

Safeguarding human health, by preventing the unseen & treating the ailing
Strive to build a world-class biopharmaceutical enterprise

2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CHONGQING ZHIFEI BIOLOGICAL PRODUCTS CO., LTD.





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| About This Report

Overview



This Report is the seventh Environmental, Social and Governance Report issued by Chongqing Zhifei Biological Products Co., Ltd. (hereinafter referred to as "the Company", "Company", or "Zhifei Biological"). This Report, prepared in the principles of objectivity, regulation, transparency, and comprehensiveness, gives an unbiased picture of the Company's strategic policies, management measures and performance in environmental, social and governance ("ESG") areas in 2023. It also provides responses to stakeholders' expectations on the Company's sustainable development and information disclosure, and thus arouses deeper understanding of and confidence in the Company.

Reporting period



The Report is released on an annual basis. Unless otherwise specified, the reporting period is from January 1, 2023 to December 31, 2023 (hereinafter referred to as "during the year" or "during the Reporting Period"). Part of associated information beyond the reporting period is stated separately.

References



Global Reporting Initiative - *Sustainability Reporting Standards (GRI Standards)*

National Standard - *Guidance on Social Responsibility Reporting (GB/T36001-2015)*

Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies No. 2 - Standard Operation of Companies Listed on the ChiNext

Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Companies Listed on the ChiNext No. 1 - Business Handling

Scope of the Report



The policies and data set out in the Report are consistent with those covered in the annual report of Chongqing Zhifei Biological Products Co., Ltd. for the same period. Part of associated information beyond the scope is stated separately.

Data sources



This Report has been approved by the Board of Directors of the Company and is published along with the Company's Annual Report. In case of any discrepancy between the financial data disclosed in this Report and those in the annual report, the annual report shall prevail. Other data sources from internal statistics of the Company. Unless otherwise specified, the amounts in the Report are denominated in RMB. The Board of Directors of the Company has made a commitment that there is no false record or misleading statement in the Report, and is responsible for its authenticity, accuracy and completeness.

Access to the Report and contact information



This Report is published in both English and Chinese. In case of any divergence, the Chinese version shall prevail. The electronic form of the Report is available on the Company's official website (<http://www.zhifeishengwu.com/>). For any inquiries or suggestions regarding this Report and its content, please contact us via the following channels:

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Message from the Company

“

Time has borne witness to our efforts and achievements in biopharmaceuticals. 2023 marks the beginning of the full implementation of the guiding principles of the 20th Communist Party of China (CPC) National Congress on all fronts, and it is the year of comprehensively advancing Chinese modernization. As a private enterprise in this new era, we proactively respond to the call of the CPC and the country to contribute to the Healthy China strategy. Upholding the grand vision of building a "world-class biopharmaceutical enterprise", we are committed to serving people's health and continuously providing better products to meet their health needs. Adhering to our original mission of "safeguarding human health, by preventing the unseen & treating the ailing", we are cultivating new quality productive forces, providing high-quality products to meet the health needs of the public, and taking practical actions to build a healthy China.

”

Expanding product portfolio to safeguard human health. From Zifivax, the first Recombinant COVID-19 Vaccine registered in the international community and approved for emergency use in China, to Recombinant Mycobacterium Tuberculosis Fusion Protein (EC), which is a Class I New Drug in China and recommended by the World Health Organization for the diagnosis of tuberculosis infection, and to Mycobacterium Vaccae for Injection (Vaccae), which is the world's first successfully developed immune preparation to prevent tuberculosis in people with latent tuberculosis infection since the introduction of the BCG vaccine over a century ago, we always take into account public health needs when designing our product portfolio, and continue to extend our agent product cooperation to bring more high-quality, safe, reliable and innovative products to the public. As of 2023, we have been working with MSD for over twelve years on an ongoing basis. In addition, in October 2023, we worked closely with GSK to promote the Recombinant Zoster Vaccine, which will benefit more people with high-quality vaccines and further protect public health.

Focusing on technology R&D to lead disease prevention. Guided by the research strategy of "putting independent R&D at the core, conducting cooperative R&D as a backup, engaging in investment and incubation as a supplement", we continue to increase our investment in R&D resources and expand R&D teams. In 2023, the Company continued to lay out its research and development areas, with an annual investment of RMB 1.345 billion in research and development. It strengthened the comprehensive research and development capabilities of its three major research and production bases, and relied on the Innovation center center to focus on cutting-edge technologies, providing technical support for innovative product research and development, The collaborative development of the "innovation chain" and the "industrial chain" achieved remarkable results.

Empowering management to establish an effective and green operation mode. Based on the comprehensive Environment, Health, and Safety (EHS) management system and targets, we integrate low carbon, recycling, emission reduction and safety into the daily operation management process. In this way, we strive to constantly safeguard the safety and well-being of our employees while fostering an efficient and environmental-friendly enterprise operation mode. In 2023, the Company will promote the in-depth practice of green operation on the basis of implementing the EHS management system, internally optimizing the use of environmentally friendly materials and equipment, and externally focusing on strengthening environmental protection measures such as air emissions, waste water, and waste disposal to help build a green ecological civilization.

Cultivating talents to build a diversified talent system. We consistently value our employees as the driving force behind our development. We have established a diverse employee training system and created a supportive, inclusive and positive working environment to better meet the needs of employees and business development. In addition, we have established extensive cooperation with universities to jointly build industry-academia-research demonstration bases. During the year, we obtained the approval to establish a municipal postdoctoral scientific research station in Chongqing, which provides solid support for us in cultivating a highly skilled and diverse talent pool and building an innovative platform for scientific research.

Promoting public welfare practices to create a better society. We proactively fulfill social responsibilities while striving for high-quality development. We have always been at the forefront of promoting philanthropy and public welfare undertakings, actively engaging in healthcare, rural revitalization, disaster relief and other fields. We are committed to implementing the requirements of President Xi Jinping, also general secretary of the CPC Central Committee, to "pursue common prosperity while shouldering social responsibility", and make every effort to build a harmonious and better society. In 2023, we participated in 14 charitable donations with the actual donation amounting to over RMB 42 million, and the cumulative donation amounting to over RMB 400 million.

Looking back, Zhifei has always adhere to its original aspiration of "make unremitting efforts for the betterment of human health", embraced changes and challenges with a positive attitude, gradually consolidated the construction of ESG framework and system, maintained close communication with various stakeholders, and walked a steady and sustainable development path. Looking forward to the future, we will thoroughly implement the guidance of principles of the 20th CPC National Congress, strengthen research and innovation, enhance core competitiveness, integrate the company's development vision into the overall development of the country, and base itself on the entity to deeply cultivate its main business. Zhifei is committed to building a world-class biopharmaceutical enterprise and contributing its wisdom and strength to the health and well-being of the people.

| About Zhifei

Company profile

Chongqing Zhifei Biological Products Co., Ltd. is an international, full-industry chain high-tech bio-pharmaceutical enterprise integrating R&D, production, sales, distribution, import and export of vaccine and biological products. Zhifei mainly engages in the production of vaccines for human use, which is one of the strategic emerging industries of China and has a broad development prospect. In September 2010, Zhifei entered the biological products industry in 2002, and was listed on the Shenzhen Stock Exchange (stock code: 300122), becoming the first privately-run vaccine enterprise listed on the ChiNext. As at December 31, 2023, Zhifei had 6,545 employees and its total assets reached RMB 50.232 billion.

Zhifei has five wholly-owned subsidiaries and two joint-stock subsidiaries, of which Beijing Zhifei Lvzhu Biopharmaceutical Co., Ltd. ("Zhifei Lvzhu") and Anhui Zhifei Longcom Biopharmaceutical Co., Ltd. ("Zhifei Longcom") are high-tech enterprises. Zhifei always gives top priority to R&D innovation and remains committed to driving its development via research. Through the dual-wheel driving model characterized by "technology & market", Zhifei has formed a great cycle mechanism which succeeds in realizing the mutual facilitation and mutual transformation between R&D and marketing, accelerating the commercialization process of vaccine products and gradually forming its core competitiveness of "leading innovative technology, professional market guarantee".



Business layout

In response to the call for building world leading enterprises with quality products, distinguished brands, leading innovations and modern governance, Zhifei strives to create optimized product lines, so as to safeguard human health by preventing human infectious diseases. The Company has built 8 major product matrices, including Meningococcal vaccine matrix, Pneumococcal vaccine matrix, Enterovirus vaccine matrix, Tuberculosis product matrix, Multipathogen vaccine matrix, Emerging infectious disease vaccine matrix, Adult vaccine matrix and Upgraded vaccine matrix. As of the disclosure date of this report, the Company had a total of 13 products had been launched, of which one product got conditional approval, including vaccines for prevention of meningitis, cervical cancer, pneumonia, rotavirus, herpes zoster virus and effective drugs for screening, prevention and treatment of tuberculosis infection. Coverage includes infants, adolescents and adults. By doing so, we provide product support for the prevention and control of infectious diseases, offering a diversity of choices for our customer.

The Company continues to pursue an innovative strategy characterizing "putting independent R&D at the core, conducting cooperative R&D as a backup, engaging in investment and incubation as a supplement" and has built up a R&D team composed of experts with outstanding quality to constantly expand the layout of emerging technologies and consolidate independent R&D capabilities. The Company has successively participated in over 40 major projects such as 863 High-Tech Program entitled "Modern Medical Technology", "Major New Drugs Innovation and Development" under the Ministry of Science and Technology and other State's major projects. Moreover, the Company has built 9 technology R&D platforms including polysaccharide and polysaccharide conjugates technology platform, outer membrane vesicle (OMV) technology platform, inactivated technology platform, genetic recombination technology platform, mRNA vaccine technology platform, adenovirus vector technology platform, human diploid cell line technology platform, novel multiplex polyvalent technology platform, and novel adjuvant technology platform. The diverse R&D technology platforms facilitate the collaborative construction of R&D matrices and safeguard the progress of R&D projects. As of the reporting date, the Company had 31 independent development projects in pipeline (excluding Covid-19 vaccine series), of which 17 were under clinical trials or application for registration. Meanwhile, the Company attaches importance to technology introduction and speeds up technical cooperation. To further extend its business scope and scale, the Company began to make strategic arrangements, gradually expanding its coverage to the field of therapeutic biological products with unwavering efforts in innovation.

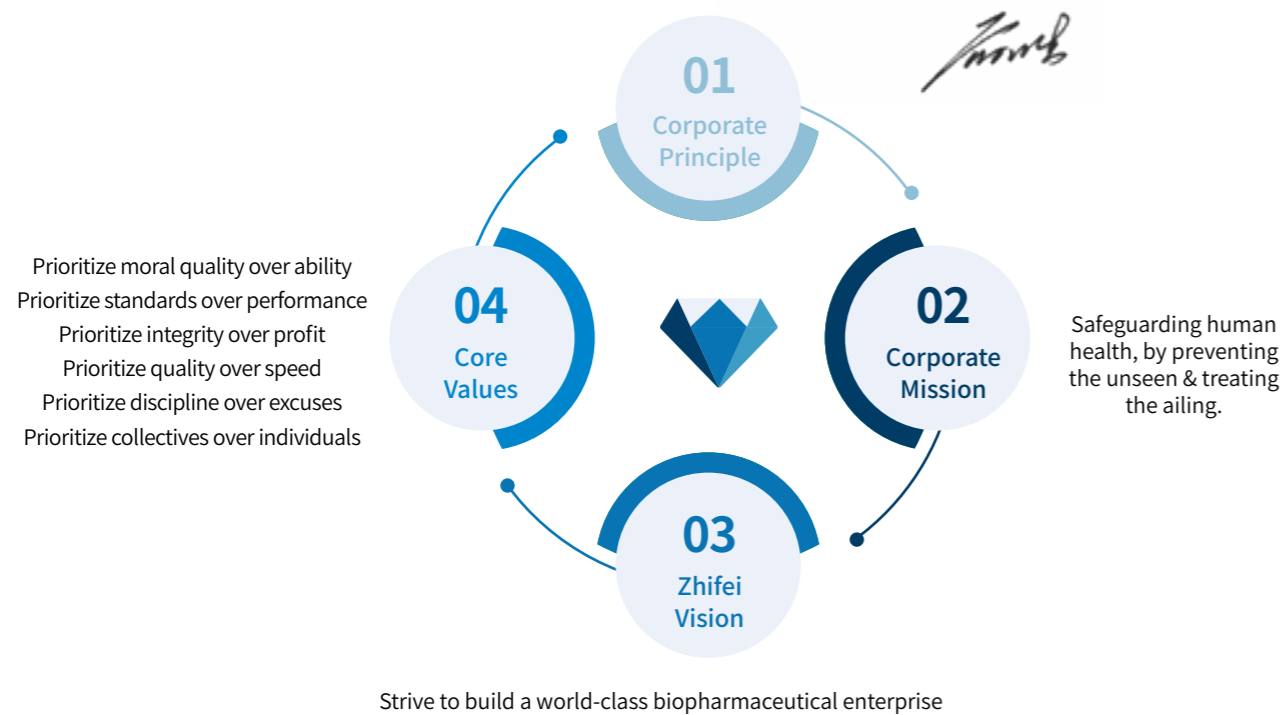
In terms of professional marketing, the Company has constructed its in-depth service network with comprehensive coverage, which supplies rapid, sustainable, and all-sided first-rate service for more than 30,000 primary health service points (township vaccination points and community outpatient clinics) in 31 provinces, autonomous regions and municipalities directly under the Central Government across the country. In addition, the Company tightly focuses on the internationalization development strategy, deeply practices the strategy of proprietary products going overseas, actively develops and strengthens the global partnership. The Company is invited to participate in the World Pharmaceutical Ingredients Exhibition and other world pharmaceutical exhibitions, and continues to promote the international market cooperation of proprietary products and the certification of going overseas, so as to let the high-quality products go out of the country, and benefit more people in the world, and make a great stride towards the construction of the world-class bio-pharmaceutical enterprise's vision.



Corporate values

As a global vital vaccine supplier with mission and responsibility, Zhifei is committed to building a global immunization shield. Since its establishment, Zhifei has always adhered to the business philosophy of "Prioritizing social benefits over corporate profits" and its core value featuring "Six Firsts, Six Seconds". Zhifei proactively advances the synchronized growth of "prevention and treatment of disease", and reinforces its technological strategies and product portfolios in the biopharmaceutical industry, promoting the development of public health and creating good social benefits.

社会效益第一，经济效益第二。



Zhifei Dream

Shoulder social responsibility, carry forward corporate culture, and strive towards a centenary enterprise



Health Dream

Safeguard life, deliver healthy outcomes, and make unremitting efforts for the betterment of human health



Bio Dream

Share vaccine story and deliver its value in an innovation-driven and industry-leading way



Chinese Dream

Strive for the prosperity with a keen awareness of national realities and a global vision

Key Performance

Economic performance



ESG performance highlights


Health protection

R&D investment in 2023 amounted to RMB 1.345 billion, an increase of 20.82% over the same period of last year	A total of 72 academic papers have been published since 2019
	50 patents have been granted
Recombinant Mycobacterium Tuberculosis Fusion Protein (EC) was recommended by the World Health Organization for the diagnosis of tuberculosis infection, which was included in the National Reimbursement Drug List (NRDL) in January 18, 2023	

Employee development

Headcount: 6,545	Proportion of female employees: 39.25%	Proportion of female employees in management: 29.36%
Number of disabled employees: 29	Employee training: average training hours reached: 74.04 hours	Number of participants in the <i>Employee Stock Ownership Plan for Common Wealth</i> : 1,923
		
Zhifei was awarded "National Advanced Private Enterprise in Employment and Social Security" again		
Zhifei was awarded "China Best Employer Award 2023 - China Most Intellectual Spirited Employers"		

Social responsibility

	A total of over RMB 400 million was donated since the listing
Participation in 14 donation projects in 2023	with actual donations over RMB 42 million and accumulated donations of over 400 million in recent years.

Stable operation

	National service: more than 30,000 health service points (township vaccination points and community outpatient clinics) of over 2,600 districts in 31 provinces, autonomous regions and municipalities directly under the Central Government across the country
Product warranty: 0 actual recalls and 100% complaint handling rate throughout the year	
Quality audit and certification: a total of 10 internal quality audits had been completed throughout the year, with quality certification obtained for all product lines of released products	

Safety and environmental protection

EHS investment: RMB 15.72 million	Major safety accidents and work-related injuries throughout the year: 0	Standardization certification: Zhifei Lvzhu and Zhifei Longcom obtained ISO 14001 Environmental Management System (EMS) Certification and ISO 45001 Occupational Health and Safety Management System Certification.
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Honors

Corporate Responsibility & Governance

2023.9



"China Charity Award" for Donating Enterprises
Ministry of Civil Affairs of the People's Republic of China

2023.11



the 17th Awards of the Value of Listed Companies Top 50 Listed Companies for GEM Value and "Sunny Board Secretary"
Securities Times

2023.12



the 18th People's Corporate Social Responsibility Award
People's Daily and People's Daily Online

Other Honors (a non-exhaustive list)

China Top 100 ESG Pioneer Listed Companies

National Advanced Private Enterprise in Employment and Social Security

Beijing "Little Giant" Enterprises That Focus on Specialization, Refinement, Uniqueness and Innovation

Chongqing Worker Pioneer

The 1st in the List of Top 100 Small and Medium-sized Private Enterprises in Beijing

The 40th in the List of Top 100 Private Enterprises in Science and Technology Innovation in Beijing

Anhui Enterprise Technology Center

Anhui Environmental Protection and Honest Enterprise

Anhui Quality Brand Demonstration Enterprise

Anhui Youth May Fourth Medal

Top 50 Private Enterprises for Tax Contributions in Anhui

Safe Enterprise in Hefei, Anhui

Anhui Hefei High-Tech Zone Investment Progress Award, Financial Contribution Award, Brand Creation Award, Food and Drug Safety Award

Industry Recognition

2023.1



Top 100 Chinese Enterprises
Global Industrial Development Forum/People's Republic of China

2023.1



National Advanced Private Enterprise in Employment and Social Security, All-China Federation of Industry and Commerce
Ministry of Human Resources and Social Security of the People's Republic of China, and All-China Federation of Trade Unions

2023.5



Global 2000
Forbes

2023.7



Fortune China 500
Fortune

2023.9



China Top 500 Private Enterprises and Top 500 Private Manufacturing Enterprises
All-China Federation of Industry and Commerce

2023

2023 ESG Gold Metal

Top 100 Enterprises in Chongqing

Top 100 Private Manufacturing Enterprises in Chongqing

Top 100 Private Enterprises in Chongqing

Top 100 Manufacturing Enterprises in Beijing -52nd place

Top 100 High-tech Enterprises in Beijing -42nd place

Top 100 Enterprises in Advanced, Sophisticated and Cutting-edge Industries in Beijing - 16th place

Anhui Hefei High-Tech Zone Patent Creation Award

Anhui private enterprises manufacturing industry comprehensive top 100 (60th)

| ESG Management

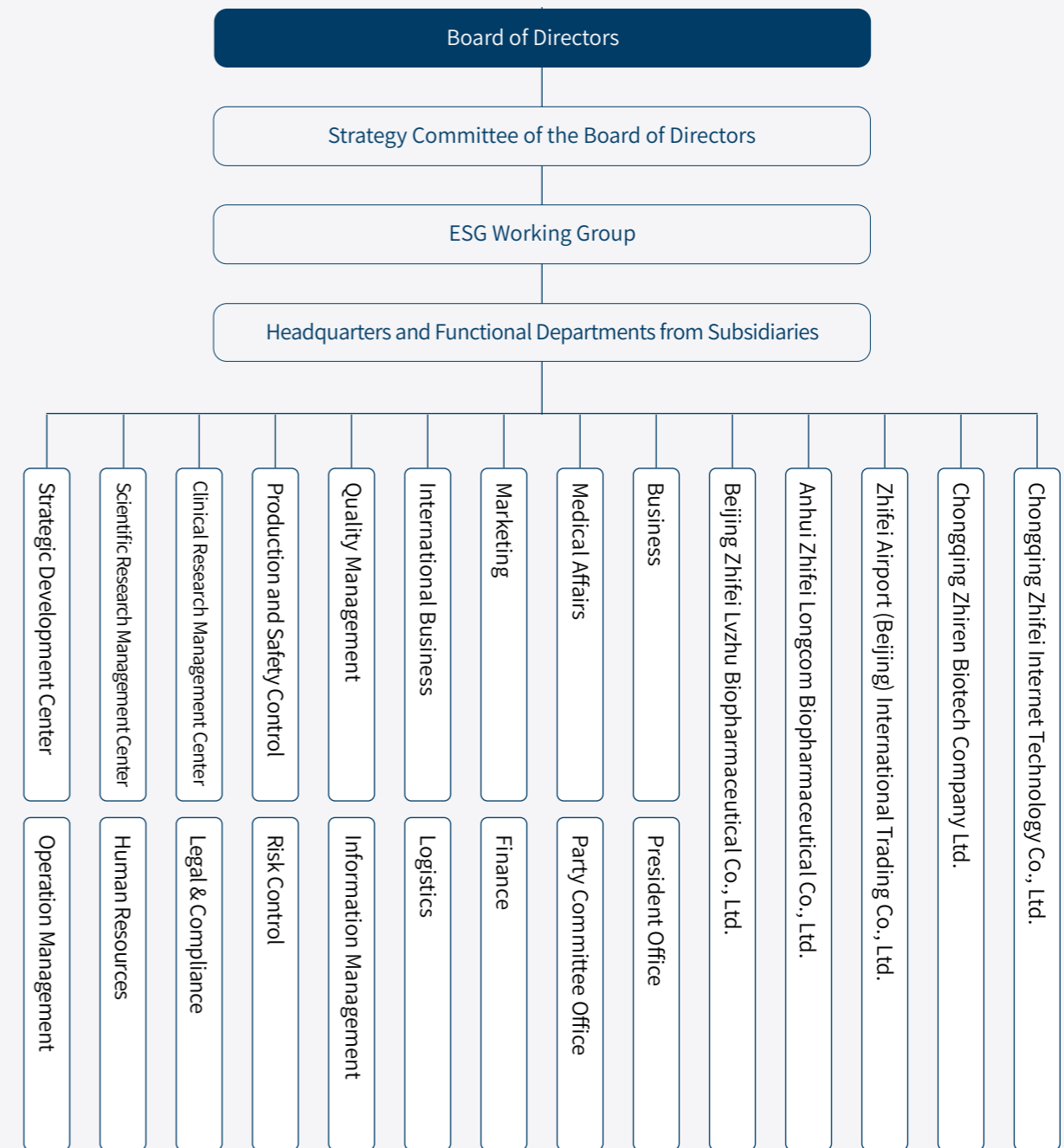
Zhifei sees an effective ESG management system as an important pillar for its sustainable development. Zhifei has adhered to the business philosophy of "Prioritize social benefits over corporate profits". As an industry-leading high-tech biopharmaceutical enterprise, Zhifei proactively advances the synchronized growth of "prevention and treatment of disease", and integrates the concept of sustainable development into its strategic planning and business operations. Meanwhile, Zhifei continues to promote its own high-quality development, while strengthening its top-down ESG commitment and management capabilities. Through these efforts, Zhifei proactively practices corporate social responsibility and works with all stakeholders to contribute to the sustainable development of the industry and society.

Board statement

The Company places a high priority on ESG management, integrating areas of responsibility such as standardized governance, product R&D, employee care and social contribution into its operations. The Board of Directors of the Company, as the highest decision-making and supervision body for ESG efforts, provides comprehensive guidance to its medium and long-term strategies and oversees ESG matters. In addition, the Board of Directors regularly reviews material ESG issues, assesses relevant ESG risks and ensures that an effective ESG risk management system is in place.

ESG management structure

In order to continuously improve the efficiency of the management and implementation of ESG issues, the Company have established an ESG management structure comprising the Board of Directors, the Strategy Committee and the ESG Working Group to strengthen top-down ESG management. At the same time, the Company has formulated the *ESG Management System* to further standardize the Company's ESG management strategy, principles and responsibilities. Under the guidance of the Board of Directors, the Strategy Committee of the Board of Directors is responsible for overall management of ESG issues, and the ESG Working Group for following up and implementing specific ESG works and coordinating the implementation of such works at headquarters and departments from subsidiaries. Meanwhile, the Strategy Committee of the Board of Directors and the ESG Working Group report the progress of and make suggestions on the above ESG issues to the Board of Directors on a regular basis.



ESG management structure and responsibilities



ESG management strategy

The Company continues to strengthen its ESG governance capabilities. Guided by the UN Sustainable Development Goals (SDGs), the Company continues to explore sustainable development paths in line with stakeholder demands and its own operational characteristics. The Company analyzes and sorts the degree of correlation with the SDGs in product responsibility, green development and other areas of responsibility, and formulates ESG development strategies. The Company continues to leverage its technology and resource advantages, build development competitiveness, strengthen risk management and control capabilities, and develop climate resilience. By doing so, the Company enhances its quality and value, contributing to achieving global sustainable development goals.



Safeguard good corporate governance

Better Governance for Better Future

The Company is dedicated to establishing and improving the corporate governance system and work rules, and strengthening the guidance of party building while enhancing ESG management and advancing the establishment of the compliance management system. Meanwhile, various compliance training is provided to raise the awareness of integrity and anti-corruption.

- Credible and compliant operation
- Corporate governance
- Risk management
- Business ethics and anti-corruption



Build hubs for R&D innovation

Dedication in R&D for Health and Wellbeing

The Company accelerates its innovation-based development strategy, strives to create innovative product series with prominent technical and clinical advantages. The Company also promotes global health accessibility and supports immunoprophylaxis with its R&D strength.

- R&D and innovation
- Product and service accessibility
- Protection of intellectual property rights
- Affordable healthcare



Strengthen product responsibility

Quality First for Best Products and Services

The Company strictly controls all links of the quality management system, comprehensively enhances the quality management awareness of all employees and prevents the risk from quality safety events. The Company aims to offer high-quality vaccines to protect the people's health.

- Product quality and safety
- Responsible marketing
- Customer service management
- Affordable healthcare



Promote green development

Secure Environment for Continuous Management

Adhering to the concept of sustainable development, the Company improves the EHS management system to fulfill its green commitment and protect the employees' health. Besides, the Company continues to act as a safe and green enterprise.

- Employee occupational health and safety
- Emissions management
- Energy usage
- Water resources management
- Climate change mitigation and adaptation

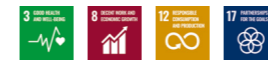


Drive industry development

Cooperation and Industry Growth

The Company always regards suppliers, scientific, educational and research institutions, medical organizations and universities as important partners. We learn the excellent experience from them and contribute our value, aiming to achieve prosperity and growth with the industry, and work with them to build a high-quality growth platform.

- Responsible supply chain
- Industry cooperation and development

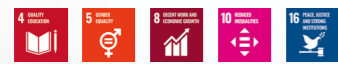


Focus on talent growth

Employee Care and Talent Cultivation

The Company implements an open, fair and diversified talent introduction policy, and establishes a competitive talent system to create an equal and inclusive workplace. In addition, the Company provides multiple promotion channels and development platforms, creates a harmonious and pleasant working environment and shares achievements of sustainable development with employees.

- Employee training and development
- Compliant employment
- Diversity and equal opportunity



Practice social responsibility

Public Welfare and Social Development

The Company never forgets its original aspiration and is committed to public welfare undertakings for many years. We are keen to provide high-quality products to safeguard people's health, and take the initiative to fulfill our social responsibility and serve the society wholeheartedly.






- Community development and public welfare
- Affordable healthcare



Stakeholder engagement

Communication strategy

The Company closely engages with stakeholder groups through a variety of internal and external communication channels for the better understanding of their key concerns, thus facilitating the implementation of the Company's ESG works. In addition, the Company continuously improves its sustainability performance and responds to the expectations and demands of its stakeholders, thereby driving the high-standard and high-quality development of the Company.

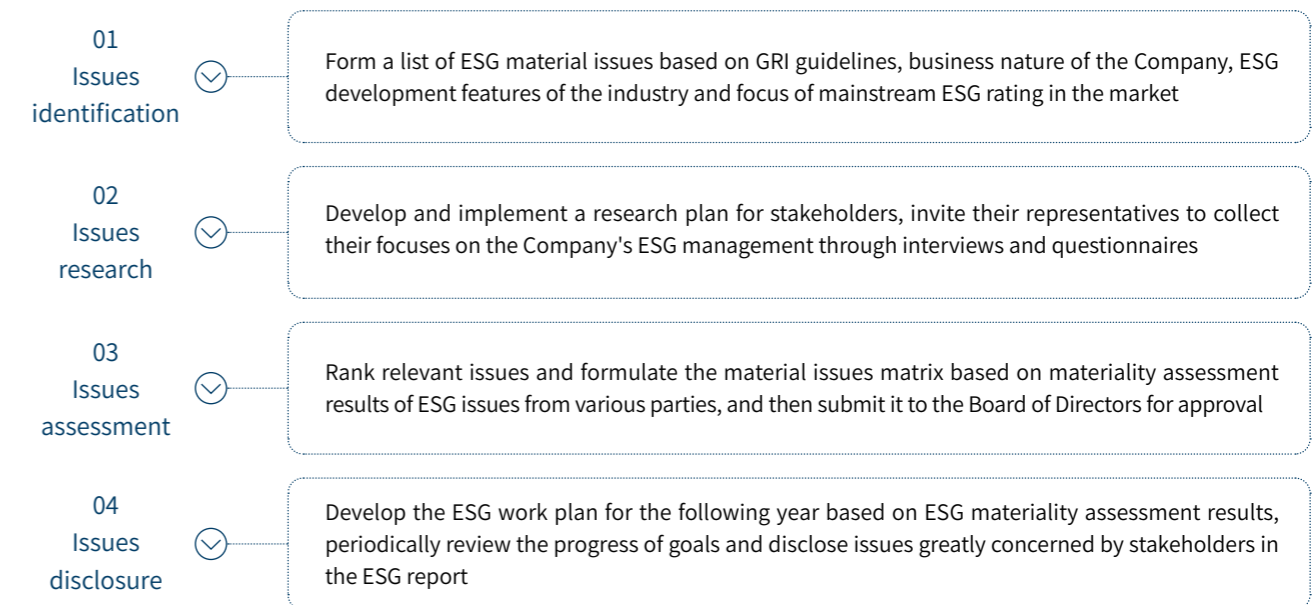
Stakeholders	Communication methods	Expectations and demands	Communication and responses
 Shareholders and investors	Shareholders' meeting Information disclosure Telephone, email and SZSE interactive Q&A platform Official website of the Company	Financial performance Rights protection Transparency Risk control	Improve economic benefits Hold the shareholders' meeting Daily information disclosure Optimize the risk and compliance system
 Government and regulators	Information reporting Visit and survey On-site inspection	Compliance with laws Pay taxes according to laws Compliant operations Respond to national policies Support local development	Law-abiding and compliant operations Pay taxes in full and on time Implement relevant policies Provide employment opportunities
 Employees	Labor union activities Communication platforms of the Company Employee care activities Employee training Employee satisfaction Corporate mailbox	Remuneration and benefits Employees' rights and interests Cross-level interaction opportunities Efficient and transparent workflows Career development opportunities Healthy and safe working environment	Optimize the remuneration and benefit system Equal communication and appeal mechanism Increase employee interactions Improve operation and management efficiency Improve the career promotion mechanism Promote EHS management
 Customers	Customer satisfaction survey Academic and technical exchanges Official website of the Company WeChat official accounts	Product quality and safety Customer service management Customer information security	Strictly control product quality Marketing compliance Optimize the complaint and feedback mechanism Cybersecurity and permission settings
 Suppliers	Supplier bid review Periodic assessment and audit Communication with suppliers Supplier training	Good and stable partnerships Business ethics and reputation Supply chain sustainability	Promote project cooperation Facilitate daily communication Obligatory performance of contracts Build a responsible supply chain

Stakeholders	Communication methods	Expectations and demands	Communication and responses
 Partners	Expert training Academic and technical meetings Company surveys	Resource information sharing Opportunities for industry-university-research cooperation	Improve management in social media platforms Facilitate collaborative communication among expert teams Promote strategic cooperation and organizational communication
 Society and public	Official website of the Company WeChat official accounts News Community public welfare activities	Public welfare Resources and environment Poverty alleviation and education development Help the disabled and the disadvantaged	Promote rural revitalization Maintain green operations Share health knowledge Engage in philanthropy

Materiality assessment

The Company identifies materiality issues for the year through communication with stakeholders based on industry characteristics and its actual operations. Meanwhile, the Company uses the materiality assessment results as a reference for the disclosure of information in this report. During the year, the Company determined materiality issues through the following four steps:

Material issues assessment process





01

In strict compliance with the national regulatory requirements, Zhifei is committed to promoting the Company's long-term development with sound and standardized corporate governance. To improve corporate governance and maintain efficient and transparent operations, the Company persistently upholds the Party leadership and Party building, and enhances the development of governance and compliance management systems and workflows. The Company also strives to improve risk prevention and control capabilities and integrity standard, in an effort to build up corporate reputation and image in the industry, and constantly create value for the shareholders and the society.



This Chapter Responds to SDGs



Better Governance for Better Future

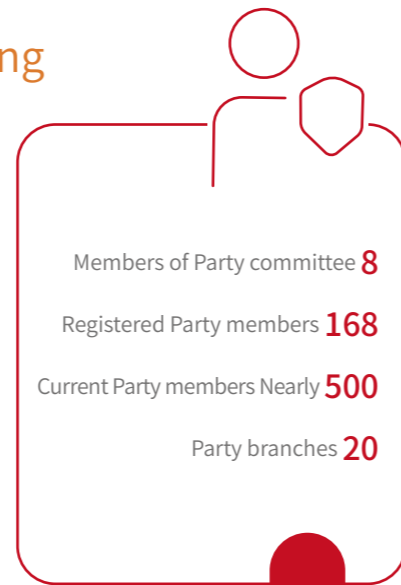
- 28 Corporate development aligned with Party building work
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Corporate development aligned with Party building work

The year of 2023 marks the first year that the guiding principles of the 20th CPC National Congress are implemented on all fronts. When embarking on the new journey, Zhifei always follows the direction of the Party's political building with commitment and practice, and unswervingly takes the approach of high-quality development. Zhifei deeply integrates Party building with enterprise development to ensure synchronization. Zhifei mobilizes Party organizations at all levels to uphold and enhance the overall leadership of the Party. In this way, Zhifei leverages the Party's political and organizational advantages to support business development.

Consolidating the foundation for Party building

Zhifei stays true to the original aspiration and sticks to the mission of the Company. The CPC committee of the Company consistently supports the leadership of the Communist Party of China, and applies the essence of corporate culture into party building activities to promote ideological and cultural building. Jiang Rensheng, secretary of the Party committee, chairman and president of the Company, as the leader of the enterprise, has always adhered to the guidance of Xi Jinping's thought of socialism with Chinese characteristics for a new era, and taken the lead in the Party building earnestly to realize the synchronized advancement of Party building and enterprise development. The Company's 8 members of Party committee are mainly senior managers, covering strategy, R&D, production, marketing, human resources, safety and other key areas of business. They comprehensively check the Company's major decisions, and play an exemplary role in fully integrating the Party's guiding principles in all levels of company management.



On the new journey, the Company continues to optimize the Party membership and grow its party building team in various business lines, aiming to strengthen its Party building. In 2023, 7 probationary Party members were successfully granted full Party members after the training, education and investigation of the Party organization, and 2 active participants were developed into probationary Party members, bringing fresh blood to the Company's Party organization. By the end of 2023, the Company had set up a total of 20 Party branches across the country, and had 168 registered Party members and nearly 500 current Party members. They took concrete actions to implement the Party's guiding principles and became vanguards and role models in various positions in management, scientific research and business divisions to promote the deep integration of Party building and business development.

The Company actively organized Party members and officials to participate in volunteer activities held by the government and communities, such as the Party member donation activity organized by the Party Working Committee of New Economic Organization and New Social Organization in Beijing. They contribute their efforts to medical assistance, education assistance, elderly assistance, and the building of charity system while effectively promoting the integration of enterprise Party building and cultural construction. Guided by the spirit of Party building, the Company enriched corporate culture and further mobilized and united all employees to make joint efforts for the Company's long-term development and fulfillment of social responsibility.

Improving the Party spirit and entrepreneurship

In 2023, the Company focuses on the general requirements and objectives of "learning ideology, strengthening party spirit, emphasizing practice, and creating new achievements", and deeply carries out the thematic education of learning and implementing Xi Jinping's thought of socialism with Chinese characteristics for a new era. Zhifei also developed and conducted a number of learning sessions, focusing on building a strong Party organization and cultivating a team of Party members with good conduct. In 2023, the Company's Party committee and all branches strictly followed and implemented the "three meetings and one lecture" system. Zhifei developed detailed learning plans according to the guiding principles of the important conferences of the Party Central Committee and the actual business situation. Zhifei organized more than 40 Party building activities to learn the guiding principles of two sessions (i.e. the National People's Congress and the Chinese People's Political Consultative Conference) and the 20th CPC National Congress, Party history education, infectious disease prevention and control, scientific and technological innovation, work safety, and national laws and regulations on safety by means of thematic sessions, theory study, online and offline self-study. By embracing the essence of the education campaign, Zhifei makes efforts to integrate learning, thinking, and practice and ensure unity between knowledge, conviction, and action.



Learn Ideology, Strengthen Party Spirit, Emphasize Practice, Build New Achievements, and Solidly Promote Thematic Education

The Party branch of Zhifei organized a learning session of "the power of role models" for all the Party members to learn from role models and pursue excellence. At the session, the branch secretary led them to learn the important thought of General Secretary Xi Jinping on labor development, guiding them to follow the role models, fulfill their duties, and work hard to promote the Company's high-quality development. Then they studied the meritorious deeds of model workers, and shared the stories of exemplary workers around them who demonstrated a strong sense of dedication and hard work. In the end, they shared their opinions based on their practices, and expressed their aspiration to enhance the sense of responsibility. They highlighted the importance of giving full play to the exemplary and vanguard role, stringently performing their duties, and dutifully completing each task. They expressed their dedication to contributing their efforts to the high-quality development of the Company, the communities and the country.



The learning session of "the power of role models"



Learn Ideology, Strengthen Party Spirit, Emphasize Practice, Build New Achievements, and Solidly Promote Thematic Education (Continued)

To comprehensively understand national security and enhance awareness and literacy in national security, Zhifei's Party branches actively organized thematic education and learning on "national security". At the meeting, they jointly studied the important expositions of General Secretary Xi Jinping on national security. The meeting emphasized that while stride forward towards the vision of becoming a "world-class biopharmaceutical enterprise", the party cadres of the company should be vigilant in times of peace, constantly enhance their awareness of safeguarding company security, continuously improve their literacy in safeguarding national security, firmly establish and practice the overall national security concept, implement the safeguarding of national security and company security in all aspects of work and life, contribute to the high-speed and safe development of the company, build an unbreakable people's defense line for safeguarding national security, and lay a solid foundation for safeguarding the realization of the "two centenary" goals and the great rejuvenation of the Chinese nation.



National Security Thematic Education

Striving for a new journey and making contributions in the new era

In the first year of implementing the guiding principles of the 20th CPC National Congress, the Party and the nation are more closely united. Under the leadership of the CPC Central Committee with Comrade Xi Jinping at the core, we are making comprehensive advancements in achieving socialist modernization, and embarking on the new journey towards the Second Centenary Goal. Led by the CPC, Zhifei has always integrated its own development with the major policies of the Party and the country. Upholding the mission of preventing and treating diseases to protect human health, Zhifei will accelerate the promotion of high-quality development of the company, stride forward towards the vision of becoming a "world-class biopharmaceutical enterprise", and strive unremittingly to comprehensively promote the construction of a healthy China.

We develop our strength with firm confidence and strive to achieve our goals with hard work. As a private enterprise in the new era enjoying support from the Party, Zhifei strives to develop its own strength, and shoulders the responsibility to protect the people's health and facilitate building a powerful China. Under the guiding principles of the 20th CPC National Congress, Zhifei consistently follows the Party and the government, upholds the tenet of putting people and their lives first, and undertakes responsibility to serve the country's stability and our people's well-being. Zhifei will take concrete actions to tackle challenges and pursue progress, so as to deliver good results to the Party and the people.



Striving for a new journey and making contributions in the new era

In February 2023, the Company's Party committee invited Zhao Dongping, a member of the Party organization of Chongqing Economic and Information Technology Commission and the head of the discipline inspection and supervision group in the commission to give a lecture on the guiding principles of the 20th CPC National Congress. At the lecture, he elaborated the main guiding principles of the 20th CPC National Congress and the Second Plenary Session of the Sixth Chongqing Municipal Party Committee, and encouraged the Party members to remain unwavering in their belief and make greater endeavors to build Chongqing into a socialist modern city in the new era. Party members all expressed that they should study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, resolutely support the establishment of both Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole, uphold the authority of the Party Central Committee and its centralized, unified leadership, and implement the guiding principles of the 20th CPC National Congress on all fronts. They are committed to embracing the new era, striving for a new journey, and building a new Chongqing with a sense of responsibility and mission of "time and tide wait for no man, but strive for progress".



Lecture on the guiding principles of the 20th CPC National Congress

Standardized management for good corporate governance

Zhifei holds fast to integrity and compliance, and continues to adopt the investor-oriented concept. Zhifei takes actions in strengthening standardized operation and enhancing the quality of information disclosure. Zhifei strives to reinforce internal control and risk management, and comprehensively enhance the company's governance capacity and level through a sound internal governance system, thereby vigorously promoting the company's high-quality development.

The Company's governance structure

The Company has set up a corporate governance structure consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management. The Company standardizes operations in strict compliance with the requirements of relevant laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Governance Guidelines for Listed Companies*, the *Rules for the Listing of Stocks on the GEM of the Shenzhen Stock Exchange (SZSE)* and the *Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies No. 2 - Standard Operation of Companies Listed on the ChiNext*, as well as the requirements of the company's *Articles of Association*. It strictly exercises its powers and performs its duties in accordance with the corporate governance structure.

The Company has set up 4 professional committees under the Board of Directors: Strategy Committee, Nomination Committee, Remuneration and Appraisal Committee, and Audit Committee, to provide professional opinions and reference for the Board's decision-making. Every department has set up a sound working system and rules of procedure, forming a reasonable mechanism for clear separation of powers and responsibilities, mutual communication and mutual checks and balances between the authority, decision-making body, supervisory body and executive body.

In 2023, the Company continued to improve its corporate governance mechanism. According to the decision-making and deployment of the Party Central Committee and the State Council on the reform of the independent director system for listed companies, the Company completed the formulation of the *Working System for Special Meetings of Independent Directors* and the working system for each special committee of the board of directors. In addition, according to the latest rules and requirements, combined with the actual development situation of the company, the company completed the revision of the *Articles of Association and the Remuneration Management System for Directors and Supervisors*. Up to now, the actual situation of corporate governance of Zhifei meets the requirements of the *Code of Corporate Governance for Listed Companies and the Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies No. 2 - Standard Operation of Companies Listed on the ChiNext* issued by Shenzhen Stock Exchange.

In the future, the Company will continue to improve its corporate governance structure and internal control system to enhance corporate governance and operation management capability. Zhifei strives to protect the legitimate rights and interests of all shareholders, and continuously enhance its core competitiveness, profitability and overall risk management capability. These efforts lay a solid foundation for the Company's development, aiming to realize long-term and healthy development.



Striving for a new journey and making contributions in the new era (Continued)

In July 2023, the Company's party committee invited Zhang Hongbin, the executive deputy director of the United Front Work Department of the Municipal Party Committee and the secretary of the Party Leadership Group of the Municipal Federation of Industry and Commerce, to attend the Zhifei Party Member (Expanded) Meeting. At the meeting, he delivered a vivid and profound party lesson to all participants on topics including deeply studying and implementing President Xi's important exposition on the development of the private economy, private enterprises' need to consciously embark on the path of high-quality development, and private enterprises' need to focus on preventing and resolving risk hazards. All Zhifei cadres and employees expressed that on the new journey of taking tests, they will always be aligned with the Party and the people, adhere to the people's feelings, safeguard the health of the people, and not betray the trust of the Party and the country, making greater contributions to the country and society!



The venue of the expanded Party Member meeting

In January 2024, Jiang Lingfeng, the deputy to the National People's Congress, Zhifei's Vice Chairman and Vice President, delivered a lecture on "how Zhifei could feel the Party's grace, listen to the Party's words, follow the Party's path", take the mission of "safeguarding human health, by preventing the unseen & treating the ailing" in the new era and new journey, respond to the national health strategy, meet the people's health needs, take practical actions to accelerate the construction of a healthy China, and promote the construction of a healthy China for all party members and employees. Jiang Lingfeng called on all party members and employees to be grateful and work together. He also urged them to be grateful for the great era, the party and the country, shouldering the historical responsibility, safeguarding the people's health, contributing to the construction of a strong country, taking the exam in the new era, and continuing to contribute to the construction of a healthy China!



The Scene of the Theme Party Lecture

In March 2024, the Second Session of the 14th National People's Congress opened at the Great Hall of the People in Beijing. Jiang Lingfeng, a deputy to the National People's Congress, Vice Chairman and Vice President of Zhifei, attended the meeting and participated in political consultation and deliberation with deputies from across the country. At the meeting, Jiang Lingfeng put forward relevant suggestions on comprehensively promoting new industrialization and accelerating the cultivation and development of new productive forces, further enhancing the core competitiveness of strategic emerging industries and future industries, and making greater contributions to comprehensively promoting the construction of a powerful country and the great cause of national rejuvenation with Chinese-style modernization.



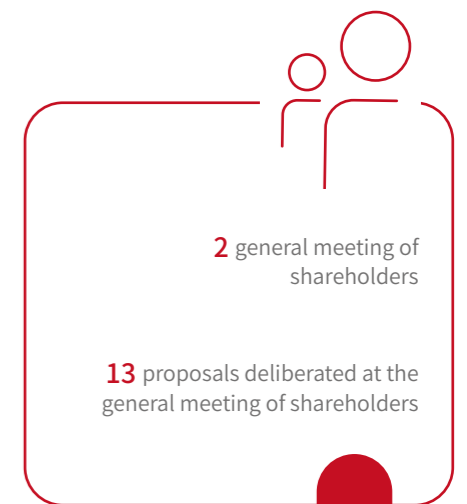
The Scene of the Second Session of the 14th National People's Congress

Operation of three meetings

The Company continues to improve its corporate governance structure to reinforce corporate governance, and promote responsibility fulfillment by the Shareholders' meeting, the Board of Directors, the Board of Supervisors and the management. Zhifei continuously regulates the rights and obligations of management and shareholders to prevent abuse of shareholders' rights and management's dominant position detrimental to small and medium-sized investors' rights and interests. This ensures that the Company focuses on its main business and biopharmaceuticals in a dedicated and professional manner.

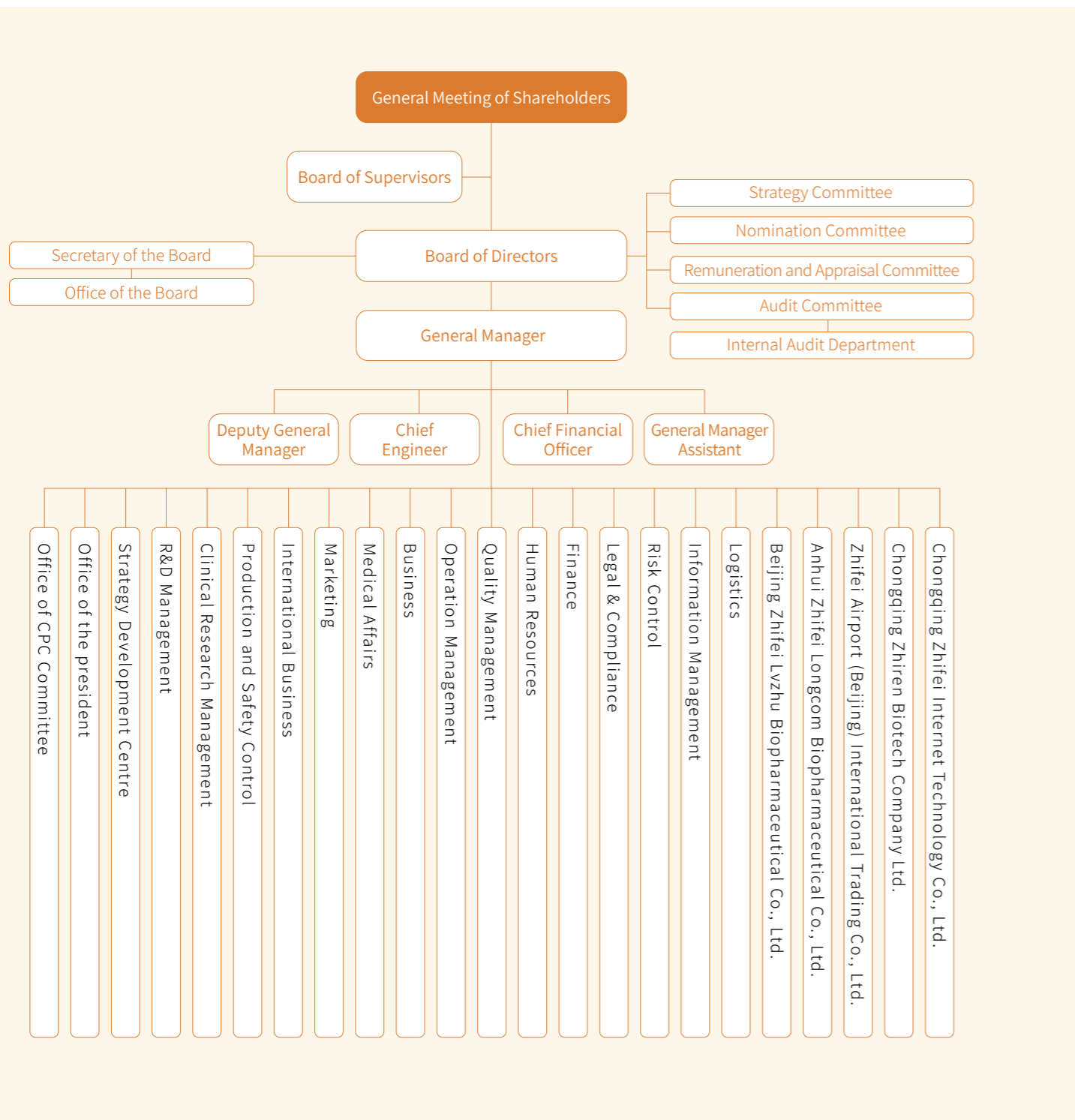
Shareholders and general meetings of shareholders

The Company attaches importance to safeguarding shareholders' legitimate rights and interests. In accordance with the provisions and requirements of the *Rules of General Meeting of Shareholders of Listed Companies*, the *Articles of Association* and the *Rules of Procedure of General Meeting of Shareholders*, the Company convenes and holds shareholders' meetings in a standardized manner to facilitate shareholders' participation in the meetings. In this way, Zhifei ensures that all shareholders, especially small and medium-sized shareholders, enjoy equal rights, so that they can fully exercise their rights and receive equal treatment. During the reporting period, the Board of Directors of the Company held a total of 2 general meeting of shareholders and deliberated 13 proposals.



The Company and controlling shareholders

The controlling shareholders of the Company strictly regulate their own behavior, exercise their rights and undertake obligations in accordance with the law, without overriding the shareholders' general meeting to directly or indirectly interfere with the Company's decision-making and operation activities. The controlling shareholders are not allowed to illegally occupy the Company's assets and harm the interests of the Company and other shareholders. The Company has its own business and can operate independently of the controlling shareholders in business, personnel, assets, departments and finance. The Company's Board of Directors, Board of Supervisors and internal departments all operate independently.



Directors and the Board of Directors

As at December 31, 2023, the Company's Board of Directors had 9 directors, including 3 independent directors and 1 female director. The number and composition of directors meet relevant regulations and requirements. The members of the Board of Directors consist of industry experts, accounting, legal, risk and other professionals with the knowledge, skills and qualities required to perform their duties. They are required to attend the professional training organized by relevant regulatory authorities, and well understand relevant laws and regulations. All directors can work in strict accordance with the *Rules of Procedure of the Board of Directors*, the *Independent Director System*, the *Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies No. 2 - Standard Operation of Companies Listed on the ChiNext*, carefully deliberate the content of proposals, prudently express opinions, attend the Board of Directors and general meetings of shareholders, and fulfill their duties and obligations with diligence and responsibility. In addition, the Company's Board of Directors has set up the following 4 special committees to provide professional opinions and reference for its decision-making.

- Audit Committee: supervise, inspect and evaluate the Company's internal control, financial information and internal audit;
- Strategy Committee: review and suggest on the Company's long-term development strategy and major investment decisions;
- Remuneration and Appraisal Committee: formulate standards to evaluate the Company's directors and senior management; formulate and review the remuneration policies and plans for the Company's directors and senior management;
- Nomination Committee: review and make recommendations on the selection, criteria and procedures of directors and senior management of the Company, etc.

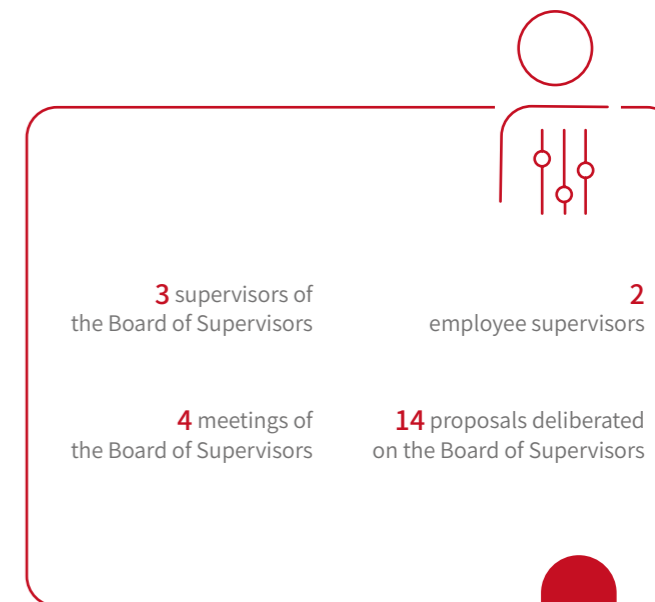
During the reporting period, the Company's Board of Directors held a total of 7 meetings, deliberated 23 proposals, and fully completed the annual work plan of the Board of Directors, laying a solid foundation for the achievement of the Company's annual goals.



Supervisors and Board of Supervisors

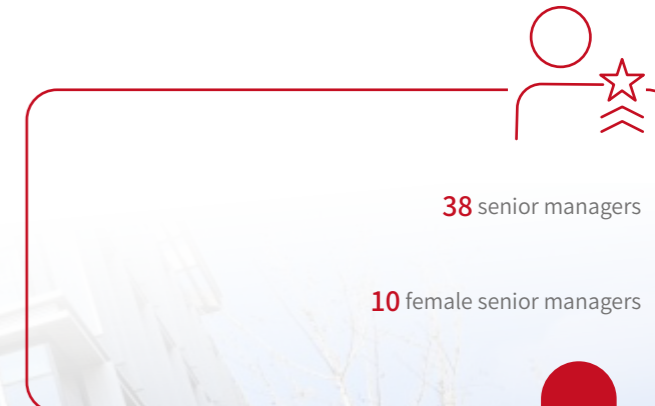
The Board of Supervisors of the Company has 3 supervisors, including 2 employee supervisors. The number and composition of supervisors comply with the relevant provisions and requirements of laws and regulations. Being responsible to all shareholders, the supervisors actively perform their duties and supervise the Company's major matters, related party transactions, financial status, and the legal compliance of directors and senior management in performing their duties in accordance with the requirements of the *Rules of Procedure of the Board of Supervisors*.

During the reporting period, the Board of Supervisors of the Company held a total of 4 meeting, deliberating 14 proposals.



Senior management

As at December 31, 2023, the Company had a total of 38 senior managers, including 10 female senior managers. The Company's senior management is composed of industry experts, legal, marketing, environmental safety and other experts with deep industry background and rich project management experience, who can precisely identify and seize market opportunities, and provide advice on the Company's ESG issues.



Protecting rights and interests of investors

Strict information disclosure

The Company strictly abides by the relevant requirements of normative documents such as the *Securities Law of the People's Republic of China*, the *GEM Listing Rules*, the *Administrative Measures for Information Disclosure* and the *Insider Registration System* to fulfill its information disclosure obligations. Zhifei has established a rigorous internal information collection, escalation and communication mechanism, ensuring that the information disclosure is true, accurate, complete and timely. In 2023, the Company issued 88 announcements and online documents in accordance with regulations, including 4 financial reports and interim announcements, and designated *Securities Times*, *China Securities Journal*, *Shanghai Securities Journal*, *Securities Daily* and *www.cninfo.com.cn* as the media platforms for the Company's disclosure to ensure that all shareholders of the Company can obtain information on an equal basis. During the reporting period, there were no false records, misleading statements, material omissions or other improper presentations in the Company's disclosure. At the same time, the Company maintained close attention to public opinions and market transactions, and effectively protected the legitimate rights and interests of investors through fair information disclosure. The Company consistently adheres to high standards of information disclosure, and has been rated "A" in the information disclosure evaluation of Companies Listed on the Shenzhen Stock Exchange for eight consecutive years. In the future, the Company will continue to make information disclosure in a rigorous and compliant manner, and deliver the Company's value to the market in a continuous, accurate and timely way.

88 announcements and
online documents in
accordance with regulations

**Rated A for 8
consecutive years**
in information disclosure
evaluation of Companies Listed
on the Shenzhen Stock Exchange

Return to shareholders

Upholding the "investor-oriented" concept, the Company takes cash dividends as a return to shareholders. The Company strictly abides by the regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange on cash dividends. Since listing, Zhifei distributed cash dividends to all shareholders on an annual basis. In addition to cash dividends, the Company also shares its development achievements with investors in the form of "bonus shares", "share conversion shares" and "buyback".

The *Articles of Association* clearly stipulates a stable and reasonable profit distribution policy. The Board of Directors formulates a profit distribution plan based on the Company's annual performance and submits it to the general meeting of shareholders for deliberation, so as to effectively protect the legitimate rights and interests of shareholders, especially small and medium-sized shareholders. In the days ahead, the Company will continue to provide reasonable investment returns to investors in more ways. Zhifei takes into account the immediate and long-term interests of shareholders without compromising the principles of profit distribution and the normal operation and long-term development of the Company. Zhifei strives to improve returns to shareholders by developing and implementing a "long-term, stable, and sustainable" shareholder value return mechanism.

- Actual net funds raised in initial offering: RMB 1.433 billion
- Upon completion of the profit distribution plan for 2023, the accumulated cash dividends of the Company will reach: RMB 6.839 billion
- Cash dividend distributed in 2023: RMB 1.915 billion (To be submitted to the shareholders' meeting for consideration)
- Net profit belonging to owners of the parent company in 2023: RMB 8.070 billion

RMB **1.433** billion
actual net funds raised
in initial offering

RMB **6.839** billion
accumulated cash
dividends

RMB **1.915** billion
cash dividend distributed
in 2023

RMB **8.070** billion
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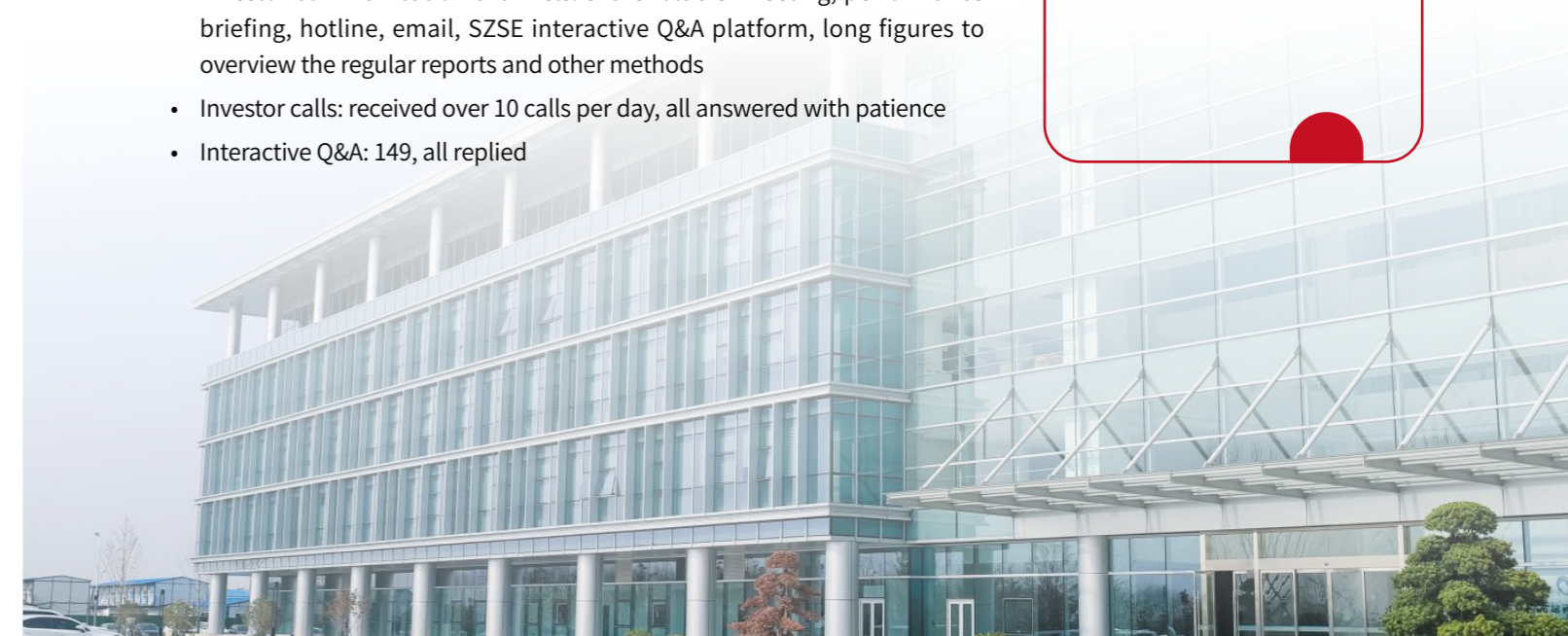
Summary of annual cash dividend distribution on common shares since listing (including the reporting period)

Distribution in detail		
Year	Total cash dividends distributed (RMB 10,000)	Net profit (RMB 10,000)
2023	191,503.18 (To be submitted to the shareholders' meeting for consideration)	806,986.82
2022	80,000.00	753,899.97
2021	96,000.00	1,020,854.84
2020	80,000.00	330,132.68
2019	80,000.00	236,643.87
2018	80,000.00	145,136.65
2017	20,800.00	43,227.54
2016	1,600.00	3,252.03
2015	8,000.00	19,740.19
2014	8,000.00	14,800.40
2013	8,000.00	13,034.78
2012	12,000.00	21,504.54
2011	10,000.00	19,638.36
2010	8,000.00	25,678.81

Strengthening investor relations management

The Company continuously strengthens investor relations management. In accordance with the relevant provisions of the *Investor Relations Management System*, the Company continuously broadens the channels for institutional investors to participate in corporate governance. Zhifei communicates with investors in the form of shareholders' meeting, performance briefing, roadshows, securities dealer strategy meetings, SZSE interactive Q&A platform, and investor hotline. These channels facilitate investors to participate in the decision-making of the Company's important matters, so as to enhance their voice and sense of gain. In this way, we have also effectively promoted the interaction and mutual trust between the Company and investors, and established a good corporate image in the capital market. In investor relations management, the Company treats all investors equally, focusing on creating opportunities for small and medium-sized investors to participate in investor relations management activities. The Company consistently pays attention to integrity, principle, responsibility and accountability in investor relations management activities, and actively cultivates a healthy market atmosphere.

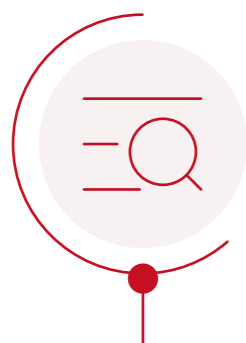
- Investor communication channels: shareholders' meeting, performance briefing, hotline, email, SZSE interactive Q&A platform, long figures to overview the regular reports and other methods
- Investor calls: received over 10 calls per day, all answered with patience
- Interactive Q&A: 149, all replied

Over **10** investor calls per day**149** interactive Q&A**100%** answer rate to investors

Internal control and risk management

The Company prioritizes internal control and risk management in corporate governance. The Company has established an effective internal supervision system, and improved the *Internal Audit System* and a risk management system, which clarifies the management responsibilities and supervision procedures at all levels. These efforts ensure the prevention and control of operation risks and lay a solid foundation for the Company's healthy and sustainable development.

The Company has established a sound structure for internal control and risk management, and has set up an Audit Committee under the Board of Directors. The Committee is responsible for supervising, inspecting and evaluating the Company's internal control, financial information and internal audit, etc., and reports on the progress and quality compliance of the Company's internal audit and the major risks found to the Board of Directors at least quarterly. Under the leadership of the Board of Directors and the Audit Committee of the Board of Directors, the Company has set up the Internal Audit Department, in collaboration with the Risk Control Department, to constantly strengthen internal control and compliance management:



Internal Audit

The Internal Audit Department carries out independent internal audit for each department, controlling subsidiary and relevant joint stock company of the Company, and evaluates the effectiveness of internal control. The scope of audit covers all business operations related to financial report and information disclosure, including procurement, human resources, information system management, etc., to fully perform the supervisory function. For the deficiencies in internal control found during the audit process, the Internal Audit Department supervises the rectification and conducts a follow-up review to ensure the effective implementation of rectification measures.



Risk Control

The Risk Control Department carries out unannounced compliance inspection, in-depth inspection, etc. to identify risk points and manage defects. For internal control and promotion behavior risks, the Risk Control Department cooperates with the Internal Audit Department and the Legal & Compliance Department respectively to timely control existing and new risks, establish risk assessment models, and build a solid line of defense against business risks. For specific operation projects, the Company will set up a Project Management Committee, and coordinate departments of Legal & Compliance, Risk Control, Finance and others to control project risks, in an effort to effectively protect the Company's interests.

To reinforce risk management, the Company has established three lines of defense for risk management and internal control. The three lines of defense clarify duties for all staff from front-line workers to the senior management, and ensure that all staff effectively supports the risk management of the Company.

Three lines of defense for risk management and internal control



To effectively strengthen risk management, the company has established a comprehensive audit management system, which conducts routine audits and special functional audits for Zhifei headquarters and its subsidiaries, covering daily financial statements, academic promotion activities, promotional material management, internal quality management systems, compensation and performance, and other projects. It also conducts full-process follow-up control of key projects, forming a full-process monitoring mode of project pre-review, mid-term review and post-review.

Meanwhile, the Company continues to carry out unannounced compliance inspections covering the whole domestic market. The Company carries out in-depth review of academic conferences. The violations found in unannounced inspection and internal verification will be seriously dealt with in accordance with the Company's compliance policy and other relevant policies so as to ensure that the tasks of compliance inspection in a complex business environment will be performed with quality and quantity. These endeavors ensure the compliant, legal and orderly convening of academic conferences in the promotion activities.

The Company will continue to improve the internal control and risk management system for more efficient internal management and more standardized operation, so as to ensure legal and compliant operation, protect asset safety, and guarantee the true and complete disclosure in financial reports and related materials, thus fully serving the achievement of the Company's strategy and goal.

Compliance and integrity first in operation

Zhifei adheres to the compliance concept of "compliance in heart, responsibility in action", and constantly improves the compliance management system. By taking measures such as building a compliance management structure, improving internal compliance management norms, strengthening training and publicity, monitoring project risks, spontaneously inspecting violations and actively urging corrections, the Company has formed a compliance control system integrating "Prevention-Surveillance-Sanction" with focus on anti-corruption, so as to build an honest and responsible corporate brand which better meets the norms of the pharmaceutical industry and the Company's business development needs.

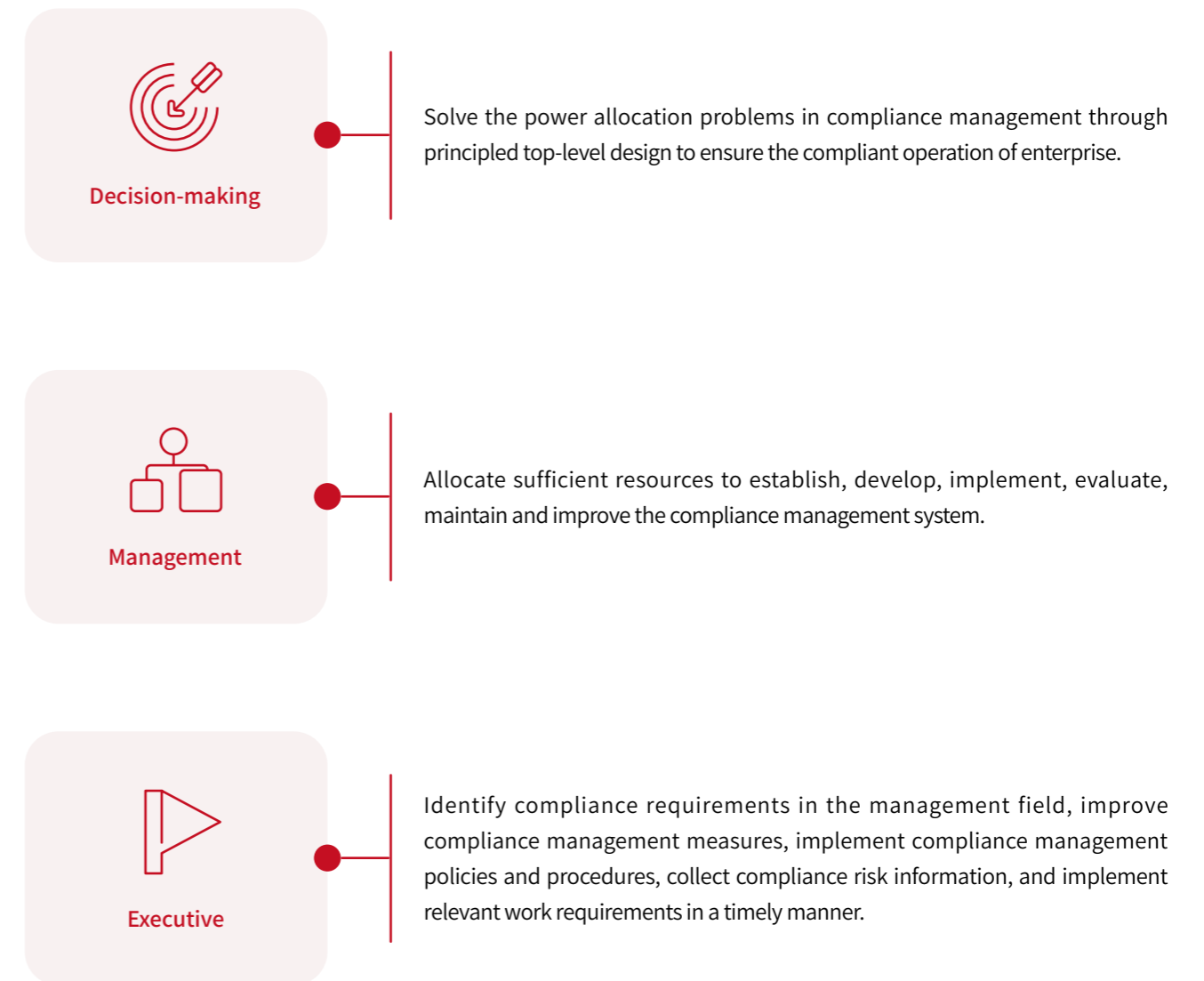
Practicing business ethics and improving compliance management

The Company recognizes the importance of business ethics. In compliance with the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China* and other laws and regulations, and by reference to the code of conduct of China Association of Enterprises with Foreign Investment R&D-based Pharmaceutical Association Committee (RDPAC) (including 41 multinational pharmaceutical enterprises) for the industry, the Company has formulated and implemented compliance management policies such as the *Employee Complaints and Reports Management System*, the *Third-Party Behavior Norms Management System*, and the *Measures for Handling Violations of Marketing Staff*. The Company endeavors to improve the compliance management system to clarify compliance management requirements for the behaviors of employees, suppliers and other relevant parties.

The Company actively implements the latest compliance policies of the country and the industry. Its function could ensure a continuously improvement of the Company's risk prevention capabilities, and strengthen compliance monitoring. The Company has established a compliance management structure in 3 levels: decision-making, management and executive. Moreover, the Company has set up a Compliance Committee composed of the Company's Chief Compliance Officer, senior management and heads of related departments. The committee is responsible for deliberating on the Company's significant compliance issues, assessing and handling compliance risks, and reports to the Board of Directors.

The Company regularly updates its ethical standards, anti-corruption policies, etc. Additionally, the Company conducts audits on all the implementation of the policies, internal monitoring systems, etc. to ensure that the Company's systems are operated in a legitimate, compliant and efficient manner. During the year, the Company revised a number of policies, such as the *Complaint and Report Policy* and the *Specification for Management and Use of Sales Data*. These revisions underscored the provisions on employee fraud, conflict of interest management, anti-bribery and anti-corruption, use of sales data, and due diligence of cooperative partners, thus effectively protecting the rights and interests of all parties. In 2023, the Compliance Committee reviewed 89 projects and continuously identified, evaluated, prevented and mitigated risks throughout the project implementation process.

Compliance management structure



Abiding by the concept of integrity and fighting against corruption

The Company has established a compliance management system based on the principle of "Prevention-Surveillance-Sanction" and has zero tolerance for any corruption, bribery and money laundering behavior. The Company prevents violations by implementing compliance and anti-corruption policies, signing integrity and self-discipline compliance conventions, and providing all-staff training, identifies violations through unannounced third-party inspections, expense reimbursement audits, reports, etc., corrects and punishes violations by forcing violation reviews, deductions of bonuses, etc. The Company spares no effort to implement the concept of good faith operation, integrity and self-discipline throughout management, aiming to enhance its risk prevention capability.

Prevention

The Company requires all employees to sign the *Compliance Commitment Letter* and the *Integrity and Self-Discipline Compliance Convention*. Before cooperation, the suppliers, customers and third parties are required to sign the *Integrity Agreement* or business ethics clauses. These documents clearly stipulate compliance standards and requirements to ensure compliant business cooperation. In addition, the Company continues to raise the awareness of compliance and anti-corruption among all employees. Establishing a compliance and anti-corruption training system for all employees, the Company continuously publicizes the knowledge of laws and regulations covering anti-bribery, anti-corruption, legal disputes, responsible marketing, intellectual property protection, etc. for employees, in an effort to fully prevent violations such as corruption and fraud.

In 2023, the Company carried out a total of 232 compliance training sessions for all employees (part-time included) with 67,728 participants in total, covering anti-bribery, anti-corruption, legal disputes, responsible marketing, the Company's compliance policy and anti-unfair competition law, and including 47 training sessions on the prevention of common violations in academic conferences, which effectively promoted integrity among all staff.



Surveillance

The Company continuously strengthens compliance surveillance. Zhifei implements internal and external unannounced compliance inspections to ensure the implementation of compliance management requirements. The external inspections for academic conferences have covered the whole domestic market except Hong Kong, Macao and Taiwan. For violations found during flight inspections and internal audits, the Company will take strict measures in accordance with the compliance system.

The Company develops the *Employee Complaints and Reports Management System*, and establishes appropriate mechanism, channels and follow-up handling process for complaint and reporting. The Company has set up a Corporate Mailbox channel to encourage internal and external stakeholders such as employees, suppliers and customers to report violations, helping fight against improper behaviors including corruption and bribery. To protect the legitimate rights and interests of whistleblowers, the Company takes confidentiality and protection measures against retaliation and provides legal assistance. Information of the whistleblowers, including the name, department, position, and contact information, are provided only for investigating and collecting evidence or notifying the handling result, and it will not be used on any other occasion. Particularly, leakage of such information to the respondent is strictly forbidden to prevent retaliation against whistleblowers.

Sanction

To ensure that complaints and reports are properly handled, the Company has established strict sanctions for violations, and specifically formulated the *Measures for Handling Violations of Marketing Staff*. Relevant departments of the Company will handle violations and punish the persons involved according to factors like the nature, degree of harm and scope of influence of violations, and prevent the reoccurrence of such behavior through continuous supervision, education and corrective measures.

02

Zhifei continuously works to improve the system of "preventing and treating diseases to protect human health". Oriented towards healthcare demands of the public, we focus on new cutting-edge biopharmaceutical technologies and breakthroughs, and explore the new research direction of new pharmaceutical products.

We actively create innovative product pipelines with prominent technical and clinical advantages and accelerate the transformation of technological achievements. We also constantly enhance our independent innovation and earnestly produce biopharmaceuticals in a concentrated, dedicated and specialized manner. By doing so, we can benefit the public with better products, and contribute more strength to the high-quality development of biopharmaceutical industry and the building of a healthy China.



This Chapter Responds to SDGs



Dedication in R&D for Health and Wellbeing

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Greater efforts to innovation-driven R&D

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Feature on Responsibility 1:
Accelerate technological innovation and consolidate independent and cooperative research achievements

Greater efforts to innovation-driven R&D

Adhering to the concept that "Only those who innovate can make progress, grow stronger and become successful", Zhifei manifests its aggressiveness through R&D and innovation. To effectively practice R&D and innovative development strategy and enhance the overall R&D and innovative advantages, the Company makes greater efforts to build a new research innovation system. We have built a scientifically appropriate R&D system and strengthened intellectual property rights protection. These endeavors are aimed at fueling the enthusiasm of R&D staff for innovation and constantly enhancing our R&D capabilities.

R&D management system

Considering the actual operation of scientific research management system, Zhifei comprehensively refines and completes the R&D management system, and strengthens the innovation capabilities. In accordance with the Measures for the Implementation of Research and Development Management and Incentive Scheme for Research Projects, the Company has strictly implemented a series of standardized management requirements for R&D proposal, project execution, product transformation, project closure, achievement, and incentive mechanisms. Based on this, in 2023, the Company further optimized the R&D project management mechanism with an emphasis on improving the rationality of project proposal evaluation and the flexibility of project process management. In this way, we ensure smooth performance of projects under the guidance of standardized process.



Standardization of project proposal

Under the project proposal mechanism which is oriented towards clinical demands, the Company's headquarters conducts feasibility analysis and scientific verification to ensure that products from successful R&D will provide actual benefits. In addition, it accelerates R&D progress.



Standardization of R&D management

Based on the *Measures for the Implementation of Research and Development Management and Incentive Scheme for Research Projects and other policies*, we have defined the R&D management and execution details. According to these policies, persons in charge of the project will be held accountable for the full life-cycle execution and standardized management will be exercised over R&D project proposal, process evaluation, replacement and R&D achievements protection.

Meanwhile, to further improve the efficiency and quality of project research, the Company is actively improving the expertise of R&D talent team. The Company provides well-designed training sessions on expertise, standard operating procedures (SOPs) and the latest industrial policies and regulations for the R&D team each year. Such training is mandatory for all R&D personnel and can help to enhance their professional skills and ensure strict adherence to SOPs.



R&D upskilling training

In 2023, the headquarters organized 11 training sessions within the R&D team, with over 3,000 participants in total.

The training topics cover R&D compliance management, recombinant protein vaccine R&D, manufacturing technology transfer, analytical method development and validation, technical regulations and other aspects. This helps the personnel in critical positions broaden and strengthen their knowledge and capabilities in the field of vaccine products R&D.



Scientific rigor for optimized clinical management

Firmly adhering to the R&D ethics, Zhifei puts the rights, interests and safety of subjects above clinical trials and strictly follows clinical practice guidelines. The Company has developed a clinical quality management system that conforms to the *Good Clinical Practice (GCP)*, the *Development Safety Update Report (Trial)*, the *Good Pharmacovigilance Practices (GVP)* and other laws, regulations and international standards. The system promotes the digitalization of clinical trials. We continuously optimize the operation of the system to ensure that every aspect of the clinical trial is well-conducted.

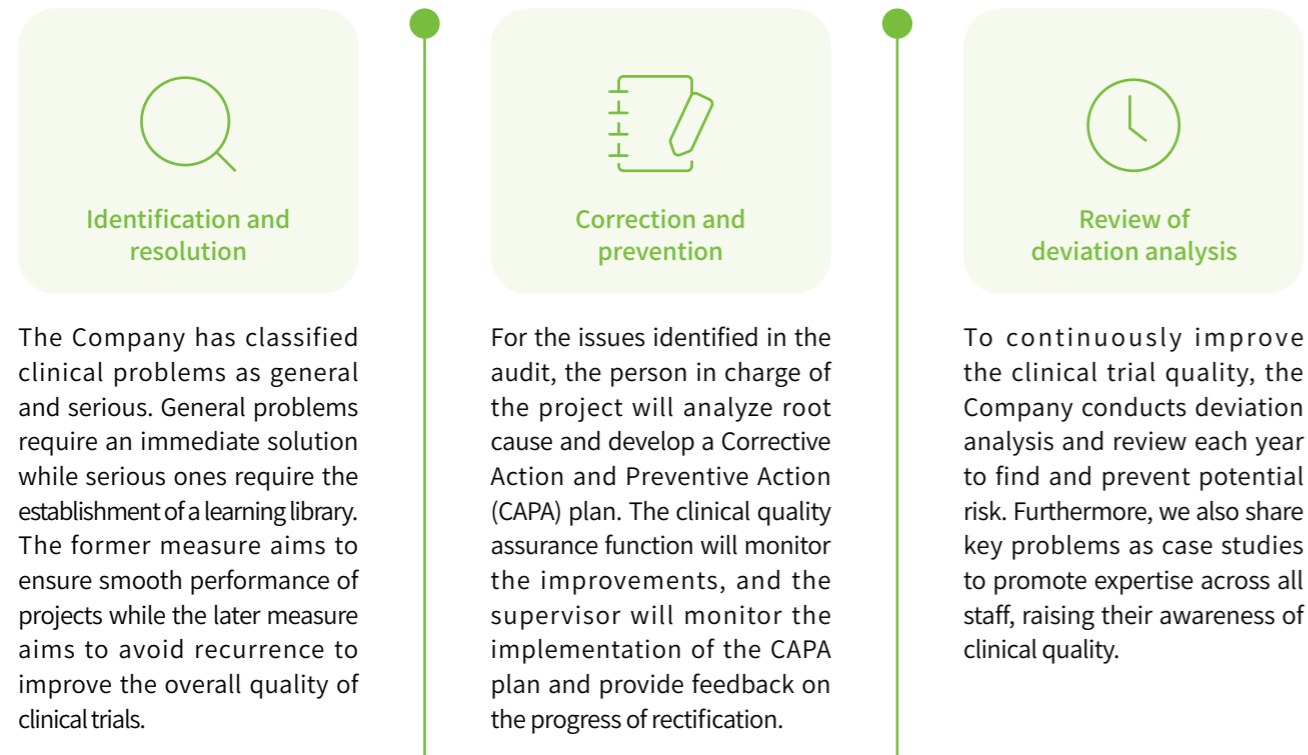
Quality management of clinical trials

We have established a clinical quality management system by revisiting standard operating procedures and management policies for clinical trials, which cover 14 important sectors, such as functions and responsibilities, documents, projects, clinical operation, daily quality control, medicines, and risks. Combined with clinical trial quality management practices, a clinical trial quality management system (cQMS) that applies to the entire company's management process has been formed. Under cQMS, the Company is dedicated to carrying out quality-oriented clinical trials with a strong focus on responsibilities for refined quality management, highly efficient clinical operations, rigor biological sample management, and strict auditing.

We always focus on identifying potential safety risk in the process of clinical trials and take the safety of the subjects as the top priority and core principle of clinical trials. Therefore, the Company takes a series of measures, including developing audit plans, strictly monitoring the safety status of the subjects, timely handling and reporting adverse events. The aim is to ensure the rights, interests and safety of the subjects.

Process control and quality control are very important in clinical trials. As such, we conduct periodic internal audits to ensure trial compliance and safeguard rights and interests of the subjects. For third-party audit, the Company strictly evaluates the audit qualification and monitors the implementation. To address problems identified, the Company actively investigates and makes corrective measures. Furthermore, continued efforts are made to strengthen the clinical quality management.

Process of handling clinical quality issues



Electronic Data Capture (EDC) System for Clinical Trial

The EDC, as a platform software to capture and transfer clinical trial data, has effectively increased data collection efficiency, reliability, accuracy, and integrity, laying a foundation for objective statistical analysis of clinical trials.

Clinical research management system

We optimize clinical trial process, strengthen visit progress management, standardize medicine management and use electronic forms. This has reduced testing deviations and improved.

Emergency unblinding system

The emergency unblinding system, which minimizes the impact on the overall blindness of clinical trials while protecting the rights and interests of subjects, has been designed to balance the safety of subjects and the fairness of trials. It effectively supports the smooth performance of clinical trials.

Clinical trial digitalization

Driven by new technologies, digitalizing clinical research with innovative tools has become a megatrend. To seize the new opportunity in these every-changing days, Zhifei accelerates the application of digital technologies for clinical trials and manages clinical research data. These efforts aim to improve clinical trial efficiency and accuracy.

Clinical training

Clinical roles are heavily reliant on professional theoretical knowledge, practical guidelines and training, which make up foundations for high-quality clinical work. To ensure that all staff members at the clinical center maintain their professionalism to perform standard operations, the Company provides training sessions in a diversified manner, including new researchers program, pre-service GCP training, in-service regular assessments and year-end training review. This has helped them to better adhere to SOPs and maintain a high level of professionalism.



A series of clinical training sessions at Zhifei Longcom Medical Center

During the year, Zhifei Longcom Medical Center organized training sessions on clinical quality for the Medical Centre and relevant departments. The training topics cover clinical quality management system, electronic data capture system for clinical trials and vaccinal immunoreaction. The topics of the training series are aligned with the latest domestic and international regulations and standards to meet staff members' demands on learning and respond to problems they encountered. Explanatory analysis from training specialists of all departments empowers trainees with new skills and approaches. After the training, our employees will become more focused on the compliance and quality of clinical trials.



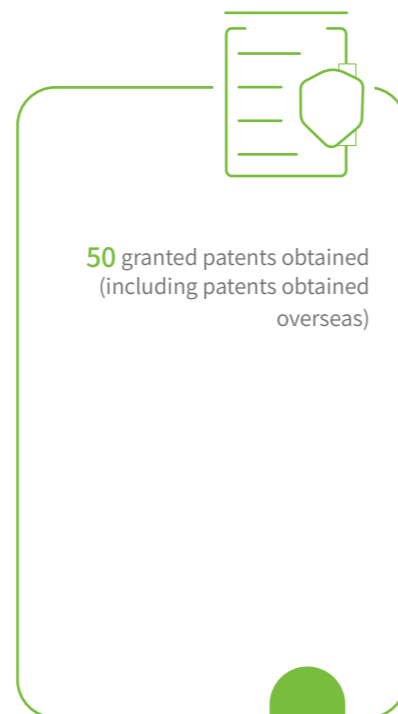
Training at Zhifei Longcom Medical Center

Protection of intellectual property rights

Protecting intellectual property rights drives the scientific and technological innovation, and vice versa. Zhifei places significant emphasis on protecting intellectual property rights and strictly adheres to the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and other laws and regulations.

The Company has developed and implemented internal policies such as *Patent Declaration and Management System (Trial)* to continuously optimize principles and processes of intellectual property rights management and actively promote the patent declaration and registration. Meanwhile, to unleash the full innovation potential of employees, the Company has introduced the *Measures for the Implementation of Research and Development Management and Incentive Scheme for Research Projects* to provide comprehensive support and rewards for patent declaration. The aim is to improve the Company's independent innovation capability and market competitiveness, thereby safeguarding technological innovation and patent declaration.

As at December 31, 2023, the Company had 50 granted patents, including those obtained overseas.



Patent management standards

- The Company has developed internal policies related to protection of intellectual property rights such as *Patent Declaration and Management System* to clarify the management requirements in patent application, patent right management, patent declaration process, reward and punishment mechanism to make the management of patent application, maintenance and information change more standardized and objective.

Patent application reward

- The Company fosters a culture of self-motivation and innovation and encourages employees to propose reasonable solutions to any problems in the process.
- The Company recognizes and rewards employees' achievements, in accordance with its internal patent reward mechanism, when these solutions are successfully transformed into products.
- The amount of the rewards is provided taking into account the degree of difficulty, innovation, expected benefits and other factors of the project, and based on the multiple evaluations conducted at the project inception and closure.

Patent database

- The Company makes continuous efforts to improve the patent system building. Since 2020, the Company has successively introduced a patent database and a professional database to provide professional information support for R&D projects and their efficient execution, while minimizing the risks associated with intellectual property infringement.

Intellectual property training

- In 2023, the Company organized 2 intellectual property training sessions on patent mining and planning, patent management and other core topics. The aim is to further strengthen the awareness and understanding of patent warning and patent protection among staff members at R&D Center, reduce corporate intellectual property risk and promote technological innovation and core competitiveness protection.

Feature on Responsibility 1: Accelerate technological innovation and consolidate independent and cooperative research achievements

Regarding innovation as the core engine of corporate development, Zhifei has been deeply engaged in biopharmaceutical industry since its establishment. The Company is committed to the mission of "safeguarding human health, by preventing the unseen & treating the ailing". Adhering to the innovation strategy of "Independent R&D as a priority, cooperative R&D as a supplement and investment and incubation as a complement", we gain momentum through self-reliance, innovation and upgrading to establish new technology platforms and diversify our R&D pipelines.

R&D base

Together with its three core R&D and production bases, Zhifei Lvzhu, Zhifei Longcom, and Chongqing Zhirui Biopharmaceutical Industrial Park, the Company is able to implement the entire process from R&D to industrialization, which covers early R&D, products transformation research, process amplification, quality control, clinical monitoring, drug registration and other sectors. This is how innovation plays its core role in driving development, thus laying a solid foundation for innovative breakthroughs and new technology development.

Beijing Zhifei Lvzhu



Anhui Zhifei Longcom



Chongqing Zhirui Biopharmaceutical Industrial Park

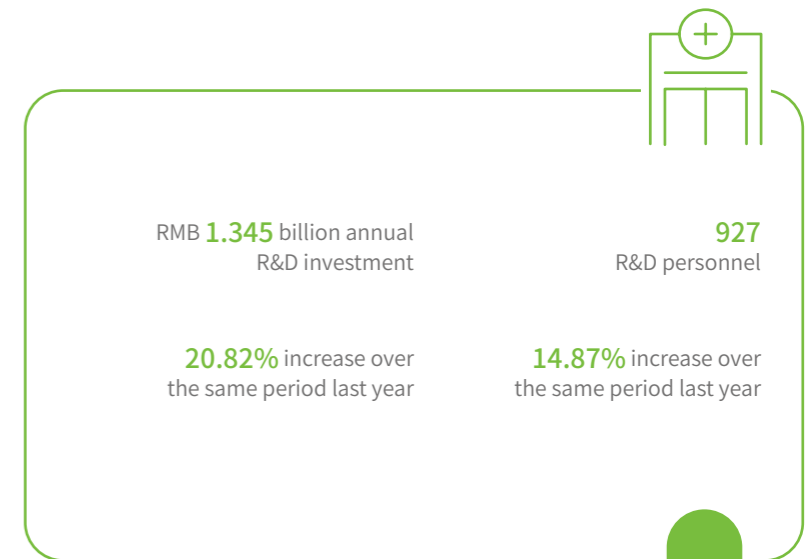


Relying on Zhifei Lvzhu and Zhifei Longcom, the Company is deeply engaged in disease prevention and makes steady efforts to promote the R&D progress.

Relying on Zhirui Biopharmaceutical Industrial Park, the Company extends its business scope and scale in the biopharmaceutical industry. Specifically, we have developed preventive and therapeutic biotechnologies and products. In this way, we continuously promote our R&D capabilities.

Investment in R&D

The Company is well aware of the importance of R&D and innovation to corporate sustainability. In recent years, Zhifei's net investment in R&D and the growth rate have been among the highest in the industry. In 2023, the Company continued to invest more resources in R&D and expand R&D team. As a result, the investment in R&D amounted to RMB 1.345 billion, an increase of 20.82% over the same period of last year. The R&D team size reached 927 people, an increase of 14.87% over the same period of last year.



Proprietary products

By the end of 2023, the Company had launched 8 proprietary products (including products with conditional marketing license), safeguarding the lives and health of millions of people, and playing a concrete role in preventing and treating diseases such as epidemic cerebrospinal meningitis and pneumonia. Among these products, Zifivax is the first Recombinant COVID-19 Vaccine approved for marketing in the world, Mycobacterium Vaccae for Injection (Vaccae) is the first immunologic agent for protecting LTBI patients against disease onset in the world, and Recombinant Mycobacterium Tuberculosis Fusion Protein (EC) is the only tuberculosis specific antigen TB infection screening reagent included in the WHO guidelines on tuberculosis prevention and manual for diagnosis and detection of tuberculosis infection. These products are strong evidence of our R&D and innovation capabilities.





On 2023 China Brand Day - Zhifei, as the representative of "Made in Chongqing" and "Chongqing Innovation", launched 3 proprietary products in the "Innovation 100+" exhibition area

Recombinant COVID-19 Vaccine (CHO Cell)

The first recombinant protein subunit COVID-19 vaccine approved for marketing in the world. Up to now, over 300 million doses have been administered, contributing to global epidemic prevention and control.

Recombinant Mycobacterium Tuberculosis Fusion Protein (EC)

EC is the first TB infection screening reagent that is prepared through efficient fusion of mycobacterium tuberculosis RD1 region ESAT-6 and CFP-10 for expression in escherichia coli with gene recombination technology. EC is a technology-intensive product featured with high flexibility, high specificity and high feasibility of large-scale screening.

Mycobacterium Vaccae for Injection (Vaccae)

The first immunologic agent successfully developed and launched in the world for protecting people with latent tuberculosis infection against onset since the Bacillus Calmette Guerin vaccine was introduced 100 years ago.



Zhifei exhibition area



Facilitating early "end of tuberculosis epidemic" with Zhifei's proprietary products

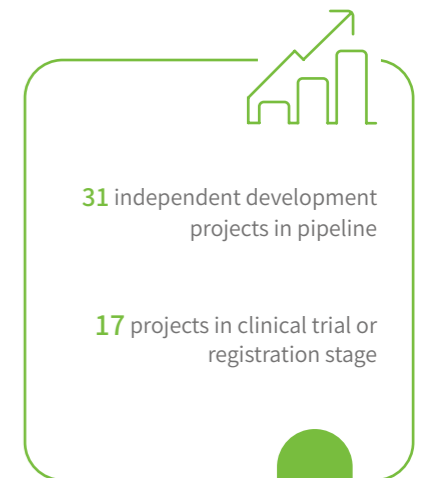
Tuberculosis is a chronic infectious disease, which is prone to drug-resistant or even extensively drug-resistant tuberculosis if not treated with a standard regimen. This may cause pulmonary function injury or even respiratory failure. China is still facing severe pressure from tuberculosis prevention and treatment. The core of prevention and treatment is on active screening of high-risk populations. Therefore, early detection, early diagnosis and early treatment carry great significance for control of latent infection of tuberculosis bacilli and control of pathogen transmission. March 24, 2024 is the 29th World tuberculosis Day. This year, the comprehensive department of the National Bureau of Disease Control and Prevention released the theme of the World tuberculosis Day: work together to end the epidemic of tuberculosis.

Zhifei has two proprietary tuberculosis products, preventative Vaccae (Mycobacterium Vaccae for Injection) and diagnostic product EC (Recombinant Mycobacterium Tuberculosis Fusion Protein). EC is superior in simple operation, high specificity, high sensitivity, low cost and easy application. In addition, it can distinguish between BCG vaccination and mycobacterium tuberculosis infection. Vaccae is the first immune preparation to prevent the onset of infected people in the world. In addition, it plays a vital role in the prevention and treatment of tuberculosis in China and even the world as it is used as a drug combination in the adjuvant therapy of tuberculosis chemotherapy.

Upgrading independent research platform and steadily deploying diversified pipelines

Zhifei has been adhering to forward-looking layout and diversified innovation. We optimize R&D platform in all aspects, advance coordinated development of multiple product pipelines in an orderly manner, and build up strength to improve driving force of independent R&D. These efforts aim to provide safer, better and more diversified vaccines and biological products for public life and health.

Based on 9 technology R&D platforms and 8 product matrices, the Company has built one of the most comprehensive vaccine development platforms, which covers bacterial vaccines, viral vaccines and tuberculosis prevention and treatment products. Our focus is on the R&D of vaccines for common infectious disease in children, high-incidence infectious diseases in adults and emerging infectious diseases, multiplex and polyvalent vaccines and upgraded vaccines. The aim is to create diversified and multi-level pipelines of vaccines and biological products. Up to now, the Company has 31 independent development projects in pipeline, 17 of which are in clinical trials or registration.



9 technology R&D platforms

Polysaccharide and Polysaccharide Conjugate Technology Platform	Genetic Recombination Technology Platform	Human Diploid Cell Line Technology Platform
Outer Membrane Vesicle (OMV) Technology Platform	mRNA Technology Platform	Novel Multiplex Polyvalent Technology Platform
Inactivated Technology Platform	Adenovirus Vector Technology Platform	Novel Adjuvant Technology Platform



8 product matrices

Meningococcal Vaccine Matrix	Tuberculosis Product Matrix
Pneumococcal Vaccine Matrix	Enterovirus Vaccine Matrix
Multipathogen Vaccine Matrix	Emerging Infectious Disease Vaccine Matrix
Adult Vaccine Matrix	Upgraded Vaccine Matrix

Strengthening collaborative R&D for mutual complementarity

Committed to building an industry-university-research cooperation framework, Zhifei adheres to open innovation and seeks collaborative R&D and innovation in multiple fields. The Company actively seeks in-depth cooperation with scientific research institutions, pharmaceutical industry and industry partners to develop cutting-edge technologies in vaccine R&D field. By doing so, we extend our R&D scope and scale to the upstream.

In 2023, in terms of technological cooperation, the Company introduced 9 technology R&D platforms and 8 product matrices to cooperate externally in aspects of new antigen, new target, new adjuvant and upgraded technologies. In terms of industry cooperation, Zhifei works with industry-leading enterprises to promote exchange and cooperation on original innovation and industrialization. We deliver industry leading solutions on technical difficulties in the biopharmaceutical field.

EB virus vaccine was co-developed by Zhifei, Sun Yat-sen University and Sun Yat-sen University Cancer Center

EB virus is the first human tumorigenic virus detected. It is highly associated with multiple malignant tumors such as nasopharynx cancer and lymphoma, and autoimmune diseases such as multiple sclerosis and systemic lupus erythematosus. At present, there are no effective EB virus vaccines and drugs for clinical use due to the unclear infection and immunologic mechanisms and high difficulty of vaccine design.

In October 2023, Zhifei, Sun Yat-sen University and Sun Yat-sen University Cancer Center held a signing ceremony of collaborative R&D on EB virus vaccine and R&D achievements transformation. The cooperation will achieve a major breakthrough in the vaccine field and fill the gap in relevant R&D. Three parties will further strengthen the industry-university-research cooperation and give full play to respective strengths to speed up the development and marketing of nano-particle design based preventive EB virus vaccine. By doing so, we are expected to achieve early prevention and treatment of EB virus associated malignant tumors and chronic diseases.



Signing ceremony site

Zhifei and Delonix Bioworks work together on the application of synthetic biology in the field of vaccine

In December 2023, Zhifei Lvzhu and Delonix Bioworks Ltd. ("Delonix Bioworks") signed a co-development and exclusive licensing agreement. Under the agreement, both parties will enter into an in-depth cooperation through the new vaccine development platform of Zhifei Lvzhu innovative incubation center and Delonix Bioworks synthetic biological vaccine technology platform to leverage their strong upstream and downstream advantages in the vaccine industry.

In addition, Zhifei Lvzhu will obtain an exclusive license for cooperative projects to carry out research, development, production and commercialization within the scope of the license. In the future, both parties will work together to promote the application of synthetic biology in the field of bacterial vaccines and advance the innovation and R&D of new bacterial vaccines.

Focusing on investment and incubation, and working together to create innovative opportunities

To build a "world-class biopharmaceutical enterprise", Zhifei makes greater efforts to develop proprietary technologies and products in the biopharmaceutical field through investment and incubation. Relying on Zhirui Biopharmaceutical Industrial Park, Zhifei extends its technological innovation scope and develops preventive and therapeutic biotechnologies and products with a strong emphasis on biopharmaceutical and healthcare industries. The incubation and development of Zhirui Investment mainly aims at new directions such as oncology, metabolic diseases, cardiovascular diseases, autoimmune diseases, and neurodegenerative diseases. It has successfully incubated more than ten innovative technology companies. The products of these companies are expected to break the monopoly of international pharmaceutical giants and achieve the localization of high-end biopharmaceuticals in Chongqing, China.

"High-quality development research tour" thematic interview of the Publicity Department of the Central Committee of the CPC took place in Chongqing Zhirui Biopharmaceutical Industrial Park

In October 2023, a thematic interview "High-quality development research tour" that was organized by the Publicity Department of the Central Committee of the CPC, took place in Chongqing Zhirui Biopharmaceutical Industrial Park, one of the three R&D and production bases. Zhirui Biopharmaceutical Industrial Park has impressive momentum for rapid expansion. It has become the largest biopharmaceutical project in Chongqing, the largest biopharmaceutical cluster in the southwest region and also the benchmark of Chongqing biopharmaceutical projects. The research group had a comprehensive understanding of Zhifei's mission, vision, governance structure, R&D and production base, talent team, R&D and innovation, product layout, funding, business environment and other information.

The Chongqing Zhirui Biopharmaceutical Industrial Park invested and constructed by Zhifei covers an area of over 1000 acres, with a good development momentum, attracting a large number of high-quality biopharmaceutical companies to settle in, and has successfully incubated more than ten innovative technology companies. At the Park featuring beautiful environment and various supporting facilities, we have implemented sub-projects such as GENRIX BIO engaged in antibody drug R&D and production, Chenan Biopharm engaged in R&D and production of therapeutic drug for diabetes, Zhirui Biopharmaceutical R&D Incubation Center and an integrated biopharmaceutical R&D service company MEDLEADER engaged in R&D and innovation. In addition, we have built platforms integrating antibody, biological drugs for diabetes, cell therapy and tumor vaccines. Among over 50 ongoing projects, Xeligekimab, an antibody made in Chongqing, is expected to be launched in 2024, with 10 to 20 products launched in the following 10 years. With these efforts, we are helping Chongqing develop from nothing in the high-end biopharmaceutical field such as antibody and insulin, contributing to Chongqing's industrial transformation and making it a leader in the industry in China.

Zhifei started investment and mergers and acquisitions, improved the prevention and treatment landscape

Chongqing Chenan Biopharmaceutical Co., Ltd ("Chenan Biopharm") is a biopharmaceutical enterprise that the Company invests and incubates through Zhirui investment platform. In November 2023, Zhifei reached a preliminary intention with Zhirui Investment and founder of Chenan Biopharm to acquire 100% equity of Chenan Biopharm in cash, and signed an *Intent Agreement on Equity Acquisition*. The cooperation aims to extend the Company's business scope to the field of diabetes, obesity and other metabolic diseases and enter the therapeutic biopharmaceutical sector.

Upon completion of the transaction, Zhifei will obtain pipelines and production bases of insulin analogs products and GLP-1 analogs. This helps the Company extend its business scope and scale of proprietary technologies and products in biopharmaceuticals and safeguard the public health by preventing and treating diseases.

Based on the platform integrating core technologies such as recombinant chemical modification, high-efficiency expression and oral delivery, Chenan Biopharm has 6 candidate drugs that enter the clinical stage, of which Liraglutide injection and insulin degludec injection have finished phase III clinical trials and Semaglutide injection is undergoing phase III clinical research. The research and development progress is among the top in China.

03

Shouldering the responsibility for global public health, Zhifei is committed to promoting the building of a human health community. We advance the construction of a product quality lifecycle management system in a bid to empower high-quality management of products and services, make the quality more controllable across the product chain and safeguard health of more people. In this way, Zhifei contributes to the building of human immunity defense line.

 This Chapter Responds to SDGs

 <p>3 GOOD HEALTH AND WELL-BEING</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p>
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Quality First for Product Accountability

66	Ever stringent quality control for supreme quality
74	Responsible and professional services
80	Feature on Responsibility 2: Expand the product market and promote health services at home and abroad

Ever stringent quality control for supreme quality

Zhifei always embeds the core value of "quality first" into all aspects of the company's operations. We adhere to the core goal of pursuing excellent quality in the whole process from product R&D, manufacturing to after-sales quality management. To this end, we continuously upgrade the Company's quality management system throughout the entire process and the industry chain, thoroughly conduct internal and external quality audits, and extensively improve quality awareness of our employees, striving to safeguard people's health with our high-quality products.

Establishment of quality management system

As a biopharmaceutical manufacturer, Zhifei is deeply aware that product quality is the lifeline of an enterprise's operations, therefore, Zhifei spares no effort to secure the bottom line of product quality and safety. We strictly follow the *Law of the People's Republic of China on Drug Administration*, the *Vaccine Administration Law of the People's Republic of China*, the *Pharmacopoeia of the People's Republic of China*, the *Good Manufacturing Practice of Medical Products* ("GMP"), the *Good Supply Practice of Medical Products* ("GSP") and other relevant laws and industry standards, to ensure that the production process and quality control standards of vaccine products meet national requirements. Meanwhile, the Company actively refers to and benchmarks international standards and guidelines, especially international quality standards formulated by the World Health Organization ("WHO"), the Food and Drug Administration ("FDA") and the International Conference on Harmonization of Technical Requirements for Pharmaceuticals for Human Use ("ICH"). We learn from such standards to refine our best practices to continuously optimize the Company's quality and safety system.

In 2023, the upgrade of our system policies focused on improving the compliance, applicability and effectiveness of the quality management system, covering various process links such as product R&D, materials management, production control, and product release, so as to strengthen quality control capabilities.

In 2023, with quality and efficiency improvement as a core goal, the headquarters and subsidiaries of Zhifei made further efforts to build a solid quality management system by:

- holding monthly quality analysis meeting: The Company has initiated and put in place the monthly quality analysis meeting system with reference to the *Provisions on the Supervision and Administration of the Fulfillment of Medicinal Product Quality and Safety Responsibilities by Holders of Marketing Authorization for Medicinal Products*. We regularly review and analyze production management, quality management and other aspects to assess recurring risks and new risks, and formulate corresponding rectification and prevention measures to continuously improve the quality management system.
- following the trend of information transformation: The Company emphasizes the building of the whole-process information system of pharmaceutical production in order to fully align with international pharmaceutical manufacturing management standards, strengthen the refined and intelligent control of the production process and enhance the efficiency and effectiveness of quality management. In 2023, the Company advanced the building of quality management system (QMS), accelerated the informationization of quality management activities such as deviation and CAPA, and pushed forward the integration and interaction of information systems, enabling real-time data exchange, and effectively reducing man-made errors.

R&D Quality Management

Comprehensively inspecting and assessing risks at the early stage of product R&D, carrying out whole-process monitoring and control, and mapping out solutions in advance to promote process improvement;
Continuously improving the R&D documentation system and conducting self-inspection and audit in accordance with relevant regulations and guidelines, to optimize the R&D management model;

Materials Quality Management

Ensuring the compliance and safety of the materials management throughout the process by continuously improving the materials management system, and regularly comparing and studying international industry standards;
Regularly monitoring, auditing and managing qualified suppliers, and annually conducting a comprehensive quality evaluation of the supplied materials.

Production Quality Management

Carrying out high-quality standardized production according to the process approved by national regulators at each production base, and upgrading and refining the aseptic production capability of production lines;
Stepping up production informatization, to digitize processes of all elements and improve production efficiency and quality control capability.

Quality Inspection Management

Formulating and establishing internal regulations for each production base, such as the Control and Management Procedures for Non-conforming Products, and requiring that products meet high quality standards at each inspection step before proceeding to the next step;
Setting up a self-inspection function that can conduct effective quality inspection, and engaging qualified third parties to examine products and materials.

Drug Circulation Quality Control

Formulating strict drug circulation quality management system in accordance with drug and vaccine related laws and GSP.
Establishing complete vaccine traceability system, which is linked with the "One-code Pass" traceability system; Insisting on the concept of "seamless cold chain" to realize precise temperature control and records during each phase with independently developed warehouse and logistics management system.

Post-Marketing Quality Management

Establishing a pharmacovigilance system that incorporates quality assurance, and setting up a post-marketing safety observation team to monitor product safety and provide on-site supervision and guidance;
Developing digital reporting system to collect data on adverse reactions of products in real time and make prompt evaluations. Meanwhile, establishing processing mechanism and procedure for abnormal reactions, where professional teams will follow up on abnormal reactions arising from different situations within 24 hours.

Certification of quality management system

Zhifei always gives top priority to quality control, focusing on the process and efficiency of quality system operation to ensure the safety and efficacy of vaccine products. In this regard, Zhifei actively facilitates quality certification by domestic and foreign regulatory bodies and third-party certification institutions to ensure the overall effectiveness of the Company's quality management system. As of December 31, 2023, the Company's headquarters and subsidiaries, Zhifei Airport, Zhifei Lvzhu and Zhifei Longcom had all passed the ISO9001: 2015 certification for the quality management systems. Moreover, 100% of owned production lines for released products at the Company's production and operation bases (including production facilities, equipment and plants) had obtained GMP certification.

As of the end of 2023, the Company obtained registration certification in Uzbekistan and Indonesia for 2 vaccines, Halal certification for 2 vaccines and Declaration of Conformity signed by an EU Qualified Person (QP) for 2 vaccines. In addition, the Company and Zhifei Airport had been awarded with the Advanced AEO Certification by China Customs, providing high-quality services for the introduction and export of the Company's products.

Quality audit and inspection

Internal quality audit

The Company attaches great importance to the quality audit, and carries out internal audit of the quality management system every year to uplift management through self-inspection and self-rectification, so as to achieve continuous improvement of quality and efficiency. In 2023, the headquarters and subsidiaries of Zhifei conducted 10 internal quality audits based on annual plan. The audit covers all aspects of drug distribution, including organizations and personnel, plants and facilities, equipment, materials and products, confirmation and validation, document management, production management, quality control and assurance, entrusted testing, drug storage and distribution, correction of deficiencies identified during registration, etc. With consistent internal quality audits, the Company could accurately identify potential hazard factors and risks in each management process. The key departments would implement comprehensive correction initiatives to improve production processes and quality.

Internal quality audit in 2023

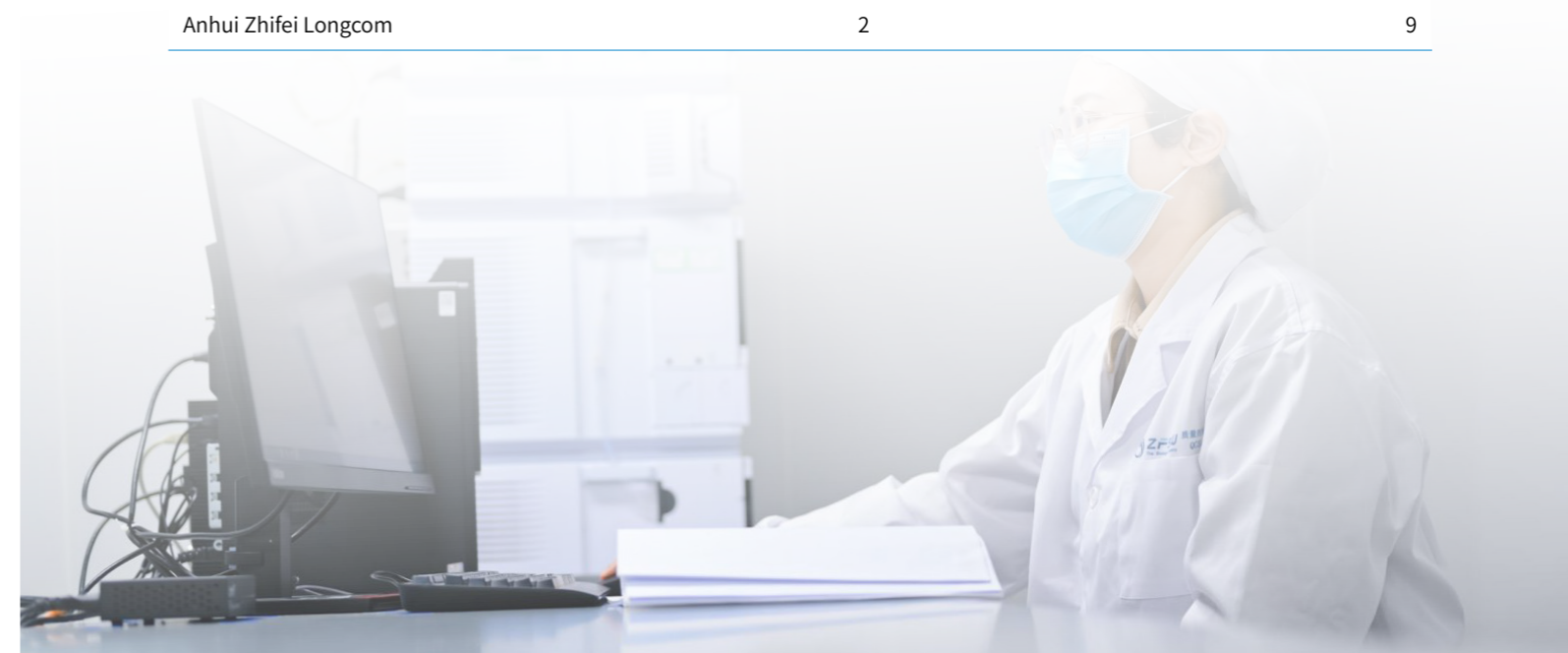
Company name	Number of internal quality audit
Zhifei	2
Beijing Zhifei Lvzhu	2
Anhui Zhifei Longcom	6

Quality audit by third parties

In addition to internal quality audits, the Company also employs external resources and expertise to continuously optimize the quality management system. The Company welcomes compliance audits from third parties, including domestic and international regulators and partners, to continuously improve the integrity and effectiveness of the quality management system. In 2023, the Company received a total of 22 quality audits by third parties, including inspections conducted by national and provincial medical products administrations, and review for ISO9001: 2015 quality management system recertification. All audit results presented no major defects. For potential risks identified in the audits, the Company made prompt rectification to refine production quality control, and reported to relevant authorities.

Quality audit by third parties in 2023

Company name	Number of audit by National Medical Products Administration	Number of audit by Provincial Medical Products Administration and ISO audits
Zhifei	0	5
Beijing Zhifei Lvzhu	1	5
Anhui Zhifei Longcom	2	9



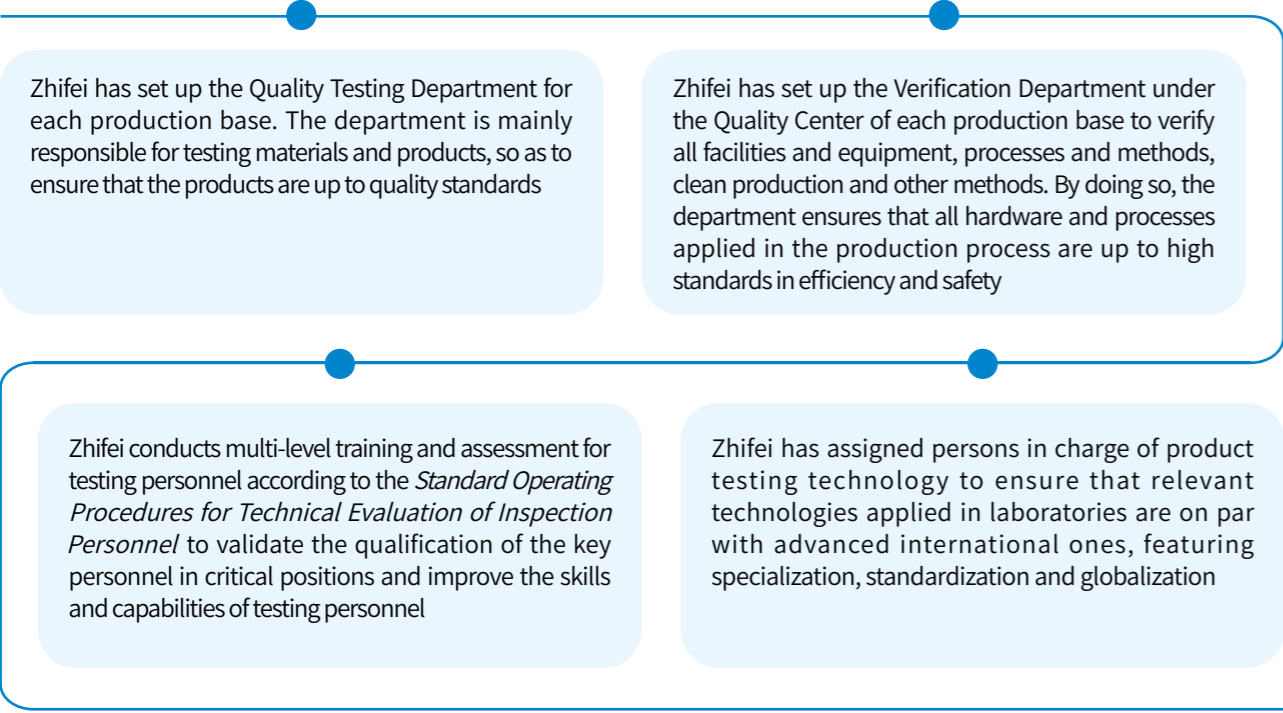
Quality testing

The Company strictly follows regulatory and industrial requirements including GMP, ISO and ICH, and continues to refine and implement a series of internal quality testing policies such as the *Procedures on Inspection Management*, the *Procedures on Self-inspection Management*, and the *Procedures on Inspection Report Management* at each production site, to standardize the in-house testing procedures for raw materials and excipients, intermediate products, semi-finished products and finished products. The Company conducts rigorous and high-standard quality in-house testing for all batches of products in terms of process methods, clean production and other dimensions prior to shipment, and continues to strengthen its ability to carry out precautionary testing for emerging product quality and safety issues.

Meanwhile, the Company strictly implements the *Regulations on Material Release Management*, and *Regulations on Product Release Management*, under which, all materials and products are subject to in-house testing and verification before being released. Unqualified materials and products identified are not allowed to be used or released in accordance with the *Standard Operating Procedures for Non-conforming Products*, *Control and Management Procedures for Non-Conforming Products*, and other policies. In doing so, the Company ensures the safety of clients' medicines.

Zhifei possesses comprehensive soft and hard strengths for in-house product quality testing, and is able to carry out whole-process testing from material arrival to delivery of finished products, including testing of raw materials and excipients, samples, products, and verification of equipment and production process.

Initiatives for in-house product quality testing



Quality training and culture development

In addition to strengthening day-to-day quality management, Zhifei also places emphasis on nurturing a quality culture among all employees, and inspiring all employees to contribute to the culture of excellent quality. The Company conducts annual quality control and product safety training plans for all employees, and executes various quality management-related training strictly and accordingly. The training includes, but is not limited to, compliance requirement training, position-based training and quality culture cultivation training. The training contents include pharmacovigilance, safe production, regulatory learning, process knowledge enhancement, behavior control in clean areas, quality management tool application and R&D management. At the same time, the Company organizes various departments to optimize training materials, build a systematic training database and provide more channels for employees to access the knowledge base. In this way, we effectively improve intellectual preparedness in aspect of quality management.

To guarantee training effectiveness, the Company conducts assessment and result indicators analysis to ensure that each employee deeply understands and grasps the content and knowledge of quality training, so as to achieve the dual goals of employee upskilling and improvement of the Company's quality management system, and to create a virtuous circle of mutual improvement between employees and the Company for quality management. In 2023, the Company conducted a total of 97 product quality training sessions based on the annual quality training plan, covering 100% of all Zhifei's employees.

Quality month training event

From September to October 2023, Zhifei Longcom carried out the quality month training on improving aseptic production capability. The training mainly focuses on topics such as the establishment of contamination control strategy (CCS) and maintenance awareness, the control and improvement of behaviors in clean areas, the principles and application of vaccine immunity, and the establishment and implementation of equipment maintenance and repair policies. Moreover, real cases were studied during the training, systematically improving employees' quality of knowledge and awareness from multiple perspectives.

Meanwhile, Zhifei Longcom conducted an on-site survey during the quality month training event to ensure that employees' capabilities and qualifications continue to meet job requirements. The investigator conducted on-site inspections and "one-on-one" talk with trainees to better understand the challenges faced by employees in their daily work. This helped the investigator to develop more accurate and effective suggestions and solutions, "select the excellent ones to drive common progress", and further enhance the quality responsibility awareness of all employees.



On-site survey during quality month training



Quality month training

Strengthened pharmacovigilance for timely reporting and response

Pharmacovigilance is the defense line of quality and safety throughout the lifecycle of a product, and also one of the key links in risk management and control. The Company is committed to safeguarding people's health. Strictly abiding by the *Law of the People's Republic of China on Drug Administration*, the *Vaccine Administration Law of the People's Republic of China*, the *Good Pharmacovigilance Practice and the Provisions for Adverse Drug Reaction Reporting and Monitoring* and relevant laws, regulations and industrial guides, and taking into account the actual situations, the Company continues to improve pharmacovigilance management system and the mechanism for handling adverse reactions in a bid to further enhance standardized and scientific pharmacovigilance management.

Pharmacovigilance management system

In terms of system policies, the Company has developed and implemented a complete set of effective pharmacovigilance management policies in accordance with relevant laws and regulations, including the *Management Policy for Drug Safety Committee*, the *Management Policy for Pharmacovigilance Training*, the *Management Policy of Internal Audit of Pharmacovigilance System* and the *Management Policy for Pharmacovigilance Quality Objective*. These system policies cover pharmacovigilance organization, job responsibilities, training, internal audit, drug safety information acquisition, reporting, disposal, evaluation and control, etc., which help strengthen the Company's ability to supervise pharmaceutical safety and guarantee the quality and safety of consumer pharmaceuticals provided to the healthcare system.

In terms of organizational management, the company has set up a Drug Safety Committee and a Pharmacovigilance Department, staffed with full-time pharmacovigilance personnel. The drug safety committee has clear responsibilities and working mechanisms, mainly responsible for researching and reviewing major drug safety risks, handling major or emergency drug incidents, risk control decisions, and other major issues related to drug vigilance. This year, the company has continued to improve its drug vigilance organization to effectively supervise and manage the safety of drugs throughout their life cycle, and to fully ensure the safety of consumers' medication.

In addition, in 2023, the Company optimized the pharmacovigilance system by strengthening the internal audit mechanism, and upgrading the pharmacovigilance information system:

- The Company has strengthened the internal audit of the pharmacovigilance system, implementing an independent and comprehensive pharmacovigilance special internal audit plan and mechanism, including monitoring and reporting of adverse drug events, personnel and resources of pharmacovigilance institutions, and the implementation of pharmacovigilance quality management systems, to ensure the suitability, adequacy, and effectiveness of the operation of the pharmacovigilance system, effectively supervise and manage drug safety issues, and take appropriate measures to solve these problems in a timely manner to ensure the compliance and quality of drugs.
- The Company has built a robust pharmacovigilance information system using information and digital technologies. In 2023, the Company upgraded the functions of the existing system, and completed the localized deployment and verification of the new functions with the support and collaboration of multiple departments. Digital pharmacovigilance management enables the Company to perform core functions such as data management and statistical analysis, and the preparation of pharmacovigilance summary reports.

Handling mechanism for adverse reactions or events

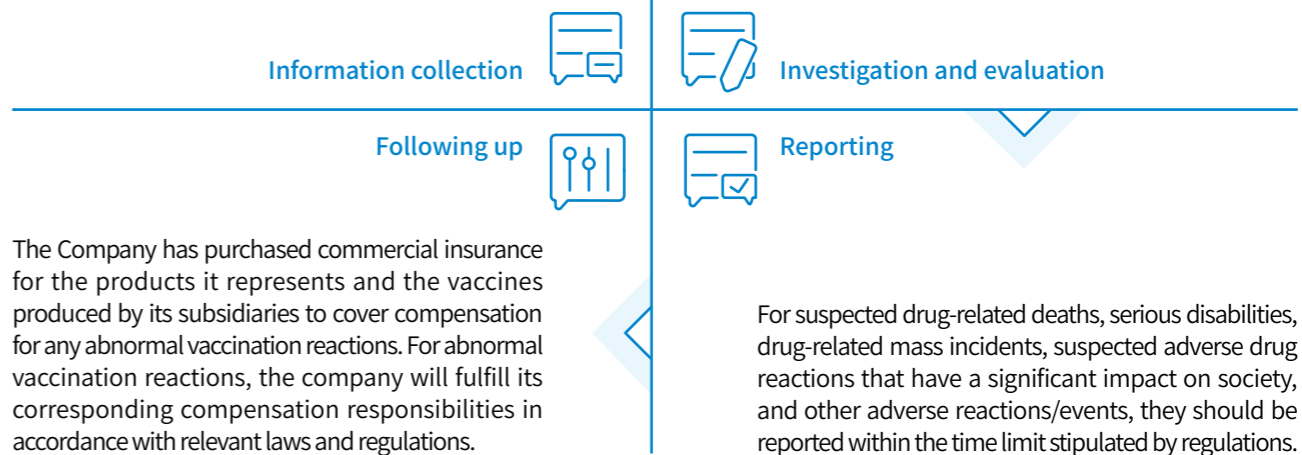
In order to guarantee drug safety and standardize the monitoring of adverse reactions or events of vaccines and drugs before and after marketing, Zhifei has formulated a string of internal regulations, such as the *Standard Operating Procedures for drug safety Information Communication*, the *Standard Operating Procedures for Reporting of Adverse Drug Events*, the *Standard Operating Procedures for Investigating and Handling of Compensation for Suspected Unusual Reactions to Vaccination*, to collect complete drug safety data. These policies have improved the Company's efficiency in identifying and recording adverse drug reactions, and its capability to assess the quality and efficacy of drugs, enabling the Company to act rapidly to safeguard public health and safety.

In addition, the Company has set up comprehensive management mechanism for adverse reactions or events to identify drug risks timely, report to relevant authorities and drug users promptly and optimize the collaboration of internal and external resources to minimize drug risks with appropriate measures. Adhering to the comprehensive pharmacovigilance principle of "100% reporting of adverse reactions or events", the Company rigorously controls drug safety issues by pursuing early discovery, early investigation, early analysis and early response of such issues throughout the drug production, distribution and marketing processes, and takes appropriate measures to handle adverse reactions or events.

Handling procedures for adverse reactions or events

Following the principle of "prompt report upon identification and suspicion", the Company collects information on adverse events from various sources, including medical institutions, disease control and prevention centers at all levels, feedback from medical and pharmaceutical professionals, patients/vaccinees, regulators, etc.

For adverse reactions/events received, the Company's pharmacovigilance personnel verify and evaluate to ensure the authenticity and accuracy of the source of individual case information. For reports with incomplete or missing information on individual adverse reactions/events, as well as reports of serious adverse reactions/events or serious cases, appropriate follow-ups are conducted.



Responsible and professional services

Being committed to providing customers with high-quality products and services, Zhifei always acts on the customer-orientation principle in the process of creating market value of products. To this end, the Company continues to improve the quality of services and products by establishing a comprehensive customer service system, strengthening management on customer complaints and drug recall procedures. Meanwhile, the Company always carries out marketing activities in a responsible manner under the concept of "science first with rigorous approach". In addition, the Company fully protects the legitimate rights and interests of customers throughout the process through comprehensive information security and privacy protection management system.

Professional customer service

The Company makes constant efforts to create an industry-leading marketing network. At present, the Company has a sales team of 3,990 people and continues to strengthen their service awareness and capability via systematic training and professional guidance. The Company continuously improves the customer service system. We have established diversified customer communication channels, and standardized the handling procedures for customer inquiries and complaints, to continuously strengthen service capability. Meanwhile, with professional medical support, the Company actively carries out a variety of academic exchanges and promotional activities to increase the value of the Company's products in preventing diseases, serving the public and creating social benefits.

Professional marketing network

Zhifei strives to build an industry-leading marketing network, aiming to make Zhifei's services and products available to more regions and more people. Under the headquarters' marketing strategy, the Company implements a tiered vertical management matrix, with the marketing network serving 31 provinces and cities, 2,600 districts and counties, and more than 30 thousand grassroots health service points nationwide. Every year, the Company organizes special training on marketing services for sales teams across China and the Marketing Department of subsidiaries to enhance staff's service capability and awareness.

Efficient communication

While consolidating product quality management, the Company keeps refining the customer communication mechanism. To this end, the Company has established

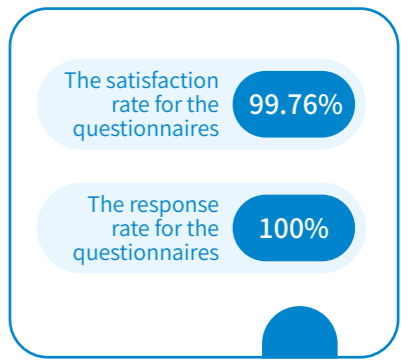
The sales team of the Company is **3,990** people

The marketing network serves **31** provinces and cities

2,600 districts and counties

and more than **30** thousand grassroots health service points nationwide

a comprehensive management system for customer inquiry and complaint, which, together with various communication channels, enables the Company to collect product or service-related inquiries and complaints in time, and ensure timely response and handing of relevant issues within a specified period of time. Moreover, we regularly conduct customer satisfaction surveys to collect their opinions and suggestions on products, services and other aspects, to identify opportunities for product and service improvement and continuously improve service quality. During the year, the Company conducted customer satisfaction surveys by way of questionnaires on product quality, delivery cycle and service quality. The response rate for the questionnaires was 100%, with a satisfaction rate of 99.76%.



Academic promotion

Adhering to the principle of "science first with rigorous approach", the Company actively conducts a wide range of academic exchanges and promotional activities in a bid to provide customers and the public with information on product knowledge, disease prevention, immunization and standardized vaccination. In this way, the Company helps disease control centers, grass roots vaccination clinics and other relevant personnel to better understand the products and medical knowledge.

Zhifei attended the Union World Conference on Lung Health

In November 2023, Zhifei attended The Union World Conference on Lung Health held in Paris, France, the most prestigious academic conference in the field of tuberculosis prevention and control in the world. Mr. Pu Jiang, Vice President of Zhifei, delivered a keynote report on "Research on Clinical Safety and Effectiveness of Vaccae". At the conference, the Company presented the progress of the clinical trials of Mycobacterium Vaccae for Injection for tuberculosis prevention and control to the global peers in related fields, and shared the experience of tuberculosis prevention and control in China. In the future, Zhifei will continue to fulfill the mission of "enhancing people's awareness of disease prevention for the betterment of human health", strengthen interaction and cooperation with international organizations, and jointly contribute to the prevention and control of human diseases.

2023 The Union World Conference on Lung Health

Zhifei team visited The World Health Organization, the Global Fund, and the Stop TB Partnership

Responsible Marketing

The Company strictly abides by applicable laws and regulations, such as the *Advertising Law of the People's Republic of China*, the *Law of the People's Republic of China on Drug Administration* and the *Good Supply Practice* in marketing and advertising. In addition, the Company has established a set of detailed policies for responsible marketing, advertising and sales, including the *Sales Management Policy*, the *Management Policy of Product Publicity Materials* and the *Guidelines on Public Relations Interactions*, to ensure that the marketing management and other processes in product sales, etc. are in compliance with legal requirements. Moreover, we perform strict review, regular training and other measures, to strengthen the sense of responsibility and fulfill the commitment to responsible marketing.

Rigorously supervise on responsible marketing

The Company has issued the *Responsible Marketing Policy* to further standardize the Group's principles on business ethics and responsible marketing, specifying that exaggerations, deceptions and falsehoods in marketing, advertising and sales activities are strictly prohibited. In order to ensure responsible conducts in the marketing process, the Company has specifically established a systematic and regular supervise and control procedure for product publicity materials to strengthen responsible marketing management. The Company's Compliance Committee comprehensively evaluates marketing projects for initiation. The product-related publicity materials are strictly reviewed and audited by the Medical Affairs Department and the Legal & Compliance Department to ensure compliance with scientific requirements, and are communicated in a clear and accurate manner to avoid the non-compliance, including misleading customers and consumers or giving unauthorized comments on competitive products.

The Company requires all employees to comply with relevant laws, regulations and internal policies, including fair competition in the marketplace, anti-commercial bribery, avoidance of conflicts of interest, environmental protection, protection of personal information, and financial and tax compliance, etc. The Company also provides detailed compliance guidance to marketing-related employees to ensure that marketing behaviors can be traced and documented. Meanwhile, the Company takes a zero-tolerance attitude towards the violations of regulations in the process of marketing, such as inappropriate wording and excessive marketing. The Company continuously monitors the marketing behaviors, and strictly reviews the customer information, such as qualifications, before sales, to ensure lawful and appropriate use of the products sold. During the year, the Company didn't have any incidents of misleading the public or medical staff due to incorrect or ambiguous information in product promotion.

Responsible marketing training

The Company attaches great importance to enhancing employees' awareness of responsible marketing, and organizes relevant training for all employees on an annual basis through the company's annual marketing meeting, daily meetings, etc. to strengthen the management of responsible marketing. During the year, the Company provided the training on responsible marketing and advertising practices to all sales staff, involving the product information, laws and regulations, and sales rules, so as to comprehensively improve their professional knowledge and compliance marketing skills.



Responsible marketing training

Audit and control procedures on responsible marketing

In order to effectively supervise the compliance of marketing activities, the Company has established a systematic and regular responsible marketing audit system, and continues to strengthen responsible marketing management through strict implementation of rectification measures based on strict implementation of audit supervision. The Company has established an internal audit team to conduct quarterly or semi-annual audits of the compliance system and marketing business based on the risk level of different businesses, including the scope of promotional materials, academic conference promotion, and reimbursement of sales expenses. For the problems identified in the audits, the Company's internal audit team supervises the relevant departments to carry out rectification and continuous improvement of the information system and marketing policies involved.

Complaint and recall

Zhifei values the concern and voice of customers. In accordance with the *Good Manufacturing Practice of Medical Products*, the *Good Supply Practice of Medical Products*, and other laws and regulations, we continue to improve the product complaint and recall mechanism, clarify the relevant management requirements and process, and conduct regular review and analysis to continuously improve the after-sales management.

Complaint management

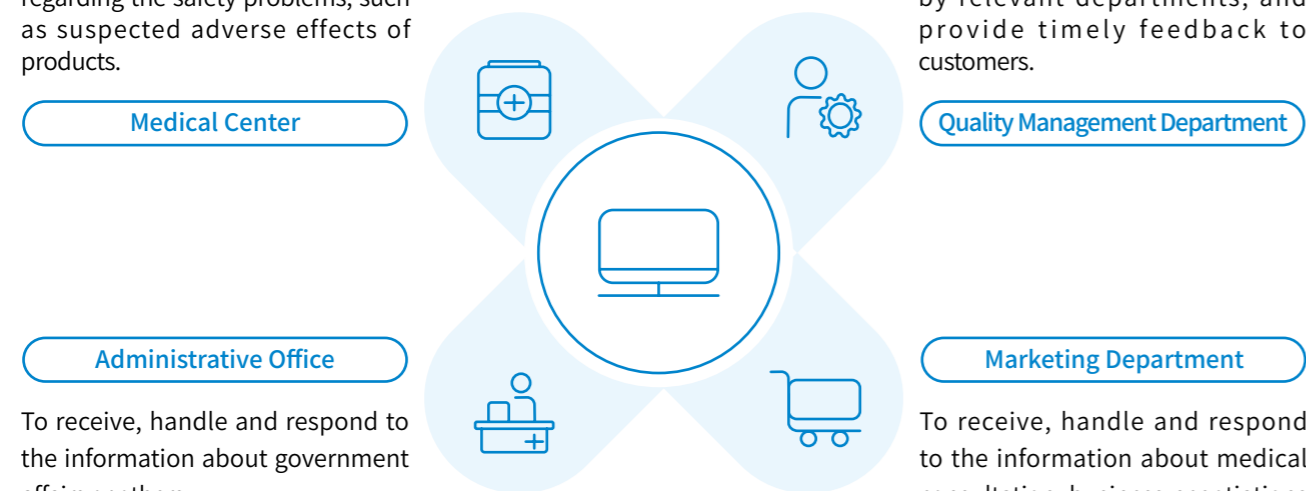
The Company rigorously implements the *Regulations on Consultation and Complaint Management*, the *Regulations on Quality Complaint Management* and the *After-sales Service Process Specifications*, which provide the methods and standards for proper response to customer consultations and complaints. Moreover, we have established an effective customer communication mechanism, a robust customer complaint and consultation system and diversified communication channels in a bid to handle complaints on product or service complaints in a timely manner, and continuously improve service quality.

Meanwhile, the Company systematically solicits and records customer feedback, and handles customer complaints by category, to ensure that customer complaints are properly handled. For possible complaints relating to product quality, the Company organizes and coordinates investigations of the complaints, and handles and responds to the feedbacks in time, so that all complaints are handled efficiently and accurately.

The Company provides customers with diversified complaint reporting channels, including hotline, e-mail and fax, to receive their feedback and consultation on products and services, safeguarding their legal rights and interests in all aspects. Furthermore, the Company has set up an online product quality reporting system to handle the complaints more quickly. Through this system, the marketing staff across the country could handle the quality complaints on their mobile phones in a more timely and standardized manner, further accelerating and standardizing the handling of product quality complaints. During the year, the Company handled all consultations properly, maintaining a handling rate of 100% for many years.

Category-based complaint handling mechanism

To receive, track and handle consultation and complaints of customers in and outside China regarding the safety problems, such as suspected adverse effects of products.



Medical Center

Quality Management Department

Administrative Office

Marketing Department

To receive, handle and respond to the information about government affairs or others.

To receive, handle and respond to the information about medical consultation, business negotiations and market services.

Drug recall system

The Company has established and implemented the *Regulations on Product Recall Management*, which standardizes the recall handling procedures and clearly determines the processes for investigating and evaluating the safety hazards of drugs, judging and classifying the recall and issuing the recall notice. The Company classifies its drug into Level I, Level II and Level III in accordance with the safety hazard and its severity, and initiates corresponding recall handling mechanism.

In addition, the Company regular mock recall campaigns on an annual basis, to ensure the effectiveness of the drug recall system. During the Reporting Period, the Company conducted a mock recall for the domestic and foreign markets, respectively. The mock recall results showed that the Company had a fully operational recall procedure, orderly product origin management standards, and effective drug recall system. During the year, the Company had no actual product recalls.

Information security and privacy protection

The Company strictly observes the laws and regulations including the *Data Security Law of the People's Republic of China* and the *Cybersecurity Law of the People's Republic of China*, and continues to strengthen the security protection of customer information and privacy data. The Company keeps refining the information security management in line with the principle of "precautions by people, policy and technology". The Company has formulated and implemented the *Information Security Management Policy*, the *IT Risk Assessment Policy*, the *Network Security Assurance Policy* and the *Regulations on Electronic Data Management*, to manage its data security in a standardized manner. At the same time, the Company signs the *Confidentiality Agreement* with employees, which clarifies their obligations for information confidentiality, and incorporates the information security into the performance assessment of relevant responsible persons, to clarify data protection responsibilities and reduce data security risks. During the Year, the Company had neither accident of information security nor leakage of information about customers, employees and partners.

Moreover, the Company fully ensures the data security through a sound policy management system, comprehensive information security management measures and advanced information security technologies, and continuously creates a protective shield for information security and privacy.

Strengthen information security management



- The Company strengthens the management for the use of network equipment, and periodically checks the office computer labels, GMP controlled labels, mobile office storage media labels and GMP-related mobile storage media labels, to ensure that they are not used for private purposes.
- The Company arranges professional technicians to monitor the information security and continuously improves information security assurance capability. During the year, in addition to regular information security audits, the Company also invited third-party technology companies to scan the vulnerabilities of the Company's system, and conducted special audits on system security and data integrity. Moreover, the Company accelerated the certification of information security management. At present, Zhifei headquarters has passed the certifications of the National Cybersecurity Classified Protection (Level 3).
- The Company continues to promote the information security training and network attack and defense drills to enhance employee's information security awareness and strengthen information security management.

Optimize information security management technology



- The Company continuously promotes precise and grid management for different server sides, including office computers, servers and industrial devices. Also, the Company performs data backup and off-site critical data backup at regular intervals, and takes measures including physically isolating all types of network environments, deploying firewall equipment to key network security nodes, applying logical isolation between network areas and setting access rights to ensure the operation of intranet and the security of critical network areas, and to enhance the management of network security.

Feature on Responsibility 2: Expand the product market and promote health services at home and abroad

Committed to meeting people's demand for disease prevention, Zhifei makes constant efforts to promote product R&D, expand product markets and develop innovative technologies to safeguard global health with our premium, accessible and high-quality products. The Board of Directors of the Company represents the highest authority for Access to Healthcare issues, and oversees the implementation of Access to Healthcare related work through the Strategy Committee. Under the leadership and guidance of the Board of Directors of the Company, the Strategy Committee is responsible for coordinating and carrying out all ESG work, including supervising and promoting matters related to the accessibility of products and services, and better managing the accessibility of the Company's products and services. At the same time, the Company actively integrates its advantages in technology and resources, and continuously provides technical support to underdeveloped regions, helping to comprehensively improve vaccine production and R&D capabilities in local areas, improving public health, and in turn building a global immunity defense line.

Improving product accessibility

Innovative R&D

Addressing unmet human needs for the unsatisfied disease prevention is at the top of our agenda. Motivated by our innovative research and development, the Company builds a professional and efficient scientific research team through continuous investment, lays out a hierarchical, systematic and forward-looking product matrix, and continuously promotes the research and development of innovative products through a diversified and innovative development platform, committing itself to providing safer, more effective and high-quality products to satisfy the disease prevention needs of more individuals.

Concurrently, we are proactively seeking to have our self-developed products globally certified and registered, so as to enhance the accessibility of high-quality products for a wider population. During the year, the Company's Quadrivalent Meningococcal Polysaccharide Vaccine successfully obtained the registration certificate in Uzbekistan, and successfully supplied to the Indonesian and Uzbek markets. Currently, this product was successively approved for marketing in Indonesia, Pakistan, Uzbekistan, Côte d'Ivoire and other countries. In Indonesia, the Quadrivalent Meningococcal Polysaccharide Vaccine has obtained local Halal certification and is available for the immunization among local Muslims before paying religious worship, greatly increasing the accessibility of the product.

Empowering overseas developing countries

The Company is committed to addressing the healthcare needs of all individuals, both domestically and internationally. In addition to providing vaccines to developing countries, the Company also collaborates closely with developing countries in technology sharing and R&D, and in supporting expertise and technologies in clinical trials and vaccine manufacturing, which aims to improve product supply chain, advance public health capacity and vaccination accessibility in low-income countries.

To further empower developing countries in the field of public health, the Company conducted clinical trials in countries with

limited medical and public health infrastructure, to improve local drug R&D and supply capacity. During the year, the Company keeps close communication with research institutions such as the International Cholera and Diarrhoeal Disease Research, Bangladesh and the Persahabatan National Respiratory Referral Hospital in Indonesia. We will initiate local clinical research for tuberculosis and other products, aiming to help developing countries to improve local drug clinical trial capacity in all aspects. Moreover, the Company conducted clinical trials in Uzbekistan, Indonesia and other countries with limited medical and public health infrastructure, aiming to establish a foundation for clinical trials in these countries. During the clinical trial in Uzbekistan, the Company helped to establish a full set of operational standards and a quality assurance system, trained local medical and healthcare workers, and raised their awareness of Good Clinical Practice (GCP), clinical trial philosophy, and other best practices in a bid to strengthen local capacity in drug clinical trials.

In addition, the Company provides assistance to pharmaceutical companies in developing countries to make the local production achieve international manufacturing standards. The Company provides production technology and analytical testing methods, such as production equipment operating instructions, product testing methods, and key process control requirements, to improve the management capacity of local pharmaceutical companies in vaccine production and quality control to secure the timely supply of vaccines in developing countries. With the support of the Agency for Innovative Development of Uzbekistan, the Company provided technical guidance and transferred the manufacturing technologies to partners in Uzbekistan. The Company helped to establish a local technology platform and provided guidance and advice on equipment operation, key production parameters, process control requirements, as well as inspection methods, storage and transfer of products, which were instrumental in facilitating the local manufacturing of vaccines. During the year, we made further efforts in technical empowerment by conducting a one-month training session for the Agency for Innovative Development of Uzbekistan, covering R&D, production, quality and other dimensions of vaccine products. This training greatly upskilled local personnel and comprehensively improved local R&D capabilities and production quality management.

Central Asian delegation visited Zhifei Longcom

On June 20, 2023, the Central Asian Parliament Party Leader Delegation composed of about 40 political party leaders and entrepreneurs from Kyrgyzstan, Tajikistan and Uzbekistan, visited Zhifei Longcom. Chairman and Executive President of Zhifei Longcom introduced the company's profile, technical strength, R&D direction, product portfolio and development goals to the delegation, especially highlighting the progress of product R&D and international cooperation. Director of the Recombinant Vaccine stock solution workshop gave the delegation an in-depth explanation of each functional area, major equipment and production process. This visit was a part of the contribution to building a China-Central Asia community with a shared future, as well as a part of China's contribution to improving the disease prevention and control and the technological capabilities in developing countries in Central Asia.




The delegation visiting Zhifei Longcom's workshop

To ensure product quality and safety, the Company always pays attention to improve pharmacovigilance capabilities in developing countries. The Company monitors the pharmacovigilance of its products launched in overseas markets. It has established a practical pharmacovigilance management mechanism for products launched overseas, which provides the experiences for the establishment of the pharmacovigilance management mechanism in developing countries, and has signed agreements with local distributors to respond to any adverse reactions. This approach ensures that the Company is able to respond effectively to specific adverse events, thus promoting a high level of medication safety.

Improving product affordability

With importance attached to enhancing product affordability, the Company is dedicated to making high-quality vaccines accessible to more people in different countries at reasonable prices, while ensuring product quality. In doing so, the Company can reduce the financial burden on those who need them most and create greater social benefits.

Leveraging its innovative technologies, the Company continuously provides high-quality vaccines. In China, to reduce the product price and improve affordability, the Company actively participates in the Vaccine for National Immunization Program and promotes the inclusion of products on the National Reimbursement Drug List (NRDL). The Company's Recombinant Mycobacterium Tuberculosis Fusion Protein (EC) (C-TST™) successfully entered the NRDL during the year, which will greatly lower treatment costs while reducing false-positive diagnoses and increasing diagnostic accuracy, and will benefit more tuberculosis patients and those with latent infection. The inclusion in NRDL is of great significance for the prevention and control of tuberculosis as it makes this innovative and internationally-leading drug more widely available to the general public, helping to diagnose and treat tuberculosis at an early stage.

Meanwhile, the Company adopts equitable pricing policies based on product affordability in inter- and intra-country markets taking into account the local economy, healthcare standards, local production and supply capabilities, as well as partnership and cooperation methods.

Equitable pricing policy for improving product affordability

For comparable markets both at home and abroad, the Company adopts a transparent and consistent pricing policy for all products based on the local economy, product supply and cooperation, thus providing a reasonable price.

To increase the accessibility of its products in emerging markets, the Company employs a product access strategy that involves preferential pricing.

Progress

- The Company has established business cooperation in Uzbekistan and Indonesia. The Company has distribution partners in both locations and has formulated appropriate pricing policies based on the cooperation methods and the local vaccination levels;
- Furthermore, the Company is actively seeking to register its products in countries with per capita GDP equivalent to or higher than that of China. For such markets, a transparent and consistent pricing policy will be adopted.
- Considering local competitive products, the Company expected to expand the coverage of the product in the region with an initially favorable price.

Promoting proper use of medicines

The Company acknowledges resistance to antibiotic as one of the major public health risks, as it has posted a significant challenge to the global public health. The threat posed by bacterial resistance to human health necessitates proper use of antimicrobial drugs such as antibiotics. For this issue, the Company is committed to conducting research and development to address antibiotic resistance.



Developing bivalent conjugate vaccine to solve antibiotic resistance in treatment


Bacillary dysentery is an intestinal infectious disease caused by the Shigella species. It has a higher morbidity in China and is most common and more likely to cause deaths among children under 5 years old. The disease is often treated with antibiotics to alleviate symptoms such as fever, bloody diarrhoea, or severe stomach cramps. However, with the widespread use of antibiotics, drug-resistant strains of Shigella have been found around the world.

Zhifei Lvzhu's Bivalent S. sonnei/S. flexneri 2a O-antigen Conjugate Vaccine is developed primarily for the prevention of bacillary dysentery in children aged 6 months to 5 years, caused by Shigella sonnei. This product targets the two serotypes that cause the highest incidence of dysentery and has demonstrated excellent safety and immunogenicity in clinical studies. Moreover, it can help reduce the use of antibiotics in the treatment, greatly reducing the threat of antibiotic resistance to human life and health.



04

Upholding the concept of sustainable development, Zhifei strictly implements the management requirements for work safety, environmental protection and conservation, and makes consistent efforts to enhance EHS management. The Company integrates low carbon, recycling, emission reduction and safety into daily operation management, striving to keep employees safe and foster an efficient and environmental-friendly enterprise operation mode.

 This Chapter Responds to SDGs



Secure Environment for Continuous Management

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103	Emission reduction and green production

Target-oriented EHS system

The Company follows a strict compliance with the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China*, the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution and other laws and regulations*. Pursuant to these laws and regulations and internal management requirements, the Company has established and improved the comprehensive EHS policies in key areas (air emissions, water discharges and waste etc.), such as the *Environmental and Occupational Health and Safety Management Manual*, to enhance the compliance management of production and operation and fulfill our EHS governance responsibilities.

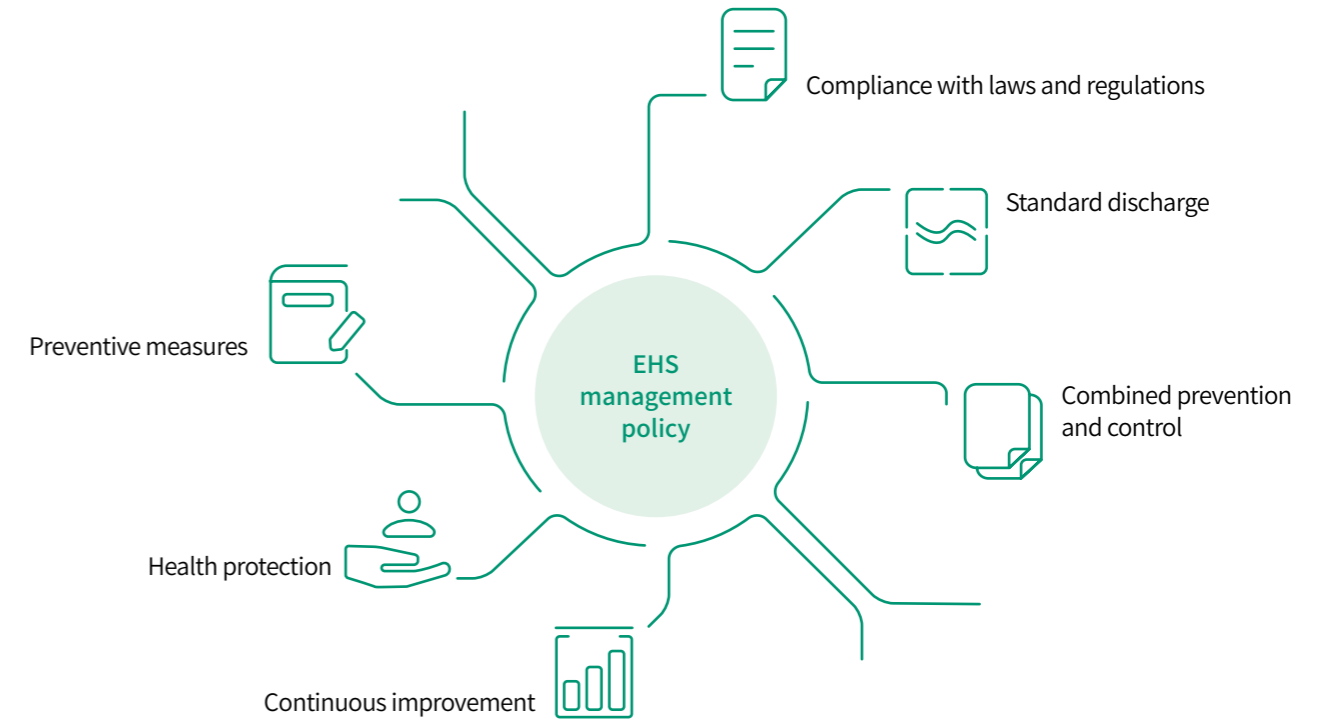
EHS management area

Area of responsibility	Management targets	Measures and results
Environmental management	<ul style="list-style-type: none"> Strictly abide by the laws and regulations on environmental protection and industry standards that are required to be observed during the production and operation to ensure that the administrative licenses for environmental protection are obtained; Formulate and strictly implement environmental monitoring plans, actively assess environmental risks, make contingency plans, and step up efforts to control the environmental risks; Take effective technologies and ways to dispose of pollutants to ensure compliance with pollutant discharge standard; Take active attitude towards the national goal of "carbon neutrality and carbon peak" to help cope with global climate change. 	<ul style="list-style-type: none"> Establish a management policy covering laws and regulations on environmental protection, and continuously strengthen the compliance management. During the year, there were no environmental pollution incidents and environmental administrative penalties; During the year, the Company invested a total of RMB 4,600 thousand in environmental protection, which was mainly used for upgrading and maintenance of environmental protection facilities; During the year, the Company carried out environmental monitoring as planned, and achieved 100% compliance with the discharge standard of wastewater and waste gas. There were no environmental monitoring items exceeding standards, and the wastes were disposed of or recycled in compliance with regulations; Actively identify risks and opportunities relating to climate change, conduct energy conservation and emission reduction projects, use energy and resources more efficiently, and implement green office initiatives.
Health management	<ul style="list-style-type: none"> Strictly abide by the laws and regulations on occupational health management, continuously establish and improve the occupational health and safety management system, and clarify the responsibilities of occupational health and safety management; Implement occupational health and safety management by carrying out occupational health and safety protection, evaluation and checkups, to comprehensively and effectively protect employees' health. 	<ul style="list-style-type: none"> Formulate and implement comprehensive occupational health and safety management policies to protect employees' health and safety. During the year, there was no work-related fatality; Arrange regular occupational health checkups for employees and improve the management of occupational health records to continuously monitor their health; Develop special training policies, and organize regular training on safety management to improve the employees' safety management skills and accident response abilities.
Safety management	<ul style="list-style-type: none"> Strictly abide by the laws and regulations on work safety management that are required to be observed during the production and operation, and take effective measures to advance safety management and safeguard the employees' health and safety comprehensively; Provide regular training to improve the capability and awareness of safety management, and make contingency plans to deal with the emergencies in a timely and effective way. 	<ul style="list-style-type: none"> Establish a high-standard safety management system to meet safety management requirements through the safety management framework; During the year, the Company invested a total of RMB 11,120 thousand in safety, which was mainly used for the operation and maintenance of safety facilities and the safety protection of employees; During the year, the Company had no general work safety accidents, major safety accidents, major occupational disease incidents and fire incidents.

EHS management targets



EHS management policies



Centering on the EHS management policies and targets, the Company spares no effort to improve the EHS management framework, strengthen the EHS responsibility, enhance its capability for EHS risk control supported by continuous work of EHS management system, EHS audits, and EHS risk assessment, and invest more in the EHS construction, thereby helping achieve its EHS management targets in water, air emissions and wastes etc.

EHS management framework

The Company continues to improve the EHS governance framework. As the overall management body of ESG matters, the Strategy Committee of the Board of Directors is responsible for formulating the Company's EHS-related strategies and evaluating EHS management performance. In addition, the Company has established the Work Safety Committee, which consists of the Company's senior management (including C-suite level) and relevant safety officers and is responsible for executing EHS strategy, and developing work safety management system and policies. Under the coordination of the headquarters, the Company's main production bases, i.e., Zhifei Longcom and Zhifei Lvzhu make constant efforts to improve the EHS management framework according to their own production and operating nature, and have established their own Work Safety Committee and Safety Management Team to formulate and improve EHS policies, and implement the EHS education and training plans, thereby fully supporting the Company's EHS management.

EHS responsibility management

Under the EHS management frameworks of the subsidiaries, the executive directors are fully responsible for the EHS management, and the general managers assist the executive directors in the EHS management, assuming leadership responsibility for the EHS work in accordance with the law. In addition, the Company carries out the work safety responsibility system assessment, signs the statement of work safety targets and the commitments on work safety with the employees, and the safety and environmental factors are integrated in the Company's senior management, including the executives, corresponding performance and compensation assessment to reinforce EHS responsibility management.

Certification and audit of EHS system

The Company continues to promote the construction and certification of the EHS system and to improve the EHS management in a standardized and systematized manner. During the year, the Company's production bases all have established internal environmental management systems, of which Zhifei Lvzhu and Zhifei Longcom obtained ISO 14001 Environmental Management System (EMS) Certification, and ISO 45001 Occupational Health and Safety Management System Certification, and Zhifei Lvzhu was certified as Level 2 enterprise for work safety standardization.

The Company regularly reviews and evaluates the EHS construction to ensure the EHS management system is effective, and conducts regular internal audits on environmental management of all production bases that have obtained EMS certification, including compliance management of toxic emissions, waste, sewage, and waste gas. Moreover, all these production bases of

the Group that have obtained the ISO management system certification engage independent third-party certification institutions to conduct EHS system supervisory audits once a year, and to conduct audits of recertification once every three years. During the year, all production bases certified under the ISO 14001 Environmental Management System passed annual compliance audits conducted by independent third-party certification institutions.

EHS risk management

The Company has formulated the *Procedures for Hazard Identification, Risk Evaluation and Risk Control Measures Determination and Control and the Hazard Investigation and Management Policy*, and actively conducts the EHS risk control and hazard investigation to identify the risk points. In addition, the Company takes proper risk control measures to control the environmental and safety risks. With continuous improvement to the emergency management system, the Company has formulated the *Work Safety Emergency Plan* to define the emergency organization and its responsibilities. Furthermore, the Company has also established a comprehensive emergency plan and organized safety emergency drills to fully enhance the emergency disposal capability. During the year, Zhifei Longcom conducted a total of 17 biosafety accident emergency drills for the departments, laboratories and workshops involved in operation of pathogenic biological factors, to enhance the biosafety awareness and the ability to handle biosafety accidents.



Investment in EHS operation

The Company implements the EHS management policy, tries to work out a production and operation mode oriented toward safety first, energy conservation, emission reduction and resource conservation, and invests more in the EHS construction to meet the EHS management requirements in the development process. In 2023, the Company invested a total of RMB 4,600 thousand in environmental protection, which was mainly used for the upgrading and maintenance of environmental protection facilities, and RMB 11,120 thousand in safety, which was mainly used for the operation and maintenance of safety facilities and the safety protection of employees.



Safety and health

The Company continues to reinforce the concept of safety development. Aiming at safe operation, the Company has established and continuously improved the management policies and operation procedures for safe operations and occupational health, and has taken comprehensive safety management measures to ensure effective safety management. Furthermore, the Company continuously develops a safety culture to provide a safe workplace for employees.

Safe operation management

Upholding the principle of "safety first, prevention as priority, and integrated management", the Company continues to strengthen the safety management with a focus on key areas such as work safety, biosafety, fire safety and construction safety. In this way, the Company fully safeguards safe operations and fulfills its commitment to safety management. During the Reporting Period, the Company had no general work safety accidents, major safety accidents, major occupational disease incidents and fire incidents, having a good health and safety situation as a whole.

The Company has formulated management policies covering work safety, biosafety, fire safety, and construction safety, including *Regulations on Work Safety Management*, *Regulations on Work Safety Responsibility System*, *Biosafety Management Manual*, *Laboratory Safety Management Policy*, and *Regulations on Fire Safety Management*, to clarify the safety management requirements. Moreover, the Company keeps a close eye on laws and regulations, and updates its policies accordingly.

Work safety

The Company continues to improve the safety management system in accordance with the management requirements of internal policies to fully ensure work safety. Under the leadership and supervision of the Work Safety Committee, the Company continues to strengthen the work safety responsibility and implement the safety management requirements to ensure safe operations. During the year, Zhifei Longcom formulated the *Work Safety Responsibility System for All Employees* and added the management requirement of "pre-shift meeting" to emphasize safety-related matters for frontline staff before production, further implementing the frontline work safety management requirements.

The Company continues to implement key safety management tasks. To control the safety of production facilities, the Company has formulated the *Comprehensive Analysis Report on Work Safety Conditions and Facilities* and *Design Report on Safety Facilities* for production projects, which have passed the expert review, to ensure safe operation of facilities and equipment. To strengthen the safety management of hazardous operations, the Company arranges special personnel to supervise the sites of various hazardous operations, and sets up special equipment operator ledger to track the annual review of certificates on a regular basis. During the year, 472 employees obtained the Special Equipment Operator Certificate, of which 107 employees accepted the review or newly obtained this certificate.

The Company identifies work safety risks by assessing the current state of work safety management. The Company holds regular work safety meetings to report the key work on safety management, and makes every effort to enhance the employees' safety awareness and safeguard the work safety by the measures including work safety hazard investigation

and rectification, special work safety inspection, safety emergency drills and work safety training. During the year, the subsidiaries carried out safety inspections of special equipment and production equipment, and timely maintenance of equipment with potential hazards to ensure standardized and safe operation of all facilities.


In addition, the Company established a complete work safety accident reporting, investigation and handling process to effectively enhance safety protection and management capability. When an accident occurs, the Company shall not only provide proper treatment and timely rescue to the injured employees, but also report the accidents timely as required, conduct in-depth investigation, analyze the cause, define the accident responsibility, and make corresponding rectifications on the hidden dangers identified to avoid it from occurring again.

Biosafety

Pursuant to internal biosafety management policies, the Company defines the basic requirements for risk assessment and the specific process and specification for risk management. Moreover, the Company has set up a Biosafety Committee to implement the biosafety management requirements and to build a comprehensive biosafety management system.


Before laboratories are built and put into use, the Company conducts a thorough biosafety risk assessment to better control biosafety risks. To better identify biosafety risks and fully guarantee biosafety, the Company has prepared the *Biosafety Risk Control List*, and developed corresponding risk control measures and on-site inspection standards based on the results of risk factor analysis. The Company also provides the complete biosafety protection articles, such as portable eye washers, and protective masks, and places the emergency disposal boxes in all clean areas of the laboratory to handle unintentional injuries in a timely and effective manner. Furthermore, the Company strengthens the employees' biosafety awareness by continuous biosafety training such as the biosafety training for new employees, annual biosafety training, and special training by external experts, and training assessment.

The Company conducts routine biosafety inspections on workshops and laboratories in accordance with the *General Requirements for Laboratory Biosafety* and *General Requirements for Biosafety of Vaccine Production Workshops*, while conducting systematic, standardized and professional management, engages third-party professional bodies to conduct



Biosafety accident drill

During the year, to raise the biosafety awareness of the workshop operators and further improve emergency response abilities, Zhifei Longcom organized a biosafety accident drill. The emergency team members actively participated in the drill, where they took emergency measures for simulated equipment leakage accidents. The drill further enhanced their protection and response capabilities in emergencies, and strengthened the Company's emergency management.



Biosafety emergency drill

an all-round assessment of the biosafety management, and takes targeted rectification and control measures to comprehensively enhance the biosafety management ability. During the year, the Company conducted more than 8 biosafety self-inspections and took targeted rectification and improvement measures to further standardize biosafety management.

To establish safe and reliable pathogenic microorganism laboratories, the Company implements a filing management mechanism for the pathogenic microorganism laboratories that require filing and the production workshops involving pathogenic microorganisms according to the biosafety management requirements for pathogenic microorganism laboratories. During the year, Zhifei Longcom successfully obtained the filing certificates for 14 pathogenic microorganism laboratories on the "Scientific Education Management Information Platform of the Health Commission of Anhui Province"; Zhifei Lvzhu successfully obtained the filing certificates for 5 pathogenic microorganism laboratories on the "Biosafety Management Information System for Beijing Laboratories of Human Transmissible Pathogenic Microorganisms".



Zhifei Longcom successfully obtained the filing certificates for **14** pathogenic microorganism laboratories

Zhifei Lvzhu successfully obtained the filing certificates for **5** pathogenic microorganism laboratories



Protecting animal welfare for sustainable development

The Company highly values the standard animal experiments in the production and experiment process, focusing on the protection of animal welfare. The Company has established the related management documents including the *Standard Operating Procedure for Animal Welfare, Biosafety and Animal Ethics Review*, which require that animals should be treated well, and advocate the principle of "Reduction, Replacement and Refinement" (3R) to use laboratory animals in a scientific, reasonable and humanistic manner. The current animal experiment methods and purpose of the Company comply with the human moral and ethical standards and international practice. In addition, the Company takes active measures towards the alternatives to animal reagents, such as using less Limulus Amebocyte Lysate (LAL) during the quality detection.

Fire safety

To consolidate the concept of safety development and instill safety awareness in the minds of employees, the Company continuously improves the requirements for fire safety and fire facility management, clarifies the fire safety responsibilities, and strictly implements fire safety precautions according to the internal fire safety management policies. Moreover, the Company actively carries out firefighting training and education, fire safety inspections and emergency drills, to widely disseminate general knowledge of fire safety, fire extinguishing and evacuation. During the year, the Company carried out training on how to use firefighting equipment and organized fire safety lectures to enhance employees' awareness of fire safety and improve their emergency response ability in operations.



Training on the use of firefighting equipment



Fire safety lecture

Construction safety

To ensure construction safety, the Company has formulated the Project Construction Management Policy, requiring the construction contractors to establish the safety assurance system, and safety inspection and rectification policies, regularly organize site safety and HSE compliant construction inspections, and post relevant billboards and signs as required, and requiring personnel of special types of work to obtain their qualification certificates before going on duty. Meanwhile, the Company has signed the agreements with contractors and other parties, specifying the management responsibilities of both parties and the site requirements, to safeguard the health and safety of the employees involved in the projects.

Ensuring occupational health and safety

With a commitment to safeguarding the health and safety of employees, the Company has formulated and improved the occupational health and safety management policies, such as the *Occupational Health Supervision and Management Policy*, *Occupational Hazard Control Responsibility Policy*, and *Occupational Health Monitoring and Archive Management Policy for Workers*, clarifying the occupational health and safety management responsibilities and underpinning occupational health and safety management. To create a healthy and safe working and living environment, the Company manages occupational health and safety around protection, evaluation and checkup arrangements, providing employees with more comprehensive and effective health protection.

Occupational health and safety protection

- The Company has specially prepared the article named *Pre-evaluation of Occupational Health and Design of Occupational Disease Protection Facilities* for the production projects, and organizes the expert review to ensure compliance with the occupational health requirements.
- Furthermore, the Company provides employees with complete occupational disease prevention measures and protective articles, arranges emergency facilities for occupational health protection and warnings and notifications of occupational hazards, and prepares first aid kits and other emergency supplies to put the occupational health and safety management in place.

Occupational health and safety checkup

- The Company arranges regular occupational health checkups for employees and organizes pre-post, in-service and off-post occupational health checkups for employees exposed to occupational hazards, and establishes the complete occupational health records with "one file for one employee" to continuously monitor their health.



Worker wearing protective articles

Occupational health and safety assessment

- The Company monitors and evaluates the *occupational hazard places as required based on internal policies* such as the Occupational Hazard Detection and Evaluation Policy, and takes timely action on identified occupational hazards, to protect the employees' health and safety.

Occupational health and safety training

- The Company develops special training policies, and organizes regular training on plant safety management to improve employees' safety management skills and accident response abilities and ensure the safe and orderly operation of the plant. Besides, the Company continues to strengthen the plant management by defining gatekeepers' daily management precautions and conducting regular inspections.



Training on occupational health and safety

Construction of safety culture

The Company organizes the safety culture campaigns such as the occupational health promotion week and safety quiz, to promote the construction of safety culture. Meanwhile, to create a favorable work safety environment, the Company initiated a work safety month campaign themed "everybody practices work safety and knows emergency response", including work safety training, firefighting training and drills:

- Zhifei Longcom organized work safety training, firefighting training and drills for all employees in the "Work Safety Month" to reinforce the learning of work safety knowledge and improve employees' safety awareness in all aspects. During the year, the work safety training organized by Zhifei Longcom received 1,157 check-ins and improved employees' occupational health and safety knowledge and skills;
- Zhifei Lvzhu continued the "Daily Question EHS Promotion" activity for all employees, and participated in the 2023 Work Safety Quiz organized by the Beijing Economic-Technological Development Area, to improve the employees' safety awareness and better protect their occupational health and safety.



Work safety training



Occupational health week

The Company keeps strengthening emergency management requirements, and organizes safety emergency drills and special training on emergency rescue to enhance the response capability for emergencies. During the year, the Company organized a total of 21 emergency drills regarding hazardous chemical leakage, high falling and heatstroke, and gave a summary of emergency drills to comprehensively raise the emergency handling capability and level through targeted improvement measures.



Training on hazardous chemical management



The work safety training organized by Zhifei Longcom received **1,157** check-ins



A total of **21** emergency drills have been organized regarding hazardous chemical leakage, high falling and heatstroke, etc.

Climate change mitigation and adaptation

Addressing climate change has become a global trend. Adhering to the concept of sustainable development, Zhifei pays continuous attention to climate change trends and prioritizes climate change in its development. The Company actively reviews and identifies climate-related risks and opportunities, and develops targeted response strategies to reduce the impact of climate change on business continuity and stability while capitalizing on opportunities to promote sustainable development of businesses.

Governance

Zhifei has set up an ESG governance structure and management process to manage issues related to climate change. Based on continuous efforts on identifying climate-related risks, the Company assesses the direct or indirect impact of the risks on business growth and develops targeted response plans. The Company also implements management measures related to energy saving and green operations, and continuously analyzes and monitors the management of climate-related risks. The functional departments identify and manage risks caused by climate change on a daily basis, and seize correlative opportunities for sustainable development.

Climate change risks and response

The Company keeps an eye on climate change trends and the impact of climate change on the production and operations in the short and long term. Zhifei identifies relevant climate change and opportunities based on internal data, industry-related research and major rating index and develops targeted response plans to enhance the effective management of the related risks.

The climate change risks faced by the Company comprise physical risks and transition risks.

GHG emissions	Unit	2023
GHG emissions (Scope 1)	Tons of CO ₂ e	14,210.53
GHG emissions (Scope 2)	Tons of CO ₂ e	99,714.69
GHG emissions in total	Tons of CO ₂ e	113,925.22
GHG emission intensity	Tons of CO ₂ e/RMB 10,000 of revenue	0.02

	Risk description and impact	Risk response measures
Physical risks	<ul style="list-style-type: none"> Acute extreme weather events due to climate change, such as heavy rainfall and typhoons, may cause damage to the Company's equipment or power outages in its plants. This could reduce capacity or affect the supply chain, resulting in a shortage of raw materials and equipment supply, and to some extent disrupt business continuity; Extreme heat caused by changing climate models will affect the health of workers working in high temperatures. 	<ul style="list-style-type: none"> Establish contingency plans for extreme weather events based on actual operations and conduct regular emergency drills to protect employee safety and enhance emergency response; Maintain close contact with meteorological and water resources departments, and analyze defense strategies and priorities for potential crises; Perform technical transformation on equipment and apply energy saving devices to optimize the efficiency of energy and water utilization. More information in "Low consumption of resources, cost reduction and efficiency improvement".
Transition risks	<ul style="list-style-type: none"> Since requirements of compliance disclosure on climate change become increasingly stringent, and national or local policies will be introduced to constrain carbon emissions, the production or operation of the Company will be affected; Under the trend towards a low carbon economy, the Company shall take effective measures to manage its own and suppliers' carbon emissions in the future. Otherwise, damage to the Company's brand image, loss of customers and other negative impacts might occur due to improper management. 	<ul style="list-style-type: none"> Continuously optimize production and operation processes, and promote energy saving and emission reduction to effectively limit carbon emissions, building the Company into a green and environment-friendly enterprise with a good brand image; Keep abreast of laws and regulations released at national and local levels, and reinforce the tracking and supervision of GHG emissions; Explore the possibilities of energy saving and consumption reduction, put climate change mitigation and adaptation as the priority, and communicate with stakeholders through diverse channels.

Climate change risks and response

Climate change presents both risks and opportunities for the Company. Taking actions to mitigate or adapt to climate change could add value to business development in the context of low-carbon transition. Climate change may lead to an increase in the incidence of certain diseases. By addressing such diseases through innovative R&D, the Company can substantially improve its competitiveness. The Company will always keep an eye on the impact of climate change on human health and disease patterns, and address emerging health problems in a timely manner based on innovative R&D. While addressing the risks of climate change, the Company will seize the opportunities that climate change brings to business operation to better protect human health.

Low consumption of resources, cost reduction and efficiency improvement

As a responsible enterprise, Zhifei is committed to integrating the concept of green development into all aspects of production and operation. Pursuant to the requirements of the *Energy Conservation Law of the People's Republic of China*, the *Water Law of the People's Republic of China* and other laws and regulations, the Company has formulated the *Management Policy for Energy Saving and Consumption Reduction* this year to define relevant management responsibilities and promote energy conservation in water, electricity and other aspects. Meanwhile, the Company implemented various energy and water conservation projects to save energy and reduce consumption. Based on proper control over energy and water use, and green office initiatives, the Company aims to build up a resource-saving and environment-friendly enterprise.

Energy usage

The Company actively implements a wide range of measures to save energy, including exploring potentials for energy saving and consumption reduction, strengthening control over electricity and steam consumption, and renovating existing equipment, facilities and processes, to reduce energy consumption, improve energy efficiency, and create a sustainable production and operation model with lower energy consumption and higher efficiency.

Standardization of energy management

- Regularly clean the cooling towers, air conditioners and other facilities to enhance operation efficiency, and cool the chilled water by outdoor cooling towers and plate coolers to achieve a cooling effect while reducing the use of electric energy;
- Use automatic reactive power compensation devices to reduce reactive losses, and adopt appropriate lighting solutions to reduce electricity consumption, including using luminaires with higher efficiency and utilization factor, proper light distribution and high retention rate;
- Launch the Energy Consumption Management System (ECMS), which provides online summary and analysis of power, steam and other energy use to strengthen energy management.

Reduction of steam use

- Produce hot and cold water through ground-water heat pump in refrigerating station to meet the needs of air conditioners and production processes in plants and reduce the use of industrial steam;
- Install a heat recovery system in compressed air system and air conditioning unit of the animal house to recover the heat generated by air compressor unit and the air directly discharged from the animal house to the outside.

Improvement of steam efficiency

- Carry out insulation treatment for the steam generator valves, piping, etc., in order to reduce the heat loss of steam medium in the process of transportation and improve the efficiency of steam conversion and utilization, saving approximately 2,508 million kJ of thermal energy per year;
- Install steam condensation water recovery devices in R&D centers, workshops and animal houses in the biopharmaceutical industrial park. Such volumetric steam-to-water heat exchangers and other heat exchange systems utilize waste heat from steam condensation water to heat water for staff dormitories and other places to increase energy efficiency;
- Apply multi-effect column water distillers for the injection water system to perform stepwise utilization of secondary steam in each effect column, significantly improving the usage of industrial steam.

In addition, the Company incorporates energy saving and consumption reduction considerations into architectural design. Specifically, we improve the heat retention and insulation performance of the building envelope to effectively reduce the total energy consumption of heating, ventilation and air conditioning. Besides, advanced processes and production equipment are adopted, so that the production equipment and auxiliary power facilities can operate more efficiently and reduce energy consumption per unit of product.

Energy usage	Unit	2023
Electricity consumption	GJ	370,895.99
Heat consumption	GJ	372,350.31
Pipeline natural gas	GJ	228,350.44
Gasoline	GJ	738.25



Water usage

To reduce production water consumption, the Company has carried out a series of management measures and applied multiple water-saving technologies to promote the optimization of production processes. The Company aims to develop into a water-saving enterprise. It sets up a leading group for water-saving actions, which organizes and coordinates water-saving approaches, conducts water-saving publicity, and adopts water-saving technologies, equipment and applications to ensure the implementation of water-saving requirements. The Company also launches special water-saving projects, so as to improve the water management in all aspects. During the year, the Company installed water meters and water-saving taps to avoid leakage and other unnecessary waste of water resources.

In addition, the Company advocates the secondary use and recycling of water resources, using the reclaimed water produced by water production system for plant greening irrigation, animal room washing, high-temperature pool cooling, etc. It has also installed a reclaimed water system at the sewage station to reuse the wastewater after treatment that meets the reclaimed water use standard, in order to enhance the efficiency of water recycling. The Company collects steam condensation water through recovery devices for recycling and reuse.



Reclaimed water system



Steam condensation water recovery device

Water usage	Unit	2023
Water withdrawal	m ³	1,930,935.60
Intensity of water withdrawal	m ³ /RMB 10,000 of revenue	0.36
Water consumption	m ³	553,820.01
Intensity of water consumption	m ³ /RMB 10,000 of revenue	0.10

Green storage and transport

The Company actively investigates measures to reduce energy consumption in product storage and distribution. We implement green transport and low-carbon cold chain technologies and develop other alternative technologies to reduce energy consumption in distribution, striving to fulfill our commitment to green development.

During product storage, we use environmental-friendly materials for refrigerated storage panels, and rotation start as mode of operation for refrigerating units of the refrigeration house to save energy and reduce consumption. During distribution, a variety of cold chain transport modes and multimodal transport methods are used to rationalize the routes arrangement. In line with the China VI vehicle emission standards, environmental-friendly refrigerated vehicles are purchased, and all of them are environmental-friendly models with low emission or are equipped with dual refrigerating units. Polyurethane materials are adopted for insulation box during cold chain transport, and the box can be reused approximately dozens of times with no pollution or serious damage identified during the air shipment.



Adopting multimodal cold chain transport

The Company's products are transported via mainline transportation in refrigerated vehicles, air transportation and off-site warehousing and transportation. The Company prioritizes green and low-carbon transport based on order volume, distance and transport resources at the destination to reduce energy consumption. For example:

In response to the demand for transportation in some provinces and cities., the Company adopts the off-site warehousing and transportation, which greatly reduces the transportation distance, and adopts a variety of cold chain transportation modes, multimodal mode of distribution mode, rationalizes transportation routes, enables the Company to reduce delivery time, energy consumption and carbon emissions, thus creating a new low-carbon mode for cold chain transport.

Green office

The Company cultivates employees' awareness of energy saving and environmental protection on a daily basis, and advocates for paperless office. It has established an intelligent and efficient meeting system that realizes a whole online process from meeting preparation to meeting holding, achieving office automation and intelligence and reducing the use of resources. The Company has also issued green office management policies such as the Management Policy for Energy Saving and Consumption Reduction to strengthen energy management, including checking lamps and air conditioners at office area every day to ensure that they are turned off when no one is around, requiring all departments and workshops to use air conditioners reasonably with the indoor temperature not higher than 20° C in winter, and posting environmental protection signs such as "turn off lights when leaving to save power" on switches and air conditioner panels. In addition, the Company optimizes shuttle bus routes. During the year, Zhifei Lvzhu, for the first time provided temporary commuter vehicles for employees at the park to meet their commuting needs while improving vehicle utilization efficiency and avoiding resource waste.



Paperless conference room



Flexible commuter vehicle schedules

Emission reduction and green production

The Company adheres to the concept of green development and makes great efforts in environmental management while promoting business development. In strict accordance with the *Environmental Protection Law of the People's Republic of China* and other relevant laws and regulations on environmental protection and the environmental management requirements of each operation site, the Company strives to reduce the negative impact of its production and operation on the environment and contribute to green and sustainable development.

The Company attaches great importance to the management of emissions. The management of emission permits is implemented based on the *Regulations on the Administration of Pollutant Discharge Permits*, and all subsidiaries of the Company that are legally required to apply for emission permits or emission registration shall obtain the corresponding permits or conduct registration. The *Regulations on Environmental Protection Management*, the *Regulations on Environmental Protection Facilities Management*, the *Regulations on Sewage Treatment System Operation*, the *Online Monitoring Management System of Wastewater and Waste Gas* and other internal management policies are developed and optimized, so as to standardize the discharge management process, strengthen monitoring on environmental pollution, enhance emergency handling capacity and raise the awareness of environmental protection among all employees. Facilities for the prevention and control of pollution are required to be designed, constructed and put into operation together with the main project to ensure 100% compliance of waste discharge and prevent environmental pollution. During the year, the Company was not involved in any punishments for environmental violations.

To better manage pollutant emissions, the Company has set up environmental management targets to reduce the toxic emissions and waste in its operations. In addition, the Company continuously monitors emissions so as to improve its environmental management performance and capabilities. During the year, Zhifei Lvzhu proceeded with its hazardous waste reduction plan and set a target to reduce the total hazardous waste by 5% year on year in 2024. To achieve this, Zhifei Lvzhu will further strengthen hazardous waste management, improve the utilization rate of raw and auxiliary materials, and reduce the generation of hazardous waste.

Reinforce environmental pollution monitoring

Pursuant to regulations on environmental management, the Company complies with the management system of emission permits, formulates its own environmental monitoring program, conducts environmental monitoring in strict accordance with such program, reports pollutant emission concentrations and emission load truthfully, and establishes an electronic ledger for environmental management. It also conducts environmental impact assessment for construction projects and invites third party specialized agencies for environmental monitoring to ensure compliant pollutant emissions and prevent negative environmental impacts.

Strengthen contingency handling capability

In order to effectively improve the management of environmental emergency, the Company has prepared contingency plans for environmental accidents and regularly conducts drills on environmental emergency to test the applicability, practicality and operability of the plans. The awareness and ability of employees to respond to emergencies are also improved to avoid or reduce the occurrence of environmental emergencies.

Improve employees' awareness of environmental protection

In order to implement the *Management System of Publicity, Education and Training on Environmental Protection, Prevention and Control* and other requirements, the Company arranges training on environmental protection, including standardized management of industrial solid waste, and environmental emergency response, to further enhance employees' awareness of environmental responsibilities and improve the Company's environmental protection management.

Sewage management

The Company strictly observes laws and regulations such as the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, national and local standards such as the *Integrated Standard of Sewage Discharge*, as well as management requirements of the *Wastewater Control Procedure*, to ensure compliant treatment and discharge of sewage from production and operation. The wastewater generated from the daily operations of Zhifei Longcom and Zhifei Lvzhu is mainly production wastewater and domestic wastewater. Both are treated through the wastewater treatment system and discharged to the municipal sewage network after reaching the standard. The waste organic acid solution involved in the production process is collected and transferred for disposal as hazardous waste and does not enter the sewage treatment system, and the acid and alkali waste solutions are discharged after harmless treatment.

The Company makes continuous efforts to improve the wastewater management. To do so, the Company installs online monitoring equipment at the main sewage outfall to monitor and test key indicators such as chemical oxygen demand (COD), ammonia nitrogen, pH value and discharge of sewage in real time, and reports pollutant monitoring results to the local ecological and environmental authorities on a regular basis. The Company can be informed about the current sewage discharge information from the online monitoring equipment, and can check the pollutants exceedance in time to ensure that the sewage discharge meets the required standards.

Sewage discharge	Unit	2023
Sewage discharge	m ³	1,377,115.59
Intensity of sewage discharge	m ³ /RMB 10,000 of revenue	0.26
COD	Tons	31.74
Intensity of COD	Tons /RMB 10,000 of revenue	0.000006
Ammonia nitrogen	Tons	1.69
Intensity of ammonia nitrogen	Tons /RMB 10,000 of revenue	0.0000003

Waste gas management

Pursuant to the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, the local standards on air pollutant emission, and the internal management requirements such as the *Regulations on Environmental Protection Management* and the *Air Pollution Prevention and Control Procedures*, the Company controls the emission of waste gases generated from plants, and reinforces the standardized management of various types of waste gases to ensure that they are treated by the waste gas treatment devices and then emitted in accordance with the standards:

- Malodorous gases from the sewage treatment station are treated by biological deodorization devices and emitted in accordance with the standards;
- Waste embryo treatment waste gas is treated by circulation combustion in the furnace and emitted in accordance with the standards;
- Organic waste gases from the temporary storage room for hazardous waste are treated by secondary activated carbon adsorption devices and emitted in accordance with the standards;
- Harmful exhaust gases generated from the production workshop are treated via adsorption by activated carbon in the exhaust gas purification treatment devices, and the pressure is monitored by fans to ensure the smooth operation of the equipment and the compliance of exhaust gases discharged;
- Volatile organic solution is used in fuming cupboard or laminar flow hood to reduce the evaporation of volatile organic solvents in service.



Waste gas treatment facility

Waste gas emission	Unit	2023
Waste gas emission (Production process)	10,000 m ³	44,362.08
Intensity of waste gas emission (Production process)	10,000 m ³ /RMB 10,000 of revenue	0.008
Nitrogen oxide emissions	kg	2,432.66
Particulate matter (PM) emissions	kg	7.19
Sulfur dioxide emissions	kg	1.67

Solid waste management

In strict compliance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations and local management standards, the Company has formulated the *Solid Waste Control Procedure* and other relevant management policies, and has established a responsibility system for environmental pollution prevention and control, covering the entire process of solid waste generation, collection, storage, transport, utilization and disposal. The solid waste management ledger is applied to record the type, quantity, storage and disposal of solid waste in a standardized manner to achieve the traceability and standardized management of solid waste. To ensure that the waste is properly disposed of, qualified third parties are entrusted to handle solid waste transport, utilization and disposal. The relevant qualifications and technical capabilities of the entrusted parties will be reviewed and stringent pollution prevention and control requirements will be enforced. In addition, employees are regularly engaged in training to enhance their solid waste management capabilities, so as to handle such matters in a standardized manner.

In terms of solid waste reduction, proper management and technical means are adopted to reduce the generation of wastes, including cleaner production, rational selection and usage of raw materials and other resources, and adoption of advanced production processes and equipment to reduce the generation of solid waste at the source. Each workshop is also requested to reasonably arrange production plans and strictly control the storage and use of raw and auxiliary materials to ensure that materials are used before expiration, avoiding wastes.

Solid waste discharge	Unit	2023
Solid waste discharge	Tons	878.32
Intensity of solid waste discharge	Tons/RMB 10,000 of revenue	0.0002

Hazardous waste management

The Company abides by relevant laws and regulations on hazardous waste management such as the *Regulations on the Administration of Medical Wastes*, and industry standards such as the *Standard for Pollution Control on Medical Waste Treatment and Disposal*, and has developed internal policies such as the *Hazardous Waste Management System* to exercise strict control over hazardous waste. Hazardous wastes are sorted by type and nature and collected in different special barrels, and the hazardous waste identification marks are labelled at the storage sites. To ensure the proper storage of hazardous waste, the Company has designated dedicated EHS personnel at all production bases to carry out regular inspections on the temperature of the storage room, facilities and equipment, and waste marks.

The Company continues to explore initiatives to reduce the generation of toxic emissions and hazardous waste in all operations. Qualified third-party organizations are entrusted to carry out harmless treatment of hazardous wastes to ensure proper disposal. The Company also requires the standard completion of hazardous waste management ledgers, strict implementation of the transfer note system, and timely registration of hazardous waste declarations and filing for hazardous waste management plans. In addition, training on hazardous waste, covering the laws, regulations, standards and policies of hazardous waste management, is provided for relevant personnel at regular intervals to ensure steerable management in every step.

Hazardous waste discharge	Unit	2023
Hazardous waste discharge	Tons	671.87
Intensity of hazardous waste discharge	Tons/RMB 10,000 of revenue	0.0001

Noise management

Following laws and regulations on noise management such as the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise* and national or local standards such as the *Emission Standard for Industrial Enterprises Noise at Boundary*, the Company makes every effort to ensure the compliance of the noise at the factory with environmental emission standards and to reduce and prevent noise pollution and harm to the environment.

Based on the administrative provisions and the requirements of environmental impact assessment of construction projects, the Company develops an environmental monitoring plan for the plant area and conducts annual noise testing at boundary. The layout of the plant is designed with the environment in mind and damping measures are taken for production equipment and common auxiliary equipment with strong vibration to reduce the noise impact.

05

Zhifei' growth lies in the growth of employees who provide a pivotal foundation for our advancement. The Company adhering to integrity over capability. We attract and gather talents with a commitment to equity, diversity, and inclusion strive to foster a culture of respect and recognition for employees. With a multi-level training system and a robust benefits and compensation system, the Company links individual contributions with its strategic growth. This ensures that each employee can contribute their unique value, abilities, and talents to their work, thereby achieving the aligning the development of individual employees with that of the Company and our times.



This Chapter Responds to SDGs

- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Employee Care and Talent Cultivation

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Compliant and fair employment

Zhifei adheres to the employment selection principle with "pursing fairness and justice, and appointing people on their merit" at the core, and strictly complies with the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and local regulations where it operates. Through the formulation and refinement of procedures and policies, such as the *Recruitment Management System*, the *Operational Procedures for Recruitment and Transfer Management*, the *Welfare Management System* and the *Employee Handbook*, Zhifei is dedicated to refining its human resources processes, offering competitive salaries and a full suite of benefits to cultivate an equitable, inclusive, diverse, and sustainable workplace.

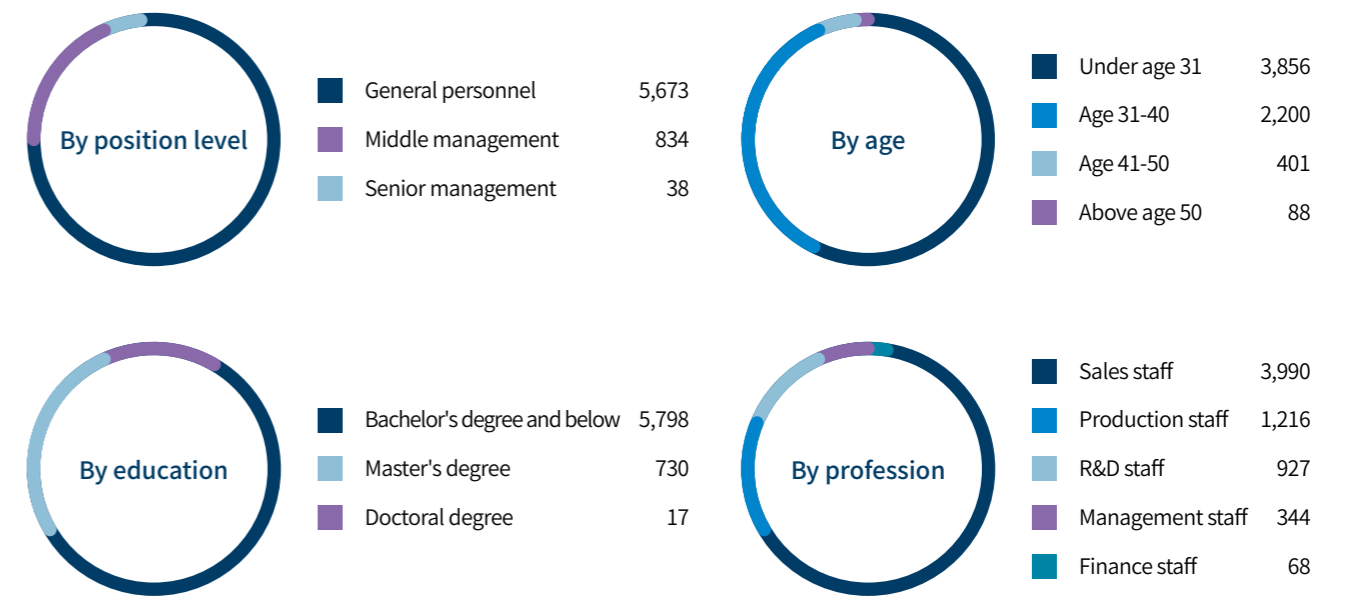
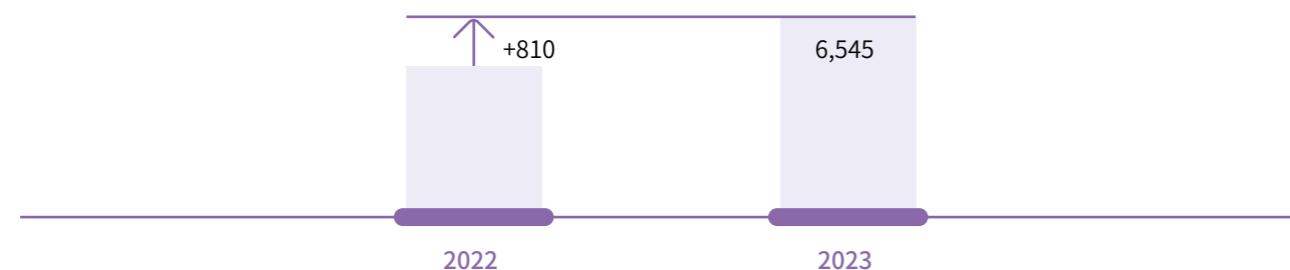
Recruitment management

Strictly abiding by the law, Zhifei has established a merit-based talent recruitment system and formulated employee management policies, including the *Recruitment Management System*, the *Operational Procedures for Recruitment and Transfer Management*. These policies stipulate the recruitment process, ensuring a fair and equitable recruitment and employment process. Furthermore, the Company is continually enhancing its human resources management processes to protect the legal rights and interests of its employees.

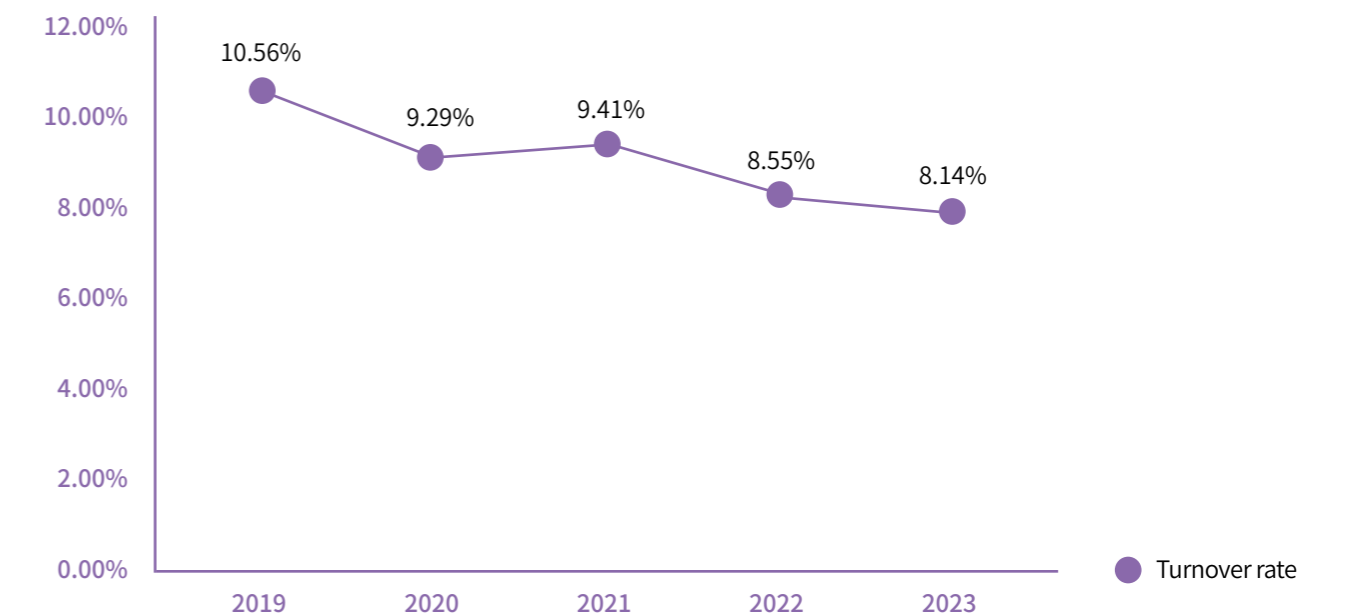
Throughout the recruitment process, the Company strictly complies with laws and regulations, including the *Provisions on the Prohibition of Using Child Labor* and the *Special Provisions for the Protection of Minor Employees of the People's Republic of China*. Besides, the employment management policies explicitly prohibit child labor and forced labor. During recruitment, the Company enforces strict identity verification to prevent the hiring of child labor. Additionally, the Company conduct reasonable employee attendance management in accordance with regulations and does not promote overtime work or extend working hours against employees' willingness. Pursuing an inclusive culture and equal employment, the Company strives to foster an inclusive and open workplace that empowers diverse talents to tap their full potential. The Company firmly rejects any discrimination in terms of gender, age, race, marital status, disability, etc. During the year, there were no cases of child labor, forced labor or occupational discrimination.

Employee structure

During the reporting period, the Company had a total of 6,545 full-time employees (excluding temporary or part-time employees), an increase of 810 employees over 2022.



As Zhifei builds and refines its employee management systems, the employee turnover rate has declined steadily over several years, lower than the average of the biopharmaceutical industry.



Note: Turnover rate = Number employees resigned / (Number of employees at the end of the period + Number of employees resigned) × 100%.

Recruitment and attraction of talents

Based on the medium and long-term development plan and the actual employment demands, the Company has formulated a formal talent pipeline development strategy, coupled by various approaches: the Company established a diversified talent pool and recruitment plan, realizing talent attraction, reserve, training and development through campus recruitment, social talent introduction, school-enterprise cooperation and internship program, so as to foster competent management and technical personnel for the industry. Simultaneously, the Company takes initiatives regarding employment diversity and workplace inclusiveness based on different job responsibilities and requirements of each department. It broadly recruits individuals with diverse educational backgrounds, aiming to ensure that each employee excels in their optimal role, thereby achieving the concept of putting people at appropriate position and maximizing the potential of each individual.

Seeking talents from industry-university-research cooperation

The industry-university-research cooperation effectively coordinates the efforts of innovation actors, including enterprises, universities, and research institutes, as well as the critical links of the industry chain from downstream to upstream involved in the Company's innovation, driving a deep integration of the innovation, industrial, and talent chains. As a result, it secures a strong pipeline of essential talent to underpin the Company's strategic business growth. Zhifei has developed a comprehensive innovation ecosystem that fosters industry-university-research cooperation, through the establishment of postdoctoral research stations, industry-university-research cooperation bases, collaborative research projects, and joint training programs. These initiatives significantly enrich the Company's talent pool and bolster talent development and corporate growth.

Throughout this year, the Company and its subsidiaries launched the recruitment plan for fresh graduates and interns in an orderly manner. The Company cooperated with numerous universities nationwide, offering interns abundant opportunities to gain experience in the industry and establishing an appealing career platform for fresh graduates. These efforts establish a robust foundation for the Company's talent pool and talent pipeline development strategy. In 2023, the Company recruited over 200 fresh graduates through campus recruitment and offered internship opportunities to over 28 students at school.

To further implement the talent pipeline development strategy, the Company has forged strategic alliances with a number of well-known universities, covering product R&D, academic research, and practical applications. The establishment of a municipal postdoctoral research station has significantly enriched the Company's talent pool and guaranteed affluent expert resources for delivering regular joint training programs for staff.



Over **200** fresh graduates recruited through campus recruitment

28 students were provided internship opportunities



Deepening university-enterprise cooperation to set a new benchmark for industry- education integration

In 2023, the Company's subsidiary, Zhifei Longcom successively signed employment and internship base agreements with several universities in Anhui Province, including the University of Science and Technology of China, Hefei University of Technology, and Anhui University. These agreements provide students with a broader platform for practical experience and employment opportunities. At the same time, they expanded the Company's channels for talent selection and further enriched the Company's talent pool.

Additionally, Zhifei Longcom organized over 300 college students to visit the Company and engage in on-site observation activities. It also provided internship and job-shadowing opportunities in front-line positions to over 30 graduates. These experiences allowed them to deeply feel the charm of practice and enhance their understanding and cognition of the biopharmaceutical industry. The aim was to provide students with valuable practical experience and career development opportunities, helping them to realize their personal value.



Employment base for talents under cooperation with universities



Zhifei has set up a municipal postdoctoral research station to drive high-caliber talent growth and technological innovation.

Postdoctoral researchers form a crucial part of the national strategic talent pool and embody the emerging power of young scientific and technological expertise. The postdoctoral research station serves not only as a superior platform for cultivating high-caliber talent but also as a crucial conduit for drawing top talent. It is also an efficient means of bolstering the Company's capacity for independent innovation. Significantly, it aids in attracting and recruiting postdoctoral researchers, enhances technological innovation, and facilitates the conversion of scientific and technological breakthroughs into practical applications.

In 2023, Zhifei obtained approval to establish a Chongqing municipal postdoctoral research station, facilitating the recruitment and development of postdoctoral researchers. This approval represents a significant milestone for Zhifei, enhancing its capabilities in cultivating top talent and establishing innovative research platforms. It paves the way for attracting and nurturing high-quality research professionals in the future. Capitalizing on this opportunity, the Company will expedite the assembly of a top-tier talent corps, refine its mechanisms for nurturing innovators, foster deeper integration among industry, university, and research, and prioritize the advancement of its R&D team's expertise.



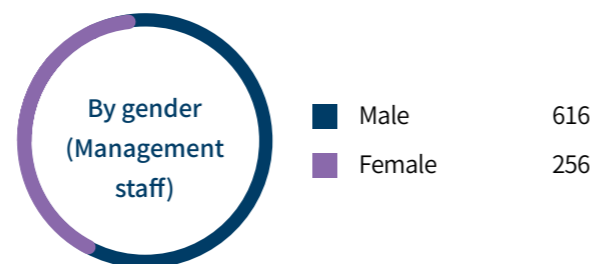
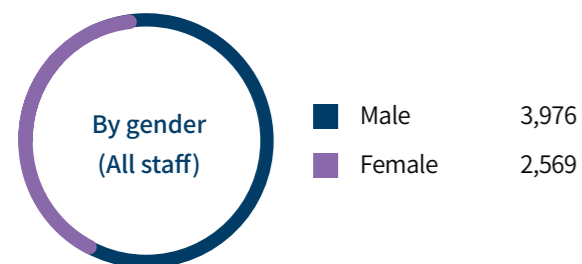
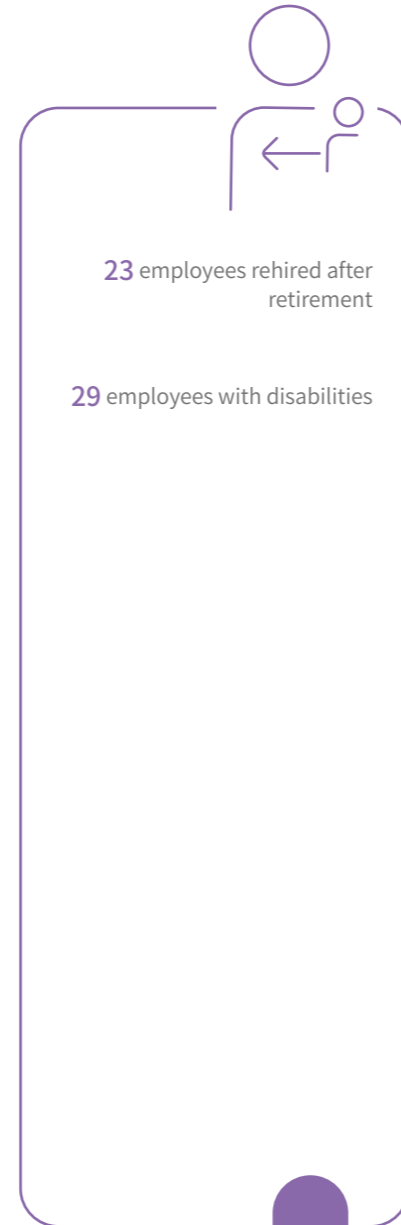
The approval for the establishment of a postdoctoral research workstation

Diversity and equal opportunity

With moral conduct and ability as the cornerstones of talent assessment, Zhifei adheres to principle of "appointing individuals based on merit" for talent selection and employee promotion. The Company is dedicated to employment diversity, and strives for a fair and transparent recruitment process, prohibiting discrimination against candidates based on their background or identity. Furthermore, the Company is committed to fostering a workplace where all employees are deeply respected and valued. We view the diverse backgrounds, perspectives, and experiences of staff as our essential assets. The Company guarantees fair and equal opportunities and treatment for all employees in recruitment, training, promotion, and compensation, fully fulfilling the commitment to diversity and inclusion.

To further ensure the diversity and equity in employment, the senior executive of the Company and its subsidiaries monitor the performance of diversity and equality in development opportunities of their employees. We develop and implement diversity policies, establish diversity objectives, and track the advancement of diversity efforts. At the same time, in line with the Company's business development and actual operations, the Company continuously pays attention to the diverse structure of its employees and continuously enriches the composition of its diversity. The Company provides re-employment opportunities for retired employees, establishing retirement rehire management policies such as the *Agreement on Re-employment after Retirement*, and the *Interim Measures for the Management of Re-employment after Retirement*. The Company encourages and supports retired employees to return to work, offering them suitable employment opportunities and corresponding benefits while fully considering labor demand. As of the end of the reporting period, the Company had a total of 23 employees rehired after retirement.

Zhifei advocates for inclusion in the workplace and actively pays attention to vulnerable groups, providing employment opportunities and corresponding welfare benefits for people with disabilities. As of the end of the reporting period, the Company had a total of 29 employees with disabilities.



Employee training and development

Zhifei consistently views the strategy of "driving business development with talents" as its core strength, proactively cultivating a corporate culture that promotes continuous learning. The Company aligns its strategic planning with employees' growth, actively encouraging and supporting to pursue higher education and skills. It methodically leverages internal and external resources to offer employees comprehensive and structured training opportunities. As the Company's business grows, it continuously refines its compensation and performance systems to guarantee that employees receive competitive compensation. The Company keeps expanding investment in critical areas including value orientation, professional skill enhancement, and leadership cultivation, aiming to establish a high-caliber talent pipeline, through which the Company can gain inexhaustible momentum for sustainable development.

Employee training system

The Company has developed and strictly adheres to the *Training Management System* and other policies, continuously optimizing the training framework and management processes, and actively integrating internal and external learning resources.

The Human Resources Department of the Company oversees training initiatives, and annually develops a comprehensive training program for all staff with modifications made as needed. The goal is to enhance employees' professional expertise and boost workplace efficiency, ensuring they meet job demands and embrace technological renovation. The Company has established a tiered training system, encompassing new recruits training, job-specific training, and corporate culture training. Through ongoing efforts to revitalize its workforce, the Company is well-positioned to sustain its competitive edge in the fast-evolving market.

In 2023, the headquarters and subsidiaries organized a number of training sessions, accumulating 484,566 training hours, with an average of 74.04 hours per employee.



	Type of employee	Total hours of training (Hours)	Average training hours(Hours per person)
By gender	Male	294,367.37	74.04
	Female	190,198.63	74.04
By position level	General personnel	431,148.00	76.00
	Middle management	51,708.00	62.00
	Senior management	1,710.00	45.00

New recruits training

As a key part of the effort to help new employees integrate into the corporate culture and gain a better understanding of the Company, new recruits training always draws great attention of the Company. The Company has tailored a comprehensive welcome and orientation program for new hires. This program delves into the Company's history, growth trajectory, vision, organizational framework, policies, and compensation packages, facilitating the seamless integration of new employees into the corporate culture. For professional skills training, the Company's expert instructors deliver comprehensive and easy-to-understand lectures on GMP modules, ensuring new hires gain a firm grasp of industry standards. In 2023, the Company delivered 16 training sessions to new employees, with a total of 1,369 person-times participating.

New recruits training not only familiarizes new hires with the industry, the Company, and their own potential but also inspires them to upskill themselves through ongoing education. Moreover, the training encourages them to pursue down-to-earth conduct, courage, responsibility, and a sense of gratitude, and strive to realize their individual values on the stage of the Company.



Job-specific training

The Human Resources Departments of the headquarters and subsidiaries establish annual professional training plans for each department in accordance with the corporate development goal each year, comprehensively covering R&D, clinical practice, production, quality, storage and transportation, EHS, sales and other areas. To guarantee effective training, each department adheres to the Company's annual training plan while integrating their specific business growth objectives and competency benchmarks. This ensures that training content is meticulously tailored in line with these requirements, enabling all employees to fully acquire the professional skills and knowledge essential for their roles. In response to new business needs such as overseas registration and management of digital information systems, the Company has also added relevant professional training to ensure efficient upgrading of employees' skills as the Company's business grows.

In 2023, the administrative headquarters organized 110 training sessions of ample types, with a total of over 88 thousand participants and an average training duration of more than 80 hours per person.




Empowering new employees and launching skill training


In August 2023, Zhifei Longcom, a subsidiary, provided pre-work skill training to 100 new hires. The curriculum covered safety production topics as well as professional expertise in immunology and virology. The training was organized by the Company in a unified manner and received positive response and active engagement from new hires. Following a strict assessment, all employees have successfully met the requirements, establishing a concrete foundation for their new job.





Training session


Job-specific training for core positions


- 
Research and development


To enhance the quality-by-design (QbD) philosophy, the Company conducts a series specific training sessions on R&D quality management, fostering an environment of scientific, standardized, and efficient R&D work.
- 
Clinical trial

Training on drug clinical trial safety, clinical research ethics, trial protocols, etc., to ensure that clinical trial personnel operate in a standardized manner.
- 
Production

For production personnel, the Company offers training in key areas such as workshop production quality management and production workshop pollution control, strengthening the aseptic awareness and operational standardization of production personnel.
- 
Pharmacovigilance

Centering around the requirement of the Good Vigilance Practices of Pharmacovigilance (GVP), the Company offers training on pharmacovigilance risk management, providing directional guidance for employees in this position.
- 
Quality

Focusing on elements such as the Good Manufacturing Practice of Medical Products (GMP), the quality management system, and quality inspection methods, the Company conducts comprehensive quality awareness training for all employees.
- 
Sales

For all marketing personnel and relevant department employees, the Company conducts training on product knowledge and responsible and compliant marketing.
- 
Distribution

The training topics for this position cover transportation safety, temperature control, emergency response, and waybill management, ensuring the safe operation of delivery personnel during pharmaceutical transportation.



The Company offers targeted thematic training based on the needs of core positions.

In 2023, the Company rolled out a comprehensive training curriculum targeting various core positions, featuring specialized sessions on quality management, training series on risk assessment, and courses on sterilization techniques and critical process parameters. These programs are tailored for staff in production, quality control, research and development, and functional departments. The training instructors, including in-house trainers, excellent staff at core positions, and external industry experts, utilizes their profound professional knowledge and practical experience to impart cutting-edge industry skills to employees. This helps employees enhance their professional competence and work efficiency, while also reducing the rate of errors and accidents in their daily work. In addition to enabling employees to become more adept at their jobs, this also approach helps them think and work in a down-to-earth, innovative and compliant manner.



Thematic training sessions

Corporate culture training

The Company organizes cultural initiatives including corporate culture lectures and electronic publication reading groups, emphasizing the inheritance and development of corporate culture and corporate values. This year, the Company unveiled an initiative of 365-day sharing and learning of articles with positive energy and hosted 21 corporate culture forums on WeChat for its management team. These efforts have fostered extensive communication and ideas exchange about corporate culture among employees, deepening their understanding and appreciation of the Company's business mission and core values, particularly within the management backbones.

Furthermore, the Company has designed and executed a suite of training initiatives for managers in 2023, focusing on honing leadership and management competencies. These include *Effective Management and Communication*, *Performance Leadership in 9 Links*, *Role Clarification and Cognition in Middle Management*, and *Building High-Performance Teams and Enhancing Execution Skills*. These training sessions aim to foster excellent leadership, refine management techniques, broaden managerial horizon, inspire innovative approaches, and bolster adaptability, empowering participants to steer the Company towards high-quality development.

Employee development and motivation

Zhifei is committed to taking measures to enhance the benefits of its employees and attaches great importance to the construction of employee development and incentive system. To this end, we have formulated and been improving the remuneration, assessment, and incentive policies. The Company commits to offering competitive employment opportunities and compensation packages, considering factors like job significance, regional variances, contribution levels, work intensity, skills, and competency. Salaries and bonuses are set in accordance with market rates, ensuring both internal equity and external competitiveness. This approach is designed to attract and retain exceptional talents. The Company also focuses on person-post matching and supports employees to rotate between posts within the Company, giving full play to their expertise. Meanwhile, the Company strongly encourages and offers support to employees in pursuing further education and independent academic upgrading in their expertise fields, acquiring systematic expertise, and making contributions to the Company across domains like scientific research, innovation, and team leadership. By pursuing personal growth, they can benefit both the Company and society.

Remuneration and benefits

The Company implements a remuneration policy based on responsibility, competence and performance, and has set up the Remuneration and Evaluation Committee under the Board of Directors. The committee is responsible for monitoring the implementation of the remuneration policy and making suggestions for policy optimization. Within the framework of the Company's remuneration system, all employees, non-officer, and non-sales staff included, are paid with fixed income and variable income. Variable income is closely linked to individual performance and company performance, aimed at motivating employees' enthusiasm and initiative. This could help ensure that employees share the Company's operation results.

The Company strictly complies with applicable laws and regulations, and pays social insurance and housing funds in full and on time. Moreover, the Company provides additional welfare benefits for employees, including supplementary medical insurance, employee medical check-ups, annual leave, and holiday gifts. By offering a range of benefits, the Company supports the growth and well-being of its employees, which effectively build up their sense of belonging and well-being.



Featured benefits

Filial piety pay, nutritious meals, staff dormitory, health check-ups, education benefits, etc.



Labor union care

Birthday gifts, holiday benefits, wedding/maternity subsidies, funeral condolences, team building activities, etc.



Basic benefits

Social insurance and housing provident fund, paid annual leave, communication allowance, accident insurance, etc.



Basic salaries

Base salary, fixed bonus, cash allowance, variable bonus, short-term rewards and incentives, long-term incentives, etc.

Performance assessment and promotion

The Company has formulated and strictly implemented the *Performance Appraisal Management Policy* to comprehensively regulate performance appraisal management, give objective feedback to staff and provide broad promotion channels and good development platforms.

Open promotion and competition mechanism

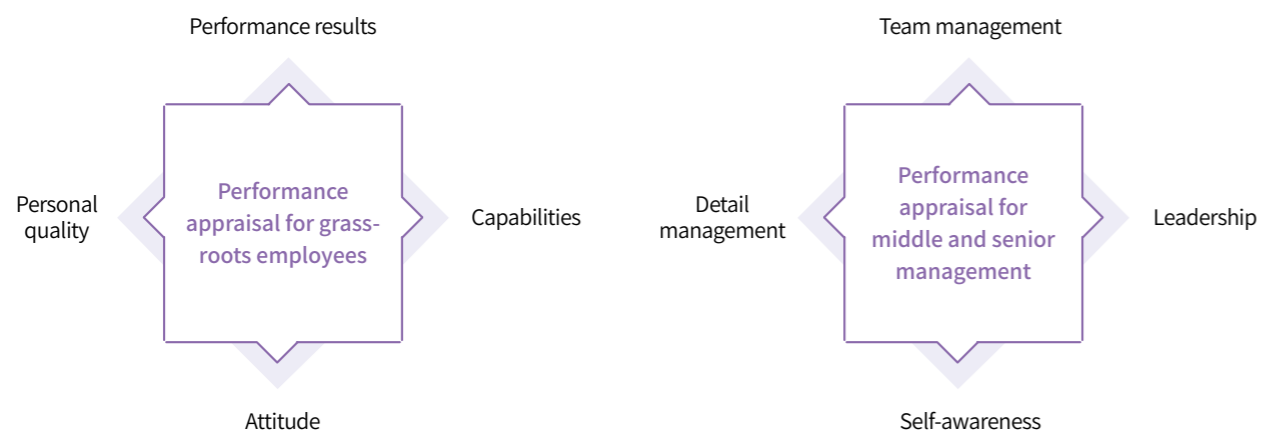
The Company evaluates the performance, contribution, ability and job matching of employees objectively, fairly and impartially. There are respective promotion channels for sales and functional positions, and employees in these positions enjoy at least one promotion opportunity each year.

The Company has a specific promotion mechanism for non-sales functional departments. In addition to the regular rewards, for those with outstanding contributions and excellent performance, the Company provides additional bonuses, promotion opportunities, etc. as appropriate according to the actual situation to ensure the matching of their ability and position.

To broaden the channels for selection and appointment of backbone employees, the Company has formulated the *Management Policy of Open Competition for Employment* and holds an internal open competition for employment once a year. The enthusiasm and creativity of the cadres and employees are fully mobilized by such a competitive incentive mechanism, thus forming a virtuous cycle of talent mobility.

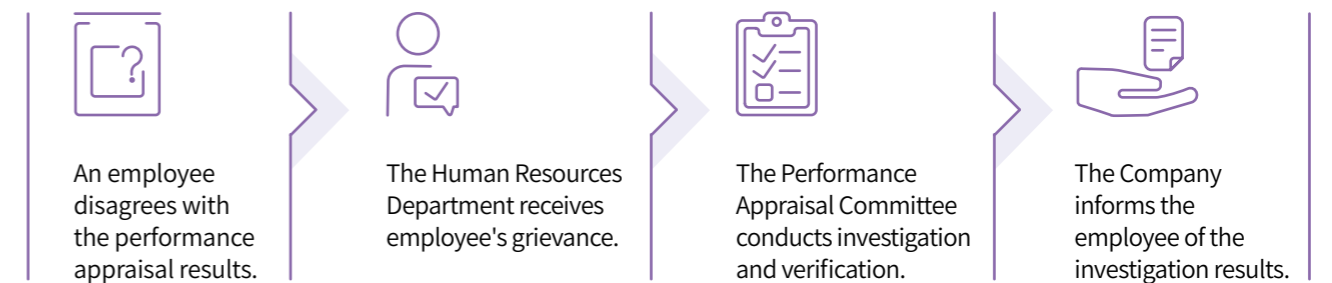
Performance appraisal mechanism

The Company upholds the principle of openness, fairness and equity to conduct quarterly and annual appraisal of employees' overall performance in an objective and standard manner. For grass-roots employees, the performance appraisal is conducted around four major dimensions, i.e., performance results, capabilities, attitude and personal quality. For middle and senior management, all-round appraisal is conducted based on various indicators, such as team management, leadership, self-awareness and detail management. The quarterly and annual appraisal results are managed by the Human Resources Department in a unified manner. The department summarizes the appraisal results quarterly and adjusts plans if necessary. A comprehensive assessment is conducted every half a year, the results of which will be used to determine employee's remuneration and promotion. By these efforts, the Company aims to encourage employees to improve their performance. In addition, the Company tracks the performance of employees and provides necessary assistance and support to help employees achieve better performance.



Grievance reporting mechanism

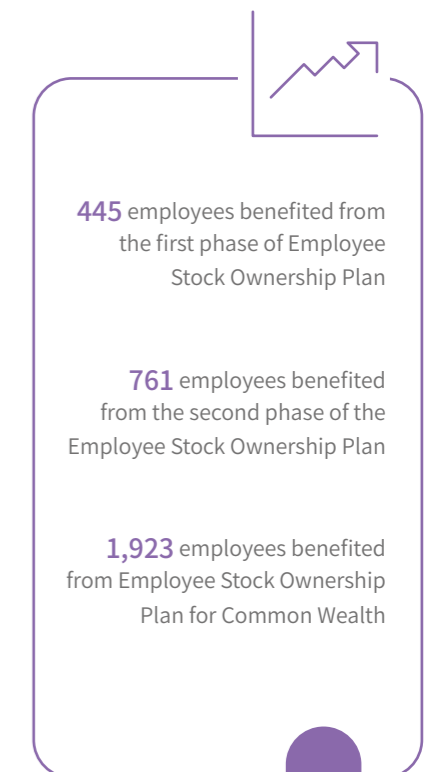
To make sure that the Company's performance appraisal system operates in a standardized manner and to respond to the feedback of employees, the Company has established a mechanism for handling feedback on performance appraisal results. In this mechanism, the Human Resources Department is responsible for receiving and initially dealing with the appeals. And the Performance Appraisal Committee is the final body to handle them. If an employee disagrees with the performance appraisal results, he or she can submit a written appeal to the Human Resources Department. After investigation and verification, the Company will formally inform the employee of the investigation results and confirm that the employee agrees on the results.



Employee Stock Ownership Plan

Zhifei continues to optimize incentive mechanisms. In addition to remuneration and benefits, the Company has launched several phases of the Employee Stock Ownership Plan. Employees, as shareholders through the Employee Stock Ownership Plan, directly benefit from the Company's prosperous development, which enhances their motivation and loyalty. For the Company, when employees hold shares, they are more likely to fully support and promote the Company's missions and goals, thus contributing to the corporate spirit of "co-creation, shared benefits and common growth".

Since 2016, the Company has been committed to enhancing employees' sense of belonging and work motivation through the Employee Stock Ownership Plan, and has implemented three phases. In 2016, the first phase of the Employee Stock ownership Plan was launched, benefiting 445 employees; In 2019, the second phase of the Employee Stock Ownership Plan was launched, benefiting 761 outstanding employees and management backbones; In 2022, the Employee Stock Ownership Plan for *Common Wealth of Zhifei Biological Products Co., Ltd. (2022)* was launched, benefiting 1,923 backbone employees and strengthening bonds between employees and the Company. In 2023, the Employee Stock Ownership Plan continued to be implemented as scheduled for long-term commitment and constraints to recipients, creating a corporate atmosphere of shared responsibility and value.



Academic certifications and qualifications

The Company supports and encourages all employees to pursue continuing education through self-study exams, correspondence courses, distance learning and on-the-job postgraduate studies, in order to improve their professional skills. To support this effort, the Company provides abundant learning resources to help employees obtain position-required certifications, qualifications, educations degree and national rating titles. At the same time, we encourage employees to study and obtain job-related professional certifications. The professional qualifications, such as rating titles and education degrees, obtained by employees themselves outside of the Company are linked to their salary scale. After verification through official channels and internal assessment, the Company awards and promotes the employees accordingly, motivating them to further their professional career.



Employee communication and care

Employees are the core assets of an enterprise, and harmonious employment relations are the cornerstone of stable and sustainable development. The Company is committed to creating a caring environment for employees to enhance their sense of belonging and stimulate business innovation. For mutual benefits and win-win results, the Company creates a communication environment of equality, listens carefully to the opinions and demands of employees, and solves the problems that employees care about in a timely manner. In addition, the Company also organizes various labor union and cultural and sports activities to strengthen the cohesion and sense of satisfaction among employees.

Reasonable communication to protect employees' rights and interests

To better listen to the voices of employees and understand their demands, the Company has set up diversified communication channels, to facilitate internal information sharing, optimize grievance procedures and provide unfettered communication channels for employees to express their opinions. Mutual understanding and communication are the key to building trust and protecting the rights and interests of employees. The Company takes targeted measures to solve problems collected from employees' feedback, so as to improve their sense of engagement and satisfaction.

Multi-channel communication mechanism:

- The Human Resources Department of the Company has a dedicated post of employee relation. Employees can have one-one talk with an employee relation specialist, or have their voices heard by communication with department heads and the Human Resources Department via telephone, e-mail, DingTalk and enterprise WeChat.
- The Company organizes the exchange of professional knowledge and sharing of working methods among departments, markets and functional units through WeChat groups or DingTalk;
- The Company holds management meetings on a regular basis to discuss the opportunities, risks and challenges in its development, so that employees can have an extensive understanding of the Company's internal management information and keep in step with the Company's development.
- CEO has a discussion with new employees to listen to their opinions and answer questions.

Internal information sharing:

- We share our latest dynamics and business achievements through the WeChat Official Account- "ZFSW", and "Zhifei's Intelligent Information".
- We also publish Zhifei Internal Publication to share our corporate culture, industrial news and employee updates;
- The Company publicizes policies and requirements through platforms, such as "Xiaozhi Report", to raise employees' awareness of compliance with norms.

Grievance feedback procedures

The Company provides employees with accessible and confidential grievance reporting channels, formulates and strictly follows *Employee Complaints and Reports Management System*, and establishes a formal reporting and grievance mechanism. The Company has set up channels, such as corporate mailbox, and complaint and reporting box, to encourage employees to report discrimination, corruption, abuse of power and other behaviors to higher management or the Human Resources Department. And we take appropriate measures to protect the legitimate needs and rights of whistleblowers to ensure that every employee complaint and reported incident is handled in accordance with the prescribed process.

The Company strictly implements the *Employee Complaints and Reports Management System*, maintains confidentiality in the investigation and handling process, resolutely opposes any form of retaliation, and ensures that the rights and interests of complainants, whistleblowers and investigation participants are not violated. The Company promises not to disclose the whistle blower's information on any other occasion, and specifically prohibits it from being disclosed to the respondent, so as to protect the personal safety and legitimate rights and interests of the complainant in an all-round way.

Channels for employee appeals

Corporate mailbox

- The "Corporate Mailbox" has been set up by the Company to receive internal and external information and feedback, which is managed by a designated person of the President Office. Employee reports, complaints or feedback will be immediately forwarded to the Human Resources Department for verification and processing. The whole process will be kept confidential.

"Face-to-face communication with the CEO"

- At the same time, the Company has established a "face-to-face communication with the CEO" mechanism. The Human Resources Department regularly collects and summarizes the questions and opinions of employees, and reports them to the CEO, who then answers questions to employees through meetings and other public forms to ensure that employees' concerns are directly addressed and to strengthen internal communication.

Complaint handling process



Employee satisfaction survey

The Company identifies and evaluates the crucial factors that may have a great influence on employee satisfaction and work enthusiasm via multiple channels, aiming to create a better and positive work and life environment for employees. To this end, Zhifei conducts an annual employee satisfaction survey that covers 100% of employees, to fully understand and respond to their concerns.

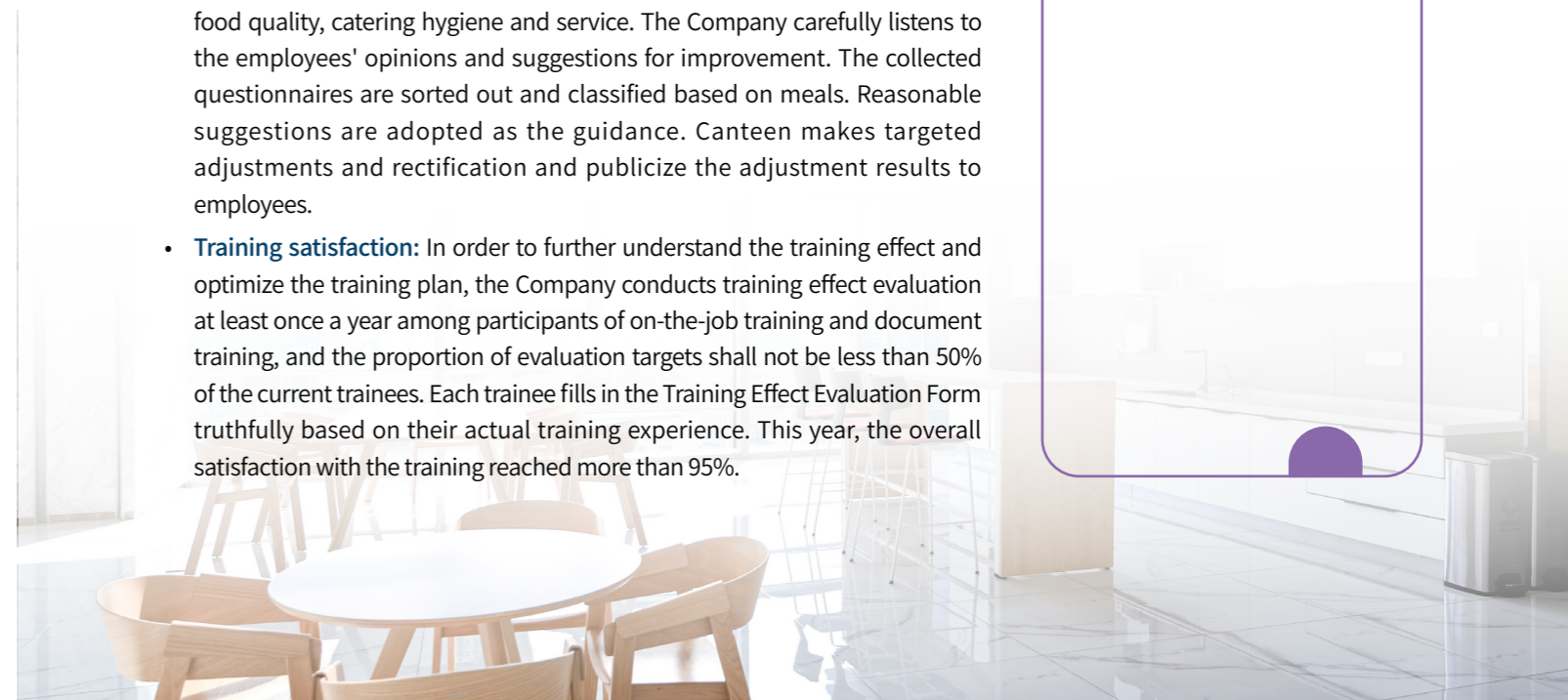
- System satisfaction:** The Company distributes the Questionnaire about Rules and Regulations on a regular basis every year to have a deeper understanding of employees' satisfaction with the Company's systems. Employees can express their opinions and requirements about the Company's policies on human resource management and financial management. In this way, employees can work together with the Company to improve policies, and promote scientific, standard and programmed management, thus further enhancing their work efficiency and performance.
- Logistics satisfaction:** The Company conducts quarterly employee satisfaction survey on the service quality of the staff canteen in the form of online questionnaires, considering indicators including canteen environment, food quality, catering hygiene and service. The Company carefully listens to the employees' opinions and suggestions for improvement. The collected questionnaires are sorted out and classified based on meals. Reasonable suggestions are adopted as the guidance. Canteen makes targeted adjustments and rectification and publicize the adjustment results to employees.
- Training satisfaction:** In order to further understand the training effect and optimize the training plan, the Company conducts training effect evaluation at least once a year among participants of on-the-job training and document training, and the proportion of evaluation targets shall not be less than 50% of the current trainees. Each trainee fills in the Training Effect Evaluation Form truthfully based on their actual training experience. This year, the overall satisfaction with the training reached more than 95%.



Anonymous Employee Satisfaction Survey, covering **100%** of employees

More than **50%** of the participants in the training session evaluated the effectiveness of the training

95% or more satisfaction with employee training

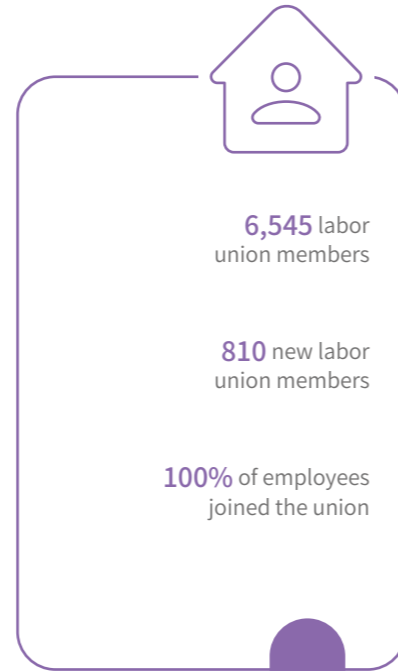


Labor union building to enhance cohesion

To "realize what the Party and government need and employees expect", the Company is committed to safeguarding the legitimate rights and interests of employees and serving employees wholeheartedly. Giving full play to the democratic management and supervision functions of the Employee Assembly, the Labor Union has established an effective mechanism for smooth information transmission between the management and employees. The Labor Union also takes advantage of the Employee Assembly to constantly widen the channels for employee involvement in democratic management and stimulate their enthusiasm and creativity in the management of the Company.

In 2023, the Company had a total of 6,545 labor union members, including 810 new members, and 100% of employees joined the union.

During the year, the Labor Union carried out a series of activities, which was conducive to building a harmonious and loving employment relationship. While improving the well-being of employees and promoting collaboration and communication among teams, these activities strengthened the cohesion of the Company.



"Coordinated efforts for a common dream" team activity

In April 2023, to further improve team cohesion and strengthen the sense of teamwork, the Party Committee and the Labor Union of Zhifei jointly organized a team activity with the theme of "coordinated efforts for a common dream" for all employees at the headquarters. Under the guidance of professionals, employees visited the cultural exhibition hall of Zhirui Biopharmaceutical Industrial Park, GENRIX BIO, Chenan Biopharm and other companies invested and incubated by Zhirui. Through this journey, the staff of the functional management department of the headquarters had a more complete and comprehensive understanding of the Company's overall layout in the field of therapeutic biological products, advanced biotechnology, and high-end biomedical facilities. Employees were more confident in the future development of the Company while gaining professional knowledge in the biological field.



"Coordinated efforts for a common dream" team activity

Employee care to create a harmonious atmosphere

The Company values its employees and adheres to the people-oriented concept, always supporting the work-life balance and striving to create a harmonious and comfortable working environment for employees. For example, to fulfil the commitment of caring for employees wholeheartedly, the Company provides additional paid leave for regular check-ups, parent-teacher meetings and moving, as well as extra benefits such as free meals and exquisite gifts for traditional festivals. The Company also organizes various holiday celebrations, sends birthday blessings, arranges group trips, and sets up nursing rooms to meet the diversified needs of employees, and promote the work-life balance.



Create a "mother-friendly" working environment

The Company builds nursing rooms, sets up dining channels and exclusive dining seats for pregnant women, and properly solves the difficulties of female employees in physiological hygiene and breastfeeding to give them adequate protection. These efforts reflect the Company's attention to and understanding of the needs of female employees in terms of balancing work and motherhood.



Women-friendly working environment

"Stand out from the crowd" team building activity

In May 2023, Zhifei Lvzhu held activities in Guiyang, Kaili and other places, with a total of about 800 employees participating. The activities helped to stimulate the enthusiasm of employees and demonstrated the Company's humanistic care and determination to build a harmonious team.



"Stand out from the crowd" team building activity

Women's Day celebration

During the 100th International Women's Day on March 8, 2023, Zhifei Lvzhu carried out a celebration activity. At the event, female employees focused on making handicrafts and received special gifts from the Company at the end of the activity, which reflected the Company's care and attention to female employees, and enhanced their happiness and sense of belonging.



Women's Day celebration

"Health and happiness go hand in hand" health month activities

In April 2023, Zhifei Longcom carried out an activity with the theme of "health and happiness go hand in hand", including:

- Supplementary medical insurance lecture: We invited experts to explain the supplementary medical insurance plans to improve employees' understanding of the insurance and improve the health system.
- Health knowledge lecture: The lecture was held by the Deputy Chief Physicians of the First Affiliated Hospital of Anhui Medical University, with the theme of "focusing on gastroenterology and protecting 'stomach' health", to popularize stomach health knowledge for employees and advocate a healthy lifestyle.
- Steatohepatitis screening: Doctors were invited to provide more than 300 employees with steatohepatitis testing and health interventions, including body composition testing and atherosclerosis testing, and give personalized health guidance.
- Free physical examination: We organized a comprehensive physical examination for 1,308 employees at the First Affiliated Hospital of Anhui Medical University to ensure that employees' health meets the requirements of their positions.

The health month activities were designed to improve the health of employees, strengthen their health awareness, help employees control work and life pressures, so that they can work happily and live a healthy life.



Women's Day celebration

06

Zhifei has always regarded suppliers, scientific research institutions, medical organizations, universities and others as important partners, and believes that the only way to gain strong support and guarantee is to work with our partners for common development. The Company makes unceasing efforts to strengthen the whole-process supplier management and actively explores the development of a sustainable supplier chain. We strive to boost the innovative mode of integrating industry, university, research and healthcare professional and enhance the value of the biopharmaceutical industry to achieve common development.



This Chapter Responds to SDGs



Cooperation and Industry Growth

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A responsible supply chain

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Joint forces for win-win results

A responsible supply chain

The Company rigidly abides by laws and regulations, such as the *Bidding Law of the People's Republic of China*. We have also established an all-round supplier management system in compliance with the regulatory requirements of the GMP system to strengthen supplier management. In addition to product and service quality, the Company is also seriously concerned about supplier management in terms of employment compliance, occupational health and safety, business ethics and environmental awareness. We continuously convey the concept of sustainable development responsibility to our suppliers, aiming to build a sustainable supply chain.

Supplier quality management system

Zhifei has formulated and strictly implemented internal management systems, such as the *Supplier Management Rules*, the *Procurement Management Rules*, the *Material Classification and Grading Management Regulations* and the *Standard Operating Procedures for Supplier Audit*, which clarify supplier qualifications, selection principles, audit methods, quality assessment methods, assessment criteria, approval procedures, etc. and comprehensively regulate the supplier management regarding screening, access, use, assessment, maintenance, elimination, etc. These rules and regulations provide standard guidelines for the implementation of the Company's internal lifecycle quality management system of suppliers.

Screening, access and exit mechanism

In accordance with the management regulations such as the *Standard Operating Procedures for Supplier Selection* and the *Management System for the Audit of Enterprises Establishing Business Relationship and Drugs Bought for the First Time*, the Company requires suppliers to obtain relevant administrative permits and to build a complete quality management system that complies with current laws and regulations. Meanwhile, the Company clearly requires that suppliers should be professionally qualified for provision of services or products and should develop a certification system of the standard equivalent to ISO, GMP, etc.

The supplier admission process is conducted in strict accordance with standard procedures to ensure compliance and fairness in the admission of eligible suppliers.

In terms of exit, each year, the Quality Management Department, together with the Marketing Department and other departments, carries out an annual review, analysis and comprehensive evaluation of the quality assessment of suppliers, and promptly eliminates unqualified suppliers according to the assessment results.

Dynamic supplier management

Based on the principle of management by category and grade, the Company carries out quality management audit for all suppliers (including direct and indirect suppliers) after admission. In addition, qualification review, on-site audit, quality agreement renewal, etc. are organized annually in strict accordance with relevant management standards.

For product production and operation, the Company divides its suppliers into three major categories, namely material suppliers, service providers and storage and transportation service providers. According to such classification, the Company has formulated internal regulations such as the *Material Supplier Audit Management Regulations*, the *Service Provider Management Regulations*, and the *Storage and Transportation Service Provider Management Regulations* respectively, which clarify standard working procedures for supplier selection, audit and signing of quality agreements. Meanwhile, comprehensive management methods are determined for different categories of suppliers, including qualification review, on-site audit, video audit, commissioned third-party audit, signing of quality agreements and annual evaluations.

If the on-site audit cannot be carried out due to force majeure, the Company will use video audit and entrust a qualified third-party audit agency to complete the quality audit of the supplier to ensure comprehensive supervision and reduce the risks posed by the supply chain.

At the end of each year, the Company summarizes the management of supplier audit, cooperation, procurement and services throughout the year, and continuously maintains and examines the quality status of suppliers to ensure the stability and reliability of the supply chain.

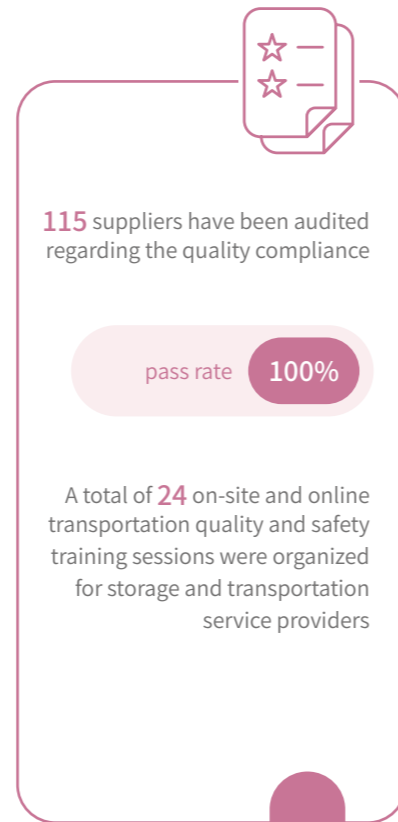
In 2023, Zhifei Lvzhu updated the supplier classification, the audit requirements and process, registration of eligible suppliers, daily management and quality complaints. To make the audit more professional and effective, the Company

Supplier classification	Detailed category	Key audit and quality audit requirements (part)
Material suppliers	According to the expected use of materials in the drug production and regulatory quality requirements about the risk level of the production process, suppliers are classified into three categories, A, B and C, with corresponding material levels at I, II and III respectively. Risk assessment tools are scientifically applied.	<ul style="list-style-type: none"> Review the qualifications of material suppliers quarterly; Conduct annual assessment of the inspection and use of supplied materials and the renewal of suppliers' qualifications and after-sales service; Make sure that most of key material suppliers have passed formal quality audit: For Category-A material suppliers, professional personnel shall conduct an on-site quality audit every 2 years and quality agreements shall be renewed every 3 years.
Service suppliers	Classify service providers into Class I, Class II and Class III suppliers according to their influence on products.	<ul style="list-style-type: none"> Carry out audit work such as qualification confirmation, questionnaires, on-site audit, review of quality agreements and annual audit for all service providers. Review the qualifications of service providers every six months and issue questionnaires to new or existing service providers when regular review is carried out. Renew quality agreements with major service providers every 3 years.
Storage and transportation service providers	Implement unified management requirements for storage and transportation service providers. Based on the quarterly and annual assessment results and reports, the storage and transportation service providers are classified into three grades of A, B and C.	<ul style="list-style-type: none"> The storage and transportation service providers shall have a sound quality management system in place. Only those service providers without serious violations of laws and regulations within 5 years can reach cooperation with the Company. Before commissioning, on-site and regular audits shall be conducted on the qualifications, storage and transportation equipment and facilities, personnel qualifications and training, as well as quality assurance, safe transportation and risk control capabilities of the storage and transportation service providers. If the quarterly/annual assessment is Grade B, the Company will send a quality warning letter and require rectification within a time limit. If the assessment grade fails to meet the Company's requirements, the Quality Management Department will assess the risks and determine whether to continue the cooperation. Storage and transportation service providers whose storage and transportation facilities and equipment and automatic monitoring system do not comply with the regulations or have not been verified shall not be entrusted to provide storage and transport services. The Company's <i>Agreement on Cold Chain Storage and Commissioned Distribution of Vaccines</i> strictly prohibits the entrusted distributors from re-commissioning.

requires that the members of the supplier audit group should include personnel of the subsidiary's Quality Assurance Department and that more than half of the members and the Leader of the Audit Group should be experienced in supplier audit.

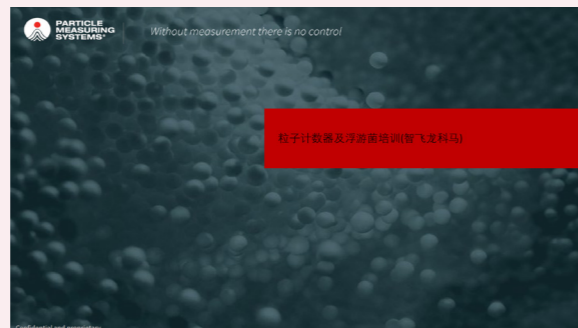
Based on the annual audit plan, in 2023, the Company audited 115 suppliers, covering most of the key suppliers, with a pass rate of 100%.

Bilateral exchange and training on quality and technology for suppliers is an important approach for the Company to ensure effective operation of the quality management system, thus consolidating the foundation for quality production. The Company's Quality Center, in collaboration with relevant departments, develops annual training plans for different types of suppliers each year. Targeted guidance and suggestions are also provided based on the assessment results in supplier evaluation reports and problems found in the audit. Furthermore, the Company guides suppliers to obtain relevant certifications and qualifications. In 2023, the supplier quality assurance training was conducted for all different categories of key suppliers. A total of 24 on-site and online transportation quality and safety training sessions were organized for storage and transportation service providers. The training topics involve cold chain knowledge, quality safety assessment, drug transportation safety, problems identified in transportation safety monitoring system.



Supplier carried out technical exchange of PMS system at Zhifei Longcom

PMS (Production Management System) is a multi-architecture system that is built based on the uniform application platform PI3000 and operates in B/S and C/S mixture mode. To enhance employees' understanding of PMS equipment, Zhifei Longcom invited PMS manufacturer to provide technical exchange and training. At the meeting, the supplier's technical personnel explained the regulation, concept, principle, application skill and practice of PMS airborne microbe, and demonstrated stand-alone operating steps of equipment on site. This exchange effectively helps our technical personnel learn more about the basic principle, operating method and repair knowledge of PMS equipment.



Supplier training and exchange at Zhifei Longcom

Continuous communication with suppliers

Establishing steady cooperation with partners is important for Zhifei to drive its development. The Company communicates with suppliers on a regular basis via online telephone, visits, interviews and other means, and implements the mechanism for handling suppliers' opinions and feedback. In this way, we can address key issues to ensure our production is adequately supplied. By establishing long-term cooperation, the Company and suppliers help each other to constantly expand the scale of business by integrating their own strengths, relying on good project quality, business environment and excellent supplier capacity.

Securing the stability of supply chain

The Company takes solid action to prevent supply chain risks and keeps exploring measures to safeguard production quality and stability. We also actively optimize processes and plans to mitigate supply chain risks and take holistic approaches, such as cooperative agreements, advance procurement and more to securing supply, transportation and quality, aiming to ensure stability of the supply chain.

Robust supply of materials

The Company analyzes risks of different types of material suppliers in terms of risk identification, potential losses and specific avoidance measures, and formulates corresponding guarantee schemes to ensure the timely supply of production materials.

- **Dual sourcing:** The Company stipulates in the *Procurement Management Regulations* that materials and supplies used for production must be purchased from suppliers included in the supplier list and that more than 2 regular suppliers shall be elected to sign long-term contracts.
- **Cooperation agreement:** The Company signs an annual agreement with suppliers based on the principle of long-term cooperation, highlighting that suppliers shall maintain the agreed annual price as possible as they can when facing risks such as supply shortage and delivery failure. In addition, suppliers promise the Company priority for getting materials in short supply;
- **Advance procurement:** For the supply of high-risk materials, the Company has prepared a variety of preventive measures to avoid delayed supply, such as multi-channel procurement and proper stocking, and has developed a 2-year procurement plan for key materials;
- **Material substitution:** For key materials, the Company explores domestic production of supplier products that meet the required conditions, to prevent delayed delivery or inadequate supply due to climate, distance, politics and other reasons, and uses alternative suppliers in case of emergency.

In 2023, the Company took the initiative to find alternative suppliers of key materials and supplies for various products. Zhifei Lvzhu has formulated a list of eligible material suppliers. More than two alternative suppliers are available for most of materials to effectively avoid raw material shortages arising from material supplier failing to supply specified materials. In terms of domestic substitution, Zhifei Longcom organized 12 supplier technical exchanges and training sessions. These activities were aimed at making all departments aware of the importance of domestic substitution of materials and products and improving their work efficiency. Zhifei Longcom have replaced over 50% of filters and consumable materials with those made in China.



Robust storage and distribution

The Company has developed risk management systems such as the *Emergency Management System for Abnormalities and the Standard Operating Procedures for Emergency Treatment of Cold Chain Abnormalities*, which clarify risk response standards and methods. Meanwhile, the Company has established an emergency response team to intervene as soon as possible in case of abnormal storage and transportation to minimize the possible adverse impact on the quality of finished products.

In case of abnormalities related to facilities and equipment in cold chain during storage and transportation, each storage and transportation service provider should inform the Company immediately, independently store the products involved (controlling the storage temperature between 2°C to 8°C) and report the emergency plan to the Company for approval before implementation.

Creating a sustainable supply chain

The Company assesses not only the quality of suppliers' products and services, but also their performance in the areas of employment safety, integrity compliance, social responsibility, environmental protection and others. Preference is given to those who have obtained the relevant environmental management system and occupational health and safety certification. At the same time, the Company takes the ethical conduct of its suppliers seriously and requires them to sign integrity and confidentiality agreements before admission to ensure a fair and clean cooperation environment.

Open and transparent cooperation

The Company strictly complies with laws and regulations, including the *Bidding Law of the People's Republic of China*, and has formulated the anti-corruption and business ethics compliance regulations in external cooperation, such as the *Procurement Management Rules* and the *Third Party Code of Conduct Management System*. These policies clarify requirements for anti-corruption management in supply chain and aim to continuously strengthen staff integrity and self-discipline management and eliminate external backroom deals.

Meanwhile, the Company requires that key suppliers sign the Integrity Agreement and adds restrictive terms and conditions to the contracts, with the commitment in the bidding process, there shall be no fraud, shall not be given to the bidding staff of the undue advantage, once there is such a situation, a lifetime ban on the inclusion of the company's supplier directory. During the cooperation, the Company conducts daily and annual supervision of suppliers' business ethics.

To further promote supply chain compliance, the Company conducts due diligence and risk assessment on all prospective partners prior to cooperation in accordance with the *Due Diligence and Risk Assessment Process for Third Party*

Organizations. In particular, the anti-bribery and anti-corruption compliance of prospective suppliers and their anti-corruption policies are the key focus areas for the Company to decide whether to cooperate with them. The suppliers are required to formulate anti-bribery and anti-corruption policies and the Company will verify their compliance. Upholding the principle of openness and transparency in the bidding process, the Company discloses the bidding information and process and reads out the bidding discipline and requirements at the bidding meeting, in order to ensure the transparency of the bidding process and price, and promote the fairness, equity and openness of the bidding decision. During the year, the Company was not involved in supplier-related corruption and fraud events.



The Company was **not involved** in supplier-related corruption and fraud events

Green supply chain

In order to strengthen the management of environmental and social risks in the supply chain, the Company fully takes into account the environmental performance in all aspects of supplier admission and assessment. Priority is given to suppliers who have obtained environmental management system certification and use environmentally friendly equipment, while those in breach of environmental regulations are not accepted for cooperation. By these means, the Company ensures that the equipment and materials used meet or exceed national requirements and standards for environmental protection and health.

The Company also continues to promote the concept of green procurement. Green materials and supplies are preferable. For example, the Company selects more environmentally friendly refrigerants and rejects any energy-consuming equipment that will be phased out, so as to reduce the adverse impact on the environment from the source of procurement.

Considering the high consumption of inner packaging materials for direct contact products such as penicillin bottle, rubber plug and aluminum-plastic cover and outer packaging materials such as instruction and packaging box, Zhifei Longcom conducted a sustainability assessment on suppliers of such materials and supplies in 2023. After verification, material suppliers in these four categories who have passed ISO14001 Environment Management System Certification meet our environmental protection requirements.

The Company is vigorously exploring the creation of a green supply chain. We are committed to raising suppliers' awareness of environmental protection and strengthening their ability to save energy and reduce waste through regular supplier assessment and continuous communication, and cutting the toxic emission footprint associated with the supply chain. These efforts aim to gain higher quality of the green development of the supply chain.



Joint forces for win-win results

Although there are challenges ahead for in-depth integration of industry, university, research and healthcare professional in the biopharmaceutical industry, we believe that it is a path to sustainable development. In addition to playing to its strengths, Zhifei spares no efforts to boost cross-border cooperation, and joins hands with partners to build a community that promotes human health.

Industry: Joining exchanges to boost industry growth

In addition to creating a number of academic and industry exchange opportunities, the Company actively participates in biomedical industry associations and takes the initiative to perform the duties as a member of the associations. As at December 31, 2023, the Company has joined multiple national and provincial associations, including the China Association for Vaccines and the Chongqing Pharmaceutical Products Association. The Company always upholds the concept of openness and inclusiveness, not only providing full support for the daily activities of these associations, but also actively participating in dialogues, so as to open up opportunities for communication, cooperation, practical training and research and development for all sectors of the industry, and gain excellent experience through exchanges and learning.

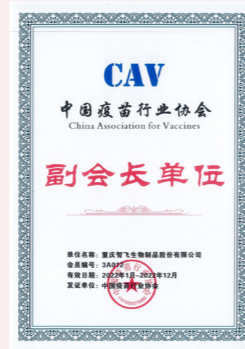


Contributing to technological progress of China vaccine industry

The Company has joined the China Association for Vaccines and serves as the deputy chairman and the standing committee member of the supply chain branch in the Association respectively. The Company's vice president Pu Jiang formally serves as the standing committee member of the supply chain branch in the Association. The Company seeks new ideas for China to cope with the risks related to the supply chain and product cooperation in vaccine industry.

During the year, the Company actively participated in and is successfully selected for the 2023 association standards project of the China Association for Vaccines. We took the lead in developing and submitting the proposal and draft of the *Technical Code of Accurate Screening and Immunoprophylaxis for People with Latent Tuberculosis Infection*, aiming to provide technical guidance for people with latent tuberculosis infection on accurate and effective screening and prevention of tuberculosis infection. By doing so, we can further reduce the morbidity of people infected with tuberculosis.

The Company wholeheartedly shares its vaccine knowledge and experience with the pharmaceutical industry and actively contributes ideas and strengths to help eradicate tuberculosis in the world and help infected people in China overcome their difficulties.



Letter of Appointment from China Association for Vaccines

Education: Cooperating with universities to cultivate talents

In-depth cooperation and exchange between universities and enterprises is an inevitable path to explore pharmaceutical innovation. As such, Zhifei always extends sincere welcome to medical graduates and future industry talents. The Company has established long-term and steady cooperation with a variety of universities. Each year, we frequently carry out university-enterprise cooperation and exchanges. Based on this, we provide a broad stage and abundant opportunities for students and scientific research personnel through combined training, scientific research, internship and employment programs. This also helps us develop our own talent pool.

By the end of 2023, the Company signed employment and internship base agreements with a number of universities. Meanwhile, the Company participated in the joint training of master's programs of Shenyang Medical College and other colleges. During the period, the Company instructed students to do better research and actively promoted the cultivation of medical talents, providing a practical training platform for teaching and research. Our achievement in industry-education integration has been widely recognized by the universities and the industry.



"Join Us Now" - Team of Nankai University visited Zhifei Lvzhu, laying the foundation for cooperation on talents training

In May 2023, a team of College of Life Sciences, Nankai University came to Zhifei Lvzhu. They visited the Vaccine R&D Laboratory, the Standard Production Workshop, the Quality Control Department Laboratory and the Central Control Room of the Quality Assurance Department respectively, and learned about the standard whole-process management of vaccine R&D, production and quality control.

At the exchange meeting, Zhifei and Nankai University expressed their strong desire to cooperate in scientific research, student career development and joint training. Both parties shared the hope that this cooperation could deepen interaction and understanding between academics and the industrial community and help foster future leaders of the industry.



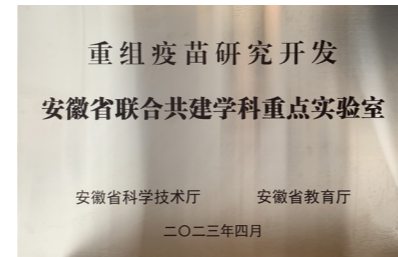
Teachers and students of College of Life Sciences, Nankai University visit Zhifei Lvzhu

Research: Cooperating with research institutes towards technological innovations and breakthroughs

To promote technological innovation and practical application and motivate academic exchanges, the Company highlights the development of internal and external scientific research and innovation cooperation. In 2023, the Company continued to make steady progress on various long-term research projects by its technical research teams at home and abroad, working with outstanding research institutes to take advantage of each other's strength, jointly studying and tackling biological scientific research problems.

In April 2023, Zhifei Longcom together with Anhui Provincial Institute for Food and Drug Inspection established the "Anhui Province Key Laboratory of Research and Development of Recombinant Vaccine", which was recognized by the Department of Science and Technology and Department of Education of Anhui Province as the key laboratory at provincial level.

Capitalizing on this opportunity, the Company further enhances the scientific research cooperation between enterprise and scientific research institution. Relying on our strengths in production and research, we promote efficient transformation of achievements, development of innovative chain and improvement of technology to boost local economy and innovation in the long term.

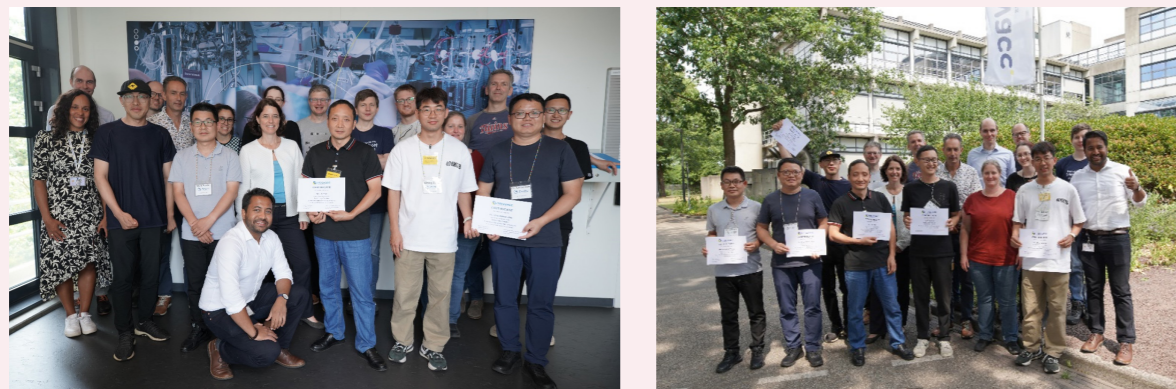


Disciplinary key laboratory approved for establishment

Strong alliance: Cooperation between Zhifei Lvzhu and enterprise in the Netherlands

Pertussis is a highly contagious respiratory disease caused by gram-negative Bordetella. People of all ages are susceptible to pertussis, with infants being the main risk group. Globally, there are approximately 24 million cases of pertussis each year, resulting in about 160 thousand deaths, especially for infants and young children.

Zhifei Lvzhu has been diversifying the portfolio of DPT vaccines, and further deepened their cooperation in 2023 following the signing of agreement on cooperative development with Netherlands-based Intravacc in 2022. In June 2023, Zhifei Lvzhu sent a 6-member R&D team to Intravacc for further study, obtaining outer membrane vesicle (OMV) technology. This cooperation not only improves the professional skills of our R&D team, but also deepens the cooperative relationship between the Company and Intravacc to provide more solutions for the development of new vaccines.



Further study at Intravacc in the Netherlands

Medicine: Facilitating clinical research and trail through exchange and cooperation

The Company takes an active part in domestic and foreign medical exchanges, sharing academic achievements at these scientific research and academic exchanges. Besides, the Company actively aligns theoretical innovation knowledge with technology practice and publishes R&D and innovation achievements in paper journals. Since 2019 up to the date of disclosure of the Report, our scientific research team has published 72 academic papers in influential journals, such as *The Lancet* and *The New England Journal of Medicine*. We present and share our latest scientific research outcomes and research methods to facilitate the industry in aspects of frontier R&D and clinical medical research with Zhifei experience. In terms of industry standard formulation, the Company participates in the activity to solicit feedbacks and opinions on clinical trial technical guidelines for many R&D projects, such as influenza. The Company also offers support to establish and improve the relevant clinical research standards.

In addition, the Company has established cooperative relations with more than 20 research institutes including the Institute of Microbiology, Chinese Academy of Sciences, and the National Clinical Research Center for Infectious Diseases, and carried out clinical research and academic exchanges including innovative vaccines, tuberculosis prevention and treatment. Our sharing and discussion contribute valuable sources for scientific and technological innovation.

Zhifei Lvzhu visited the International Center for Diarrhoeal Disease Research, Bangladesh for exchange and cooperation

In March 2023, personnel of Zhifei Lvzhu Clinical Research Center visited the International Center for Diarrhoeal Disease Research, Bangladesh and communicated with the head of the Center face in face. Accompanied by the Center, we visited the INT LAB, the HDSS slum monitoring site, Matlab Hospital and Dhaka Hospital. On a visit to the officer of the Directorate General of Drug Administration (DGDA), we discussed with him on the feasibility of conducting clinical trials in local area and provided technical and development advice for improving medical and hygienic condition and upgrading local hospitals.



Engagement at the International Centre for Diarrhoeal Disease Research, Bangladesh

07

Zhifei adheres to the tenet of "prioritizing social benefits over corporate profits". The Company safeguards people's health with safe and high-quality biological products, and actively participates in public welfare activities to fulfill the mission of giving back to society. Over decades of years, Zhifei has been devoting constant efforts to targeted poverty alleviation, affordable healthcare and rural construction, with practical actions taken to bring warmth and strength to others.



 This Chapter Responds to SDGs

 1 NO POVERTY	 3 GOOD HEALTH AND WELL-BEING	 4 QUALITY EDUCATION	 5 GENDER EQUALITY	 13 CLIMATE ACTION
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Public Welfare and Social Development

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Service strategy to promote social development

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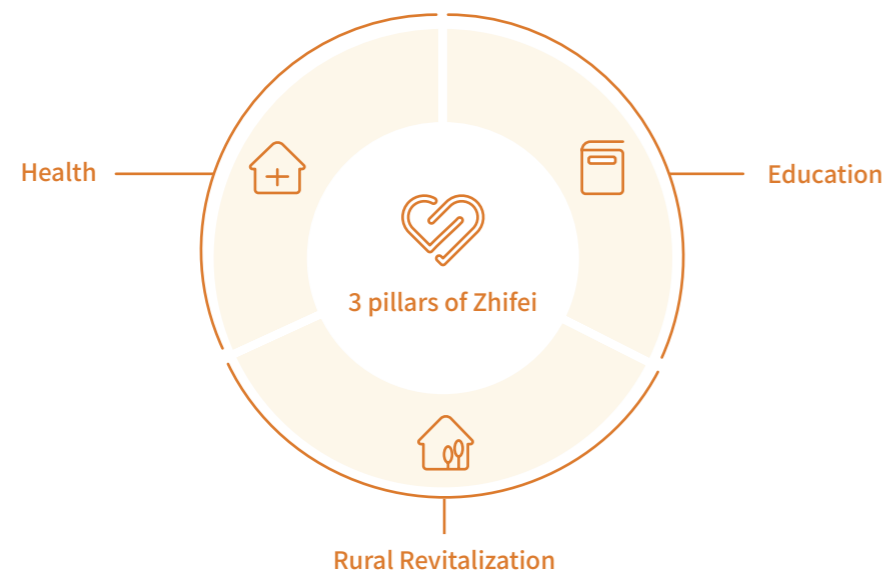
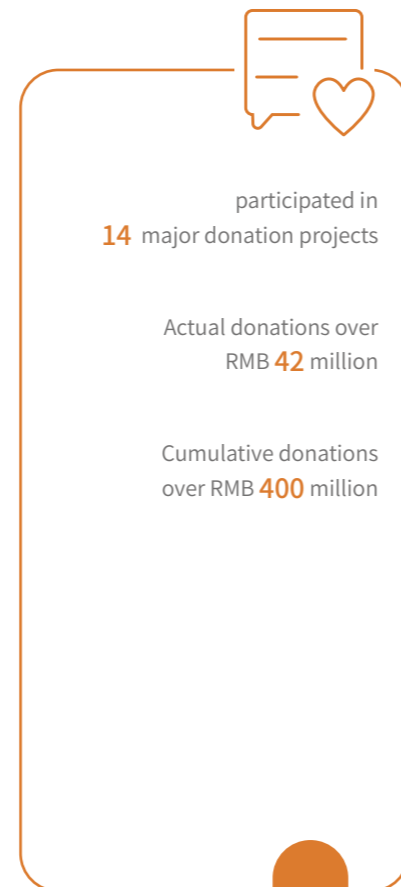
Giving back to society

Service strategy to promote social development

As a large-scale backbone enterprise in the vaccine industry, the Company is also a participant in health undertakings and a practitioner of public welfare. Zhifei focuses on the development of philanthropy and public welfare in the 3 pillars of health, education and rural revitalization, unswervingly promoting public welfare undertakings. The Company has specially formulated the Funding and Donation Management System with a project management committee established. The committee implements all-round control over review, budgeting, supervision and implementation of public funding projects in the principle of normalizing large projects and standardizing small projects.

Since listing, the Company has been making cash or medical donations for poverty alleviation, disaster relief, elderly and children care, rural revitalization and others. In 2023, Zhifei has participated in 14 donation projects in forms of cash, vaccines, drugs, medical equipment and others, with actual donations over RMB 42 million.

The Company has donated money and supplies of over RMB 400 million in total in recent years. Widely recognized by the society for great contributions to the public welfare, the Company has been awarded with China Top 500 Enterprises in Philanthropy for 3 consecutive years. During the year, the Company was awarded with "China Charity Award" for Donating Enterprises and China Top 500 Enterprises in Philanthropy for great care paid to the whole society. In the future, Zhifei will enhance the management of public welfare and charity projects for better implementation of such projects, in a bid to perform due responsibilities with real actions and make practical contributions to the country and society.



Zhifei in the flood-stricken areas of Hebei Province for assistance

In 2023, Hebei Province was hit by extremely severe torrential rains and floods. Zhifei provided sustained disaster relief support for emergency medical services and post-disaster reconstruction work in the area. In August, by way of the Chongqing Charity Federation, the Company donated RMB 10 million to the flood-affected areas in Hebei Province to purchase ambulances, electrocardiographs and other supplies urgently needed by local primary medical and health care organizations. By making this donation, Zhifei helped people affected to protect their health and rebuild their homes.



Donation to the flood-stricken areas of Hebei Province



Zhifei in the earthquake-stricken areas of Gansu Province and Qinghai Province for assistance with immediate actions and donations

In December 2023, after a 6.2-magnitude earthquake hit in Jishishan County, Linxia Hui Autonomous Prefecture, Gansu Province, the Company took immediate measures in response. By way of the Chongqing Charity Federation, Zhifei donated RMB 10 million to the earthquake-stricken areas in Gansu Province and Qinghai Province for emergency relief, people's livelihood assistance and post-disaster reconstruction work.

As the president unit of Chongqing Association for Public Companies, the Company took the lead in fulfilling social responsibilities by making donations and bringing warmth to people in the earthquake-stricken areas, to help them get back to peaceful life soon.



Donation to the earthquake-stricken areas of Gansu Province and Qinghai Province

Giving back to society

Zhifei adheres to the tenet of "serving the people with innovative research and development". Aiming at enhancing people's awareness of disease prevention as its mission, Zhifei has successively rolled out over ten vaccines against various diseases on the market, bringing health benefits to citizens and promoting the development of public health. Always focusing on social demands, the Company practices public welfare under the guidance of the service strategy to give back to society and create social value.

Affordable healthcare

With the business philosophy of "serving the people with innovative research and development", the Company has been deeply engaged in the field of disease prevention for 20 years. Guided by the health demands of the people, the Company has provided high-quality vaccines to effectively prevent and control infectious diseases for infants, adolescents, adults and the elderly with great efforts devoted to research and development, technology introduction and quality control. With the advantages of innovative technologies, standardized management and diversified portfolio, Zhifei products can be used for prevention, diagnosis and treatment in more than 8 diseases, providing citizens with a variety of disease precaution options.



Zhifei products can be used for prevention, diagnosis and treatment in more than **8** diseases

Safeguarding women's health

The Company pays great attention to women's health protection, and is eager to use its own resources and strength to pass on more health concepts to women. Since 2013, the Company has been investing in long-term women's health philanthropic projects. In 2023, the Company donated RMB 4 million to the "China Women's Cervical Health Promotion Program" of the China Women's Development Foundation in support to its healthy program, with a cumulative donation of RMB 80 million, fully supporting the development of women's health public welfare undertakings in China. Sponsored by the China Women's Development Foundation, the Program has reached 80 large and medium-sized cities in 31 provinces and municipalities across the country. 1,154 women's health classes and 70 physician training sessions were carried out, along with online knowledge education covering 69.54 million people and expert hotlines covering 5,500 people, benefiting about 90 million women and their families over the past 10 years. With strong support of the Company and all sectors of society, the Program has achieved good social benefits, further improving the health awareness and health level of women and their families. It is also good for establishing healthy China.



Cumulative donation of RMB **80** million to the "China Women's Cervical Health Promotion Program" of the China Women's Development Foundation



Zhifei at the expert forum held for the 10th anniversary of the China Women's Cervical Health Promotion Program

In March 2023, the expert forum on the 10th anniversary of the "China Women's Cervical Health Promotion Program" was held in Chongqing. This forum was sponsored by the China Women's Development Foundation and supported by Chongqing Zhifei Biological Products Co., Ltd. In active response to the *Plan of Action for Accelerating Cervical Cancer Elimination (2023-2030)*, this forum was held to disseminate knowledge on tertiary prevention against cervical cancer to women for deeper awareness of prevention and treatment in them. At the forum, representatives of the Company and over 120 experts from 40 cities including Beijing, Shanghai, Guangzhou, Shenzhen, Chongqing, Chengdu, etc., gathered together to discuss new strategies and methods for women's cervical health promotion in the all-media era. They contributed valuable insights and suggestions on implementation of the program at the next stage.



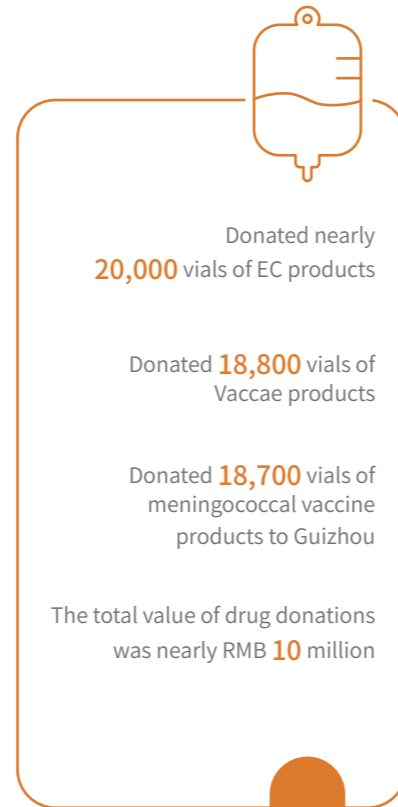
The expert forum held for the 10th anniversary of the China Women's Cervical Health Promotion Program in Chongqing

Drug donations

With dedication to protecting people's health, Zhifei shares vaccine story, delivers value and facilitates the establishment of community immunization with excellent products, and in this way incorporates public welfare into enterprise operations. Each year, the Company donates a certain number of immunization preparations, vaccines and biological products to organizations in need.

Zhifei has been engaged in the prevention and control of tuberculosis for years. The Recombinant Mycobacterium Tuberculosis Fusion Protein (EC) and Mycobacterium Vaccae for Injection (Vaccae), which were independently developed and produced by the Company, were successfully launched on the market as a powerful solution to ending the tuberculosis epidemic. Furthermore, the Company has multiple tuberculosis products in the clinical trial phase. With all of these products, Zhifei has developed a matrix for tuberculosis diagnosis, prevention, and treatment, contributing a lot to the progress of "Healthy China".

During the year, the Company actively donated medicines to government departments and non-profit organizations. Specifically, the Company donated nearly 20,000 vials of EC products and 18,800 vials of Vaccae products to Jiangsu, Guangxi, Hubei, Tibet and Chongqing. Additionally, the Company donated 18,700 vials of meningococcal vaccine products to Guizhou. The total value of these donations was nearly RMB 10 million.



Zhifei Longcom funded the Tuberculosis Public Welfare Project

Tuberculosis is a chronic and significant infectious disease that poses a significant threat to public health, and the Tibet Autonomous Region is one of the regions with a high incidence of tuberculosis in China. In May 2023, the opening ceremony and donation event for the Tibet Autonomous Region Tuberculosis Public Welfare Project was held in Lhasa. With the technical assistance from the National Center for Tuberculosis Control and Prevention, China CDC, Zhifei Longcom and the Chinese Foundation for Prevention of STD and AIDS collaborated to raise funds and materials. These resources will support 36 villages/communities across 7 cities in the entire Tibet Autonomous Region in screening, treating, and educating on latent tuberculosis infections. The total donations raised were over RMB 10 million. The public welfare program aims to facilitate the implementation of region-wide tuberculosis prevention and treatment plan in Tibet, better inform the targeted demographic of tuberculosis prevention and treatment, and push forward tuberculosis prevention and treatment efforts in depth across the region.



The Tuberculosis Public Welfare Program launched in Tibet Autonomous Region

2023

Drug donations with warmth

We donated **12,000** vials of Vaccae and **4,000** vials of EC to Tibet through the Chinese Foundation for Prevention of STD and AIDS

We donated **19,400** vials of EC 25U to the Liuzhou Disease Prevention and Control Center

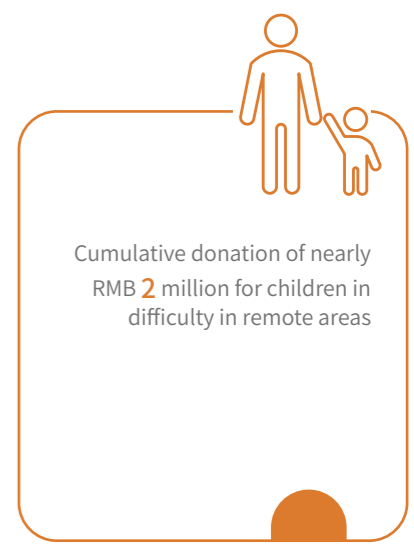
We donated **102** vials of COVID-19 Vaccines (0.5ml/bottle) to the Center for Disease Control and Prevention in Xiaonan District, Xiaogan City, Hubei Province



Promoting children education

Zhifei pays great attention to education and donated to the China Red Cross Foundation, Chongqing Charity Federation, rural schools, university libraries, etc. In 2023, the Company subsidized poor students and disabled children in Tongliang and Youyang through the Chongqing Welfare Foundation for Physically and Mentally Challenged to help improve their living and learning conditions, with a cumulative donation of nearly RMB 2 million for children in difficulty in remote rural areas.

For higher education, the Company worked with Peking University, the East China University of Science and Technology and other universities to set up education funds, to assist poor students, encourage entrepreneurship, employment and social practice, as well as strengthen the building of the teaching force. We take actions to promote educational charity and provide



substantial support to orphans, disabled, sick and vulnerable children and to bring them warmth. Moreover, we explore the transition from simply "offering educational assistance" to actively "providing mental health support", shifting our focus from viewing education solely as a means of alleviating poverty to using it as a tool for fostering benevolence and morality.



Zhifei at the public welfare activity - "Make Children's Dream Come True on Children's Day with Love"

On the 73rd International Children's Day in June 2023, Zhifei came to Tongliang District Special Education School in Chongqing and took part in the public welfare activity - "Make Children's Dream Come True on Children's Day with Love" organized by the Chongqing Welfare Foundation for Physically and Mentally Challenged, bringing festive love and blessings to a group of special children. Representatives of Zhifei prepared 100 love gifts (each valuing RMB 500) for the children, including such school and living supplies as stationeries, school bags, books and clothes, and special materials they need.



At the public welfare activity "Make Children's Dream Come True on Children's Day with Love"

In the future, Zhifei will continue to act on the call of the society with real actions and practice corporate social responsibility with the belief of public welfare. We will do all we can to support children with love and care, and let them truly feel warmth of the society. We will make every effort to create good conditions for them to grow up healthily and happily.

Rural construction and industrial revitalization

Zhifei actively responds to the call of the government for working together to build beautiful villages across China. In performing due social responsibilities, Zhifei has participated in poverty alleviation and assistance to Pinggu County in Beijing Economic-Technological Development Area, Jinzhai County in Anhui Province, Dashi Township of Dianjiang County of Chongqing Municipality, Huatian Township of Youyang County of Chongqing Municipality, Yaoshan Township of Pucheng County of Shaanxi Province and other areas. At the same time, the Company set up Zhifei Guangcai Charitable Fund, which has already helped the construction of 100 village health rooms in Guangxi Province, to enhance the level of local medical services and provide better medical protection for the health of people in rural areas. We have formed a replicable and sustainable rural support model that varies from village to village, helping to achieve a better life and common progress.

In 2023, the Company made great efforts in disability assistance, industrial assistance, and medical assistance to rural areas. For example, the Company spent RMB 140 thousand purchasing Jinzhai rice from Jinzhai County in response to poor sales of agricultural products there. We also participated in the activity "Assistance to Disabilities and Care for Peers" launched by the Chongqing Welfare Foundation for Physically and Mentally Challenged. Besides, we took our part in revitalization of remote rural areas by providing better medical security for the health of grassroots people in rural areas so that they could live a better life.



Deep involvement in poverty alleviation and assistance for a cumulative total of **100** villages

Spent RMB **140** thousand purchasing Jinzhai rice from Jinzhai County



Appendix I GRI Content Index

Disclosure number	Disclosure title	Chapter
General disclosures		
GRI2: The organization and its reporting practices		
GRI 2-1	Organizational details	About This Report
GRI 2-2	Entities included in the organization's sustainability reporting	About This Report
GRI 2-3	Reporting period, frequency and contact point	About This Report
GRI 2-4	Restatements of information	About This Report
GRI 2-5	External assurance	About This Report
GRI2: Activities and workers		
GRI 2-6	Activities, value chain, and other business relationships	Business layout
GRI 2-7	Employees	Compliant and fair employment
GRI 2-8	Workers who are not employees	Compliant and fair employment
GRI2: Governance		
GRI 2-9	Governance structure and composition	Standardized management for good corporate governance
GRI 2-10	Nomination and selection of the highest governance body	Standardized management for good corporate governance
GRI 2-11	Chair of the highest governance body	Standardized management for good corporate governance
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Standardized management for good corporate governance
GRI 2-13	Delegation of responsibility for managing reporting	Standardized management for good corporate governance
GRI 2-14	Role of the highest governance body in sustainability reporting	Board statement
GRI 2-15	Conflicts of interest	Stakeholder engagement
GRI 2-16	Communication of critical concerns	Stakeholder engagement
GRI 2-17	Collective knowledge of the highest governance body	Standardized management for good corporate governance
GRI 2-18	Evaluation of the performance of the highest governance body	Standardized management for good corporate governance
GRI 2-19	Remuneration policies	Standardized management for good corporate governance
GRI 2-20	Process to determine remuneration	Standardized management for good corporate governance
GRI 2-21	Annual total compensation ratio	Standardized management for good corporate governance
GRI2: Strategies, policies and practices		
GRI 2-22	Statement on sustainable development strategy	Board statement
GRI 2-23	Policy commitments	Board statement
GRI 2-24	Embedding policy commitments	Board statement
GRI 2-25	Processes to remediate negative impacts	Ever stringent quality control for supreme quality

Disclosure number	Disclosure title	Chapter
GRI 2-26	Mechanisms for seeking advice and raising concerns	Compliance and integrity first in operation Employee communication and care
GRI 2-27	Compliance with laws and regulations	Standardized management for good corporate governance
GRI 2-28	Membership associations	Joint forces for win-win results
GRI2: Stakeholder engagement		
GRI 2-29	Approach to stakeholder engagement	Stakeholder engagement
GRI 2-30	Collective bargaining agreements	Employee communication and care
GRI3: Material topics 2021		
GRI 3-1	Process to determine material topics	Materiality assessment
GRI 3-2	List of material topics	Materiality assessment
GRI 3-3	Management of material topics	Materiality assessment
Economic		
GRI201: Economic performance		
Management approach disclosures		Economic performance
GRI 201-1	Direct economic value generated and distributed	Economic performance
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Climate change mitigation and adaptation
GRI 201-3	Defined benefit plan obligations and other retirement plans	Employee communication and care
GRI203: Indirect economic impacts		
Management approach disclosures		Service strategy to promote social development Giving back to society
GRI 203-1	Infrastructure investments and services supported	Giving back to society
GRI 203-2	Significant indirect economic impacts	Giving back to society
GRI205: Anti-corruption		
Management approach disclosures		Compliance and integrity first in operation
GRI 205-1	Operations assessed for risks related to corruption	Compliance and integrity first in operation
GRI 205-2	Communication and training about anti-corruption policies and procedures	Compliance and integrity first in operation
GRI205-3	Confirmed incidents of corruption and actions taken	Compliance and integrity first in operation
GRI206: Anti-competitive behavior		
Management approach disclosures		Compliance and integrity first in operation
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance and integrity first in operation

Disclosure number	Disclosure title	Chapter
Environmental		
GRI301: Materials		
Management approach disclosures		Emission reduction and green production
GRI 301-1	Weight or volume of material used	Appendix II
GRI 301-2	Recycled input materials used	Emission reduction and green production
GRI 301-3	Reclaimed products and their packaged materials	During the year, Zhifei didn't reclaim any products or packaged materials.
GRI302: Energy		
Management approach disclosures		Low consumption of energy, cost reduction and efficiency improvement
GRI 302-1	Energy consumption within the organization	Low consumption of energy, cost reduction and efficiency improvement
GRI 302-3	Energy intensity	Low consumption of energy, cost reduction and efficiency improvement
GRI 302-4	Reduction of energy consumption	Low consumption of energy, cost reduction and efficiency improvement
GRI 302-5	Reductions in energy requirements of products and services	Low consumption of energy, cost reduction and efficiency improvement
GRI303: Water and effluents		
GRI 303-1	Interactions with water as a shared resource	Low consumption of energy, cost reduction and efficiency improvement
GRI 303-2	Management of water discharge-related impacts	Emission reduction and green production
GRI 303-3	Water withdrawal	Low consumption of energy, cost reduction and efficiency improvement
GRI 303-4	Water discharge	Emission reduction and green production
GRI 303-5	Water consumption	Low consumption of energy, cost reduction and efficiency improvement
GRI305: Emissions		
Management approach disclosures		Low consumption of energy, cost reduction and efficiency improvement
GRI 305-1	Direct (Scope 1) GHG emissions	Climate change mitigation and adaptation
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Climate change mitigation and adaptation
GRI 305-4	GHG emissions intensity	Climate change mitigation and adaptation
GRI 305-5	Reduction of GHG emissions	Low consumption of energy, cost reduction and efficiency improvement
GRI 305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant air emissions	Low consumption of energy, cost reduction and efficiency improvement
GRI306: Waste		
GRI 306-1	Waste generation and significant waste-related impacts	Emission reduction and green production
GRI 306-2	Management of significant waste-related impacts	Emission reduction and green production
GRI 306-3	Waste generated	Emission reduction and green production
GRI 306-4	Waste diverted from disposal	Emission reduction and green production
GRI 306-5	Waste directed to disposal	Emission reduction and green production
GRI308: Supplier environmental assessment		
Management approach disclosures		A responsible supply chain
GRI 308-1	New suppliers that were screened using environmental criteria	A responsible supply chain
GRI 308-2	Negative environmental impacts in the supply and actions taken	A responsible supply chain

Disclosure number	Disclosure title	Chapter
Social		
GRI401: Employment		
Management approach disclosures		Compliant and fair employment
GRI 401-1	New employee hires and employee turnover	Compliant and fair employment
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compliant and fair employment
GRI402: Labor/Management relations		
Management approach disclosures		Compliant and fair employment
GRI403: Occupational health and safety		
Management approach disclosures		Safety and health
GRI 403-1	Occupational health and safety management system	Safety and health
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Safety and health
GRI 403-3	Occupational health services	Safety and health
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Safety and health
GRI 403-5	Worker training on occupational health and safety	Safety and health
GRI 403-6	Promotion of worker health	Safety and health
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety and health
GRI 403-8	Workers covered by an occupational health and safety management system	Safety and health
GRI 403-9	Work-related injuries	Safety and health
GRI 403-10	Work-related ill health	Safety and health
GRI404: Training and education		
Management approach disclosures		Employee training and development
GRI 404-1	Average hours of training per year per employee	Employee training and development
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Employee training and development
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Employee training and development
GRI405: Diversity and equal opportunity		
Management approach disclosures		Compliant and fair employment
GRI 405-1	Diversity of governance bodies and employees	Compliant and fair employment
GRI 405-2	Ratio of basic salary and remuneration of women to men	Compliant and fair employment
GRI406: Non-discrimination		
Management approach disclosures		Compliant and fair employment
GRI 406-1	Incidents of discrimination and corrective actions taken	Compliant and fair employment
GRI407: Freedom of association and collective bargaining		
Management approach disclosures		Employee communication and care
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	During the year, there were no operations and suppliers at risk in Zhifei.

Disclosure number	Disclosure title	Chapter
GRI408: Child labor		
Management approach disclosures		Compliant and fair employment
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	During the year, there were no operations and suppliers at significant risk for incidents of child labor in Zhifei.
GRI409: Forced or compulsory labor		
Management approach disclosures		Compliant and fair employment
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	During the year, there were no operations and suppliers at significant risk for incidents of forced or compulsory labor in Zhifei.
GRI413: Local communities		
Management approach disclosures		Service strategy to promote social development Giving back to society
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Giving back to society
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	During the year, there were no operations with significant actual and potential negative impacts on local communities in Zhifei.
GRI414: Supplier social assessment		
Management approach disclosures		A responsible supply chain
GRI 414-1	New suppliers that were screened using social criteria	A responsible supply chain
GRI 414-2	Negative social impacts in the supply chain and actions taken	A responsible supply chain
GRI416: Customer health and safety		
Management approach disclosures		Responsible and professional services
GRI 416-1	Assessment of the health and safety impacts of product and service categories	A responsible supply chain
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During the year, there were no incidents of non-compliance concerning the health and safety impacts of products and services in Zhifei.
GRI417: Marketing and labeling		
Management approach disclosures		Responsible and professional services
GRI 417-1	Requirements for product and service information and labeling	Responsible and professional services
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	During the year, there were no incidents of non-compliance concerning product and service information and labeling in Zhifei.
GRI 417-3	Incidents of non-compliance concerning marketing communications	During the year, there were no incidents of non-compliance concerning marketing communications in Zhifei.
GRI418: Customer privacy		
Management approach disclosures		Responsible and professional services
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the year, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data in Zhifei.

Appendix II Summary of ESG Key Performance Indicators

Governance and social indicators

Employment

ESG indicator	Unit	2023
Total employees	Person	6,545
By gender		
Male	Person	3,976
Female	Person	2,569
By age group		
Under 31 years old	Person	3,856
31-40 years old	Person	2,200
41-50 years old	Person	401
Over 50 years old	Person	88
By geographical region		
China (including Hong Kong, Macao and Taiwan)	Person	6,545
By education		
Doctoral degree	Person	17
Master's degree	Person	730
Bachelor's degree and below	Person	5,798
By profession		
Production staff	Person	1,216
Sales staff	Person	3,990
R&D staff	Person	927
Finance staff	Person	68
Management staff	Person	344
By position level		
Senior management	Person	38
Middle management	Person	834
General personnel	Person	5,673
Total new employees	Person	1,313

ESG indicator	Unit	2023
By gender		
Male	Person	816
Female	Person	497
By age group		
Under 31 years old	Person	1,104
31-40 years old	Person	198
41-50 years old	Person	8
Over 50 years old	Person	3
By geographical region		
China (including Hong Kong, Macao and Taiwan)	Person	1,313
Employment diversity and equal opportunities		
Board of Directors		
Male	Person	8
Female	Person	1
Management		
Male	Person	616
Female	Person	256
General personnel		
Male	Person	3,360
Female	Person	2,313
Others		
Ethnic minorities	Person	308
Disabled persons	Person	29
Rehired retirees	Person	23
Compliant employment		
Operations and suppliers at significant risk for incidents of child labor	Case	0
Operations and suppliers at significant risk for incidents of forced or compulsory labor	Case	0
Total number of incidents of discrimination during the reporting period	Case	0
Turnover rate¹	%	8.14

Note:

1. The formula of turnover rate: Turnover rate = Number employees resigned/(Number of employees at the end of the period + Number of employees resigned).

Training and development

ESG indicator	Unit	2023
Total hours of training for employees	Hour(s)	484,566.00
Average hours of training per year for employees	Hour(s)	74.04
By gender		
Male	Hour(s) per person	74.04
Female	Hour(s) per person	74.04
By position level		
Senior management	Hour(s) per person	45.00
Middle management	Hour(s) per person	62.00
General personnel	Hour(s) per person	76.00
Percentage of employees receiving regular performance and career development reviews	%	100

Health and safety²

ESG indicator	Unit	2023
Investments in health and safety	RMB 10,000	1,112
Investments in work safety	RMB 10,000	803.5
Investments in occupational health and safety	RMB 10,000	308.5
Work safety training		
Total hours of work safety training	Hour(s)	21,079
Total number of participants in work safety training	Person	3,163
Work-related injuries		
Number of employee deaths and mortality rates due to work-related injuries	Person; %	0;0
Work-related ill health		
Number of employee deaths due to work-related ill health	Person	0

Note:

2. The data of occupational health and safety indicators covers the two main production and R&D bases of Zhifei Longcom and Zhifei Lvzhu.

Product R&D and innovation

ESG indicator	Unit	2023
Amount invested in R&D	RMB 100 million	13.45
Total number of patents granted	Case	50

Marketing and labeling

ESG indicator	Unit	2023
Incidents of non-compliance concerning product and service information and labeling		
Number of incidents in which fines or penalties are imposed for non-compliance	Case	0
Number of incidents in which warnings are issued for non-compliance	Case	0
Number of incidents of violations of the voluntary code	Case	0
Incidents of non-compliance concerning marketing communications		
Number of incidents in which fines or penalties are imposed for non-compliance	Case	0
Number of incidents in which warnings are issued for non-compliance	Case	0
Number of incidents of violations of the voluntary code	Case	0

Customer Service Management

ESG indicator	Unit	2023
Incidents of non-compliance concerning the health and safety impacts of products and services		
Number of incidents in which fines or penalties are imposed for non-compliance	Case	0
Number of incidents in which warnings are issued for non-compliance	Case	0
Number of incidents of violations of the voluntary code	Case	0
Substantiated complaints concerning breaches of customer privacy and losses of customer data		
Number of complaints from external parties that have been substantiated by the organization	Case	0
Number of complaints from regulators	Case	0
Total number of leaks, thefts or losses of customer data confirmed	Case	0
Total number of substantiated complaints received concerning breaches of customer privacy	Case	0

Infrastructure investments and services supported

ESG indicator	Unit	2023
Public donation	RMB 10,000	4,200
Annual participation in charity projects	Case	14

Anti-corruption

ESG indicator	Unit	2023
Number of anti-corruption trainings	Times	232
Number of people participated in anti-corruption trainings	Person	67,728

Environmental indicators³

Energy

ESG indicator	Unit	2023
Total energy consumption within the organization	GJ	972,335.00
Total non-renewable fuel consumption ⁴	GJ	229,088.70
Petrol	GJ	738.25
Natural gas	GJ	228,350.44
Electricity and heating purchased for consumption ⁵	GJ	743,246.30
Electricity consumption	GJ	370,895.99
Heat consumption	GJ	372,350.31
Energy consumption intensity	GJ/RMB 10,000 of revenue	0.18

Note:

- The data of environmental indicators covers the two main production and R&D bases of Zhifei Longcom and Zhifei Lvzhu.
- The thermal unit conversion factors for the total consumption of each type of non-renewable fuel refer to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions for Enterprises in Other Industries issued by the Development and Reform Commission of the People's Republic of China on July 6, 2015, in which the volume-to-weight conversion factors for gasoline refer to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC).
- The thermal unit conversion factors of heat consumption refer to the Energy Data Manual issued by the International Energy Agency.

Water and effluents

ESG indicator	Unit	2023
Total water withdrawal	m ³	1,930,935.60
Third party facilities (Water supply by the government)	m ³	1,838,884.00
Others (Usage of reclaimed water)	m ³	92,051.60
Intensity of water withdrawal	m ³ / RMB 10,000 of revenue	0.36
Sewage discharge	m ³	1,377,115.59
Intensity of sewage discharge	m ³ / RMB 10,000 of revenue	0.26
Total water consumption	m ³	553,820.01
Intensity of water consumption	m ³ / RMB 10,000 of revenue	0.10
Industrial wastewater pollutants		
COD	Tons	31.74
Intensity of COD	Tons/ RMB 10,000 of revenue	0.000006
Ammonia nitrogen	Tons	1.69
Intensity of ammonia nitrogen	Tons/ RMB 10,000 of revenue	0.0000003

Environmental compliance

ESG indicator	Unit	2023
Total investments in EHS	RMB 10,000	1,572
Total investments in environmental protection	RMB 10,000	460
Non-compliance with environmental laws and regulations		
Total monetary value of material fines	RMB	0
Total non-monetary sanctions	Times	0
Number of cases filed under the dispute settlement mechanism	Times	0

Material Consumption

ESG indicator	Unit	2023
Total material usage	Tons	1,023.39
Non-renewable material usage ¹¹	Tons	221.41
Renewable material usage ¹²	Tons	801.98
Intensity of material consumption	Tons/ RMB 10,000 of revenue	0.0002

Note:

11. Non-renewable materials include mainly glass.

12. Renewable materials include mainly plastics, paper, silicone tubing, cardboard boxes, rubber stoppers and polyvinyl chloride (PVC).

Emission

ESG indicator	Unit	2023
Total GHG emissions	Tons of CO ₂ e	113,925.22
Direct (Scope 1) GHG emissions ⁶	Tons of CO ₂ e	14,210.53
Indirect (Scope 2) GHG emissions ⁷	Tons of CO ₂ e	99,714.69
GHG emission intensity ⁸	Tons of CO ₂ e/ RMB 10,000 of revenue	0.02
Waste gas emissions (Production process)	10,000 m ³	44,362.08
Nitrogen oxide emissions	kg	2,432.66
Particulate matter (PM) emissions	kg	7.19
Sulfur dioxide emissions	kg	1.67
Intensity of waste gas emission (Production process)	10,000 m ³ / RMB 10,000 of revenue	0.008

Note:

6. The sources of direct (Scope 1) GHG emissions generated include: fuel combustion from stationary sources (pipeline natural gas); emissions from mobile combustion sources during fuel consumption, including gasoline consumption in business vehicles; and HFC and PFC emissions released from the use of refrigeration/air conditioning equipment. Emission factors for stationary sources are referenced to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions for Enterprises in Other Industries issued by the Development and Reform Commission of the People's Republic of China on July 6, 2015; emission factors for mobile combustion sources and refrigerants and global warming potentials refer to the IPCC Fifth Assessment Report (AR5) (2014).

7. The sources of indirect (Scope 2) GHG emissions generated include: emissions from purchased electricity and heat. The emission factors of electricity refer to the Notice on the Management of Greenhouse Gas Emissions of Enterprises in the Power Generation Industry for 2023-2025 issued by the Ministry of Ecology and Environment of the People's Republic of China on February 7, 2023; the emission factors of heat refer to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries issued by the Development and Reform Commission of the People's Republic of China on July 6, 2015.

8. GHG emissions intensity is calculated by taking the sum of the Company's direct (Scope 1) and indirect (Scope 2) GHG emissions for the year as the numerator and the Company's operating income for the year as the denominator.

Wastes

ESG indicator	Unit	2023
Total non-hazardous waste emissions ⁹	Tons	878.32
Intensity of non-hazardous waste discharge	Tons/ RMB 10,000 of revenue	0.0002
Total hazardous waste discharge ¹⁰	Tons	671.87
Intensity of hazardous waste discharge	Tons/ RMB 10,000 of revenue	0.0001

Note:

9. The Company's non-hazardous waste mainly consists of solid waste, office waste and kitchen garbage.

10. The Company's hazardous waste mainly consists of pharmaceutical waste, etc.



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