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## 2022 Environmental, Social and Governance Report

Mission for Innovation  
Champion for China  
Global Outreach

# 2022 Environmental, Social and Governance Report

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# 2022 Environmental, Social and Governance Report

## Our 2022: Steady Development and Record High

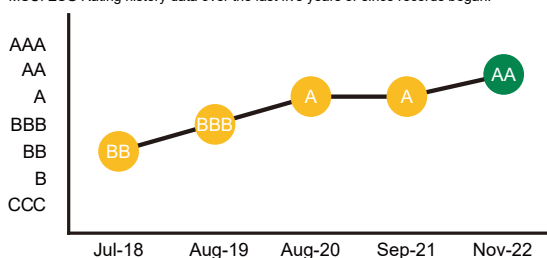
### ESG Rating Results

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

The Group’s ESG achievements have been recognized by the society and the capital market. In 2022, the Group’s ESG performance jumped to the “AA” rating by MSCI, higher than 88% of the rated worldwide peers. The Group’s CDP Climate Change Questionnaire score in 2022 maintained its “B” rating (management level), the same as the two preceding years.

### ESG Rating History

MSCI ESG Rating history data over the last five years or since records began.



ESG Rating Score by MSCI

Name	Response	Year	Status	Score
3SBio	Climate Change 2022	2022	Submitted	B
3SBio	Climate Change 2021	2021	Submitted	B
3SBio	Climate Change 2020	2020	Submitted	B

Scores in CDP Climate Change Questionnaire

### Examples of ESG Work Highlights

- Governance** The Group updated the *3SBIO INC ESG Code of Conduct* to stipulate that suppliers should have an appropriate anti-corruption policy in place, conducted regular audits against the anti-corruption system to ensure the effectiveness of the system, and agreed to be audited by the Group or a third party engaged by the Group to verify the supplier's compliance with anti-corruption principles.
- Social** The Group further strengthened the construction of supplier diversification, promoted the development of a second supply source in each manufacturing base, shortened the supply cycle of materials by increasing the number of backup suppliers and localization substitution, reduced the risk of supply disruption caused by the pandemic and the international situation, ensured the timely delivery of products and protected the rights and interests of customers.
- Environment** Each manufacturing base actively conducted training related to environmental protection for all employees to enhance their awareness of environmental compliance and their ability to handle environmental emergencies.

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## ESG Key Performance in 2022

### Environmental Performance

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Total circulating water amounted to 36,659.00 m<sup>3</sup>, an increase of 50.39% year-on-year

Hazardous waste intensity 1.46 kg/RMB10,000, a reduction of 8.40% year-on-year

Greenhouse gas emissions per revenue unit were 0.086 ton of CO<sub>2</sub> equivalent/RMB10,000, down 2.48% year-on-year

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### Social Performance

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The percentage of employees trained reached 100%

Suppliers accepting evaluation in terms of environment, labor and ethics reached 83.74%

Training hours per person averaged 18.09 hours

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

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## 1. ESG Governance System

### 1.1 ESG Management Concept

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

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

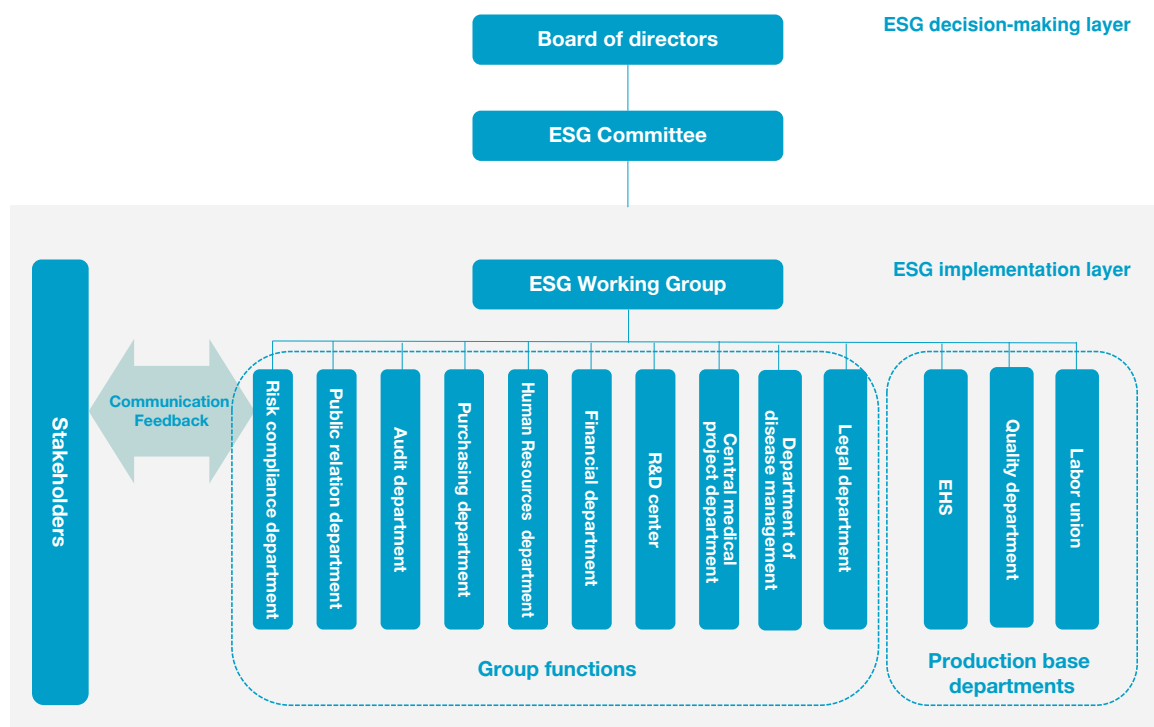


### 1.2 ESG Management Framework

The Group has set up a top-down ESG management framework to ensure efficient implementation of its ESG agenda. The ESG Committee, with the participation of members of the board of directors (the “**Directors**”) of the Company (the “**Board of Directors**”), is responsible for the ESG agenda and makes decisions regarding ESG and oversees ESG matters. The ESG Working Group implements decisions and measures under the guidance of the ESG Committee.

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The goal of the ESG Committee is to establish a sustainable enterprise, promote continuous improvement in the Group's ESG management and performance, enhance the capital market's recognition of the Group's ESG efforts, and become an ESG leader in the biopharmaceutical industry. Powers and duties of the ESG Committee are specified in the *Terms of Reference of Environmental, Social and Governance (ESG) Committee* on the Company's official website.



\* EHS: Environment, Health and Safety

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

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

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

## 1.3 Identifying Material Topics

### Communication with Stakeholders

The Group fully recognizes the importance of stakeholders to the Group and always implements the principle of stakeholder participation in ESG management. We understand the views and demands of our stakeholders by establishing an open communication mechanism with them and respond to them actively.

### Stakeholders' Key Concerns and Responses

Key stakeholders	Issues of Concern	Communication and Responses
<b>Investors</b>	<ul style="list-style-type: none"><li>• Compliance operation</li><li>• Business ethics</li><li>• Product safety and quality</li><li>• Product innovation, R&amp;D and health care accessibility</li></ul>	<ul style="list-style-type: none"><li>• Information disclosure as a listed company</li><li>• Shareholders' meetings</li><li>• Investors' meetings</li></ul>
<b>Employees</b>	<ul style="list-style-type: none"><li>• Product safety and quality</li><li>• Employee's rights, interests and welfare</li><li>• Human capital development</li></ul>	<ul style="list-style-type: none"><li>• Labor Union and Congress of Employees</li><li>• Environment, Health and Safety (EHS) management system</li><li>• Regular training, performance assessment and job promotion</li></ul>

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Key stakeholders	Issues of Concern	Communication and Responses
<b>Customers and Consumers</b>	<ul style="list-style-type: none"> <li>• Product safety and quality</li> <li>• Product pricing and availability</li> <li>• Compliance operation</li> <li>• Responsible marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Quality management system</li> <li>• Standardized drug use training</li> <li>• Client service system</li> <li>• Sales Force effectiveness (SFE) management system</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>• Compliance operation</li> <li>• Business ethics</li> <li>• Product safety and quality</li> <li>• Community and public welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment and management of compliance system</li> <li>• Participation in and giving suggestions on policy making</li> <li>• Scientific and technological innovation</li> <li>• Intellectual property rights (IPRs) protection</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Product safety and quality</li> <li>• Product innovation, R&amp;D and health care accessibility</li> <li>• Intellectual property rights (IPRs) protection</li> <li>• Client information and privacy protection</li> <li>• Emissions management</li> </ul>	<ul style="list-style-type: none"> <li>• Standardized supplier management system</li> <li>• Transparent and fair procurement</li> <li>• Coordinated development</li> </ul>
<b>Public and Community</b>	<ul style="list-style-type: none"> <li>• Community and public welfare</li> <li>• Animal Welfare</li> <li>• Climate change mitigation and adaptation</li> </ul>	<ul style="list-style-type: none"> <li>• Various programs for public welfare</li> <li>• Laboratory animal management system</li> <li>• Environmental impact analysis, plan and control</li> </ul>



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## Material Topic Identification

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

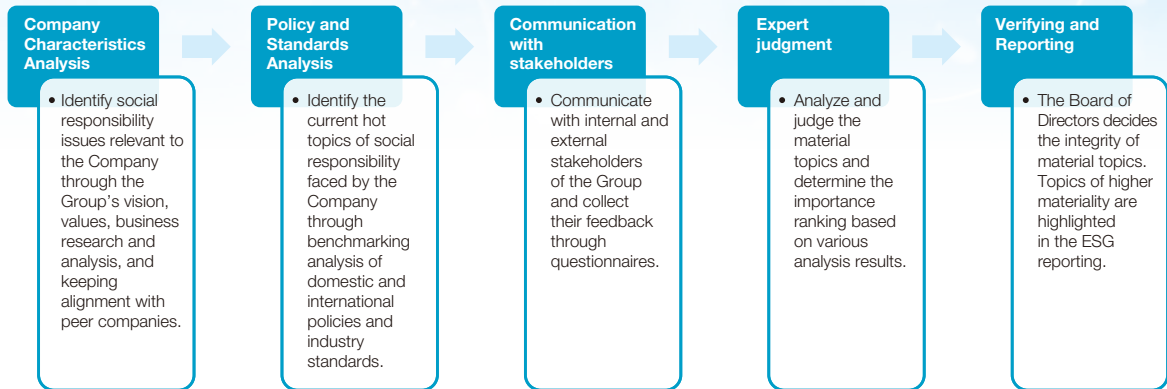
Based on the questionnaire survey conducted in 2021 and the capital market ESG ratings of the Group's ESG topics, the importance of the topics "Product Innovation, R&D and Health Care Accessibility" and "Climate Change Mitigation and Adaptation" has been raised, and the topic "Animal Welfare" was added this year.

Adhering to the professional competence and spirit of assistance in the pharmaceutical field, the Group regards "Access to Health Care" as one of the key issues of concern. The Board of Directors of the Group is responsible for overseeing the issue of medical and health accessibility, and the ESG Committee conducts day-to-day management of the issue. The Group is committed to Research & Development innovation, carrying out projects such as drug donation and helping grass-roots doctors to cultivate, so as to improve the availability of drugs and medical services. In addition, the Group will actively participate in the formulation of industry standards and academic exchanges in the industry to promote the development of the industry.

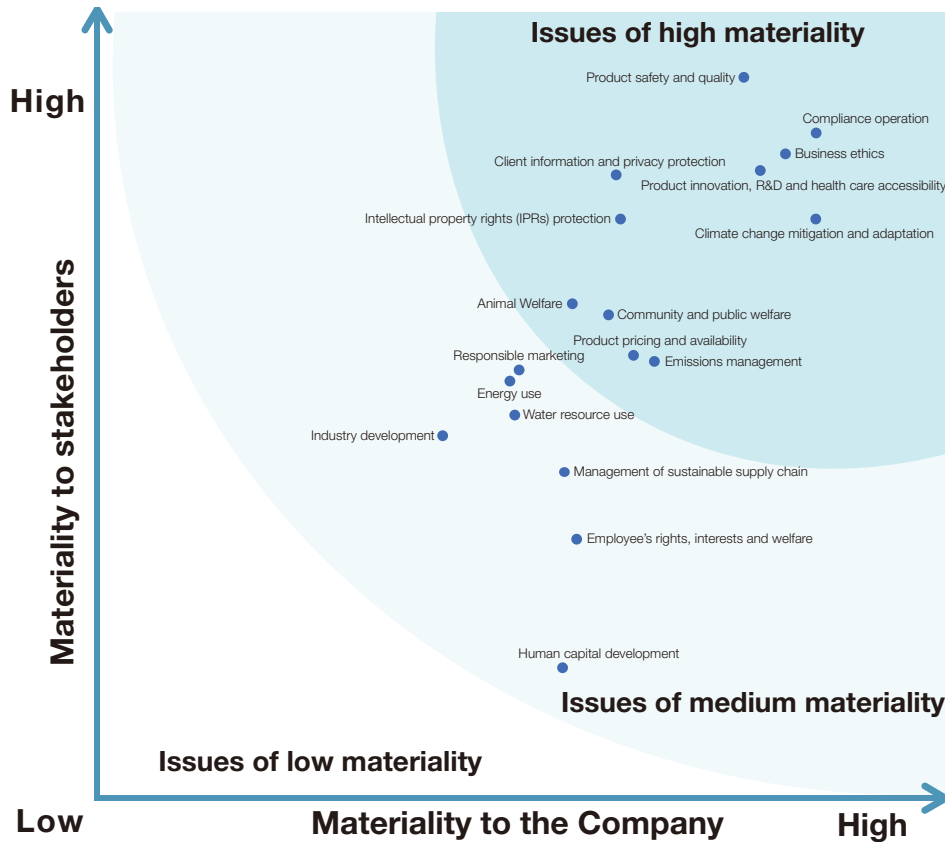
On the issue of "Climate change mitigation and adaptation", the Group is committed to regularly identifying and accounting for greenhouse gases generated by its operational activities, actively participating in the disclosure of climate change questionnaires by the Global Environmental Information Research Center, disclosing climate change management practices and results to investors and other stakeholders, and actively encouraging the supervision of these initiatives by all relevant stakeholders.

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## Procedure for the Analysis of Material Topics



## Matrix of Material Topics



## 2. Compliance

### 2.1 Compliance & Ethics

The Group has put in place and constantly improved a well-established system for risk identification and compliance management. It has introduced the *3SBio Compliance Management Regulations*, setting out compliance requirements for various sections of business operation. The *Anti-Corruption and Anti-Bribery Policies* in the *3SBIO INC ESG Code of Conduct* require compliance by all employees, Directors and third-party representatives. A facilitation payment is explicitly prohibited. For the year ended 31 December 2022 (the “**Reporting Period**”), the Group continued to improve the compliance management system for each business segment:

- Updated the *3SBio Compliance Management Regulations* and *3SBio Compliance Training Guide* to improve the compliance management requirements and training system.
- Updated the *Personal Information Protection Policy* in accordance with the *Personal Information Protection Law of the People’s Republic of China* to improve the Group’s personal information compliance control capabilities.
- Updated the management systems such as *Management Measures for Academic Conferences and Speakers*, *Standard Operating Procedures for Academic Activities and Conferences*, *Operating Guidelines for Flight Inspection of Academic Activities*, *Norms for Management of Academic Promotion Publicity and Educational Materials*, and *Compliance Management System for Academic Research and Promotion Projects* to provide compliance guidance for the development of business activities and guarantee responsible marketing.
- Optimized the *GSD Program Conduct Guidelines* to strengthen compliance monitoring of third-party funded programs.
- Updated the *Project Establishment Management System* to improve full process compliance management capability and put forward clearer and more explicit compliance management requirements for project third parties, so that third parties would provide scientific, legal and compliant services and cooperation in accordance with the Group’s compliance management requirements.

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Under the safeguard of various internal systems, we have established three lines of defense against compliance risks, including the overall risk management of the Group, information security compliance management and early warning and handling of crisis events, and enhanced compliance risk response capability through internal and external audits, compliance and anti-corruption training, the establishment of supervision and reporting mechanism and supplier anti-corruption management.

## 3SBIO Compliance Risk Defense Lines



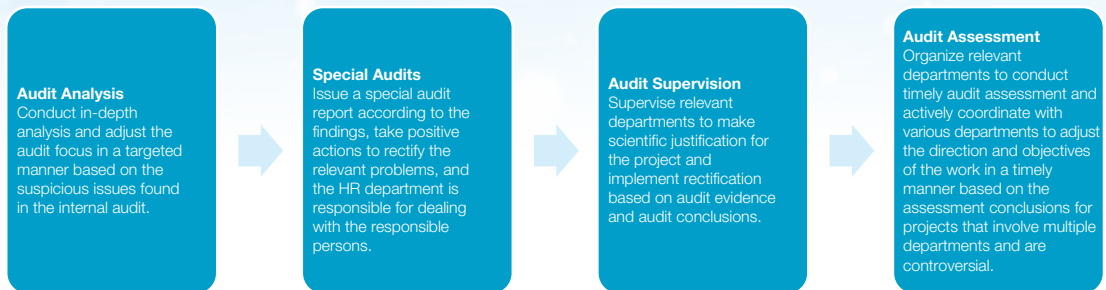
## Audit Mechanism

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

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

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



The Group strengthens its ability to operate in compliance with relevant laws and regulations and regulatory requirements through internal and external audits. During the Reporting Period:

- The Group engaged third party representatives to provide services for or on behalf of the Company in the normal course of business. During the Reporting Period, third parties conducted independent external audits of the Group in accordance with the provisions of relevant laws and regulations and regulatory requirements, and issued relevant reports in accordance with the regulatory timelines.
- The Group continuously conducted internal audits of each manufacturing base, covering dimensions such as salary and benefits, finance, taxation, sales management, and information systems.
- The Group's audit work was front-loaded to carry out daily monitoring of related processes.
- The Group conducted anti-corruption audit investigations involving all financial and physical processes such as procurement, fund management, R&D projects, fixed assets and human resources, and extends the audit to relevant positions and responsible persons.

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## Compliance Training

The Group has set up management systems, including the *3SBIO Group Anti-Corruption and Anti-Bribery Policy*, which sets out clear anti-corruption, anti-bribery and anti-money laundering requirements and regulates employee hospitality and charity practices. Under the system's guidance, we have established and strictly observed the compliance training system. The Risk Compliance Department makes yearly plans for compliance training targeting the entire workforce.

All employees should take part in regular compliance training and take tests after they are recruited. The Board of Directors, full-time and part-time employees and contractors should take regular anti-corruption and business ethics training. We have launched extra training programs for major departments, including the procurement, finance and manufacturing bases and the frequency of such training was raised to once a month.

During the Reporting Period, the Group conducted a total of 712 compliance training sessions for all employees, covering 27,612 participants, on topics relating to in compliance risk areas such as responsible marketing, commercial bribery, advertising compliance and personal information protection, with a 100% training coverage rate. For anti-corruption topics, the Group conducted three training activities, including "Anti-corruption and Anti-commercial Bribery", "GSD Project Conduct Guidelines" and "KA All Employee Compliance Training", covering all employees of the Group with a total training time of 5,492.5 hours. For Board members, the Group conducted training on compliance framework, anti-commercial bribery, anti-monopoly and other compliance risk areas, covering all members of the Board of Directors.

In addition, the Group enhanced employees' compliance awareness through Risk-Based Integrated Promotion Conduct Appraisal (IPCA) and Compliance Ambassador Initiative, among other measures. Employee's participation in compliance training was recorded in the IPCA for performance assessment every two months.

We also continued to promote a group-wide compliance culture through activities such as Compliance Ambassadors, Compliance Micro Classes, Spring Shoot Projects, Roast Training, and Compliance Management Training at Management Level.

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## Compliance Training Activities in 2022 (Partial)

Activities	Items	Effectiveness
<b>Compliance Ambassador</b>	<p>Delivered interactive training by functional and business team compliance stars on the compliance role of each function;</p> <p>Invited outside counsel to conduct compliance training for compliance ambassadors and regional managers on the topic of responsible marketing.</p>	<ul style="list-style-type: none"> <li>Two cumulative compliance ambassador activities</li> <li>More than 200 participants in the training</li> </ul>
<b>Spring Shoot Project II</b>	<p>Interpreted compliance laws and regulations and related rules, and organized case-sharing sessions such as “Law Today” to convey compliance requirements to employees; organized in-depth training for compliance ambassadors to consolidate the construction of compliance culture in the Company.</p>	<ul style="list-style-type: none"> <li>One activity in total</li> <li>36 participants</li> </ul>
<b>Roast Stage-I Training</b>	<p>Discussed and shared trends in key aspects of compliance regulatory enforcement in the pharmaceutical industry in the form of case studies.</p>	<ul style="list-style-type: none"> <li>One activity in total</li> <li>More than 190 participants</li> </ul>
<b>Compliance Management Training for WBU and GBU South Region Management</b>	<p>Summarized and analyzed BU compliance performance by stages and provided compliance guidance and advice on compliance risk issues.</p>	<ul style="list-style-type: none"> <li>Two activities in total</li> <li>29 participants</li> </ul>
<b>Compliance Micro Class</b>	<p>Published articles through the enterprise OA compliance column to explain and share cases on new industry policies and regulatory requirements.</p>	<ul style="list-style-type: none"> <li>9 articles were published</li> </ul>

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## Whistleblowing System




The Group has put in place a whistleblowing system. The Group's Risk Compliance Department has put through multiple reporting channels via e-mails and telephones, inviting real-name or anonymous tip-offs about existing or suspected irregularities from employees, third-party representatives and business partners.

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

- The informer's personal information and the tip-offs will be kept completely confidential. The Group will mete out harsh punishment to those breaking confidentiality rules and hold them accountable in accordance with the law.
- Those retaliating against informers or related witnesses will face the consequences based on the severity of their behaviors, including but not limited to removal from a post, termination of labor contracts and transfer to judicial organs for handling.

## Supplier Anti-corruption Management

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

 <p><b>Clarify management requirements</b></p> <ul style="list-style-type: none"><li>- Conduct risk assessment of suppliers when they are admitted and require them to sign the <i>Anti-Corruption and Anti-Bribery Commitment</i> in the <i>Supplier Compliance Statement</i></li><li>- The <i>Supplier Compliance Statement</i> provides hotlines and e-mails for tip-offs, encouraging suppliers to report any corruption acts that they spot. If a supplier fails to comply with any term in the statement, the Group may terminate the cooperation with the supplier</li></ul>	 <p><b>Assessment and Supervision</b></p> <ul style="list-style-type: none"><li>- In the day-to-day management process, carry out graded management based on the compliance risk assessment at the time of admission and the implementation of the service content of the supplier</li><li>- Conduct regular annual spot-check audits of high-value, high-risk suppliers</li></ul>	 <p><b>Training and Motivation</b></p> <ul style="list-style-type: none"><li>- Conduct training at the anti-corruption level to raise awareness of compliance and ethics among suppliers</li></ul>
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During the Reporting Period, the Group updated the *3SBIO INC ESG Code of Conduct* to stipulate that suppliers should have appropriate anti-corruption policies in place, conduct regular audits against the anti-corruption system to ensure the effectiveness of the system, and agree to be audited by the Group or a third party engaged by the Group to verify the supplier's compliance with the anti-corruption principles.



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In 2022, the Group further established a supplier compliance management module. On the basis of supplier access management, the Group further conducted compliance audits for the pre-execution agreement and post-execution delivery of supplier business to confirm whether the supplier had carried out the corresponding business and provided services in compliance with the Group's compliance-related policies, including but not limited to anti-corruption and anti-bribery, advertising and publicity, personal information protection, etc.; and checked whether the supplier had completed compliance training and signed compliance commitments as required.

The Group conducted compliance reviews for suppliers with whom it works on an ongoing basis over a two-year period, with a review plan to complete a full coverage cycle every three years. During the Reporting Period, the Company completed 8 project audits to check the compliance of project execution, and completed annual full-process audits of 12 commonly used suppliers.

## 2.2 IPR Management

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

The Group carries out due diligence on IPR when reviewing projects. It checks the patent application and legal status of products or key technologies involved in a new project before the project is launched. It then issues a patent investigation report and alerts as to risks. After a project is launched, it will keep tracking the patent conditions of products or key technologies involved in order to protect the Group's IPRs. During the Reporting Period, the Group's patent and trademark applications and licenses are shown in the table below, with patents including domestic, foreign and PCT (Patent Cooperation Treaty) international application data and trademarks including domestic and foreign data. In addition, Shenyang Sunshine and Sunshine Guojian were awarded the honorary title of "National Intellectual Property Demonstration Enterprise".

Field	Progress in 2022
<b>Patents</b>	<ul style="list-style-type: none"><li>• 69 patent applications filed</li><li>• 25 patents granted</li></ul>
<b>Trademarks</b>	<ul style="list-style-type: none"><li>• 12 trademark applications filed</li><li>• 16 trademarks registered</li></ul>

## 2.3 Animal Welfare

Laboratory animal welfare refers to ensuring that laboratory animals are well managed and cared for, and reducing or avoiding unnecessary injuries and discomforts in the course of raising, managing and using laboratory animals. The Group has constructed laboratory animal centers in three manufacturing bases, namely Sunshine Guojian, Shenyang Sunshine and Sciprogen, which involve the use of laboratory animals in pre-clinical pharmacological and pharmacological efficacy studies, pharmacogenetic toxicological studies in vivo testing of animals, and abnormal toxicity testing and pyrogen testing during the product release stage. The Group strictly complies with the *Regulations on the Administration of Laboratory Animals*, the *Guiding Opinions on the Good Treatment of Laboratory Animals* and other relevant laws and regulations, as well as national standards such as the *Laboratory Animals — General Requirements for Animal Experiments (GB/T 35823-2018)* and the *Laboratory Animal — Guideline for Ethical Review of Animal Welfare (GB/T 35892-2018)*, and continuously strengthens the management of laboratory animals and safeguards the welfare of laboratory animals.

The Group has established a laboratory animal management committee in the animal experimentation center of each manufacturing base, which is responsible for implementing laws and regulations related to laboratory animal work, inspecting the licensing status of laboratory animal use, strengthening the quality control level of animal experiments, managing animal laboratories, improving the business level of practitioners, etc. Each manufacturing base has developed management systems and processes such as the *Animal Welfare and Animal Experimentation Ethics Review System*, *Laboratory Animal Facility Operation and Management System*, *Laboratory Animal Welfare Protection System*, *Management Procedures for Cleaning and Disinfection of Animal Experimentation Center Environment and Animal Cage Equipment*, *Standard Operating Procedures for Animal Experimentation Protocol Review* to improve laboratory animal management and welfare protection.

The Group has established a mechanism for reviewing animal experiments, with veterinarians conducting irregular inspections of animal facilities and testing of the status of animals; checking whether the animal experimental process has reasonable use of analgesia and anesthesia, and whether it meets the requirements of national standards, etc. The person in charge of the experiment will be notified to handle any non-compliance.

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Furthermore, targeting employees involved with laboratory animals, each manufacturing base of the Group participates in professional training organized by local regulatory authorities and internal organizations in a bid to ensure that employees work with training post certificates for laboratory animal practitioners.

### Training Activities at Each Manufacturing Base in 2022

**Sunshine Guojian** Organized online learning for employees to study the revised standard operating procedures documents related to laboratory animals, lasting a total of 4 hours

Arranged for the participation in a series of training lectures held by the Shanghai Laboratory Animal Resource Sharing Service Platform, including “Experimental Animal Welfare and Anesthesia Topic”, “Shanghai Administrative Licensing Process for Laboratory Animals and Interpretation of Related Laws and Regulations”, “Patent Search and Information Analysis in the Field of Laboratory Animals”, “Impact of Environmental Factors and Determination of Environmental Technical Indicators in Laboratory Animals”, etc. Patent Search and Information Analysis in the Field of Laboratory Animals”, “Influence of Environmental Factors and Determination of Environmental Technical Indicators in Laboratory Animals”, “Design and Application of Commonly Used Animal Experiments in Medical Research”, etc., lasting a total of 11 study hours

**Shenyang Sunshine** Delivered training on *Quality Control Requirements for Laboratory Animals*, and *General Requirements for Quality and Competence of Laboratory Animal Institutions*, lasting a total of 3.5 study hours

Arranged for laboratory animal managers to participate in the training for laboratory animal managers held by the Liaoning Provincial Department of Science and Technology; courses include *Overview of Laboratory Animal Management*, *Laboratory Animal Safety Management*, *IACUC Work Experience Certificate Exchange*, etc., lasting a total of 10 study hours

Arranged for laboratory animal practitioners to participate in the training for laboratory animal practitioners held by the Liaoning Provincial Department of Science and Technology; courses include *Standardization of Laboratory Animal Construction*, *National Standards Related to Laboratory Animal Environment and Facilities*, *Laboratory Animal Health, Disease and Prevention*, *Ethics of Laboratory Animal Welfare*, etc., lasting a total of 22 study hours

**Sciprogen** Conducted seven training sessions, covering training on regulations related to laboratory animals, basic operation training, EPO in vivo operation training, laboratory safety training, etc., lasting a total length of about 20 study hours

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

## Freedom from hunger and thirst

- Daily inspection to ensure adequate water and feed.

## Freedom from discomfort

- Provide a light environment of 12 hours light and 12 hours dark;
- Record the temperature and humidity values of each feeding room to ensure that the laboratory animals are in a comfortable living environment;
- Change the bedding regularly to reduce the ambient ammonia concentration and odor.

## Freedom from pain, injury and disease

- Regularly clean and disinfect laboratory animal materials, cage, equipment, and feeding rooms.

## Freedom from fear and distress

- Prepare animals according to experimental requirements before the experiment and use the minimum number of animals;
- Give animals the necessary anesthesia or analgesia during the experiment, keep them warm after the operation, and give soft feed to weak animals;
- Grasp the animals with gentle movements and comforting touch, inject with accurate injection sites and push the drugs slowly to reduce the animals' pain during the experiment;
- Perform euthanasia on animals that are dying or are regarded by veterinarians as suffering from pain to safeguard laboratory animals from unnecessary suffering.

## Freedom to express normal behavior

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

## 3. Product and Client Service Responsibility

### 3.1 Providing High-standard Quality Products

The Group's major marketed products and their efficacy are shown in the table below. The product candidates in the pipeline cover areas including nephrology (e.g., SSS06 NuPIAO), oncology (e.g., 304R anti-CD20 antibody), autoimmune and others (e.g., 301S TNFR-FC fusion protein), ophthalmology (e.g., 601A anti-VEGF antibody) and skin diseases (e.g., MN709).

The products are mainly sold to hospitals and other medical institutions (i.e., clients). As of the end of the Reporting Period, the Group's sales team had covered over 2,700 Grade III hospitals and over 6,300 Grade II or lower hospitals and medical institutions in all provinces, autonomous regions and special municipalities in Mainland China.

Product names	Indications
<b>TPIAO</b>	Treating chemotherapy-induced thrombopenia in patients with solid tumors and immune thrombocytopenia
<b>YISAIPU</b>	Treating rheumatoid arthritis, ankylosing spondylitis and psoriasis
<b>EPIAO</b>	Treating anemia caused by chronic kidney disease, anemia caused by chemotherapy and the reduction of allogeneic blood transfusion in surgery patients
<b>SEPO</b>	Treating anemia caused by chronic kidney disease and chemotherapy
<b>Cipterbin</b>	Treating HER2-positive metastatic breast cancer in combination with chemotherapy
<b>Mandi</b>	Treating male pattern alopecia and alopecia areata
<b>Xenopax</b>	Preventing acute rejection after renal transplant
<b>Byetta</b>	Improving the glycemic control in patients with type 2 diabetes
<b>Qiming Keli</b>	Treating type 2 diabetic retinopathy
<b>Aiyishu</b>	Treating iron-deficiency anemia
<b>Sparin</b>	Preventing and treating deep vein thrombosis, and preventing clotting during hemodialysis

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Product names	Indications
<b>Saiboning</b>	Preventing venous thromboembolic disease in cases of intermediate or high risk of venous thrombosis in surgery
	Treating established deep vein thrombosis
	Combined with aspirin for the treatment of unstable angina and non-Q wave myocardial infarction in the acute phase
	Preventing blood clot formation in extracorporeal circulation in hemodialysis

## Quality Control System

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

The Group's quality control system has been widely recognized at home and abroad. All our pharmaceutical subsidiaries have acquired Good Manufacturing Practice (GMP) 2010 recognition by the People's Republic of China. In the meantime, Shenyang Sunshine and Sunshine Guojian have received PIC/S (International Drug Inspection Organization) recognition by countries including Turkey.

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## Product Quality Control System



During the Reporting Period, based on the business development needs, in order to meet the requirements of the regulations related to the consigned manufacturing and the quality agreement of the consigned manufacturing, the Group added new systems and management processes such as *Management Procedures for Communication and Handling of Quality Information of Consigned Manufacturing*, *Management Procedures for Consigned Manufacturing* and *Procedures for Supervision and Management of Consigned Manufacturing Bases*. These procedures clarify the management requirements related to the consigned manufacturing and stipulate drug laws and regulations and technical specifications applicable to the consigned manufacturing, so as to ensure the quality of products.

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The Group continues to undergo domestic and international official audits and inspections, including GMP compliance reviews, pharmacovigilance site inspections, and product-specific special inspections, in a bid to improve its quality management capabilities through external audits. During the Reporting Period, Sunshine Guojian received a total of 5 domestic and international official audits; Zhejiang Wansheng received a total of 2 domestic and international official audits; Shenyang Sunshine received a total of 4 domestic and international official audits; Sciprogen received a total of 4 domestic and international official audits.

Each manufacturing base carries out regular internal audits of the quality management system, including quarterly quality management reviews, annual self-inspections and irregular internal quality audits, to ensure the effective operation of the quality system and to promote the continuous improvement of the quality system. In addition, each manufacturing base further deepens the employees' quality management awareness and improves the quality management level through quality training. During the Reporting Period:

- Zhejiang Wansheng conducted 224 training sessions on product quality, with 2,590 participants, covering all QA, QC, production and technical personnel. The main content of the training includes training on the drugs administration law, FDA quality law and regulations, drug post-marketing changes administration and other regulations, training on quality management documents before they take effect, training before implementation of verification, laboratory safety training, practical training on inspection instruments, etc., so that GMP can truly become an employee code of conduct;
- Shenyang Sunshine carried out several product knowledge training sessions, involving the knowledge of each product process, covering about 450 participants, so that employees have further understanding of products;
- Sciprogen carried out 117 training sessions related to production quality management and pharmacovigilance, involving key quality activities, process knowledge of each product, GMP knowledge, pharmacovigilance knowledge, etc. The training covered about 200 participants, so that employees have a further understanding of GMP regulations and product knowledge.

### Quality Inspection

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



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The Group has comprehensive internal inspection capabilities and can carry out testing at all stages from the material incoming to finished products leaving the factory, including raw and auxiliary material inspection, packaging material inspection, product testing, stability investigation, sample retention observation and methodological validation. Our Quality Control Department has sections such as the material room, product room, microbiology room, and new product room. The laboratory is set up with an instrument room, physical and chemical laboratory, stability investigation room, and microbiology laboratory that meet GMP requirements.

- Sunshine Guojian**
  - Possess the measurement certification of the inspection and testing agency recognized by the National Institute for Food and Drug Control and have the ability to develop and test the whole process of analytical methods for antibodies
  - Have the ability to test all kinds of samples for product inspection, method development and validation. Inspection items include physical and chemical examination, identification, content, purity, activity, process-related impurities, microorganisms and other quality attributes; raw and auxiliary materials, packaging materials, process water, environmental monitoring and other related testing
- Zhejiang Wansheng**
  - Have the ability to test all aspects from material incoming to finished products leaving the factory, including raw and auxiliary material inspection, packaging material inspection, product testing, stability inspection, sample observation, and methodological validation, etc. Inspection items include: physical and chemical examination, identification, content, process-related impurities, microbiology and other quality attribute testing
- Shenyang Sunshine**
  - Have the ability to analyze and test recombinant protein biological products, including biological activity determination, protein purity test, protein content determination, identification of protein drug physicochemical properties, residual impurity test, glycosyl analysis, safety test, etc.
- Sciprogen**
  - Have the ability to analyze and detect recombinant protein biologics and small molecule drugs, including the capability to characterize drug purity using high-performance liquid chromatography and electrophoresis. Our expertise in drug activity characterization includes ELISA testing, animal experimentation, and potency analysis based on enzymatic reactions. Moreover, we have the capacity to characterize drug impurities through advanced detection methods such as high-performance liquid chromatography, gas chromatography, ion chromatography, thermal analysis, and real-time quantitative PCR.

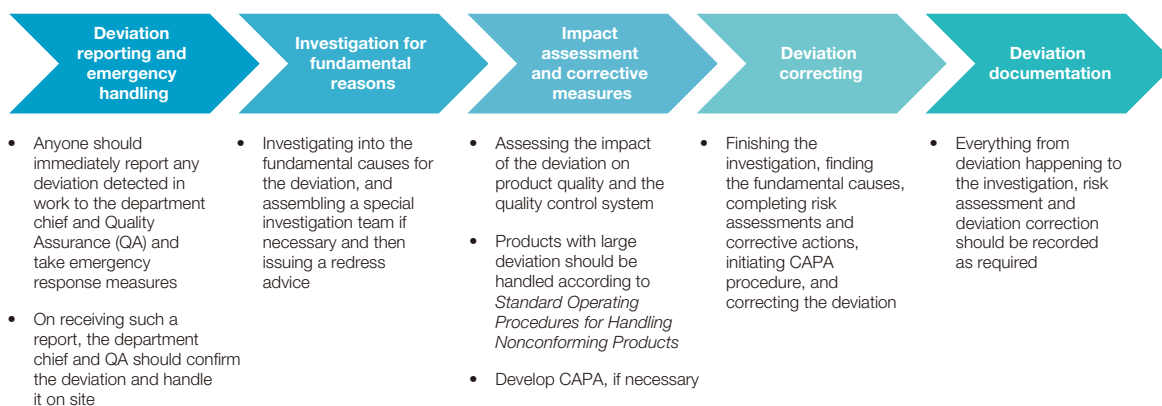
### Corrective and Preventive Actions

Each manufacturing base of the Group has established its systems such as the *Standard Handling Procedure for Quality Deviation* and the *Standard Corrective and Preventive Action (CAPA) Procedure* to carry out corrective and preventive action (CAPA) and preventive inspection in case there are deviations, self-inspections and external audits in the production process.

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The *Standard Handling Procedure for Quality Deviation* regulates the management of deviations in the production process, ensuring that any deviation should be reported, recorded, evaluated, investigated and disposed of according to the prescribed procedures. All deviations found should have clear explanations or descriptions and should be thoroughly investigated and properly handled. Only after meeting release standards as verified by the assessment can products leave the factory. Otherwise, they will be handled according to *Standard Operating Procedures for Handling Nonconforming Products*, and if necessary, corrective and preventive measures will be taken to prevent the recurrence of such deviations. During the Reporting Period, the Group updated the *Standard Handling Procedure for Quality Deviation*, adding instructions for remedial correction of identified problems and instructions for readjustment of CAPA in deviations.

## Deviation Handling Procedure



The Group has formulated the *Standard Management Procedures for Nonconforming and Waste Products*, *Standard Operating Procedure for Do-Over Operations* and *Standard Operating Procedure for Changes and Returns*. Nonconforming products in the deviation processing shall be reproduced, scrapped, changed or returned through the *Standard Operating Procedures for Handling Nonconforming Products*. The personnel of the quality department of each base shall monitor the whole process of processing nonconforming products. During the Reporting Period, the Group updated the *Standard Management Procedures for Nonconforming and Waste Products* and added new matters related to the management of non-conforming products for consigned and commissioned production with reference to the quality agreements for consigned and commissioned production to meet the needs of consigned and commissioned production.

## Pharmacovigilance System

Pharmacovigilance (PV) and risk management represent an important section of the life-cycle risk management of products. To fulfill our promise to safeguard patients' safety, the Group has established a pharmacovigilance system for the entire life cycle from new drug development to post-marketing in accordance with the *Law of the People's Republic of China on the Administration of Drugs*, the *Regulations on Adverse Drug Reaction Reporting and Surveillance*, and the *Good Pharmacovigilance Practices (GVP)*, formulated a pharmacovigilance system documentation system, set up

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a full-time pharmacovigilance department, and established a Pharmacovigilance Committee for Marketing Authorization Holder (MAH) for each manufacturing base. The pharmacovigilance department has been set up, and the drug safety committee of each manufacturing base has been established to take risk management measures for the important safety risks of drugs found during the new drug development stage and after the products are marketed, so as to improve the overall safety level of drug use and ensure the safety of drug use by patients.

The Group follows and implements the established management system, such as the *Pharmacovigilance Management System* and the *Charter of the Drug Safety Committee*, to regulate the implementation of pharmacovigilance throughout the life cycle of drugs. In 2022, the Group continuously optimized the pharmacovigilance management system and formulated a series of pharmacovigilance operating procedures for MAH at each manufacturing base, covering the operating procedures of various pharmacovigilance tasks, pharmacovigilance quality systems, signal monitoring, risk control plan, etc., and formulated the assessment system for pharmacovigilance key performance indicators to strengthen the control of pharmacovigilance quality system and ensure that the pharmacovigilance system is compliant and of high quality according to the requirements. We have also developed an assessment system of pharmacovigilance key performance indicators to strengthen the pharmacovigilance quality system control and ensure that the pharmacovigilance system complies with the requirements and operates with high quality, and ensure timely detection of pharmacovigilance system defects and other pharmacovigilance implementation risk information.

The Pharmacovigilance Department is responsible for the pharmacovigilance work of each MAH under the Group, covering three major pharmacovigilance systems, including pharmacovigilance operations, pharmacovigilance compliance and training, and pharmacovigilance monitoring, to establish a sound pharmacovigilance system for the entire life cycle of the Group from new drug development to post-marketing.

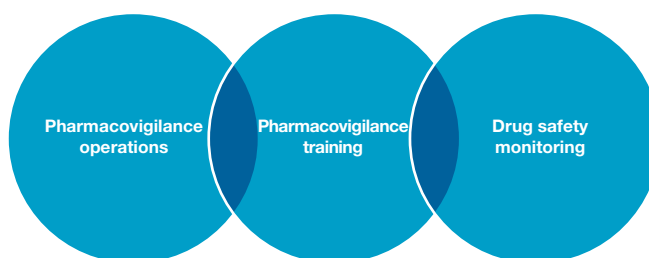
## **Drug Safety Management Committee**

**Responsibilities:** Responsible for the study and judgment of major drug risks, the handling of major or emergency drug incidents, risk control decisions and other major matters related to pharmacovigilance.

## **Pharmacovigilance Department**

**Responsibilities:** Responsible for the effective operation and maintenance of the pharmacovigilance system, ensuring compliance of pharmacovigilance activities throughout the life cycle of the drug.

### **Three Major Pharmacovigilance Systems**



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

## Case Report Collection Methods and Approaches

 <p><b>Medical institutions</b> Mainly through medical information communication specialists</p>	 <p><b>Pharmaceutical business enterprises</b> Mainly through the agreement of the PV clause in the drug quality agreement</p>	 <p><b>Literature Search</b> Chinese databases: CNKI, Wanfang, Cqvip Foreign language databases: PubMed, Embase, Ovid</p>
 <p><b>Regulatory Feedback Report</b> Automatic database download, Triage daily testing and report creation</p>	 <p><b>Telephone and complaints</b> PV 24h hotline, 400 call center, security information contained in drug complaints</p>	 <p><b>Post-marketing Research</b> Reporting requirements for company-initiated studies mainly through the study protocol agreement on adverse reactions</p>
 <p><b>Information collection of overseas marketed drugs</b> Mainly by signing SDEA separately or by including PV clauses in other agreements</p>		 <p><b>Other</b> PV public mail, data collection project</p>

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In clinical studies conducted for new drugs or new indications for drug applications, each MAH under the Group collects, handles and evaluates serious adverse events (SAEs) (except for serious adverse events not immediately reportable as specified in the trial protocol or other documents (e.g., Researcher's Manual)), adverse events of special interest (AESI) and pregnancy events that meet regulatory requirements. Each MAH under the Group finds individual cases meeting the Suspected Unexpected Serious Adverse Reaction (SUSAR) and reports them quickly to drug regulatory authorities and health authorities, ethics committees as required.

Also, the Group has accumulated product safety data, analyzed and assessed the risks of drugs through daily and regular signal monitoring, regular safety update reports. Furthermore, it will establish timely and effective communication mechanisms for important known risks or important potential risks of drugs identified, and will communicate timely risk information of drugs with regulatory authorities, patients, medical institutions and other stakeholders to protect patient safety and safeguard public health.

In addition, the Group and each MAH Pharmacovigilance Department organize regular training to popularize the knowledge of pharmacovigilance among employees and raise their awareness of pharmacovigilance management. For new employees, the Pharmacovigilance Department conducts pharmacovigilance training for new employees so that they can understand the department and raise their awareness of adverse reaction management. Meanwhile, the Company organizes pharmacovigilance training for all employees, including pharmacovigilance basics, regulations and procedures for reporting and handling adverse drug reactions, which enhances the awareness of adverse event reporting for all employees. During the Reporting Period, the Group trained a total of 4,487 employees, with a pass rate of 90.57%.

### **Product Recall Mechanism**

Each manufacturing base has introduced *Procedure for Products Recall* and *Standard Management Regulations for Recall Management*, specifying levels of product recall and corresponding workflows, in line with laws and regulations, including *Regulations on Drug Recall* and *Guidelines for Drug Production Quality Management (2010)* and *Guide to Good Manufacturing Practice for Medical Products by European Union*.

During the Reporting Period, the Group updated the *Procedure for Products Recall* in accordance with the *Regulations on Drug Recall (2022)*, adding the content of investigation and assessment reports, revising the time limit for recall reports, revising the time limit for summarizing the handling of drug recall situations and adding the duties of the Pharmacovigilance Center.

The Group conducts drill product recalls at least once every two years. The Group has conducted a mock recall exercise in 2021 and plans to conduct a mock recall exercise in 2023. During the Reporting Period, the Group did not have any product recalls.

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## 3.2 Providing Quality Services to Clients

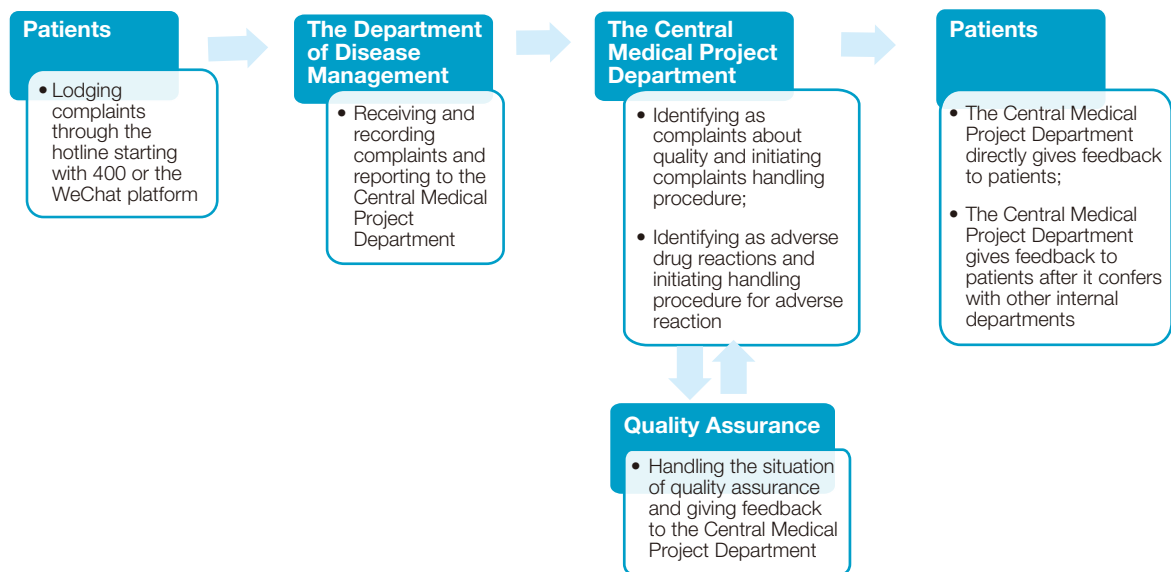
### Client Service System

The Group values services for clients and patients. With a well-established client service system built up by the service provided by a hotline starting with 400, the WeChat platform and a third-party calling center as well as regular patient visits, we offer timely and efficient solutions.

Each manufacturing base has formulated the *Standard Management Procedures for Handling User Complaints*, *Standard Management Procedures for Complaint Management*, and *Complaint Management Procedures* to standardize the investigation, handling and analysis procedures of client complaints. Upon receipt of client complaints, the Group starts in-house communication and works to offer a satisfactory reply and solution to clients.

During the Reporting Period, the Group updated the *Standard Management Procedures for Complaint Management* to further improve the regulations and processes for the management of client complaints in order to meet the requirements of the regulations related to consigned manufacturing and the quality agreement for consigned manufacturing.

### Procedure for Handling Client Complaints



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## Customer privacy protection

To protect the privacy of clients and consumers, the Group has put in place the *Code of Conduct and Ethics for Employees*, the *Regulations for Personal Information and Data Safety Management* and the *Guidelines for Commercial Secrets Management*, and the *Group Information System and Network Security System* and the *Clinical Information System Management System*, requiring every employee to comply with the confidentiality principle when it comes to non-public information about clients, employees and agents.

Necessary client information is collected and managed through our Sales Force Effectiveness (SFE) system, whose access is strictly restricted. Users of different hierarchical levels only have limited access to the data in different visual forms. Any information regarding businesses, hospitals or other clients can only be viewed and used in the system. Downloads of the information in any form are strictly prohibited.

During the Reporting Period, no confirmed client information leakage, theft or loss happened in the Group.

## 3.3 Responsible Marketing

Upholding the business philosophy of “integrity, standardization, transparency and fairness”, the Group promotes drugs and medicine in an ethical, scientific and objective manner. It has been faithfully observing national laws and regulations in product tags and advertisement and ensured that regulators, medical professionals, and patients have access to authentic and rigorous products and academic information. The Group formulated the *Procedure for Approving Promotional and Educational Materials*, requiring that all information for marketing or statements should be accurate, clear and transparent.

The Group has established a regular audit mechanism for “responsible marketing” and conducts internal audits of “responsible marketing” at a frequency of no less than once a year. During the Reporting Period, the Group’s Audit Department conducted two “responsible marketing” audits.

### Three Major Principles of Marketing

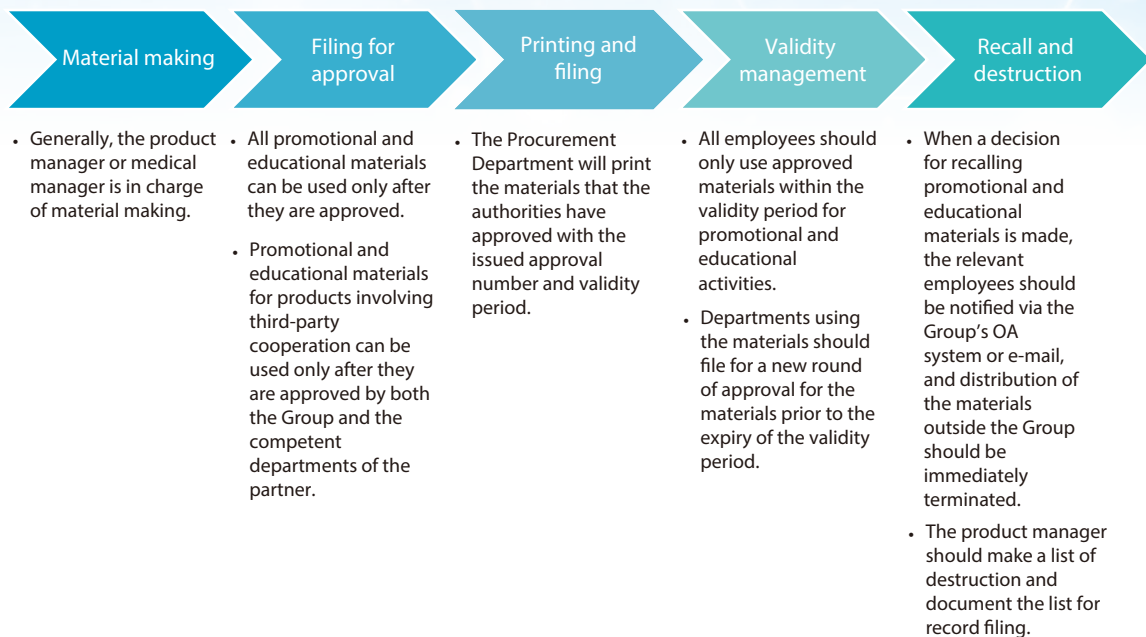
**Accuracy:** Promotional information or statements should be in line with the tags approved by the government, and no advertising or promotional materials may be used without proper authorization;

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

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

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## Procedure for Approving Promotional and Educational Materials



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

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

During the Reporting Period, the Group conducted targeted compliance training and awareness-raising for new employees, new managers, high-risk personnel and all employees, including 569 training sessions on the topic of “responsible marketing”, covering 22,089 participants and with a coverage of 100%.



## 4. Employee Development Responsibility

### 4.1 Employee's Rights, Interests and Welfare

#### Employee Recruitment and Basic Rights and Interests

The Group abides by laws and regulations in recruiting the workforce and has signed labor contracts with all employees in accordance with laws and regulations. It regulates recruitment, working hours, employee promotion, remuneration and welfare, among others, through corporate mechanisms including the *Employees Manual*, the *Guidelines for Employee Dismissal*, and the *Guidelines for Employee Attendance and Leave*. It has faithfully followed the principle of employment equality and ensured that no employee is discriminated against due to their race, religion or gender, respecting and protecting employees' personal privacy. It verifies job candidates' age and prohibits child labor or forced labor. If any non-compliance incident occurs, we will take legal action to deal with it.

Moreover, the Group is committed to creating a diverse employee structure and building an inclusive corporate culture. It has established the *3SBIO Equality and Diversity Policy* to ensure that we practise the principles of diversity and inclusion in our recruitment and career development processes and oppose any form of workplace discrimination. From time to time, the Group conducts training on employee diversity policies and proposes employee diversity management goals and is committed to the goal of having at least one candidate with a diversity background on average on the interview list for each position at the director level and above. The Group provides support and performs monitoring duties for the achievement of diversity goals.

#### Overview of Employee Recruitment and Their Basic Rights and Interests

Recruitment, dismissal and promotion	Working hours and leaves	Remuneration and welfare
<ul style="list-style-type: none"> <li>• Recruitment: The Group follows the principle of employment equality and prohibits the use of child labor and forced labor</li> <li>• Dismissal: The Group introduced the Guidelines for Employee Dismissal to regulate and improve management on employee dismissal</li> <li>• Promotion: Employees will receive their year-end bonus or get promoted or demoted based on the result of their performance evaluation; the Group offers a clear career growth path to employees in terms of professional development and management development based on their personal willingness</li> </ul>	<ul style="list-style-type: none"> <li>• Working hours: Employees of standard working hours work 40 hours a week; employees of comprehensive working hours work and rest according to the actual situation of their departments</li> <li>• Overtime: Employees can apply for compensatory leave accordingly if they have overtime work</li> <li>• Leave: The Group provides paid annual leave, marriage leave, bereavement leave, maternity leave, sick leave, etc., in accordance with national regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration: The payments are in line with laws and regulations; implementing a payment system combining employees' position, performance and competence; researching remuneration and welfare provided by peer pharmaceutical companies and those in other industries to provide a reference for employees' payment adjustment; offering personalized remuneration adjustment to outstanding employees</li> <li>• Commercial insurance: The Group provides all employees aged 18 to 60 with commercial policies, including accident insurance, critical illness insurance and insurance for out-patient and hospitalized services</li> <li>• Enterprise annuity: Sunshine Guojian has established an enterprise annuity system</li> </ul>

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In addition, the Group provides commercial insurance for all employees including permanent employees, retired employees and dispatched workers, including employee accidental death and disablement, death by disease, accidental medical treatment, critical illness insurance, outpatient and inpatient medical service insurance and maternity benefit insurance coverage for women. The Group also provides accidental health insurance for part-time employees.

The Group continues to cooperate with the China Disabled Persons' Federation and third-party suppliers to build a legal employment system for persons with disabilities. The suppliers assist the Group in the recruitment of persons with disabilities (with valid disability certificates), the interviewing and onboarding process, and the Group carries out formal employment and pays social security and payroll. Moreover, the Group entrusts suppliers to give more pre-employment vocational training to people with disabilities to improve their work skills.

## 3SBIO Inc. Employment Project for the Disabled (Phase I)

**Project duration:** June 2020–May 2023

**Employee:** People with disability certificate

**Employment:** During the Reporting Period, the Group has placed approximately 18 disabled persons (425 person-months in total) in employment, employing an average of more than 30 persons with disabilities per year since the project was launched, and has provided comprehensive protection for each disabled person in terms of wages and social security in the course of employment in strict accordance with labor laws.

### Employee Communication

The Group has built diverse platforms for democratic communication. It has established Employees' Congress and online communication platforms and employee grievances channels to ensure employees' rights to know, participate, express and supervise. All manufacturing bases have formed labor unions. Shenyang Sunshine, Sciprogen, and Sunshine Guojian negotiated and signed collective contracts and collective wage negotiation agreements with labor unions, and included provisions for the protection of female employees in the collective negotiation agreements. Among them, Sunshine Guojian signed the agreement for protecting female employees with labor unions.

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The Group has established a formal employee complaint channel and a comprehensive employee grievance handling mechanism, with each department establishing and standardizing the relevant grievance process and protecting the privacy of grievants through anonymous grievances. In case of compliance problems, they can report the problem to their superiors, labor unions, human resources and compliance department. In case of incidents that may be suspected of disciplinary violations, they can report the problem to the audit department via OA, email, phone or to the audit department. In addition, we let our employees know the grievance mechanism and channels during new employee training.

The Group actively conducts investigations based on the incidents reported or appealed by employees to ensure the objectivity and impartiality of the investigations, face up to the problems and resolve them in a timely manner from the source, instead of evading the conflicts and focuses involved. Meanwhile, the Company promptly communicates with the employees regarding the results of handling and caring for their legal labor rights from a practical point of view. The Company is committed to promoting the protection of employees' vital interests and constantly establishing and strengthening harmonious and benign employment relations.

In order to understand the satisfaction of employees with the Group's operations, the Group conducts an annual satisfaction survey for employees. During the Reporting Period, we conducted a satisfaction survey for employees of all ages, ranging from "post-00s" to "post-90s" and "post-80s" to "post-70s", with over 2,000 participants. The survey results show that more than 78% of the employees surveyed strongly agree with the team working atmosphere, more than 85% of the respondents approve of the management style, personal charisma of the leaders and career development prospects and opportunities within the Group, and more than 85% of the respondents said they would recommend their friends to work for the Group.

During the Reporting Period, the Company won the "2022 Greater China Social Enterprise Excellence" by HRoot, the "2022 China Good Value Employer of the Year" by Enfovia, the "2022 China Best Health Employer Innovation Project Award" by China Human Resource Management Research Institute and a series of other employer brand awards.

### **Employee Care**

The Group implements a comprehensive employee care initiative to provide care and benefits to all employees including holiday benefits, employee assistance programs, female employee care, and more, covering all types of employees. At the same time, the Group provides support for employee sports and cultural activities, helping employees achieve work-life balance. In addition, the Group has set up a medical fund for employees with major illnesses to aid all employees in difficulties; it cares for female employees by providing nursing rooms and breastfeeding leave for female employees to solve the practical difficulties of breastfeeding employees.

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## Employee Care Activities of Each Manufacturing Base in 2022 (Partial)

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<b>Zhejiang Wansheng</b>	<ul style="list-style-type: none"><li>• Developed the Sympathy System for Employees and Families in Major Disasters and provided sympathy for 9 people in total during the Reporting Period</li><li>• Carried out activities to send cool beverages to the front-line employees in the summer heat for five consecutive weeks</li><li>• Distributed holiday gifts to 173 female employees on March 8 Women's Day, and planned cultural activities</li><li>• Planned employee birthday parties on a monthly basis and issued birthday gratuities</li></ul>
<b>Sunshine Guojian</b>	<ul style="list-style-type: none"><li>• Set a special budget of RMB110,000 to cooperate with the Pudong New Area Federation of Trade Unions to subsidize employees and their families who were eligible for targeted help for schooling, targeted help for major diseases, and help for the New Year's Day and Spring Festival</li><li>• Distributed holiday gifts to 553 female employees on March 8 Women's Day</li><li>• Continuously expanded the service content of "nursing rooms", including promotional posters, breastfeeding dictionary, mother and baby magazines and exhibition shelves, mother and baby care treasure box and other supporting measures</li><li>• Distributed birthday gifts to employees and plan employee birthday party every quarter</li><li>• Festive gift packages (Women's Day, Dragon Boat Festival, Mid-Autumn Festival, Spring Festival)</li><li>• From June to September, high temperature subsidies were given to employees according to their positions</li></ul>
<b>Sciprogen</b>	<ul style="list-style-type: none"><li>• Distributed birthday gifts to employees, sympathy for employees who were sick and hospitalized and for mothers who gave birth to children</li><li>• Provided employees with holiday gifts, shopping cards, travel subsidies, New Year's welfare shopping cards, phone vouchers, movie vouchers and other benefits</li><li>• Distributed holiday gifts to each female employee on March 8 Women's Day</li><li>• Paid attention to the improvement of professional and technical knowledge of female employees, conducted occasional interviews, understood the needs of female employees' vocational skills improvement, and submitted technical training applications to higher-level labor unions</li></ul>
<b>Shenyang Base</b>	<ul style="list-style-type: none"><li>• Re-created the female workers' care room with the needs of female workers in mind</li><li>• Distributed holiday gifts to female employees on March 8 Women's Day</li></ul>

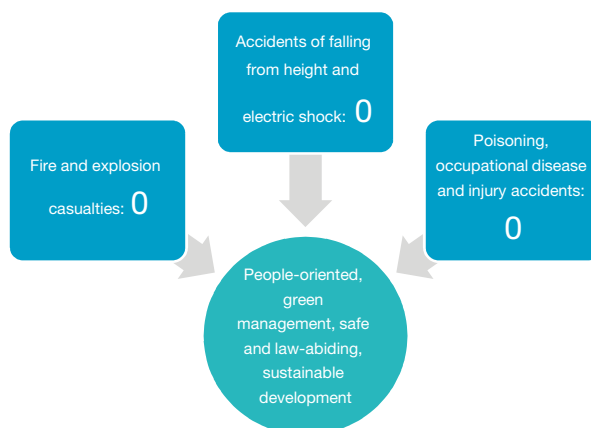
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To make employees' lives more colorful, the Group encourages all employees to take part in club activities and festivals actively and provides financial support for them. During the Reporting Period, the Group conducted the second Family Day, inviting employees and their families to the Company to participate in the activity and helping employees' families understand the Company's culture and working atmosphere. A total of 60 families with about 150 participants in the activity.

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Shenyang Sunshine has set up a photography club and a dance team, organized friendly basketball matches, and organized recreational competitions such as playing poker, futsal and shuttlecock for the resident employee during the pandemic closure to enrich their lives. Zhejiang Wansheng has renovated the employee activity center and built it into an employee activity center with better functions such as the basketball court, badminton court, table tennis court, library and reading room, etc. It has also set up a sports club and organized basketball and badminton tournaments to further enrich the amateur life of the employee.

## 4.2 Occupational Health and Safety



### Safe Production

The Group adheres to the occupational health and safety and environmental (EHS) policy of “people-oriented, green management, safe and law-abiding, and sustainable development” and sets occupational health and safety objectives. By the end of the Reporting Period, Shenyang Sunshine, Sunshine Guojian, Zhejiang Wansheng and Sciprogen were recognized as level-3 companies with national work safety standardization certificates.

The Group has set up a Production Safety Management Commission responsible for establishing EHS work policies and objectives, supervising the establishment of EHS rules and regulations, studying and reviewing the production safety responsibility system, supervising EHS publicity and education, etc. In addition, the Group has formulated the safety management mechanism, including the *Production Safety Management Regulations*, the *Safety Inspection Management Regulations*, the *Safety Hazards Detecting and Correcting Regulations*, and the *Emergency Rescue Regulations*, which were updated during the Reporting Period, to guide its work on safety management.

Under the guidance of the Production Safety Management Committee, each manufacturing base regularly carried out the evaluation of the current status of safety production, identified and managed safety hazards in the workplace, and made every effort to ensure workplace safety through measures such as potential safety hazard investigation and rectification, hazard source identification and classification control, and regular safety training and emergency drills.

# 2022 Environmental, Social and Governance Report

## Production Safety Work of Each Manufacturing Base in 2022 (Partial)

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<b>Shenyang Sunshine</b>	<ul style="list-style-type: none"><li>• Conducted 3 emergency drills, 1 fire emergency drill, 1 hazardous chemical site disposal program drill, and 1 special equipment emergency drill</li><li>• Invited professional occupational hazard testing institutions to conduct occupational hazard testing and inspection in the factory. Conducted special inspections for purification positions, liquid dispensing positions and lab technician positions involving occupational hazards in the Company. Inspected site protection facilities, ventilation facilities, labor protection equipment and use, safety signs layout, etc</li></ul>
<b>Sciprogen</b>	<ul style="list-style-type: none"><li>• Updated the fire evacuation plan, carried out series of safety renovation works such as “anti-rust processing of thunder-protection facilities in factory buildings”, “waterproof and repair of high and low voltage power distribution rooms”, “replacement and repair of overdue air pressure storage containers”, and “plant greening and pruning”</li><li>• Hazard identification was carried out twice, with a total of 1,684 items identified, and a series of risk control measures such as elimination, substitution, engineering control, system, training and emergency response were taken to effectively reduce the number of hazardous sources and lower the risk level</li></ul>
<b>Sunshine Guojian</b>	<ul style="list-style-type: none"><li>• Conducted two rounds of online knowledge competitions in the month of safety, and produced training materials on the dissemination of safety laws and the main responsibilities of enterprises</li><li>• Hazard identification activities were carried out, with 1,321 dangerous sources identified, including 14 high-risk ones</li><li>• All employees signed the production safety responsibility letter, covering the safety target indicators, safety responsibilities, safety rewards and punishments of the Company, departments and individuals at all levels in 2022</li></ul>

## 2022 Environmental, Social and Governance Report

### Zhejiang

### Wansheng

- Checked the wearing condition of labor protection products of employees every month, corrected the behavior of not wearing labor protection products according to regulations, and communicated with employees during the inspection process to understand the protection effect of labor protection products and the convenience in operation, and decided the reasonable replacement and addition of labor protection products
  - Carried out comprehensive management of noise sources, with the use of sound insulation, muffling, sound absorption, vibration isolation and other comprehensive noise control measures to control the spread of sound from the source
  - Transformed the way of gas supply from liquefied petroleum gas tanks in canteens to gas supply from a special gas pipeline company to eliminate the hidden dangers of gas supply from liquefied petroleum gas tanks
  - Added automatic power-off devices in the electric vehicle charging area to eliminate the safety hazards associated with prolonged charger access
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In addition, manufacturing bases have put in place the *Regulations for Hazardous Chemicals Management* and *Regulations for Highly Toxic Products* to manage hazardous chemicals such as ethanol and hydrochloric acid involved in production and business operation. These regulations specify the procedures for depot management and the responsibilities of those purchasing, using and managing hazardous chemicals to ensure safety in using hazardous chemicals.

No safety accidents such as fire and explosion, chemical poisoning and occupational disease injuries occurred, and no employee death due to work-related injuries during the Reporting Period.

### Occupational Health

The Group has been committed to creating a healthy and safe working and living environment for its employees. In strict accordance with the national and local laws and regulations, the Group has formulated the *Manual for Environmental and Occupational Health and Safety Management* and the *Regulations on Occupational Health Management* and established an occupational health management department to improve the management of employees' occupational health continuously. By the end of the Reporting Period, all of the Group's manufacturing bases in China (Shenyang Sunshine, Sunshine Guojian, Zhejiang Wansheng and Sciprogen) have been certified and revalidated for ISO 45001:2018 occupational health and safety management system.

# 2022 Environmental, Social and Governance Report

Dust, noises and acid and alkali corrosion in manufacturing bases pose occupational health risks to employees. The Group has strengthened warning notices at worksites and daily inspection patrols and continually regulates staff employees' work operations in accordance with the proper norm. We also offer employees full sets of protective measures and gear. Manufacturing bases detect hazardous elements that would harm employees' health in the workplace and release corresponding results on a regular basis. They offer adequate protective gear to employees working in high-risk positions and arrange annual physical checkups to ensure their occupational health. During the Reporting Period, we provided health checkups for employees in positions involving occupational disease risks and no occupational disease hazards occurred.

## Occupational Health Work of Each Manufacturing Base in 2022 (Partial)

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- |                              |  |
|------------------------------|--|
| <b>Shenyang<br/>Sunshine</b> | <ul style="list-style-type: none"><li>Invited professional occupational hazard testing organizations to enter the factory for occupational hazard testing and inspection, and conducted special inspections for purification positions, liquid dispensing positions and lab technician positions involving occupational hazards, and checked the setting of on-site protective facilities, ventilation facilities, labor protection equipment and use, and safety sign layout</li><li>Conducted occupational health and safety training for all employees to deepen their understanding of the safety and health management system, occupational hazards and occupational health and hygiene knowledge</li></ul> |
| <b>Sciprogen</b>             | <ul style="list-style-type: none"><li>During the 2022 Production Safety Month, occupational health and safety training was conducted for all employees in the Company, with a total of 290 participants and 8 hours of training</li></ul>  |
| <b>Sunshine Guojian</b>      | <ul style="list-style-type: none"><li>Training was conducted once a month for in-service employees for 2 hours (24 hours in total for the year), and six times a year for each in-service employee in functional departments for 2 hours (12 hours in total for the year), mainly covering EHS policy, objectives and responsibilities; hazard identification and evaluation; safety emergency plans; occupational health and safety management programs; occupational health and safety related laws and regulations; and occupational health and safety target indicators, etc</li></ul>   |
| <b>Zhejiang<br/>Wansheng</b> | <ul style="list-style-type: none"><li>In 2022, a total of 41 occupational health and safety training sessions were conducted, covering 1,234 participants, achieving full participation and comprehensive coverage</li><li>Carried out occupational health week activities to promote occupational health and safety-related laws and regulations through the distribution of brochures, posters, multimedia scrolling, etc</li></ul>  |
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## 2022 Environmental, Social and Governance Report

During the Reporting Period, the Group carried out a series of employee health activities. We provide free 7\*24-hour medical consultation service for employees and their families to help employees and their families to quickly obtain online consultation services during the pandemic. In response to the anxiety of the pandemic, we opened the “Diligent Heart” public welfare hotline to provide employees with professional external support. Sunshine Guojian launched the Guojian Health Day campaign. During the activities, employees were provided with health items such as “mobile health car”, “ointment diagnosis”, “shoulder and neck massage”, and “ear point pressing beans”.

### 4.3 Talent Development and Retention

#### Talent Introduction and Retention

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

The Group cooperates with universities every year to recruit fresh undergraduate and graduate students and actively develops talent pool. During the Reporting Period, the Group attracted more than 164 fresh graduates to join us through online and offline recruitment. Meanwhile, the Group maintains good cooperation with institutions of higher learning. For instance, the Group has established and awarded the “Industry-University-Research Practice Base” with the East China University of Science and Technology, and co-built the “Practice Education Base” with Shenyang Pharmaceutical University for two consecutive years, and regularly carries out internship activities with these colleges. This provides a good interactive platform for the Group and undergraduate and graduate students, helps to deliver cutting-edge science and technology to campus, allows students to realize the organic combination of what they learn and what they use, and provides more development space for their internship, practice and employment.

The Group has introduced a series of incentives, including setting up the “Talent Scout Award”, “Talent Retention Award”, equity incentive and in-depth analysis of departing employees so as to attract and keep top talents and sustain its business development with talents.

# 2022 Environmental, Social and Governance Report

## Employee Retention Measures

	Main contents	Progress in 2022
<b>Talent Scout Award</b>	<ul style="list-style-type: none"><li>The Group's Research &amp; Development Center sets up the "Talent Scout Award" to encourage employees to recommend outstanding professionals. All employees from the R&amp;D Center can recommend candidates based on job descriptions. After the candidates are recruited and pass the probationary period, the one recommending the new recruitment will be eligible for the "Talent Scout Award".</li></ul>	<ul style="list-style-type: none"><li>A total of 19 employees won the "Talent Scout Award".</li></ul>
<b>Talent Retention Award</b>	<ul style="list-style-type: none"><li>To retain core employees, the Group has introduced a talent retention program. Over a three-year period, employees in the program will receive 30%, 30% and 40% of the bonus amount upon one more year of service.</li></ul>	<ul style="list-style-type: none"><li>A total of 32 employees won the Talent Retention Award.</li></ul>
<b>Equity incentive</b>	<ul style="list-style-type: none"><li>The Group has established an equity incentive system targeting executives, middle-level management and pillar employees working on key positions.</li></ul>	<ul style="list-style-type: none"><li>The number of the Group's equity incentive grants was 400, accounting for 7.8% of all employees, mainly covering R&amp;D and manufacturing positions.</li></ul>
<b>In-depth analysis of departing employees</b>	<ul style="list-style-type: none"><li>The Group has taken separations in different sectors as example to analyze the reasons for departure and carried out improvement measures every year.</li></ul>	<ul style="list-style-type: none"><li>Leavers in the CDMO sector were sampled for analysis, and interviews were conducted to understand the in-depth reasons for their departure, and improvement measures were carried out based on the reasons in order to retain the existing outstanding talents.</li></ul>

# 2022 Environmental, Social and Governance Report

## Employee Selection and Promotion

The Group adopts an integrated performance management system to standardize talents selection management, and the performance evaluation and employee promotion are carried out fairly and transparently. The entire Group participates in performance target setting, and each system customizes performance appraisal methods according to business characteristics, including monthly, quarterly, semi-annual and annual appraisals. The performance evaluation results are taken as the basis for bonus distribution and job promotion.

The Group makes clear career growth plans for employees who are free to choose to pursue a career in a professional area or in management. Manufacturing bases formulate the *Measures for Job Promotion*, making clear promotion principles and career growth paths so as to provide a strong guarantee for employees' career growth and development.

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

## Talent Training and Support

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

### Employee Training System

Training for New Employees	Training for Employee Growth	Management Training
<ul style="list-style-type: none"> <li>Germination Initiative: Public courses, position basic knowledge (including EHS and quality management) training</li> <li>Outreach training for new graduates</li> <li>Welcome Day</li> </ul>	<ul style="list-style-type: none"> <li>Daily Courses for Personal Growth: Improving employees' management and leadership capacities</li> <li>Office professionals</li> <li>Training tailor-made by departments</li> </ul>	<ul style="list-style-type: none"> <li>Project Management Training</li> <li>MBA program by China Europe International Business School</li> <li>Dawn Leadership Training</li> <li>King's Wings Boot Camp</li> <li>Marketing Strategy Boot Camp</li> </ul>

## 2022 Environmental, Social and Governance Report

In 2022, the Group conducted training activities such as the “Leadership Acceleration Program”, the “Emerging Uncommon Talent Development Program”, and new apprenticeship training to help employees and managers improve their capabilities.

### Training Activities for 3SBIO Employees in 2022 (Partial)

Activities	Main contents	Progress in 2022
<b>Leadership Acceleration Program</b>	Through offline lectures and experiential interactions, empowering managers, helping participants to further open up their knowledge of the nature of management, leading their teams to do a good job in the management of business and organization, talent development and other dimensions in practice, and improving the management effectiveness of the heads of departments and teams	Covering the heads of production, R&D, and functional system departments of the group, with a total of 129 people
<b>Emerging Extraordinary Talent Development Program</b>	The program was selected through layers to form a boot camp, and through internal mentorship and regular in-depth communication to understand the growth of the students	The project was aimed at the marketing system with a total of 530 participants
<b>New Apprenticeship Training</b>	Arranged for participation in the recording of new apprenticeship courses organized by the Ministry of Human Services and Social Security	Covering 26 quality supervisors at Shenyang base, recording a total of 22 courses, 170 sessions and 33 hours
<b>Customized online courses for new employees</b>	To help new employees quickly integrate into the Company, new employees were invited to participate in recording customized online courses	A total of 263 new employees from all bases participated, accumulating 32.5 hours of recording
<b>General/specialized online courses</b>	Provided diversified training courses for all employees	Total online course length of 26.7 hours
<b>“Talent Advancement Package” online courses</b>	Provided 42 online courses with a total of 143 hours to help employees broaden their horizons, including the World Top 500 High Performance Work Method, Energy Management in the Workplace and Full-Stack New Media Operations	The course video was played 2,905 times and lasted 1,420 hours

## 2022 Environmental, Social and Governance Report

In addition, Sunshine Guojian has built the Boya Academy. The academy has several training classrooms, and more than 1,000 square meters of teaching area, and is equipped with professional teaching equipment such as computers, projectors, audio, and page-turning laser pens. Sunshine Guojian invites part-time training teachers with professional expertise to share their work experience and knowledge with employees. During the Reporting Period, Boya Academy trained a total of 438 people online and offline. Zhejiang Wansheng pays attention to the innovative skill development of the employee, and actively applies the competition and training of the docking skill category. A total of 1 person won the Industrial System Innovation Award.

The Group pays attention to the growth and development of new employees and actively promote the rapid integration of new employees into their positions. The Group has established a growth system for management trainees and invites all entry-level management trainees to participate in a gamified learning platform. The Group's gamified learning platform sets up a total of 364 courses and 14 module question banks, covering sales, marketing, R&D and other aspects of training content. Through immersive learning and gamified breakthroughs, it helps management trainees quickly understand corporate culture and master job knowledge. In the meantime, the Group offers career growth suggestions and training support to employees based on expertise and skills required for different career growth paths in the annual new employee training and annual performance review sessions.

The Group supports employees to upgrade their academic and vocational functions and opens up a channel for all employees, including part-time employees and labor dispatch workers, to apply for funding for educational and career skill improvement programs to obtain academic upgrading or vocational skills certificates.

## 5. Environmental Protection Responsibility

### 5.1 Environmental Management System

The Group mainly consumes electricity, steam, heat, natural gas, LNG, LPG, gasoline and diesel oil directly or indirectly in its production and business operation. It uses water from the municipal water supply system and there are no risks in seeking appropriate water sources. Main discharges and emissions by the Group include effluents, waste gases, solid waste and greenhouse gas. We work strictly in accordance with the requirements of the emission permit, and pollutants such as effluents, waste gas and noise at the factory boundary are discharged in accordance with the requirements of the emission permit.

The Board of Directors performs the responsibility of supervising environmental management. Under the guidance of the Board of Directors, the Group has set up a leading group for environmental protection, with Senior Vice President Su Dongmei of the Group as the head of the leading group. The Group follows the GMP requirements to establish and continuously improve the environmental management system, which manages and implements the environmental protection agenda. The leading group directs the environmental management of each manufacturing base under the guidance of the *Environmental Management Regulations*.

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

During the Reporting Period, each manufacturing base conducted its own annual environmental monitoring, and the pollutant emissions were in compliance with national environmental protection requirements. Based on ISO 14001 management requirements, all of the Group's manufacturing bases in China (Shenyang Sunshine, Sunshine Guojian, Zhejiang Wansheng and Sciprogen) have conducted and passed third-party audits covering all operational aspects at a frequency of no less than once every three years. As of the end of the Reporting Period, 100% of the Group's manufacturing bases in the PRC had passed the ISO 14001:2015 environmental management system certification.

Manufacturing bases have been carrying out internal audits on environmental impacts on a regular basis and other audits based on management demands of different projects. Meanwhile, each manufacturing base actively conducts training related to environmental protection for all employees to enhance their awareness of environmental compliance and their ability to handle environmental emergencies.

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## Environmental Training of Each Manufacturing Base in 2022 (Partial)

<b>Shenyang Sunshine</b>	<ul style="list-style-type: none"> <li>• Provided all employees with environmental safety training that mainly introduces environmental safety knowledge, emergency response, occupational health prevention and other content</li> <li>• Provided hazardous waste disposal training for hazardous waste production departments, covering hazardous waste disposal requirements, disposal principles, daily collection considerations, emergency disposal, etc</li> </ul>
<b>Sunshine Guojian</b>	<ul style="list-style-type: none"> <li>• Conducted chemical leakage drills and fire escape drills in hazardous waste storage rooms</li> </ul>
<b>Scirogen</b>	<ul style="list-style-type: none"> <li>• Provided training for wastewater treatment station operators, environmental protection officers and safety management personnel; the main content includes the implementation of the main responsibility for safety production at pollution prevention and control facilities, knowledge of safety in limited space operations at wastewater treatment stations, safety operation procedures at wastewater treatment stations, etc</li> <li>• Included environmental awareness training in new employee orientation</li> </ul>
<b>Zhejiang Wansheng</b>	<ul style="list-style-type: none"> <li>• A total of 7 environment-related training sessions were conducted during the Reporting Period, with a total of 454 participants, achieving full employee coverage</li> <li>• For the managers of all departments and related designers, we collected a number of typical punishment cases in recent years and organized study and training for a total of 227 participants</li> </ul>

In 2022, the Group has continued to carry out environmental management work around the four previously set targets of water resource utilization, energy utilization, hazardous waste emissions, and greenhouse gas emissions.

2025 ESG Management Goals	Units	Progress in 2022
30 percent reduction in water consumption per revenue unit by 2025 compared to the level in 2017	cubic meters/million RMB of operating income	111.42
40 percent reduction in energy consumption per revenue unit by 2025 compared to the level in 2017	MWh/million RMB of operating income	21.05
30 percent reduction in discharge of hazardous wastes per revenue unit by 2025 compared to the level in 2018	kg/million RMB of operating income	146.29
20 percent reduction in greenhouse gas emissions per revenue unit by 2025 compared to the level in 2017	ton of CO <sub>2</sub> equivalent/million RMB of operating income	8.59

Note: The Group develops ESG quantitative targets based on the data from our manufacturing bases that operate in a sustainable and stable manner. Due to business expansion needs, the Group may adjust these targets in the future.

## 5.2 Pollutant Reduction

### Wastewater Management

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

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

### Standards for Effluent Discharge and Major Control Indicators

Discharge Standards	Major Control Indicators
<p><i>Discharge Standards for Biopharmaceutical Industrial Wastewater (GB21907-2008)</i></p> <p><i>Comprehensive Discharge Standards for Wastewater (GB8978-1996)</i></p> <p><i>Shanghai Municipal Discharge Standards for Biopharmaceutical Industrial Pollutant (DB31/373-2010)</i></p> <p><i>Liaoning Provincial Comprehensive Discharge Standards for Wastewater (DB21/1627-2008)</i></p> <p><i>Guangdong Provincial Capping on Polluted Effluents Discharge (DB44/26-2001)</i></p> <p><i>Water Standards for Effluents Discharged into Municipal Pipeline Network (GB/T31962-2015)</i></p> <p><i>Limit of Indirect Discharge for Emission of Nitrogen and Phosphorus for Industrial Water (DB33/887-2013)</i></p> <p><i>Self-monitoring technology guidelines for pollution sources— Pharmaceutical industry Chinese traditional medicine category, biological pharmaceutical products category, chemical pharmaceutics preparations category</i></p>	<p>Five-day biochemical oxygen demand (BOD<sub>5</sub>), chemical oxygen demand (COD), suspended solids, ammonia nitrogen, nitrogen, phosphorus, animal, vegetable oil, and PH, etc.</p>

In 2022, Sciprogen updated the process flow chart of the wastewater treatment station and carried out water reuse for green irrigation, reducing wastewater discharge by 8,414 m<sup>3</sup> in total during the Reporting Period; Zhejiang Wansheng carried out the sludge press efficiency improvement project of plate and frame filter press for the problem of low sludge press efficiency of the original wastewater treatment station, adjusted the sludge feed concentration and motor operation stability, and improved the sludge filtering efficiency.



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## Waste Gas Management

The main line of business of the Group is biopharmaceutical. The chemical drugs and Chinese patent medicine produced by Zhejiang Wansheng are a small part of its business. Waste gases from the biopharmaceutical business line come from the small amount of odor generated from nutrient solution discharge and replacement in biopharmaceutical production through fermentation. The waste gases, mainly comprising ammonia and steroid substances, contain an extremely low number of pollutants after infiltration and purifying, thus generating little adverse impact on the external environment. Waste gases from the chemical drugs production line are mainly non-methane hydrocarbon and effluvium, and we have entrusted a third-party agency with testing the two indicators, ensuring they are discharged up to standards. In addition, the Group uses boilers that generate waste gases, including nitric oxide and sulfur dioxide. In 2022, Sciprogen further improved the safety operating procedures for waste gas treatment facilities.

## Standards for Waste Gas Emissions and Major Control Indicators

Emission Standards	Major Control Indicators
<i>Emission Standards for Biopharmaceutical Industrial Wastewater (GB37823-2019)</i>	Non-methane hydrocarbons, odor, particulate matter, hydrogen sulfide, etc.
<i>Comprehensive Emission Standards for Air Pollutants (GB16297-1996)</i>	
<i>Emission Standards for Malodorous Pollutants (GB14554-1993)</i>	
<i>Air Quality – Determination of Odor – Triangle Odor Bag Method (GB/T14675-93)</i>	
<i>Shanghai Municipal Emission Standards for Boiler Pollutants (DB31/387-2018)</i>	
<i>Guangdong Provincial Emission Standards for Boiler Pollutants (DB44/765-2010)</i>	
<i>Hangzhou Municipal Emission Standards for Major Industrial Enterprises' Volatile Organic Compounds (DB3301T 0277-2018)</i>	
<i>Emission Standards for Biopharmaceutical Pollutant (DB31/373-2010)</i>	

## Solid Waste Management

Non-hazardous solid wastes generated by the Group include domestic wastes, wasted packaging generated in production, wasted rubber plugs, wasted aluminum caps, and a small amount of wasted active carbon produced in water-making and treatment centers. Hazardous wastes include wasted organic solutions, dregs of a decoction, wasted penicillin bottles, harmful sludge generated in water treatment centers, raw and auxiliary materials passing expiration date and wasted phenol. During the Reporting Period, the Group generated 146.29 (kg/million yuan of operating revenue) of hazardous waste per revenue unit, a decrease of 8.40% year-on-year.

# 2022 Environmental, Social and Governance Report

In terms of harmless waste reduction, Zhejiang Wansheng has changed the storage method of ethanol from ethanol tank to buried storage tank, and the materials are directly imported into the storage tank by tanker truck, which greatly reduces the generation of empty barrels of materials.

## Major Measures for Solid Waste Treatment

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### Non-hazardous solid waste

- Domestic waste: handed over to the sanitation department
- Other solid wastes generated in production (e.g., wasted silica sand, wasted aluminum foil, wasted paperboard and uncontaminated packaging) are collected and handed over to qualified facilities for unified treatment according to the requirements of environmental protection regulations

### Hazardous solid waste

- Hazardous solid wastes (e.g., waste drugs produced in production and inspection processes, medicines passing the expiration date, toxic wasted packaging) are handed over to qualified facilities for unified treatments
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## 5.3 Responding to Climate Change

### Climate Change Governance

The Group keeps a close eye on the global climate change situation and has included climate change mitigation and adaptation into its corporate social responsibility. The Group identified risks and opportunities related to climate change in line with suggestions made by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB). Accordingly, it improved its management and reduced greenhouse gas emissions in business operation so as to mitigate its impact on climate change. The Group found that it mainly generates indirect greenhouse gas emissions out of outsourced power supply.

## Management System for Climate Change

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### Governance

- Include climate change in the Group's ESG agenda
- Make climate change mitigation and adaptation one of the priorities of all relevant business units and EHS departments
- Communicate climate change as a priority issue with stakeholders through channels such as ESG reports

### Strategy

- Plan to incorporate climate change risks and opportunities as part of overall operational risk management in response to the significant risks and opportunities identified
- Improve energy use efficiency through equipment technology renovation, use of energy-saving lighting, etc.
- Purchase clean electricity and increase the percentage of clean electricity usage. In 2022, Shenyang Sunshine purchased 1,000 MWh of wind power, with clean power use accounting for 7.76% of the base's total electricity consumption

### Risk Management

- Identify potential risks and opportunities for operational activities, the results of which are detailed in the "Risks and Opportunities in Climate Change" section
- Track relevant regulations and policies annually to be able to respond to requests as and when they arise
- Establish emergency plans and conduct annual emergency drills to deal with the impact of emergencies

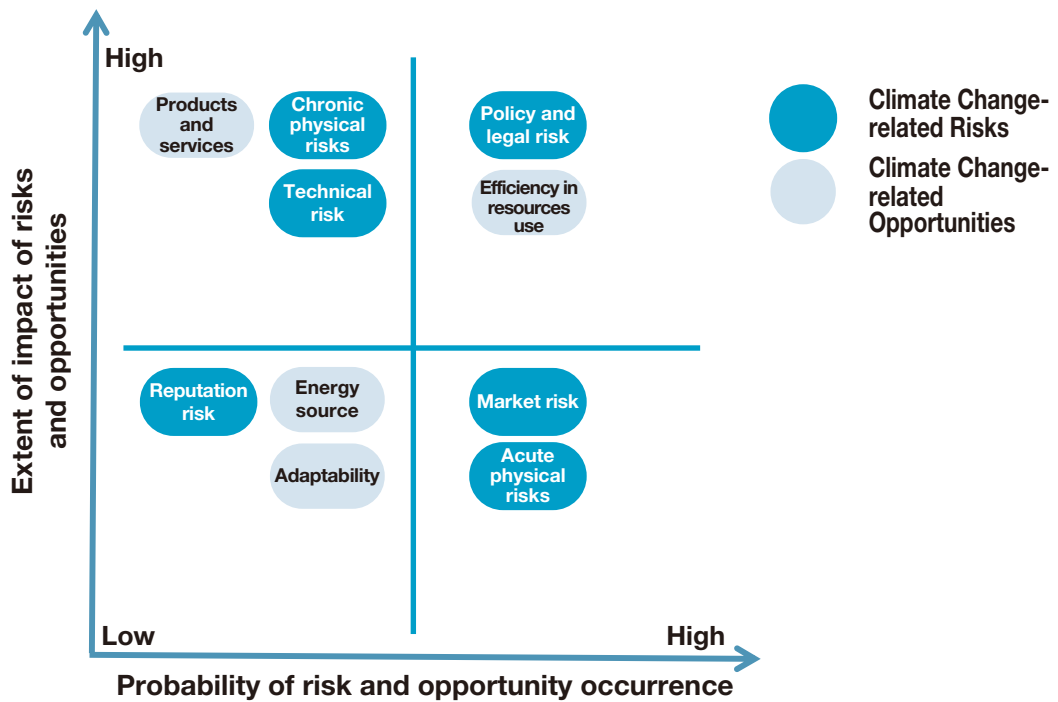
### Indicators and Targets

- Disclose the amount and intensity of greenhouse gas emissions in its annual ESG report, evaluate the Company's performance on climate change mitigation and make plans for improvement
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## Risks and Opportunities in Climate Change

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

**Matrix of Climate Change Risks and Opportunities Identified**



# 2022 Environmental, Social and Governance Report

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

Climate Change-related Risks and Opportunities Identified	Potential Financial Risks
<p><b>Policy and Legal Risks</b></p> <p>The Group's manufacturing bases located in the two pilot cities, namely Shanghai and Shenzhen, may be the first to be required to participate in the carbon emissions trading market.</p>	<p>Increasing operational costs</p>
<p><b>Technology Risks</b></p> <p>If laws and regulations demand the deployment or use of clean energy, writing off existing assets or scrapping them in advance and using/designing new operation procedures might increase operational costs.</p>	<p>Increasing operational costs</p>
<p><b>Market Risks</b></p> <p>The Group's product candidates in the pipeline cover five major areas: oncology, autoimmune and other diseases, nephrology, ophthalmology and dermatology. These diseases may be affected by climate change, which may affect the market demand for our products.</p>	<p>Increasing operational costs</p>
<p><b>Reputation Risks</b></p> <p>As a company listed on the Hong Kong Stock Exchange, the Group is required by the Hong Kong Stock Exchange to disclose greenhouse gas emission data and emission reduction measures. Therefore, this information is public to customers and investors, and when it is lower than the expectations of customers and investors, it will be detrimental to the corporate reputation.</p>	<p>Adverse impact on workforce management and planning (like employee recruitment and retention)</p>
<p><b>Acute Physical Risks</b></p> <p>The Group's manufacturing bases in Shanghai and Shenzhen are more susceptible to extreme weather typhoons, which may cause power outages, waterlogging, and resulting in safety incidents or forced production suspensions.</p>	<p>Increasing operational costs Decreasing value of fixed assets</p>

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

## 5.4 Efficient Use of Resources

### Energy Management

The Group upholds the principle of green development and strives to improve the energy structure in its production operations, promote the recycling of energy, actively develop new energy sources, accelerate the application of clean technologies and carry out energy conservation projects to improve the energy utilization efficiency of all manufacturing bases of the Group.

During the Reporting Period, the Group's energy consumption per revenue unit was 21.05 (MWh/million yuan of operating revenue), a decrease of 10.09% year-on-year.

# 2022 Environmental, Social and Governance Report

## Energy Management Measures for Each Manufacturing Base in 2022

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- |                          |  |
|--------------------------|--|
| <b>Shenyang Sunshine</b> | <ul style="list-style-type: none"><li>Used energy-saving and consumption-reducing equipment such as variable frequency motors, automatic air-conditioners, and variable frequency pumps.</li></ul>   |
| <b>Sciprogen</b>         | <ul style="list-style-type: none"><li>Shortened the power consumption time and achieved power savings of 1,400 kWh per year by sorting out and refining the start/stop times of continuous power supply equipment such as night lighting and ventilation fans in the plant;</li><li>Optimized production management, increasing production capacity by nearly 8% and reducing public unit consumption by approximately 4% for the year;</li><li>Improved heat transfer efficiency by cleaning and maintaining 5 condensers of 3 chillers, reducing the current of a single unit by an average of 20A and saving 150,000 kWh of electricity per year;</li><li>Improved heat transfer efficiency by cleaning and maintaining the evaporator chambers of 2 industrial steam generators, reducing consumption by 0.5% for a single unit;</li><li>The capacitors of the 2 reactive power compensation systems in the electrical room were replaced with new ABB capacitors, which not only ensured the safety of the electrical cabinet but also improved the capacity of reactive power compensation and increased the power factor to 98% for the whole year.</li></ul> |
| <b>Zhejiang Wansheng</b> | <ul style="list-style-type: none"><li>Replaced all old fluorescent tubes in the administration building with LED energy-saving lamps to save electricity consumption.</li></ul>  |
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## Water Resources Management

The Group pays attention to the conservation and utilization of water resources and reduces water consumption through water recycling and water-saving technology renovation. During the Reporting Period, the Company's water consumption per revenue unit was 111.42 (m<sup>3</sup>/million yuan of operating revenue), down 8.84% year-on-year.

## Water Management Measures for Each Manufacturing Base in 2022

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|--------------------------|--|
| <b>Shenyang Sunshine</b> | <ul style="list-style-type: none"><li>The recycled water was about 7,200 tons; 4.25% of the total water of the base.</li></ul>   |
| <b>Sciprogen</b>         | <ul style="list-style-type: none"><li>The cumulative amount of water recycled was 8,414 m<sup>3</sup>, accounting for 12% of the total water consumption of the base;</li><li>Explored and researched how to reduce the number of washes in the washer.</li></ul>  |
| <b>Zhejiang Wansheng</b> | <ul style="list-style-type: none"><li>Workshop EUP01 adopted a spray ball instead of traditional water injection to clean the Workshop EUP tank, reducing the amount of water used for cleaning; adopted a self-control program instead of traditional manual control and the amount of water is more accurate, avoiding human waste of water resources; adopted inductive faucet, avoiding people from forgetting to turn them off.</li></ul> |
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## 6. Supply Chain Responsibility

### 6.1 Resilient Supply Chain

The Group classifies its suppliers into strategic suppliers, preferred suppliers, relationship maintenance suppliers and general suppliers based on the principles of materiality and substitutability in terms of their impact on business. We focus on the quality, safety and stability of our supply chain and are committed to building a resilient supply chain.

Manufacturing bases formulated the *Standard Management Procedures for Supplier Management* and the *Management Procedures for Supplier Audit* and *Standard Operating Procedures for On-Site Quality Inspection* to manage the quality of products provided by suppliers. Suppliers' promise to the Group in quality can stand the test of authoritative certification and professionals from the Group, therefore ensuring the safety of medicine products.

The Group carries out suppliers quality training regularly every year in conjunction with management needs, and the frequency of training is no less than once a year to achieve simultaneous improvement of suppliers' quality management capabilities. During the Reporting Period, the Group invited GMP material suppliers to participate in online quality training, with 138 suppliers attending, accounting for approximately 5.4% of the Group's suppliers. The training covers supplier audit requirements, coordination and resolution measures after quality problems with materials.

In addition, manufacturing bases launch training sessions for suppliers from time to time and offer training sessions on quality control in transportation to suppliers of cold-chain transportation. During the Reporting Period, Sciprogen provided training for two logistics transporters on the knowledge of regulations, safety and site operation points related to pharmaceutical cold chain logistics. Shenyang Sunshine conducted annual online quality training for all suppliers, covering more than 140 participants, which promoted the improvement of suppliers' quality system.

#### Measures for Supplier Quality Management

- For new suppliers: their business qualifications and quality standards for raw materials are reviewed in a strict manner to ensure conformity with the standards for quality and technology in production. In 2022, 18 supplier qualifications were reviewed.
- For suppliers in partnerships: regular and random quality inspection operations are conducted, including written and on-site inspections. The inspection focuses both on suppliers' production management and quality control and on their procurement standards, their audit mechanisms for their secondary suppliers and the list of their qualified suppliers, among others. A total of 82 written inspections and 44 on-site inspections were completed in 2022.
- For strategic suppliers: Quality guarantee agreements are signed. In the meantime, annual quality evaluations on suppliers in terms of the percentage of pass and deviation rate are conducted. Those failing the evaluation will be removed from the Group's suppliers list.



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To further enhance supply chain resilience and reduce the risk of inventory disruption and stagnation, the Group has carried out material planning and procurement management at Sunshine Guojian. Based on the analysis of the overall information flow and supply flow of material demand at Sunshine Guojian and the optimization of related processes, a material demand planning system has been established to maintain a healthy inventory level. Meanwhile, Sunshine Guojian has adopted a sales and operations planning (S&OP) system to coordinate marketing, sales, production, procurement and logistics data to improve operational efficiency and achieve production and sales synergy.

The Group focuses on long-term technical cooperation with suppliers, and the regulations for establishing long-term supply agreements with important suppliers are clearly stated in the *Manual for Procurement Management* and the *Quality Guarantee Agreement* of the GMP system to ensure stable production of the Group.

Affected by the pandemic and the international situation, the Group further strengthened the diversification of suppliers, promoted the development of secondary supply sources at each manufacturing base, shortened the material supply cycle by increasing the number of back-up suppliers and localization substitution, reduced the risk of supply disruption caused by the pandemic and the international situation during the Reporting Period in order to ensure timely delivery of products and safeguard the rights and interests of customers.

### 6.2 Responsible Supply Chain

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

The Group regularly assesses and scores its suppliers in terms of product quality and safety, environmental protection and social responsibility every year to achieve the concept of supply chain compliance, quality and safety, environmental protection and sustainable development responsibility requirements. During the Reporting Period, the percentage of the number of suppliers for which the Group conducted environmental, labor and ethical assessments reached 83.74%.

The Group entrusted Dun & Bradstreet to conduct due diligence on its suppliers. It also used the system provided by Risk Raider to conduct due diligence investigations and monitor risks on its suppliers.

The Group has established a two-way communication mechanism with its suppliers. The Procurement Department explains the significance of abiding by law, labor and environment requirements via telephone or e-mail on a regular basis. Suppliers give feedback to designated contact from the Procurement Department and get knowledge of laws, labor and the environment from the contact, thus facilitating the Group's guidance on its suppliers.

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

- The Group established the SRM system (3SBIO procurement platform) to improve the overall operational efficiency of the supply chain through 12 management modules and reduce the use of paper and waste generation through electronic procurement.
- The Group replaced oil-based ink with water-based ink for color printing boxes, to reduce the VOC (volatile organic compound) content in the ink, and lessen pollution to the environment. Also, in the case of keeping the size unchanged, the box material design with a lighter weight was adopted.

## 7. Social Contribution Responsibility

### 7.1 Supporting Healthcare Development

#### R&D Innovation

The Group boasts a professional R&D team of nearly 600 experienced scientists and the only national engineering research center of antibody medicine approved by the National Development and Reform Commission. With four R&D bases in Shenyang, Shanghai, Shenzhen, and Hangzhou, the Group has established a dual biological and chemical drug platform. Its subsidiaries Shenyang Sunshine, Zhejiang Wansheng, Sunshine Guojian, NERC and Sciprogen have been recognized as “National High-Tech Enterprises”.

As of the end of the Reporting Period, the Group had 31 product candidates in the pipeline, of which 26 were developed as innovative drugs in mainland China, covering areas such as oncology, autoimmune diseases, intractable gout, ophthalmic diseases, nephrology and dermatology. A subgroup analysis of the HOPES study of Sunshine Guojian’s innovative anti-HER2 monoclonal antibody — Cipterbin® (*Inetetamab*) as first-line treatment of recurrent and metastatic HER2-positive breast cancer was published in full in *Translational Breast Cancer Research (TBCR)*.

#### Helping Biopharmaceutical Industry to Develop

The Group also takes an active part in revising industry standards and various studies to boost the development and progress of the biopharmaceutical industry. During the Reporting Period, the Group participated in the preparation and stability study of national standards for the applicability of the EPO charge heterogeneity system and the confirmation and feedback of the consultation draft of the *Chinese Pharmacopoeia 2025* of human erythropoietin injection. In the meantime, a number of the Group’s products have been included in various medical guidelines recommended for use.

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Product Name	Guidelines
Inetetamab	Included in the Class I recommended medications for anti-HER2 therapy in the <i>CSCO Guideline for the Diagnosis and Treatment of Breast Cancer (2022 Edition)</i>
rhTPO	<p>Included in the Class I recommended medications in the <i>CSCO Guidelines for the Management of Cancer Therapy Induced Thrombocytopenia (2022 Edition)</i></p> <p>Included in the recommended medications in the <i>Expert Consensus on the Diagnosis and Treatment of Severe Fever with Thrombocytopenia Syndrome (2022 Edition)</i></p> <p>Included in the recommended medications in the <i>Expert Consensus on the Management of Thrombocytopenia in Adults in China (2022 Edition)</i></p> <p>Included in the recommended medications in the <i>Chinese Guidelines for the Diagnosis and Treatment of Hemophagocytic Syndrome (2022 Edition)</i></p> <p>Included in the recommended medications in the <i>Chinese Guidelines for the Diagnosis and Treatment of Aplastic Anemia (2022 Edition)</i></p> <p>Included in the recommended medications in the <i>Chinese Expert Consensus on the Diagnosis and Treatment of Ineffective Platelet Transfusion (2022 Edition)</i></p> <p>Included in the recommended medications in the <i>Malaria Treatment Guidelines</i></p>

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

During the Reporting Period, we continued to carry out innovative exploration in research directions and application fields, and a total of 6 research topics were completed and 7 high-quality articles were published. The research results of the “Sunshine TCP R&D Fund for Young Physicians” have obtained important clinical references and scientific data in the areas of ITP therapeutic applications in pregnancy, pre-transplantation stem cell mobilization and post-transplantation platelet implantation recovery. In the newly published *Guidelines for the Management of Cancer Therapy Induced Thrombocytopenia (2022 Edition)* by the Chinese Society of Clinical Oncology (CSCO), our study provides relevant evidence for the guidelines to conceptually expand chemotherapy-induced thrombocytopenia to thrombocytopenia due to chemotherapy, targeted and immune therapies.

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

Research Topics	Main role
<p><b>A Study of Recombinant Human Thrombopoietin for Secondary Prevention of Apatinib in Combination with Docetaxel in Advanced Osteosarcoma with Decreased Platelets</b></p>	<p>The study was carried out to observe the preventive effect of rhTPO on thrombocytopenia caused by the targeted drug Apatinib in combination with chemotherapy, and the results showed that secondary prevention of rhTPO significantly reduced the number of grade 1–2 and grade 3 thrombocytopenia</p>
<p><b>Optimization of A Clinical Protocol for the Prevention of Gemcitabine-induced Thrombocytopenia with Recombinant Human Thrombopoietin</b></p>	<p>The study was carried out to explore how to optimize the frequency of secondary prevention use. The dosing was optimized from Day 2, 4, 6, and 9 of the chemotherapy cycle to Day 3, 4, and 6 of the chemotherapy cycle, which still achieved good efficacy. The wide application of rhTPO will also reveal more optimized prevention and treatment modalities and provide a better efficacy ratio.</p>
<p><b>Clinical and Mechanistic Study of rhTPO for the Treatment of Secondary Implantation Malfunction after Allogeneic Hematopoietic Stem Cell Transplantation</b></p>	<p>The study was carried out to explore the efficacy of continuous rhTPO treatment in patients with secondary mal implantation, and rhTPO treatment resulted in a significant increase in platelet count and megakaryocytes in the bone marrow. Further exploration of rhTPO in transplantation may also lead to higher efficiency and better survival rates for patients.</p>

As of the end of the Reporting Period, 346 research projects have been submitted to the “Sunshine TCP R&D Fund for Young Physicians”, 45 projects have been funded, and 23 high-quality articles have been published.

Meanwhile, 3SBIO actively participated in medical academic exchanges, and actively held and participated in various academic conferences and forums to help the development of the biopharmaceutical industry. During the Reporting Period, the Company participated in a total of 10 international conferences and 50 domestic conferences, covering rheumatology, oncology, nephrology, hematology, hepatology, ICU, dermatology and other fields, actively sharing and exchanging industry experience with domestic and international counterparts.

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## Progress of Academic Exchanges in 2022 (Partial)

Conferences	Achievements
<b>The 25th National Congress of Clinical Oncology and 2022 CSCO Annual Meeting</b>	<p>3SBIO participated in the Oncology Cardiology Session and the Oncology-associated Anemia and Thrombocytopenia Session to introduce the <i>Guidelines for the Management of Cancer Therapy Induced Thrombocytopenia (2022 Edition)</i> and the <i>Clinical Practice Guidelines for Oncology-Associated Anemia (2022 Edition)</i>;</p> <p>A Cipterbin online satellite meeting was held to introduce the progress of breast cancer treatment and to analyze and interpret the results of the Cipterbin HOPES study.</p>
<b>The 5th CSCO Annual Conference on Supportive and Rehabilitative Cancer Care and the 18th National Conference on Cancer Rehabilitation and Palliative Medicine</b>	<p>3SBio Pharmaceuticals exclusively hosted a special session on Tumor Hematopoietic Factors. Professor Sun Tao from Liaoning Cancer Hospital was invited to explain the <i>Clinical Practice Guidelines for Oncology-Associated Anemia (2022 Edition)</i>; Professor Chu Qian from Tongji Hospital, School of Medicine, Huazhong University of Science and Technology was invited to explain the <i>Guidelines for the Diagnosis and Treatment of Cancer Therapy Induced Thrombocytopenia (CTIT) (2022 Edition)</i>.</p>
<b>2022 China Hematology Conference and the 16th Annual Meeting of Hematologists of Chinese Medical Doctor Association</b>	<p>3SBio held a symposium and invited Professor Tong Hongyan from the First Affiliated Hospital of Zhejiang University School of Medicine to introduce the <i>Study of EPO Combined with Tretinoin and Testosterone for the Treatment of Lower Risk MDS</i>; and invited Professor Shen Yang from Ruijin Hospital of Shanghai Jiaotong University School of Medicine to introduce the research progress of thrombocytopenia associated with hematological tumor treatment.</p>

## 7.2 Enhancing Accessibility to Medicines and Medical Services

### Public Donation of Products Benefits More Patients

To deliver safe, effective and high-quality products to more patients, the Group donates products and medical services to patients in need through cooperation with Beijing Bethune Charitable Foundation.

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During the Reporting Period, we optimized the process of the drug donation program, further simplifying the application process, compressing the review and delivery time, and ensuring that patients can receive their medication as early as 48 hours through online paperless applications, new project pharmacies, and dedicated personnel to follow up on drug delivery and dispatch.

In the meantime, in order to ensure that the drug donation program is carried out in a compliant and orderly manner, we formulated the *Volunteer Violation Management System*, improved the audit and supervision mechanism for volunteers, and the Foundation regularly conducted training work for volunteers of public welfare projects. During the Reporting Period, the *Volunteer Management Center of Beijing Bethune Public Welfare Foundation* organized the “Benefit + Hope – Bethune – YISAIPU® Donation Program Training Session”, covering more than 300 volunteers.

## Public Welfare Medicine Donation Project

Names	Year of Commencement	Progress in 2022
“Benefit + Hope” Bethune YISAIPU Donation Program	2015	<ul style="list-style-type: none"><li data-bbox="895 1058 1166 1086">• Coverage: Nationwide</li><li data-bbox="895 1138 1431 1246">• Targeted patients: patients suffering from rheumatoid arthritis, ankylosing spondylitis (AS) and psoriasis</li><li data-bbox="895 1297 1431 1407">• Actions in 2022: donated 40,910 pcs of medicine worth of 10,227,500 yuan for 12,373 person-times, donated a fund of 5,651,940 yuan</li></ul>

Note: The “Watching for Happiness” Bethune TPIAO Donation Program and “For Life” Bethune Cipterbin Donation Program ended in 2021. Therefore, they are not disclosed in this Report.

## Supporting Development of Primary Care

With emerging to be a globally leading Chinese biopharmaceutical maker as the goal, the Group has been committed to improving medical services in China. The Group continues to carry out the National Ankylosing Spondylitis Healthy Village Program and make our contribution to the cause of healthy villages nationwide.

In 2022, the Ankylosing Spondylitis Healthy Village Program added 144 new designated treatment hospitals, 65 charity screening sessions, and 3,500 new patients to be treated nationwide; and conducted 186 physician training sessions, training 15,161 primary care physicians.

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During the program implementation, we innovated the implementation method and expanded the project coverage and the training scope of the medical and nursing employee. In 2022, the Ankylosing Spondylitis Healthy Village Program included two provinces, Liaoning and Zhejiang. In Liaoning Province and Bijie City, Guizhou Province, the treatment group has been expanded from rural patients to urban subsistence allowances, low-income groups and other urban groups, further improving the accessibility of medical services. In the meantime, the Group also donated RMB750,000 to the “Health Relief Project for Ankylosing Spondylitis Patients with Difficulties in Liaoning Province”, which is used to provide treatment for moderate and severe ankylosing spondylitis patients with difficulties in Liaoning Province, and to fully subsidize the out-of-pocket medical expenses after being paid by basic medical insurance, supplemental medical insurance such as major medical insurance and medical aid, thus to help patients with ankylosing spondylitis in difficulty to alleviate their condition, reduce their burden and return to normal life. Furthermore, the Guizhou Provincial Medical Security Bureau also formally included ankylosing spondylitis into the special outpatient disease categories in Guizhou Province from January 1, 2022. The medical insurance payment standards for patients with ankylosing spondylitis in Guizhou Province have been greatly enhanced, further improving the treatment services for patients with such diseases. By the end of the Reporting Period, the Ankylosing Spondylitis Healthy Village Program had covered 864 designated hospitals in 23 provinces nationwide.

To further promote the early screening and treatment of ankylosing spondylitis patients in rural areas, we took the lead in training village doctors in Jiangxi, Guizhou and Henan provinces, focusing on “understanding ankylosing disease” and “how to screen suspected ankylosing patients”. The total number of training sessions for the Reporting Period was 101, covering 12,052 participants, to raise awareness of ankylosing spondylitis among rural doctors.

Based on this program, we officially launched the Real World Study on the Effectiveness and Economics of Interventions for Patients with Active Ankylosing Spondylitis (AS) in China Based on the “Ankylosing Spondylitis Healthy Village Program” in 2022, and completed a small-scale pilot and online research platform during the Reporting Period to lay the foundation for future study patients. The study will lay the foundation for large-scale enrollment of patients in order to help improve the treatment of patients with ankylosing spondylitis.

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Also, we actively carried out public welfare activities, relying on “World Ankylosing Spondylitis Day”, “World Immunization Day” and other nodes to popularize the knowledge of ankylosing spondylitis and carry out charitable donations.

## Public Welfare Activities

Names	Activities
<b>World Ankylosing Spondylitis Day</b>	The “World Ankylosing Spondylitis Day” is an initiative of the Axial Spondyloarthritis International Federation (ASIF), which aims to spread knowledge about ankylosing spondylitis (AS) and to raise awareness among the public and patients, and reduce the damage caused by the disease to the physical and mental health of patients. In 2022, China Foundation for Disabled Persons and China Rural Development Volunteer Service Promotion Association invited experts to introduce the ankylosing spondylitis disease and the Ankylosing Spondylitis Healthy Village Program to popularize the dangers of ankylosing spondylitis and the significance of the project to the public.
<b>World Immunization Day</b>	On the World Immunization Day 2022, CCTV-4 reported on the Ankylosing Spondylitis Healthy Village Program, introducing the background and results of the program.
<b>Basic health and medical construction program of Majiang County, Guizhou province</b>	In order to improve the primary medical and health service ability and medical treatment environment in Majiang County, enhance the service ability and level, and improve the medical treatment experience of the people, the Group donated 100,000 yuan to Majiang Charity Federation in response to the fundraising needs of Majiang County, which was used to update the equipment and facilities, enhance the service ability and improve the environment of township and rural medical institutions in Xuanwei Town and Longshan Town.



## 8. Performance Data

### Compliance

The Group takes compliance as the cornerstone of its sustainable growth. In 2022, it reported no confirmed irregularities or wrongdoings in respect of product quality and client services, employment, occupational health and safety, child and forced labor, anti-corruption and ethics, IPR protection and responsible marketing.

Areas	Name of main laws and regulations
<b>Anti-corruption and Ethics</b>	<i>The Anti-Unfair Competition Law of the People's Republic of China, the Anti-Monopoly Law of the People's Republic of China, Interim Provisions on Banning Commercial Bribery, the Welfare Donations Law of the People's Republic of China, and Regulations on Recording Commercial Bribery in Pharmaceutical Purchases and Sales</i>
<b>IPR Protection</b>	<i>The Patent Law of the People's Republic of China, Rules for the Implementation of the Patent Law of the People's Republic of China, and Trademark Law of the People's Republic of China</i>
<b>Product Quality</b>	<i>The Law of the People's Republic of China on the Administration of Drugs, Chinese Pharmacopoeia (2020 revision), Good Manufacturing Practice for Pharmaceutical Products, Measures for the Supervision over and Administration of Pharmaceutical Production (enacted in 2020), Provisions for Drug Registration (enacted in 2020), Regulations for Drug Recording and Data Management (trial) (enacted in 2020), Regulations for the Administration of Post-Marketing Drug Changes (trial) (enacted in 2021), Drug Good Laboratory Practices, Good Clinical Practice of Pharmaceutical Products, Provisions for Drug Insert Sheets and Labels, ICH-Q10 Pharmaceutical Quality System, Quality Systems Approach to Pharmaceutical Current Good Manufacturing Practice Regulations by the U.S. Food and Drug Administration, and EU Guidelines for Good Manufacturing Practice for Medicinal Products for Human and Veterinary Use</i>

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Areas	Name of main laws and regulations
<b>Responsible Marketing</b>	<i>The Advertisement Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, Anti-Monopoly Law of the People's Republic of China, Provisions for Drug Advertisement Examination, Law of the People's Republic of China on the Administration of Drugs, and Standards for Drug Advertisement Examination</i>
<b>Employee's Rights, Interests and Welfare</b>	<i>The Labor Law of the People's Republic of China, Law of the People's Republic of China on Employment Contracts, Special Provisions on Labor Protection of Female Workers, Provisions on Social Endowment Insurance, and Social Insurance Law of the People's Republic of China</i>
<b>Employee Health and Safety</b>	<i>The Law of the People's Republic of China on Work Safety, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Fire Prevention Law of the People's Republic of China, and Regulations on the Safety Administration of Dangerous Chemicals</i>
<b>Supply Chain Responsibility</b>	<i>The Good Manufacturing Practice for Pharmaceutical Products, Contract Law of the People's Republic of China, and Sarbanes-Oxley Act</i>
<b>Environmental protection</b>	<i>The Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (2020 revision), Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Air Pollution, Law of the People's Republic of China on Promoting Clean Production, and Regulations on the Administration of Construction Project Environmental Protection</i>
<b>Community Investment</b>	<i>Welfare Donations Law of the People's Republic of China and Charity Law of the People's Republic of China</i>

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## Anti-Corruption

Performance Indicators	Unit	2020	2021	2022
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees	case	0	0	0
Anti-corruption training coverage for employees	%	—	—	100
Average hours of anti-corruption training completed per employee <sup>1</sup>	Hour	0.60	0.50	1.07
Anti-corruption training coverage for board members	%	—	—	100
Number of hours of anti-corruption training per director <sup>2</sup>	Hour	—	—	0.50

Notes.

- [1]. The number of hours of anti-corruption training per employee = Total number of hours of anti-corruption training received by employees/Number of employees participating in anti-corruption-related training x 100%.
- [2]. The number of hours of anti-corruption training per Director = Total number of hours of anti-corruption training received by Directors/Number of members of Board of Directors participating in anti-corruption-related training x 100%.

## Products and Client Service

Performance Indicators	Unit	2019	2020	2022
Percentage of total products sold subject to recalls for safety and health reasons	%	0	0	0
Number of products and services related complaints received	case	44	59	67
Complaint handling rate for products and services	%	100	100	100
Total number of irregularities arising from health and safety, labeling, and customer privacy of products and services	case	0	0	0

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## Employee Employment

Performance indicators	Unit	2020	2021	2022
<b>Employee Employment<sup>1</sup></b>				
Total number of employees	Person	5,584	5,292	5,213
Number of male employees	Person	2,772	2,570	2,466
Number of female employees	Person	2,812	2,722	2,747
Number of employees under labor contracts	Person	5,481	5,216	5,148
Number of employees dispatched	Person	56	58	53
Number of employees under labor agreements	Person	41	—	—
Number of part-time employees	Person	6	6	5
Other forms of employment <sup>2; 3</sup>	Person	—	14	7
Number of employees aged below 30	Person	1,951	2,061	2,003
Number of employees aged 30–50	Person	3,474	3,079	3,066
Number of employees aged above 50	Person	159	152	144
Number of employees from the Mainland China	Person	5,501	5,199	5,118
Number of employees from Hong Kong, Macao, Taiwan and foreign countries	Person	83	93	95
Number of grass-roots employees	Person	—	4,243	4,291
Number of employees at middle management level	Person	—	893	770
Number of employees at senior management level	Person	—	156	152
Employee turnover rate <sup>4</sup>	%	26	27.78	19.71
Turnover rate of male employees	%	29	30.48	21.89
Turnover rate of female employees	%	24	25.03	17.66
Turnover rate of employees aged below 30	%	27	31.37	24.07
Turnover rate of employees aged 30–50 <sup>5</sup>	%	26	25.97	16.84
Turnover rate of employees aged above 50 <sup>6</sup>	%	17	8.33	14.29
Turnover rate of employees from the Mainland China	%	26	28.13	20.01
Turnover rate of employees from Hong Kong, Macao, Taiwan and foreign countries	%	1	1.06	0
<b>Employees' Health and Safety</b>				
Number of working days lost due to work injury <sup>7</sup>	Day	24	120	609
Work-related death toll	Person	1	0	0

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Performance indicators	Unit	2020	2021	2022
<b>Employee Training</b>				
Employee Training Coverage	%	100	100	99.81
Training coverage of male employees	%	100	100	99.88
Training coverage of female employees	%	100	100	99.75
Training coverage of grassroots employees	%	100	100	99.74
Training coverage of middle management	%	100	100	100
Training coverage of senior management	%	100	100	99.34
Training time per employee <sup>8</sup>	Hour	11.42	14.37	18.09
Training time per male employee	Hour	11.44	13.49	19.27
Training time per female employee	Hour	11.41	15.30	17.02
Average hours of training for grassroots employees <sup>9</sup>	Hour	10.01	13.65	14.58
Average hours of training for middle management <sup>10</sup>	Hour	9.71	18.42	41.28
Average hours of training for senior management <sup>7</sup>	Hour	11.73	10.69	13.46

Notes:

- [1]. Employee employment statistics are all consistent with the scope of the current year's consolidated financial statements.
- [2]. After data traceability, the number of employees in other forms of employment for 2021 was corrected from 12 to 14.
- [3]. Other forms of employment are mainly temporary employees. In 2022, employees in some of other forms of employment switched to direct employment with the Company. Therefore, the number of employees in other forms of employment decreased.
- [4]. The turnover rate of employees in a category = number of employees in that category lost during the Reporting Period/(number of employees in the category at the end of the Reporting Period + number of employees lost in the category during the Reporting Period) × 100%.
- [5]. In 2022, the decrease in turnover rate of the Group's employees aged 30–50 was due to the Group's measures to enhance employee satisfaction and drive down employee turnover by giving key employees a platform for promotion and development, market-competitive salary and performance strategies, retention awards, equity options and other medium- and long-term incentive methods.
- [6]. In 2022, the increase in turnover rate of the Group's employees aged above 50 was mainly due to the fact that the Group stopped rehiring some of its retired employees and some of them reached the statutory retirement age and retired. Therefore, the turnover rate of employees aged above 50 increased.
- [7]. In 2022, the Group had 4 employees on injury leave. In specific, 1 person was injured at work in 2021 and continued to be on injury leave in 2022 due to rehabilitation needs; 1 person was involved in a traffic accident while commuting to and from work; 2 persons were injured at work due to human operation errors, which did not involve the safety and security facilities of the park, and safety education has been provided to enhance employees' safety awareness.
- [8]. Training hours per employee in a category = hours of training received by employees in that category/number of employees.
- [9]. After data traceability, the average number of hours of training received by base employees in 2021 was corrected from 10.69 to 13.65 hours.
- [10]. In 2022, the Group conducted a two-day "Leadership Acceleration Program" rotation for mid-level management and took three months to complete the post-course assignments after the training, resulting in an increase in the number of training hours for mid-level management.
- [11]. After data traceability, the average number of hours of training received by senior management in 2021 was corrected from 13.65 to 10.69 hours.

# 2022 Environmental, Social and Governance Report

## Environmental Responsibility

Performance Indicators	Unit	2020	2021	2022
<b>Use of resources</b>				
Power consumption (indirect energy)	MWh	51,489.08	65,584.92	52,875.43
Power consumption intensity	MWh/RMB10,000	0.09	0.10	0.08
Natural gas consumption (direct energy)	m <sup>3</sup>	2,898,614.00	2,935,875.00	3,270,718.00
Natural gas consumption intensity	MWh/RMB10,000	0.0561	0.0498	0.0516
Total steam consumption <sup>1</sup>	MWh	23,007.91	37,955.18	29,309.61
Steam consumption intensity	MWh/RMB10,000	0.0412	0.0802	0.0435
Total heat consumption	MkJ	—	—	93,503.80
Heat consumption intensity	MkJ/RMB10,000	—	—	0.14
Gasoline consumption of self-owned vehicles	L	71,415.86	78,700.40	66,363.62
Diesel consumption of self-owned vehicles <sup>2</sup>	L	17,175.30	16,488.30	7,621.00
Gasoline consumption of self-owned logistics services	L	—	—	2,300.00
Diesel consumption of self-owned logistics services <sup>3</sup>	L	—	2,193.04	4,645.63
Liquefied natural gas usage	ton	—	—	5.55
Consumption of liquefied petroleum gas	L	—	—	1,705.00
Water consumption <sup>4</sup>	ton	759,613.00	779,970.90	764,245.29
Water consumption density	Ton/RMB10,000	1.36	1.22	1.11
Total circulating water <sup>5</sup>	m <sup>3</sup>	21,445.20	24,376.00	36,659.00
Proportion of water circulation and recycled water to the total water consumption	%	2.82	3.13	4.80
Total packaging material used for finished products <sup>6</sup>	ton	1,163.90	1,461.63	1,911.70
<b>Emissions</b>				
Waste gas emissions	m <sup>3</sup>	51,256,120.00	39,753,486.80	38,927,315.77
Industrial wastewater discharge	m <sup>3</sup>	303,741.60	422,431.30	438,140.00
Chemical oxygen demand (COD) emissions <sup>7</sup>	ton	3.32	6.56	12.81
Ammonia nitrogen (NH <sup>3</sup> -N) emissions <sup>8</sup>	ton	0.06	0.16	1.36
Total hazardous waste	ton	742.40	1,019.28	1,003.46
Hazardous waste intensity	Kg/RMB10,000	1.33	1.60	1.46
Total non-hazardous waste	ton	323.97	326.16	342.79
Non-hazardous waste intensity	Kg/RMB10,000	0.58	0.51	0.50

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Performance Indicators	Unit	2020	2021	2022
Greenhouse gas emissions <sup>9</sup>	Ton of CO <sub>2</sub> equivalent	47,720.88	56,212.57	59,117.18
Scope 1 GHG emissions	Ton of CO <sub>2</sub> equivalent	6,516.09	6,587.77	7,257.23
Scope 2 GHG emissions	Ton of CO <sub>2</sub> equivalent	41,204.79	49,624.79	51660.09
GHG emission intensity	Ton of CO <sub>2</sub> equivalent/ RMB10,000	0.085	0.088	0.086

## Notes.

- [1]. After data traceability, the total steam consumption of the Group in 2021 was corrected from 48,887.14 to 37,955.18.
- [2] [3]. In 2022, the reason for the decrease in the Group's diesel consumption of self-owned vehicles and the increase in the diesel consumption of self-owned logistics services is that Zhejiang Wansheng has adjusted the way of diesel fuel categorization and updated the diesel fuel categorization from the original diesel consumption of self-owned vehicles to the diesel consumption of self-owned logistics services.
- [4]. After data traceability, the total water consumption of the Group in 2021 was corrected from 990,861.90 to 779,970.90.
- [5]. The increase in the Group's circulating water consumption in 2022 is due to Sciprogen improving its water reuse system and putting it into operation throughout 2022; and Shenyang Sunshine increasing its green irrigation water consumption in 2022.
- [6]. The increase in the total amount of packaging materials used for the Group's finished products in 2022 was mainly due to the increase in sales of the Group's Mandy products, which is an OTC drug for hair loss treatment and its product characteristics are different from those of prescription drugs and requires more complex packaging forms for display, promotion and marketing functions. Therefore, the total amount of packaging materials used by the Group's finished products increased significantly compared with 2021.
- [7] [8]. The increase in Chemical Oxygen Demand (COD) emissions and Ammonia Nitrogen (NH<sub>3</sub>-N) emissions of the Group in 2022 is mainly due to the increase in production at the bases of Sunshine Guojian and Zhejiang Wansheng, the growth in water consumption, production commissioning and the adjustment of calculation coefficients. After Shenyang Sunshine adopted the discharge method of cleaning and diverting sewage, the concentration of sewage discharge increased, resulting in an increase in the estimated total amount.
- [9]. The GHG emissions were the sum of Scopes 1 and 2.

In the calculation of Scope 1 GHG emissions, we referred to *Appendix II: Environmental KPI Reporting Guide (May 2021)*, the latest version of HKEEx's *Environmental, Social and Governance Reporting Guide* for the gasoline and diesel emission factors, and the *Accounting Method and Reporting Guidelines of Corporate GHG Emissions Power Generation Facilities* (Revised in 2022) for the natural gas emission factors.

# 2022 Environmental, Social and Governance Report

In the calculation of Scope 2 GHG emissions, we referred to data from the Ministry of Ecology and Environment of the People's Republic of China (2019) and the General Principles for *Calculation of the Comprehensive Energy Consumption* (2020) recommended by HKEx for the steam emission factor, the data in 2012 provided by the National Development and Reform Commission in the *2011 and 2012 China Regional Power Grid Average CO<sub>2</sub> Emission Factors* for the electricity emission factors in 2019 and 2020, and selected 0.5810 kg CO<sub>2</sub> equivalent/KWh (the latest value from the *Accounting Method and Reporting Guidelines of Corporate GHG Emissions Power Generation Facilities* (Revised in 2022) for the electricity emission factors in 2021. Also, we selected 0.5703 equivalent/KWh (according to the Ministry of Ecology and Environment's *Update of the Notice on the Management of Greenhouse Gas Emissions Reporting by Enterprises* in the Power Generation Industry in 2025) for the electricity emission factors in 2022.

## Supply Chain Responsibility

Performance Indicators	Unit	2020	2021	2022
Total number of suppliers	/	1,965	2,269	2,570
Number of suppliers from the Mainland China	/	1,534	1,839	2,120
Number of suppliers from Hong Kong, Macao, Taiwan and foreign countries	/	431	430	450
Number of suppliers accepting evaluation in terms of environment, labor and ethics	/	1,523	1,816	2,152
Number of suppliers passing evaluation in terms of environment, labor and ethics	/	1,523	1,816	2,152

## Social Contribution Responsibility

Performance Indicators	Unit	2019	2020	2021
Charitable donations <sup>1</sup>	RMB10,000	50,512.68	4,081.73	2,218.00
Person-times contributing to volunteer services	Person-times	1,006	400	400
Total hours of volunteer services <sup>2</sup>	Hour	282,124	6,100	400

Notes:

- [1]. The amount of charitable donations refers to the *Charity Law*, and the actual amount of donation invoices obtained by the Group is used as the data caliber. There is a difference between the time limit for obtaining donation invoices and the actual donation behavior, and the actual donation behavior in the current year shall prevail.
- [2]. Volunteer service duration is calculated as "service duration = number of volunteers\*average service times\*average service duration per person". In 2022, the Group's two large drug donation programs, TPIAO and Cipterbin, were discontinued, leaving only the YISAIPU program, resulting in a significant decrease in the number of patients and a decrease in the hours of volunteer service.



## 9. Index to The *Environmental, Social and Governance Reporting Guide* of the Hong Kong Stock Exchange

Aspects, General Disclosure, Key Performance Indicators (KPIs)	Chapters
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**A. Environmental**

A1. Emissions	Environmental Management System Pollutant Reduction Performance Data
A1.1	Performance Data
A1.2	Performance Data
A1.3	Performance Data
A1.4	Performance Data
A1.5	Responding to Climate Change Pollutant Reduction
A1.6	Pollutant Reduction
A2. Use of resources	Environmental Management System Efficient use of resources Performance Data
A2.1	Performance Data
A2.2	Performance Data
A2.3	Efficient use of resources
A2.4	Efficient use of resources
A2.5	Performance Data
A3. Environment and Natural Resources	Environmental Management System Efficient Use of Resources
A3.1	Environmental Management System Efficient Use of Resources
A4. Climate Change	Responding to Climate Change
A4.1	Responding to Climate Change

**B. Society**

**Employment and Labor Practices**

B1. Employment	Employee's Rights, Interests and Welfare Talent Development and Retention Performance Data
B1.1	Performance Data
B1.2	Performance Data

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Aspects, General Disclosure, Key Performance Indicators (KPIs)	Chapters
B2. Health and Safety	Occupational Health and Safety
B2.1	Performance Data
B2.2	Performance Data
B2.3	Occupational Health and Safety
B3. Development and Training	Talent Development and Retention
B3.1	Performance Data
B3.2	Performance Data
B4. Labor Guidelines	Employee's Rights, Interests and Welfare
B4.1	Performance Data
B4.2	No Violations
<b>Operating practices</b>	
B5. Supply Chain Management	Supply Chain Responsibility
B5.1	Performance Data
B5.2	Supply Chain Responsibility
B5.3	Supply Chain Responsibility
B5.4	Supply Chain Responsibility
B6. Product liability	Providing high-standard quality products
	Providing quality services to clients
	Responsible Marketing
	Performance Data
B6.1	Performance Data
B6.2	Providing Quality Services to Clients
	Performance Data
B6.3	IPR Management
B6.4	Providing High-standard Quality Products
B6.5	Providing Quality Services to Clients
B7. Anti-corruption	Compliance & Ethics
	Performance Data
B7.1	Performance Data
B7.2	Compliance & Ethics
B7.3	Compliance & Ethics

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## Aspects, General Disclosure, Key Performance Indicators (KPIs)    Chapters

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### Community

B8. Community Investment

Enhancing Accessibility to Medicines and Medical Services

Supporting Healthcare Development

B8.1

Enhancing Accessibility to Medicines and Medical Services

Supporting healthcare Development

B8.2

Enhancing Accessibility to Medicines and Medical Services

Supporting Healthcare Development

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## 10. About The Report

The ESG Report is the seventh released by 3SBio, aiming to disclose to key stakeholders the actions the Group has taken in promoting sustainable economic, environmental and social development and the achievements it has made.

### Basis of the Report

The Report is prepared in line with the 2020 edition of the *Environmental, Social and Governance Reporting Guide* of the Hong Kong Stock Exchange.

### Scope of the Report

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

Time Scope: January 1, 2022 to December 31, 2022.

### Company Names in the Report

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

### Data Description

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

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

# 2022 Environmental, Social and Governance Report

## Principles of Reporting

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

- **Materiality Principle**

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

- **Quantitative Principle**

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

- **Balance Principle**

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

- **Consistency Principle**

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

## Reporting Responsibility and Assurance

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