康龙化成
PHARMARON

Pharmaron Beijing Co., Ltd.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 3759

2022 Environmental, Social and Governance Report

Pharmaron Beijing Co., Ltd.

* For identification purposes only

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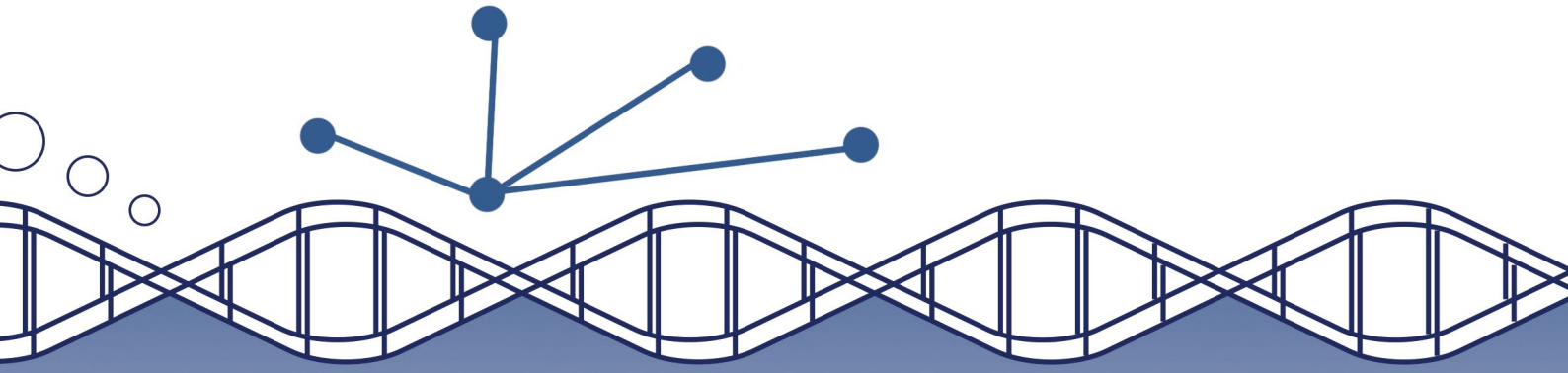

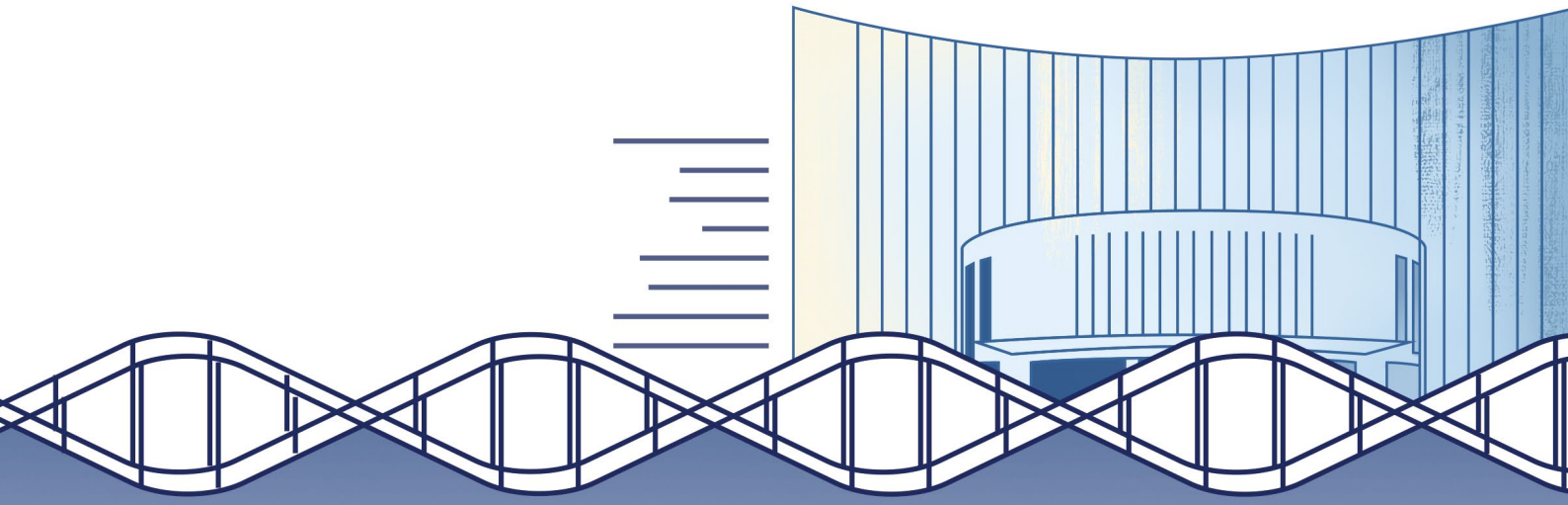

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About this Report

Reporting Period

This report is the fourth Environmental, Social and Governance (ESG) report issued by Pharmaron Beijing Co., Ltd. and covers data from January 1 to December 31, 2022, with certain data from previous years included where relevant.

Scope

The contents of this report relate to Pharmaron Beijing Co., Ltd. and its important subsidiaries. The references “Pharmaron”, “the Group”, “the Company”, or “We” are also used herein for convenience.

Disclosure Requirements and References

This report has been prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the “ESG Reporting Guide”) issued by The Stock Exchange of Hong Kong Limited ("HKEx"), with reference to the *Guidelines for Corporate Social Responsibility of Shenzhen Stock Exchange Listed Companies* issued by the Shenzhen Stock Exchange (SZSE), the *GRI Standards* issued by the Global Sustainability Standards Board (GSSB), and the Key Issues of the MSCI ESG Ratings and ISS ESG Ratings.

ESG Reporting Principles

Materiality This report follows the HKEx materiality principle to disclose the review of ESG issues by the Board of Directors and the ESG Working Group, the stakeholder engagement, the process of identifying material issues, and the materiality matrix. For detailed information, please refer to the corresponding sections below.

Quantitative The statistical standards, methodologies, assumptions and/or calculation tools for the quantitative Key Performance Indicators (KPIs) in this report, along with the sources of conversion factors used, are disclosed in the “notes” below the indicator tables.

Balance This report presents the Group's performance during the reporting period in an impartial manner to avoid choices, omissions, or presentation formats that may unduly influence the decisions or judgments of readers of the report.

Consistency The statistical methods used for the data disclosed in this report are consistent.

References

References in the report	Standing for
the Group, we	The Company and its subsidiaries
Pharmaron, the Company	Pharmaron Beijing Co., Ltd.
Pharmaron Tianjin	Pharmaron (Tianjin) Process Development and Manufacturing Co., Ltd.
Pharmaron Ningbo Tech	Pharmaron (Ningbo) Technology Development Co., Ltd.
Pharmaron Shanghai	Pharmaron Shanghai Co., Ltd.
Pharmaron TSP	Pharmaron (Beijing) TSP Services Co., Ltd.
Pharmaron Shaoxing	Pharmaron Shaoxing Co., Ltd.
Pharmaron Clinical	Pharmaron (Chengdu) Clinical Services Co., Ltd.
Pharmaron Biologics UK	Pharmaron Biologics (UK) Ltd
Pharmaron UK	Pharmaron UK Limited

Reporting Currency

Unless otherwise specified, all references to monetary amounts in this report are in RMB (yuan).

ESG Governance Statement from the Board

The Board of Directors (the "Board") issued the following statement regarding the ESG governance of Pharmaron in 2022:

ESG Responsibilities of the Board

The Board is ultimately responsible for Pharmaron's ESG governance. The ESG Executive Committee under the Strategy Committee of the Board is responsible for identifying major ESG issues and risks, developing ESG-related goals, formulating and updating ESG management strategies, and reporting to the Strategy Committee to ensure that the sustainable development strategy is aligned with the overall business objectives of the Company. The Board identifies, evaluates, and manages ESG issues that are highly relevant to the Group's businesses. On regular basis, the Board receives reports from the ESG executive committee management team, and discusses ESG-related motions at least once a year. The Board also reviews the Group's ESG report annually and monitors the progress on implementing ESG-related goals.

Board members have extensive experience in various aspects such as information security, scientific research, company management, investment, legal services, finance and auditing. The Board has reviewed the qualification of the board of directors, structure and composition of the Board, and considers that the Board structure is reasonable, and the board of directors are skilful in various aspects to supervise the high quality ESG work in the Company.

This report aims to provide updates on the Group's ESG-related progress and achievements in 2022. It was reviewed and approved by the Board before publication. The Board and all the directors of the Group guarantee that the information in this report does not contain false records, misstatements, or omission of material facts. All the directors assume accountability for the authenticity, accuracy, and completeness of this report.

[1] The Science Based Targets initiative (SBTi) is a global initiative launched by the World Wide Fund for Nature (WWF), Carbon Disclosure Project (CDP), World Resources Institute (WRI) and the United Nations Global Compact (UNGC) in 2015 and dedicated to science-based carbon reduction targets and best practices, enabling businesses to set carbon emission reduction targets in line with the goal of holding the global average temperature increase to well below 1.5°C as stated in the Paris Agreement.

Identification of ESG Key Risks and Management of ESG Issue

The Board places significant emphasis on sustainability and ESG management. The Group has established diversified communication channels with stakeholders, regularly carried out identification and assessment of ESG risks based on macro policies, strategic planning, production and operation status, etc., and conducted materiality assessments through stakeholder questionnaires, stakeholder interviews, and expert assessments. On this basis, the Board identifies the key ESG issues of the Group and ensures that the major risks have been well considered in the overall strategy of the Group and properly dealt with.

Performance Review of ESG Goals Implementation

The Group has set performance goals in terms of climate change, environmental protection, and employee safety. The performance of implementing the ESG Goals was reviewed regularly. Additionally, we have signed the *SBTi Commitment Letter*[1]. In the future, with the support from all the stakeholders, we will continue to focus on the climate change actively implement measures to reduce the emission to make Pharmaron greener and sustainable. Details are set out in the relevant sections of this report.

A Message from Our Chairman

> 2023 marks Pharmaron's 20th anniversary. As always, we must respect safety, science and life and will consistently concentrate our efforts to sustainability, as well as to the health of mankind.

2022 was an exceptionally challenging year against an unprecedented level of complexity and uncertainty in domestic and international geopolitics. Our mission to "support our partners' success in discovery, development and commercialization of innovative medicines" remains unchanged. Our team is focused on strengthening our competitive edge across our integrated platform. Our corporate principle, "Employee First and Client Centered" facilitates high-quality service development and business growth. The highlights in our four platforms are Laboratory Services, CMC Services (Small Molecule CDMO), Clinical Development Services, and Biologics and CGT.

We solidify top-level design and lay a solid foundation for sustainable growth of the Company. We adhered to the three-tiered ESG structure, deepened the leading responsibility of the Board in ESG evaluation, decision-making and supervision, improved the communication mechanism with stakeholders, and revised the ESG Management Measures, the ESG Information Management Handbook to fully integrate sustainability into corporate management initiatives. Additionally, we established the compliance and risk management mechanism and associated compliance policies including Anti-Fraud and Whistleblowing Regulations, Business Ethical handbook, etc., to enhance the corporate compliance management system and to ensure the Company's healthy and sustainable development.

We provide our clients with high-quality, value-added services and novel solutions. We have focused efforts to build an integrated platform that includes drug discovery, preclinical and clinical development, improving quality control system and test procedures, while adhering to strict international quality regula-

tory standards. We have formulated hundreds of standard operating procedures (SOP) to ensure standardization and implemented an information security policy served to ensure information is protected for the purpose of confidentiality, integrity, and availability. We also protect intellectual property rights in accordance with our intellectual property protection system. In principles of honesty and mutual benefit, we are working hard to strengthen management with suppliers, create a fair and transparent environment and deepen cooperation with clients, suppliers and other stakeholders while approaching the objectives towards sustainable growth.

We highlight ethical issues. Risk control has been effectively applied in aspects ranging from design to practice for clinical trials in a bid to safeguard the security, interest, and dignity of subjects. The Institutional Animal Care and Use Committee (IACUC) was established to evaluate and supervise issues on animal welfare. In terms of animal care, we adhere to the “3R (Replacement, Reduction and Refinement)” principle to continuously improve animal welfare.

We remain focused on doing our part to respond to the UN’s call for action on climate change and carbon neutrality worldwide in pursuit of a green value chain. Challenges come with opportunities. Globally speaking, countries around the world are entering into the reconstruction stage. Economic upheavals occur from time to time, while the climate crisis and energy security issues remain unsolved and demand immediate action. In June 2022, we signed SBTi Commitment Letter (Science Based Targets initiative) as a part of the international initiative connecting the Paris Agreement’s goal to control global temperature. Sorting out the carbon footprint gave us a better understanding of greenhouse gas emission management for our business and supply chain, and has helped our team identify where gaps lie. In the future, we will continue to contribute to sustainability transformation in the industry by exploring green development paths for the company and towards the value chain, by globally rolling out our abatement strategy and reduction measures, and by implementing sustainability goals responsively into practices.

Our employees’ career development is a top priority for the Company’s overall development. While working on an open, fair, and inclusive environment for employees, we value each individual and their interests and opportunities. Our training platforms are established to provide employees with high-quality training resources, an international vision, fair promotion opportunities, and a broad platform. Despite the challenges faced over the past three years, employees are making remarkable achievements with their practicability, diligence, courage and confidence.

2023 marks Pharmaron’s 20th anniversary. As always, we must respect safety, science and life. We continue to dive into the service field to help our partners with discovery, development and commercialization of innovative medicines. We strive to meet our customers’ needs by responding swiftly and by capitalizing on our speed and cost advantages to support our partner’s success in new drug R&D. Practicing self-confidence, self-reflection, self-discipline, and then self-motivation will consistently concentrate our efforts to sustainability, as well as to the health of mankind.

Dr. Boliang Lou

Chairman and CEO of Pharmaron

About Us

Group Profile

Pharmaron (stock code: 300759.SZ/3759.HK) is a leading fully-integrated pharmaceutical R&D services platform with global operations to accelerate drug innovation for our customers, providing fully-integrated drug research, development and manufacturing services throughout the research and development cycle. The Company keeps strengthening the integration of its service offerings both vertically and horizontally, continuously investing in building new service capabilities and improving management efficiency to meet the needs of the market and customers. Vertically, the Company is strengthening the seamless integration of the same discipline across different pharmaceutical R&D stages. Horizontally, the Company is strengthening the integration of different disciplines at the same pharmaceutical R&D stages, improving the science and technology of each discipline, expanding the service offerings, and promoting the interdisciplinary collaborations. In addition, the Company has made efforts to expand its R&D service capabilities for Biologics and CGT services based on its well-established small molecules drug R&D service platforms, and committed to becoming a global leader in pharmaceutical R&D services across multiple therapeutic modalities. Through continuous investment and optimization and integration in the past few years, the Company's two mature platforms, laboratory services and CMC[2] (small molecule CDMO[3]) services, saw continual improvement in service capabilities, production scale and operational efficiency; on the other hand, two new platforms, clinical development services and biologics and CGT services, have completed initial construction and integration of service capabilities, and the business scale and operational efficiency will be gradually optimized in the future. In addition, the Company further has developed the global footprints of its fully-integrated services platform to provide customers with interdisciplinary, cross-regional, and global service solutions, making full use of the Company's global scientific research talent network and meet customers' regional strategic needs.

[2] Chemistry, Manufacture and Controls, as a new drug approval focus, it involves process development and scale-up research, formulation development, quality control system research and a whole set of drug production-related content.

[3] Contract development and manufacturing organization(s), a CMO that, in addition to comprehensive drug manufacturing services, also provide process development and other drug development services in connection with its manufacturing services.

[4] Computer-aided drug design, the use of computers (or workstations) to aid in the creation, modification, analysis, or optimization of novel compounds or biologics.

Our principal business is categorized into four business segments, namely laboratory services, CMC (small molecule CDMO) services, clinical development services, and Biologics and CGT services, which mainly cover the following services:

1. Laboratory services

Laboratory services of the Company include laboratory chemistry and bioscience services.

Pharmaron's business started from laboratory chemistry, which is also at the core of the development of the Company. Laboratory chemistry services include medicinal chemistry, synthetic chemistry, analytical and purification chemistry, and computer-aided drug design (CADD)[4]. Laboratory chemistry provide customers with chemistry services such as design and synthesis of compound library, discovery of hit and lead compounds, design and/or synthesis and optimization of lead compounds, and chiral and non-chiral separation and purification.

Bioscience services include in vitro and in vivo DMPK/ADME, in vitro biology and in vivo pharmacology, safety assessment and US laboratory services. Bioscience services provide customers with drug discovery services such as target validation, structure activity relationship studies, candidate compound identification, and druggability studies. The Company's US laboratory services provide customers with DMPK/ADME[5] and bioanalysis required in the discovery and development of small molecule pharmaceutical products and in the areas of ophthalmology and medical devices.

2. CMC (small molecule CDMO) services

Our experienced CMC (small molecule CDMO) services team provides customers with small molecule APIs process development and manufacturing, material science/ pre-formulation, formulation development and manufacturing, and analytical development services to support pre-clinical and other stages of clinical development and commercial manufacturing needs. The process development and manufacturing team provides such services as discovery and development of efficient and green synthetic routes, optimization of existing synthetic routes, and process scale-up; the material science/preformulation team provides services for crystal screening, process development, and early formulation development; the formulation development team designs, modifies, and prepares oral formulations to satisfy preclinical, clinical, and commercial needs; and the analytical development team provides comprehensive analytical support for process development and manufacturing of APIs and pharmaceutical products.

The CMC (small molecule CDMO) services of the Company mainly provide pharmaceutical companies with chemical and formulation process development and manufacturing services with capabilities and capacities to cover the needs in all clinical and commercial stages. The cGMP API and drug product manufacturing facilities of the Company have had the qualification to manufacture products to support clinical trials in global markets, including US, China and EU. Our quality assurance system follows the guidelines of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH Guidelines) and supports the development and manufacture of APIs and pharmaceuticals meeting the regulatory requirements from FDA[6], NMPA[7] and EMA[8], and can also support the preparation of complete regulatory data packages and documentation for regulatory filings and cGMP[9] audits in US, EU, and Asia.

[5] DMPK, drug metabolism and pharmacokinetics, the studies designed to determine the absorption, metabolism, excretion and the kinetic study of a drug or potential drug either in an in vitro or in vivo setting. ADME, Absorption, Distribution, Metabolism and Excretion, the analysis of the body's processes of altering, utilizing and eliminating ingested and administered drugs and xenobiotics, either in an in vitro or in vivo setting.

[6] FDA, the Food and Drug Administration of the US

[7] NMPA, National Medical Product Administration (formerly known as China Food and Drug Administration), the authority responsible for approving drug and biologic products in China.

[8] European Medicines Agency, a European Union body responsible for the protection and promotion of human and animal health by means of evaluating and monitoring medicines within the European Union and the European Economic Area.

[9] Current Good Manufacturing Practice, regulations enforced by the FDA or other regulatory authorities on pharmaceutical and biotechnology firms to ensure that the products produced meet specific requirements for identity, strength, quality and purity.

3. Clinical development services

Our clinical development services include overseas and domestic clinical development services.

The overseas clinical development services include radiolabeled science services and early-stage clinical trial services. The radiolabeled science services of the Company help customers synthesize 14C and tritium 3 H radiolabeled compounds and use for DMPK/ADME studies of various compounds in human, so as to accelerate their clinical development process. Through the independent early clinical R&D center with 96 beds in Maryland, US, the Company provides customers with clinical research services including comprehensive FIH studies, vaccine development/ infectious challenge studies, comprehensive 14C drug absorption, distribution and excretion trial, TQT/cardiac safety[10], and cross-ethnic bridging studies.

Domestic clinical development services include clinical research services and site management services, covering different service needs of clinical research. Among which, clinical research services mainly include: regulatory affairs and product registration, medical affairs, medical monitoring, clinical operations, data management and biostatistics, bioanalysis, pharmacovigilance, quantitative pharmacology, etc.; site management services include CRC services, hospital research and selection, SSU[11] rapid start-up, healthy and patient volunteer recruitment and management, quality assurance and its training, post-marketing studies, etc.

The Company's bioanalytical platforms in China and US are able to support the bioanalysis of clinical trials of small molecules and biologics around the world. In addition, with the collaboration among the domestic and overseas clinical development services and the pre-clinical service offerings, it allows the Company to simultaneously submit IND[12] applications for customers' drug candidates to regulatory agencies in China, US and EU.

4. Biologics and CGT services

Biologics and CGT services include biologics discovery, development and manufacturing services (CDMO), CGT lab services and Gene therapy CDMO services.

Biologics discovery services include biologics plasmid design, cell screening, target biologics expression and purification, analytical method development, and analysis of products, primarily serving various needs for cells and proteins, including mAbs, at the early stage of research and development.

For biologics development and manufacturing services (CDMO), the Company is accelerating the build-up of the biologics CDMO service platform. It is expected that the biologics drug development and manufacturing facility with a facility of nearly 70,000 m^2 will be put into operation in 2023. After the project is completed, it will be able to provide services including cell line supply and cell culture development, upstream and downstream process development, formulation development and fill-and-finish process development, supported by analytics with method development, as well as drug substance and product manufacturing services armed with 200L to 2,000L production capacity to support projects from pilot to commercial stage production.

Biologics and CGT lab services include analytical method development and validation for various proteins, cells, and DNA[13] and RNA[14] products. The analytical platform also provides services in evaluation of activity, toxicity, tissue distribution and viral shedding, as well as quantitative analysis of gene and cell products, in compliance with GLP[15]/GCP[16]/GMP[17] regulations during the pre-clinical and clinical development and marketing stages.

Gene therapy CDMO services include plasmid synthesis containing therapeutic genes, cell line development, cell bank establishment, plasmid and cell production process development, formulation process development, manufacturing of products, analytical method development and validation, product-related impurities identification and analysis, stability evaluation, product analysis and GMP batch release, etc., covering the entire gene therapy CDMO process, to support the needs for pre-clinical safety evaluation, Phase I, II and III clinical trials, and post-marketing product life cycle management. The facility has been licensed by MHRA[18], the UK pharmaceutical administration authority, for the manufacture of biologics and CGT products.

[10] This study means observing and describing all ECG changes of the subject in an all-round manner at the early stage of a clinical trial on the drug and measuring the extension of the QT/QTc interval to determine whether the drug will impact the heart repolarization and the extent of impact, judge the risk of malignant arrhythmia it will trigger, and provide the data support in deciding whether to enter the next drug research and development stage.

[11] Study Start up, the startup specialist of a clinical project.

[12] IND stands for Investigational new drug, an experimental drug for which a pharmaceutical company obtains permission to conduct clinical trials before a marketing application for the drug has been approved.

[13] A molecule that carries most of the genetic instructions used in the development, functioning and reproduction of all known living organisms and many viruses.

[14] Ribonucleic acid, complex compound of high molecular weight that functions in cellular protein synthesis and replaces DNA as a carrier of genetic codes in some viruses.

[15] Good Laboratory Practice, a quality system of management controls for research laboratories and organizations to try to ensure the uniformity, consistency, reliability, reproducibility, quality and integrity of chemical and pharmaceuticals nonclinical safety tests.

[16] Good Clinical Practice, an international ethical and scientific quality standard for the performance of a clinical trial on medicinal products involving humans.

[17] Good Manufacturing Practice, a quality system of management controls for laboratories and manufacturing facilities to ensure that a series of quality, health and safety management measures implemented in the drug production process, trying to achieve the uniformity, consistency, reliability, reproducibility, quality and integrity of pharmaceuticals manufactured.

[18] UK Medicines and Healthcare products Regulatory Agency, an executive government agency under the U.K. Department of Health that ensures the safety and effectiveness of medicines and medical devices. It also works with UK blood service organizations and health agencies to regulate blood and blood products to ensure blood quality and safety.

Awards and Recognitions

Shenzhen Stock Exchange

Received an "**A**" rating (highest rating) in the Information Disclosure assessment for the third consecutive year

2022 High-Quality Development Conference of the Great Health Industry and the 7th China Pharmaceutical R&D and Innovation Summit

Top 20 Chinese R&D CRO Enterprises in 2022

Hong Kong Ta Kung Wen Wei Media Group, together with China Association for Public Companies, Hong Kong Chinese Enterprises Association, Chinese Financial Association of Hong Kong, Chinese Securities Association of Hong Kong and HKCGI

"Best Listed Company at ESG Practices" awarded in 12th China Securities Golden Bauhinia Awards

China Biopharmaceutical Industry Chain Alliance for Innovation and Transformation, and the editorial board of the authoritative pharmaceutical journal Progress in Pharmaceutical Sciences

"Golden Horse Award - 2022 Best Preclinical CRO/CDMO Enterprise (Mature Group)" listed on 2022 China Biopharmaceutical Industry Chain Innovation Billboard

2022 Best Clinical CRO Enterprise (Emerging)

DHL and SCMP

"International Award" awarded in Hong Kong Business Awards

51 Job

"Best Beijing Employer" awarded in the China Best Employer Award 2022

Moka HR

Best Employer Brand Award 2022 ("Sirius" China Human Resources Commendation 2022)

Yicai

"Most Influential Enterprises of the Year" awarded on CCV Award Ceremony

Sponsor: Top 100 Hong Kong Listed Companies Research Centre
Co-sponsors: FINET, FUTU I&E and Farseer

Ranked eighth among the "Top 25 Pharmaceutical Companies" selected by Top 100 Hong Kong Listed Companies Research Centre

The Securities Times

"Top 50 Listed Companies on the Growth Enterprise Market in China" awarded in the 16th Awards of the Value of Listed Companies in China

Beijing Enterprise Confederation and Beijing Entrepreneurs Association

2022 Top 100 Companies in Beijing

Performance Highlight

Financial Performance:

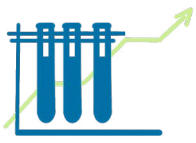
- During the reporting period, the Company realized revenue of RMB **10,266.3** million, with a year on year growth of **37.92%**

ESG Governance:

- A three-tiered ESG governance structure consisting of the governance, management, and execution has been established
- 2 sustainability resolutions have been reviewed and adopted by the Strategy Committee during the reporting period
- MSCI ESG rating scored **BBB**
- ISS Governance rating maintains in a high level among peers
- CPD Climate Change scored **B**
- Bronze Medal granted by EcoVadis
- 36 ESG-related material issues have been identified and summarized

Ethics and Compliance:

- Conducted company-wide compliance risk assessment and improve as well as revised associated policies and procedures
- Gradually improved three-tiered compliance management system
- **100%** training coverage for all Board members on anti-corruption
- Anti-corruption training covered **100%** of all employees
- Sucessfuly renewed the qualification of the ISO27001
- Established policy and procedure of data privacy
- Certified by AAALAC International and passed its accreditation during the reporting period



Innovation, Research and Development (R&D):

- Pharmaron Shaoxing's small molecule APIs manufacturing has been put into operation
- Leading fully-integrated pharmaceutical R&D service platform with evolving clinical trial capabilities
- R&D expenses increased by RMB **130,550,300**, representing an increase of **86.02%**

Empowering Talent Development:

- **19,481** employees in total, **131** employees with disabilities, **53.51%** female employees

- Collaborated with **20** universities and set up "Pharmaron Internship Practice Base", which supplied the Company with talents. More than **3,000** employees were recruited from university recruitment in 2022
- **3** batches of Equity Incentive plans were issued
- Set up Call Centre for employees' mental health
- Qualified for the III Grade Enterprise of Work Safety Standardization

Green and Low-Carbon Operations:

- Signed and submitted SBTi Commitment Letter
- Certified by ISO14001
- Pharmaron Ningbo Tech has been listed on Ningbo's first-batch whitelist in relation to ecological supervision and law enforcement in 2022
- Involvement of ACS GCI[19] Pharmaceutical Roundtable
- Obtained My Green Lab[20] Gold Award

Committed to Public Welfare and Charity:

- Donated RMB **3** million to the Beijing E-Town Cooperation & Development Foundation through the "Pharmaron Health Wisdom"
- Subscribed for 50 mu of millet plantation in Alxa and helped to save about **25,000** tons of water
- Supported employees to participate in community education, health and other public welfare activities in each operation location to create a better and harmonious community

[19] American Chemical Society's Green Chemistry Institute.

[20] My Green Lab: As a non-profit organization, we were formed to unify and lead scientists, vendors, designers, energy providers, and others in a common drive toward a world in which all research reflects the highest standards of social and environmental responsibility. Recognized by the United Nations Race to Zero campaign as a key measure of progress towards a zero-carbon future, My Green Lab Certification is considered the gold standard for laboratory sustainability best practices around the world.

Corporate Governance

We have focused on standardized and efficient corporate governance, strictly abided by the *Company Law of the People's Republic of China* and other applicable laws and regulations as well as the regulatory requirements of the place of listing, improved the modern corporate management, and promoted modernization of corporate governance system and corporate governance capabilities. We have strengthened the Board of Directors (the "Board") and enhanced governance efficiency.

- Governance Structure
- Board Diversity
- Prevention of Conflicts of Interest

Governance Structure

The Board

As at the date of this ESG report, the Board consists of 11 members. These directors have carried out their work in accordance with the *Rules of Procedure for the Board of Directors* and the *Work Rules of Independent Non-executive Directors*, performed their duties and obligations faithfully and diligently, and actively participated in relevant training to continuously improve their ability to perform duties. Four special committees, namely the Strategy Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Audit Committee, have been set up under the Board to provide scientific and professional advises from different perspectives for Board's decision and to oversee the operation and management of the Company as well as related Company's matters. Among these four, the Strategy Committee is responsible for supervising and managing ESG issues on behalf of the Board. As a governance-level body, the Strategy Committee receives and deliberates over ESG-related matters on a regular basis. For details, see Section 2.1 "ESG Philosophy and Structure".

Strategy Committee

- Responsible for reviewing the Company's long-term development strategy and major investment decisions and providing recommendations on such matters.
- Strategy committee consists of 5 members, chaired by Dr. LOU Boliang, Chairman of the Company, including one independent non-executive director, accounting for 20% of the total.
- During the reporting period, the Committee held 2 meetings, and reviewed and approved 2 resolutions, both of which are ESG-related (including the *Resolution on the 2021 Environmental, Social and Corporate Governance Report of the Company* and the *Resolution on the Setting Science Based Target of Carbon emission and its corresponding working plan*.

Remuneration and Appraisal Committee

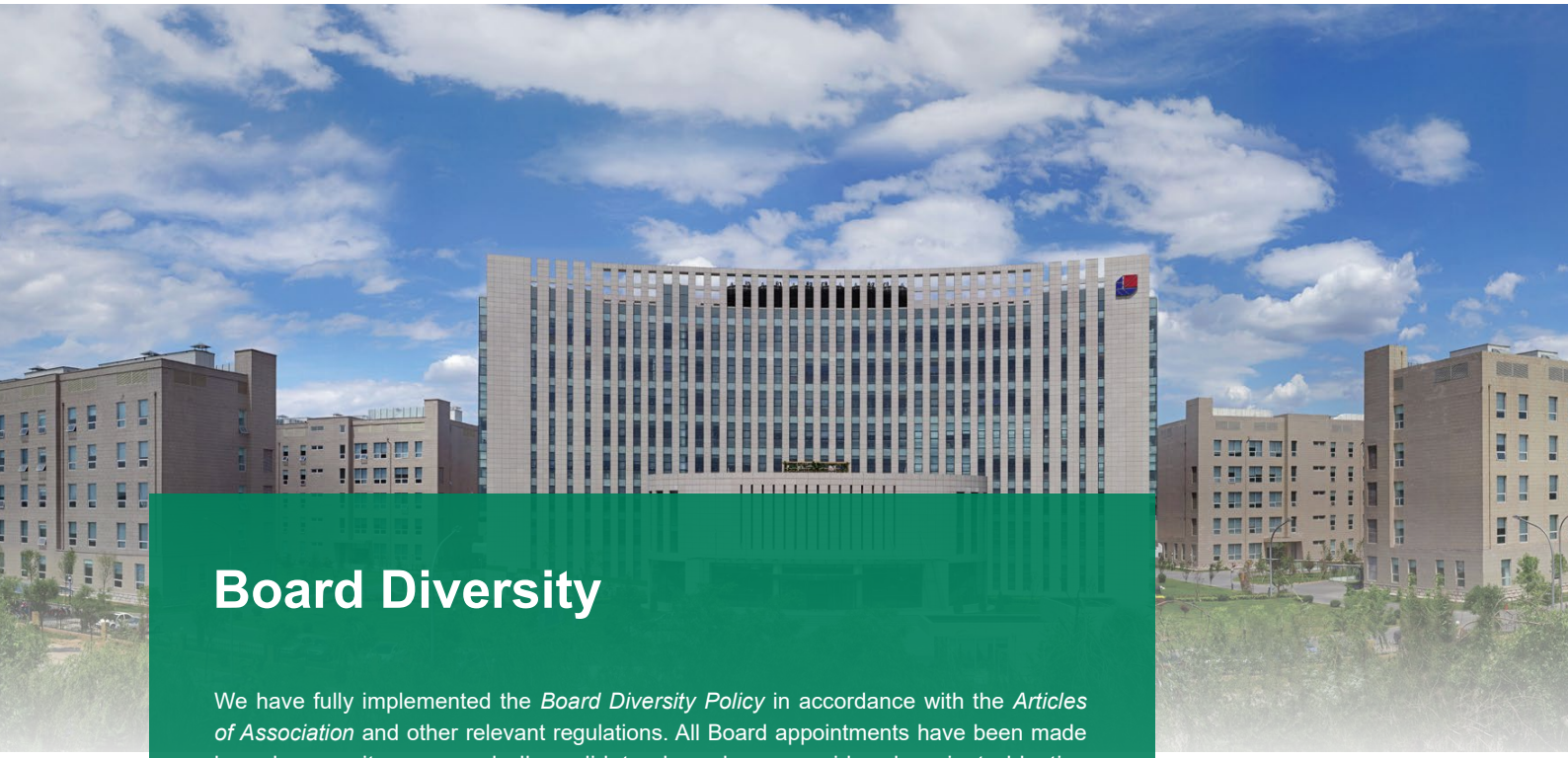
- Responsible for laying down the assessment criteria for all directors and senior management, as well as formulating and reviewing the remuneration policies of the directors and senior management.
- The Committee consists of 5 members, chaired by Ms. LI Lihua (independent non-executive director), including 3 independent non-executive directors, making up the majority.
- The resolution made by the Committee should be reviewed and overseen by the Board, and any resolutions relating to the remuneration plans, benefits, equity-based incentives of the directors and senior management serving on the Committee shall be reviewed and approved by the Board.

Nomination Committee

- Responsible for reviewing candidates, selection criteria, and procedures of directors and senior management, and making recommendations to the Board.
- The Committee consists of 5 members, chaired by Ms. LI Lihua (independent non-executive director), including 3 independent non-executive directors, accounting for 60% of the total.

Audit Committee

- Responsible for coordinating the communication between internal and external auditors, as well as supervising and evaluating their work.
- Supervise and manage the overall risks associated with business operations, with relevant departments responsible for the implementation of specific risk management policies and related practices.
- The Committee consists of 3 members, and all are independent non-executive director. Mr. YU Jian serves as the Chairperson and has the professional qualifications (As a certified public accountant, Mr. YU Jian is currently working at the Teaching and Research Department of Shanghai National Accounting Institute as an associate professor, and engaged in financial management. He has served as the financial director of several companies and accumulated extensive experience in financial management and risk management).
- The Committee members communicate with the auditors on a regular basis in order to know the Company's operations status and the implementation of the Company's financial management and internal control systems, as well as keep up with the Company's operating status and possible business risks to effectively guarantee the independence of the Committee.



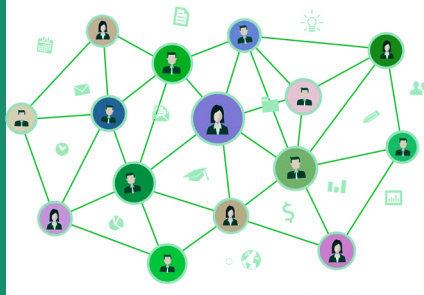
Board Diversity

We have fully implemented the *Board Diversity Policy* in accordance with the *Articles of Association* and other relevant regulations. All Board appointments have been made based on meritocracy, and all candidates have been considered against objective criteria and selected based on a number of factors, including but not limited to education background, professional experience, skills, knowledge, length of service, gender, age, cultural background and ethnicity.

The Company's Board consists of 11 members, of whom 9 are male and 2 are female. The Board members have a wide range of academic backgrounds, skills, knowledge and experience. The academic backgrounds cover chemistry, business management, law, information economics, economics, materials science and engineering, business administration, management and other disciplines; skills, knowledge and experience include scientific research, corporate management, investment, legal services, finance and auditing. Several directors of the Company have been engaged in investment and financial management for many years and have rich experience in risk management. The resumes of directors have been disclosed in the annual report.

The Nomination Committee is responsible for the diversity of the Board. It monitors the implementation of the diversity policy from time to time, reviews the diversity policy to ensure its continued effectiveness and makes recommendations to the Board. The Board has reviewed the *Board Diversity Policy* on March 25, 2022, and considers that the *Board Diversity Policy* has been effectively implemented.

Pharmaron selects independent directors in strict accordance with the *Articles of Association*. The board consists of 3 executive directors, 4 non-executive directors and 4 independent non-executive directors. By maintaining sufficient independence in their work, actively participating in Board meetings, carefully considering various motions, and expressing prior approval opinions and independent opinions on relevant matters, the independent non-executive directors help the Board make well-informed decisions and act as a check and balance.



Note: 1. Vertical coordinates are percentages.

2. Economics includes Economics and Information Economics; Management includes Business Administration, Management, Economic Management, Business and Business Management; and Engineering includes Materials Science and Engineering, Urban Construction, Electric Engineering, Engineering and Mechanical Engineering.

Pharmaron attaches great importance to the ESG management and integrates ESG-related assessment into senior management's remuneration assessment. We asked department leaders to sign the statement of annual performance appraisal responsibilities, incorporated EHS (environment, health and safety) performance and ESG-related training (such as anti-corruption training, etc.) into the department leader evaluation system, and took the annual performance of individual employee, department and the Company as an important consideration in the determination of the remuneration and incentives of directors and senior management.

Prevention of Conflicts of Interest

Pharmaron requires all directors, supervisors and senior management to perform their duties in good faith, act in the best interests of the Company, and not to use their powers for personal profit.

When deliberating the remuneration of directors and supervisors of the Company, due to conflicts of interest, all directors and supervisors shall abstain from voting and submit the matter to the general meeting of shareholders for deliberation. When deliberating the remuneration of senior management and the connected transactions, directors who have interests therein shall abstain from voting. All resolutions related to the remuneration, benefits and equity incentives of the directors and executives serving on the Remuneration Committee shall be reviewed and approved by the Board.

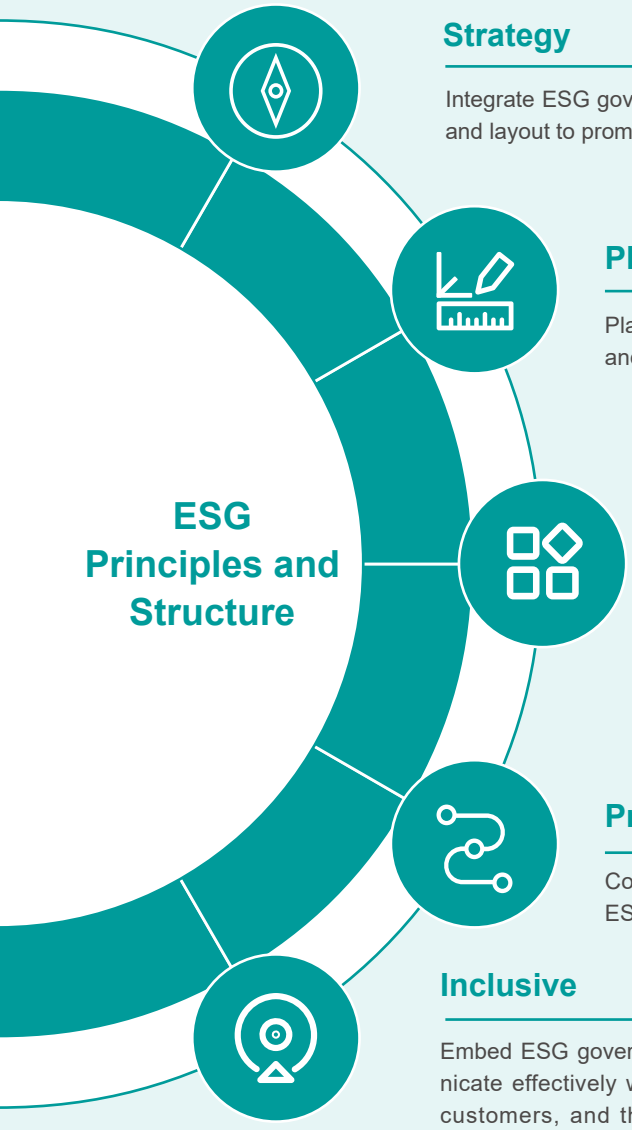
Supervisors shall faithfully fulfill their supervisory duties in accordance with laws, administrative regulations, the listing rules of the place where the Company is listed and the *Articles of Association*. They shall supervise the conduct of the directors and senior management, and require directors and senior management to rectify their conduct if any of them is found to be detrimental to the interests of the Company.

ESG Governance

We actively explore the path to sustainable development and dedicate to integrate ESG concepts into our operation and strategy. We have continuously improved our ESG governance structure and created a top-down ESG management system. At the same time, we conduct regular stakeholder communication to fully understand the expectations and suggestions from various stakeholders and respond to their concerns and expectations in a timely manner. We strive to create a good environment for economic growth, environmental friendliness and social development.

ESG Philosophy and Structure

The ESG management structure of Pharmaron has laid a solid foundation for the development and evaluation of our sustainable strategy and the risk determination. To further improve our ESG management, we have revised the *ESG Management Measures*, the *ESG Information Management Handbook*, etc., making solid progress in ESG governance and ESG information disclosure.



Strategy

Integrate ESG governance concepts into the Group's overall development strategy, system design and layout to promote economic, social, and environmental sustainability

Planning

Plan ESG efforts in an integrated and systematic way with horizontal coordination and vertical alignment

Classification

Implement classified management combining with the actual control mode. At the same time, clarifing the work porcess to build ESG into operations and production activities, and create reasonable and well-functioning ESG governance systems and work procedures

Progress

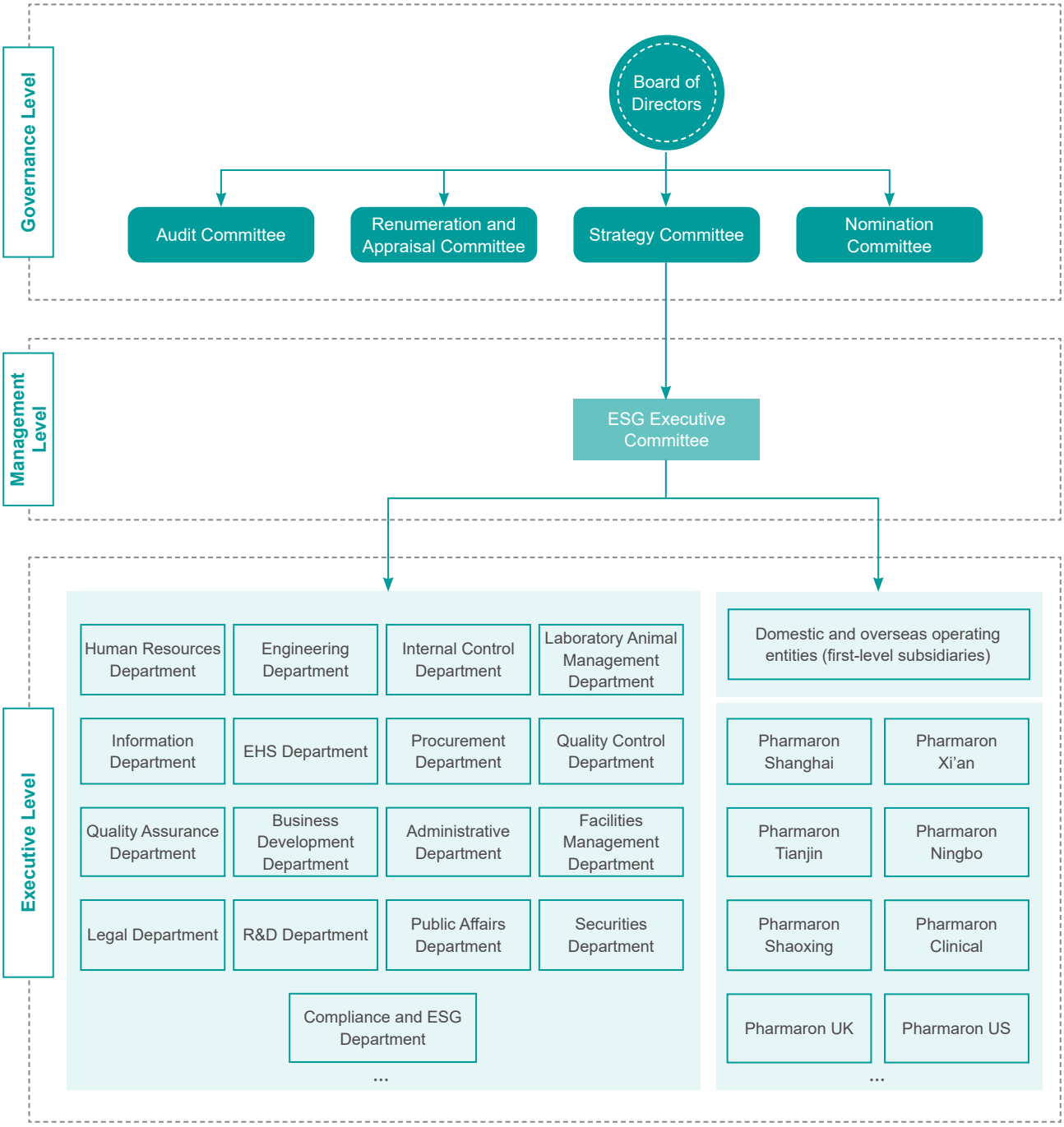
Consolidate the management foundation and make phased progress in overall and ESG governance in line with the actual situation

Inclusive

Embed ESG governance into all operations and management segments and processes; communicate effectively with key stakeholders including investors, government, employees, partners, customers, and the community, and introduce their opinions into the decision-making and management improvement process through stakeholder engagement

ESG Governance Structure

We have established an effective and complete ESG governance structure with clear hierarchy, well-defined lines of responsibility; clarified the job responsibilities of personnel at all levels, departments, and positions to ensure comprehensively improvement of the ESG management and responsibility performance capabilities of the Company. Our ESG governance has a three-tiered structure comprising the "governance, management, and implementation" levels. At the "governance level" are the Board of Directors and the Strategy Committee, the ESG Executive Committee at the "management level" reports to the Strategy Committee, and daily ESG work is assigned to the "implementation level" composed of all departments and first-level subsidiaries.



ESG Governance Structure

ESG Governance Structure and Responsibilities

Strategy Committee

- Monitors, reviews and defines the Group's ESG strategy, goals, etc.
- Reviews material ESG issues and the identified risks
- Reviews updates to the Company's ESG governance structure and responsibilities
- Reviews the Company's annual ESG work plan
- Reviews the Company's annual ESG report
- Reviews and approves other important ESG-related matters of the Company

ESG Executive Committee

- Identifies major ESG issues and risks, develops ESG goals, formulates and updates ESG-related management systems, and reports to the Strategy Committee
- Allocates ESG goals into annual action items for relevant departments; coordinates and facilitates the implementation of the annual ESG work plan, and tracks and reviews the progress towards the ESG goals
- Develops ESG-focused project plans and authorizes the lead departments
- Coordinates and manages the annual ESG report and reports meaningful milestones to the Strategy Committee
- Follows and studies ESG compliance requirements, summarizes ESG capital market performance, ESG Executive Committee and reports to the Strategy Committee

ESG Working Group

- Implements the annual ESG work plan and carries out ESG-focused projects
- Implements ESG goals and regularly monitors, discusses, and reports on the achievement of the ESG goals
- Conducts daily ESG information management
- Collects yearly ESG data and assists in the preparation of the ESG report

Functional departments

- Implements specific ESG responsibilities of each department according to the division of responsibilities and the needs of ESG governance and management (specific responsibilities have been detailed in the *ESG Management Measures*)

Stakeholder Engagement

Stakeholder Communication

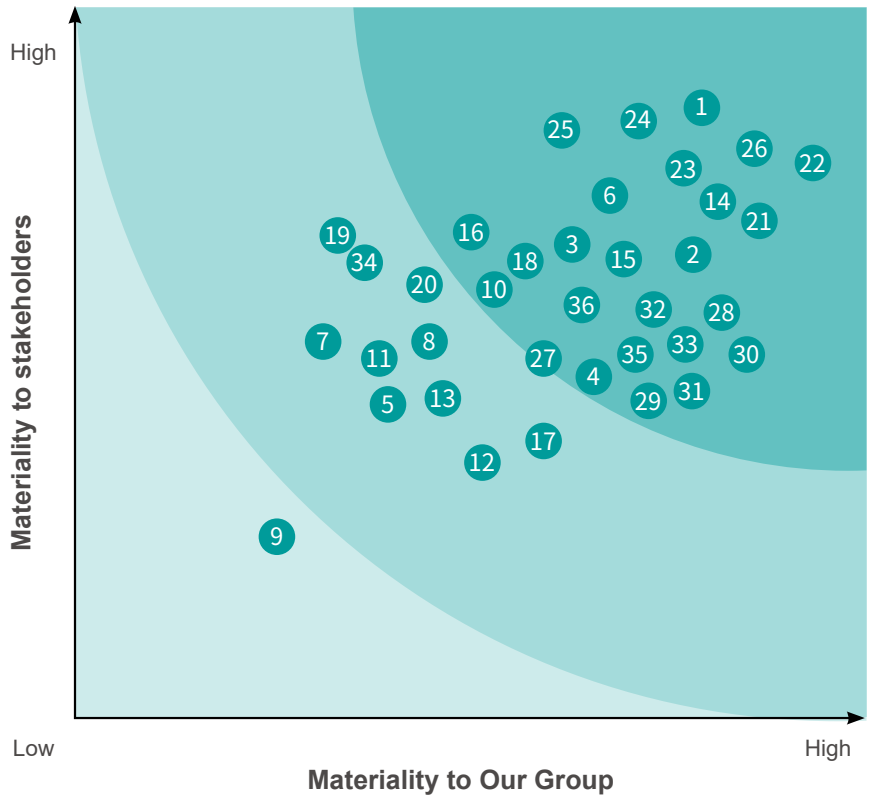
Stakeholders' attention towards Pharmaron has driven us to pursue sustainable development. In addition, the normalized and multi-channel communication with the stakeholders can help us effectively identify material sustainability issues and improve our sustainability management. We made great efforts to maintain friendly communication with our stakeholders, promote transparent information disclosure of the Group, and respond to the concerns of the stakeholders.

Stakeholders	Needs and expectations		Channels of communication and response
Board members	• Improving corporate governance • Assuring product and service quality	• Optimizing risk management • Promoting industry development and mutual benefit	• Board meetings and Strategy Committee meetings
Government and regulators	• Implementing national policies, laws, and regulations • Boosting the pharmaceutical and life sciences industry • Corporate citizenship	• Strengthening local economy • Operational transparency and compliance	• Email, phone call, and timely response to requests and questionnaires
Investors/ Shareholders	• Returns on investment • Production safety • ESG governance	• Operational compliance • Risk management	• Company announcement • Online Roadshow • Subject reporting • Visits and inspections
Customers and partners	• Legal compliance and duty fulfillment • Responsible marketing • Environment protection	• Business integrity • Quality products and services • ESG management of supply chain	• Business communication • Customer feedback • Exchanges and seminars • Information disclosure
Suppliers	• Legal compliance and duty fulfillment	• ESG management of supply chain • Business integrity	• Business communication • Exchanges and seminars
Employees	• Rights protection • Compensation and benefits • Production safety	• Occupational health • Career development	• Labor union • Information display • Democratic communication • Vocational training
Community and the public	• Improving community environment • Information disclosure and transparency	• Charitable commitments	• Company website • Company announcements • Interviews and exchanges • Community activities

Identification of Material Issues

The Group prepared a list of ESG issues in accordance with the *Environmental, Social and Governance Reporting Guide* (Appendix 27 to the *HKEx Main Board Listing Rules*) based on daily communication, macro policy research and industry characteristics analysis, with reference to the *Guidelines for Corporate Social Responsibility of Shenzhen Stock Exchange Listed Companies* issued by the SZSE, the *GRI Standards* issued by the GSSB, and the key metrics of the MSCI ESG Ratings and ISS ESG Ratings.

The stakeholders have been invited to complete a questionnaire survey prepared based on the list of material ESG issues. Our ESG Working Group led the assessment of materiality of the ESG issues using different methods such as questionnaire survey and interview and identified the importance of each ESG issue to the stakeholders and the Group itself. Then the Board responded to material ESG issues and developed strategies based on the materiality assessment results.



1 Compliance operation
2 Business ethics and anti-corruption
3 Risk management
4 ESG management structure and communication mechanism
5 ESG-related incentive policies
6 Responding to climate change
7 Implementation of SBTi
8 Optimization of operational efficiency
9 Biodiversity protection
10 Green chemistry
11 Environment management system
12 Advocation of green working modes
13 Promote value chain emission reduction
14 Occupational health and safety
15 Employee training and development
16 Employee rights and benefits
17 Diversity and equal employment
18 Talent attraction and retention
19 Supply chain management, cooperation, and joint development
20 Green and fair procurement
21 Business information security and privacy protection
22 Intellectual property rights protection
23 Technology and innovation
24 Product and service quality
25 Quality management system
26 Safe production
27 Ethics of clinical trials
28 Animal welfare
29 Responsible marketing
30 Anti-corruption oversight management systems and mechanisms
31 Anti-corruption reporting channels
32 Anti-corruption training
33 Whistleblower protection
34 Participation in social welfare program
35 Support industry development
36 Improve community environment

Analyzed and identified the focus areas of stakeholders in accordance with the domestic and international industry policies and standards by sumarizing the top concerns of the capital market and peer benchmarking, with reference to stakeholder insights

Collected 161 valid questionnaire responses through stakeholder engagement

Formed the materiality matrix by prioritizing ESG issues based on stakeholder responses and expert opinions

Response to 2030 Sustainable Development Goals (SDGs) of the United Nations

The Company strongly supports the achievement of the Sustainable Development Goals (SDGs) provided by UN's 2030 Agenda for Sustainable Development, and actively contributes to the improvement of social well-being, education, gender equality, energy conservation, resource conservation, and climate action.

Ethics and Compliance

We always uphold integrity management, and abide by the code of good faith and ethics; respect and equally treat business partners, and earnestly safeguard the rights and interests of customers, partners, subjects, laboratory animals, etc.; vigorously develop and improve the awareness of compliance, hold the bottom line of compliance, and publicize business ethics and compliance culture throughout the Group.

- Business Integrity and Marketing Compliance
- Information Security
- Ethics of Clinical Trials
- Animal Welfare

Business Integrity and Marketing Compliance

We strictly abide by *Civil Code of the People's Republic of China, the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-unfair Competition Law of the People's Republic of China,* and *the Pharmaceutical Industry Compliance Management Practices,* the *Foreign Corrupt Practices Act (FCPA), UK Bribery Act 2010*, and other applicable laws and *regulations* where we operate. In addition, we leverage the support from local department and subsidiaries to to establish a library of applicable laws and regulations where we operate, and update the laws and regulations, national standards and international laws and regulations related to its business in a timely manner. At present, the Group has formulated group policies and procedures such as Regulations on *Anti-fraud and Reporting Management* and *Code of Ethics* to prevent any form of bribery, corruption, extortion, money laundering and fraud. Pharmaron explicitly prohibits employees from offering bribes to public officials and giving improper benefits to third parties other than non-public officials in exchange for obtaining business advantages. Furthermore, employees are required to compliant with the same rules and not to accept improper benefits from third parties. In 2022, there were no legal actions taken against the Company due to corruption or fraud.

When presenting our image, brand and service, we always carry out marketing activities in a compliant manner to ensure the transparency, accuracy and understandability of marketing information that we communicated and the fairness of transactions we made. In strict compliant with the applicable laws and regulations where we operate, such as the *Advertising Law of the People's Republic of China*, we prohibit exaggerated, fales and misleading information when transmitting the information or doing promotion to client, and strive to create an transparent and compliant business environment.

We formulated the *Pharmaron Clinical Anti-Bribery Compliance Program for Patient Recruitment (Interim)*, which defines the Company's policies and procedures of anti-bribery and anti-corruption, consultation, and reporting channel for whistleblower. The program is binding principal for employees to understand the Company's tone of zero tolerance of corruption, policies and operation procedure and enhance awareness of compliance.

Board Supervision and Compliance Risk Management System

In order to improve the compliance management in the Company, we have established a three-tiered management system fits our business development. On top of that, we have built a risk management mechanism base on the "three-line of defense" model integrating risk identification, assessment, response, reporting and monitoring. The robust risk management system lays a solid foundation for safeguarding operation of the Group.

The three tiers, "governance-management-execution" form the Company's three-tiered management mechanism, in which the Board of Directors and its Strategy Committee act as the "governance level", ESG Executive Committee, as the "management level", is responsible for reporting to the Strategy Committee, and all departments and tier-1 subsidiaries, as the "execution level", are responsible for daily compliance. At the executive level, a Compliance Group is formed from the Headquarters' functional departments, domestic and overseas tier-1 subsidiaries and other leading or relevant departments to design and implement plans for various topics such as Anti-bribery, Anti-corruption, Export Control and Sanctions, Data Privacy, etc.

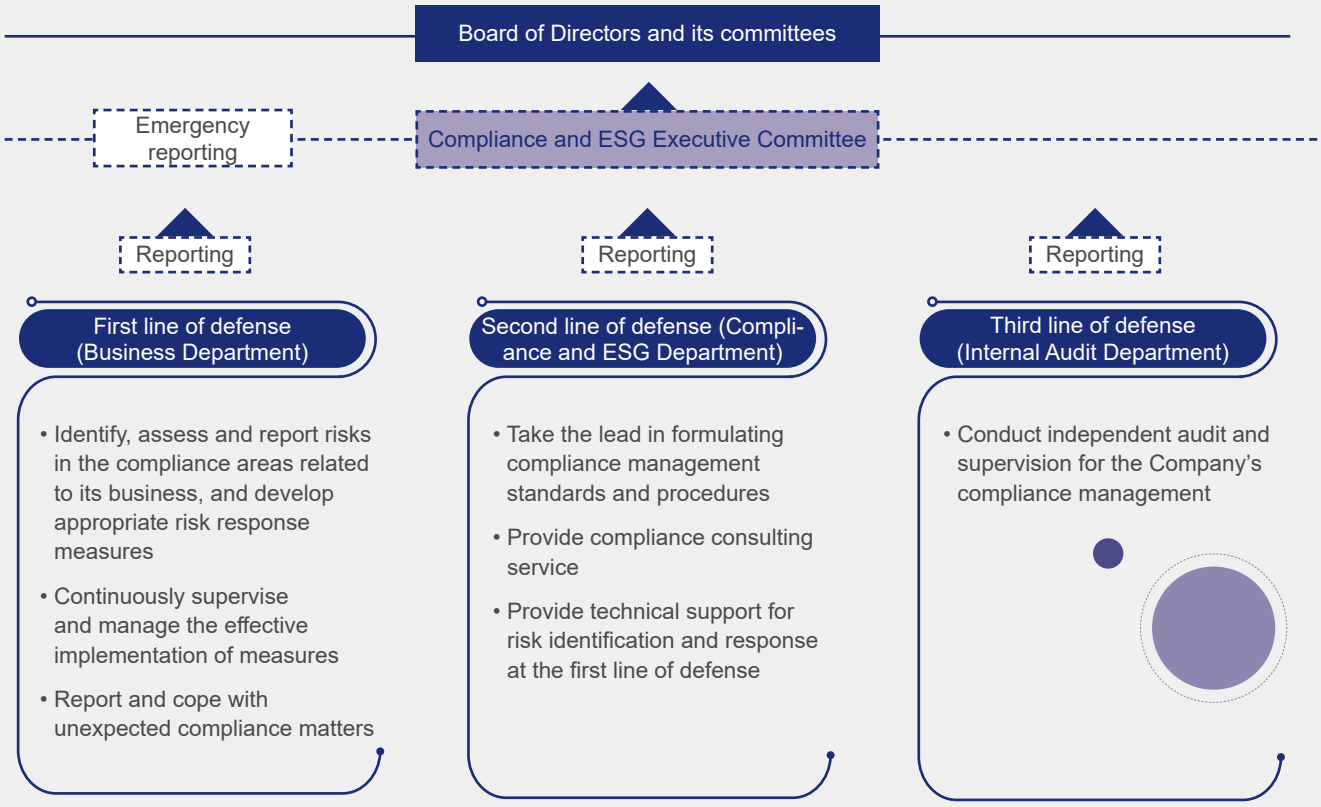
We have zero tolerance for bribery and corruption. We committed to integrate the principles of professionalism, fairness and integrity in all business dealings and cooperation. The Internal Control and Internal Audit Department is responsible for monitoring the business activities within the company and reporting audit result including Anti-Bribery and Anti-Corruption and compliance related special projects to the Audit Committee of the Board on quarterly basis.

During the reporting period, we set up a special project team and engaged external experts to conduct a comprehensive compliance risk assessment, in which we identified high-risk areas, benchmarked to domestic and international industry peers' practice, discussed implementation of standardized operating process (SOP) to enhance compliance culture and robust the compliance management system. The purpose of this assessment is to analyze the Group's compliance management system, including developing compliance strategies, setting compliance objectives, risk identification and assessment, the creation or improvement of new compliance-related systems, processes and codes of practice for the identified compliance risks, and the planned release of corresponding training and communication.

This assessment covers Anti-Bribery and Anti-Corruption, Trade Compliance, Data Privacy, Whistleblower Reporting and Investigation, Business Partner Compliance, Conflict of Interest, etc. For the interaction with healthcare professionals (HCPs) and government officials, we have drafted Anti-Bribery and Anti-corruption policies to prevent corruption risks and ensure compliance in business

development. Further, we have made detailed provisions on gift, entertainment, donation, sponsorship and professional services in the anti-corruption policies, and will gradually improve the process systems in related fields, as well as the *Code of Conducts* and *Code of Conducts for Business Partners.*

During the reporting period, the Company carried out special internal audit projects and an annual internal control self-assessment project, with focus on the validity of control design in compliance operations. At the same time, the tests for the effectiveness of controls were done drawing attention especially on the controls related to financial reports, compliance and operation, and reported to the relevant department for its associated risks.



Three-tiered Management Mechanism of Compliance Operation and "Three Lines of Defense" Model of Risk Management

Communication and Training on Compliance Culture

We places significant emphasis on Compliance Management on Group Level, we have carried out various compliance training and communication activities of directors, senior management, all employees, contractors part-time employees and external partners (e.g., suppliers) and strengthened compliance management through a series of documents such as *Integrity and Compliance Commitment*, *Code of Conduct* and *Code of Conduct for Supplier*, and encouraged all employees, suppliers and partners to fulfil their compliance commitments.

We have provided integrity and compliance related trainings in various ways such as video course, face-to-face training and pushed mobile terminal training to fully enhance employees' awareness of compliance. We also implemented mandatory compliance training for employees, and required all employees to qualify the employee by quiz before on duty. During the reporting period, we started to revise the *Code of Conduct*, which is scheduled to be completed in the next disclosure period.

Participants	Frequency of training	Content of training
All employees	• New employee training • Regular training on the online learning platform (once a month)	Business ethics, FCPA[21], compliance regulations and requirements, anti-corruption management, anti-fraud reporting channels, etc.
Directors and senior management	At least once a year	Business integrity, awareness raising, etc.

Indicators	Unit	2022
Total duration of anti-corruption training for directors	hour	2
Total number of anti-corruption training for directors	time	1
Coverage of anti-corruption training among directors	%	100%
Total duration of anti-corruption training for employees	hour	3,012
Total number of anti-corruption training for employees	time	58
Coverage of anti-corruption training among employees	%	100%

Compliance Audit and Whistleblower Reporting Mechanism

In order to ensure the effectiveness and compliance of policies and systems, we have actively carried out internal audit and risk assessment over business ethics and anti-corruption. Specifically, we have assessed the potential risks related to our business activities and inhered risks where we operate. In order to eliminate the risks over business ethics and corruption, we implemented the risk-based approach and defined the annual audit and self-assessment plan. The audits were commenced based on the schedule and remediation was made followed by the audit through optimizing policies and procedures. According to the audit plans, we have audited the sites in China and outside China, including compliance driven internal control review, expense review, payment review for third parties, etc. over the sites deemed as high compliance risks for corruption.During the reporting period, there was no major lawsuit related to corruption or unfair competition.

We have improved the *Whistleblower Reporting and Investigation* and its implementation, and emphasized the Speak-up and the anti-retaliation principal. We encourage employee to report wrongdoing to designated compliance functions relating to business area and focused area such as Business Secret, Embezzlement and Corruption, etc. There are various reporting channels are defined such as mail, hotline, emails and face-to-face complaint. We have designated the compliance hotline and mailbox for reporting and encouraged employees to report the potential or actual wrongdoing addressing bribery, corruption, fraud and/or other violations of laws, regulations and Group policies.

The whistleblower can decide to report anonymously or non-anonymously. In case of non-anonymous reporting, we will keep in strict confidence the information reported as well as whistleblower's personal information. Additionally, there is a designated function to handle the allegation and investigation procedure to ensure the confidentiality. The Company strictly prohibits any form of retaliation against Whistleblower. If any retaliation is observed, the Company will take disciplinary action according to policies and reserve the right to pursue relevant legal responsibilities to whom violating the company's principal. If any whistleblower requests protection due to retaliation concerns, the relevant departments will take reasonable measures whatever they can to protect the whistleblower.

[21] Foreign Corrupt Practices Art

Pharmaron compliance whistleblowing email: compliance@pharmaron.com

Disciplinary Action and Reward Mechanism

Any employee who violates laws, regulations, company policies or the Employee Handbook will be subject to disciplinary action (or even dismissal in serious cases), in which case the equity-based incentives granted to the employee will be withdrawn.

Information Security

It is our responsibility and obligation to protect information security and ensure the proper flow of information. As such, we strictly abide by all applicable laws and regulations including the *Cybersecurity Law,* and *Personal Information Protection Law of the People's Republic of China,* and *the General Data Protection Regulation* of the EU, the *General Data Protection Regulation* of the UK, and applicable laws of the United States and the State of Maryland and adopt *Pharmaron Information Security Management Policy* as the guidelines for information security management, which specifies the information security requirements for all departments. Internally, we have formulated a set of management regulations such as *Pharmaron Employee Information Security Handbook, Pharmaron Information Asset Risk Assessment Management Regulations, Pharmaron Information Security Incident Management Regulations, Pharmaron IT Network and System Security Management Regulations, Pharmaron Daily Operation Safety Management Regulations, Pharmaron IT Physical and Environmental Security Management Regulations,* and *Pharmaron Information System Access Control Management Regulations*, which include strict regulations on such information security management matters as classification and risk assessment of information assets, daily office information security, physical and environmental security of IT rooms, important areas and office areas, and access control security of key systems, thus ensuring the confidentiality, integrity and availability of our information assets.

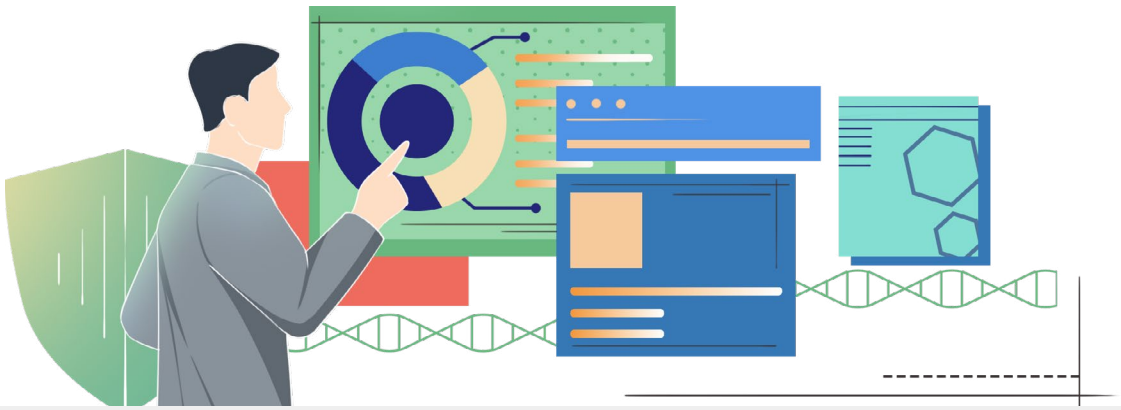
We have purchased information security insurance covering the whole Group to build up the Company's information security defense. There were no major information security risk events in the past three years. In case of any information security risk event, the relevant departments will report to the management.

Information Security Management Structure

Mr. Lou Xiaoqiang, the current Deputy GM and COO, is fully responsible for the Company's information security management. He has rich experience in information security, and worked for a technology company and led the company to successfully develop and launch a series of information security products using the fingerprint authentication technology. The Company has an Information Security Officer who is responsible for information security issues. Meanwhile, each department has an information security administrator who is responsible for assisting the IT Department in information security risk assessment and information security incident response. Besides, the Company also has network administrators, system administrators and IT operation and maintenance team to cooperate with the information security management team for daily operation, maintenance and management of IT network and system security.

Information Security Risk Management and Response

Information security organization	Improve the organizational framework of information security, further strengthen the organizational construction of information security management, and provide guarantee for the realization of information security objectives.
Personnel security management	Carry out effective management of personnel information security, which involves the security control of employees' entry, employment and departure, and the security access control of third-party personnel.
Risk management of information assets	Identify and classify information assets in a scientific and effective manner, carry out risk assessment and disposal activities, and control the residual risks of information assets within an acceptable range.
Physical and environmental safety management	Define the physical and environmental safety management requirements, protect information systems, infrastructure and data, and effectively control the risks brought by illegal physical access, natural disasters and environmental factors.
Access control management	Specify the access control management requirements to guide and promote the design and application of access control measures in the planning, construction, operation and use of network and application systems.



Information system construction and project safety management	Manage the security of all kinds of information systems independently developed or outsourced according to the development security policy of "business first and positive prevention", and realize the information security objectives in the development and construction of information systems (planning, development, design, testing, launch, etc.).
Information system security operation and maintenance management	Establish an ISO20000 operation and maintenance system, define the management objectives and requirements of information security risk identification and monitoring, information system protection, audit and recovery, and related processes, reduce the risk of unauthorized use and abuse of information systems, and ensure the proper and safe operation of employees and third-party*.
Third-party information security management*	Control information security risks throughout the life cycle including third party's entry, service process and exit, and effectively control the information security risks brought by third parties while ensuring that third-party services meet the service delivery quality requirements through legal constraints on the security service indicators in contracts and agreements, process monitoring of service delivery security indicators, etc.
Password security management	Choose appropriate encryption and decryption technologies, properly and effectively protect organizational information assets by taking advantage of the cryptography and achieve the security protection goals of confidentiality, integrity and availability according to the requirements of national laws, regulations and policies, as well as our business characteristics and information technology development.
Management of compliance with laws and regulations	Establish a hierarchical and systematic information security management system, and regularly update and maintain the management system according to the latest requirements of national laws and regulations, regulatory agencies and technological development, so as to ensure the continuous improvement and application of the information security management system.

* Third parties include all external units that provide support services for the Company (e.g., infrastructure, property services, system development and operation support).

Data Privacy Protection

We attach great importance to and respect the relationship with our customers, and we strive to protect the privacy and security of personal information we process when conducting business and providing services to customers and others. During the reporting period, the Company updated the *Pharmaron Data Privacy Policy*, which detailed and regulated the ways and principles for the Company to collect, store, use, process, transmit, provide, disclose, delete or otherwise dispose of personal information, including the personal information of employees, website users, medical professionals, patients, medical research objects, clinical researchers, customers, suppliers, service providers, business partners and investors. In addition, Pharmaron also adopted a series of information security policies and procedures to protect the security and confidentiality of our and our customers' sensitive business information, business secrets and other data, and made great efforts in data privacy protection to win the support and trust of partners.

Information Security Training for Employees

We place a high value on the training of employees' awareness of information security, and we specify the responsibilities and obligations of employees in relation to information confidentiality in *Pharmaron Employee Information Security Handbook*. Further, we regulate employee behavior in terms of computer systems, mobile office equipment, email and anti-virus defense protection, etc., and regularly push relevant information to remind employees to pay attention to network security.

We require new employees to complete information security training and pass the exam before starting on the job, and we provide regular Group-wide information security awareness training to acquaint the whole workforce with new standards and knowledge in the field of information security. During the reporting period, we conducted employee information security training and updated training materials, and organized an online information security examination covering all employees, thus constantly heightening employees' awareness of information security.

Case Passed ISO27001 Information Security Management System Certification Review

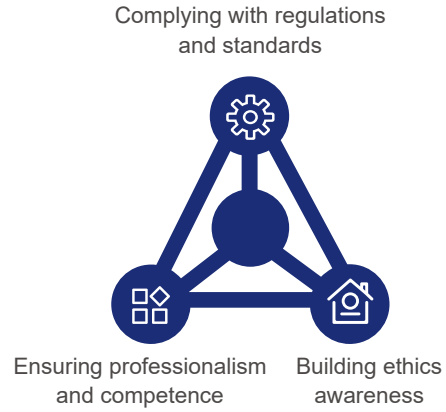
ISO27001 is a global recognized standard for information security management published by the International Organization for Standardization (ISO). It sets out the specification for information security management related to software development, system integration, and software and hardware operation and maintenance. ISO27001 requires companies to adopt internationally benchmarked security management systems and to be able to ensure information security and IT system reliability and stability during operations. Winning high acclaim from the review panel, Pharmaron was successfully certified to ISO27001 in November 2021. In 2022, we continued to establish and optimize the relevant information security system, accepted and passed eight customer information security audits, and passed the ISO27001 certification review in May 2022.


DNV
管理体系认证证书
康龙化成（北京）新药技术股份有限公司
ISO/IEC 27001:2013
DNV
管理体系认证证书
康龙化成（北京）新药技术股份有限公司
GB/T 22080-2016/ISO/IEC 27001:2013

ISO27001 Certificate

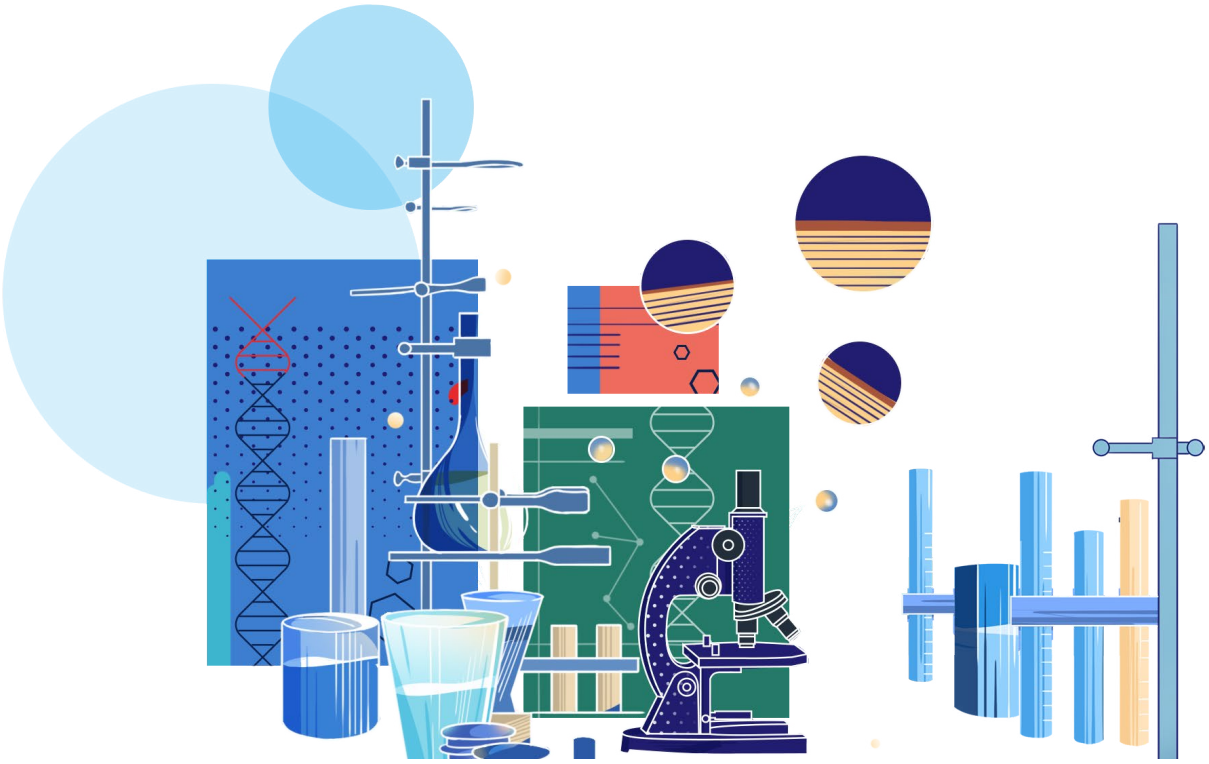
Ethics of Clinical Trials

It is the basic ethical principle of clinical trials to protect subjects' rights and interests. We strictly abide by a set of principles of medical ethics such as *the World Medical Association Declaration of Helsinki*, and relevant laws and regulations of our operating sites such as *Biosecurity Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China,* China's *Good Clinical Practice for Clinical Trials of Drugs ("Drug GCP"), Good Clinical Practice for Medical Devices ("Device GCP"),* and, *the EudraLex* of the EU and *the US Food, Drug and Cosmetics Act.*



Each research involving human subjects should be carried out in accordance with the ethical principles in the World Medical Association Declaration of Helsinki, the three basic ethical principles stipulated in the latest revision of the *International Ethical Guidelines for Health-related Research Involving Humans* issued by the Council for International Organizations of Medical Sciences (CIOMS), i.e., justice, respect for persons and beneficence (that is, maximizing benefits and minimizing harms and errors. Beneficence means no harm), and all laws and regulations of the country where the trial is carried out that can protect subjects to the maximum extent. All individuals involved in any clinical trial must be fully informed of and abide by these principles.

We formulate and improve standard operating procedures and work instructions as the basic guarantee for internal management, conduct whole-process risk control of clinical trial projects, and constantly improve employees' ethical awareness and professional skills with the support of the objectives of the training matrix, namely complying with regulations and standards, building ethics awareness and ensuring professionalism and competence. In the whole process of clinical trials, we fully consider the medical ethics and respect subjects' life safety and various rights and interests. The Clinical Trial Ethics Committee examines, approves and supervises clinical trials in strict accordance with the standards until the end of trials.



A Fully Embedded Commitment to Ethics of Clinical Trials

Protocol design

- Developed a protocol that conformed to the ethics of clinical trials by following applicable medical ethics principles, guidelines, and legal and regulatory requirements of the operating sites, so that the dignity, rights, safety and health of the subjects were safeguarded

Protocol review

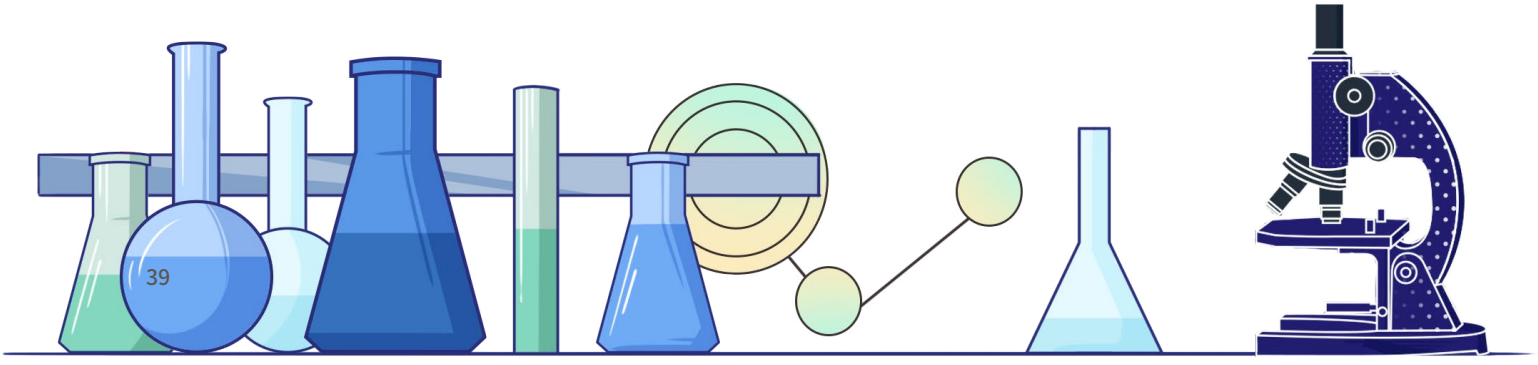
- Reviewed the protocol in accordance with internal SOPs and work instructions so that the rights and safety of the subjects were protected

Before trial

- Submitted the protocol and informed consent form, along with other documents, to the Clinical Trial Ethics Committee and cooperated the Committee's clinical trial ethics review
- Reviewed and screened the qualifications of research centers and researchers in accordance with the SOPs
- Developed the annual training plan, setting up courses to match the knowledge and skills needs of relevant personnel and help them upskill
- Developed a project risk management plan for identifying, evaluating, controlling, communicating, reviewing and reporting the various risks in the trial process to optimize risk control and clinical trial quality and protect the rights and interests of the subjects

During trial

- Verified the compliance of the clinical trial process with regulations and internal management requirements and prompted corrective and preventive actions (CAPA) for identified problems based on internal quality control and audit procedures
- Provided timely training for relevant personnel as needed in the trial process
- Reported and handled problems relating to the rights and interests of subjects in accordance with internal procedures



Clinical Trial Risk Management

Pharmaron Clinical CRO carries out risk assessment on all clinical trials, identifies the potential risks of the reliability of subjects and trial results on the basis of specific clinical trials, and takes measures to reduce risks and improve the clinical trial quality. In addition, Pharmaron Clinical CRO identifies, assesses, controls, communicates and audits risks based on the pre-defined risk management process with six elements to protect subjects' rights and interests and the quality of clinical trial data throughout the project life cycle.

Risk identification

Identify key data and processes in clinical trials, including those at the system level (e.g., SOP, computerized systems and personnel) and project level (e.g., trial design, data collection and informed consent), which is based on previous trial design knowledge and experience, and the risks included in the indications and/or clinical development plans of other trials based on similar projects.

Risk assessment

Identify, analyze and assess risks that may affect key data collection and key procedure operations during the trial. Risk assessment should take into account the following factors: 1) the possibility of risks; 2) the extent to which risks are discovered; 3) the influence of risks on the protection of subjects and the reliability of trial results.

Risk control

Design mitigation measures and emergency measures for each identified risk. Risk mitigation measures may include protocol design and implementation, monitoring plan, agreed division of labor and responsibilities, assurance of SOP compliance through the guarantee system, in-process training, etc.

Risk communication

Record quality management activities and communicate with quality management personnel to promote the review of trial risks and improve the trial quality during the trial.

Risk review

Regularly review the risk control measures to guarantee the effectiveness and relevance of the existing quality management measures, and consider the role of new knowledge and experience in risk control.

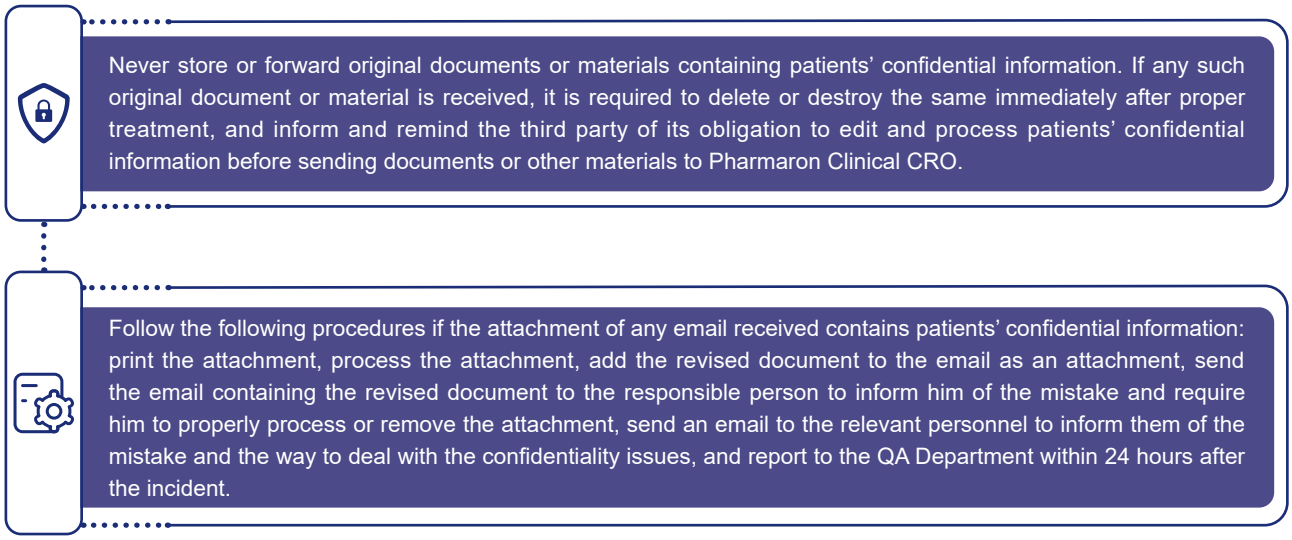
Risk report

Record the risk and quality management methods during the trial, as well as the deviations beyond the pre-defined quality redline and the measures taken.

Protection of Subject Privacy

We keep in strict confidence subjects' personal information and respect subjects' right to know in accordance with the *Biosecurity Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*. The subjects must read and accept the content of the *Informed Consent Form* before enrolling, and, after they are on board, sign the *Informed Consent Form* before the formal trial. We strictly follow the operating procedures as set out in the *Confidential Information of Clinical Trial Subjects*, *Ethical Submission* etc., during trials. We apply data anonymity in data processing, omitting information that could identify the subjects' individual identities. All employees in related fields are required to sign dedicated confidentiality agreements after joining the Company and complete subject-related training to ensure that they operate in compliance with relevant laws and operating procedures.

- Apply data anonymity in data processing, omitting information that could identify the subjects' individual identities; require all employees in related fields to sign dedicated confidentiality agreements after joining the Company and complete privacy-related training to ensure that they operate in compliance with relevant regulations and operating procedures.
- Report the disclosure of the confidential and proprietary data of Pharmaron or its customers to the Company's Legal Department in time.
- Require the employees of Pharmaron Clinical CRO to take appropriate measures to review and process patients' confidential information (e.g., name and address) that may be included in the documents, emails or other materials received from a third party (e.g., research center and sponsor) before filing and distribution.



Animal Welfare

Ensuring the welfare of laboratory animals is our principle and goal in laboratory animal management. We comply with globally recognized standards for animal welfare and ethics, and the laws and regulations requirements of the countries where we operate, including the *Regulations on the Administration of Laboratory Animals,* and the *Laboratory Animals—Requirements of Environment and Housing Facilities* of China*, the UK Animals (Scientific Procedures) Act 1986 (amended 2021)* and *the US Animal Welfare Act*. Animal feeding and welfare are all subject to standard operating procedures and protocols.

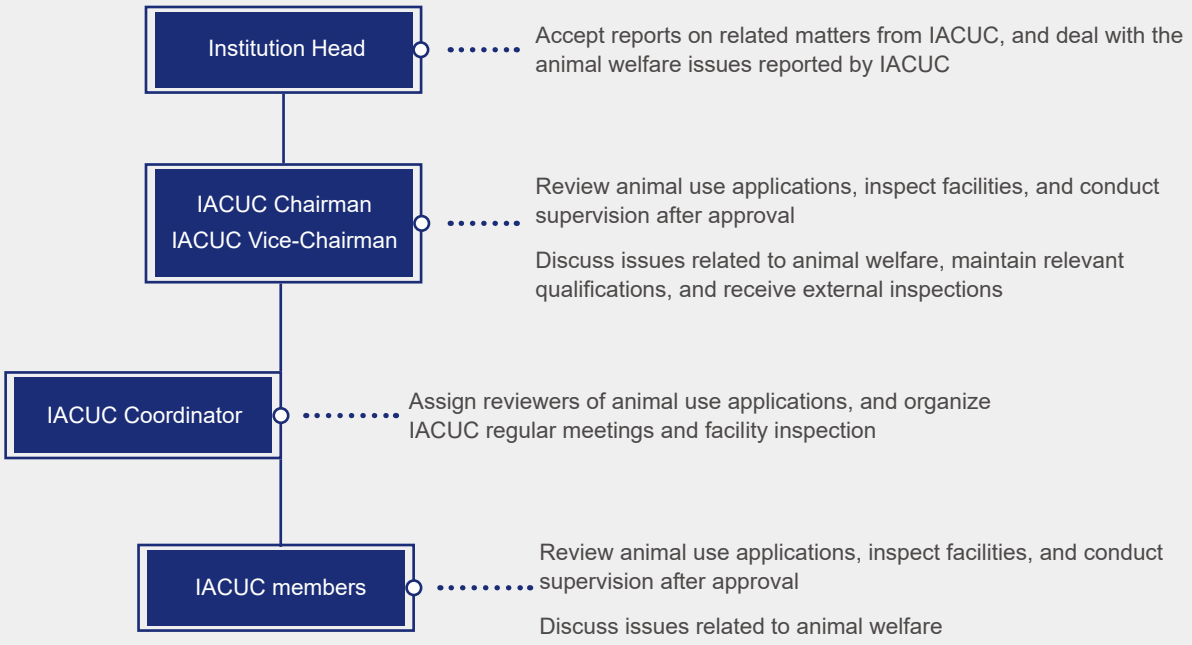
Animal Welfare Management

The welfare of laboratory animals is the joint responsibility of the institution head, the chief veterinarian and the Institutional Animal Care and Use Committee (IACUC). Specifically, the institution head is responsible for handling related incidents that violate animal ethics or animal welfare, providing satisfactory facilities, and safeguarding animal welfare; the chief veterinarian is responsible for protecting the health and related welfare of all laboratory animals. We also have in place professional in-house breeders and veterinarians to minimize the harm caused to laboratory animals. In doing so, we seek to "serve science" and guarantee the physiological welfare, environmental welfare, hygienic welfare, psychological welfare and behavioral welfare of the laboratory animals. IACUC is responsible for continuously evaluating and supervising the care and use of all animals, including evaluating animal use plans, supervising the implementation of approved plans, discussing and replying animal welfare-related issues, inspecting facilities, providing training for employees, etc. According to the guidelines of the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC International), IACUC has formulated 22 related policies to safeguard animal welfare from feeding to testing.

We have also established an animal welfare reporting mechanism, under which anyone has the right to feed back and report animal welfare issues. Our supplier audits also cover issues related to animal welfare.

The laboratory animals we use mainly include non-human primates, dogs, pigs, rabbits and rodents. We have obtained the laboratory animal use permit, the certification of AAALAC International and the PHS Animal Welfare Assurance. During the reporting period, we passed the certification review conducted by AALAC every three years.

IACUC consists of at least five members, including at least one veterinarian, one animal scientist, one member with non-scientific background and one member of the public.



Organizational Chart and Approval Process of the Institutional Animal Care and Use Committee (IACUC)

Animal Welfare Safeguards

Personnel credentials

- Regularly organized training according to internal SOPs for animal feeding and management to standardize the operations throughout all stages of animal feeding and testing and train employees in both humane education and technical skills.
- Ensured that all employees related to animal testing possessed relevant certifications of the operating sites, such as the "Laboratory Animal Practitioner Post Certificate", and who were thus "certified to work".
- Added IACUC animal welfare officers who are responsible for the approval of animal experiments.

Animal breeding

- Regulated the temperature, humidity, ventilation frequency, and other conditions of the breeding environment and reasonably designed the breeding facilities to accommodate the habits of laboratory animals in compliance with the *Laboratory Animal – Requirements of Environment and Housing Facilities* to keep the laboratory animals safe and comfortable.
- Minimized impact on laboratory animals except for necessary activities such as feeding, nursing, and cleaning.
- Enriched the living environment of animals by giving them toys, novel food, and other tools or materials to better accommodate their varied physical, habitual, and sociological needs.

Incorporation of "3R" principle[22]

- Developed the animal testing protocol in line with the "3Rs" principle. When conditions permitted, we used a smaller number of animals to obtain the same amount of testing data or used a certain number of animals to obtain more testing data; used other testing methods instead of animals or used lower animals to achieve the same purpose; avoided or alleviated pain and stress unrelated to the testing purpose caused to the animals in a scientific way by bettering the conditions, treating the animals kindly, and adopting improved testing procedures and techniques.

[22] Replacement. Reduction. Refinement.

Responsible Operations

Insisting on responsible operation, we establish a high-standard quality management system and strictly control the product and service quality; make advances in scientific and technological innovation and R&D, pay much attention to the improvement of our research and development capabilities, uphold a customer-centric culture, and satisfy customer needs through high-quality and efficient R&D services; constantly improve the sustainable supply chain management, establish a win-win relationship of upstream-downstream cooperation, and boost the sustainable development of the industry.

In order to enhance resilience and risk response capacity, cope with force majeure or exceptional circumstances, reduce the operational risks and ensure the sustainability of our business, we have formulated the Company's BCP (Business Continuity Planning), which covers IT, procurement, production, safety and other aspects, and set up a disaster preparedness team to deal with emergencies and thereby provide guarantee for steady operation of our business.

- Quality Assurance
- Innovation, Research and Development (R&D)
- Quality Services
- Supply Chain Management

Quality Assurance

Quality Management

A high-standard quality management system runs through our business process, and provides guarantee for the quality of our product and service. We observe the *WHO Guidance on Good Data and Record Management Practices* and relevant laws and regulations of the places where we operate, including the *Drug Administration Law of the People's Republic of China and* the *Good Manufacturing Practice (2010 Revision)* of China, the *EudraLex of the EU*, and the *US Food, Drug and Cosmetics Act*. We have used them along with a set of industry principles and international benchmarking to guide the development of relevant company policies, such as the *Quality Manual and the Quality Guidelines*. The principles include the *Data Integrity and Compliance with cGMP Guidance for Industry*, the *GXP Data Integrity Guidance and Definitions*, the *ICH (International Conference on Harmonization) Good Manufacturing Practice Guidance for Active Pharmaceutical Ingredients*, the *ICH Q8 Pharmaceutical Development*, the *ICH Q9 Quality Risk Management*, *and* the *ICH Q10 Pharmaceutical Quality System*, among others. We work to create a culture of quality and have explored the establishment of a seamless quality management system and comprehensive quality control testing procedures. To add to that, we have well-established laboratories, clear roles and responsibilities, and an effective communication framework. All of those serve to ensure that our products are produced and controlled to the quality standards for their intended use.

We have established a global integrated quality management system and a set of unified standards. According to the differences of different sites, we divide our quality management system into global level, China level, and site level, to satisfy the actual needs of different sites. In addition, we carry out more than ten management reviews on each site every year and regularly review the status of the quality management system; strengthen the weak links founded in the reviews, improve the projects with problems, and incorporate them into the corrective and preventive measures system for further rectification and tracking.

Quality Management System

Observing regulatory requirements

- Observed applicable laws and regulations issued by the US Food and Drug Administration, the European Medicines Agency, China's National Medical Products Administration, etc. at the operating sites to ensure operational compliance

Developing quality guidelines and manuals

- Established a full-fledged quality management system and endorsed a culture of quality; delivered products that not only met the final specifications but also followed consistent procedures and conditions every time

Standardizing procedures and processes

- Developed 300+ SOPs to ensure regulated and standardized operations
- Regulated all the quality-related operations to ensure that the products met key regulatory requirements for safety and production

Developing worksheets and records

- Collected, analyzed and reported data generated during the work process and kept records such as forms, notes and reports on an ongoing basis

Quality Culture

Top Down

- Provide customers with high-quality services and high-quality products as a strategic and critical business decision
- Create a transparent and trustworthy environment in quality management
- Cross-functional leadership-collaboration with the same quality goals
- Build a quality reputation as Pharmaron's advantage

Bottom up

- Ownership mindset: quality is everyone's responsibility
- Team effort: individuals work together in daily activities to ensure achieve GMP compliance
- Continuous improvement: individuals follow the SOPs and further publicizes and optimizes the quality culture through deep understanding
- Social responsibility: patient safety centered

Product Recall and Response

We provide customers with active pharmaceutical ingredients (APIs) and formulation for different stages of clinical research based on our presence in different parts of the world. In order to provide high-quality services and products, we design product release documents according to the quality standards and testing methods of each product, and conduct product inspection according to the approved product quality standards. For OOS (out of specification) and OOT (out of trend) results, we carry out investigations according to the *Investigation of OOS and OOT Results*, and if necessary, conduct a deviation survey. In order to deal with possible recalls caused by product defects, we develop and implement procedures such as *Standard Operating Procedures for Product Recall* and *Management Procedures for Non-conforming Products* to handle recalls of defective products, which standardizes compliant handling to safeguard the common interests of the customers, and prompt improvements in the quality of products and services. This helps ensure that future product recalls due to safety problems or serious quality deficiency are conducted in accordance with standard operating requirements.

In 2022, we had zero product recalls. We conducted a mock product recall at Pharmaron and Pharmaron UK respectively to familiarize ourselves with standard product recall procedures and improve the ability to deal with product recall events.

Innovation, Research and Development (R&D)

Vigorous Innovation

Innovation is the primary engine for development. In 2022, we continued to increase our investment in technology, keeping up with the frontiers of science and technology, following the pace of policies and regulations, and putting in efforts to build technology platforms for sustainability, especially in green chemistry and green biology. In chemical technology, we apply the latest and most practical technological tools to improve the efficiency of synthesis and continue to strengthen the application of chemical reaction screening platforms, fluid chemistry, biological enzyme catalysis and libraries of genetically encoded compounds. In biotechnology, we improve our chemical proteomics platform, 3D cell microspheres and organoid models, gene editing technology and imaging technology to enrich or consolidate our services, and develop in vitro human-derived bioassay platforms such as microorgan models, 3D organoids and tissue chips to reduce the number of animal tests, improve the success rate of translational medicine and support green biomedicine.

With regard to the cultivation of creative talents, we place the focus on R&D exchange and innovation atmosphere, actively create a cultural atmosphere of “learning at Pharmaron”. We set up awards such as “Chemistry Star” and “Innovative Practice Award”, and organize regular academic seminars and forums. We build the platform that enables researchers to obtain the latest technology of bio-pharmaceutical. The researchers could communicate with experts and scholars to inspire innovation potential and technology R&D.

During the reporting period, R&D expenses increased by RMB130.5503 million as compared to the same period last year, representing an increase of 86.02%.

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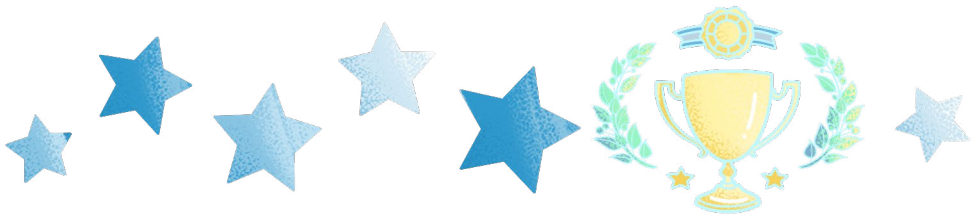
Case Small-molecule API production base was officially put into production in Pharmaron Shaoxing

In February 2022, Pharmaron Shaoxing small-molecule API production base was officially put into production. It is committed to developing, optimizing and commercializing new drug production techniques, providing more flexible, larger-scale and greener production services of APIs and high-end pharmaceutical intermediates for domestic and foreign customers, and assisting customers in clinical drug development and product commercialization. The successful commissioning of the Shaoxing production base, combined with our existing high-end intermediate and API production bases located in Tianjin, UK and the US, has further improved the Group’s global production network layout of small-molecule drug processes, and further consolidated the integrated service. Then we could satisfy the needs of global customers for different production scales and production processes.

Case Pharmaron Clinical won the title of “2022 Best Clinical CRO Enterprise (Emerging)”

On December 30, 2022, Pharmaron Clinical was awarded the title of " 2022 Best Clinical CRO Enterprise (Emerging)" by the 2nd China Biopharmaceutical Industry Chain Innovation and Transformation Summit. The award is granted to recognize the innovations and breakthroughs made by enterprises in 12 dimensions, such as target novelty, technical advancement, clinical demand and R&D investment. Pharmaron was also awarded the “Golden Horse Award-2022 Best Preclinical CRO/CDMO Enterprises (Mature)”.



Intellectual Property (IP) Rights Protection

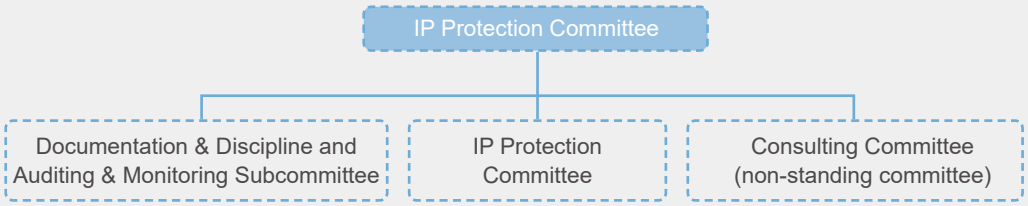
As an important resource for economic development and a core element of competitiveness, IPs play an increasingly prominent role in enterprise competition. Enterprises are the key players in independent innovation, and also the subjects of IP creation, application, management and protection. Improving IP management is an important guarantee to raise the capability of independent innovation. As a pharmaceutical R&D enterprise, we are well aware of the far-reaching influence of scientific and technological innovations on our development. We strictly abide by the laws and regulations applicable in the regions where we operate, such as the *PRC Patent Law* and the *PRC Trademark Law*, and formulate and implement regulations such as *Regulation on Information Security and Confidentiality of Pharmaron* and *Pharmaron Confidentiality Management Manual*, and standards and specifications for confidential information management. In 2022, we formulated *Management Measures for Trade Secrets of Pharmaron* and *Management Manual for Standard Use of Trademark of Pharmaron*, which are now in the stage of opinions solicitation, in an effort to provide institutional guarantee for IP protection and information security. At the end of 2022, the *Patent Analysis Report of Pharmaron’s Industry and Competitors in 2022* was formed through searches of the IP Team of the Group’s Legal Affairs Department, which provided the Company with comprehensive intelligence information about competitors’ patents, information support for R&D and valuable information for the patent application strategy. The Company proactively protects its independent IPs in terms of patents, trademarks and trade secrets on the one hand, and makes advance searches to avoid infringement on others’ IPs on the other hand. In addition, the Company has set up the IP Management Committee, which is responsible for safeguarding the information security and rights of related R&D achievements. Internally, the Company performs IT system management, hardware registration management and file backup management, and sign the *Employee Proprietary Information and Invention Agreement* with employees. In order to effectively strengthen employees’ awareness of confidentiality, we organize regular “Confidentiality Knowledge Training” for new employees in the Group and its subsidiaries every week, so as to provide multiple guarantees for the protection of innovation achievements.

IP Protection System

The Company has formulated the specifications for IP management activities in all links such as procurement, R&D and sales, basically established an IP protection system, strengthened IP management, and improved the acquisition, maintenance, application and protection of IPs.

Management Safeguard

- Constitution of the IP Protection Committee:



- IP Protection Committee duties: The committee manages all IPR protection related matters in and of Pharmaron, and reviews and provides written approval for all rules, guidelines, procedures, and standards in relation to IPR protection in and of Pharmaron; its members meet regularly to review and discuss the IPR protection related documents submitted to the committee to continuously improve IPR management.

Policy Safeguard

- Developed the *Pharmaron IP Handbook* based on the *Regulations on Information Security and Confidentiality of Pharmaron*, providing a framework and procedures for IPR protection and requiring all employees to comply with relevant requirements and guidelines to sufficiently protect customers' intellectual property rights. With the revisions of IP-related laws and our business expansion, we formulated the *Management Measures for Trade Secrets of Pharmaron* and *Management Manual for Standard Use of Trademark of Pharmaron* in 2022, which are now in the stage of opinions solicitation, in an effort to improve and regulate our IP management system.

Legal Document Safeguard

- Signed the confidentiality agreement with external partners in time, welcomed and assisted customers to conduct auditing onsite to Pharmaron's IPR protection practices at any time, and collected customers' suggestions to make improvements.
- Internally, required every employee to sign the *Employee Proprietary Information and Inventions Agreement* as part of the employment contract.

Training Safeguard

- Implemented an employee IPR protection training program and included confidentiality and security system training in new-employee orientation training; conducted a variety of IPR protection training courses regularly to all existing employees, including the quarterly online course, semi-annual training, in-person training, etc.; provided a compulsory pre-internal transfer confidentiality training course for employees who would be transferred from one project or group for one customer to another project or group for a different customer in addition to the transfer interview conducted by HR.

Technical Safeguard

- Set up the information databases and multiple layers of firewalls to protect Pharmaron's databases, and the username, password, and personal information dynamic control system, using technology to protect online information security.

Quality Services

Committed to providing all-round and integrated R&D and production services for the global medical and We are committed to providing comprehensive and fully integrated new drug R&D and manufacturing services to the global pharmaceutical and life sciences industry. We put customers first and uphold professionalism, an international outlook, and quality in all our business undertakings. We make every effort to shorten the timelines of new drug development and drive down the development costs so that we can best serve our customers by providing efficient and high-quality R&D services. We have developed the *Standard Operating Procedure for Customer Complaints*, which standardize the handling of customer complaints, to ensure timely and efficient handling and response to all customer complaints. All the efforts serve to ensure that we continuously protect the common interest of the customers and ourselves, improve product and service quality, and help catalyze drug innovation.

In order to facilitate customers' feedback of opinions and questions, we assign special personnel to investigate and track the customer satisfaction during and after each service project. In addition, we indicate the contact information of the responsible production site on the COA and outer package of each product for the convenience of feedback and tracking.

For customer complaints received at home and abroad, we strictly follow the *Standard Operating Procedures for Customer Complaints*, that is, after receiving a customer complaint, we start complaint handling in time, conduct a comprehensive and in-depth investigation, find out the root cause of the problem, deal with it in a timely and efficient manner and maintain good communication with customers.

During the reporting period, we received a total of 14 minor complaints, all of which have been properly settled in time, with a resolution rate of customer complaints up to 100%. We have ALSO developed effective CAPA to facilitate advance management and prevent similar problems from arising in the future.

Resolution rate of customer complaints up to

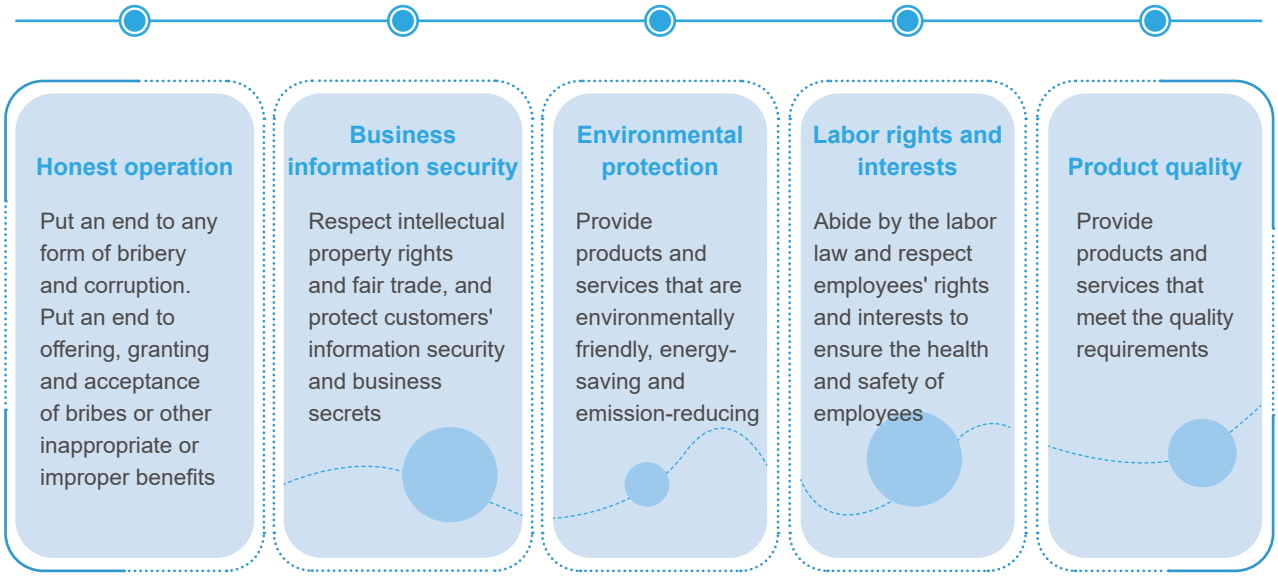
100%

Standard Complaint Handling Process

Supply Chain Management

We constantly enhance our supply chain management capabilities, adhere to responsible and transparent procurement, and work together with partners to build a sustainable supply chain. During the reporting period, there was no supplier complaint received from our open compliance reporting channel. We have formulated the *Supplier Code of Conduct, Pharmaron Beijing Procurement Management Regulations* and other standards and norms, which cover business integrity, ethics, anti-corruption, talent development (e.g., occupational health, anti-discrimination, equal treatment, compensation and benefits), environmental management (e.g., hazardous waste (solid waste, waste water, etc.) management and restrictions, exhaust emission management, and environmental permit and reports) and other aspects, and require all suppliers to learn and sign the commitment.

We regularly provide special training for suppliers on internal process, system usage, delivery period, etc. Meanwhile, we conduct special assessments and audits with the *Supplier Social Responsibility Assessment and Review Form* and other relevant documents, require suppliers to understand and learn our norms and expectations for partners, so as to effectively prevent and control the environmental and social risks of the supply chain. Our documents such as the *Supplier Quality Systems Questionnaire* clearly define the quality requirements for suppliers. We hope to work with suppliers to improve the quality of products and services, ensure safety and create a transparent, green and healthy supply chain.



Core Issues of Pharmaron Supplier Management

Procurement Management

We have formulated the *Pharmaron Beijing Procurement Management Regulations* according to the *Basic Standards for Internal Control* and other relevant laws, regulations and normative documents, with a view to regulating the procurement management. In accordance with the *Standard Operating Procedures for Procurement Management*, we continuously improve the life-cycle management of procurement from procurement application, order processing and return management to remittance. Purchasing officers are required to strictly abide by the *Code of Ethical Conduct*, and receive our regular training on procurement specifications and procedures, procurement behavior norms, new online procurement system and other relevant aspects to ensure business integrity and self-discipline and promote fair and transparent procurement.

In terms of green procurement, we give priority to environmentally-friendly products and services. For raw materials and equipment, we prefer green processes or products provided by suppliers with ISO1400 certification; for electrical appliances, we prefer appliances with 3C certification and energy efficiency level 1. In addition, we recycle surplus materials of projects through information sharing, third-party sub-packaging, etc., so as to reduce waste.

Procurement Process

- Procurement application: the applicant submits a written procurement application according to the business needs, which lists the information of the required goods such as name, quantity, use and cost incidence. The applicant should be responsible for the accuracy and rationality of the application information.

- Approval by the department head: the procurement application should be submitted to and approved by the management at the appropriate level according to the limit of approval authority for procurement of each department. The approver should pay attention to the rationality of procurement demand, put forward approval opinions from various aspects such as cost budget control, and keep approval records.

- Management approval: if the transaction amount exceeds the limit of approval authority of the department head, the procurement application should be submitted to the COO/CEO for final approval.

- Supplier selection: after receiving the approved procurement application, the procurement officer conducts price inquiry and comparison through price and quality comparison, selects 2-3 suppliers, and prepares written price inquiry and comparison records. After preliminary analysis, the officer initially determines the supplier. If there is the sole supplier, the officer should indicate the reason why the supplier is the sole supplier in the price inquiry and comparison records. Finally, the officer selects the best supplier in the procurement system according to the inquiry and comparison records.

- Manager review: the Procurement Manager reviews the ordering and price inquiry and comparison information submitted by the procurement officer, check the qualifications of the selected supplier within his authority, and keep approval records.

- Purchase: upon approval, a purchase order is generated by the procurement system, and then the procurement officer arranges for purchase of required goods.

Management of Suppliers' Environmental and Social Risks

We expect suppliers to abide by not only all laws, regulations and standards, but also the provisions concerning finance, labor relations, health, safety, openness, transparency and environment. We conduct regular on-site quality audits on production-related suppliers. In the supplier due diligence conducted this year, we paid more attention to ESG-related issues such as ethics, employee health and safety, and environmental performance. Once any non-compliance risk are identified, we always work with suppliers to seek and take corrective or remedial measures.

Supplier due diligence

We have established a supplier due diligence process to gradually carry out supplier due diligence. With regard to third-party due diligence, we mainly place the focus on compliance-related issues such as anti-corruption, export control, environmental safety, business ethics and reputation, and ESG-related issues such as labor issues and working environment evaluation. Our ultimate goal is to conduct annual risk assessment for all major suppliers, carry out due diligence for all suppliers in high-risk areas, and gradually strengthen the due diligence management.

Contract terms

We define suppliers' responsibilities and obligations in terms of honest operation, business information security, labor rights and interests and environmental protection in supplier contracts.

Supplier Code of Conduct

We sign the *Supplier Code of Conduct* with all our suppliers, which specifies clear environmental and social requirements for suppliers. In consideration of product quality, environmental and social performance, and other relevant dimensions, we explicitly require suppliers to pass related qualification certifications, including green production certification, environmental management certification, etc.

Environmental and social responsibility assessment and review

We thoroughly evaluate the environmental and social performance of suppliers with such documents as the *Supplier Environmental Management Questionnaire, Supply Chain Safety Assessment Form, Supplier Social Responsibility Assessment and Review Form*, and *Supplier Quality Systems Questionnaire*. Pharmaron UK has drawn up the *Contractor or Service Provider EHS Assessment Questionnaire,* requiring suppliers to provide relevant evidence about environmental and social management.

Regular evaluation and scoring

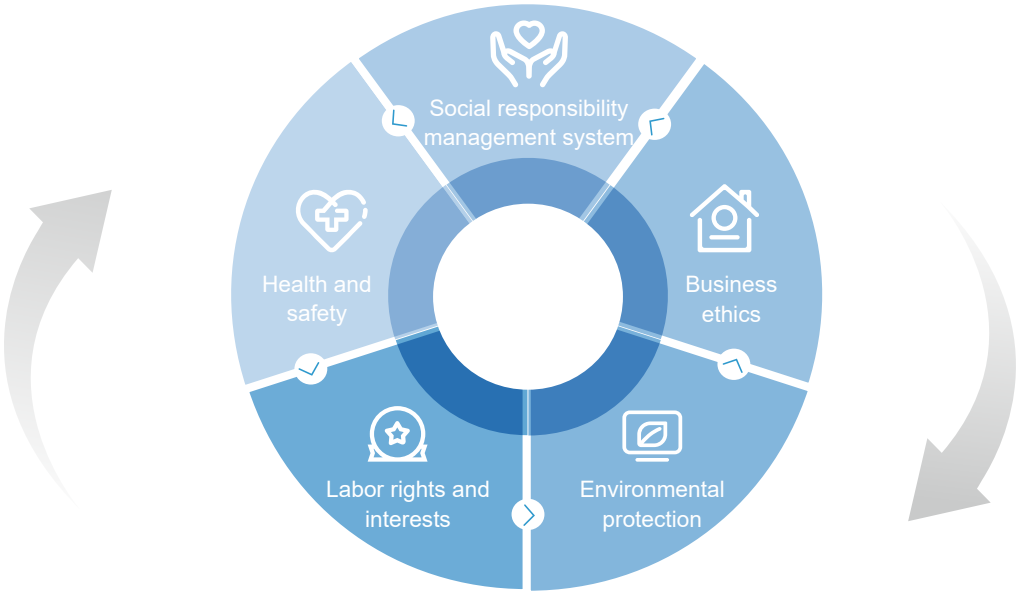
We regularly evaluate important suppliers from the aspects of quality, price, delivery period, packaging and storage, use effect, follow-up service, payment terms, invoicing, and social and environmental performance by the method of integrated scoring. The scoring results are an important basis for determining whether to continue the cooperation.

Regular training and communication

We require all suppliers to learn and promise to abide by the *Supplier Code of Conduct*, and regularly carry out special training for suppliers on internal process, system usage, product standards, etc. We pay particular attention to business integrity, ethics, anti-corruption, fair procurement, green procurement, etc., and require every supplier to sign a letter of commitment.

Supplier certification

We plan to gradually advance supplier certification, and hope to certify or rate suppliers that meet our high standards. Preferred suppliers may have priority to get new cooperation opportunities.

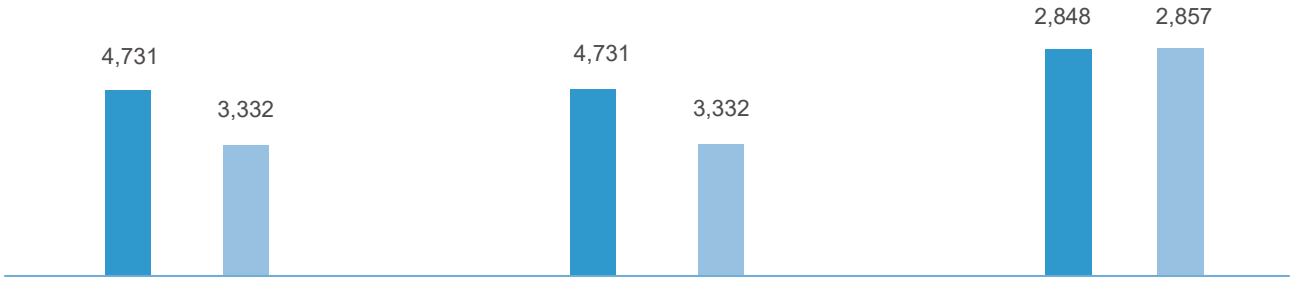


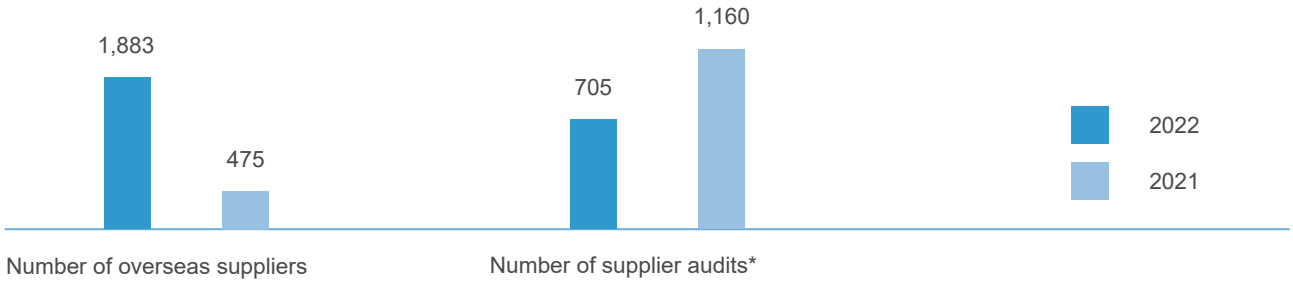
Supplier Social Responsibility Assessment and Review Form

Cooperation and Joint Contribution with Suppliers

We also attach great importance to the ability and growth of supply chain management personnel. We encourage employees to actively participate in the forums, webinars and trainings on green supply chain organized by customers, as well as the industry forums and webinars on ESG and sustainable development, so as to fully improve the professional skills of procurement management personnel in ESG aspects, and promote co-production and sharing through communication and exchange.

Our key suppliers are also concerned about sustainability. For example, suppliers in the United States have formulated a series of short-term and long-term sustainable development plans and passed many certifications in green operation and green building. We encourage more suppliers to perform sustainable development certification, thereby effectively promoting the construction of sustainable supply chain, and boosting the coordinated development of upstream and downstream enterprises. In the UK, our procurement personnel cooperate with suppliers to recycle plastics, glass and other wastes related to their products to support waste recycling. The department also reduce the frequency of product delivery with the same company to reduce emissions from transportation, and give priority to local suppliers to reduce environmental impact. In the future, we will further seek the opportunities of cooperation with value chain partners when promoting the “Science-Based Targets initiative” to jointly build a green and low-carbon value chain.





* During the reporting period, we adopted a risk-oriented audit strategy, focusing on auditing the key suppliers.

Empowering Talent Development

As valuable wealth to an enterprise, talents are an important driver for corporate development, and also a core competence of sustainable development. We are committed to promoting the all-round development of employees, building a talent empowerment platform, providing diverse training and establishing a smooth channel for talent growth and promotion. Meanwhile, we place great emphasis on the protection of employees' rights and interests, pay much attention to employees' physical and mental health, strive to create an inclusive and equal environment, and make employees feel like home.

- Equality and Diversity
- Talent Attraction and Retention
- Health and Safety

Equality and Diversity

Compliant and Equal Employment

We adhere to the *Labor Law of the People's Republic of China,* the *Labor Contract Law of the People's Republic of China*, the *Employment Rights Act 1996 and* the *Equality Act 2010* of the U.K., the *Pay Transparency Nondiscrimination Provision* of the U.S., and other applicable laws and regulations of the countries where the labor relations exist, to ensure legitimate and fair employment. In addition, we have formulated the *Labor and Human Rights Management System* in line with internationally recognized human rights policies, which comprehensively covers corporate human rights and labor norms, including freedom of association, the right to collective bargaining, workplace safety, etc. Further, we prohibit discrimination against fairness on the grounds of gender, nationality, region, religion, etc., as well as the resulting unfair treatment, and have zero tolerance for harassment on any occasion and in any form, so as to further safeguard employees' rights and interests.

We pay much attention to the promotion and practice of the anti-discrimination concept. For example, it shall not refuse to employ women or raise the standards for the employment of women on the grounds of gender. Implement equal pay for equal work between men and women, and women enjoy equal rights with men in welfare treatment. Also, the principle of gender equality shall also be adhered to in employee promotion and professional title appraisal, and discrimination against women shall not be allowed. Anti-discrimination has been included in the induction training for new employees, and the coverage rate of anti-discrimination training is up to 100%.

For part-time employees and non-regular employees (such as dispatched employees and consultants), we have also formulated sound employment and management policies, such as the *Intern Management Policy*, to guarantee the compliance, legality and rationality of the employment relationship from the aspects of contract signing, rights and interests protection, skills training and development. The Company's policies on labor and human rights are also applicable to part-time employees and non-regular employees.

In 2022, there were no violations related to employment discrimination, forced labor, child labor, etc.

Diversity and Equal Employment Measures

Promoting fair recruitment

- Specifying job requirements: Truthfully described the job duties and requirements when recruiting so that candidates could develop a clear idea of a particular vacancy and properly assess whether they had the right credentials or whether it fits their expectations.
- Ensuring impartiality and voluntariness: Introduced the applied vacancies to relevant candidates in detail during job interviews, including the duties and requirements, relevant policies and management regulations, etc., in particular information about working hours, wages and benefits, etc.; put impartiality and voluntariness first, fully respected the candidates' thoughts and will, and prohibited the recruitment of any employee by any coercive or deceptive means.

Creating a corporate culture of diversity, inclusion and equality

- Respected the personality, characteristics, beliefs and culture of employees from more than 20 countries with different genders, races and age groups, and strived to create an inclusive, fairness and open working environment.
- Maintained an open, respectful and inclusive mind, valued and listened to all perspectives, and eliminated unconscious discrimination and prejudice.
- Gave full consideration to diversity in the process of career development and promotion, and provided employees with fair job opportunities and promotion opportunities.
- Placed a heightened focus on employees' happiness and motivation, and created a workplace environment where employees have a sense of belonging.

Our Commitments

Prohibiting discrimination

- Combat any form of discrimination within the scope of current laws and regulations, and prohibit discrimination on the grounds of gender, nationality, region, religion or the like and resulting unfair treatment
- Put into practice the compensation management principle of gender equality and equal pay for equal work

Respecting human rights

- Respect and support internationally recognized regulations on human rights, and respect the personality and dignity of employees. It is strictly forbidden to restrict employees' personal freedom or request forced labor by violence, coercion or other means

Prohibition of Child and Forced Labor

We follow the international conventions and relevant laws on the protection of minors applicable in the regions where the labor relationship exists, including the *Labor Law of the People's Republic of China,* the *Labor Contract Law of the People's Republic of China,* the *Law of the People's Republic of China on the Protection of Minors*, and the *Provisions on the Prohibition of Using Child Labor* of China, the *Children (Protection at Work) Regulations 1998* and the *Children Act 2004* of the U.K., and the *National Labor Relations Act* of the U.S., and clearly prohibit the use of child labor in the *Employee Handbook*.

Child Labor and Forced Labor Risk Management

Prohibit the use of child labor

Recruitment review

- Conduct strict vetting to confirm in advance that applicants are of legal employment age and meet the Group's employment requirements.

Incident management

- Contact relevant government agencies for any applicants aged under 16 found out during recruitment, cover the escort fees, and encourage them to continue school education.

Prohibit forced labor

The principle of voluntariness

- Introduce the working hours, benefits and other relevant information to candidates in detail in the course of recruitment, fully respect the free will of candidates, and eradicate coercion and fraud in recruitment

Policy support

- Stimulate in the *Employee Handbook* that employees cannot be forced to work overtime

Daily management

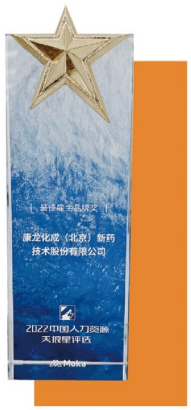
- Strengthen the awareness of internal regulations in day-to-day work, and protect employees' rights and interests
- If an employee needs to work overtime because of work needs, an application should be submitted for approval in advance. The Company will arrange employees with overtime records to take days off reasonably

Employment

Indicators	Unit	2022
Employment		
Total number of employees	person	19,481
Number of male employees	person	9,057
Number of female employees	person	10,424
Number of full-time employees	person	19,459
Number of part-time employees	person	22

Number of employees aged 30 and under	person	13,928
Number of employees aged 31-50 (inclusive)	person	5,342
Number of employees aged 51 and above	person	211
Number of employees with a bachelor's degree or lower	person	13,789
Number of employees with a master's degree	person	4,810
Number of employees with a doctor's degree or higher	person	882
Number of Chinese employees (including Hong Kong, Macao and Taiwan)	person	17,896
Number of overseas employees	person	1,585
Number of senior managers	person	92
Number of middle managers	person	3,615
Number of non-management employees	person	15,774
Percentage of female employees in the management*	%	44.59
Employee Turnover Rate		
Turnover rate of employees	%	14.61
Voluntary turnover rate of employees	%	14.43
Turnover rate of male employees	%	12.81
Turnover rate of female employees	%	16.15
Turnover rate of employees aged 30 and under	%	15.67
Turnover rate of employees aged 31-50 (inclusive)	%	11.66
Turnover rate of employees aged 51 and over	%	17.54
Turnover rate of Chinese employees (including Hong Kong, Macao and Taiwan)	%	14.45
Turnover rate of overseas employees	%	16.21

Pharmaron won the title of "China Best Employers in Beijing" in China Best Employer Award 2022 held by Beijing Wangpin Consulting Co., Ltd., (51 Job) and has won this award for three consecutive years



Pharmaron won the Best Employer Brand Award 2022 at the GHRC China 'Sirius' (Moka HR) Award

* Management includes senior management and middle management

Talent Attraction and Retention

Talents are our precious wealth. We attach great importance to attracting talents, actively establish a talent resource pool, constantly improve the recruitment process, continue to promote and deepen university-enterprise cooperation and expand recruitment channels. We also provide competitive compensation and welfare benefits for our employees, as well as abundant training and growth opportunities, and strive to create a business atmosphere where the company and employees grow together.

Talent Attraction

In 2022, we continued to expand our talent pool through e-recruiting system. We also continued to optimize the recruitment process by flexibly adopting telephone, video and other online interviews to break the regional and time barriers and avoid missing outstanding talents.

In an active role to seek university-enterprise cooperation, we worked with 20 colleges and universities in China to build "Pharmaron Internship and Practice Base" to provide opportunities for students to put their theories into practice, and at the same time cultivated excellent talents for the company on a targeted basis. To offer the students a closer look at Pharmaron, we successfully held online communication sessions with 63 colleges and universities and invited students from 15 colleges and universities in Beijing and Xi'an to tour our sites. We also delivered recruitment talks online and offline for schools. Thanks to such efforts, we recruited 3,072 employees directly from schools during the reporting period.

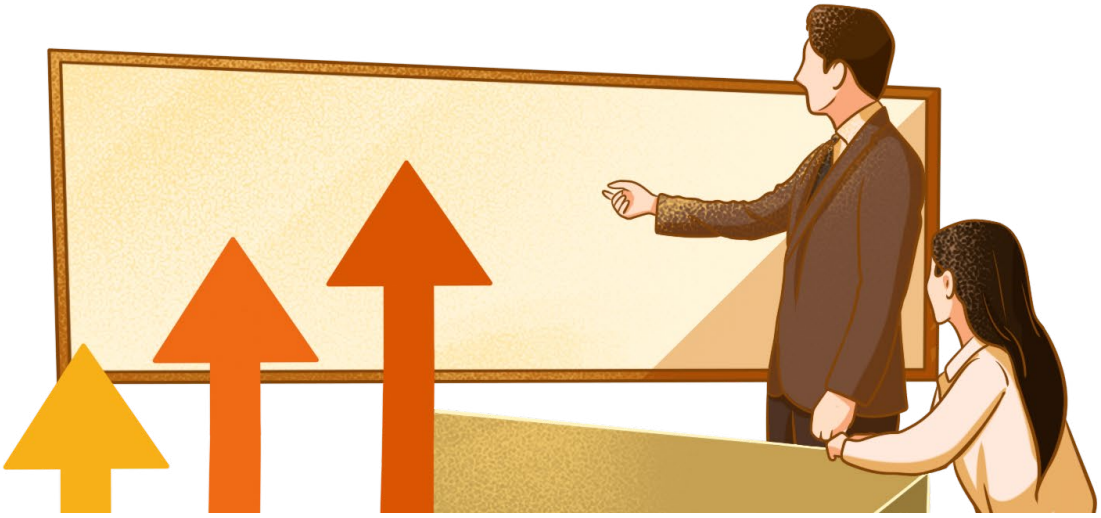
To diversify the channels to seek talent, we ramped up the publicity of internal referrals and formulated more flexible and attractive internal referral policies. Therefore, during the reporting period, we received 2,584 resumes and hired 529 people through internal referral, a strong approach to building up our pool of candidates and resume database.

Talent Retention

Compensation and Benefits

We act in compliance with relevant legal and regulatory requirements of the places where our employee labor relations are located, including the *Labor Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Interim Provisions on Wage Payment*, the *Regulation on Paid Annual Leave for Employees*, the *Equality Act 2010* of the U.K., and the *Fair Labor Standards Act* of the U.S. We implement a comprehensive compensation strategy that combines incentive programs to motivate employees to surge forward, thus underpinning our group strategies. So far, the group has not experienced large-scale layoffs.

The fixed salary and grade of employees are determined comprehensively and reasonably according to their position, ability, value and other indicators. The remuneration is adjusted annually considering price index fluctuations, the data of pay surveys of the market and industry, and employees' work performance. Performance bonus is provided by month, quarter, and year based on relevant policies, department performance, and individual performance to further reinforce pay for performance.



Since 2019, we have gradually promoted and constantly improved the formulation, promotion, and implementation of the equity incentive program to establish and perfect a long-term incentive mechanism. By doing this, we attract and retain talent, motivate backbone staff and integrate the interests of shareholders, the Company, and the individuals of core teams, making them focus on the Company's long-term development together. During the reporting period, we launched 3 batches of equity incentive programs—one restricted equity incentive program for A-shares and two employee stock ownership plans for H-shares, motivating 554 employees in total.

In terms of employee welfare, we have established a diversified welfare system to enhance employees' sense happiness and satisfaction. The social insurance coverage for full-time employees has reached 100%.

Insurance & Healthcare

- We provide such social welfare programs for employees as insurance paid in full, social security, and housing fund with following the applicable laws and rules of the areas where the labor relations are located.
- We purchase extra medical insurance to establish a multi-layered healthcare insurance system and buy commercial health insurance for foreign employees who are ineligible to access the national statutory insurance of China.
- We also provide medical services such as physical check-ups, Digital Family Doctors, Call Center, and Service Centers for employees.

Paid Leaves

- We have established a detailed attendance scheme and provide a wide range of paid leave options as per the laws and rules of the areas where the labor relations are located, such as annual leave, marriage leave, maternity leave, breastfeeding leave, sick leave, and funeral leave.
- Special leaves (i.e., parental leave) have been newly granted as per the local policies of the area where the employment contract is based, to provide 5 or 10 days of full-pay parental leave every year for each male and female employee before their children reach 3 years old.
- Considering the personal affairs of employees, we have established a personal leave and sick leave system.

Daily Life

- Accommodation: to address the lodging problems for employees, we provide 2 options:

1) We provide 1 to 3-month free accommodation for freshmen.

2) We provide dormitories and auxiliary services for employees in need.

3) We strive to secure public rental housing with the government to provide public rental facilities for eligible employees.

4) We provide an interest-free home purchase loan assistance scheme of 5 years at most for eligible employees with a doctor's degree.

Food Services

Besides meal subsidies, we provide varied and wholesome foodstuff in our in-house canteen, "Family of Pharmaron".

Commuting

We provide staff shuttle buses on multiple paths to facilitate employees going on and off duty.

Supporting Amenities

For the convenience's sake, the sites are provided with gyms, barber shops, bakeries, and coffee shops for employees.

Employee Care

Supporting Female Employees

- We provide the necessary leaves for female employees during pregnancy and breastfeeding periods to help them recover.
- We provide birth gifts for the female workers after their maternity leaves and host welcoming parties to celebrate their return.

Employee Communication

- The Company has established and broadened channels for employee communication to care for their well-being and enhance their sense of belonging and satisfaction. Pharmaron UK launched an employee satisfaction survey in 2022 to probe the workplace environment, physical and mental health support, nutritional status and financial conditions.

Case Better Accommodation for Better Employee Satisfaction

Pharmaron Ningbo Tech strictly controls the quality and environmental protection level of the furniture in the dormitories to safeguard staff health and improve their living conditions. Green plants are placed in every room of the dormitory buildings to clean the in-door air and enhance employees' satisfaction of accommodation.

Improving living conditions for employees

Culture and Entertainment

- Club activities: We enrich the leisure time for employees with an array of activities including Go games, basketball, football, badminton, and English language. We host competitions to create more fun and enhance teamwork ability for employees.
- Holiday celebrations: We hold various holiday celebrations on the premises at home and abroad. For example, we engage internal trainers to arrange salons on Teacher's Day and celebrate Christmas every year.

Caring for Employees in Need

- For employees with serious illnesses, we organized Group-wide donations while communicating with local trade unions for additional critical illness subsidies and paid their salaries in full during treatment to alleviate their financial burden.
- For employees who ran into financial difficulty due to illnesses or emergencies, we actively communicated with local trade unions to help them apply for subsidies to get through the hard times.
- For employees with disabilities, we ensured equal employment and fair treatment and improved accessible design in the workplace to facilitate their professional and personal lives.

Case **Holiday Celebrations to Enrich Employees' Leisure Time**

In 2022, Pharmaron Ningbo Tech held activities such as Making Dumplings on the New Year's Day, Making Sweet Green Rice Balls on the Tomb-sweeping Day, Making Rice Dumplings on the Dragon Boat Festival, and Offering Moon Cakes on the Mid-Autumn Festival, which enriched employees' leisure time, deepened corporate culture, and enabled our employees to balance their work and life.

Making Sweet Green Rice Balls

Making Rice Dumplings

Talent Development

Employee Training

We actively develop learning resources, identify the learning demands of employees and their departments through systematic training management process, form annual training management objectives and work plans, based on which we design and provide ample courses for employees, constantly improve business capabilities, and achieve employee empowerment.

Closed-loop Learning and Growth Management

Defining development demands

- Personal development plans
- Requirements of the Company/ department
- Compliance requirements
- Occupational development
- Performance management

Designing growth path

- Internal courses
- External courses
- Training/guidance
- Experience sharing/best practices sharing
- Job rotation/traineeship

Developing growth plans

- Make annual training schedule, growth activities, and other planning
- Promote plan implementation and knowledge

Rounding off growth assessment

- Evaluate the training courses to ensure they are effective and useful
- Optimize the training system to make the content more practical

Orientation training

- We help freshmen familiarize themselves with the workplace and positions, and corporate management schemes they should be informed of and understand their tasks, responsibility, and authority, adapt to the new workflows, pick up skills, and get acquainted with the facilities or tools they are working with through the *Employee handbook*, job instructions and necessary field trip and skill training. With such efforts, we help employees to adapt to their new roles, master the methods and procedures necessary to fulfil their roles and get into their stride.

Promotion training

- We have prepared online-training programs for 5 managerial levels to help new executives transform their roles, improve management skills, and understand the features of an effective team, thus boosting team performance.

Cultivating expertise

- Special vocational training: we encourage employees to acquire professional qualification certificates and provide all-expenses-paid training.
- We provide *Employee Training Subsidy Program* for employees in need and engage employees to attend Security+ programs. Those attendees who pass the training will obtain the certificate granted by CompTIA.

Employee Promotion

Evaluation

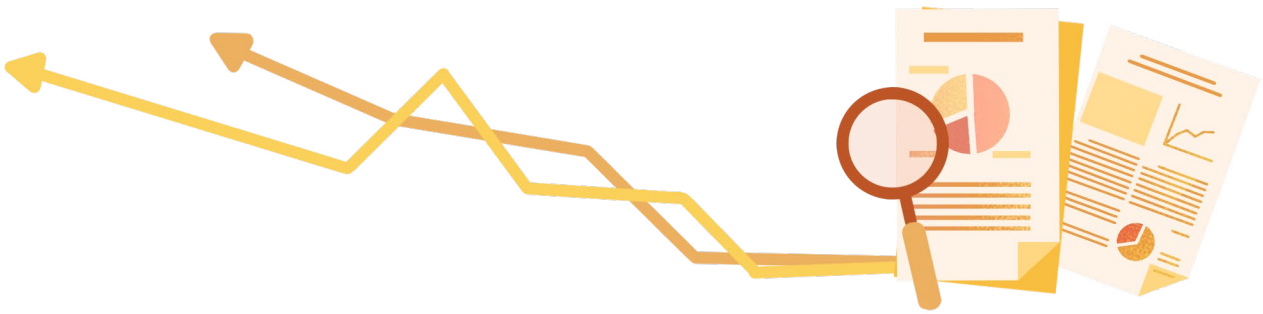
- Implemented policies such as the *Performance Evaluation Regulations* at all our facilities for fairly evaluating employee performance; developed employee evaluation indicators and provided procedural coaching and communication to make employees feel engaged and respected.
- Provided a fair, efficient, equal, and two-way communication channel for employees who found it necessary to challenge their evaluation results.

Promotion

- Implemented policies such as the *Promotion Regulations* at all our facilities, promoting well-performing employees based on a comprehensive regular evaluation of their work performance, deliverables, management capabilities, etc., and providing matching training courses to build a well-rounded workforce.

Awards

- Set a variety of theme awards as suited to the development stage and industry characteristics, such as “Talent Referral Award”, “Chemistry Star Award”, “Safety Allowance”, “Star-Level Laboratories” and “New Practice Award”.



Upgrading language skills

- Special English training: we arrange English Club activities on Wednesday. We collaborate with external professional institutes to develop "Pharmaron Customized Master Class”, in which experienced foreign teachers are engaged to provide such language training courses as Business English Writing and Excelling in your Spoken English vocabulary for management-level employees.

Pharmaron Academy

We have established Pharmaron Academy to provide employees with the opportunity to further their professional knowledge and professionalism without leaving the office, and to cultivate more elite talents. At Pharmaron Academy, we offer gradient learning opportunities of master's program and doctor's program, carry out professional courses conducive to the career development and personal growth of employees in professional theories and practice, project and personnel management, communication with customers in Chinese and English, teamwork, career development and other aspects. Outstanding employees of each department are engaged to serve as lecturers and teaching assistants to create a positive learning atmosphere. In this much-sought-after program, we arrange professional exams to select the best attendees and those failing the selection will be provided with targeted feedback to encourage them to try again after self-improvement. The attendees who have completed the further educational programs and graduated will obtain the certificate granted by Pharmaron, and enjoy the same internal compensation and benefits as those with the same degree.

Indicators	Unit	2022
Total number of employee training sessions	Time	11,735
Total number of employee training participations	Person	145,270
Total employee training hours[23]	Hour	635,479.56
Average training hours per employee	Hour/person	32.62
Percentage of female employees trained	%	96.96
Average training hours of per female employee	Hour/person	28.80
Percentage of male employees trained	%	94.67
Average training hours of per male employee	Hour/person	37.02
Percentage of senior managers trained	%	75.00
Average training hours per senior manager	Hour/person	5.07
Percentage of middle managers trained	%	93.86
Average training hours per middle manager	Hour/person	11.67
Percentage of non-management employees trained	%	96.48
Average training hours per non-management employee	Hour/person	37.58

[23] Excluding the training hours of Pharmaron Academy

Health and Safety

We strictly abide by the laws and rules of the areas where our premises are located, including the *Law of the People's Republic of China on Work Safety*, the *Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases,* the *UK Health and Safety at Work Act 1974* and the *UK Management of Health and Safety at Work Regulations 1999*, and the *US Occupational Safety and Health Act.* Our internal health and safety management system is built based on ISO45001 framework, armed with a package of relevant policies to control and identify Health and Safety risks. We have formulated the *Safety Handbook*, standard operation procedures, standard operation procedures, and contingency plans to guide the practices of work management and guarantee the health and safety of employees. We ensure the prompt update and revision of corporate policies by outsourcing third-party legal inquiry services and hiring external consultants to identify the laws applicable to our work and keep abreast of the updates thereof.

Supporting Employees' Physical and Mental Wellbeing

Supporting the physical and mental wellbeing of employees

- We care for the physical health of employees during orientation, in-service, and dismissal periods and provide physical checkups before, during, and after service to guarantee their physical wellness.
- We have established a flexible working schedule and emergency attendance scheme, in which work at home was allowed and work hours were reduced as per workers' conditions to secure their wellness.
- We provide employee health call center service.
- Pharmaron UK provides Mental Health First Aiders for each site to offer psychological counseling services, and mental health activities. In Hoddesdon Site, Pharmaron UK, the work card of each employee is armed with a special magnetic sticker that contains the personal information required for first-aiders and medical practitioners for more efficient first aid.

Training promotion

- First aid and emergency training are provided to enable employees to deal with emergencies properly. Health training and speeches are arranged regularly to promote a healthy lifestyle. We provide guidance and support to ensure the physical and mental wellness of employees by promptly issuing healthcare guides on informatization platforms.

Providing flexible welfare

- A package of flexible welfare is provided as the case may be in each area of operation, including psychological counseling services, dental insurance, health screening, gym membership, and health evaluation.
- During the emergency period, we provided living allowances in addition to the salary to make their life easier.

Protection against Occupational Hazards

Informing

- When we sign the labor contract or change the job post and job content, we shall inform the occupational disease hazards that may occur in the process of work and their consequences, as well as the occupational disease hazard prevention measures, which shall be clearly stated in the labor contract.
- We inform the employees through OA system and on-site EHS announcement, and publicize the rules and regulations, operating procedures, and emergency rescue measures for occupational hazards prevention and control, as well as the test and evaluation results of occupational hazards in the workplace.

Warning

- In workplaces with occupational hazards such as dust, radioactive substances and other toxic and harmful substances, appropriate warning labels, warning lines and warning signals shall be set up, and automatic alarm and communication alarm devices shall be installed.

Identification and monitoring

- In order to reduce occupational hazards, we carry out annual identification of occupational hazard factors, and entrust a qualified third-party company to test the risk factors. The test results in 2022 are all qualified.

Health tracking

- We establish health archives for employees to track their occupational health conditions. We also provide appropriate personal protective equipment for employees in positions where occupational health risks may exist.

Strengthening Safety Management

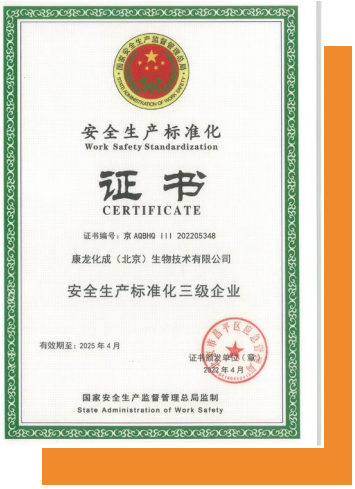
We set annual safety targets and split the tasks among all departments and every employee by signing up safety target statements to realize a security mechanism for all personnel. We arrange training and evaluation on safety regularly and enhance staff safety awareness through case studies, and elaboration of the facts and precautions about occupational health and personal protection, thus improving their abilities to handle risky incidents. We celebrate “Safe Production Month” to drill the ideas of work safety into employees, which turned out a popular event widely participated by the staff.

During the reporting period, we were carrying out the construction of the "Double prevention mechanism construction of the management and control system of safety risk classification and hidden risk investigation and treatment", in which task forces were arranged with clear-cut duties. Through EHS special training, we discussed the details and the tools to identify risks, and formulated basic documents and standard requirements for the overall start of this initiative. In December 2022, we completed the first draft of the *Risk Identification List*, a solid foundation for the upcoming risk identification by the Company.

Each subsidiary also carried out comprehensive and diversified risk control and disposal measures according to the actual business characteristics, so as to improve the safety management ability and create a safe occupational environment. Pharmaron Shaoxing evaluated 16 cases of Full-process Risk Response and 69 PSSR (pre-start-up safety review) before starting facilities. Moreover, 17 rounds of HAZOP (Hazard and Operability Analysis) were introduced to the project to keep the potential risks at bay during our operation. Thanks to such attempts, Pharmaron Tianjin and TSP Changping were recognized as Work Safety Standardization Level 3 Enterprises in 2021 and 2022 respectively.

Pharmaron UK uses Ecoonline—an EHS management system consisting of 4 modules: accident reporting, audit, risk evaluation, and Control of Substances Hazardous to Health Regulations (COSHH) assessment. In December 2022, Liverpool Site, Pharmaron Biologics UK passed the Stage I evaluation of ISO IMS certification (ISO45001/14001) and will be subject to Stage II evaluation in 2023. Cramlington Site, Pharmaron UK performed Risk Assessment Training Program to enhance the risk evaluation abilities at the frontline, where a number of employees obtained IOSH safety management certification.

Pharmaron Tianjin obtained Work Safety Standardization Level 3 Certificate

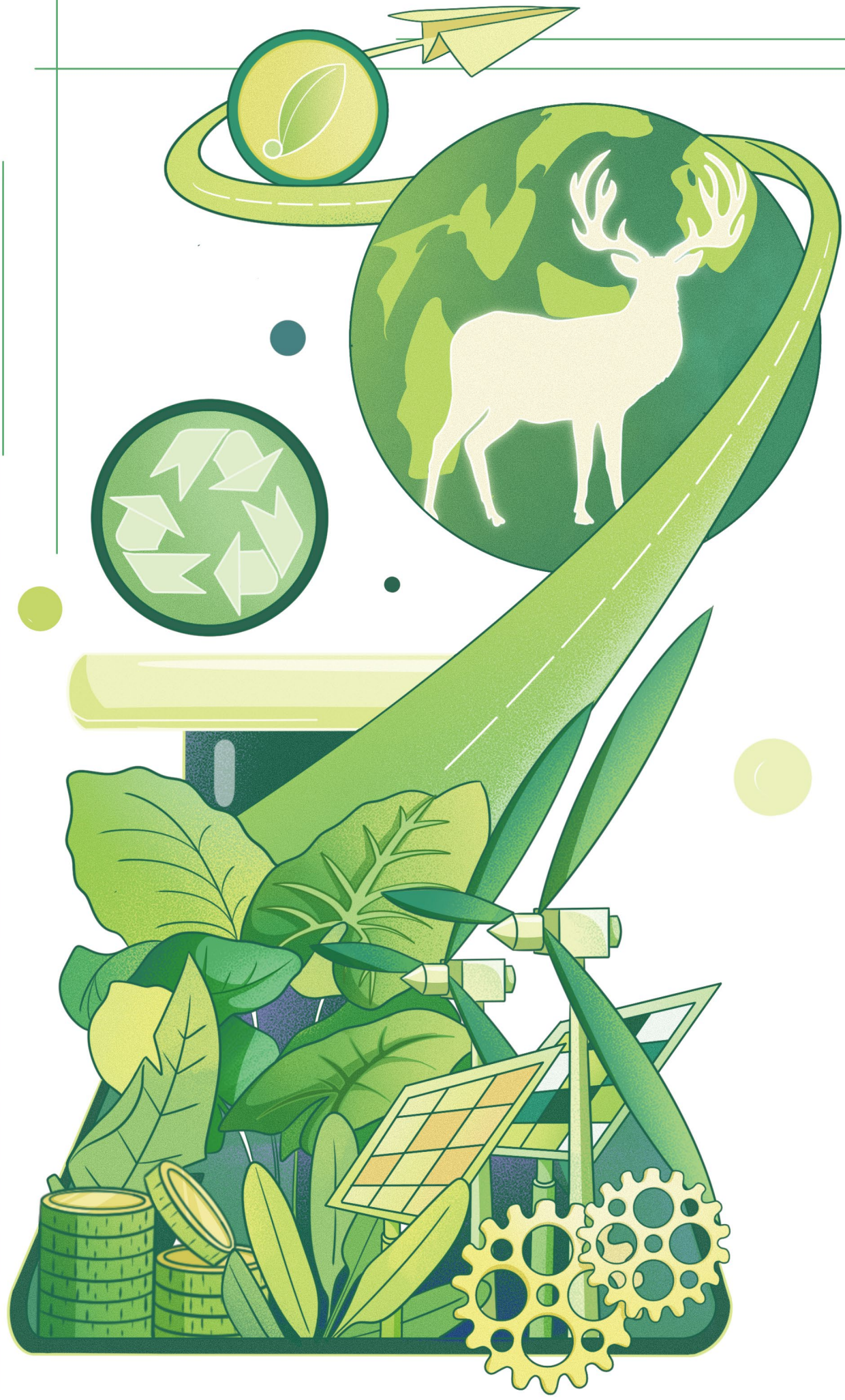


Pharmaron TSP obtained Work Safety Standardization Level 3 Certificate

Indicators	Unit	2022	2021	2020
Number of work-related accidents	case	25	27	7
Number of work-related fatalities	person	0	0	0
Rate of work-related fatalities	%	0	0	0
Lost days due to work injury	day	1,377	562	514

[24] Integrated management systems

[25] Institution of Occupational Safety and Health



Green and Low-Carbon Operations

Climate change poses a common challenge to all mankind, and responding to climate change has been identified as key areas in terms of our future development. We have prioritized climate change mitigation as a strategic pillar of sustainable development, identifying climate-related risks and opportunities based on company development stage and expert opinions, strengthening climate change risk management, taking energy-saving and emission reduction initiatives, adhering to environmentally sustainable and low-carbon operations, reducing greenhouse gas (GHG) emissions, and minimizing the impact of our operations on the environment. The Company discloses the progress of relevant work at regular (annual ESG reports and annual environmental information disclosure) and irregular (publications through the Company's official media channels, replies to investors' and stakeholders' inquiries, business intercourse, etc.) intervals.

Responding to Climate Change

In order to respond more proactively to climate change and reduce carbon emissions, we identify and disclose risks associated with climate change in four dimensions: governance, strategy, risk management, metrics and targets by following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance:

We have established a three-tiered ESG governance structure of "governance level - management level – executive level". The Board of Directors and the Strategy Committee, forming the "governance level", are responsible for approving the Company's climate change strategic objectives and overseeing the review of climate change-related work. The ESG Executive Committee, serving as the "management level", reports to the Strategy Committee. Relevant business units and Tier-1 subsidiaries, forming the "executive level", are responsible for carrying out daily ESG work.

Strategy:

We communicate with regulators, investors, rating agencies and third-party professional institutions in line with the TCFD recommendations, so that we can identify transition and physical risks associated with climate change in a more comprehensive and thorough manner. TCFD highlights two primary types of climate-related risks: (1) physical risks caused by extreme weather events or global temperature rise, etc.; (2) transition risks brought by market, regulatory and policy changes in response to climate change. We actively identify the main sources of GHG emissions and embed climate change risks and opportunities into our overall operational risk management to address the risks and challenges posed by climate change and contribute to sustainable development.

Climate change risks and opportunities

Climate-related Risks	Risk Category	Potential Impacts
Transition risks	Policy and regulatory risk	The risks associated with climate change are receiving increasing concerns from the market, which promotes climate-related regulatory and disclosure requirements. Therefore, the Company must meet more compliance requirements while advancing business globalization.
		Potential negative impacts such as business loss or disruption caused by changes in policies and regulations.
	Market risk	Revenue fluctuations induced by uncertainty in market supply and demand due to climate change.
		Increase in operating costs due to higher raw material costs as a result of climate change.
	Reputation risk	Failure to take proactive and effective climate response actions and disclose relevant information in a timely manner in response to the needs of external stakeholders may result in reputation loss.

Risk management:

We have established a comprehensive risk management framework and related risk management system, which cover climate-related risks. Based on that risk management framework, the management is responsible for developing risk management policies and internal control procedures to identify, assess and manage risks. All business units are responsible for implementing those policies and procedures and for reporting regularly to the management on material risks identified to assist the management in improving and optimizing risk management.

Metrics and targets:

We have set well-designed GHG emission reduction targets, regularly count and disclose GHG emissions and emission intensity. We monitor the target achievement at regular intervals and optimize the targets in line with the latest climate science to steadily advance emission management.

SBTi Committment[26]:

In response to the national “Carbon Peak and Carbon Neutral” strategy, we launched the SBTi project in the first half of 2022 and signed the SBTi Commitment Letter in June in order to scientifically reduce carbon emissions and promote the low-carbon transition in the value chain. We will set mid-term and long-term carbon reduction targets and report on an annual basis as required by SBTi. In addition, we submitted replies to the CDP Climate Change Questionnaire in July 2022, disclosing detailed carbon emission data and reduction initiatives from our core business.

Climate-related Risks	Risk Category	Potential Impacts
Physical risks	Acute risk	Extreme weather events such as floods and typhoons may cause asset damage, personnel loss and business disruption.
	Chronic risk	Global temperature rise will affect the Company's normal operation or drive up the operating costs.

Climate change exposes the Company to the above transition and physical risks, but it also creates unprecedented opportunities. Climate change motivates us to continuously improve our own and supply chain management through practicing energy saving, optimizing corporate management and reducing operating costs. Meanwhile, the low-carbon action throughout the industry chain urges us to vigorously develop climate-friendly products and services and carry out innovations and experiments. We improve the sustainable competitiveness of our products and services based on customers' needs to seize opportunities and create more value amidst risks.

[26] Refer to the Section "6.2 Sustainable Environmental Targets" for details.

Responding to extreme weather

Unexpected weather events

- Closely followed weather forecasts and regularly checked emergency supplies.
- Developed contingency plans and organized emergency drills for weather disasters such as typhoons and rainstorms. Regularly organized flood-relief drills to simulate scenarios such as flooding in the park area, and improved the ability to cope with extreme weather events and natural disasters.
- Regarding extreme weather events such as typhoons and rainstorms, we devised traffic plans to provide added security for employee transportation and offered flexible work arrangements such as leave shifting and vacations to ensure business continuity.

Flood-relief Drill

Seasonal extreme weather events

- Cold weather may trigger failure of air-conditioners, fresh air system and other facilities, resulting in temperature runaway of indoor environment and in turn affecting the Company's normal production activities. To tackle this problem, we arranged personnel to check the airtightness of buildings and monitor the system temperature change to ensure normal operations.
- The high temperature and humidity environment in summer affects the operation and heat dissipation of instruments and equipment. Therefore, we arranged personnel to check and adjust the temperature of air-conditioners in real time to protect instruments and equipment from being damaged by high temperature and high humidity.

Sustainable Environmental Targets

To fulfil our commitment to green and low-carbon development, we set the five-year sustainable environmental targets in 2021, taking into account our business characteristics. Among them, the goal of maintaining 100% in waste disposal is continuously achieved, and the remaining three goals are progressing steadily. At the same time, to further reduce the impact of GHG, we have refined our carbon emission targets and will set medium- and long-term emission reduction targets in compliance with SBTi standards by referring to the latest climate science. The sustainable environmental targets and SBTi will guide us to operate in a more environmentally friendly and sustainable way to address climate challenge.

Sustainable environment targets and completion

Sustainable Environmental Targets	2025 Targets	2022	Completion
Carbon emissions per RMB 10,000 of output value (tCO_2e/RMB 10,000)	Drop by 10% over 2020 (0.18)	0.18	Progressing steadily
Energy consumption per RMB 10,000 of output value (tce/RMB 10,000)	Drop by 10% over 2020 (0.090)	0.060	Progressing steadily
Water consumption per RMB 10,000 of output value (t/RMB 10,000)	Drop by 10% over 2020 (1.60)	1.67	Progressing steadily with short-term fluctuations
Compliance rate of waste disposal compliance (%)	100%	100%	Completed

Note: Pharmaron is making steady progress towards achieving sustainable environmental targets. The Company's energy consumption has been steadily reduced by implementing our energy conservation and emission reduction plan, with effectively reduced energy use at different operation sites. It should be noted that as the Company is still in a growing stage, more entities under construction have been included in the reporting period, which brings short-term fluctuations in data about sustainable environmental goals.

Responding to SBTi

The Company has been conducting annual GHG inventory at the operational level and disclosing the result in its annual ESG report since 2019. In May 2022, we conducted our first organization-wide and value chain-wide GHG inventory, covering Scope 1, 2 and 3 emissions[27]. In June 2022, we signed a Science-based Targets Commitment in active response to international climate initiatives. We are in the process of developing carbon reduction targets based on climate change science that accord with the Company's development profile, which will be submitted to the SBTi Board for approval in the future. Once these targets are approved, we will report on our progress in reducing carbon emissions annually and review these targets every five years as required by SBTi.

The inventory of our carbon footprint shows that the main components of our Scope 1 and 2 emissions are purchased electricity, purchased heat, natural gas and fuel. Among them, purchased electricity is the principal energy used in our operations. Indirect emissions (Scope 3) from activities up and down the value chain are mainly composed of purchased goods and services, capital goods, waste generated from operations, fuel and energy related activities, etc. Through a detailed inventory and analysis of carbon footprints, we have developed a clearer understanding of carbon emissions from the Company's operations and those from upstream and downstream of supply chain, which facilitates our future actions to reduce emissions and build a low-carbon value chain.

To ensure the steady progress of our emission reduction actions, we plan to track and monitor the emission management performance and targets achievement through regular data collection, data fluctuation analysis, and energy saving case exchange. In addition, we will adjust our emission reduction strategy and optimize relevant initiatives in a timely manner based on actual outcomes of emission reduction, business development and changes in policy trends to improve carbon emission reduction performance. We will also work with our partners to identify value chain-wide emission reduction opportunities, share energy saving and emission reduction management best practices, and jointly create low carbon scenarios in the whole lifecycle so as to form a virtuous cycle featuring mutual supervision and common growth.

[27] Scopes 1, 2 and 3 refer to the statistical scopes of GHG emissions, a concept derived from the GHG Protocol. Scope 1 emissions are direct emissions from a company's owned or controlled sources, such as raw material production and processing in the manufacturing industry and fuel combustion in the energy sector; scope 2 emissions are indirect emissions from the generation of purchased energy, such as emissions from the company's purchased electricity and steam; scope 3 emissions are all indirect emissions that occur throughout the value chain, including carbon emissions from purchased goods and services, the upstream and downstream chains, and the use of sold products, such as employee travel, upstream and downstream transportation, and distribution and leasing of assets.

Low Carbon Action

Low Carbon Production

- In the course of production and experimental activities, we carry out appropriate energy saving and emission reduction initiatives for purchased steam, natural gas and electricity based on the business and operation reality of all Pharmaron sites, such as improving energy efficiency, using alternative energy sources, upgrading energy-consuming facilities and introducing innovative technologies.
- Pharmaron Shaoxing uses Tier-2 energy efficient transformers, air compressors and chillers in the plant, which can save 1,000,000kWh/year electricity compared with Tier-3 energy efficient units; Pharmaron Tianjin upgraded the heating system of workshop production equipment by shifting from direct steam heating to TCU heating, which improves the energy utilization and saves about 14,000 tons of purchased steam yearly; Ningbo Site adjusted the steam pressure to reduce steam consumption without compromising normal production.

Clean Energy

- We actively shifted to clean energy across our facilities and seek cost-effective energy alternatives to following the calls and guidance of local governments to reduce carbon emissions; the Group plans to start purchasing and using clean energy in 2023. Electricity at Pharmaron Biologics UK Liverpool facility is 100% certified by REGO. At Cramlington, steam and electricity are received from the local biomass facility.

Building Management

Air conditioning: We set the upper and lower limits of air conditioner temperature to save energy; regulated air-conditioning temperature based on time of the day and manually controlled the temperature during working hours as appropriate; timely replaced the damaged and inefficient pipeline insulation materials of the air conditioners to increase energy storage capacity and cut energy waste.

Fans: We used the automatic control system to set the fans to low-frequency mode at night and during holidays to cut unnecessary energy consumption.

Lighting: We used LED lights with enhanced radar sensors in the lighting system so that the lights turn on or off when a person enters or exists a space; minimized the use of lighting when there was sufficient sunlight and turned off the lights when they were out of use or when everyone was off work.

Heating: We actively shifted to the use of energy-efficient boilers for heating. Building management system (BMS) adopted by Pharmaron UK can manage and monitor the use of heating and thus reduce undesired waste. New modular gas-fired boilers with higher energy-efficiency were installed to improve energy utilization and reduce carbon reduction.

Building renovation: The exterior walls of old buildings were replaced and rockwool insulation was used to improve insulation and reduce energy consumption.

Insulation and exterior wall integrated materials that are energy efficient and environment friendly are used to greatly save energy.

Experimental Building Renovation

Green Transport

- Encouraged employees to use commuter shuttles or public transportation so as to reduce GHG emissions generated from employee commuting
- Installed charging piles at our facilities as appropriate to promote the use of new energy vehicles and reduce the use of fuel vehicles

Charging piles are installed to encourage the use of new energy vehicles

Pharmaron UK Sustainability Committee

- A cross site meeting is held on a quarterly basis which is formed from the heads of operations and EHS from each of the Pharmaron UK sites. The meeting discusses topics of carbon reduction and sustainability, environmental legislation updates, cross site best practice and staff training. Besides, external EHS consultants will be engaged to update and describe the latest industry best practice.

Value Chain Emission Reduction Plan

- Based on the SBTi project, we will actively execute value chain-wide emission reduction actions in the future and seek emission reduction opportunities with our value chain partners to create a low-carbon value chain.

Case Cramlington is Operated with Biomass Facility

In 2022, the diesel storage tanks were decommissioned and removed from Cramlington as part of the site's strategic decision to move away from the use of diesel as a source of fuel. At present, the steam and electricity at Cramlington is received from local biomass facility. Biomass facility has superior advantages in environmental protection and social benefits, especially for the reduction of GHG emission and air pollution control.

Biomass energy facility

Removing the diesel storage tank

Environmental Management

Improving Environmental Management

We strictly abide by the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *UK Environmental protection Act 1990* and the *Environment Act 2021* of the UK, the *US Energy Policy Act of 2005*, the environmental protection regulations promulgated by the United States Environmental Protection Agency and the Maryland State, and other legal and regulatory requirements applicable to each location of operation. We have developed and continuously optimized the environmental management system guarantee, which is composed of several documents such as the *Environmental Protection Management Procedures*, the *Environmental Inspection Management Procedures*, the *Environmental Pollution Incident Management Procedures*, the *Environmental Factor Identification and Evaluation Procedures*, and the *Emergency Response Plans for Environmental Emergencies*, in each operation area. We constantly adjust and optimize the environmental management system in four key areas, namely, pollutant management, pollution accident management, environmental protection management of new projects, and environmental protection education and training management, to minimize the negative impact on the environment.

Four dimensions of environmental protection management

In 2022, we made a cumulative investment of over 36 million yuan in energy system construction, equipment energy-saving renovation and upgrade. In the year, the Group did not have any major accidents impacting environment and natural resources or administrative penalties from environmental regulators.

Optimizing Environmental Protection System

Pollutant Management

- Developed and observed a number of SOPs including the *Wastewater Treatment Station Management Procedures*, the *Waste Management Procedures*, and the *Exhaust Gas Control Management Procedures*; strengthened pollutant control and management and minimized waste emissions to strive towards the target of 100% compliance in waste disposal.

Pollution Incident Management

- Developed and updated the *Environmental Pollution Accident Emergency Rescue Plan*, instituting environmental accident risk assessment and analysis, regular drills etc. to strengthen preparedness and rescue response for environmental accidents.

Environmental Management of New Projects

- Strictly followed the principle that “the environmental protection facilities of a construction project must be designed, constructed, and put into production and use at the same time as the main project”, standardized the environmental protection management of new projects, and conducted environmental impact assessments (EIAs) as prescribed by relevant regulations.
- For infrastructure construction and interior renovation, adopted greener, more environmental-friendly materials and measures to minimize negative environmental impact and protect the office area and its neighborhoods, including, for example, refitting the spacing between aluminum alloy windows to 12 mm and using calcium silicate boards for partition walls for better thermal insulation.
- During the construction process, we strictly abide by laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*. It is strictly forbidden to carry out high-altitude work and dust construction when the outdoor wind reaches level 4 or above. When the wind reaches level 3-4, it is necessary to build a fence and spray water to remove dust.

Environmental Protection Education and Training Management

- Invited internal and external experts to give online and offline lectures on key ESG issues such as climate change, environmental protection, and waste management to spread green and low-carbon concepts

All employees

Offered training courses such as "Types and Disposal of Scrap Chemicals" and "Lab Waste Classification" to cultivate increased awareness of environmental protection.

Employees in special positions

For employees of special occupations such as part-time safety officers, EHS department employees and laboratory researchers, we provide specific training that matches the needs of the occupations, including "training on common problems in laboratory inspection" and "training on high-risk work permits".

New employees

We integrate environmental protection training, such as "environmental knowledge training", "training on laboratory waste classification" and "training on laboratory waste management procedures" into the orientation for new hires to raise their awareness of environmental protection.

Regularly advocated environmental protection among employees through the bimonthly “Pharmaron EHS Newsletter”

Case Pharmaron UK Passes Environmental Management Certification

In 2022, Liverpool completed a Stage 1 integrated management system audit for ISO 14001/45001 and was advised to proceed to a Stage II audit during 2023. Cramlington site has held the ISO14001 certification which is valid until September 2023, and Cramlington site will be re-certified in July 2023.

Case Liverpool obtains My Green Labs Certification (Gold level)

My Green Labs (MGL) Certification is a proven, scalable program that helps organizations achieve their sustainability goals. It is recognized as an award for sustainability best practice in labs around the world. In November 2022, Liverpool finally obtained My Green Labs Certification (Gold level) after multi-dimensional assessments of recycling, resource management, procurement, green chemistry, and water use.

Case Join ACS GCI to promote green chemistry

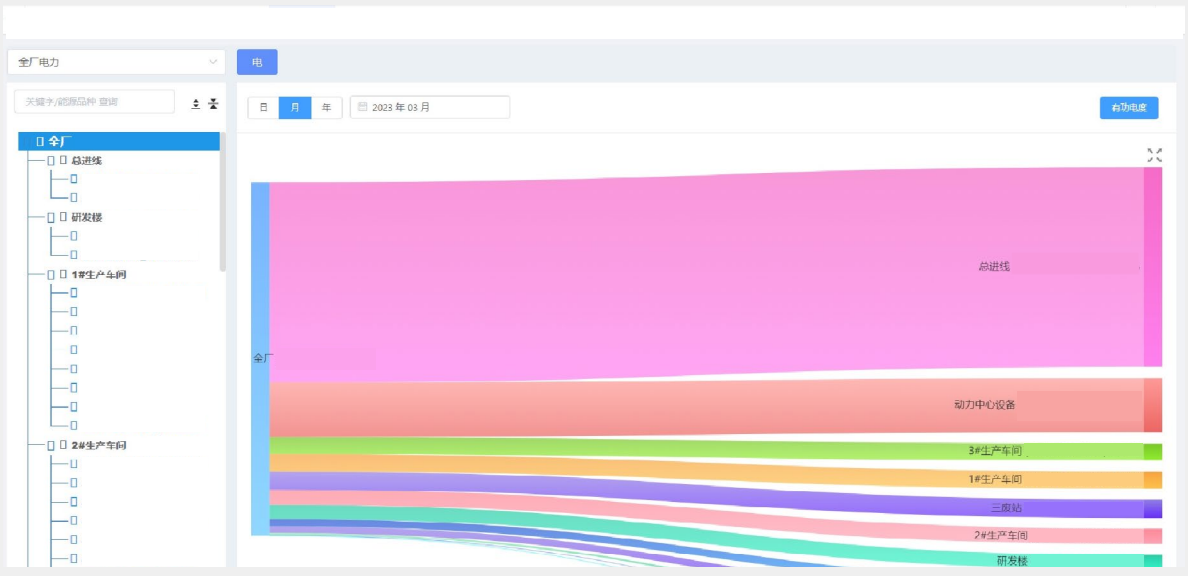
ACS GCI (American Chemical Society Green Chemical Institute Pharmaceutical Roundtable) was initiated in 2005, dedicated to promoting the application of green chemistry and green engineering in the pharmaceutical industry and thus reduce the chemical impact on the environment. In 2022, Pharmaron officially joined ACS GCI, which brings opportunities for us to take part in the research and development of environmental-friendly technologies, promote knowledge of green chemistry and enlarge our cooperation in the globe.

Energy Management System

We formulate the energy management system with reference to the requirements of the *Energy Management System* (GB 23331). On the basis of strict compliance with national laws and regulations regarding environmental protection and energy conservation, we have developed a series of internal energy management systems, such as the *Energy Conservation Management System*, the *Environmental Protection Management System*, the *Environmental Protection and Energy Conservation Reward and Punishment System*, and the *Energy Conservation and Environmental Protection Responsibility System*. Meanwhile, we have set up a leading group for energy conservation, organized the formulation of annual energy conservation plans, held regular energy conservation meetings to arrange energy conservation work, which has played a strategic role in the Group's energy management.

Case Driving Low-Carbon Development with Smart Energy System

Pharmaron Shaoxing has incorporated water, electricity, steam and natural gas into the three-tiered energy management system. This energy management system is designed with various statistical analysis and reporting functions and long-term and short-term forecast capabilities for various energy media in the course of normal production, providing data support for energy plan formulation and online balancing, realizing online analysis of the performance of major large energy-consuming equipment. The system aims to grasp the energy utilization of major energy-consuming terminals in real time, discover enterprise energy consumption bottlenecks in time, boost low-carbon development and achieve emission reduction targets.

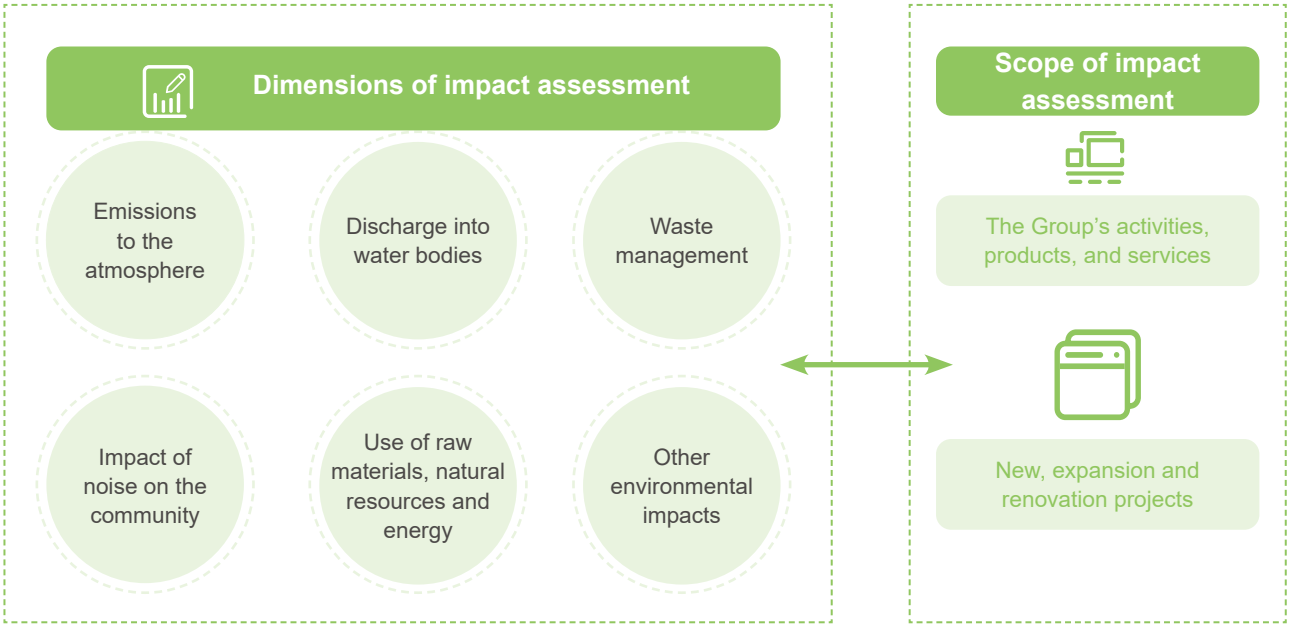


Schematic diagram of Pharmaron Shaoxing's energy management system

Environmental Impact Assessment

We are committed to reducing the impact associated with the Group's production and operations. We analyze, predict and evaluate the possible environmental impact of all activities and processes such as drug development, procurement, and R&D testing as well as chemical storage, distribution and transportation, based on our policies and systems such as the *Management Procedures for Environmental Factor Identification and Materiality Evaluation*, and propose countermeasures and measures to prevent or mitigate adverse environmental impacts and protect the Company's surrounding environment.

We employ diverse methods, such as surveys and interviews, on-site observation, and process analysis, to make our environmental risk assessment more accurate and science-based so that we can better identify the scope, degree, and factors of our impact on the surrounding environment. We standardize the management SOP for wastewater treatment station and air pollution control systems, develop annual inspection schedules and collaborate with qualified service providers to conduct inspections on wastewater and exhaust gases regularly.



Environmental Impact Assessment System

Indicators	Unit	2022	2021
Energy consumption			
Consumption of purchased electricity	KWh	234,187,900.76	156,790,402.40
Consumption of purchased heat	million kJ	111,312.57	48,427.17
Renewable energy consumption	KWh	14,176,508.18	-
Natural gas consumption	m^3	8,732,251.51	6,367,019.32
Steam consumption	tonnes	132,771.74	91,999.00
Gasoline consumption	liters	51,862.97	46,344.02
Diesel consumption	liters	14,266.11	11,638.74*
Comprehensive energy consumption	tce	61,341.60	41,285.45*
Comprehensive energy consumption per RMB 10,000 of revenue	tce/RMB 10,000	0.060	0.055
GHG Emissions			
Total GHG emissions (Scope 1 + Scope 2)	tCO_2e	183,166.48	128,641.76*
GHG emissions per RMB 10,000 of revenue	tCO_2e/RMB 10,000	0.18	0.17
Scope 1: Direct GHG emissions	tCO_2e	19,261.36	14,066.22*
Scope 2: Indirect GHG emissions	tCO_2e	163,905.13	114,575.54

Note: 1. The comprehensive energy consumption was calculated based on the *GB/T 2589-2020 – General rules for calculation of the comprehensive energy consumption* developed by the National Technical Committee for the Standardization of Energy Foundation and Management.

2. The GHG emissions were calculated based on the *GHG Protocol Corporate Accounting and Reporting Standard* jointly created by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) and the *Sixth Assessment Report* published by the Intergovernmental Panel on Climate Change (IPCC). The emission factor of China's electricity supply used in the calculation of GHG emission in Scope 2 comes from the average emission factor of the national power grid in 2022 published in the *Notice on the Management of GHG Emissions Reporting by Power Generation Enterprises in 2023-2025* by the General Office of the Ministry of Ecology and Environment of the P.R.C. Emissions from electricity in the United States were calculated with reference to the *Emissions & Generation Resource Integrated Database (2021)* by the United States Environmental Protection Agency. Emissions from electricity in the UK were calculated with reference to the *Conversion factors 2021- revised January 2022* by the Department for Business, Energy & Industrial Strategy and the Department for Environment Food & Rural Affairs.

3. The total comprehensive energy consumption and intensity and the total GHG emissions and intensity increased in the reporting period over 2021, mainly attributable to the continued expansion of the Company's business and the inclusion of more entities under construction in the reporting period, which led to an increase in energy consumption and emissions; and the growth in total energy consumption was higher than the growth of revenue because some sites are still in the capital construction stage and have not been put into operation.

* It should be noted that due to the adjustment of statistical caliber, the diesel assumption of 2021 has been updated, as well as 2021's total GHG emissions (Scope 1 + 2 emission), Scope 1: Direct GHG emissions and comprehensive energy consumption.

Pollution Prevention and Mitigation

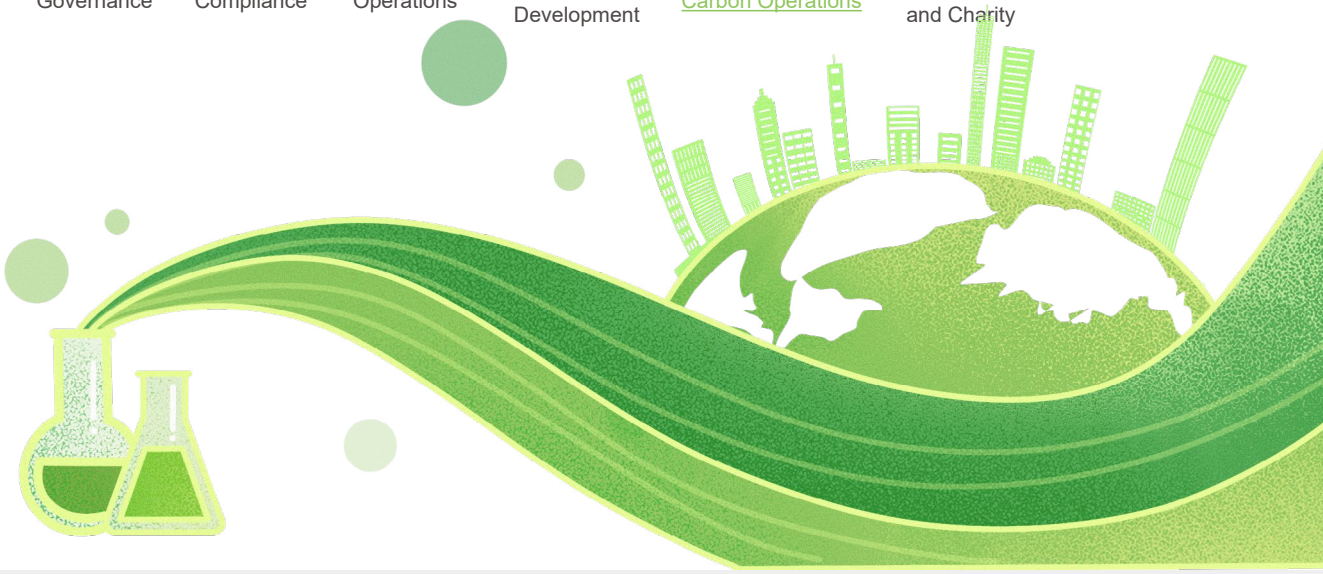
Centering on the objectives of preventing and mitigating pollutants, protecting and improving the environment, ensuring human health and the like, we strictly abide by the *Integrated Emission Standard of Air Pollutants*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Control of Pollution Act 1974* and the *Waste (England and Wales) Regulations 2011* of the U.K., the *Clean Water Act* and the *Clean Air Act* of the U.S. and other laws and regulations applicable to each operation site, carry out standardized management to exhaust gas, waste water and solid waste, adopt advanced technology and equipment through technical progress and improved management, improve design, follow the path of “classification, disposal and monitoring” to carry out closed-loop management in the whole process, and actively take various measures to reduce waste discharge.

Process optimization and waste and discharge reduction

Continuously carry out projects such as "incentive plan for reducing solvent use", encourage and support the laboratory staff to reduce the use of raw materials and pollutant emissions from the source.

Reuse residual chemicals and solvents after the completion of experiments so as to reduce waste.

At the process level, follow the principle of green chemistry and optimize the process by developing solvent recovery and application, the continuous extraction process and the continuous flow process. Use non-volatile solvents instead of volatile solvents. Optimize the production process and reduce the intermediate crystallization discharge and feeding. Analyze and discuss the process steps of the project to consider the treatment, solvents and methods used in each process of the product, select a more suitable and efficient process, improve the conversion rate, reduce the demand and generation of hazardous substances in the process of production, design and chemical application, so as to reduce the generation and emission of pollutants.



Air pollutant management

Classification

- Manage the exhaust gas generated by category, wherein, such exhaust gas mainly includes exhaust gas from boilers, laboratories and animal laboratories.
- Cover all kinds of containers for storing chemicals in time to minimize the volatilization of volatile organic compounds and put such containers into ventilated explosion-proof cabinets or medicine cabinets.

Treatment

- Treat all exhaust gas outlets except the boilers uniformly with activated carbon to absorb toxic and harmful components in the exhaust gas, and replace the activated carbon filter screen every quarter, and check the fume hood and ventilation management, reduce the emission of pollutants in the exhaust gas generated during production and ensure the air quality in the park.
- Use low-nitrogen gas-fired boilers to promote the reduction of exhaust gas generated in life.
- Properly collect and treat exhaust gas and process tail gas generated in the process of research and development and production before discharge.
- Collect and treat the exhaust gas according to the following categories: halogen-free organic exhaust gas, halogen-containing organic exhaust gas and hydrogen-containing organic exhaust gas.

Monitoring

- Entrust a qualified third-party testing company to conduct quarterly testing of exhaust gas from laboratories and monthly testing of exhaust gas from boilers. The testing results in 2022 show that such exhaust gas is all qualified and the testing report is obtained.

Solid waste management

Classification

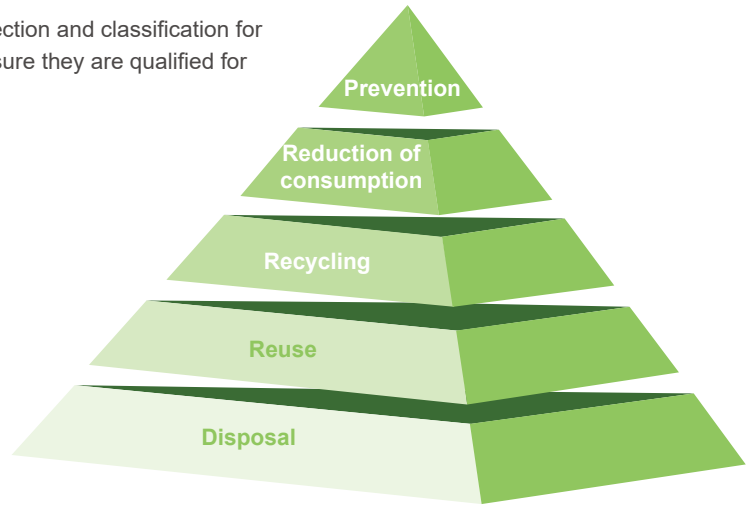
- In order to standardize management, according to the regulatory requirements of each operation site and the nature and source of waste, divide the waste involved into domestic waste, general industrial waste, sharp-edged waste, hazardous waste and the like.
- Equip each department and laboratory with waste buckets, paste waste classification marks, guide waste classification, and prohibit mixing of different types of waste.
- Require different functional departments to store and transfer different types of waste and comply with the requirement of “protection against rain, leakage and scattering” during storage to prevent secondary pollution.

Disposal

- Cooperate with qualified third-party companies to classify, transfer and dispose of wastes.
- Record the type, quantity, disposal, and other information of hazardous wastes such as organic solvent waste to realize real-time management.
- Place separately medical wastes such as animal carcasses and tissues according to regulations, collect the same by designated personnel on a regular basis every day, and uniformly place the same in the temporary storage room for wastes.
- Recycle the generated hazardous wastes, lower production costs, and reduce environmental pollution. For example, Ningbo Site recovers 743g of pure palladium annually, with a recovery rate of 20%.
- Entrust a qualified third-party disposal company to recycle and treat household wastes. Treat recycled household wastes by incineration and the reuse of the treated household wastes for thermal power generation. Uniformly recycle kitchen wastes by a qualified third-party disposal company, and convert such wastes through composting treatment into materials that are easy to handle and can be used to improve the soil.
- Recycle recyclable garbage such as cartons, wood, plastic, foam, etc. by category to improve resource utilization and reduce pollution.
- Provide special training on waste collection and classification for employees in relevant positions to ensure they are qualified for their posts.

Monitoring

- Ensure that functional departments supervise and inspect the production, discharge, disposal, etc. of wastes. Realize 100% compliant disposal of wastes in 2022.



Non-hazardous Disposal Guidelines

Case Shaoxing Factory of Pharmaron built rectifying towers to reduce the discharge of hazardous solid wastes.

Shaoxing Factory of Pharmaron has constructed a methanol rectifying tower (with a processing capacity of 0.7 m^3/h) and a multi-functional rectifying tower (with a processing capacity of 0.5 m^3/h), which can rectify and recover waste solvents generated in the production process of the factory, thereby reducing the generation of hazardous wastes. Through the operation of the rectifying towers, 2,688 tons of methanol can be recovered annually, and about 1,920 tons of other solvents can be recovered. They are used for equipment cleaning and other purposes under specific conditions, thus effectively reducing the production of hazardous solid wastes.

Case "Incentive Plan for Reducing Solvent Usage" was continuously implemented to promote cleaner production.

Organic solvents are one of the common raw materials used in pharmaceutical chemistry experiments and pharmaceutical production. To reduce pollutants from the source and effectively reduce the production of waste organic solvents, we have actively implemented the "Incentive Plan for Reducing Solvent Usage" project since December 2016. Based on the per capita solvent usage in the previous year, we have set an assessment baseline to encourage solvent use teams to save solvent costs, and return the actual saved solvent costs to the solvent use team at a rate of 35% as a reward. As of the end of the reporting period, the incentive plan now covers Beijing Site and Ningbo sites. Through the incentive plan, we have saved a total of 902,067 liters of solvent, thereby effectively promoting waste reduction, reducing the emission of VOCs, and reducing the impact on the environment.

Case The discharge of pollutants was reduced through process standardization.

We actively evaluate and analyze the impact of the company's production, operation, and waste discharge on the surrounding environment, and promptly take corresponding measures to control. Four steps are taken to realize process standardization in order to reduce the discharge of pollutants.

1 **Filing and registration**

The waste discharge plan for the next year is filed on the hazardous waste system and submitted to the relevant departments at the end of each year.

2 **Recording**

Records related to hazardous wastes are made to truthfully record the type, quantity, disposal, and other information of hazardous wastes generated.

3 **Document management**

Records in connection with collection documents are made to truthfully record the collection time and the type, quantity and price of wastes collected.

4 **Regular testing**

Regular testing is conducted on boiler exhaust gas, laboratory exhaust gas, sewage, etc.

Noise Management

We prioritize the hazards of noise pollution, and strictly comply with the laws and regulations applicable to various business places, such as the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*, the *Emission Standard for Industrial Enterprises Noise at Boundary*, the *Control of Noise at Work Regulations 2005* of the U.K., and the *Noise Control Act* of the U.S.. We choose low-noise equipment and machinery and install shock absorbers, mufflers, and sound insulation covers for high-noise equipment such as circulating water pumps, air compressors, and fans. We provide a closed workshop for the sewage pump room, and use building materials with good sound insulation effects. At the same time, green belts are constructed around the company's buildings and factory boundaries to reduce noise, maximizing the natural attenuation of noise with distance.

Indicators	Unit	2022	2021
Emission of exhaust gas			
Total emission of exhaust gas	Standard cubic meter	31,225,570,734.59	19,765,426,359.32*
Emission density of exhaust gas	Standard cubic meter/ RMB 10,000	30,415.64	26,523.40
Sulfur dioxide	tonnes	0.26	0.12
Nitrogen oxide	tonnes	1.90	1.34
Particulate matter	tonnes	0.18	0.08
Volatile organic compound	tonnes	82.04	62.79
Discharge of waste water			
Total discharge of waste water	tonnes	1,054,522.70	820,896.50
Discharge density of waste water	t/RMB 10,000	1.03	1.10
Chemical oxygen demand	tonnes	162.40	37.04
Annual emission of ammonia nitrogen	tonnes	2.18	2.64
Total nitrogen	tonnes	4.94	5.27
Total phosphorus	tonnes	0.92	0.53
Discharge of non-hazardous waste			
Kitchen waste	tonnes	1,811.79	4,938.52
Office waste	tonnes	2,385.74	9,655.88
Other non-hazardous waste	tonnes	580.72	126.06
Total amount of non-hazardous waste	tonnes	4,778.25	2,035.04*
Density of non-hazardous waste	t/RMB 10,000	0.005	0.003*
Total recovered amount of non-hazardous waste	tonnes	540.12	-

Indicators	Unit	2022	2021
Discharge of hazardous waste			
Medical waste	tonnes	185.31	276.60
Pharmaceutical waste	tonnes	3101.84	359.59
Waste organic solvents and waste containing organic solvents	tonnes	11,473.29	9,690.37
Waste mineral oil and waste containing mineral oil	tonnes	5.64	6.87
Rectification (distillation) residue	tonnes	25.72	16.14
Organic resin waste	tonnes	136.00	102.08
Mercury-containing waste	tonnes	0.94	1.00
Amount of other waste	tonnes	3,188.86	5,116.89
Total amount of hazardous waste	tonnes	20,210.57	15,569.54
Density of hazardous waste	t/RMB 10,000	0.02	0.02

Note: 1. Hazardous waste is classified and counted based on the *Directory of National Hazardous Wastes (Version 2021)* issued by the Ministry of Ecology and Environment.

2. During the reporting period, the generation of exhaust gas, wastewater, hazardous waste, and non-hazardous waste increased compared to 2021, mainly due to the continuous business development. During the reporting period, more entities were put into operation and more entities under construction were included.

* The total amount and density of non-hazardous waste generated as well as the total amount of exhaust gas emissions in 2021 have been changed from last year's report because there are differences in the reporting criteria for data statistics in 2021. The data has been updated in this table this year, which is hereby explained.

Resource Protection

Natural resources are the material foundation for economic development, and we are well aware of the importance of protecting and rationally utilizing natural resources. Through various measures such as recycling water resources, improving process technology, and advocating water and paper conservation, we resolve the problem of waste from the source, save resources and protect the environment. The water used for the production and operation of the Company comes from the municipal pipe network of the place where the Company operates, and does not involve natural water bodies such as lakes and rivers. All wastewater is treated by sewage treatment facilities and discharged to the municipal sewage pipe network after reaching the standard, without any discharge to natural water bodies.

Water conservation

Reduction of water consumption

- Put up water conservation signs in toilets and tea rooms, inspect the office area every day, and report for repair if any faults are found to avoid resource waste.
- Use water-saving and infrared-sensing sanitary appliances to reduce water consumption and energy consumption.

Recycling

- Recycle steam condensate to supplement circulating water and reclaimed water and actively reduce corresponding losses.
- Use circulating water to replace tap water to cool the equipment in order to reduce water consumption.
- Recycle the cooling water used to clean laboratory bottles so as to reduce the amount of tap water replenished.
- Update the pure water system, and use the wastewater generated by the pure water system to irrigate the vegetation in front of the door and wash the animal cages, etc.
- Adjust the water consumption of the cage washer to recycle 80% of water.

Case Water conservation publicity

We hold events and promotional activities such as “Water Conservation Publicity Week”, “World Water Day” and “China Water Week” every year. We use the Internet and television as carriers to establish a publicity network to publicize various water conservation work experiences and methods, create water conservation publicity pictures, and post water conservation signs on public screens to promote water conservation awareness and cultivate water conservation habits.

Water Conservation Publicity

Case “Energy conservation and low-carbon life”

On July 20, 2022, the Ningbo site launched the “Energy conservation and low-carbon life” campaign during the lunch break with crowd peak. On the day of the activity, we popularized energy-saving knowledge to employees and called on them to save resources and practice low-carbon environmental protection. The employees who responded positively signed on the poster to make a commitment and received environmental protection bags. Starting from practical actions, they implemented the concept of "energy saving, low-carbon life".

Resource conservation

Prevention of waste of packaging material

- In the process of dispensing and packaging pharmaceutical preparations, we reduce the use of packaging materials to prevent excessive packaging, such as reducing the use of sterile bags for drug sealing and packaging. At the same time, we choose degradable packaging materials, such as cardboard drums, cartons, etc. for outer packaging and transportation, and recycle reusable materials.

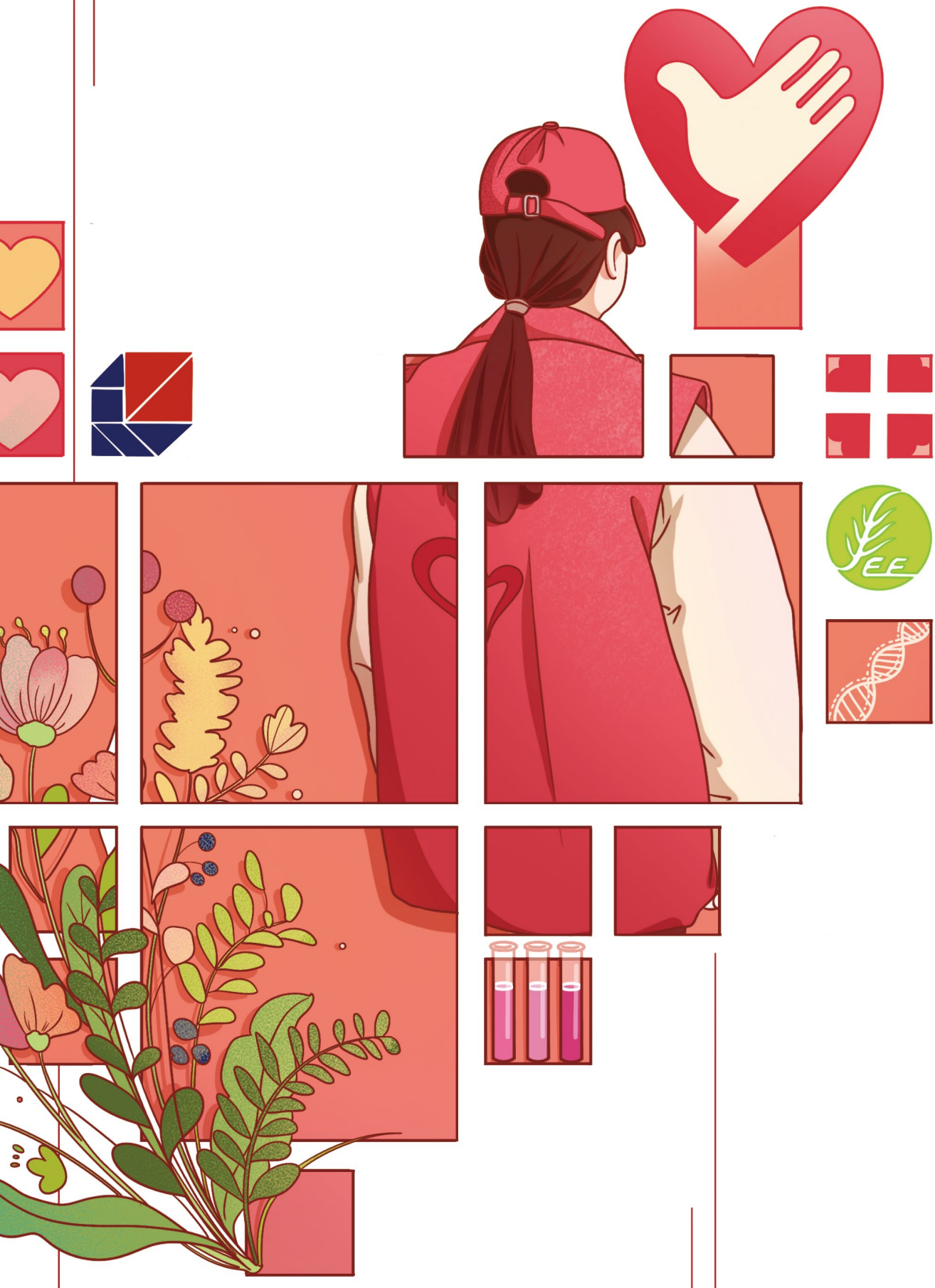
Paper saving

- We flexibly implement paperless office work in various business places, for example, we adopt electronic forms for office matters such as leave requests, attendance, material picking and outbound delivery, use electronic laboratory notebooks, and flexibly use online systems for accident reporting, risk assessment, and auditing, in order to reduce the use of paper from the source.
- We advocate the use of double-sided printing, recycle wastepaper, and eliminate paper waste. In the UK, the Rushden Site has achieved 100% recycling of paper.

Pharmaron UK carried out a point card activity to encourage the use of reusable cups to purchase coffee and other drinks, reducing the waste of disposable paper cups.

Indicators	Unit	2022	2021
Resource utilization			
Total water consumption	tonnes	1,710,203.52	1,155,027.40
Water consumption per RMB 10,000 (income)	t/RMB 10,000	1.67	1.55
Use of packaging materials			
Total consumption of packaging materials	Kg	13,870.00	11,170.00
Consumption of packaging materials per RMB 10,000 (income)	Kg/RMB 10,000	0.014	0.015

Note: During the reporting period, the total consumption of both water and packaging materials increased compared to 2021, mainly due to the continuous business development of Pharmaron. During the reporting period, more entities were put into operation and more entities under construction were included. Among the packaging materials, paper and cardboard materials have been reasonably recycled and stored for reuse.



Committed to Public Welfare and Charity

As a responsible corporate citizen, we actively practice social welfare, protect regional ecology, and support the sound and vigorous development of local communities and industries. We have established long-term cooperation with foundations and special funds to better integrate resources. We are active in education, industrial development, rural revitalization, community assistance, desertification mitigation, water resource protection, disaster relief and other aspects, so as to give back to society and contribute to social prosperity and construction with concrete actions.

Public Welfare Platform

Public Welfare Actions

Public Welfare Platform

In order to better integrate various resources and give full play to industry advantages, under the leadership of the Beijing E-Town Cooperation & Development Foundation, we established a special fund for “Pharmaron Health and Wisdom” in 2021. “Pharmaron Health Wisdom” not only continues our purpose of helping partners successfully develop new drugs and contribute to the collective wisdom of Pharmaron, but also demonstrates our determination to contribute to the collective wisdom of Pharmaron for human health and social welfare undertakings. The special fund “Pharmaron Health and Wisdom” also actively responds to the development policies of the country and development zones, focusing on the goals of economic and social development during the “14th Five-Year Plan” period, and contributing to public welfare and philanthropy.

北京亦城合作发展基金会
康龙健康智慧专项基金管理委员会

Special Fund “Pharmaron Health and Wisdom”

During 2021-2025, we plan to make annual contributions to support a series of non-profit public welfare projects in science and technology, education, culture, health, sports, environmental protection and other areas to help people in need. In 2022, we donated a total of RMB 3 million to the Beijing E-Town Cooperation & Development Foundation. At the same time, the Company strengthened the post-investment management and expenditure management of the special fund to ensure that the invested projects meet the requirements, regularly tracked the progress of the invested projects, and supervised the fund to achieve the special purpose.

In addition to the establishment of the special fund, we have also actively fulfilled our corporate social responsibilities as a member of the Alxa Society of Entrepreneurs and Ecology (SEE) Ecological Association for four consecutive years. As a member, we actively participated in various local activities and public welfare projects organized by the Association.


阿拉善SEE生态协会
SEE CONSERVATION

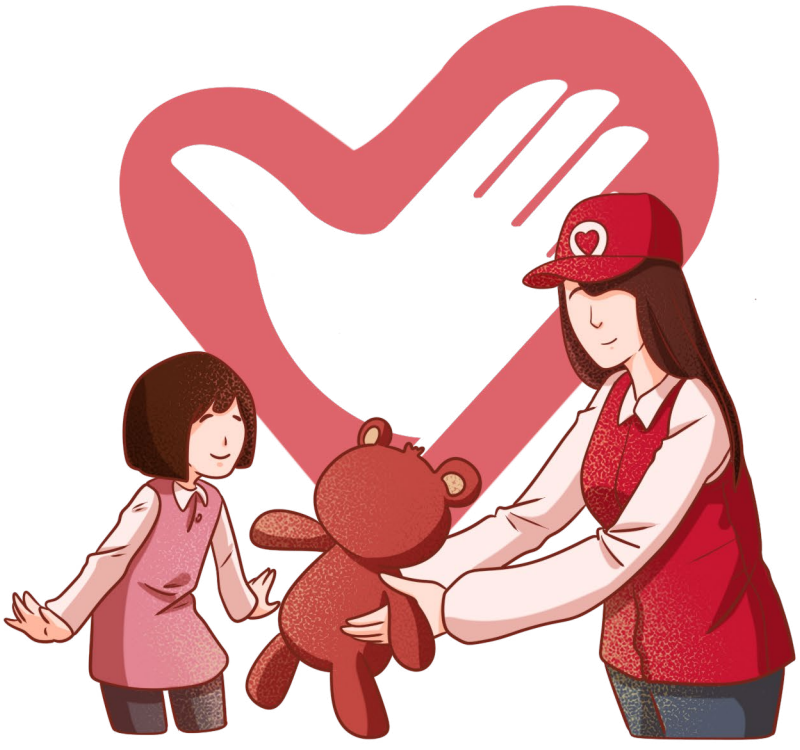
会员证书

尊敬的 楼小强先生
康龙化成（北京）新药技术股份有限公司
您已获得阿拉善SEE生态协会会员资格。
您的入会时间为 2019 年 6 月，会龄为 4 年。本期会籍期间为 2022 年 6 月至 2023 年 6 月。阿拉善SEE感谢您的支持，让我们共同推动中国民间环保事业的发展。
凝聚企业家精神，留住碧水蓝天！

2022 年 6 月 9 日

www.see.org.cn

Membership Certificate of Alxa Society of Entrepreneurs and Ecology (SEE)



Public Welfare Actions

Natural disaster relief

On September 5, 2022, a 6.8 magnitude earthquake occurred in Luding County, Sichuan Province, causing deep damage and widespread impact in Luding County, Ganzi Prefecture, Sichuan Province, Shimian County, Ya'an City and the like. Pharmaron donated 500,000 yuan to the Red Cross of Ya'an through the Beijing E-Town Cooperation & Development Foundation in the name of the special fund "Pharmaron Health and Wisdom" and such donation was uniformly used by the Earthquake Relief Headquarters to support local disaster relief and reconstruction efforts.

Support ecological conservation

In order to alleviate environmental problems such as the shortage of groundwater and the increasingly serious desertification in the oasis of the Alxa Desert in Inner Mongolia, the "Alxa Society of Entrepreneurs and Ecology (SEE) Ecological Association" has supported local farmers to plant millet crops such as millet with low water consumption to replace corn and wheat with high water consumption since 2009. The Alxa SEE Ecological Association launched the "Ren Xiaomi" brand plan to help achieve the balance between groundwater extraction and replenishment in Alxa Oasis and stop the spread of deserts. As a member of the Association, Pharmaron purchased 50 mu of Xiaomi Manor in 2022, helping to save about 25,000 tons of water in total.

Create a beautiful and harmonious community

The Group supports employees to participate in community building in each location of operation.

- Pharmaron Ningbo carried out activities to care for the disabled and set up barrier-free facilities. At the same time, the Group also provided fair employment opportunities and comprehensive work benefits for people with disabilities.
- Pharmaron Ningbo organized book and picture book donation activities to contribute to the development of education.

Caring Activity for the Disabled

Book Donation Activity in Guizhou Qiandongnan Primary School

Picture Book Donation Activity in Cixi Kindergarten

ESG Reporting Guide Content Index

No.	Indicator description	Disclosures	Sections
A1 Emissions	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Disclosed	Environmental Management Responding to Climate Change Pollution Prevention and Mitigation
A1 Emissions	A1.1 The types of emissions and respective emissions data.	Disclosed	Pollution Prevention and Mitigation
A1 Emissions	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Responding to Climate Change
A1 Emissions	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Pollution Prevention and Mitigation
A1 Emissions	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Pollution Prevention and Mitigation
A1 Emissions	A1.5 Description of emissions target(s) set and steps taken to achieve them.	Disclosed	Sustainable Environmental Targets Responding to Climate Change
A1 Emissions	A1.6 Description of how hazardous and non- hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	Sustainable Environmental Targets Pollution Prevention and Mitigation
A2 Use of Resources	General disclosure Policies on the efficient use of resources (including energy, water and other raw materials) Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Disclosed	Resource Protection

No.	Indicator description	Disclosures	Sections
A2 Use of Resources	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Management
A2 Use of Resources	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Resource Protection
A2 Use of Resources	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	Resource Protection
A2 Use of Resources	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	Resource Protection
A2 Use of Resources	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Disclosed	Resource Protection
A3 The environment and natural resources	General disclosure A Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Disclosed	Environmental Management Resource Protection
A3 The environment and natural resources	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Environmental Management Resource Protection
A4 Climate change	General disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	Responding to Climate Change
A4 Climate change	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	Responding to Climate Change
B1 Employment	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Equality and Diversity
B1 Employment	B1.1 Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	Disclosed	Equality and Diversity
B1 Employment	B1.2 Employee turnover rate by gender, age group and geographical region.	Disclosed	Equality and Diversity
B2 Health and safety	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Health and Safety

No.	Indicator description	Disclosures	Sections
B2 Health and safety	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Health and Safety
B2 Health and safety	B2.2 Lost days due to work injury.	Disclosed	Health and Safety
B2 Health and safety	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Health and Safety
B3 Development and training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Disclosed	Talent Attraction and Retention
B3 Development and training	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Talent Attraction and Retention
B3 Development and training	B3.2 The average training hours completed per employee by gender and employee category.	Disclosed	Talent Attraction and Retention
B4 Labor standards	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Disclosed	Equality and Diversity
B4 Labor standards	B4.1 Description of measures to review employment practices to avoid child and forced labor.	Disclosed	Equality and Diversity
B4 Labor standards	B4.2 Description of steps taken to eliminate such practices when discovered.	Disclosed	Equality and Diversity
B5 Supply chain management	General disclosure Policies on managing environmental and social risks of the supply chain.	Disclosed	Supply Chain Management
B5 Supply chain management	B5.1 Number of suppliers by geographical region.	Disclosed	Supply Chain Management
B5 Supply chain management	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Supply Chain Management
B5 Supply chain management	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Supply Chain Management
B5 Supply chain management	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Supply Chain Management

No.	Indicator description	Disclosures	Sections
B6 Product responsibility	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Quality Assurance Quality Services Innovation, Research and Development (R&D) Information Security
B6 Product responsibility	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	Quality Assurance
B6 Product responsibility	B6.2 Number of products and service related complaints received and how they are dealt with.	Disclosed	Quality Services
B6 Product responsibility	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Innovation, Research and Development (R&D)
B6 Product responsibility	B6.4 Description of quality assurance process and recall procedures.	Disclosed	Quality Assurance
B6 Product responsibility	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Information Security
B7 Anti-corruption	General disclosure Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Business Integrity and Marketing Compliance
B7 Anti-corruption	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Business Integrity and Marketing Compliance
B7 Anti-corruption	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	Business Integrity and Marketing Compliance
B7 Anti-corruption	B7.3 Description of anti-corruption training	Disclosed	Business Integrity and Marketing Compliance
B8 Community investment	General disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Public Welfare Platform Public Welfare Actions
B8 Community investment	B8.1 Focus areas of contribution (e.g. education, environmental concerns, Labor needs, health, culture, sport).	Disclosed	Public Welfare Platform Public Welfare Actions
B8 Community investment	B8.2 Resources contributed (e.g. money or time) to the focus area.	Disclosed	Public Welfare Platform Public Welfare Actions

List of Laws, Regulations and Internal Policies

Category	Title
International principles and guidelines	*UN 2030 Agenda for Sustainable Development* *World Medical Association Declaration of Helsinki* *WHO Guidance on Good Data and Record Management Practices* *Data Integrity and Compliance with cGMP Guidance for Industry* *GXP Data Integrity Guidance and Definitions* *ICH International Conference on Harmonization* *Good Manufacturing Practice Guidance for Active Pharmaceutical Ingredients* *ICH Q8: Pharmaceutical Development* *ICH Q9: Quality Risk Management* *ICH Q10: Pharmaceutical Quality System*
Chinese laws and regulations	*Civil Code of the People's Republic of China* *Biosecurity Law of the People's Republic of China* *Criminal Law of the People's Republic of China* *Company Law of the People's Republic of China* *Anti-unfair Competition Law of the People's Republic of China* *Pharmaceutical Industry Compliance Management Practices* *Good Clinical Practices for Clinical Trials of Drugs ("Drug GCP")* *Good Clinical Practice for Medical Devices ("Device GCP")* *Personal Information Protection Law of the People's Republic of China* *Regulation on the Administration of Laboratory Animals* *Laboratory Animal - Requirements of Environment and Housing Facilities* *Drug Administration Law of the People's Republic of China* *Good Manufacturing Practice (2010 Revision)* *Labor Law of the People's Republic of China* *Labor Contract Law of the People's Republic of China* *Production Safety Law of the People's Republic of China* *Law on the Protection of Minors of the People's Republic of China* *Provisions on Prohibition of Child Labor* *Social Insurance Law of the People's Republic of China*

	Payment of Wages Tentative Provisions *Regulations of Paid Annual Leave of Employees* *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases* *Environmental Protection Law of the People's Republic of China* *Energy Conservation Law of the People's Republic of China* *Integrated Emission Standard of Air Pollutants* *Law of the People's Republic of China on the Prevention and Control of Water Pollution of the People's Republic of China* *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* *Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise* *Emission Standard for Industrial Enterprises Noise at Boundary*
European and American laws and regulations	*US Foreign Corrupt Practices Act (FCPA)* *US Animal Welfare Act* *US Food, Drug and Cosmetics Act* *US Pay Transparency Nondiscrimination Provision* *US Fair Labor Standards Act* *US National Labor Relations Act* *US Energy Policy Act of 2005* *US Occupational Safety and Health Act* *US Clean Water Act* *US Clean Air Act* *US Noise Control Act* *UK Bribery Act 2010* *UK Animals (Scientific Procedures) Act 1986 (amended 2021)* *UK Employment rights Act 1996* *UK Children Act 2004* *UK Children (Protection at work) Regulations 1998* *UK Equality Act 2010* *UK Health and Safety at Work Act 1974* *UK Management of Health and Safety at Work Regulations 1999* *UK Environmental Protection Act 1990* *UK Environment Act 2021* *UK Control of Pollution Act 1974*

	UK Waste (England and Wales) Regulations 2011 *UK Control of Noise at Work Regulations 2005*
Internal policies and systems	*ESG Management Measures* *ESG Information Management Handbook* *Anti-Fraud and Whistleblowing Regulations* *Code of Ethical Conduct* *Integrity and Compliance Pledge* *Employee Handbook* *Information Security Management Policy* *Information Asset Risk Assessment Management Regulations* *Employee Information Security Handbook* *Information Security Incident Management Regulations* *IT Network and System Security Management Regulations* *Daily Operation Safety Management Regulations* *Pharmaron Data Privacy Policy* *IT Physical and Environmental Security Management Regulations* *Information System Access Control Management Regulations* *Confidential Information of Clinical Trial Subjects* *Ethical Submission* *Laboratory Animal - Requirements of Environment and Housing Facilities* *Quality Manual* *Quality Guidelines* *Standard Operating Procedure for Product Recall* *Regulation on Information Security and Confidentiality of Pharmaron* *Pharmaron IP Handbook* *Standard Operating Procedures for Customer Complaints* *Supplier Code of Conduct* *Procurement Management Regulations* *Supplier Management Regulations* *Code of Ethical Conduct* *Performance Evaluation Regulations* *Promotion Regulations* *EHS Policy*

	Occupational Hazard Warning and Notification Management Procedures *Environmental Protection Management Procedures* *Environmental Inspection Management Procedures* *Environmental Pollution Incident Management Procedures* *Environmental Factor Identification and Evaluation Procedures* *Emergency Response Plans for Environmental Emergencies* *Wastewater Treatment Station Management Procedures* *Waste Management Procedures* *Exhaust Gas Control Management Procedures* *Environmental Pollution Accident Emergency Rescue Plan* *Operating Instructions for Clean Production* *Statistical Energy Management Procedures* *Management Measures for Trade Secrets of Pharmaron* *Management Mwanual for Standard Use of Trademark of Pharmaron*

Suggestions and Comments

Thank you for reading the Group's *2022 Environmental, Social and Governance Report*. We would love to receive your feedback so that we can provide you and all the other stakeholders with more valuable information while moving forward in our overall ESG performance. You can send us your feedback in the following ways:

Address: 6 Tai-He Road, Beijing Economic-Technological Development Area, Beijing, China

Postal code: 100176

Email: pharmaron@pharmaron.com

1. Which of the following stakeholder categories do you belong to? _____

A. Government B. Regulators C. Shareholders D. Customers E. Employee

F. Suppliers and partners G. Community H. The public and media

2. Do you think this report addresses your concerns about the Group? _____

A. Yes B. No. (What do you think should also have been disclosed in this report?)

3. Do you think the Group has responded to your expectations? _____

A. Yes B. No. (Which of your expectations do you think are not well responded to?)

4. Do you think the content and design of this report make it friendly to read? _____

A. Very friendly B. Friendly C. Average D. Unfriendly

5. Do you have any other comments or suggestions on the Group’s ESG performance or this report?

_____

Thank you again for your time!

Pharmaron Beijing Co., Ltd.*

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Technological Development Area, Beijing, China
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