmacovigilance training before selling drugs. These initiatives aim to enhance the professional competence and pharmacovigilance awareness among relevant personnel, thereby safeguarding medication safety for the general public.

Sino Biopharmaceutical organised pharmacovigilance training

In April 2023, Sino Biopharmaceutical provided a pharmacovigilance training session for all marketing personnel. The training covered the basics of pharmacovigilance, common adverse reactions to products, as well as methods for collecting and reporting adverse reaction, to heighten the awareness of drug safety among marketing personnel.

Product Recalls

Sino Biopharmaceutical stringently follows the requirements of pertinent laws and regulations in China such as the Drug Administration Law of the People's Republic of China and the Measures for the Administration of Drug Recalls. The Group has formulated a number of in-house documents related to product recall management, including the Product Recall Management Procedures, the Material Recall Management Procedures, the Emergency Response Plan for Drug Safety Incidents and the CAPA Management Procedures. We continuously improve the recall management process to ensure that our existing policies and processes related to drug recalls comply with relevant national laws/regulations and our actual operational needs. Each production base of the Group conducts at least a simulated recall exercise every year to verify the timeliness and effectiveness of the existing management procedures. No product recall occurred to the Group in 2023.

In 2023

Product recalls

0

* For more information on Sino Biopharmaceutical's product recall procedures, please refer to the "Product Recalls" section of the Group's 2022 ESG Report and 2021 ESG Report.

Simulated recall exercise for newly launched products

In 2023, the Company conducted a simulated recall exercise for two newly launched products, namely Kailitong® (Limaprost Tablets) and Kailishi® (Methacholine Chloride Powder for Inhalation). According to the Product Recall Management Procedures, this exercise focused on testing the recall process and traceability of the recalled batches, and conducted an on-site inspection of the warehouse. The testing results met expectations, and relevant departments responded promptly throughout the entire recall process to ensure the smooth completion of the simulated exercise. The Company's recall management system operated as expected, effectively safeguarding the safety of public medication.

* The entity of this case is Beijing Tide, a member company of Sino Biopharmaceutical.

Customer Services

Sino Biopharmaceutical attaches great importance to customer demand and feedback, and has established a customer-oriented customer service system. The Group regularly communicates with customers, collects comprehensive feedback through telephone callbacks, questionnaires and other methods, and promptly enhances service quality based on customer satisfaction analyses, aiming to continuously improve the customer service experience.

Sino Biopharmaceutical has set up a diversity of communication and complaint channels, including hotlines, webpage-based online customer service and intelligent customer service, to provide customers with complaints handling and rights protection services around the clock. We continuously update and enrich the knowledge base of intelligent customer service based on customer feedback and demand, so as to lay a solid foundation for better customer services. Additionally, we have formulated a clear customer complaint handling process that enables immediate internal communication to address customer complaints, provide replies and propose appropriate solutions, thus safeguarding the customer experience. In 2023, the Group's customer complaints were handled at a satisfaction rate of 100%.

* For more information on Sino Biopharmaceutical's customer complaint handling process, please refer to the "Customer Service" section of the Group's 2022 ESG Report and the "Customer Complaint Response" section of the Group's 2021 ESG Report.

In 2023

The Group's customer complaints were handled at a satisfaction rate of

100%

Building a Quality Culture

Sino Biopharmaceutical always takes product quality as the cornerstone of its development. Upholding a quality policy of "knowledge management and continuous improvement", the Group fosters a quality culture to raise quality awareness among all employees.

All employees

We carry out at least one quality culture activity annually that involves all staff members. These activities can take various forms, such as quality training or "Quality Month". The aim is to instil a quality culture into all employees of the Group, thereby enhancing their quality awareness and management skills.

Production, technology, warehousing and other business departments directly related to product quality

The Group has established a three-level training system comprising the production system level, the department level and the workshop level, formulated annual training schemes, and conducted training around policies and regulations, management documents, special topics on quality, etc. This approach ensures comprehensive and effective coverage of training content, laying a solid foundation for the Group's quality management efforts.

In 2023

Coverage of employee quality training

90.3%

Average time of quality training per employee

4.7 hour

"Quality Month" activities of Sino Biopharmaceutical

From August to October 2023, member companies of Sino Biopharmaceutical successively organised a variety of "Quality Month" activities.

Themed on "quality management involving everyone", CT Tianqing, a member company of the Group, conducted a series of fantastic online and offline activities such as "Working Against the Clock", expert lectures, and best employee recognition, which attracted more than 3,000 participants. These efforts deeply embedded the quality culture into their minds.

Beijing Tide, a member company of the Group, organised a series of diverse activities such as "Quality Forum Plus", knowledge contests, "Quality Lecture Hall" sessions, and solicitation of speeches, all under the slogan of "Improve Quality and Efficiency for Development, Become an Example of Stable and Compliant Operation". These initiatives aimed to mobilise the enthusiasm of all staff members and consolidate their sense of quality responsibility.

Sino Biopharmaceutical participated in and organised both internal and external inspection skills competitions

To continuously improve the business skills of employees and thoroughly evaluate the outcome of professional personnel training, Sino Biopharmaceutical actively organises staff to participate in external professional skills competitions while holding special skills competitions within the Group.

In September 2023, CT Tianqing, a member company of the Group, selected outstanding inspectors to participate in the "Yihua Cup" 2023 Chemical Analyst Skills Competition in Jiangsu's Chemical Industry organised by the Organising Committee of Jiangsu Mechanical, Metallurgical and Petrochemical Trade Union. One of its competing inspectors won the third prize among all participants, and the company was also awarded for its excellent organisation of the event.

"Quality management involves every employee. In my daily work, I collaborate with my colleagues to proactively analyse and address quality issues, ensuring that we can correct and prevent quality problems in a timely manner. The company's extensive efforts in building a quality culture, coupled with our team members' rigorous and meticulous work style and our persistent pursuit of quality, have further boosted my sense of responsibility as a member of the quality management team."

— Sun Qin, QC engineer from QC Sub-centre, Haizhou Production Base, CT Tianqing"

Quality Laboratory of CT Tianqing

06
Responsible Employer

Our principles and objectives

Sino Biopharmaceutical always regards talent as the core driving force behind its development, committed to becoming a responsible employer. With a people-oriented approach, we foster an equal, inclusive, diverse, safe working environment and excellent working experience for employees, providing them with a broad platform for personal growth and career development, continue to empower employees to grow.

Contribute to the following SDGs

KPIs in 2023

Total number of employees
25,880 Person

Proportion of male employees
52.4 %

Proportion of female employees
47.6 %

Average length of training hours per person
41.3 Hours

Employee satisfaction rate
91.2 %

Honours and awards

2023 Forbes China Best Employers

Awarding body	Awardee
Forbes	Sino Biopharmaceutical

2023 Forbes China Most Digitally Responsible Employers

Awarding body	Awardee
Forbes	Sino Biopharmaceutical

2023 Insightful Employer Selection: Happy Company Award

Awarding body	Awardee
HRise	Sino Biopharmaceutical

Employee Rights Protection

Employment Compliance

Sino Biopharmaceutical strictly complies with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, and the laws and regulations on the protection of labour rights and interests of various domestic and overseas operating locations. Meanwhile, we have formulated and strictly enforced a number of in-house documents such as the Employee Handbook of Sino Biopharmaceutical and the Recruitment Management Policy of Sino Biopharmaceutical, ensuring employment compliance and avoiding the use of child labour or forced labour. The Group conducts regular labour compliance audits to safeguard the legitimate rights and interests of our employees.

With the consent of candidates, we conduct strict audits of candidate information by means of third-party background checks and other forms to avoid potential risks of child recruitment in advance. For the possibility of mistakenly recruiting children, we have developed a sound emergency response mechanism, including but not limited to contacting their families and regulatory agencies in their domiciles as soon as practicable to assist in proper placement and other measures.

In 2023

The labour contract signing rate of the Group and its member companies

100%

Incidents of child labour or forced labour

0

Diversity and Inclusion

Sino Biopharmaceutical is dedicated to building a diverse and inclusive team and recognising the potential for innovation and excellence that can result from multicultural exchanges and interactions. We uphold the principles of diversity, equality and inclusion, and undertake not to discriminate or treat employees differently based on factors such as race, ethnicity, gender, religion, place of origin, marital status, age, sexual orientation and gender identity. The Group has formulated and released the Employee Diversity Policy of Sino Biopharmaceutical to promote the development of a diverse talent pipeline and foster a diverse and inclusive work environment, ensuring all employees can gain a sense of belonging, feel respected and are valued.

As at the end of the reporting period

Total number of employees

25,880 Person

Of whom

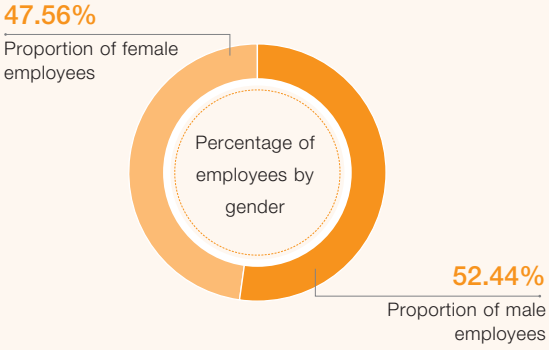
21,297 were under labour contracts

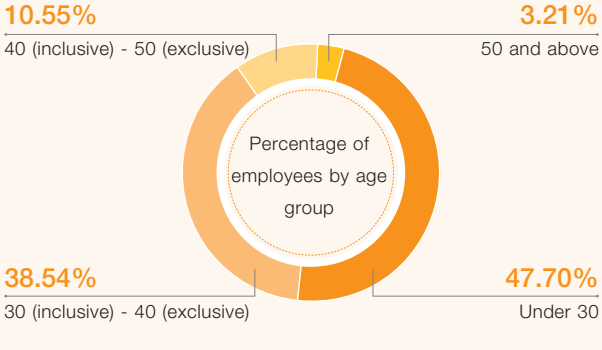
Diverse team building

Sino Biopharmaceutical is committed to recruiting and attracting diversified talents. The Group welcomes candidates of all backgrounds and ensures a fair and equal recruitment process. We stipulate that there must be no bias or discrimination in recruitment, promotion, compensation, etc. The management should consider candidates of different backgrounds fairly and equitably.

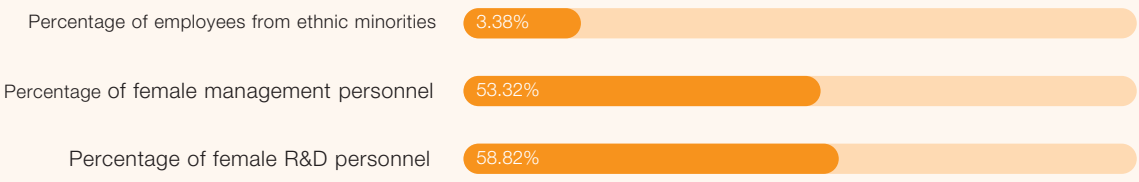
The Group upholds equal pay for equal work and enters into employment contracts with all employees by the law to ensure that employee compensation is not affected by race, ethnicity, gender, religion, place of origin, marital status, age, sexual orientation, gender identity or other factors.

Types and proportion of Sino Biopharmaceutical employees





Diverse team building



Diversified culture building

The senior management of the Group oversees the building and development of the Group's diversified culture and diversity performance. The Group conducts internal surveys and evaluations related to diversity and inclusion, including but not limited to employee satisfaction with diversity, improvements in the Group's diversity and inclusion, etc., solicits views and recommendations from employees, and makes targeted adjustments.

To enhance employees' awareness of diversity and promote more efficient teamwork, the Group will also provide a series of training programmes for employees, including all-employee diversity training at least once a year and unscheduled themed activities, aiming to help employees understand the value of a diverse workforce as well as their roles and responsibilities in working with different teams, departments and regions.

Anti-discrimination and anti-harassment

We maintain a zero-tolerance policy towards all forms of discrimination and harassment (including sexual and non-sexual harassment) in the workplace. The Group conducts anti-discrimination and anti-harassment training for all employees at least once a year, thereby fostering a fair, respectful and inclusive working environment.

We encourage relevant personnel to promptly report any instances of discriminatory or harassing behaviour. We have formulated the Employee Feedback and Complaint Management Policy of Sino Biopharmaceutical, which outlines the channels for reporting discriminatory or harassing behaviour. The aim is to resolutely safeguard the rights and interests of whistle-blowers.

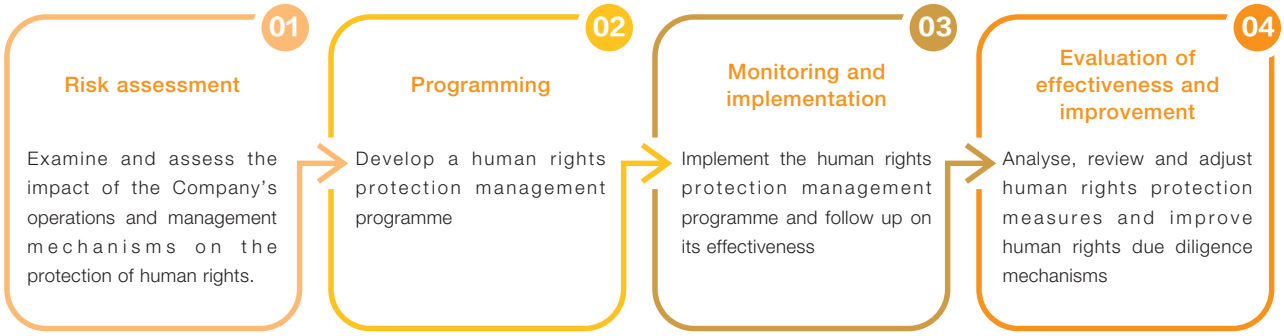
For more information on the process of accepting, investigating, handling and publicising employee complaints and reports, please refer to "Whistle-blowing and Whistle-blower Protection" in the "Compliance Operation" section of this Report.

Human Rights Protection

Sino Biopharmaceutical is committed to upholding the spirit and fundamental principles of human rights protection as outlined in international human rights conventions, including the UN's Universal Declaration of Human Rights, the UN's Guiding Principles on Business and Human Rights, the Ten Principles of the UN Global Compact, the International Labour Organisation (ILO)'s Fundamental Conventions on Core Labour Standards, and the Modern Slavery Act.

The Group has established a systematic human rights due diligence process to routinely examine human rights issues such as forced labour, child labour, human trafficking, freedom of association, right to collective bargaining, equal pay for equal work and discrimination. This process involves assessing potential human rights risks.

Human rights due diligence process



Freedom of association

Sino Biopharmaceutical respects the freedom and rights of association of employees in accordance with the Trade Union Law of the People's Republic of China, the Constitution of the All-China Federation of Trade Unions and other existing laws and regulations, as well as relevant laws and regulations that are newly implemented or amended. The Group and its member companies have established corporate trade unions in accordance with the law, and all employees have the right to participate in trade unions as they wish. Every year, the trade unions organise and convene staff representative meetings covering different ranks, positions and groups to deliberate on key issues concerning employee interests. These meetings facilitate the formation of opinions and suggestions for communication and interaction with relevant companies.

In 2023

Percentage of the Group's regular employees participated in trade unions

100%

Talent Management System

Talent Development Strategy

Sino Biopharmaceutical has always regarded its employees as the most valuable asset and strategic resource, recognising them as the cornerstone of its enduring success. In alignment with the Group's development strategy of "comprehensive innovation, internationalisation, organisational integration and digitisation", we have formulated a comprehensive human resource strategy that focuses on "talent attraction and retention, organisation building and development, talent cultivation and development, and manpower operation and support". Our aim is to position ourselves as a leading global pharmaceutical company by continuously fostering an excellent employee experience and empowering employees to grow.

Comprehensive Human Resource Strategy of Sino Biopharmaceutical

By continuing to build a superior employee experience and empowering employees to grow, we are helping the Company become a leading global pharmaceutical company.

Talent attraction and retention

- Talent profiling for key positions
- Pipeline of top talents
- Internal implementation of Sino Biopharmaceutical's corporate culture
- External buildup of the employer's brand and industry recognition
- Comprehensive compensation and benefit incentive optimization

Organization building and development

- Innovation platform organization building and staff deployment
- Unification of the ranking system
- Continuous iteration of performance management system to motivate employees' momentum
- Unification of overseas business platform and the Group's organization management to achieve internationalization
- Promotion of organizational integration among member companies and establishment of efficient and collaborative organizations

Talent cultivation and development

- Continuously conducting talent inventory and identification of succession and training plans
- Sorting out of the career path of key positions and clarifying their career ladder
- Optimizing and promoting talent cultivation programs of Sino Biopharmaceutical, increasing the exchange of talent among the Group and its member companies, and forming a systematic cultivation mechanism.
- Provision of empowerment learning resources to all employees

Human resource operation and support

- Strengthening human resources data control at the Sino Pharmaceutical Group level through digital tools
- Provision of timely, accurate and reliable human resource operation support to employees
- Improving employee experience by optimizing the efficiency of human resource operation

Integration | Innovation | Globalization | Digitalization

Science for a healthier world

With the strategy of comprehensive human resources as the guide, the Group in 2023 formulated and released the Employee Development Policy of Sino Biopharmaceutical to systematically regulate talent development planning. The Policy sets out a number of employee development programmes, such as the Job-specific Training Programme, Job Rotation Programme, Leadership Development Programme, Succession Programme, Continuing Education for Employees, and Performance Management, so as to ensure that necessary resources are invested in the development of employee knowledge and skills, attract and retain employees, enrich the Group's talent pool, and promote the formation of a sustained talent pipeline. Guided by the Group's talent development plan as a framework, all member companies formulated and refined talent development roadmaps tailored to their specific circumstances. This ongoing process ensured continuous talent cultivation and development efforts, thereby contributing to the realisation of the Group's comprehensive human resources strategy.

Talent development programme of Sino Biopharmaceutical

Job-specific Training Programme

We provide a variety of on-the-job training programmes based on job qualifications and actual business needs, including general skills training, vocational skills training, management skills training, mentor programme by position and needs, and training courses collaborated with external institutes.

Job Rotation Programme

We will carry out annual/semi-annual job rotation programmes for different types of talents to continuously broaden their career path, review individual career development planning, and cultivate composite talents through multi-position challenges.

Leadership Development Programme

We carry out various types of leadership development programmes for development needs of employees at different levels, including theoretical learning, practical job training, themed training camps, intelligent coaching and mini-MBA, which help us to identify and cultivate high-potential employees.

Succession Programme

We conduct a succession programme for all employees to define requirements for successors and the existing talent pool. Through continuous systematic training and coaching, we will continue to improve the competence of our successors until they are fully qualified, a prerequisite for ensuring the integrity and continuity of the talent pipeline.

Continuing Education for Employees

We encourage our employees to pursue further education, support them to participate in various types of training and learning, and provide resources for their further education programmes, including academic education, certification, accreditation, skills training and attendance of forums and conferences.

We encourage employees to participate in external learning and further education by formulating and implementing support policies and measures, such as reimbursement of tuition fees and leave of absence for work time taken up by exams or classes, to obtain academic qualifications, degrees or certificates.

Performance Management

We have introduced the OKR (Objectives and Key Results) management tool that invigorates the organisation and empowers employee development, to enhance work efficiency and ignite team creativity.

Talent Empowerment

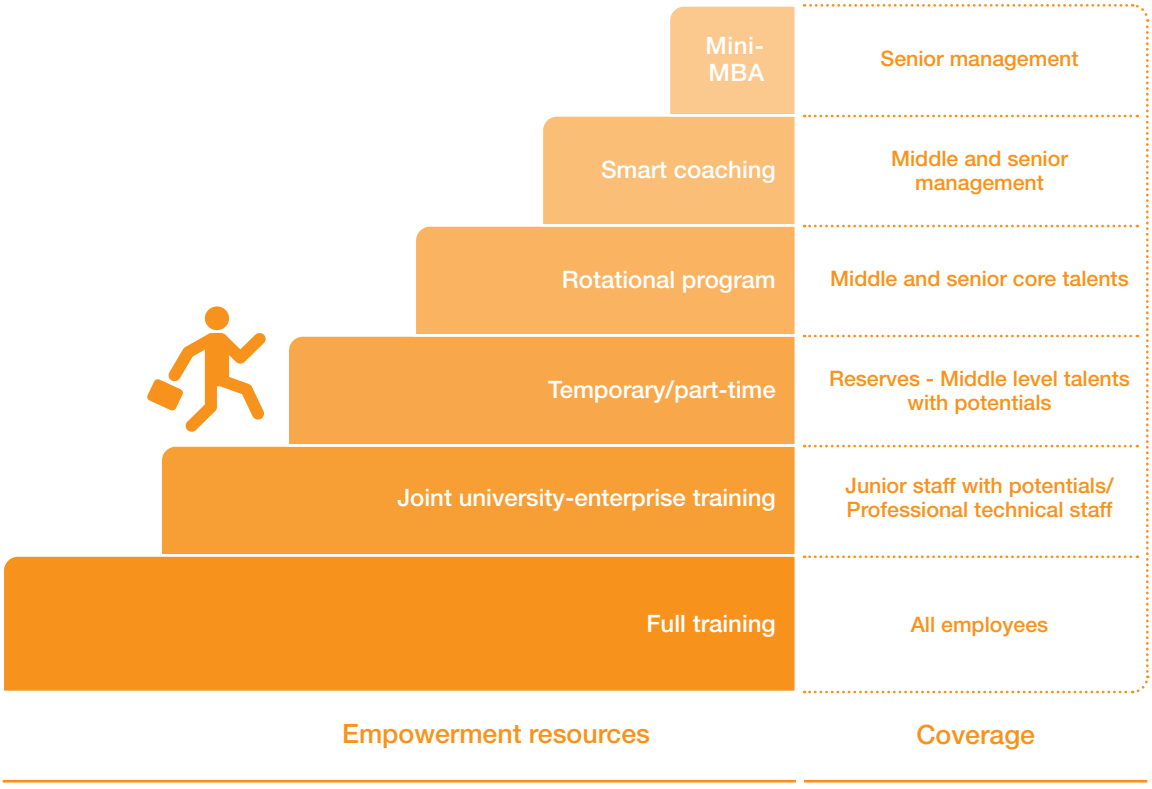
Sino Biopharmaceutical continues to improve its talent training mechanism, fully integrating the personal growth of employees with the actual development needs of the Group. There has formed a talent training system consisting of internal training, external further education and joint training with universities and colleges, to continuously empower the organisation and employees. In 2023, the coverage rate of training for employees reached 100%.

Employee training system

We have formulated and published the Talent Cultivation System of Sino Biopharmaceutical, with the core objective of exploring and cultivating interdisciplinary and professional talents, and guiding each member company to carry out diversified personnel training programmes.

The Group gives full play to superior resources of its core member companies and promotes the quality training resources of the University of CT Tianqing and the training department of Beijing Tide across the board. On the basis of the training for all employees provided by member companies combining their respective circumstances, we facilitate the formation of a mechanism of staff training and talent cultivation featuring leadership by leading enterprises, sharing of quality resources and improvement of all employees.

Sino Biopharmaceutical has an open job rotation mechanism covering the Group headquarters and all domestic and overseas operating entities in place. Nominated employees can choose to rotate between short-term (6 months) or long-term (more than 1 year) positions according to their personal preferences and business needs. Through the job rotation mechanism, the Group provides more cross-regional, cross-entity and cross-departmental learning opportunities for potential employees, helping them to grow continuously while reserving interdisciplinary talents as needed by the long-term development of the Group.



New Employee Development Programme of Sino Biopharmaceutical

With the goal of fostering new employees, member companies of Sino Biopharmaceutical launched the "Tianqing Youth Employee Empowerment" programme. The programme provided knowledge, skills and mindset training tailored for new employees. The learning of cultural policies, professional knowledge relevant to their positions, and workplace skills in three stages helped new hires to fit into the Company more quickly and seamlessly.

The programme was arranged in the form of diversified, visualised, and observational learning. Within 180 days of new employees' joining, a "2+2+2" training mode was employed to provide new recruits with a series of training sessions on intensive cultural experiences, general knowledge and professional skills, enabling them to develop into fully competent employees. In 2023, the Company carried out 17 new employee growth activities, which engaged 934 trainees.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

"The company fosters an inclusive and open atmosphere. A warm smile and a simple greeting immediately made me feel the team's warmth, allowing me to quickly integrate into the team and establish my work goals. Moreover, receiving one-on-one guidance from senior colleagues in the workplace quickly improved my skills and strengthened the bond among team members. Additionally, the regular organisation of team building activities has also facilitated my quick acquaintance with and understanding of my colleagues."

—Zhang Hao, an employee from Development Department, CT Tianqing Runzhong Production Base

University of CT Tianqing

In 2023, responding to the needs for organisational development and business expansion, the University of CT Tianqing devised and implemented targeted talent training and development programmes for various business units. These initiatives aimed to empower both the organisation and its talents, fostering high-performance individuals and teams for the Group.

Corporate culture building

- Improve the concept system of corporate culture and update the "Six-Act" culture interpretation
- Extract and disseminate cultural behaviors best practice, carry out various characteristic cultural projects, and enrich cultural products
- 44 "Six-Act" Culture Workshops were conducted in line with business needs in various areas, which engaged more than 1,500 participants.

Empowering innovation

- An innovation management mechanism was established, which focused on progressing from ideation to implementation, and set up management committee and professional committee
- Live-streaming sessions themed around innovation were conducted for promotional purposes, carry out 2 live broadcasts through TQ Toutiao
- Over 500 innovative proposals were solicited, with nearly 100 proving to be effective, 3 proposals were filed
- Reward effective proposals and give participating teams incentives to deliver on projects that reach milestones

Leadership training

- The fourth session of the "Star of Leadership: Young Staff" programme for youth teams was conducted, selecting 61 young employees to participate in offline training camps.
- The "Star of Leadership: Managers" programme for middle and primary-level management teams was organised to expand its reach, selecting 57 marketing and non-marketing managers to participate in relevant training camps.
- The fourth session of the "Tianqi" training camp for middle and senior-level management teams was hosted, which engaged 218 middle and primary-level managers as participants.
- Promoted the creation of "coaching power", launched the coaching power course, and pushed to more than 200 management personnel of the company

Non-marketing training

- Learning and development paths for talents were charted and empowering projects were tailored for new non-marketing employees, core business personnel, and middle and primary-level managers. Throughout the year, nine training programmes were launched, hosting 136 training sessions that were attended by 10,517 participants.
- Carried out the team leader gas station project, diagnosed the current capacity of 303 team leaders, cultivated the core shortcomings of team leaders based on the diagnosis results, and helped the team fine management.
- Carried out the talent development project of the research institute, promoted the rapid landing of the core competence of R&D personnel, and conducted 5 special training workshops, covering 161 people.

Marketing training

- Pay attention to the introduction of culture and experience in recruiting new employees, and introduce basic product knowledge and skills to establish basic cognition for new employees to enter the market
- Systematic training was offered to academic specialists, product managers, office managers and regional managers at various levels. A total of 859 learning sessions were organised, registering an attendance of 30,473 persons in the year.
- The “Mentor” and “Tianchuang” programmes were continuously advanced with the aim of broadening the coverage of professional marketing skills and boosting relevant capabilities.
- Empowering projects were implemented as per the training plans and development programmes tailored to align with the business characteristics of different divisions.

Improving the effectiveness of training with digital means

- AI intelligent coaches were introduced to provide intensive training on core products, which effectively enhanced the effectiveness of related training sessions. A total of 50 intelligent coaching activities were conducted throughout the year, which engaged 56,475 participants, and more than 190,000 times of practice.

Continuing education of employees

Sino Biopharmaceutical encourages its employees to pursue further education, supports them to participate in various types of training and learning, and provides resources for their further education programmes, including academic education, certification, accreditation, skills training and attendance of forums and conferences. We encourage all employees to participate in external learning and further education by formulating and implementing support policies and measures, such as reimbursement of tuition fees and leave of absence for work time taken up by exams or classes, to obtain academic qualifications, degrees or certificates.

In 2023, member companies of the Group supported 874 employees to participate in external training, reimbursing a total tuition of over RMB1.7 million.

Supporting employee participation in external training

Sino Biopharmaceutical encourages and supports employees to participate in external training and learning activities.

In 2023, CT Tianqing, a member company of the Group, arranged 351 employees to receive external training. These training sessions were primarily divided into three categories: acquiring qualification certificates, such as GCP training examination and special operation qualification certification; enhancing professional skills, such as various professional skills enhancement training courses; and continuing academic education, such as pursuing a doctoral degree.

In 2023, CT Fenghai, a member company of the Group, arranged 223 employees to receive external training. These training sessions were grouped into two types: professional knowledge lectures on lean production management, production technology enhancement, enhancement of drug R&D quality, and upgrading of drug registration, inspection and verification technologies, as well as specialised training courses on human resource management, work injury prevention, and enhancement of digital system application skills.

Supporting employees to pursue further education

Sino Biopharmaceutical encourages and supports its employees to pursue further education. In 2023, NJCTT, a member company of the Group, had 41 employees enrolled in academic education programmes at various levels, including 34 undergraduates, 3 EMBA students at renowned institutions such as Fudan University and Nanjing University, and 4 doctoral students at China Pharmaceutical University, Zhejiang University, etc.

In 2023

Member companies of the Group supported

874 employees to participate in external training

Reimbursing a total tuition of over RMB

170 million

Joint cultivation by institutions

Sino Biopharmaceutical continues to broaden ways for employees to pursue higher education. The Group has established cooperative relationships with a number of prestigious universities and colleges such as Nanjing Tech University and China Pharmaceutical University, entrusting them to offer directed education programmes. Employees are organised to apply for admission to colleges and universities cooperating with the Company and their relevant disciplines. We have built a comprehensive platform for the growth and development of employees in their respective professional fields, fostering a win-win situation between employees' personal career planning and the efficient development of the Company.

Beijing Tide Postdoctoral Research Station

Beijing Tide, a member company of the Group, established its postdoctoral research station upon approval in 2012, which is dedicated to the R&D of new small molecule drugs as well as the in-depth exploration and research in the fields of neuropathic pain and innovative cancer drugs.

Beijing Tide Postdoctoral Research Station has yielded significant economic and social benefits in talent cultivation, scientific and technological innovation and other areas. Since its inception, the station has teamed up with a number of top Chinese universities and colleges, including Peking University Health Science Centre, School of Pharmaceutical Sciences of Tsinghua University, Institute of Biophysics of Chinese Academy of Sciences, Beijing Institute of Technology, Northwestern Polytechnical University, Beijing University of Technology, and West China Medical Centre of Sichuan University. To date, they have jointly recruited 13 postdoctoral candidates into the station, of whom 8 have graduated and 7 have chosen to continue their work there.

Beijing Tide Postdoctoral Research Station has trained a number of outstanding postdoctoral fellows in cooperation with universities. Among them, 6 were awarded the title of "E-Town Talents" and 1 received funding from the "Jinqiao Seed Projects" (Category C) in Beijing. During the operation of the station, one research project was funded by the National Programme for Key Science and Technology Projects, and another research project was selected as one of the projects fostered by leading enterprises in Beijing. These research fellows have collectively applied for 16 invention patents at home and abroad, including 6 PCT international patents.

* The entity of this case is Beijing Tide, a member company of Sino Biopharmaceutical.

Development and Incentives

Sino Biopharmaceutical continues to optimise its talent management approach, enhancing the efficiency of human resources management, actively implementing talent development initiatives, and strengthening the employee incentive mechanism. These efforts propel employees' personal growth and the realisation of corporate goals in parallel. In 2023, the Group achieved a return on investment in human capital of 551%.

Talent pipeline construction

Sino Biopharmaceutical continuously invests resources in actively recruiting and nurturing talent. The Group supports the establishment of a sustained talent pipeline through diversified talent acquisition strategies, which collectively drive its innovative development. In 2023, Sino Biopharmaceutical recruited 4,551 primary-level employees and 74 management employees.

Sino Biopharmaceutical places significant emphasis on discovering and nurturing talent on campuses. The Group has forged deep collaborative ties with many higher education institutions in China. Through joint initiatives such as establishing training bases and developing university-enterprise cooperation programmes, we broaden the talent acquisition network of the Group while providing a practical platform for these institutions.

In its efforts to attract high-end personnel, the Group has established a talent pool for employees in senior positions, ensuring a sustained focus on top-notch talent in the industry. Additionally, we have forged solid long-term partnerships with a number of professional human resources service organisations to secure opportunities for acquiring capable persons.

In 2023

Number of primary-level employees recruited

4,551 person

Number of management employees

74 person

Return on investment in human capital

551 %

Employee Core Competency Training Camp for University Students

To improve the core competences of university students and assist fresh graduates in better fitting into society and realising their self-worth, a member company of Sino Biopharmaceutical teamed up with China Pharmaceutical University to organise the Third Employee Core Competence Training Camp for University Students. This camp, featuring a blend of online and offline methods as well as theoretical concepts and practical applications, offered courses covering self-management, job hunting, productivity tools, communication, career planning, innovation, and more. It helped 150 students from economically disadvantaged families or ethnic minorities and those facing challenges in finding jobs.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

Practical Education Base of Higher Education Institutions

To further improve the quality of practical talent training, member companies of Sino Biopharmaceutical maintain cooperation with a number of colleges and universities, serving as their practical education bases. Among them, CT Tianqing signed practical education base agreements with China Pharmaceutical University, Jiangsu Normal University, Wannan Medical College, Changchun University of Chinese Medicine, Jiangsu Health Vocational College and Zhengzhou University in 2023. These agreements enabled the provision of hands-on teaching courses and job internships for university students, facilitating their growth and development.

Sino Biopharmaceutical attaches great importance to developing a sustained talent pipeline and is dedicated to building a stable, sustainable and dynamic workforce. In our endeavours to nurture young talent, we encourage and support more young individuals to assume core positions, injecting fresh impetus into the long-term development of the Group. We continue to recruit highly educated employees to provide robust support for the implementation of our "comprehensive innovation" and "internationalisation" strategies. As at the end of the reporting period, the Group employed 202 individuals with PhDs and 2,489 individuals with master's degrees. Additionally, 58.8% of our staff held a bachelor's degree or higher.

As at the end of the reporting period

The number of doctoral degree holders	Master's degree holders	The proportion of employees with bachelor's degree or above
202 person	2,489 person	58.8%

Performance management and motivation

Sino Biopharmaceutical adheres to the performance management principles of goal orientation, full participation, objectivity and fairness and adequate communication. The Group has formulated and implemented the Performance Management Policy of Sino Biopharmaceutical applicable to the Group and its member companies, which explicitly lists data and facts as criteria to ensure the fairness, impartiality and openness of employee performance appraisal. Additionally, we have introduced the OKR management tool with the aim of enhancing organisational vitality and empowering employee development. This tool forms the basis of a comprehensive performance management regime, which consists of five major components: performance objective setting, performance interviews, performance appraisal, performance results and applications, and performance feedback and review.

Performance management system

Performance objective setting	After the Group nails down the annual overall objectives, employees at all levels will set their annual performance targets based on the Group's strategic objectives, along with departmental objectives, individual job responsibilities and annual work tasks.
Performance interviews	Performance interviews are conducted throughout the year, including, but not limited to, performance goal setting interviews, personnel change interviews, talent development interviews, and mid-year/end-of-year performance appraisal interviews.
Performance appraisal	The performance appraisal evaluates various aspects such as task completion, execution ability, communication and coordination skills and leadership. The appraisal results are categorised into five grades, including excellent, outstanding and qualified.
Performance results and applications	This covers various aspects, including performance bonus accounting, annual salary adjustment, promotion, post adjustment, talent development, and more.
Performance feedback and review	Employees who have comments on or objections to the performance appraisal results may communicate with their direct supervisor to resolve related issues. If there is still any disagreement, they can submit written complaints to the Human Resources Department within five working days after learning about the appraisal results.

In 2023, Sino Biopharmaceutical continued to optimise its performance incentive mechanism. The Group has set up the Performance Management Committee, with the Human Resources Centre responsible for performance objective setting, collaboration and coordination, and assessment management and application. This committee guides employees to align with corporate objectives and develop in tandem with the Company.

Sino Biopharmaceutical has always recognised and incentivised value creation. To ensure the ongoing attraction of core talents, the Group keeps implementing the Employee Stock Ownership Plan (ESOP), which facilitates a virtuous circle between employee growth and corporate development, fostering long-term value collaboratively.

Employee promotion and development

Sino Biopharmaceutical is dedicated to offering every employee a clear career development trajectory. We have formulated the Employee Promotion Management Policy of Sino Biopharmaceutical, which clearly defines the ranking of all employees in R&D, production, sales and other positions, the qualification requirements for promotion and advancement, and the corresponding reporting process. This ensures fairness and justice in internal career development within the Company and fosters rapid talent growth. In 2023, the Group persisted in refining the job hierarchy, delineating job responsibilities and promotion rules, and further specifying career development paths and incentive mechanisms.

Optimising the job hierarchy with the R&D system

In the fourth quarter of 2023, a member company of Sino Biopharmaceutical launched an initiative to optimise the job hierarchy within the R&D system. As a result, a new job hierarchy was developed for R&D staff, outlining the job titles and promotion paths at various levels. This initiative aimed to align the ranks of R&D staff with management roles, further incentivising the promotion and development of employees within the technical sequence.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

"The company's expansive career development platform allows me to reach my full potential and feel valued and acknowledged. In the journey ahead, I eagerly anticipate continuing to grow and advance alongside the company."

——Xing Chunyan, a model employee from Human Resources Department, Beijing Tide in 2023

Employee Communication

Employee Satisfaction

Sino Biopharmaceutical attaches great importance to employee needs and conducts all-employee satisfaction surveys annually to listen to their voices, comprehend their genuine demands and expectations, pinpoint potential management problems, and enhance organisational effectiveness through viable management measures. This effort aims to create a superior working environment and experience for employees.

In 2023, the Group conducted an employee satisfaction survey, collecting over 8,200 questionnaires, 88% of which were deemed effective. The survey results showed that employee satisfaction rate reached 91.2% in 2023, representing an increase from the previous year.

In 2023

Employee satisfaction rate

91.2%

Composition of the questionnaire	• Corporate culture and values • Teamwork and cooperation • Performance incentives and support	• Training and career development • Salary and benefits • Work environment and safety
Survey results	• In 2023, the Company placed greater emphasis on fostering a positive organisational and team atmosphere, ensuring employees felt a sense of warmth and camaraderie. • During the year, the top-performing/high-potential employee development and enhancement programme was implemented in alignment with the talent strategy. This initiative aimed to bring out the full potential of employees and contribute to the achievement of organisational goals. • The future focus will be on strengthening managers' skills in coaching their subordinates. • In the future, it will be vital to consistently strengthen employees' understanding of corporate values, foster greater integration of corporate culture, and enhance emotional communication between employees and the Company.	
Planning for improvement	• Emphasis will be placed on sharpening managers' abilities to counsel their subordinates in creating individual development plans (IDPs). • Career development paths will be systematically optimised and expanded for employees, especially for frontline production and sales staff. • Priority will be given to retaining core talent retention and acquiring external talent. • The salary system will be optimised, incorporating additional appraisal indicators. • A larger number of specialised and diversified training systems will be put in place to increase opportunities for external exchange and learning. • Various activities will be carried out within the Company to facilitate employees' understanding and recognition of the corporate culture. • A wider range of team activities will be conducted to enhance the sense of belonging among employees.	

Sino Biopharmaceutical was named "Forbes China's Best Employer of the Year" and "Forbes China's Most Digitally Responsible Employer of the Year"

On 28 August 2023, Forbes released its list of "2023 Forbes China Best Employers". Sino Biopharmaceutical was awarded the titles of "Forbes China's Best Employer of the Year" and "Forbes China's Most Digitally Responsible Employer of the Year".

Whistle-blowing and Complaints

Sino Biopharmaceutical highly regards and values the input of its employees. The Group has formulated and implemented employee feedback and complaint management policies, outlining communication methods and channels for lodging complaints. Additionally, we protect employees who blow the whistle on wrongdoing.

The Group has formulated and implemented the Employee Feedback and Complaint Management Policy of Sino Biopharmaceutical to promptly handle reports and complaints brought forward by employees and to thoroughly investigate any instances of non-compliance. Upon receiving a report or complaint, the Group meticulously assesses the facts and, when necessary, provides feedback on the investigation findings to the reporting individual. If misconduct is substantiated, the Group takes requisite corrective measures. Moreover, the Group accepts reports on any instances of retaliation against whistle-blowers, maintaining a zero-tolerance stance on such behaviour.

Employee feedback and complaint channels

- Reports to the supervisor or the HR department
- Employee congress, in which all employees have the right to participate independently, forming opinions and providing suggestions on key issues that directly affect them
- Helpline within the office automation (OA) system
- Anonymously accessible question answering service within the OA system
- Reporting issues to the internal audit departments via email at Sbox@sino-biopharm.com
- Reporting issues to the Chairperson via email

For more information on the process of accepting, investigating, handling and publicising employee complaints and reports, please refer to “Whistle-blowing and Whistle-blower Protection” in the “Compliance Operation” section of this Report.

Employee Care and Benefits

Sino Biopharmaceutical pays high attention to the well-being of employees. The Group has formulated employee salary and welfare policies and continuously improved various employee benefits. We are committed to providing our employees with competitive remuneration and benefits within the industry and local community. We strictly comply with national and local laws and regulations, comprehensively protecting the basic welfare of employees. All employees are entitled to "five social insurance and one housing provident fund" benefits, along with statutory holidays.

In addition to the mandatory benefits stipulated by law, the Group provides all employees with a comprehensive package of non-remuneration benefits, addressing various aspects of employees' work and life from their recruitment to retirement. This holistic approach ensures that employees and their families receive comprehensive care and support throughout their journey with the Company.

Non-statutory benefits[7]

I want to have a home
1. Housing allowance
2. Staff dormitory

Life in Sino Biopharm
1. A variety of staff activities (sports day, lake run, cloud run, various sports competitions)
2. A complete range of facilities (billiard room, badminton room, chess and cards room, gymnasium, library, soccer and basketball court, etc.)
3. Exclusive Starbucks coffee

No one is Ironman
1. Basic medical plan for employees
2. Charity fund
3. Office medication kit
4. Union consolation money for hospitalization
5. Employee medical checkup (onboarding, annual, occupational disease)
6. Single child care leave

Travel whenever you want
1. Departmental travel
2. Vacation reward for outstanding staff

Employee growth
1. Career development for everyone – career development programs
2. Group training programs for all levels – new employee growth/sales staff/finance staff/team leaders, etc.
3. Leadership development – Star Youth Program
4. Lectures by senior management – cloud architects
5. The power of role models – Expert workshop
6. Open mind – innovation week and innovation Fair
7. Game sense learning – Qingxiao

Warm workplace
1. Onboarding announcements
2. Promotion announcements
3. Hot summer offerings
4. Birthday benefits (e-wishes and birthday gifts)
5. Union bereavement leave and condolence payment
6. Care of military and medical staff
7. Holiday gift money

I'm retiring
1. Union retirement gift set
2. Holiday offering
3. Birthday benefits

Family happiness
1. Marriage leave (siblings, children)

I'm having a baby
1. Maternity leave (prenatal care checkups
2. Parental leave
3. Mother and baby room
4. Kindergarten/primary school
5. University bonus for children
6. Medical reimbursement for urban and rural residents

Statutory benefits

Social insurance (including basic pension insurance, basic medical insurance, unemployment insurance, work injury insurance, maternity insurance) and housing provident fund

Statutory holidays, including rest days, statutory holidays, paid annual leave, sick leave, marriage leave, maternity leave, breastfeeding leave, bereavement leave and work injury leave.

[7] The above non-statutory benefit system is a summary of the overall employee benefits of Sino Biopharmaceutical in 2023, and the implementation of individual benefit programs may vary between different member companies.

Sino Biopharmaceutical cares about the physical and mental well-being of its employees, encouraging them to strike a work-life balance and organising a variety of employee activities to enhance their sense of belonging.

Sino Biopharm Corporate Family Day event

On 29 August 2023, Sino Biopharmaceutical held its annual Corporate Family Day event. The purpose was to showcase the Company's warm and harmonious corporate culture and working environment to the family members of employees, fostering interaction and understanding between them and enhancing the overall sense of happiness among staff members.

During the one-day event, the Group provided an engaging and affectionate communication platform for employees and their families, with a variety of activities, including a hip-hop performance, clown magic show, graffiti skateboard painting and parent-child interactive game. The activities garnered an enthusiastic response and active participation from employees and their family members, who shared an unforgettable and heart-warming experience together. The success of the Family Day event not only gained wide praise from employees and their families, but also injected fresh vitality into the corporate culture.



"Exploring a Sustainable Future" ESG event

On 20 August 2023, a member company of Sino Biopharmaceutical hosted an event themed "Exploring a Sustainable Future". The event was designed to educate employees and their children about the concepts related to the UN's SDGs and integrate ESG into its corporate culture through an engaging and educational approach.

The event featured a variety of games that helped children and their parents to explore and understand the connection between daily life and sustainable development. These games were designed to encourage participants to contribute to achieving the SDGs through practical actions, while keeping the experience enjoyable and engaging. To better disseminate scientific knowledge, the event offered a range of prizes, including DIY eco-friendly canvas bags, SDG-themed puzzles and children's picture books recommended by the UN, which could help the children's understanding and memory of sustainable development concepts.

The event was organised under the principle of achieving the desired impact while adhering to sustainability practices – from the production of materials to the procurement of prizes, all using eco-friendly and recyclable materials. This approach was a tangible demonstration of sustainable development in action.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

Fitness Run campaign

CT Tianqing, a member company of Sino Biopharmaceutical, has been organising the Fitness Run campaign annually since 2020. Initiated by Mr. Tse, Eric S Y, chief operation officer of Sino Biopharmaceutical and chairman of the board of directors of CT Tianqing, the campaign has steadily gained popularity. Over the past four years, an increasing number of employees have participated in it.

In the fourth season, the Fitness Run campaign included 26 running activities. On the closing night, 65 employees who participated in all the activities were honoured with certificates and medals for perfect attendance. Additionally, trophies and medals were awarded to employees who made special contributions to the event and to team members who actively participated.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

"The company's caring culture acts as a bonding agent, drawing employees closer to their families and fostering better communication between parents and children. This not only increases the happiness within individual families, but also strengthens the cohesion within the larger company family, bridging the gap between the personal and professional lives of our employees.

— Huang Yexin, human resource specialist from NJCTT Human Resource Management Centre"

Occupational Health and Safety

Sino Biopharmaceutical prioritises the health and safety of its employees, striving to create a healthy, safe and comfortable working environment. Following a policy of "safety first based on prevention and comprehensive control", the Group continuously improves the health and safety management system, diligently assumes workplace safety responsibilities, and safeguards the occupational health and safety of employees. In 2023, Sino Biopharmaceutical did not incur any major workplace safety accidents.

Occupational Health and Safety Management System

Sino Biopharmaceutical has developed and implemented an occupational health and safety management system that covers all employees in strict accordance with the Law of the People's Republic of China on Workplace Safety, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other relevant laws and regulations as well as the Occupational Health and Safety Management System: Requirements with Guidance for Use (ISO45001).

Sino Biopharmaceutical sets workplace safety as a management objective. All employees have signed a letter of responsibility and commitment to workplace safety, pledging to fulfil their safety duties and strive for zero accidents. At the same time, the Group continues to improve the assessment and prevention mechanism for occupational health and safety risks, bolstering its risk emergency response capability to ensure the health and safety of employees.

As at the end of the reporting period, five member companies of the Group obtained workplace safety standardisation certificates and three member companies acquired ISO 45001 certification for their occupational health and safety management systems.

We conduct all-round and ongoing inspections on the current status of workplace safety management to ensure the effectiveness of our management measures and minimize risks and hidden hazards. During the reporting period, Sino Biopharmaceutical underwent 321 internal and external safety inspections, conducted by the regulatory authorities of the locations where its member companies operate, internal functional departments and professional third parties. The rectification rate of various types of safety hazards reached 100%.

Workplace Safety Culture Building

Fostering a workplace safety culture is pivotal to raising staff's safety awareness and management skills. Sino Biopharmaceutical remains steadfast in building such a culture. Leveraging occasions like "safe production month", and "fire protection month", the Group carries out a wide range of cultural building activities that cover all employees, including workplace safety emergency drills, safety knowledge training and accident warning education to bolster staff's sense of responsibility and emergency response skills regarding workplace safety.

In 2023, the Group conducted 200 safety emergency drills. Workplace safety and occupational health training covered 100% of employees. On average, each employee received 4.9 hours of such training during the year.

In 2023

Number of safety emergency drills conducted

200

Workplace safety and occupational health training covered

100%

Safety and occupational health related training hours per employee

4.9

"Safe Production Month" event of Sino Biopharmaceutical

In June 2023, a member company of Sino Biopharmaceutical organised the "Safe Production Month" event under the theme of "everyone talks about safety, everyone knows how to respond to emergencies". The primary aim was to enhance workplace safety management practices across the organisation.

During the event, the company used slogans, bulletin boards and other promotional tools to conduct safety publicity. It vigorously disseminated workplace safety guidelines and policies, relevant laws and regulations, as well as general knowledge on fire prevention and occupational health to foster a conducive atmosphere for the campaign. At the same time, a variety of activities, including workplace safety pledge (taking an oath and signing their name), specialised safety education, emergency and safety knowledge contest, and accident warning education, were hosted to fully engage staff in workplace safety and enhance safety awareness of employees at all levels, laying a solid foundation for improved safety management practices.

* The entity of this case is CP Pharmaceutical (Qingdao), a member company of Sino Biopharmaceutical.

Sino Biopharmaceutical conducted first aid training

In 2023, a member company of Sino Biopharmaceutical invited the medical staff from the Second People's Hospital of Lianyungang to conduct a first aid training session within the production area. The session covered CPR, Heimlich maneuver, four basic trauma care procedures, and procedures for handling eye injuries caused by strong acids and alkalis, among other first aid measures. Through a combination of theoretical knowledge training and practical exercises conducted on-site, the trainees gained proficiency in both the theoretical principles and practical skills of emergency rescue. Under the guidance of professional first aid doctors, this initiative enhanced the staff's awareness of first aid safety and their competence in responding effectively to emergencies.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

07
Social Contributions

Our principles and objectives

Sino Biopharmaceutical actively undertakes corporate social responsibilities (CSRs) and engages in various public welfare undertakings. The Group is committed to supporting community development, enhancing medical capacity within communities, fostering industry development, and advancing progress. With these efforts, we aim to play a role in enhancing the well-being of mankind.

Contribute to the following SDGs

Honours and awards

Yicai The Corporate Social Responsibility Ranking in China: Social Innovation Contribution Award

Awarding body	Awardee
YICAI	Sino Biopharmaceutical

KPIs in 2023

Total contribution in public welfare

5,677.74 RMB10,000

Attendance in public welfare activities

4,196 Participants

Time of employee participation

5,195.5 Hours

Social Welfare

Sino Biopharmaceutical always pays great attention to the needs of society, actively undertakes social responsibilities, and contributes to public welfare development. Focused on charitable donations, disaster relief, rural revitalisation and inclusive healthcare, the Group continuously engages in philanthropic activities, aiming to enhance the well-being of humanity.

During the reporting period, Sino Biopharmaceutical invested RMB56.78 million in public welfare, with 4,196 employees participating in public benefit activities that lasted 5,195.5 hours.

Types of public welfare activities	Unit	2023
Total investment in public welfare	RMB10,000	5677.74
Disaster relief	RMB10,000	852.43
Rural revitalisation	RMB10,000	36.77
Donation to education	RMB10,000	17.00
Fight the epidemic	RMB10,000	35.40
Charitable donations	RMB10,000	3,092.55
Inclusive healthcare	RMB10,000	1,643.59

During the reporting period

Total investment in public welfare

5,677.74 RMB10,000

Attendance in public welfare activities

4,196 participants

Time of employee participation

5,195.5 hours

Disaster relief

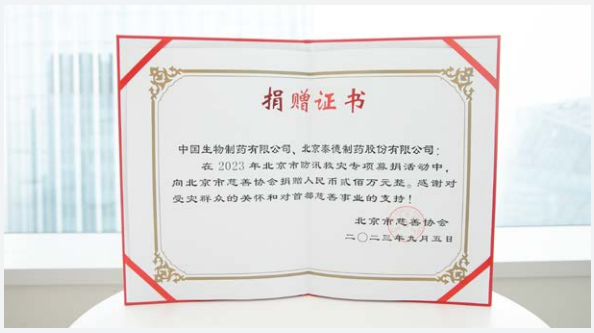
In 2023, China was hit by a number of major natural disasters such as the extreme rainfall in the Beijing-Tianjin-Hebei region and the earthquake in Jieshishan County of Gansu, which caused significant casualties and economic losses. Sino Biopharmaceutical actively undertook its CSRs, getting promptly involved in the rescue and reconstruction efforts.

Sino Biopharmaceutical donated RMB5.5 million of drugs and foodstuffs to Gansu earthquake victims

On 18 December 2023, a 6.2 magnitude earthquake struck Jieshishan County, Linxia Prefecture, Gansu Province, causing heavy loss of life and severe property damage. Responding swiftly to the national call for aid, Sino Biopharmaceutical mobilised its member companies to initiate an emergency relief effort. Together, they donated medicines and foodstuffs valued at RMB5.5 million to the affected areas. These donations included essential medicines crucial for medical treatment such as anti-infectious agents, pain relievers and post-operative nutritional supplements. Additionally, convenient food items suitable for consumption in emergency situations were provided. These contributions were utilised for treating the injured and supporting affected communities, underscoring the pharmaceutical company's dedication and sense of responsibility during times of crisis.

Sino Biopharmaceutical donated RMB2 million to support the reconstruction of disaster-stricken areas in Beijing

In July 2023, the Beijing-Tianjin-Hebei region experienced an unprecedented bout of extreme rainfall, resulting in severe flooding. In the face of this natural disaster, Sino Biopharmaceutical rallied its member companies to take action. Together, they donated RMB2 million to the Beijing Charity Association. This contribution was specifically directed towards supporting the post-disaster reconstruction efforts in the flooded areas of Beijing and helping the affected individuals and families rebuild their homes.



Inclusive healthcare

Sino Biopharmaceutical leverages the unique characteristics and resource strengths of the pharmaceutical industry to carry out a variety of public welfare initiatives, such as donating medicines, establishing platforms for public welfare donations, and disseminating medical knowledge among the public.

Qingkeyi® donation programme

The Qingkeyi® donation project, initiated by CT Tianqing in collaboration with the Beijing Public Health Foundation in 2020, aims to assist low-income breast cancer patients and those burdened by hefty medical expenses. Through this initiative, the company provides fulvestrant injection free of charge to eligible patients across the country. This support ensures that these individuals can access timely and effective treatment without financial strain.

The programme has made a significant impact since its inception, benefiting more than 4,000 breast cancer patients by reducing their financial burden and enhancing their quality of life. The positive reception from patients underscores the effectiveness of the initiative.

Note: With the inclusion of Qingkeyi® (fulvestrant injection) in the national catalogue of medicines under centralised procurement in November 2023, the price of the product dropped significantly. This change is expected to substantially lessen the financial burden on patients. For this reason, the Qingkeyi® donation programme will be terminated in regions where the product is included in the centralised procurement catalogue.

"Starry Sky Action" tumour patient care campaign

To help tumour patients have a better understanding and knowledge of their diseases and lead a better life, Beijing Public Health Foundation initiated the "Starry Sky Action" tumour patient care campaign. CT Tianqing, a member company of Sino Biopharmaceutical, not only provided sponsorship but also actively engaged its sales staff as volunteers.

The "Starry Sky Action" campaign served as a platform for various stakeholders, including medical experts, pharmaceutical companies, public welfare organisations and media outlets, to come together and support oncology patients. Through a diverse range of activities, such as lectures, interactive Q&A sessions, gift-making and free clinics, the campaign aimed to disseminate positive anti-cancer concepts, enhance the understanding of diagnosis and treatment among patients and their families, and provide invaluable support and care to them.

The campaign commenced in October 2023. During the reporting period, nearly 400 patient care activities were carried out nationwide. Looking ahead to 2024, there are plans to expand the coverage of the campaign to encompass more cities, with the aim of extending care and support to a broader population of patients and their families.

Sino Biopharmaceutical steadfastly upholds the business tenet of "Three Benefits Principle". In support of the "Healthy China" strategy, the Group leverages its resource strengths, actively engaging in the upgrading of national pharmaceutical standards. We collaborate closely with industry associations, and support in the development of local medical capabilities. Through these efforts, Sino Biopharmaceutical contributes to the high-quality and sustainable development of the pharmaceutical industry.

A member company of Sino Biopharmaceutical was invited to participate in the compilation of the national GMP standards

In 2023, the production quality team of CT Tianqing, a member company of Sino Biopharmaceutical, was invited by the Food and Drug Audit and Inspection Centre of the National Medical Products Administration to contribute to the preparation and compilation of two sub-volumes of the GMP standards (second edition): "Quality Management System" and "Oral Solid Dosage Forms and Non-sterile Inhalation Preparations". This collaboration aimed to enhance GMP practices within the pharmaceutical industry and bolster the company's influence in the sector.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

Sino Biopharmaceutical got actively involved in the development of local standards in Jiangsu Province

Sino Biopharmaceutical actively responded to the request from the Jiangsu Technical Committee for Pharmaceutical Standardisation to contribute to the local standards of Jiangsu Province in 2023. Recognising deficiencies in existing industrial standards, the Group independently developed the Rapid Identification of Solid Raw and Auxiliary Ingredients in Transparent Packaging for Pharmaceutical Manufacturing: Raman Spectroscopy, which was approved as a local standard in Jiangsu Province for 2023.

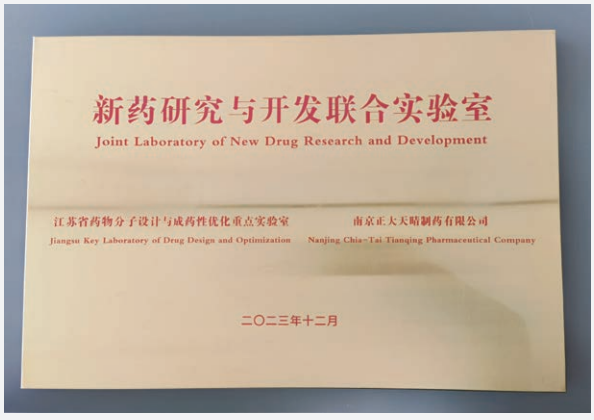
In addition, the Group worked with Shanghai Centre for Drug Evaluation and Inspection, the Audit and Inspection Centre of Jiangsu Medical Products Administration among other entities to draft the Guidelines for the Continuous Manufacturing of Biological Products. This document, established as a local standard, enhanced the collection of local standards and fostered the rapid development of biopharmaceutical technology.

* The entity of this case is CT Tianqing, a member company of Sino Biopharmaceutical.

On 15 December 2023, a ceremony was held to inaugurate a science and technology service station between the Pharmaceutical Research Institute of NJCTT, a member company of Sino Biopharmaceutical, and the Jiangsu Province Pharmaceutical Association.

In the future, the Pharmaceutical Research Institute of NJCTT will continue to enhance its support for the science and technology service station. Leveraging the talent and technological strengths of the Key Laboratory of Drug Molecular Design and Optimisation in Jiangsu Province, NJCTT will bolster its weak links in the R&D of innovative drugs, and accelerate cooperation between industries, universities, and research institutes in integrating generic and innovative drug development, ultimately benefiting a wide range of patients.

* The entity of this case is NJCTT, a member company of Sino Biopharmaceutical.



The Lighting up the World Project, jointly launched by CT Tianqing, a member company of the Group, in cooperation with Shuidi GongYi and the China Social Assistance Foundation in 2020, aims to raise funds for families of patients in need to support their follow-up treatment and help patients with serious illnesses and their families to get rid of difficulties. As at the end of the reporting period, the total amount of funds raised by the platform was more than RMB27 million, and the number of participants in fundraising exceeded 1.5 million. Meanwhile, the project has grown into a platform for disseminating medical knowledge among the public, which consists of three special sections: "Cancer Differences", "Neoplastic Hematologic Disorder" and "Women in the Workplace". To date, the platform has put online more than 20 public welfare science courses, contributing to the promotion of health education and awareness.

As at the end of the reporting period

The total amount of funds raised by the platform was more than

RMB **27** million

The number of participants in fundraising exceeded

1.5 million

晴空计划
LIGHTING UP THE WORLD

The Lighting up the World Project: children's activities

On the occasion of Children's Day in 2023, the Lighting up the World Project launched two offline interactive activities, aiming to bring together the strengths of various parties to safeguard children's growth.

The "Let's Talk" feature programme invited children to express their views on public welfare, thereby encouraging them to appreciate the value of life, learn about philanthropy and engage in charitable activities. The "Painting Together" activity invited children to create artworks, conveying their support for peers in need. All the paintings, along with schoolbags, were donated to children facing challenges.

Lighting up the World Project on Campus: disseminating first aid knowledge among teachers and students

In December 2023, the Lighting up the World Project held an engaging and lively first aid course for over 50 students and teachers from Class 4, Grade 1, Yaotou Central Junior High School in Xinhe County, Xingtai City, Hebei Province.

In the classroom, trainers imparted first aid knowledge and skills such as CPR, trauma treatment, bandaging and operation of AED equipment to the students and teachers. Through easily comprehensible explanations and targeted guidance and hands-on drills, they gained a comprehensive understanding of basic first aid principles, enhancing safety awareness within the school environment.

Charity

Sino Biopharmaceutical is actively involved in charitable activities, continuously increasing its philanthropic investment. In 2023, the Group and its member companies made a number of charitable donations.

Beijing Tide, a member company of the Group, signed an assistance agreement with a village committee in Inner Mongolia, demonstrating its commitment to rural revitalisation.

CT Tianqing, a member company of the Group, donated RMB**90,000** to Donghai County Assistance Team to advance rural revitalisation on all fronts.

CT Fenghai, a member company of the Group, donated a total of more than RMB**400,000** to Dafeng District Charity Foundation in Yancheng City.

CT Tianqing, a member company of the Group, donated RMB**300,000** worth of medicines to the Linquan County Red Cross Society.

CT Fenghai, a member company of the Group, paired with Chengwen Village, Caoyan Town to carry out village activities, donating RMB**50,000** to the Jiangsu Provincial Social Assistance Foundation.

CT Tianqing, a member company of the Group, donated more than RMB**500,000** worth of medicines to the Jiangsu Charity Federation to support Jiangsu Education Technology Trade Union in its paired assistance activities in 2023.

CP Pharmaceutical (Qingdao), a member company of the Group, participated in a rural revitalisation project led by Chengde County, Chengde City, Hebei Province. As part of this initiative, the company purchased agricultural and sideline products worth RMB**127,700** from the county.

CT Qingjiang, a member company of the Group, donated RMB**50,000** to Qingjiangpu District Charity Federation in Huai'an City for the relief of workers in difficulty.

"In the post-pandemic era, the needs of society are diversified and complicated. People's demand for health and safety, economic employment, digital services, and community governance has increased significantly. As a responsible corporate citizen, under the unwavering principle of giving back to the society, Sino Biopharmaceutical will combine its own industrial advantages, further deepen its ties with the community and even society, strengthen its understanding of the real needs of society. We will ensure strong support for community capacity building with a sustainable and sound community investment mechanism, pay attention to the sustainability and long-term benefits of public welfare actions, create more value for the community, and promote the harmonious coexistence between enterprises and communities."

——ESG Work Management Committee of Sino Biopharmaceutical

Appendices

I. Independent Assurance Report

INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No: SRA- 807202

SINO BIOPHARMACEUTICAL LIMITED
2023 Environmental, Social, and Governance (ESG) Report

The British Standards Institution is independent of SINO BIOPHARMACEUTICAL LIMITED, and its subsidiaries (hereafter referred to as "SINO BIOPHARMACEUTICAL" collectively in this statement), and has no financial interest in the operation of SINO BIOPHARMACEUTICAL other than for the assessment and assurance of SINO BIOPHARMACEUTICAL's 2023 Environmental, Social, and Governance (ESG) Report (the "Report").

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of SINO BIOPHARMACEUTICAL's 2023 Environmental, Social, and Governance (ESG) Report presented by SINO BIOPHARMACEUTICAL. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and adequate.

Scope

The scope of engagement agreed upon with "SINO BIOPHARMACEUTICAL" includes the following:

1. The assurance scope is consistent with the description of SINO BIOPHARMACEUTICAL's 2023 Environmental, Social, and Governance (ESG) report. The Report is prepared in accordance with Hong Kong Stock Exchange （HKEX）Appendix C2 Environmental, Social and Governance Reporting Guide and refer to the Global Reporting Initiative（GRI）2021 standards.
2. Type 2 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard v3 ("AA1000AS v3") evaluates the nature and extent of SINO BIOPHARMACEUTICAL adherence to four reporting principles: Inclusivity, Materiality, Responsiveness and Impact. Therefore the reliability of specified sustainability performance information/data disclosed in the Report has been evaluated.

Opinion Statement

We conclude that the Report provides a fair view of SINO BIOPHARMACEUTICAL's sustainability plan and performance in the reporting year. The Report subject to assurance is free from material misstatement based upon evaluation within the limitations of the scope of the assurance, the information and data provided by SINO BIOPHARMACEUTICAL and the samples taken. Based on our work described in the verification report, nothing has come to our attention that causes us to believe that data and information stated in the Reporting Organization's ESG Report is not correctly presented or with omission, in any material respects or that Inclusivity, Materiality Responsiveness and Impact based on AA1000 criteria are not correctly addressed. We believe that the Environmental, Social and Governance general disclosure and key performance indicators are fairly represented in the Report, in which SINO BIOPHARMACEUTICAL's efforts to pursue sustainable development are recognized by its stakeholders.
Our work was carried out by a team of sustainability report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered SINO BIOPHARMACEUTICAL has provided sufficient evidence that SINO BIOPHARMACEUTICAL self-declaration of compliance with the Hong Kong Stock Exchange （HKEX） Appendix C2 Environmental, Social and Governance Reporting Guide were fairly stated.

For and behalf of BSI:

Michael Lam – Managing Director Assurance, APAC

Issue Date: 2024-04-22 Effective Date: 2024-04-22

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Page: 1 of 2

The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its ESG more particularly described in the scope. It was not prepared for any other purpose. The British Standards institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by The British Standards Institution of information presented to it by the above named client. The review does not extend beyond such information and is solely based on it. In performing such review, The British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above name client only.

Statement No: SRA- 807202

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to SINO BIOPHARMACEUTICAL policies to provide a check on the appropriateness of statements made in the Report.
- Discussion with senior executives on SINO BIOPHARMACEUTICAL approach to stakeholder engagement. We had no direct contact with external stakeholders.
- Interview with staff involved in sustainability management, report preparation and provision of report information.
- Review of key organizational developments.
- Review of supporting evidence for claims made in the Report, and
- An assessment of the SINO BIOPHARMACEUTICAL reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles(2018) Standard ("AA1000AP (2018)").

Conclusions

A review against the AA1000AS v3 principles of Inclusivity, Materiality, Responsiveness and Impact and the Hong Kong Stock Exchange （HKEX）Appendix C2 Environmental, Social and Governance Reporting Guide is set out below:

As a result of the verification, we determined that the social responsibility and sustainability related indicators in the report are disclosed in accordance with the AA1000 Accountability Principles (2018) and the Hong Kong Stock Exchange （HKEX）Appendix C2 Environmental, Social and Governance Reporting Guide.

In our professional opinion, the Report covers SINO BIOPHARMACEUTICAL Environment, Society, Governance responsibility and sustainability issues. Areas for enhancement of the Report were communicated to SINO BIOPHARMACEUTICAL before the issue of this opinion statement.

Assurance Level

The Type 2 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibilities

It is the responsibility of SINO BIOPHARMACEUTICAL senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Ability and Independence

The assurance team was composed of Lead Assurer and Assurer, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI Series Standards, AA1000 Assurance Standard V3, Hong Kong Stock Exchange(HKEX) Appendix C2 Environmental, Social and Governance Reporting Guide, ISO14064, ISO 14001, ISO50001, ISO45001, ISO 9001, etc.

Issue Date: 2024-04-22 Effective Date: 2024-04-22

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II. Table of Honours and Awards in 2023 (Partial)

Award	Awarding body	Awardee
Market Value Category		
Top 50 Global Pharmaceutical Enterprises in 2023	Pharm Exec	Sino Biopharmaceutical
The 10th Top 100 Hong Kong Listed Companies The Most Valuable Investment Award	Top 100 Hong Kong Listed Companies Research Centre	Sino Biopharmaceutical
2022 Golden Bull Awards for Hong Kong Listed Companies	China Securities Journal	Sino Biopharmaceutical
2023 Fortune China 500 list	Fortune	Sino Biopharmaceutical
ESG Category		
100 ESG Pioneers among China's Listed Companies	CCTV Financial Programme Centre	Sino Biopharmaceutical
2023 Forbes China ESG Innovation Enterprises	Forbes China	Sino Biopharmaceutical
The 2023 Bloomberg Green ESG 50 Companies: Governance	Bloomberg Green, Bloomberg Business week	Sino Biopharmaceutical
Top 20 ESG Competitiveness of China's Listed Pharmaceutical Enterprises in 2022	E Medicine Manager	Sino Biopharmaceutical
The BDO ESG Awards: Certificate of Merit, Best in Reporting	BDO	Sino Biopharmaceutical
Yicai The Corporate Social Responsibility Ranking in China: Social Innovation Contribution Award	YICAI	Sino Biopharmaceutical
Green Factory at the National Level	The Ministry of Industry and Information Technology of China	CT Tianqing
Green Factory in Jiangsu Province	Industry and Information Technology Department of Jiangsu	NJCTT, CT Fenghai
2023 Green Development Leaders	Department of Ecology and Environment of Jiangsu Province	CT Tianqing Lianyungang Runzhong Pharmaceutical Co., Ltd.
Ranked 36th among the Top 100 China's Overseas Listed Companies for ESG and Low Carbon	The Chinese University of Hong Kong, Shenzhen Shenzhen Institute of Data Economy	Sino Biopharmaceutical
China ESG Golden Awards 2023 – Outstanding Enterprise in Social Responsibility	Sina Finance	Sino Biopharmaceutical
Innovative R&D Category		
Top 100 China's Innovative Pharmaceutical Enterprises in 2023	E Medicine Manager	Sino Biopharmaceutical
China's Top 10 Listed Pharmaceutical Companies by R&D Innovation in 2023	E Medicine Manager	Sino Biopharmaceutical
Innovative Drug Company of the Year	Sina Finance	Sino Biopharmaceutical
The Case of BRI Implementation	People's Daily	Sino Biopharmaceutical
Top 100 Enterprises in China – Comprehensive Strength in Medicine R&D in 2023	2023 High Quality Development Conference for the Grand Health Industry	CT Tianqing
Top 100 Enterprises in China – Chemical Medicine R&D Strength in 2023	2023 High Quality Development Conference for the Grand Health Industry	CT Tianqing, Beijing Tide
Top 50 Enterprises in China – Biological Medicine R&D Strength in 2023	2023 High Quality Development Conference for the Grand Health Industry	CT Tianqing

Award	Awarding body	Awardee
Product Quality Category		
Top 100 Pharmaceutical Companies by Competitiveness in 2023	Top 100 Pharmaceutical Companies by Competitiveness in 2023	Sino Biopharmaceutical
Top 100 Chinese Chemical Pharmaceutical Companies in 2022	Top 100 Chinese Pharmaceutical Companies in 2022	Sino Biopharmaceutical
Top 100 Chinese Pharmaceutical Companies in 2022	2023 China Pharmaceutical Industry Development Conference	CT Tianqing, Beijing Tide
2023 Best Industrial Enterprise for Pharmaceutical R&D Product Line in China	2023 China Pharmaceutical Industry Development Conference	CT Tianqing, Beijing Tide
Jiangsu Governor's Quality Award	Jiangsu Provincial People's Government	CT Tianqing
Demonstration Enterprises for Drug Production Quality Management Standards in Jiangsu Province	Jiangsu Medical Products Administration	CT Tianqing
"Quality Benchmark" of Jiangsu Province in 2023	Industry and Information Technology Department of Jiangsu	CT Tianqing
First-prize Achievement in Quality Management (QC) Team Activities across China's Pharmaceutical Industry in 2023	China Quality Association for Pharmaceuticals	CT Tianqing, NJCTT, CT Fenghai
Quality Trustworthy Teams in China's Pharmaceutical Industry	China Quality Association for Pharmaceuticals	CT Fenghai
Responsible Employer Category		
2023 Forbes China Best Employers	Forbes	Sino Biopharmaceutical
2023 Forbes China Most Digitally Responsible Employers	Forbes	Sino Biopharmaceutical
2023 Insightful Employer Selection: Happy Company Award	HRise	Sino Biopharmaceutical

III. Table of KPIs in 2023

i. Tables of Environmental KPIs[1]

Indicator	Unit	2023	2022	2021
Indicators related to environmental protection operation				
Investment in environmental protection governance	RMB10,000	9,700.34	10,897.58	–
Percentage of employees who received environmental protection training	%	24	13	–
Total time of environmental protection training for employees	Hours	18,119	9,200	–
Average training hours of environmental protection per capita	Hours	0.85	0.41	–
Indicators related to GHG emissions[2]				
GHG emissions (Scope 1)	tCO_2e	17,046.22	16,093.26	21,711.73
GHG emissions (Scope 2)	tCO_2e	222,193.40	260,991.10	253,214.05
Total GHG emissions	tCO_2e	239,239.61	277,084.36	274,925.78
GHG emission intensity (RMB1 million of revenue)[3]	tCO_2e/RMB1 million	8.89	10.40	10.23
Total renewable energy consumption	MWh	7,504.19	4,248.25	2,906.70
Increase in renewable energy consumption	%	76.64	46.15	–
Indicators related to energy consumption[4]				
Natural gas consumption	Cubic metres	7,129,429.00	6,900,905.00	6,217,427.00
Liquefied petroleum gas consumption	Tonnes	7.80	8.61	2,057.62
Gasoline consumption	Litres	322,963.89	306,538.67	465,586.31
Diesel consumption	Litres	213,578.12	94,548.87	155,440.28
Total purchased electricity	MWh	228,173.37	216,780.42	196,548.08
Purchased steam consumption	GJ	443,237.37	653,527.00	669,777.20
Comprehensive energy consumption	MWh	479,097.61	543,982.98	553,103.49
Comprehensive energy consumption intensity (RMB1 million of revenue)[3]	MWh/RMB1 million	17.58	20.21	20.59

Indicator	Unit	2023	2022	2021
Indicators related to water consumption				
Total water consumption[5]	Tonnes	3,038,272.05	3,078,142.24	3,132,274.00
Water consumption intensity (RMB1 million of revenue)[3]	Tonnes/RMB1 million	113.17	114.94	116.61
Recycling water of wastewater	Tonnes	27,455.40	15,800.00	–
Indicators related to use of packaging materials				
Total packaging materials consumption[6]	Tonnes	19,701.29	21,323.54	36,186.13
Packaging materials consumption intensity	Tonnes/RMB1 million	0.69	0.73	–
Total packaging materials recycled	Tonnes	295.90	58.11	119.58
Indicators related to hazardous waste discharge				
Total hazardous waste discharged	Tonnes	7,624.66	7,503.90	7,291.92
Hazardous waste discharge intensity (RMB1 million of revenue)[3]	Tonnes/RMB1 million	0.28	0.28	0.27
Indicators related to non-hazardous waste discharge				
Total non-hazardous waste discharged	Tonnes	3,602.59	5,111.46	1,710.19
Non-hazardous waste discharge intensity (RMB1 million of revenue)[3]	Tonnes/RMB1 million	0.12	0.16	0.06
Indicators related to exhaust gas emissions				
Volatile organic compounds (VOCs) emissions	Tonnes	30.72	48.84	67.55
Nitrogen oxides (NO_x) emissions	Tonnes	2.42	2.72	4.38
Particulate emissions	Tonnes	1.85	2.15	2.71
Sulphur oxides (SOx) emissions	Tonnes	0.23	0.11	0.64
Indicators related to wastewater discharge				
Total water discharged	Tonnes	1,435,403.26	1,209,330.03	1,285,532.79
Wastewater discharge intensity (RMB1 million of revenue)[3]	Tonnes/RMB1 million	52.98	42.02	47.86
Biochemical oxygen demand (BOD) emissions	Tonnes	30.19	45.88	33.84
Chemical oxygen demand (COD) emissions	Tonnes	107.83	141.88	105.1
Suspended solids (SS) emissions	Tonnes	41.17	30.82	37.65
Ammonia nitrogen (NH_3) emissions	Tonnes	11.71	11.92	8.60

Notes:

1. Unless otherwise specified, the scope of environmental data for 2023 covers CT Tianqing, Beijing Tide, NJCTT, Jiangsu CT Fenghai, Jiangsu CT Qingjiang and CP Pharmaceutical (Qingdao).
2. The inventory of GHGs encompasses carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs) and other emissions. These gases are mainly derived from energy and refrigerant consumption. GHGs are presented on a CO_2 equivalent basis and are accounted for in accordance with the CO_2 Emission Factors for Electricity in 2021 issued by the Ministry of Ecology and Environment (MEE) and the National Bureau of Statistics (NBS) of the People's Republic of China, the 2019 Refinement to the 2006 Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC), and the Guidelines on Methodologies and Reporting of GHG Emissions from 24 Sectors in China.
3. As of the reporting date, Sino Biopharmaceutical has divested its major stake in CP Pharmaceutical Qingdao Co., Ltd. and Shanghai Chia Tai Tongyong Pharmaceutical Co., Ltd. The statistical scope of environmental density related KPIs in 2023 is consistent with the Annual report, excluding the above two companies. In order to ensure the comparability of data, we made retrospective adjustments to the 2022 data under the same scope.
4. Energy consumption is calculated according to the conversion factors set out in the General Principles for the Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020), a national standard of the People's Republic of China.
5. Sino Biopharmaceutical mainly consumes water from the municipal supply, and there is no problem in accessing suitable water sources.
6. Sino Biopharmaceutical has corrected the data on the total consumption of packaging materials in 2022.

ii. Tables of Social KPIs

Indicator		Unit	2023	2022	2021
Indicators related to employment[1]					
Total number of employees		Persons	25,880	26,272	25,579
Employees under labour contracts		Persons	21,297	22,288	22,180
Number of employees by gender	Male	Persons	11,168	11,889	11,970
	Female	Persons	10,129	10,399	10,210
Percentage of employees by gender	Male	%	52.44	53.34	53.97
	Female	%	47.56	46.66	46.03
Number of employees by age group	Under 30	Persons	10,158	10,946	10,153
	30 (inclusive) - 40 (exclusive)	Persons	8,208	8,475	8,778
	40 (inclusive) - 50 (exclusive)	Persons	2,248	2,156	2,401
	50 and above	Persons	683	711	848
Percentage of employees by age group	Under 30	%	47.70	49.10	45.78
	30 (inclusive) - 40 (exclusive)	%	38.54	38.00	39.58
	40 (inclusive) - 50 (exclusive)	%	10.56	9.70	10.82
	50 and above	%	3.21	3.20	3.82
Number of employees by geographical region	Mainland China regions	Persons	21,134	22,212	22,098
	Hong Kong, Macao and Taiwan, and overseas regions	Persons	163	76	82
Number of employees by ethnicity	Han	Persons	20,578	–	–
	Ethnic minorities	Persons	719	–	–
Number of employees by job type	Management	Persons	2,080	2,386	2,448
	R&D	Persons	2,943	4,367	3,952
	Production	Persons	6,762	5,415	5,238
	Sales	Persons	9,512	14,104	13,941
Diverse team building	Percentage of employees from ethnic minorities	%	3.38	–	–
	Percentage of female management personnel	%	53.32	–	–
	Percentage of female R&D personnel	%	58.82	–	–
	Number of new primary-level employees	Persons	4,551	4,439	–
	Number of new management personnel	Persons	74	522	–
	Number of employees with a doctoral degree	Persons	202	145	–
	Number of employees with a master's degree	Persons	2,489	2,427	–
	Percentage of employees with a bachelor's degree or above	%	58.8	57.8	–
	Number of employees with disabilities	Persons	44	42	–
	Percentage of employees participating in trade unions	%	100	100	–

Indicator		Unit	2023	2022	2021
Employee turnover rate		%	18.86	16.91	–
By gender	Male	%	20.50	17.71	19.21
	Female	%	16.96	15.98	17.17
By age group	Under 30	%	23.13	19.94	22.59
	30 (inclusive) - 40 (exclusive)	%	16.24	14.51	16.31
	40 (inclusive) - 50 (exclusive)	%	8.73	10.80	8.36
	50 and above	%	11.30	13.29	7.52
By geographical region	Mainland of China	%	18.86	16.94	18.33
	Hong Kong, Macao and Taiwan, and overseas	%	0	6.17	2.38
Indicators related to talent development					
Average number of training hours per capita		Hours	41.30	45.83	42.54
Employee training coverage		%	100	100	100
Return on investment in human capital		%	551	–	–
Average training hours per capita by gender	Male	Hours	42.52	44.63	37.57
	Female	Hours	39.96	47.21	48.37
Average training hours per capita by job type	Management	Hours	43.22	60.12	–
	R&D	Hours	27.06	31.30	–
	Production	Hours	57.11	42.12	–
	Sales	Hours	45.64	31.84	–
Indicators related to occupational health and safety					
Number of member companies obtaining a workplace safety standardisation certificate		/	5	–	–
Member companies certified by the ISO 45001 occupational health and safety management system		/	3	–	–
Number of lost days of work per million hours worked		Days	25.43	33.44	
Lost time injury frequency rate (LTIFR)		-	0.56	–	–
Number of work-related fatalities		Persons	1	1	1
Percentage of work-related fatalities		%	0.004	0.004	0.004
Number of internal and external safety inspections		/	321	344	–
Number of security emergency drills		/	200	162	–
Percentage of employees receiving workplace safety and occupational health training		%	100	100	–
Average time of workplace safety and occupational health training received per employee		Hours	4.9	6.3	–
Indicators related to supply chain management					
Total number of suppliers		/	3,623	3,465	2,674
Mainland of China		/	3,576	3,407	2,613
Hong Kong, Macao and Taiwan regions		/	1	6	3
Other countries or regions		/	46	52	58

Indicator	Unit	2023	2022	2021
Number of raw and auxiliary material suppliers with environmental management system certification	/	233	237	–
Percentage of raw and auxiliary material suppliers with environmental management system certification	%	28	32	–
Number of raw and auxiliary material suppliers with occupational health and safety management system certification	/	179	226	–
Percentage of raw and auxiliary material suppliers with occupational health and safety management system certification	%	21	30	–
Percentage of key suppliers promoting and implementing the Supplier Code of Conduct	%	100	100	–
Percentage of key suppliers signing the Supplier Code of Conduct	%	90+	–	–
Percentage of key sub-suppliers signing the Supplier Code of Conduct	%	70+	–	–
Number of supplier audits completed	/	647	–	–
Number of anti-corruption audits among suppliers	/	210	–	–
Completion rate of anti-corruption audit plans of suppliers	%	100	100	–
Complete rate of environmental compliance audit plans of suppliers	%	100	100	–
Indicators related to product quality				
Production line GMP conformity-APIs	/	99	82	–
Production line GMP compliance-Drug formulations	/	102	89	–
Pass rate in annual GMP inspections organised by domestic pharmaceutical regulatory agencies	%	100	100	–
FDA certificates	/	6	6	–
CE certificates	/	8	9	–
International GMP certificates	/	19	–	–
Number of member companies certified by ISO9001 quality management system	/	3	–	–
Percentage of member companies certified by ISO9001 quality management system	/	50	–	–
Coverage rate of quality training for employees	%	90	92	–
Average time of quality training per employee	Hours	4.7	9.3	–
Number of product recalls	/	0	0	–
Number of supplier quality audits	/	425	430	–
Completion rate of supplier quality audit plans	%	99	100	–
Number of suppliers with quality management system certification	/	409	341	–
Percentage of raw and auxiliary material suppliers with quality management system certification	%	39.0	45.6	–
Customer satisfaction rate about complaints handling	%	100	100	–
Indicators related to inclusive healthcare				
R&D expense	RMB100 million	44.03	41.65	38.20
Percentage of R&D expense	%	16.81	16.0	–
R&D expense growth	%	5.7	9.0	–
Percentage of R&D investment in innovative drugs and biological drugs	%	77	–	–
Number of new products approved for launch	/	27	–	–

Indicator	Unit	2023	2022	2021
Number of innovative drugs approved for launch		2	–	–
Number of products in the stage of launch application	/	54	–	–
Number of innovative drugs in the clinical stage/stage of launch application	/	60+	50+	–
Number of new patent applications	/	841	767	939
Number of new patents granted	/	264	263	290
Indicators related to responsible marketing				
Percentage of employees receiving responsible marketing training	%	88	66	–
Total time of responsible marketing training for employees	Hours	50,321.5	40,968.5	–
Average training hours of responsible marketing per capita	Hours	2.36	1.84	–
Indicators related to anti-fraud management				
Number of concluded legal cases regarding corrupt practices	/	0	0	0
Number of anti-corruption training sessions for suppliers	/	364	454	–
Coverage of anti-corruption training for employees	%	100	100	–
Hours of anti-corruption training for the management and employees in key positions	Hours	20,432.80	–	–
Indicators related to public welfare and charity				
Disaster relief	RMB10,000	852.43	109.94	1,570.74
Rural revitalisation	RMB10,000	36.77	67.76	499.24
Donation to education	RMB10,000	17.00	449.13	420.62
Fight against the epidemic	RMB10,000	35.40	369.24	184.44
Charitable donations	RMB10,000	3,092.55	4,066.76	2,820.72
Inclusive healthcare	RMB10,000	1,643.59	1,601.97	–
Total	RMB10,000	5,677.74	6,664.80	5,495.76
Attendance in public welfare activities	Participants	4,196	–	–
Time devoted to public welfare undertakings	Hours	5,195.5	38,195.5	60,438.0

Notes:

1. The numbers of employees and turnover rates in 2023 by gender, age group, region and job category in this report are derived from data on all employees under labour contracts across all entities consolidated in the Group's financial statements.
2. Due to the impact of the epidemic in 2022, the time spent by employees volunteering for epidemic relief increased significantly. In 2023, with the focus on resuming work and production post-epidemic, the number of employees participating in public welfare activities and the time spent have decreased.

iii. Table of Corporate Governance KPIs

Indicator	Unit	2023	2022
Percentage of independent directors on the Board	%	42	42
Percentage of female directors	%	33.3	33.3

IV. ESG Reporting Guide Context Index of HKEX

Aspect	Disclosure requirements	Index
Governance Structure		
–	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise, and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Governance – Board's Statement
–	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About This Report
Reporting Boundary		
–	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report

Aspect	Disclosure requirements	Index
Environmental		
A1 Emissions	General Disclosure: Information relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer.	Environmental Protection – Special Report I: Climate Change Response Project – Special Report II: Waste Management Project – Pollutant Prevention and Control
	A1.1 The types of emissions and respective emissions data	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs
	A1.5 Description of the emission target(s) and steps taken to achieve them.	Environmental Protection – Special Report I: Climate Change Response Project
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection – Special Report II: Waste Management Project
A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection – Special Report I: Climate Change Response Project – Resource Utilisation Management
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Special Report I: Climate Change Response Project
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs
A3 The Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impact on the environment and natural resources.	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection
A4 Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection – Special Report I: Climate Change Response Project
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Protection – Special Report I: Climate Change Response Project

Aspect	Disclosure requirements	Index
Social		
B1 Employment	General Disclosure: Information relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer.	Responsible Employer
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix III. Table of KPIs in 2023 – ii. Tables of Social KPIs
	B1.2 Employee turnover rate by gender, age group and geographical region.	Appendix III. Table of KPIs in 2023 – ii. Tables of Social KPIs
B2 Health and Safety	General Disclosure: Information relating to providing a safe working environment and protecting employees from occupational hazards: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer.	Responsible Employer – Occupational Health and Safety
	B2.1 Number and rate of work-related fatalities that occurred in each of the past three years including the reporting year.	Appendix III. Table of KPIs in 2023 – ii. Tables of Social KPIs
	B2.2 Lost days due to work injury.	Appendix III. Table of KPIs in 2023 – ii. Tables of Social KPIs
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Responsible Employer – Occupational Health and Safety
B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Responsible Employer – Talent Management System
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix III. Table of KPIs in 2023 – ii. Tables of Social KPIs
	B3.2 The average training hours completed per employee by gender and employee category	Appendix III. Table of KPIs in 2023 – ii. Tables of Social KPIs
B4 Labour Standards	General Disclosure: Information relating to preventing child and forced labour. (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer.	Responsible Employer – Employee Rights Protection
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	Responsible Employer – Employee Rights Protection
	B4.2 Description of steps taken to eliminate violations when discovered.	Responsible Employer – Employee Rights Protection

Aspect	Disclosure requirements	Index
B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Compliance Operation – Special Report: Responsible Supply Chain Construction Project
	B5.1 Number of suppliers by geographical region.	Compliance Operation – Special Report: Responsible Supply Chain Construction Project
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Compliance Operation – Special Report: Responsible Supply Chain Construction Project
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Compliance Operation – Special Report: Responsible Supply Chain Construction Project
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Compliance Operation – Special Report: Responsible Supply Chain Construction Project
B6 Product Responsibility	General Disclosure: Information relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer.	Compliance Operation – Business Ethics Product Responsibility
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Appendix III. Table of KPIs in 2023 – ii. Tables of Social KPIs
	B6.2 Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Operational Quality Management
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Inclusive Health – Protection of IPRs
	B6.4 Description of quality assurance process and recall procedures.	Product Responsibility – Operational Quality Management
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Compliance Operation – Information Security
B7 Anti-corruption	General Disclosure: Information relating to bribery, extortion, fraud and money laundering: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer.	Compliance Operation – Business Ethics
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Compliance Operation – Business Ethics
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Compliance Operation – Business Ethics
	B7.3 Description of anti-corruption training provided to directors and staff.	Compliance Operation – Business Ethics
B8 Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities interests.	Social Contributions
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Contributions
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Social Contributions

V. GRI Content Index

Statement of use:

Sino Biopharmaceutical Limited reported the information cited in this GRI Content Index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1: Foundation 2021

GRI standard		Disclosure	Location	Additional information and reasons for omission
GRI 2: General Disclosures 2021				
1. The Organisation and its Reporting Practices	2-1	Organisational details	–	Sino Biopharmaceutical Limited is a company listed on the Stock Exchange of Hong Kong (under the code of 1177). The Group operates in the PRC and is headquartered in two locations: Unit 09, 41/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and 43/F, North Tower, Zhengda Centre, 10 Guanghua Road, Chaoyang District, Beijing.
	2-2	Entities included in the organisation's sustainability reporting	About This Report	Entities included in this Report are consistent with those in the financial report.
	2-3	Reporting period, frequency, and contact point	–	This Report is an annual report and covers the period from 1 January 2023 to 31 December 2023, which is the same reporting period as the financial report. For any questions and suggestions regarding this Report, please send emails to info@sino-biopharm.com.
	2-4	Restatements of information	–	As of the reporting date, Sino Biopharmaceutical has divested its major stake in CP Pharmaceutical Qingdao Co., Ltd. and Shanghai Chia Tai Tongyong Pharmaceutical Co., Ltd. The statistical standard employed by the Group for financial and environmental density indicators in 2023 remained consistent with that of the Annual Report 2023, which excluded the above two companies. To maintain data comparability, retrospective adjustments were made to the 2022 data using the same standard.
	2-5	External assurance	Appendix I: – Independent Assurance Report	
2. Activities and Workers	2-6	Activities, value chain, and other business relationships	Compliance Operation – Special Report: Responsible Supply Chain Construction Project	See the Annual Report 2023 for more information on the activities, value chain, and other business relationships of Sino Biopharmaceutical.
	2-7	Employees	Appendix III. Table of KPIs in 2023 – ii. Tables of Social KPIs	
	2-8	Workers who are not employees	–	The types of workers who are not regular employees include those under labour dispatch, employed and retained retired staff, interns, and labour outsourcing staff, among others. The total number of such workers is 4,583.

GRI standard		Disclosure	Location	Additional information and reasons for omission
3. Governance	2-9	Governance structure and composition	Diversity of the Board	See the Annual Report 2023 for more information on the governance structure of the Board.
	2-10	Nomination and selection of the highest governance body	–	See the Annual Report 2023 and the Articles of Association for more information.
	2-11	Chair of the highest governance body	–	See the Annual Report 2023 for more information.
	2-12	Role of the highest governance body in overseeing the management of impacts	ESG Governance – Board's Statement – Governance Structure	
	2-13	Delegation of responsibility for managing impacts	ESG Governance – Board's Statement – Governance Structure	
	2-14	Role of the highest governance body in sustainability reporting	ESG Governance – Board's Statement	The Board holds overall oversight of Sino Biopharmaceutical's ESG matters and has reviewed and approved this Report for publication.
	2-15	Conflicts of interest	–	See the Annual Report 2023 for more information.
	2-16	Communication of critical concerns	ESG Governance	
	2-17	Collective knowledge of the highest governance body	–	The Group regularly or irregularly provides directors with updated documents on laws, regulations, and regulatory requirements and conducts necessary training. The training includes but is not limited to listing compliance, ESG general knowledge, climate change, risk management, and anti-corruption.
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance – Performance Evaluation of the Board	See the Regulations of the Remuneration Committee under the Board of Directors for more information on performance evaluation.
	2-19	Remuneration policies	Corporate Governance – Fulfillment of Responsibilities by the Board – Talent management system Environmental protection – Environmental management system	See the Annual Report 2023 for more information on remuneration policies.
	2-20	Process to determine remuneration	–	See the Regulations of the Remuneration Committee under the Board of Directors for more information.
	2-21	Annual total compensation ratio	–	Confidentiality restrictions: Disclosures of such information are commercially and competitively sensitive and are considered private to employees. Therefore, it is not disclosed.
4. Strategy, Policies, and Practices	2-22	Statement on sustainable development strategy	ESG Governance – Board's Statement	
	2-23	Policy commitments	Responsible Employer – Employee Rights Protection	See the official website and the ESG Policies and Commitments of Sino Biopharmaceutical for more information on policy commitments.
	2-24	Embedding policy commitments	Compliance Operation	See the official website and the ESG Policies and Commitments of Sino Biopharmaceutical for more information on policy commitments.
	2-25	Processes to remediate negative impacts	Compliance Operation – Business Ethics	See the Policy for Whistle-blowing and Whistle-blower Protection of Sino Biopharmaceutical for more information.
	2-26	Mechanisms for seeking advice and raising concerns	Compliance Operation – Business Ethics	See the Policy for Whistle-blowing and Whistle-blower Protection of Sino Biopharmaceutical for more information.
	2-27	Compliance with laws and regulations	–	The Group did not incur any major violations of laws and regulations during the year.
	2-28	Membership associations	–	• The Enterprise Anti-Fraud Alliance of China • The Trust and Integrity Enterprise Alliance
5. Stakeholder Engagement	2-29	Approach to stakeholder engagement	ESG Governance	
	2-30	Collective bargaining agreements		Sino Biopharmaceutical is not currently engaged in any collective bargaining agreements. 100% of the Group's regular employees have participated in trade unions.

GRI standard	Disclosure	Location	Additional information and reasons for omission
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	ESG Governance	
3-2	List of material topics	ESG Governance	
3-3	Management of material topics	–	See the table below for more information.
GRI 201: Economic Performance			
GRI 3: Topic Management Disclosures	Approach to managing economic performance	About Sino Biopharmaceutical	
Topic Disclosures	201-1 Direct economic value generated and distributed	–	Our revenues, operating costs, employee remuneration and benefits, payments to capital providers, and payments to governments are not reported due to confidentiality requirements. Such information is commercially and competitively sensitive. Therefore, it is not disclosed in this Report.
	201-2 Financial implications and other risks and opportunities due to climate change	Environmental Protection – Special Report I: Climate Change Response Project	
GRI 203 Indirect Economic Impacts			
GRI 3: Topic Management Disclosures	Approach to managing indirect economic impacts	–	
Topic Disclosures	203-1 Infrastructure investments and services supported	Social Contributions	Sino Biopharmaceutical actively engages in various public welfare undertakings. The Group is committed to supporting community development, enhancing medical capacity within communities, and fostering industry development.
	203-2 Significant indirect economic impacts	Social Contributions	
GRI 204: Procurement Practices			
GRI 3: Topic Management Disclosures	Approach to managing procurement practices	Compliance Operation – Special Report: Responsible Supply Chain Construction Project	
Topic Disclosures	204-1 Proportion of spending on local suppliers	Compliance Operation – Special Report: Responsible Supply Chain Construction Project	
GRI 205: Anti-corruption			
GRI 3: Topic Management Disclosures	Approach to managing anti-corruption	Business Ethics – Anti-fraud	
Topic Disclosures	205-1 Operations assessed for risks related to corruption		
	205-2 Communication and training about anti-corruption policies and procedures		
	205-3 Confirmed incidents of corruption and actions taken		
GRI 206: Anti-competitive Behaviour			
GRI 3: Topic Management Disclosures	Approach to managing anti-competitive behaviour	Compliance Operation – Anti-monopoly	
Topic Disclosures	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	–	No relevant action was taken during the reporting period.
Environmental Standard			

GRI standard	Disclosure	Location	Additional information and reasons for omission
GRI301: Materials			
GRI 3: Topic Management Disclosures	Approach to managing materials	Environmental Protection – Resource Utilisation Management	
Topic Disclosures	301-1 Materials used by weight or volume	Environmental Protection – Resource Utilisation Management	
	301-2 Recycled input materials used	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs	
GRI 302: Energy			
GRI 3: Topic Management Disclosures	Approach to managing energy	Environmental Protection – Special Report I: Climate Change Response Project	
Topic Disclosures	302-1 Energy consumption within the organisation	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs	
	302-3 Energy intensity	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs	
	302-4 Reduction of energy consumption	Environmental Protection – Special Report I: Climate Change Response Project	
	302-5 Reduction in energy requirements of products and services	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs	
GRI 303: Water and Effluents			
GRI 3: Topic Management Disclosures	Approach to managing water and effluents	Environmental Protection – Pollutant Prevention and Control – Resource Utilisation Management	
	303-1 Interactions with water as a shared resource	Environmental Protection – Resource Utilisation Management	
	303-2 Management of water discharge-related impacts	Environmental Protection – Pollutant Prevention and Control	
Topic Disclosures	303-3 Water withdrawal	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs	
	303-4 Water discharge		
	303-5 Water consumption		
GRI 304: Biodiversity			
GRI 3: Topic Management Disclosures	Approach to managing biodiversity	Environmental Protection – Biodiversity Conservation	
Topic Disclosures	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–	The Group has not managed operational sites in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
	304-2 Significant impacts of activities, products, and services on biodiversity	Environmental Protection – Biodiversity Conservation	
GRI 305: Emissions			
GRI 3: Topic Management Disclosures	Approach to managing emissions	Environmental Protection – Special Report I: Climate Change Response Project – Pollutant Prevention and Control	

GRI standard	Disclosure	Location	Additional information and reasons for omission
Topic Disclosures	305-1 Direct (Scope 1) GHG emissions	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs	
	305-2 Energy indirect (Scope 2) GHG emissions		
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Protection – Special Report I: Climate Change Response Project	
	305-4 GHG emissions intensity	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs	
	305-5 Reduction of GHG emissions		
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		
GRI 306: Waste			
GRI 3: Topic Management Disclosures	Approach to managing waste	Environmental Protection – Special Report II: Waste Management Project	
	306-1 Waste generation and significant waste-related impacts		
	306-2 Management of significant waste-related impacts		
Topic Disclosures	306-3 Waste generated	Environmental Protection – Special Report II: Waste Management Project Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs	
	306-4 Waste diverted from disposal	Appendix III. Table of KPIs in 2023 – i. Tables of Environmental KPIs	
GRI 308: Supplier Environmental Assessment			
GRI 3: Topic Management Disclosures	Approach to managing supplier environmental assessment	Compliance Operation – Special Report: Responsible Supply Chain Construction Project	
Topic Disclosures	308-1 New suppliers that were screened using environmental evaluation criteria		
	308-2 Negative environmental impacts in the supply chain and actions taken		
Social Standard			
GRI 401: Employment			
GRI 3: Topic Management Disclosures	Approach to managing employment	Responsible Employer	
Topic Disclosures	401-1 New employee hires and employee turnover	Appendix III. Table of KPIs in 2023 – ii. Tables of Social KPIs	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Responsible Employer – Employee Care and Benefits	
	401-3 Parental leave	Responsible Employer – Employee Care and Benefits	

GRI standard	Disclosure	Location	Additional information and reasons for omission
GRI 403: Occupational Health and Safety			
GRI 3: Topic Management Disclosures	Approach to managing occupational health and safety	Responsible Employer – Occupational Health and Safety	
	403-1 Occupational health and safety management system		
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
Topic Disclosures	403-8 Workers covered by an occupational health and safety management system		
	403-9 Work-related injuries		
	403-10 Work-related ill health		
GRI 404: Training and Education			
GRI 3: Topic Management Disclosures	Approach to managing training and education	Responsible Employer	
Topic Disclosures	404-1 Average hours of training per year per employee	Appendix III. Table of KPIs in 2023 – ii. Tables of Social KPIs	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Responsible Employer – Talent Training	
	404-3 Percentage of employees receiving regular performance and career development reviews	–	Percentage of employees receiving regular performance and career development reviews reached 100% at the Group.
GRI 405: Diversity and Equal Opportunity			
GRI 3: Topic Management Disclosures	Approach to managing diversity and equal opportunity	Responsible Employer – Employee Rights Protection	
Topic Disclosures	405-1 Diversity of governance bodies and employees	–	
GRI 406: Non-discrimination			
GRI 3: Topic Management Disclosures	Approach to managing non-discrimination	Responsible Employer – Employee Rights Protection	
Topic Disclosures	406-1 Incidents of discrimination and corrective actions taken	–	The Group did not incur any discrimination cases during the year.

GRI standard	Disclosure	Location	Additional information and reasons for omission
GRI 408: Child Labour			
GRI 3: Topic Management Disclosures	Approach to managing child labour	Responsible Employer – Employee Rights Protection	
Topic Disclosures	408-1 Operations and suppliers at significant risk for incidents of child labour	–	The Group did not incur any child labour cases during the year.
GRI 409: Forced or Compulsory Labour			
GRI 3: Topic Management Disclosures	Approach to managing forced or compulsory labour	Responsible Employer – Employee Rights Protection	
Topic Disclosures	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	–	The Group did not incur any forced or compulsory labour cases during the year.
GRI 414: Supplier Social Assessment			
GRI 103: Management Approach	Approach to managing supplier social assessment	Compliance Operation – Special Report: Responsible Supply Chain Construction Project	
Topic-specific Disclosures	414-1 New suppliers that were screened using social criteria		
	414-2 Negative social impacts in the supply chain and actions taken		
GRI 416: Customer Health and Safety			
GRI 3: Topic Management Disclosures	Approach to managing customer health and safety	Product Responsibility	
Topic Disclosures	416-1 Assessment of the health and safety impacts of product and service categories	–	During the reporting period, the Group was not involved in any products and services that were assessed as necessary to eliminate health and safety impacts.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	–	
GRI 417: Marketing and Labelling			
GRI 3: Topic Management Disclosures	Approach to managing marketing and labelling	Compliance Operation – Business Ethics	
Topic Disclosures	417-1 Requirements for product and service information and labelling	Compliance Operation – Business Ethics	
	417-2 Incidents of non-compliance concerning product and service information and labelling	–	During the reporting period, the Group was not involved in any incidents of non-compliance concerning product and service information and labelling.
	417-3 Incidents of non-compliance concerning marketing communications	–	During the reporting period, the Group was not involved in any incidents of non-compliance concerning marketing communications.
GRI 418: Customer Privacy			
GRI 3: Topic Management Disclosures	Approach to managing customer privacy	Compliance Operation – Information Security	
Topic Disclosures	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	–	

FEEDBACK

Dear Readers,

Thank you for reading the 2023 Environmental, Social and Governance Report of Sino Biopharmaceutical. We are eager to listen to your comments and suggestions on the report and our ESG work, and look forward to your assistance in completing and sending this questionnaire to us by mail, email or fax. You may also call us to share your valuable feedback. Thank you for your support.

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1. What type of stakeholder does you/your organisation belong to in relation to Sino Biopharmaceutical:

☐ Shareholder ☐ Employee ☐ Supplier ☐ User ☐ Government ☐ Community ☐ Bank

☐ Academic institution ☐ Others (please specify)

2. Have you read the Environmental, Social and Governance Report of Sino Biopharmaceutical (if your answer is no, please ignore questions 3, 4 and 5):

☐ Yes ☐ No

3. If yes, what is the version you read?

☐ Paper version ☐ Electronic version

4. What version do you prefer?

☐ Paper version ☐ Electronic version

5. Your overall view on the 2023 Environmental, Social and Governance Report is:

• Readability (Easy to understand, beautiful design, attractive and easy to find the required information)

☐ 3 (Good) ☐ 2 (Average) ☐ 1 (Low)

• Credibility (report information is true and credible)

☐ 3 (Good) ☐ 2 (Average) ☐ 1 (Low)

• Information completeness (providing both positive and negative performance, and meeting your information needs)

☐ 3 (Good) ☐ 2 (Average) ☐ 1 (Low)

What information would you like to see more in addition to those disclosed in the report?

Preparation Team of the 2023 Environmental, Social and Governance Report of Sino Biopharmaceutical

April 2024

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