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

2023
Environmental, Social and Governance Report

Pharmaron Beijing Co., Ltd.

* For identification purposes only

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About this Report

Reporting Period

This report is the fifth Environmental, Social and Governance (ESG) report issued by Pharmaron Beijing Co., Ltd. and covers data from January 1 to December 31, 2023, which is consistent with the Company Annual Report, and some contents may exceed the aforementioned time range.

Scope

The contents of this report relate to Pharmaron Beijing Co., Ltd. and its important subsidiaries. Please refer to Appendix 6 for entities included in this report.

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.

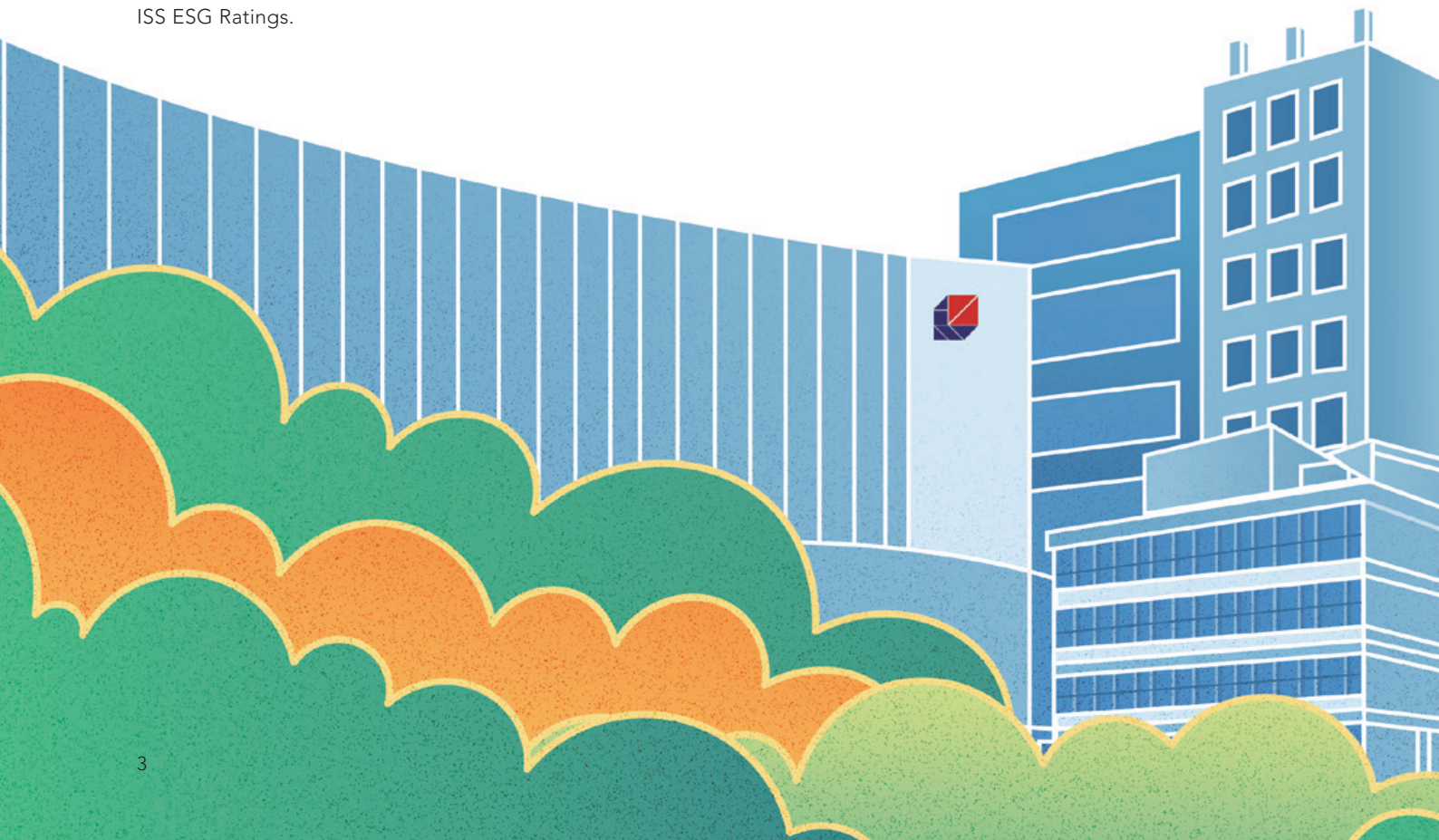
ESG Reporting Principles

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

To facilitate the expression and reading, Pharmaron Beijing Co., Ltd. and its holding subsidiaries are expressed as "Pharmaron," "the Group," "the Company,", or "We,"; "Pharmaron Beijing Co., Ltd." as "Pharmaron Beijing"; Pharmaron's subsidiaries as "Pharmaron Tianjin," "Pharmaron Qingdao," "Pharmaron Zhanjiang," "Pharmaron Shaoxing," "Pharmaron Clinical," "AniKeeper Zhaoqing," "Pharmaron Ningbo," "Pharmaron Chongqing," "Pharmaron Xi'an," "Pharmaron Shanghai," "AniKeeper," "Beijing Technology Development," "Pharmaron TSP," "Pharmaron UK," "Pharmaron US".

Reporting Currency

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

A Message from Our Chairman

2023 was an exceptionally challenging and demanding year. Looking back, amidst unprecedented complexity and uncertainty in both the domestic and international economy, Pharmaron remained committed to advancing its long-term development strategy. The Company proactively adjusted and reformed various business sectors to better position itself for the future. While focusing on biopharmaceutical R&D services, we also paid close attention to the coordinated development of the economy, environment and society. Over the past two decades, our notable achievements in corporate governance, R&D and innovation, talent cultivation, environmental protection, and social contributions have provided a solid foundation for the Company's sustainable development.

We improve governance mechanisms and promote compliance and diversified development. Adhering to the operation principles of stability, integrity and compliance, Pharmaron strives to establish sound corporate governance and ESG governance structures. Creating an inclusive workplace is essential for enhancing the Company's core competitiveness. In 2023, we revised the *Board Diversity Policy* and the *Diverse and Inclusive Supplier Policy*. We also made persistent efforts to implement equal and inclusive employee advancement programs. In addition, we continuously diversified the supply chain and improved the diversity and inclusivity of the industry chain. We adhered to ethical R&D practices and enhanced information security and supply chain management mechanisms.

We emphasize innovative R&D and deliver quality services. Adhering to a "technology-oriented and innovation-driven" approach, Pharmaron prioritizes professionalism, an international outlook and quality in all our business undertakings. We regard "safeguarding product quality and drug safety" as our fundamental responsibility. In 2023, we continued to strengthen our digital quality management system. Focusing on technology and innovation, we strive to offer customers high-quality, integrated solutions and services. In 2023, we expanded our fully integrated R&D capabilities for different types of drugs from a strategic perspective and further enhanced the construction of our drug R&D service platform.

We safeguard employees' rights and interests and empower talent development. Pharmaron adheres to the talent philosophy of "Employees First" and provides diverse training opportunities for employees. We also focus on improving employees' professional skills and career development prospects to boost happiness and create a sense of belonging. In 2023, we insisted on cultivating innovative talents, actively fostering a culture of "learning at Pharmaron," and developing a multidimensional platform for on-the-job learning. Relevant efforts included weekly academic seminars, visiting scholar programs, courses and online lectures by renowned experts, weekly academic meetings, the "Chemistry Star Award," daily literature reviews – "Reaction of the Day," and the Pharmaron Academy. Notably, we held the Pharmaron Symposium on Synthetic and Medicinal Chemistry in September 2023, which had been postponed for three years. This symposium provided R&D staff with a grand opportunity to learn from the international academic community. It also showcased our relentless pursuit of cutting-edge technologies and our commitment to empowering employee development.

We engage in environmental protection and adhere to green operations. Upholding low-carbon concepts, we are committed to reducing the generation of pollutants, ensuring compliance with the disposal of waste, and promoting low-carbon operations. In 2023, we disclosed our climate change risk management systems and response actions from the dimensions of governance, strategy, risk management, and metrics and targets, as the Task Force on Climate-related Financial Disclosures (TCFD) recommended. Through measures such as enhancing our energy management system, implementing low-carbon production actions, promoting the use of clean energy, and assisting in emissions reduction across the value chain, we effectively achieved our climate change mitigation targets.

We actively participate in public welfare endeavors and give back to society. Pharmaron is dedicated to improving and restoring the ecological environment, providing assistance during natural disasters, promoting science, technology and innovation education, supporting rural teachers, and donating essential supplies. Through these efforts, we demonstrate our corporate social responsibility. Furthermore, we collaborate with domestic and international research institutions, industry-leading companies, and universities to promote industrial development and fulfill our obligations as corporate citizens.

Achievements stem from innovative solutions and diligent efforts. In 2024, we will continue to forge ahead with determination. We will maintain keen insights into new technologies and embark on bolder explorations. We will strengthen the construction of our full-process new drug R&D service platform, provide customers with more efficient personalized solutions, and contribute Pharmaron's wisdom to global innovative drug R&D for the benefit of patients worldwide. In 2024, we will prioritize safety production in daily management. In addition, we will strictly abide by the highest international standards for quality management to deliver high-quality products and services to our customers.

In times of adversity, the pace of change never slows down. Instead, scientific advancements are occurring at an unprecedented rate, and exceptional enterprises continue to flourish. Against this background, we must equip ourselves to move forward with innovation, wisdom, and courage and grasp the future with a forward-looking strategy and mindset.

Statement from the Board

Pharmaron strictly adheres to the *Code of Corporate Governance for Listed Companies* issued by the China Securities Regulatory Commission (CSRD) as well as relevant requirements of the Shenzhen Stock Exchange ("SZSE") and the Stock Exchange of Hong Kong Limited ("HKEx"). We integrate the concepts of sustainable development and ESG governance into our daily operations. We also continuously improve our ESG compliance management structure, enhance our ESG management systems, strengthen the identification of ESG risks, and improve the quality of ESG disclosure.

The Company has established a three-tiered ESG governance structure consisting of "governance, management, and execution." At the governance level, the Board of Directors and its committees oversee, review and make decisions on significant matters related to the ESG work. At the management level, the ESG Executive Committee is tasked with formulating the Company's ESG targets, relevant work plans, and other aspects and reporting to the Strategy Committee. At the execution level, various departments and first-level subsidiaries conduct daily work based on their respective responsibilities and jointly implement specific measures related to ESG.

We highly prioritize identifying material ESG issues. This process involves tracking ESG priorities in the capital market and industry, as well as engaging in continuous communication with stakeholders. We regularly identify and assess material ESG issues, the results of which will be reported to the Strategy Committee under the Board of Directors for discussion and approval. The annual ESG materiality matrix is formed accordingly.

This Report provides a detailed and authentic disclosure of Pharmaron's ESG-related progress and achievement in 2023. It was reviewed and approved by the Board of Directors on March 27, 2024.

Board of Directors of Pharmaron Beijing Co., Ltd.

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 has 21 R&D centers and manufacturing facilities across China, the UK, and the US., and 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 facilitating 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. We have established a fully-integrated service platform for small molecule drugs, biologics and CGT products, and are committed to becoming a global leader in pharmaceutical R&D services across multiple therapeutic modalities. In addition, the Company will further develop the global footprints of its service platform to provide customers with interdisciplinary and global service solutions, making full use of the Company's global scientific research talent network, and meet customers' regional strategic needs.

Principal Business

Our principal business is categorized into four business segments, namely laboratory services, CMC[1] (small molecule CDMO[2]) services, clinical development services, and biologics and CGT services, which mainly cover the following services:

Laboratory services

- The laboratory services mainly include laboratory chemistry and bioscience services, covering small molecule drugs, oligonucleotides, peptides, antibodies, antibody-drug conjugate (ADC[3]), and CGT products, etc.

  Laboratory chemistry is the root of our business, making it the core in the development of the Company. Laboratory chemistry services include medicinal chemistry, synthetic chemistry, chemistry for new modalities, analytical and purification chemistry, and computer-aided drug design (CADD[4]). Laboratory chemistry provides 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, synthesis of new modalities (nucleosides/nucleotides, lipids, saccharides, peptides, and conjugates), 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 other services. Bioscience services provide customers with drug discovery services such as target validation, structure activity relationship studies, candidate compound identification, and drugability studies.

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

2 CDMO, Contract Development and Manufacturing Organization, refers to the early-stage R&D and production activities including process development, formulation development, and manufacturing of drug products for clinical trials.

3 ADC, Antibody-drug Conjugate.

4 CADD, Computer-Aided Drug Design.

CMC (small molecule CDMO) services

- Our experienced CMC (small molecule CDMO) services team offers customers process development and manufacturing, material science/pre-formulation, formulation development and manufacturing, and analytical development services, covering a broad range of products including small molecule drugs, oligonucleotides, peptides, linkers and payloads. The process development and manufacturing team provides services such as discovery and development of efficient and green synthetic routes, optimization of existing synthetic routes, and process scale-up to support preclinical and other stages of clinical development and commercial manufacturing needs; the material science/pre-formulation 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[5] 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[6] API and drug product manufacturing facilities of the Company have had the qualification to manufacture products to support clinical trials in global markets, including the US, China and the 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[7] Guidelines) and supports the development and manufacture of APIs and pharmaceuticals meeting the regulatory requirements from FDA[8], NMPA[9] and EMA[10], and can also support the preparation of complete regulatory data packages and documentation for regulatory filings and cGMP audits in the US, the EU, and Asia.

Clinical development services

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

  The overseas clinical development services include radio-labeled science services and early stage clinical trial services. The radio-labeled science services of the Company help customers synthesize ^{14}C and tritium ^{3}H radio-labeled 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, the US, the Company provides customers with clinical research services including comprehensive FIH studies, vaccine development/infectious challenge studies, comprehensive ^{14}C drug absorption, distribution and excretion trial, TQT/cardiac safety[11], 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[12] services, hospital research and selection, SSU[13] 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 the 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 preclinical service offerings, it allows the Company to simultaneously submit IND[14] applications for customers' drug candidates to regulatory agencies in China, the US and the EU.

[5] API, Active Pharmaceutical Ingredient, refers to the component in a medication that has pharmacological activity or other direct effects on the diagnosis, treatment, symptom alleviation, handling or prevention of a disease, or that can affect the structure or function of the human body.
[6] cGMP, Current Good Manufacturing Practices, are regulations enforced by the FDA or other regulators on pharmaceutical and biotechnology companies to ensure that the products manufactured meet specified requirements for identity, strength, quality, and purity.
[7] ICH, The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.
[8] FDA, Food and Drug Administration.
[9] NMPA, National Medical Product Administration (formerly known as China Food and Drug Administration), the authority responsible for approving drug and biologic products in China.
[10] EMA, 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.
[11] 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.
[12] CRC, Clinical Research Coordinator.
[13] SSU, Study Start Up, the startup specialist of a clinical project.
[14] IND, Investigational New Drug, is an experimental drug for which a pharmaceutical company obtains permission to conduct clinical trials before a marketing application for the drug has been approved.

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.

  Biologics development and manufacturing services (CDMO) include 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 and RNA 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 preclinical and clinical development and marketing stages. In addition, the Company's U.S. laboratory services provide customers with discovery and development services in biologics, CGT products and medical devices in the areas of ophthalmology.

  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 preclinical 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 manufacturing of biologics and CGT products.

[15] GLP, Good Laboratory Practice, is a quality management system for non-clinical laboratory studies. It includes a series of regulatory documents that cover all aspects of laboratory work that can affect the outcome and interpretation of experimental results, from planning and conducting experiments to monitoring, recording, and reporting findings.

[16] GCP, Good Clinical Practice, formulated by the National Medical Products Administration in conjunction with the National Health Commission.

[17] GMP, Good Manufacturing Practice, refers to a set of quality and safety management measures implemented during the drug manufacturing process. It covers the entire drug production process, including raw materials, personnel, facilities, equipment, production processes, and packaging and transportation.

[18] MHRA, 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 & Recognition

Awards & Recognition of Pharmaron in 2023

Awarded by	Honor
• Shenzhen Stock Exchange	A rating (highest rating) for information disclosure
• Sustainalytics	Low-risk Enterprise 2023 "ESG Top-related Companies"
• EcoVadis	Bronze Medal
• CDP	B rating
• MSCI ESG Rating	BBB rating
• S&P DJSI (CSA)	S&P Global ESG rating score of 45, higher than the industry average
• Beijing Enterprise Confederation, Beijing Entrepreneurs Association, Tianjin Enterprise Federation, Tianjin Entrepreneurs Association, Hebei Enterprise Federation, and Hebei Entrepreneurs Association	Ranked 88th among the 2023 Top 100 Companies in the Beijing-Tianjin-Hebei Region
• Beijing Enterprise Confederation and Beijing Entrepreneurs Association	Ranked 67th among the 2023 Top 100 Companies in Beijing Ranked 33rd among the 2023 Top 100 Service Companies in Beijing
• The Third Drug Innovation Jishi Award by the Securities Times	2023 Top 10 Drug Innovation Service Organizations
• 17th Awards of the 2023 Value of Listed Companies in China by the Securities Times	Top 50 Listed Companies on the Growth Enterprise Market in China Green and Low-carbon Outstanding Contribution Award
• China Association for Public Companies	2023 ESG Excellent Cases of Listed Companies
• Top 500 New Economy Companies List	Ranked 61st among the Top 500 New Economy Companies
• China Corporate Governance Experts 50 Forum	2023 Top 50 ESG Cases of Non-Financial Listed Companies
• Huayi List – 2023 China Biopharmaceutical Industry Value List	Top 10 Most Influential CDMO Companies
• Ming Pao	Outstanding Social Performance Award
• China Biopharmaceutical Industry Chain Innovation and Transformation Alliance (CBIITA)	Pharmaron: 2023 Most Influential Preclinical CRO Enterprises – Benchmark Award Pharmaron Clinical: 2023 Most Influential Clinical CRO Enterprises
• Employer Branding Institute	Best Employer Brand Social Media Award at the 2023 Employer Brand Creativity Competition Best Brand Communication Award at the 2023 Employer Brand Creativity Competition
• Moka, the University of Hong Kong, and HRflag	2023 China Human Resources "Sirius" Award: Best Employer Brand for High-tech Companies
• Zhaopin	Top 50 Employers in Beijing by Zhaopin
• Administrative Committee of Beijing Economic-Technological Development Area	2023 Social Contribution Enterprises

Performance Highlights in 2023

Financial Performance

> During the reporting period, the Company realized revenue of RMB **11.54** billion, with a year-on-year growth of **12.39**%

Information Security

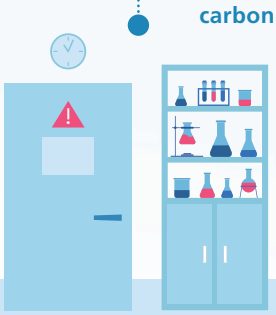
> Obtained ISO 20000 Information Technology Service Management System certification and ISO 27001 Information Security Management System certification

ESG Governance

> Identified and addressed **20** material ESG issues
> Responded to domestic and international call for decarbonization, updated sustainable development targets, and continuously explored measures to reduce carbon emissions

Diversity Development

> Refined the Board Diversity Policy
> Promoted diversity development of the Company and fostered a diverse, inclusive, and equal workplace
> Implemented a diversified supply chain



Employment & Development

> **20,295** employees in total worldwide, with female employees accounting for **54.67%**

> Issued 3 batches of Equity Incentive Plan to **405** employees

> Signed agreements with **11** Chinese universities to establish the "Pharmaron Internship Base"

> Organized **4** series including **91** internal academic seminars and **11** online lectures by renowned experts in 2023

Commitment to Public Welfare and Charity

> Donated over RMB**4.90** million, including a special fund of RMB**2.5** million through the "Pharmaron Health Wisdom"

Innovation, Research and Development (R&D)

> R&D expenditure exceeded RMB**448.27** million, representing a year-on-year increase of **58.78%**

Green Operations

> Invested over RMB68.97 million in energy system construction, equipment energy-saving upgrades, environmental protection, etc.

> Pharmaron Beijing, Cramlington Site of Pharmaron UK, and Liverpool Site of Pharmaron UK all obtained ISO 14001 certification

> Continuously achieved **100%** compliant disposal of waste

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Sustainability Governance

As a leading international life sciences R&D services company, Pharmaron consistently adheres to stable and compliant growth strategies, integrating the philosophy of responsible development and risk management awareness into all facets of the operations. We are committed to enhancing governance standards, upholding business ethics, and advancing diversity. Through tangible actions, we aim to foster the sustainable development of the Company.

- Corporate Governance
- ESG Governance
- Diversity Development
- Integrity and Compliance

Corporate Governance

Pharmaron adheres to the principle of compliant operations, strictly abiding by the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and other relevant regulations. Continuously improving our corporate governance mechanism, we are dedicated to strengthening the effectiveness of the Board of Directors, solidifying a foundation for stable operations, and achieving modern, high-quality development for the Company.

Corporate Governance Structure

Pharmaron has established the *Rules of Procedure for the Board of Directors* and the *Work Rules of Independent Non-Executive Directors* to standardize the daily workflow of the Board and strictly recruits independent directors in accordance with the *Articles of Association*. During the reporting period, the Company restructured the Board of Directors, as part of the efforts to align with the actual business development and operation needs, and to further enhance the decision-making efficiency and quality of the Board. The membership of the Board was changed from 11 to 9 members, including three executive directors, two non-executive directors, and four independent non-executive directors. Following the restructuring, the proportion of independent non-executive directors increased from 36% to 44%. Independent non-executive directors maintain sufficient independence in their work, actively participate in Board meetings, and carefully considering various motions. They diligently fulfill their responsibilities in areas such as corporate governance, internal control, information disclosure, and financial supervision, effectively safeguarding the interests of the Company and all shareholders. They pay special attention to the protection of the legal rights and interests of small and medium shareholders, and supervise the work of the Board of Directors.

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 ensure the professionalism and accuracy of the Board's decision-making, facilitating the stable and standardized operation of the Company.

Strategy Committee

Composition: The Committee consists of five members, chaired by Dr. LOU Boliang, Chairman of the Company, including one independent non-executive director, accounting for 20% of the total.

Duties: Review the Company's long-term development strategy and major investment decisions and to make recommendations on such matters.

Work Progress in 2023:

- During the reporting period, one meeting was held to discuss the ESG report and related internal governance regulations. The meeting reviewed and approved three resolutions, including the *Resolution on Revising the Environmental, Social and Governance Management Measures*.
- During the reporting period, the Strategy Committee received regular reviews and monitored the progress of the Science Based Targets initiative (SBTi[19]) project. The committee also received reports on GHG reduction targets setting and offered suggestions.

Remuneration and Appraisal Committee

Composition: The Committee consists of five members, chaired by Ms. LI Lihua (independent non-executive director), including three independent non-executive directors, making up the majority.

Duties:

- Develop remuneration policy;
- Formulate director and senior management remuneration plans or schemes in alignment with the goals and policies of the Company, including integrating sustainable development objectives into the performance assessments of senior management;
- Present reasonable recommendations on remuneration to the Board of Directors;
- Design or modify equity incentive plans and employee stock ownership plans, specifying the conditions under which incentives are granted and exercised, and make recommendations to the Board of Directors regarding these plans.

Work Progress in 2023:
During the reporting period, two meetings were held, mainly discussing the remuneration of directors and senior management, issuance of company equity incentive plan, list of incentive recipients, and entitlements. The meetings reviewed and approved resolutions including the *Resolution on the Remuneration Program of the Company's Directors,* and the *Resolution on the Remuneration Program of the Company's Senior Management,* among a total of nine resolutions.

[19] Ambitious corporate climate action – Science Based Targets, Science Based Targets, initiated by the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the Worldwide Fund for Nature (WWF), is part of the global business climate alliance. It aims to provide scientific guidance and resource support for companies to set science-based carbon reduction targets.

Nomination Committee

Composition: The Committee consists of five members, chaired by Ms. LI Lihua (independent non-executive director), including three independent non-executive directors, accounting for 60% of the total.

Duties:

- Review the structure, membership and composition of the Board of Directors;
- Make recommendations on the selection procedure and criteria for directors and senior management;
- Evaluate and verify the candidates for directors and senior management, including their qualifications for the positions;
- Evaluate the independence of directors.

Work Progress in 2023:
During the reporting period, three meetings were held, mainly discussing the rationality of the Board structure, the independence of independent non-executive directors, and board re-elections. The meetings reviewed and approved resolutions including the *Resolution on Evaluating the Independence of Independent Non-Executive Directors* among a total of six resolutions.

Audit Committee

Composition: The Committee consists of three members, and all are independent non-executive director. Mr. YU Jian serves as the Chairman and has the professional qualifications.

Duties:

- Supervise the establishment, improvement, and implementation of the Company's audit system;
- Conduct the annual internal audit work;
- Assist in communication with external audits;
- Evaluate the effectiveness of the Company's internal risk control system.

Work Progress in 2023:
During the reporting period, seven meetings were held, mainly discussing connected transactions, internal control reports, annual audit plans, internal audit work reports, and significant issue inspection reports. The meetings reviewed and approved resolutions including the *Resolution on the 2022 Audit Report on Internal Control of the Company* among a total of 25 resolutions.

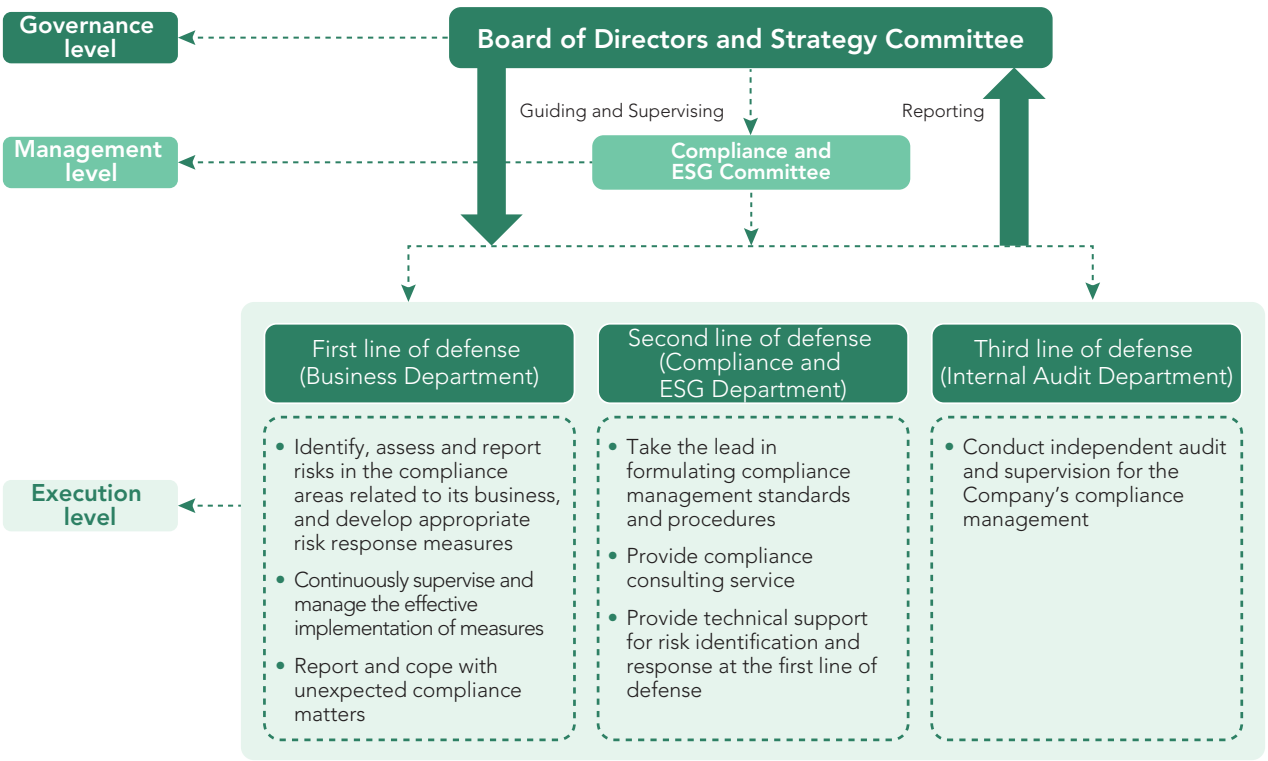
Corporate Governance Risk Management

Pharmaron adheres to the principle of stable and sustainable development, strictly complying with the legal and regulatory requirements of the *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and others to continuously enhance the Company's internal risk control system, achieving stable operations.

The Strategy Committee comprehensively oversees the Company's risk management efforts. Pharmaron has established an Compliance and ESG Committee, which regularly reports to the Strategy Committee on company-level risks.

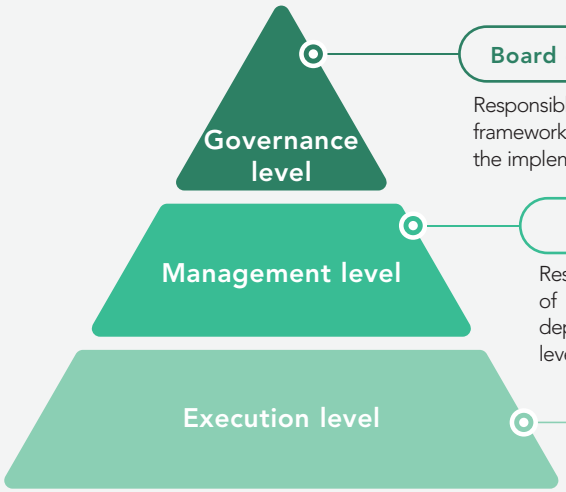
The Company, with a focus on risk management and the goal of standardized operations, integrates risk control mechanisms and actual business practices to establish a "three-line of defense" risk management model, enhancing the Company's ability to prevent and mitigate significant risks. Moreover, the Company has developed a three-tiered management mechanism consisting of the governance level, management level, and execution level, consistently improving the compliance governance system, implementing compliance concepts, and preventing compliance risks.

The three executive directors of the Company, Dr. Boliang Lou, Mr. Xiaoqiang Lou, and Ms. Bei Zheng, are the founders of the Company. They have been responsible for the Company's operations, internal control, compliance management, risk management, and financial management, and possess extensive experience in these areas. The Company's two non-executive directors, Mr. Jiaqing Li and Mr. Baifeng Hu, have spent many years deeply engaged in the field of professional investment and are seasoned in risk and financial management. In addition, the four independent non-executive directors of the Company come from diverse backgrounds, including finance, law, and scientific research. They have spent many years deeply involved in their respective fields, offering a rich variety of experiences related to company operations, internal control, compliance management, risk management, and financial management.



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

Pharmaron clearly defines the responsibilities of the three-tiered management structure, creating an effective communication and management model to facilitate the efficient operation of the Company's comprehensive risk management system.



Board of Directors and Strategy Committee

Responsible for establishing and improving the risk and compliance management framework, formulating and reviewing risk management policies, and overseeing the implementation of the Company's risk management measures.

Compliance and ESG Committee

Responsible for managing according to the decisions and deployments of the Board of Directors and the Strategy Committee, working closely with various business departments at the execution level, regularly receiving reports from the execution level, and subject to the supervision and guidance of the governance level.

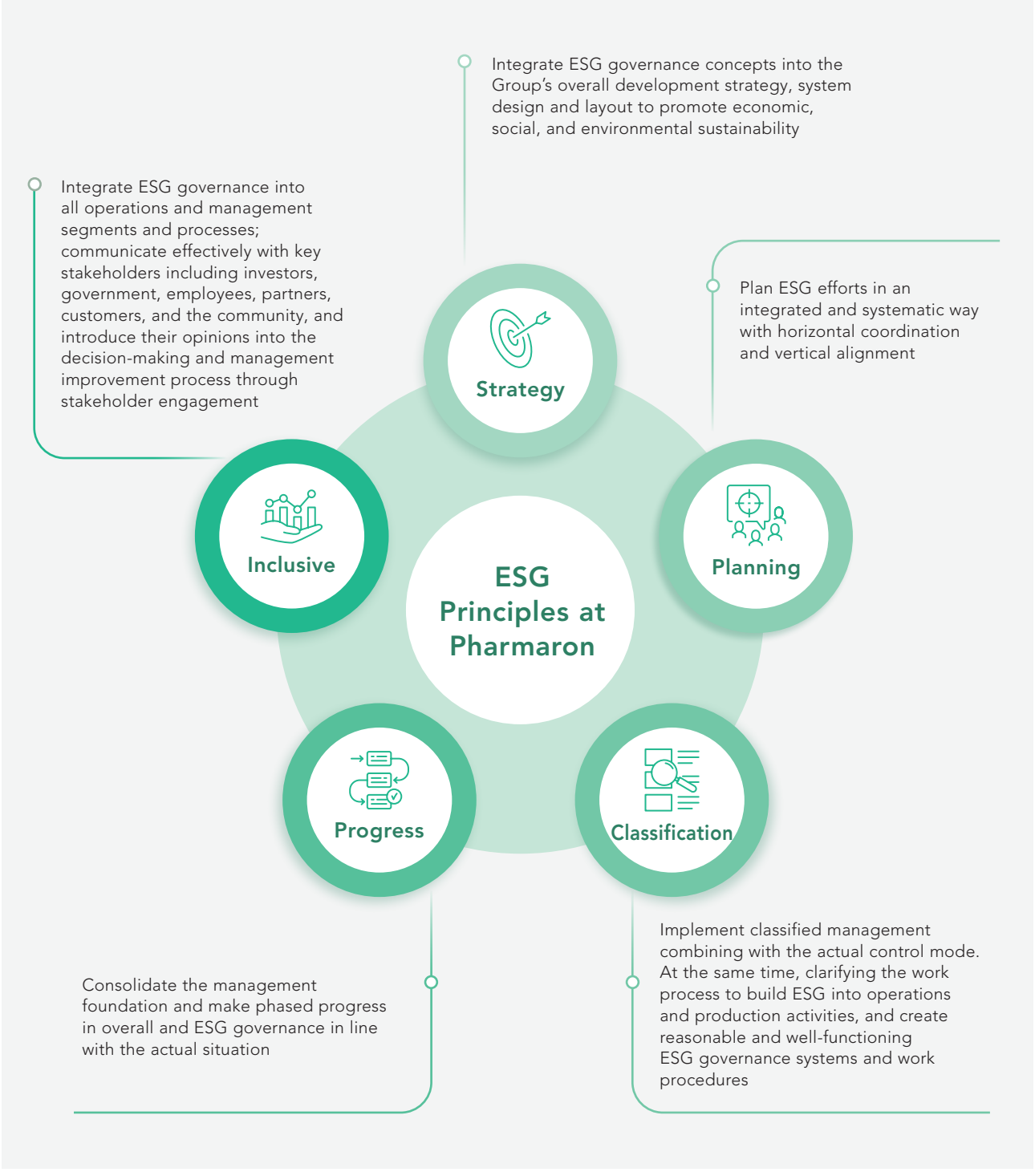
Headquarters' Functional Departments and Tier-1 Subsidiaries

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, Privacy Protection, etc. The Group regularly reports on the execution and implementation of the Company's risk management, ensuring risks are manageable.

In 2023, the Compliance and ESG Committee convened a meeting to discuss the audit findings of the Pharmaceutical Supply Chain Initiative (PSCI) and the corresponding remediation plans. Furthermore, following the compliance risk assessment project initiated in 2022, the Company continued to carry out specialized actions for compliance risk assessment this year. The main efforts included establishing a compliance management system encompassing compliance strategy development, setting compliance goals, conducting risk identification and assessment, and improving procedural systems. These efforts were aimed at helping the Company identify high-risk factors, promote standardized process management, and deepen the development of a compliance culture. In response to identified compliance risks, we establish and improve compliance-related systems, processes and operational standards, and carry out training and awareness-raising activities to effectively enhance the company's risk control level.

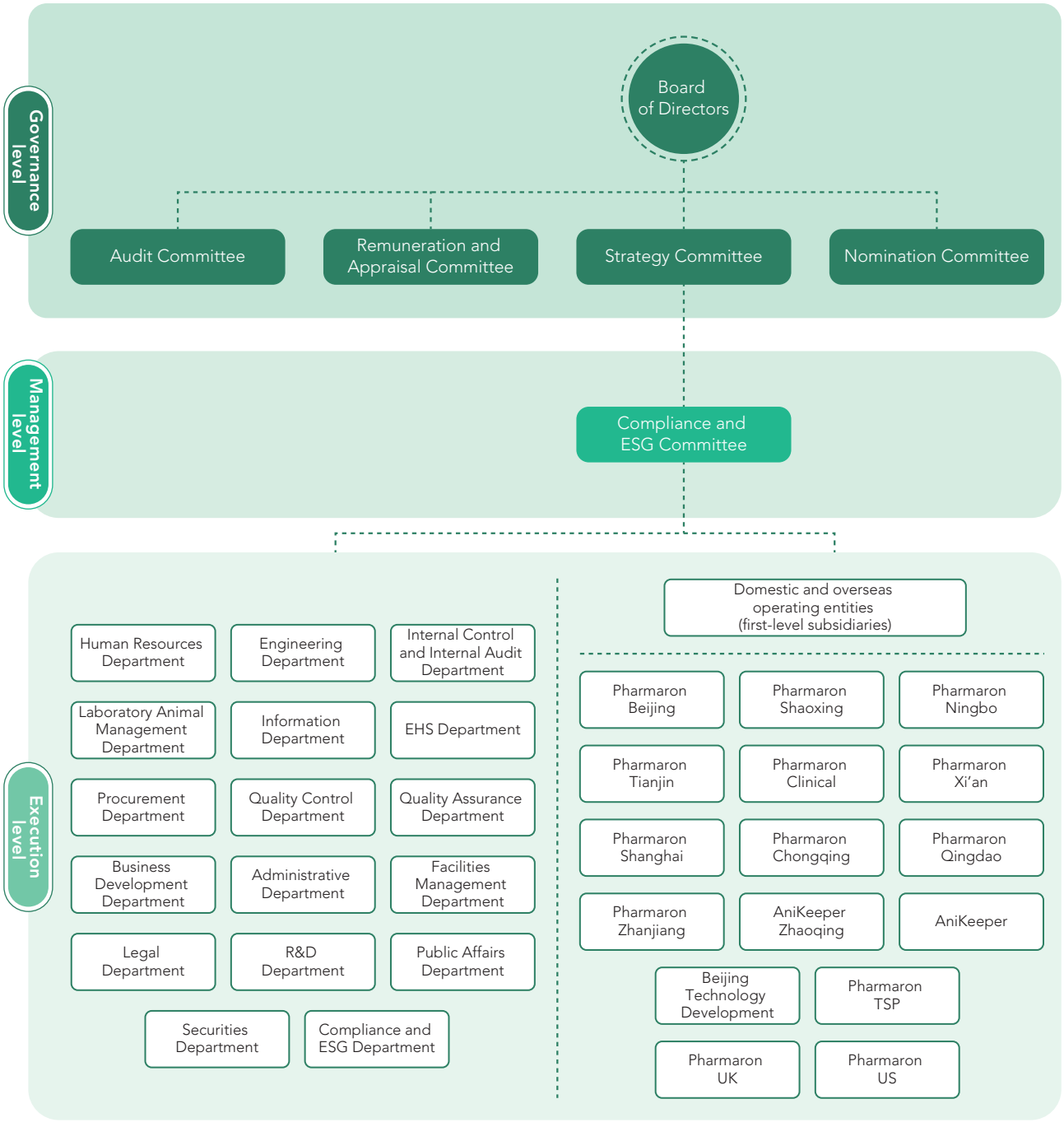
ESG Governance

Pharmaron actively explores the path to sustainable corporate development, and has established an operating philosophy guided by ESG principles. The concept of ESG has been increasingly integrated into the Company's daily operations based on ESG governance systems and structure such as the *ESG Management Measures* and the *ESG Information Management Handbook*.



ESG Governance Structure

Pharmaron has established a complete ESG governance structure with clear hierarchy, well-defined lines of responsibility to enhance the effectiveness of ESG management and integrate ESG management strategies effectively into various departments and key business processes. Our ESG governance has a three-tiered structure comprising the "governance, management, and execution" levels. At the "governance level" are the Board of Directors and the its committees, the ESG Executive Committee at the "management level" reports to the Strategy Committee, and daily ESG work is assigned to the "Execution 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 significant ESG issues and the identified risks
- Reviews updates to the Group's ESG governance structure and responsibilities
- Reviews the Group's annual ESG work plan
- Reviews the Group's annual ESG report
- Reviews and approves other important ESG-related matters of the Group

Compliance and ESG 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 leading departments
- Coordinates and manages the annual ESG report and reports meaningful milestones to the Strategy Committee
- Follows and studies the latest ESG compliance requirements, summarizes ESG capital market performance, 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 coordination and advancement
- 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*)

ESG Performance Management

Pharmaron places great emphasis on ESG management and has incorporated ESG-related assessments into the evaluation criteria for executive remuneration. The Company requires leaders of relevant departments to sign annual performance appraisal forms and includes EHS performance indicators and ESG-related training (such as anti-corruption training) in the assessment system for departments heads.

Stakeholder Communication

Pharmaron is acutely aware of the significant impact that the opinions of various stakeholders have on the Company's ESG efforts. Suggestions from stakeholders are invaluable in helping the Company proactively address key risk factors affecting business development. Therefore, the Company places a high priority on the needs of both internal and external stakeholders, establishing communication channels through various means to collect and respond to the stakeholders' expectations for Pharmaron.

Stakeholders	Expectations and demands	Channels of communication and response
Government and regulators	• Implementing national policies, laws, and regulations • Strengthening local economy • Boosting the pharmaceutical and life sciences industry • Operational transparency and compliance • Taking responsibility for corporate citizenship	• Email, phone call, and timely response to requests and questionnaires
Institutional and individual investors/Shareholders	• Returns on investment • Operational compliance • Production safety	• Company announcement, online roadshow, subject reporting, visits and inspections
Customers and potential customers	• Legal compliance and duty fulfillment • Business integrity • Quality products and services	• Business communication, customer feedback, exchanges and seminars, information disclosure
Suppliers and subcontractors	• Legal compliance and duty fulfillment • Business integrity	• Business communication, exchanges and seminars
Universities	• Industry-academia-research collaboration • Technology application capabilities	• Academic seminars, scientific research projects, university-enterprise cooperation
Community and the public	• Environmental protection • Contribute to community development • Protect rights and interests	• Company website, Company announcements, interviews and exchanges, community activities
Non-profit organizations and industry associations	• Participate in public welfare initiatives • Promote industry development	• Volunteer services, public welfare activities, industry-related seminars
Media	• Ensure information transparency • Maintain open communication	• News report, interviews with management
ESG domain experts	• Academic exchanges • Continuous investment in technological innovation	• Academic forums, expert lectures
Members of the Board	• Contribute to the Company's sustainable development	• Board and Strategy Committee meetings
Senior management	• Focus on economic performance	• Compliance and ESG Committee meetings and regular company meetings
Employees	• Rights and interests protection • Occupational health and safety • Compensation and benefits • Career development	• Labor union, information display, democratic communication, vocational training

Materiality Analysis and Matrix of Significant Issues

During the reporting period, Pharmaron, taking into account its own industry characteristics and business development, has identified and summarized 20 significant ESG-related issues in accordance with key indicators from the *Environmental, Social and Governance Reporting Guide* (the "ESG Reporting Guide") issued by the Stock Exchange of Hong Kong Limited, 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 MSCI ESG Ratings, among other capital market ESG ratings or questionnaires.

In the preparation of the 2023 ESG report, the Company conducted surveys of stakeholders through questionnaires. Our Compliance and ESG Committee led the assessment of materiality of the ESG issues using different methods such as questionnaire survey, identified the feedback and expectations of various stakeholders and updated the matrix of material issues. Finally, the confirmed ranking and matrix of material issues were submitted to the Board of Directors for approval, and the Board responded to material ESG issues.

Issue Identification

Analyze and identify issues from stakeholder surveys in accordance with the requirements of HKEx, SZSE, and GRI Standards, combined with domestic and international industry policy standards, benchmarking against reports from industry peers, and referring to the results of stakeholder communication

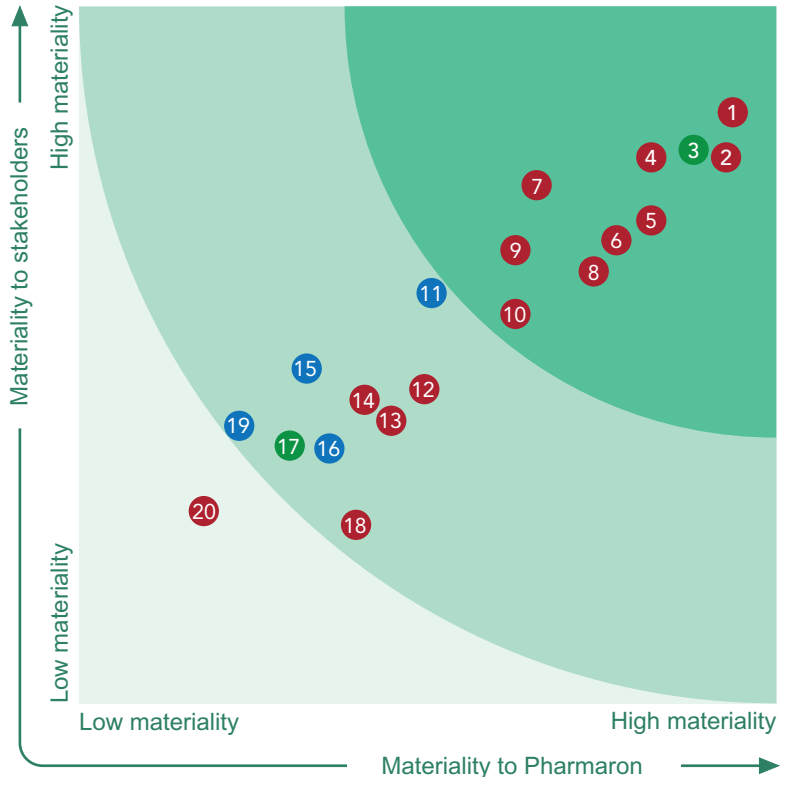
Issue Communication

Engaged in communication and interaction with various stakeholders, and collected 275 valid stakeholder questionnaires

Materiality Confirmation

Form a materiality matrix based on questionnaire feedback and by prioritizing ESG issues based on stakeholder responses and expert opinions

Materiality Matrix at Pharmaron in 2023



Social Issue

1. Customer Service
2. Intellectual Property Protection
4. Product Quality and Safety
5. Information Security and Privacy Protection
6. Product Innovation and R&D
7. Occupational Health and Safety
8. Employee Training and Development
9. Talent Attraction and Retention
10. Ethical Welfare
12. Responsible Marketing
13. Diversity, Equality, and Inclusiveness
14. Sustainable Supply Chain Management
18. Social Participation and Contribution
20. Supplier Collaboration and Training

Environmental Issue

11. Emissions Management
15. Energy Management
16. Climate Change Mitigation
19. Environmental Management

Governance Issue

3. Integrity and Compliance
17. ESG Governance

Diversity Development

A diverse Board of Directors, workforce, and partner network, and an inclusive workplace are essential to enhancing the core competitiveness of a company. Pharmaron places great emphasis on the diversity and inclusiveness across the entire value chain to advance diversity and comprehensively boost the Company's competitiveness.

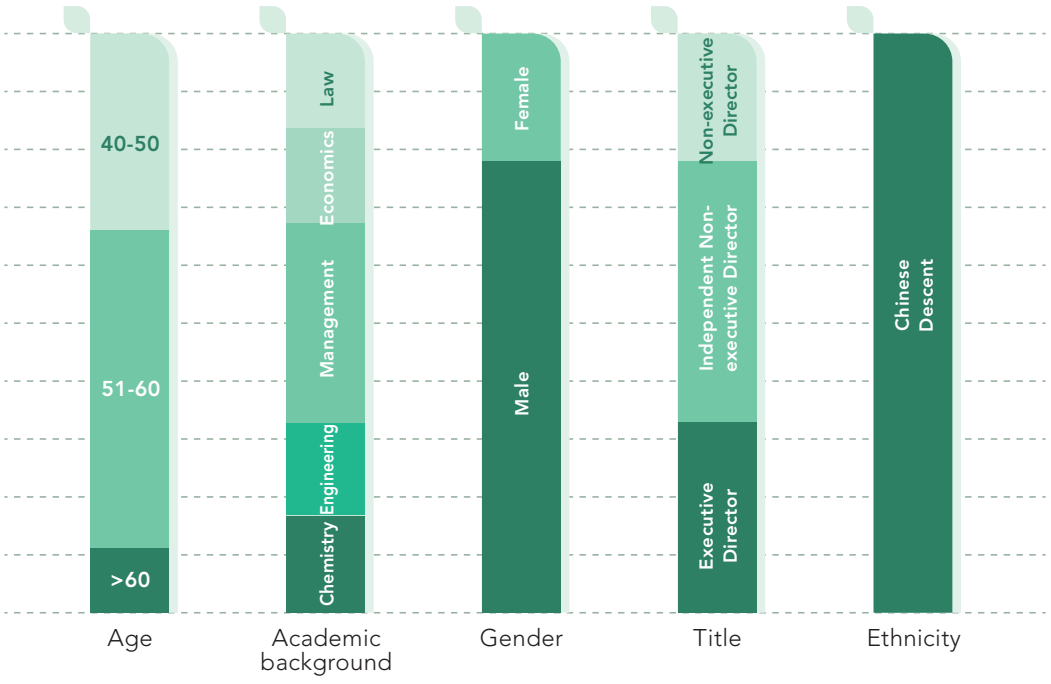
Board Diversity

Pharmaron firmly believes that a diverse and specialized Board of Directors is crucial for navigating the constantly changing business environment, while also being beneficial for enhancing the Company's sustainable development. In accordance with the *Articles of Association* and other relevant regulations, we have revised and improved the *Board Diversity Policy*. The Nomination Committee is responsible for the diversity of the Board. It monitors and reviews the implementation of the diversity policy to ensure its continued effectiveness and makes recommendations to the Board. The Board has reviewed the *Board Diversity Policy* in 2023, and considers it effectively implemented.

We commit to a fundamental principle of "merit-based" appointments for all Board members, with thorough consideration given to Board diversity during the candidate evaluation. This comprehensive approach involves scrutinizing a range of objective conditions and performances, such as gender, age, race, geography, educational background, professional qualifications, and industry experience, to provide strong support for scientific decision-making. Furthermore, the Company's Board of Directors regularly reviews the Board's structure and composition to ensure diversity from all perspectives.

The Company's Board consists of nine members, of whom seven are male and two are female. The Board members have a wide range of academic backgrounds, skills, knowledge and experience. Their academic backgrounds cover chemistry, business management, law, economics, materials science and engineering, business administration, management and various other disciplines; skills, knowledge and experience include scientific research, corporate management, investment, legal services, risk management, finance and auditing.

Board Diversity[20]



[20] (1) The y-axis represents percentage.

(2) Management include: Business Administration, Management, Economic Management, Business, and Commercial Business; Engineering fields include: Material Science and Engineering, Urban Construction, Electrical Engineering, Engineering, and Mechanical Engineering.

Employee Diversity

Pharmaron is committed to promoting diversity and inclusion (D&I), aiming to create a workplace where all employees feel valued, respected, and included, regardless of their race, ethnicity, gender, age, religion, or any other characteristics. To this end, we have pioneered a comprehensive D&I approach in Pharmaron UK and Pharmaron US based on the following three principles:

Promote Workforce Diversity

- We believe a diverse workforce brings unique perspectives and ideas, making our organization more innovative and adaptable.
- We are committed to recruiting, hiring, and promoting individuals from diverse backgrounds, ensuring our team reflects the diversity of our clients and the communities we serve.
- We strive to achieve inclusiveness during recruitment, actively seek talent from underrepresented groups, and provide them with equal career development opportunities.

Create an Inclusive Work Culture

- We foster a welcoming and respectful work environment where every employee feels a sense of belonging and can express themselves.
- We encourage open communication and constructive feedback, creating a culture of trust and transparency where everyone's voice is heard and valued.
- We celebrate our differences and view them as a source of strength and a culture of promoting learning and growth. We encourage employees to share their knowledge and experiences.

Become a Socially Responsible Corporation

- We recognize our responsibility as a company to make positive contributions to society and address issues of inequality and discrimination.
- We are dedicated to fair and ethical business practices, ensuring our operations align with our values and have a positive impact on the communities where we operate.
- We collaborate with organizations and initiatives that promote social justice and equality, and support causes that align with our D&I principles with our resources and platform.

In addition, we have established an employee diversity governance structure, namely Employee Resource Groups (ERGs) and Governance, and have developed relevant policies, procedures, and measures.

Employee Resources and Governance Structure

Business Sponsors

Act as the executive sponsor that demonstrate visible management support for the D&I agenda. Provide strategic guidance to enable the success of ERG mission.

Chairperson

Lead the ERG to formulate mission and drive the ERG agenda to success.

Operations

Lead the business management of the ERG which includes financial and business management.

Events and Marketing

Lead the planning of ERG calendar and events execution.

We have developed a series of policies such as the *Recruitment and Selection Policy*, the *Anti-Harassment and Bullying Policy*, and the *Equal Opportunities Policy* among other internal policies. These are designed to promote diversity among employees in terms of gender, race, and cultural backgrounds. We strive to create a harmonious, inclusive, and socially responsible workplace, make a positive contribution to the wider society, and serve as a model for other organizations.

Recruitment and Selection Policy

This policy ensures that recruitment activities comply with the Company's *Equal Opportunities Policy* and relevant employment laws. In addition, it guarantees that hiring managers can attract and recruit high-quality talent, and the entire recruitment and selection process is conducted fairly, without bias or discrimination.

Anti-Harassment and Bullying Policy

The policy sets standards and procedures for responding to harassment or bullying complaints, aiming to ensure a safe workplace and productive work environment based on mutual trust and respect.

Equal Opportunities Policy

The policy stipulates that employees will be treated equally regardless of their protected characteristics and will have equal access to training and promotion opportunities. Furthermore, it mandates regular monitoring of employee composition and promotion to ensure equal opportunities at all levels of the organization.

Policies on Employee Diversity

Employee Diversity Measures

A Diverse Team

Our employees come from over 20 countries and regions, encompassing various religions, races, and genders.

Respect and Inclusion

We fully respect and embrace the uniqueness and cultural differences of each employee, thus creating a fair, open, and inclusive workplace.

Support for Disabled Employees and Vulnerable Groups

We employ individuals with disabilities in positions that are suitable for their physical conditions, advocate for an open, respectful, and inclusive mindset, and strive to minimize unconscious discrimination and bias.

In China, we have revised and improved internal systems such as the *Diversity, Equality, and Inclusion Policy* and the *Child Labor Risk Control and Assistance System*, and set goals related to recruitment diversity. This promotes the human rights and professional development of employees, and enhances our competitiveness and creativity. We also further clarified the concept of diversity in the *Employee Handbook*, actively builds a diverse talent pool, and emphasizes the importance of a diverse, equal, and inclusive culture in the workplace. The handbook clearly opposes discrimination, prohibits forced labor, respects human rights, and outlines mechanisms for reporting violations, contributing to building a fair, open, inclusive, healthy, and sustainable working environment.

We support the development of female employees, committed to protecting their legal rights and interests while listening to and addressing their specific needs in the workplace. We provide a more convenient and comfortable working environment for female employees through improvements in infrastructure and other means to enhance their sense of happiness. In 2023, we continued to promote the female employee advancement program.

Female Employee Advancement Program

- Support women's participation in the fields of Science, Technology, Engineering, and Mathematics (STEM), attracting female employees with outstanding performance and a desire to develop in STEM areas.
- Organize positive psychology seminars for women in the workplace.
- Actively host International Women's Day events at various operational sites and provide holiday benefits.
- Protect the rights of female employees during special periods such as pregnancy and maternity, including maternity leave, parental leave, gifts for newborns, and job preservation.

Diversity indicators			Unit	2023
Percentage of Female Employees	Percentage of female employees in the workforce		%	54.67
	Percentage of female employees in the management		%	45.47
	Percentage of female junior management in the management		%	45.95
	Percentage of female senior management (including directors) in the management		%	23.33
	Percentage of female management within revenue-generating functions[21]		%	53.47
	Percentage of female employees in STEM-related positions		%	55.57
Percentage of Employees by Nationality	China (including Hong Kong, Macao and Taiwan)		%	91.91
	Overseas		%	8.09
Percentage of minority and/or vulnerable group employees in the total workforce	The proportion of ethnic minority employees working in the Chinese Mainland	Han	%	86.36
		Manchu	%	1.68
		Mongol	%	0.68
		Tujia	%	0.66
		Hui	%	0.60
		Zhuang	%	0.44
		Miao	%	0.42
		Dong	%	0.11
		Korean	%	0.09
		Other ethnic minorities besides the above	%	0.87
		Percentage of ethnic minorities employees	%	5.55
	Percentage of minority ethnic and/or disadvantaged group employees in senior management positions in Chinese mainland		%	2.22

[21] Revenue-generating roles refer to frontline management positions in sales and other departments, or positions directly involved in the production of products or services. This does not include support functions such as human resources, IT, legal, and others.

Supply Chain Diversity

Pharmaron fully recognizes the strategic importance of supply chain diversity, which not only facilitates win-win cooperation across the entire value chain but also provides customers with more stable and reliable services. In 2023, we continued to strengthen supply chain diversity by developing the *Supplier DEI Policy*. We built a diverse and inclusive supply chain with seven key elements such as organization, whistleblowing, monitoring and reporting, to comprehensively adapt to the increasingly complex and volatile market environment. Our policy also delineates diverse suppliers and set targets for supply chain diversity and specific procurement processes. Our diverse suppliers include small and micro enterprises, enterprises owned by people with disabilities or minority groups, women-owned enterprises, and veteran-owned enterprises. We do not limit the size of partnering enterprises and intentionally increase cooperation with diverse suppliers to better foster innovation and maximize value for stakeholders. Moving forward, we will further refine our strategy and policies on supply chain diversity.

During the reporting period, we actively carried out diversity background checks on suppliers, and randomly selected 488 raw material suppliers for a questionnaire survey, from which we collected 363 valid questionnaires.

We effectively reduce the Company's dependence on single sources of supply, mitigate potential regional or industry-specific risks, and enhance the resilience of the supply chain by expanding our supplier network and seeking cooperation with suppliers from different regions and industries.

Indicators		2023
Total number of suppliers[22]		7,032
Number of suppliers implementing relevant practices[23]		3,026
Number of suppliers by region	China suppliers (including those in Hong Kong, Macao and Taiwan)	4,784
	Overseas suppliers	2,248

Integrity and Compliance

Pharmaron adheres to the business philosophy of prudence, integrity, and compliance, strictly observing laws and regulations applicable to its operations worldwide. This includes compliance with the *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 *Law of the People's Republic of China Against Unfair Competition*, the *Foreign Corrupt Practices Act* (FCPA), the *UK Bribery Act 2010*, and other relevant legal requirements. In 2023, the Company revised the *Code of Conduct* and continuously improved a series of policies and systems related to compliance.

[22] Service providers, fixed assets and construction, energy, and raw material suppliers are included.

[23] Suppliers who implement laws, regulations, or customary practices related to product and service quality, safety, business ethics, labor practices, environment, anti-corruption, data protection, and intellectual property matters for the Company.

Code of Conduct

- Provides the basic principles for the behavior and business activities of all employees around the world, guiding all employees to conduct activities in a manner aligned with the Company's values. Outlines the Company's vision, values, and commitments, as well as the expectations and requirements for employees.
- Explains the principles and commitments, system index in the areas of ethics and compliance, supply chain, employees and human rights, environmental protection, management reporting, etc.
- Offers guidance on how to provide feedback and seek advice, including through hotlines, email, and other channels.

Anti-corruption Compliance Policy

- Provides principles and requirements for Pharmaron's interactions and communications with all external parties, ensuring the Company's compliance with applicable Chinese anti-corruption and anti-bribery laws (including but not limited to the *Criminal Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, the *Foreign Corrupt Practices Act (FCPA)*, the *UK Bribery Act 2010 (UKBA)*, and other relevant anti-corruption and anti-bribery laws applicable in the operating locations.
- Clearly defines the terms "public officials" and "healthcare professionals," and establishes the principle that prohibits any employee from accepting bribes.
- Develops principled regulations and specific requirements for donations and sponsorships, receiving and offering gifts, hospitality, and entertainment.
- Regulates the scope and basic requirements for hiring public officials and healthcare professionals to provide professional services.

Trade Compliance Policy

- Provides principles and standards for the Company to follow applicable trade sanctions and export control laws and regulations in its business activities.
- Specifies the trade sanctions and export control legal standards applicable to the Company.
- Clarifies the business practices that the Company should prohibit in order to comply with applicable laws and regulations.

Internal Whistleblowing and Investigation Policy

- Specifies the policy for reporting misconduct and the Company's procedures for handling such reports.
- Establishes a compliance investigation office, clarifying the principle of open communication and an anti-retaliation policy.

Compliance Due Diligence for Business Partner

- Reduces or prevents compliance risks and reputational impacts to the Company due to the misconduct of business partners.
- Specifies the types of compliance due diligence required (economic sanctions, anti-fraud and anti-bribery, ESG, and other risks), corresponding situations, and the responsibilities of relevant departments.
- Clarifies the timing of compliance due diligence, the frequency of periodic updates to due diligence, and subsequent monitoring processes.

Prevention of Conflicts of Interest

Pharmaron has established the *Code of Conduct,* which clearly defines and regulates conflicts of interest. It specifies employee behavior in situations that may lead to conflicts of interest, including economic benefits, job opportunities, loans, external activities, and family members, demanding that all employees prioritize the Company's interests and prohibit all types of conflicts of interest. Pharmaron also mandates that directors, supervisors, and senior management to perform their duties in good faith, and not to use their powers for personal profit. When deliberating the remuneration and the connected transactions for the Company's directors, supervisors, and senior management, Pharmaron requires those with a conflict of interest to abstain from voting.

The Company's supervisors are required to faithfully fulfill their supervisory duties in accordance with laws, administrative regulations, the listing rules of the Company's place of listing, and the provisions of the *Articles of Association*. They should oversee the actions of directors and senior management in the execution of their company duties. If it is found that their actions are detrimental to the Company's interests, the supervisors must demand that the directors and senior management make corrections. When an employee's interest harms the Company's interests, the Company has the right to demand necessary compensation or pursue legal responsibility.

Internal Audit

Pharmaron is committed to strengthening audit and supervision to mitigate operational risks, regularly conducting internal audits and risk prevention controls. In 2023, we carried out two significant issue audits, one annual internal control self-assessment audit, and multiple special audit projects. Our internal audits cover a wide range of company operations, including human resources management, hazardous waste disposal and construction safety, company information system security, procurement and inventory, asset management, import and export business management, company contracts and seal management, customer credit management, company information confidentiality, project construction, and tax management. After the completion of audits, findings and risk points are communicated with the relevant department heads and colleagues, forming written reports to continuously prompt follow-up rectification work. In 2023, there was no lawsuit related to corruption or fraud at the Company.

Pharmaron has zero tolerance for bribery and corruption, adhering to the requirements of the *Internal Audit Management System*. To ensure policy effectiveness and operational compliance, the Company proactively conducts internal audits and risk assessments related to business ethics and anti-corruption, regularly assessing potential risks in business activities and operational locations, and formulating annual self-inspection and audit plans. The Internal Control and Internal Audit Department is responsible for the oversight of audits, regularly reporting the results to the Audit Committee of the Board of Directors.

Education and Training

Pharmaron continuously enhances the compliance awareness among all employees. We have carried out compliance training and publicity activities among directors, senior management, all employees, contractors, part-time employees, and external partners (e.g., suppliers). In 2023, the Company conducted integrity education in various forms, including videos, face-to-face teaching, and mobile learning, achieving a 100% coverage rate for anti-corruption training.

Participants	Frequency of training	Content of training
All employees	• New employee training • Regular training on compliance and legal awareness for employees	• Business ethics, The Foreign Corrupt Practices Art, compliance regulations and requirements, anti-corruption management, anti-fraud reporting channels, employee misconduct and discipline
Directors and senior management	• At least once a year	• Business integrity, awareness raising, etc.

Indicators	Unit	2023
Coverage of anti-corruption training among directors	%	100
Total duration of mandatory anti-corruption training for employees	hour	4,669
Coverage of mandatory anti-corruption training among employees	%	100

Whistleblower Protection

Pharmaron adheres to the principles of speak-up and anti-retaliation, formulating and refining the *Internal Whistleblowing and Investigation Policy*. A reporting and investigation organizational structure has been established to standardize specific investigation allocation mechanisms, processes, and follow-up procedures. The Company has set up multiple reporting channels, such as hotline, email, letters, and face-to-face complaint, to facilitate whistleblowers in disclosing their reasonable suspicions. The scope of reportable matters includes misconduct involving violations of company policies or requirements, or any applicable laws and regulations.

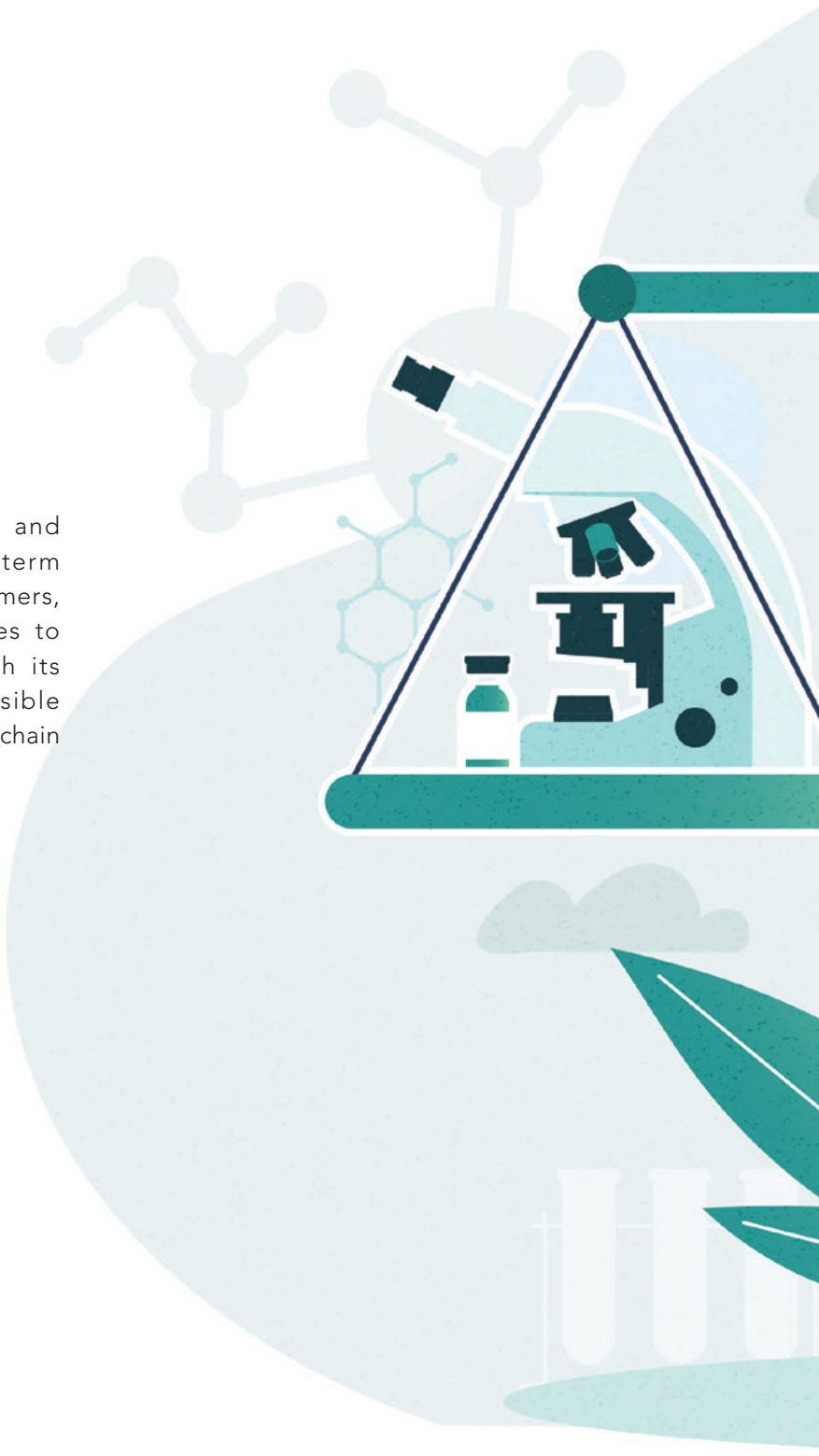
Whistleblowers can choose to report anonymously or non-anonymously, and the Company will strictly protect the personal information of those who report with their real names. The Company has designated compliance personnel to independently review the content of the reports, and all reported content will be kept strictly confidential. The Company strictly prohibits any form of retaliation against whistleblowers. If any retaliation is observed, the Company will take disciplinary action according to polices and reserve the right to pursue relevant legal responsibilities to whom violating the Company's principles. If any whistleblower requests protection due to retaliation concerns, the relevant departments will take reasonable measures whatever they can to protect the whistleblower.

Pharmaron compliance whistleblowing email: compliance@pharmaron.com

02

Responsible Operations

Pharmaron adheres to ethical standards and responsible operations to create long-term value for shareholders, employees, customers, and society. The Company actively strives to meet stakeholders' expectations through its efforts towards business ethics, responsible marketing, information security, and supply chain management.



- Ethics
- Responsible Marketing
- Information Security
- Supply Chain Management

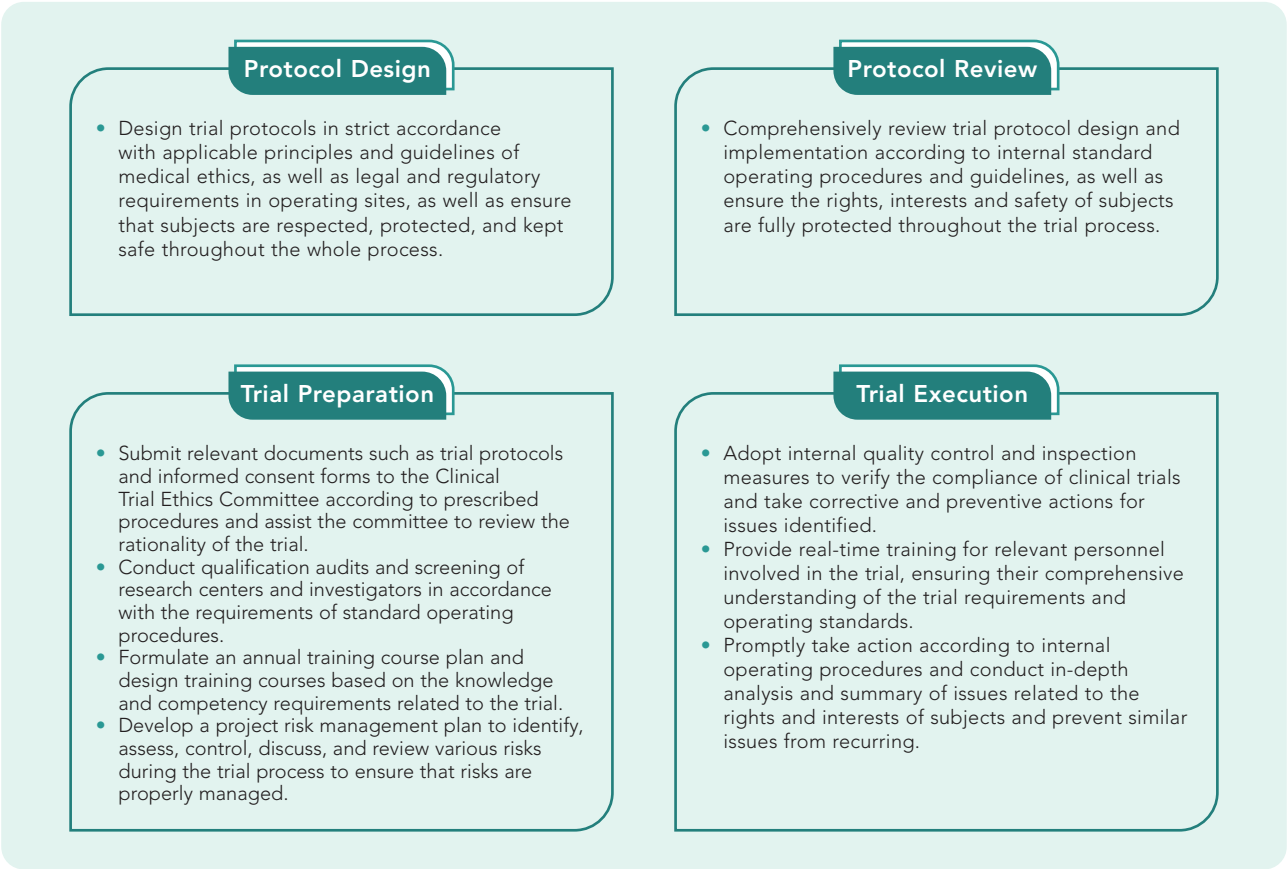
Ethics

Pharmaron is fully aware of the importance of ethical trials and R&D to business development and compliance operations. We strictly adhere to applicable laws and regulations in the locations where we operate and continuously prioritize ethics throughout the R&D process. We also protect the rights and interests of subjects and ensure the welfare of laboratory animals.

Ethics of Clinical Trials

Pharmaron strictly abides by the medical ethics and laws and regulations in the locations where it operates, including the *World Medical Association Declaration of Helsinki*, the *Personal Information Protection Law of the People's Republic of China*, the *Good Clinical Practice (GCP) E6(R3)*, the *Biosecurity Law of the People's Republic of China*, the *Good Clinical Practice for Medical Devices* ("Device GCP"), the *EudraLex*[24] of the EU, and the *Food, Drug, and Cosmetic Act*[25] of the US. In accordance with the three basic ethical principles stipulated in the latest revision of the *International Ethical Guidelines for Biomedical Research Involving Human Subjects* issued by the Council for International Organizations of Medical Sciences (CIOMS), namely the justice, respect for persons and beneficence (that is, maximizing benefits and minimizing harms and errors. Beneficence means no harm), we have developed comprehensive standard operating procedures and work instructions. By doing so, we aim to ensure that all laws and regulations of the country where the trial is carried out can protect subjects to the maximum extent and that the processes and operations of the clinical trial meet relevant regulations.

The Company implements ethical management throughout the process of clinical trials, which covers trial protocol design and review, trial preparation, and trial execution. We provide specialized courses for relevant staff to raise their ethical awareness and improve their professional skills. During clinical trials, we thoroughly consider medical ethics. The Clinical Trial Ethics Committee rigorously supervises and reviews the entire process according to established standards to ensure the rights and interests of subjects and the scientific validity of the trials.



A Fully Embedded Commitment to Ethics of Clinical Trials

[24] The *EudraLex* is a regulatory framework under the EU's pharmaceutical management system. Its purpose is to ensure the quality, safety, and efficacy of medicinal products and ensure a high level of public health.

[25] The *Federal Food, Drug, and Cosmetic Act* of the US is aimed at emphasizing the importance of ethical standards in trials, protecting the rights and interests of subjects, and ensuring that manufacturers adhere to ethical standards to guarantee the safety and authenticity of their products.

Risk Management of Clinical Trials

To analyze potential risks during the clinical process, Pharmaron Clinical has established a comprehensive risk assessment process and system and integrated risk management into all clinical trials and functional processes. Five risk modules are defined, namely identification, assessment, control, communication, and review. By analyzing projects from multiple dimensions including time, quality, cost, and subjects' safety, we fully protect the subjects and ensure the reliability of trial data and results.

When identifying key data and processes in clinical trials, we consider potential risks associated with similar projects in indications or clinical development plans based on existing knowledge and experience in clinical trial design. Then we conduct risk identification at both the system and project levels.

- Systemic level: SOP[26], computerized systems, and personnel, etc.
- Project level: Trial design, data collection, informed consent, etc.

We comprehensively identify, analyze, and assess risks that may affect key data collection and critical procedural operations during the trial. We also comprehensively analyze the possibility of risk occurrence, the extent to which risks are discovered, and the influence of risks on the protection of subjects and the reliability of trial results to fully protect subjects' rights and interests and the reliability of trial results.

We formulate targeted mitigation measures and contingency plans, such as optimizing trial protocol design and execution processes, establishing detailed monitoring plans, clarifying the division of labor and responsibilities of stakeholders, and ensuring the compliance of SOP and training through the guarantee system. These measures are designed to minimize risks during the trial and ensure smooth conduct of the trial.

We meticulously record all quality management activities and maintain close communication with relevant personnel to ensure high-quality conduct of clinical trials.

We regularly review and evaluate risk prevention and control measures, record and analyze the risks and quality management throughout the trial process. We also make dynamic adjustments to the latest trial content to ensure that risk management strategies and measures remain up-to-date and effective.

[26] SOP, Standard Operating Procedures.

Protection of Subjects

During the clinical trial, the Company strictly abides by relevant laws and regulations such as the *Biosecurity Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*. We have established a range of internal regulations such as the *Protection of Data Privacy and Client Confidentiality Management* and the *IEC or IRB Submission* to ensure compliance. We respect the health, rights and interests of subjects and require them to sign the *Informed Consent Form* before registration and the start of the trial. This document fully explains the purpose, steps, risks, and other relevant information regarding the clinical trial to protect the privacy and informed consent rights of subjects.

To protect the privacy, rights, and interests of subjects, we handle data anonymously, and remove or omit information that could identify subjects. All documents undergo strict review before filing, processing, and distribution to prevent privacy breaches. Employees in related fields are required to sign confidentiality agreements upon joining the Company. Additionally, they undergo training on the protection of subject privacy to ensure they understand and comply with relevant laws, regulations, and operating procedures.

The Company strictly prohibits any employee or third party from storing and forwarding patient information or related data. In the event of any confidential data or information leakage involving Pharmaron or its customers, immediate and appropriate actions will be taken. Relevant measures include assessing the scope and impact of the breach and implementing necessary remedial measures. Furthermore, we promptly report such incidents to the Legal Department and assist them in conducting necessary investigations and actions.

In cases where email attachments contain confidential patient information, we have established detailed and rigorous procedures to ensure the security and privacy of the information.

01

Processing the emails to prevent breach of information before filing and distributing emails containing patient privacy.

02

Remove or revise the attachment containing patient privacy as needed and promptly notify IT personnel to delete email copies from the server.

03

Re-add the revised document to the email and send it to the relevant personnel for processing and review.

04

Clearly mark the error in the email and request the recipient to handle it correctly.

05

Report to the Quality Assurance (QA) Department within 24 hours of the incident.

Animal Welfare

Pharmaron is well aware of the importance of ethics and morality in animal testing and always adheres strictly to scientific principles throughout the testing process. We ensure that the welfare, rights, and interests of animals are protected to the maximum extent during the test. We also show care and respect for each animal while advancing scientific research.

Animal Welfare Management

Pharmaron consistently upholds the highest standards when it comes to treating laboratory animals. We have strictly abided by relevant laws and regulations and globally recognized standards for animal welfare and ethics, including the *Regulations on the Administration of Laboratory Animals*, and the *Laboratory Animal – Requirements of Environment and Housing Facilities*, the *Animals (Scientific Procedures) Act 1986* of the UK (amended 2021), and the *Animal Welfare Act* of the US. Pharmaron has developed a series of internal policies such as the *Laboratory Animal Center Management Handbook* and the *Constitution of the Institutional Animal Care and Use Committee* (IACUC[27]) to enhance the standard management mechanisms for animal testing and effectively safeguard the welfare of laboratory animals.

We have established a sound structure for the administration of laboratory animals. The institution head, the chief veterinarian, and the Institutional Animal Care and Use Committee (IACUC) take joint responsibility for ensuring the compliance and effectiveness of animal testing as well as the due welfare for laboratory animals.

Institution head

- Serve as the highest body for the welfare management of laboratory animals;
- Handle incidents of ethical violations or issues related to animal welfare and ensure the compliance of laboratory animal facilities with international or national standards.

Animal breeders and veterinarians

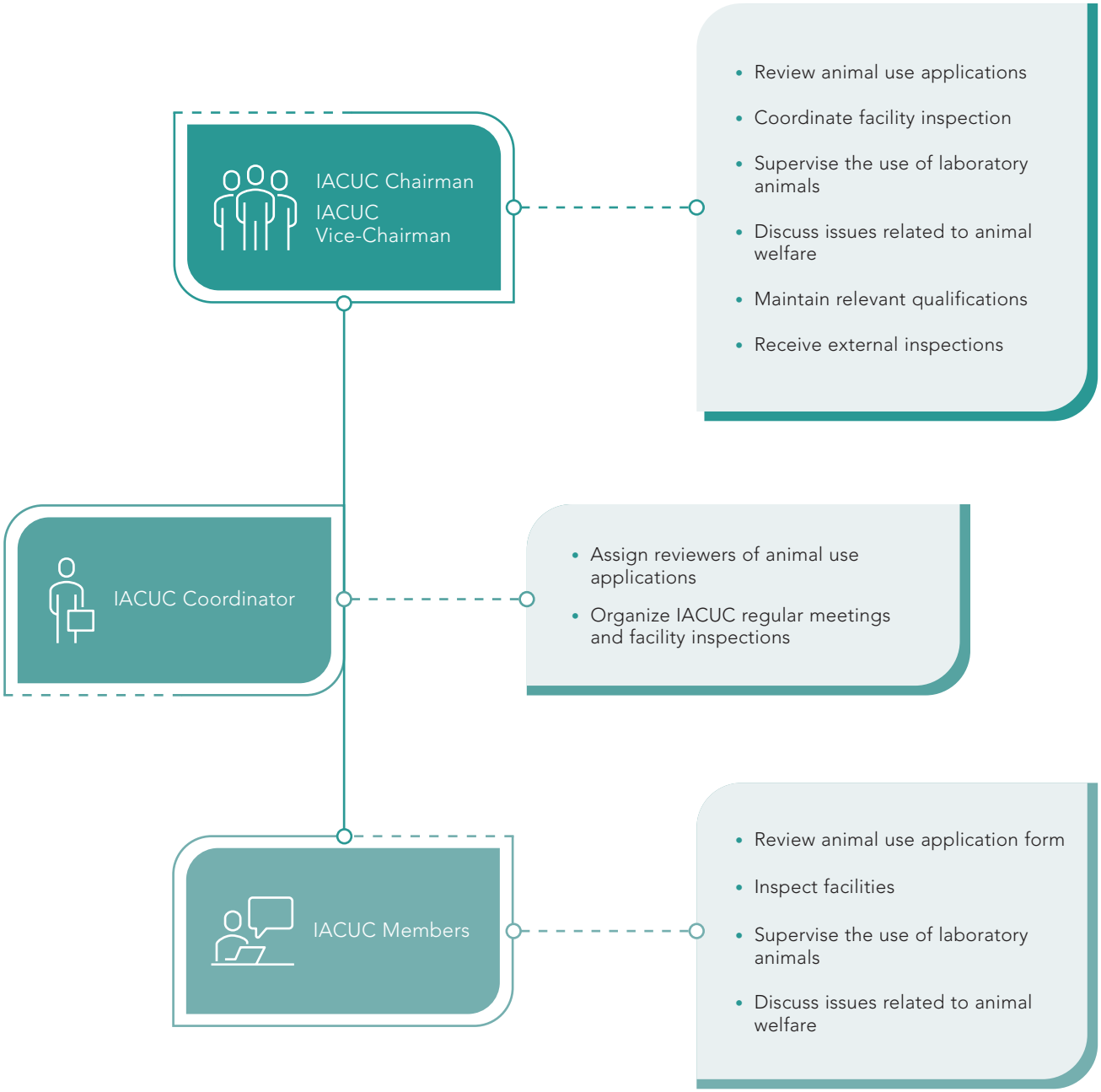
- Ensure the health and well-being of laboratory animals;
- Provide professional care and attention to meet the highest standards of animal welfare in terms of physiology, environment, hygiene, psychology, and behavior; oversee the implementation of animal welfare measures;
- Participate in the approval of laboratory animal protocol;
- Conduct professional training for animal testing personnel.

IACUC

- IACUC consists of one chairman, at least one veterinarian, and members including administrative managers, laboratory animal professionals, researchers in animal testing, and representatives from the community;
- Oversee, inspect, and guide the design and quality of animal testing, offer specialized training courses to enhance the techniques of animal testing and the welfare of laboratory animals, and minimize harm and negative impacts on laboratory animals to the greatest extent possible.

Structure and Responsibilities for Management of Laboratory Animals

[27] IACUC, the Institutional Animal Care and Use Committee, is a committee under the Institute of Laboratory Animal Sciences, Chinese Academy of Medical Sciences.



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

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

Pharmaron and its subsidiaries have obtained licenses for the production and use of laboratory animals, as well as the certification of the AAALAC International[28] and the PHS[29] Animal Welfare Assurance. In 2023, we had zero incidents related to animal welfare violations.

Licenses for the Production and Use of Laboratory Animals

Case: Specialized training and examination for laboratory animal personnel

In September 2023, Pharmaron conducted pre-employment training aimed at enhancing the professional skills of employees involved in laboratory animal-related work. The training featured presentations from three experienced industry experts, who provided in-depth and professional explanations to over 300 employees. The topics included basic knowledge about laboratory animals as well as welfare and ethics.

After the training, we arranged computer-based exams to assess the employees' mastery of the knowledge they had learned. With a pass rate of over 98%, the training remarkably improved the professional abilities of relevant employees and laid a solid foundation for the Company's management of laboratory animals.

[28] AAALAC, International, Association for Assessment and Accreditation of Laboratory Animal Care, International.

[29] PHS, U.S. Public Health Service.

Animal Welfare Safeguards

Adhering to the "3R[30]" principles, we proactively implement measures to protect animal welfare, continually refine the animal testing process, and improve the living conditions and quality of life for laboratory animals. Through these efforts, we aim to maximize the protection of animal health and welfare.

Management and Safeguard

- Establish the IACUC to rigorously review animal testing during the process, ensure the validity of the test, and maximize animal welfare.
- Conduct specialized training to enhance employees' awareness of and respect for animal welfare.
- Ensure that all employees related to animal testing possess relevant expertise and certifications, such as the "Laboratory Animal Practitioner Post Certificate".

Animal Breeding

- Regulate the temperature, humidity, ventilation frequency, and other conditions of the breeding environment and keep laboratory animals safe and comfortable in compliance with the *Laboratory Animal – Requirements of Environment and Housing Facilities*. In 2023, the dimensions of rodent cages met the standards of the EU ETS123, and the temperature and humidity of the barrier environment were set according to GB14925-2010. Humidity levels were monitored in real-time, and deviations were promptly addressed by designated personnel.
- Minimize the impact of necessary activities such as feeding, care, and cleaning on laboratory animals to ensure that their normal physiological and behavioral needs are not disrupted.
- Enrich the living environment of animals. In 2023, AniKeeper Zhaoqing constructed 7 new animal breeding buildings with 178 monkey rooms. Besides music players, various facilities were also provided, such as high and low perches, swings, concrete pipes, and stainless steel, to accommodate their instinctual behavioral habits. Additionally, various types of toys were regularly provided and replaced to enrich their environment.

Incorporation of "3R" principles

- Use a smaller number of animals to obtain the same amount of testing data through measures such as optimizing testing methods and improving the efficiency of data collection.
- Actively explore alternative testing methods such as in vitro experiments and computer simulations to avoid unnecessary use of laboratory animals.
- Use lower-grade animals to achieve the same purpose.
- Avoid or alleviate pain and stress unrelated to the testing purpose caused to the animals by bettering the conditions, optimizing testing procedures, and improving testing techniques.

[30] 3R, Replacement, Reduction and Refinement.

Responsible Marketing

Our industry is subject to numerous regulations and requirements aimed at protecting patients and consumers, improving the quality of pharmaceuticals and healthcare services, and helping to eliminate fraud and its negative impact on medical judgments. Our commitment to excellence is underpinned by compliance with all applicable laws and regulatory requirements.

Pharmaron carries out all business activities in an honest, fair, and transparent manner. Upholding integrity, fairness, and transparency is essential for establishing a strong reputation and fostering trust in all aspects of our business endeavors.

As outlined in the *Pharmaron Code of Conduct*, relevant personnel are required to engage in ethical interactions and communication with customers. We prioritize the protection of customer information and commercial privacy. Confidentiality agreements are signed with customers to ensure the strict protection of business secrets. Employees are also required to sign confidentiality agreements upon joining the Company and undergo regular training on confidentiality. They are not supposed to share project information with unauthorized individuals or disclose any information related to customers' research projects. We have established a high-standard quality management system to rigorously control the quality of products and services. Moreover, upholding the principles of responsible marketing, we consistently engage in responsible marketing practices in presenting the Company, brand, and services. We strive for the transparency, accuracy, and comprehensibility of sales information, as well as achieve fair transactions. We are also committed to ensuring the objectivity and standardization of advertising and sales activities. To ensure accuracy and completeness, all promotional materials are thoroughly reviewed and approved by the management in charge before publication.

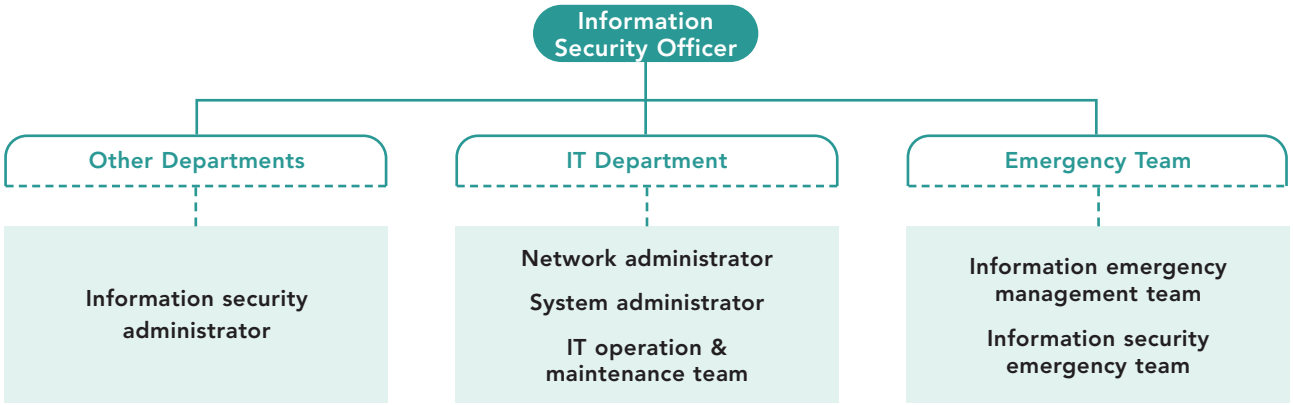
In addition, we actively promote technological innovation and R&D and improve our independent R&D capabilities. We remain customer-centric, aiming to meet customer demands through high-quality and efficient R&D services. It is our commitment to providing fully-integrated pharmaceutical R&D and manufacturing services for the global pharmaceutical and healthcare industry. We put customers first and uphold professionalism, an international outlook, and quality in all our business undertakings. In this way, we deliver efficient and top-quality R&D services. In 2023, we had zero incidents related to marketing violations.

Information Security

Information security is key to maintaining the stable operation of the Company. We are committed to implementing a wide range of information security management measures to address evolving cyber threats and business requirements. Through these measures, we effectively protect the Company and other stakeholders' information and data.

Mr. Lou Xiaoqiang, the current COO of Pharmaron, possesses extensive experience in information security management and is fully responsible for overseeing information security management. The Company has appointed an Information Security Officer who is responsible for coordinating all aspects of information security management. Additionally, each department has an information security administrator who is responsible for assisting with information security risk assessments and implementing various information security initiatives.

In addition, we have network administrators, system administrators, and an IT operation & maintenance team to take charge of the daily maintenance and routine management of IT networks and system security. We have also formed an information crisis management team and emergency response team to prevent and respond to potential emergencies, thereby enhancing the overall operational efficiency of the institution.



Pharmaron Information Security Management Structure

The Company strictly complies with applicable laws and regulations in the locations where it operates, including the *Cybersecurity Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *General Data Protection Regulation* (GDPR) of the EU, the *General Data Protection Regulation* of the UK, as well as applicable laws of the US and the State of Maryland. We also adopt the *Pharmaron Information Security Management Policy* as the guideline for information security management, which specifies the information security requirements for all departments. The Company has formulated a series of internal regulations such as the *Pharmaron Employee Information Security Handbook*, the *Pharmaron Application Security Policy Throughout Application Life Cycle,* and the *Pharmaron Information Security Law and Regulation Compliance Management*, which specify principles and precautions for information processing at different levels and regions as well as outline information management guidelines for key areas. Through measures such as strengthening data encryption, the Company protects the confidentiality, integrity, and availability of internal and customer information assets. We have purchased information security insurance covering the Group to strengthen the defense line for information security. In 2023, the Company had zero incidents related to violations of information security.

The Company takes proactive measures to protect its assets, systems, and information from potential technological failures, human errors, and malicious attacks, thereby ensuring smooth and secure operations.

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.

Physical and environmental security management

Install surveillance camera systems at all laboratories and public areas for monitoring and require authorized access to laboratories by project managers.

Endpoint security management

Conduct vulnerability scanning and patch management in time and adopt endpoint firewall management and other measures to ensure security.

Account security management

Employ appropriate password encryption techniques to protect organizational information assets and regularly review accounts and authorizations to promptly identify inappropriate authorizations and activities of departing employees.

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 & maintenance and use of network and application systems.

Data backup security management

Conduct routine server data backups and simultaneously store data locally as well as off-site.

In 2023, the Company obtained the ISO 20000 Information Technology Service Management System certification and ISO 27001 Information Security Management System certification, thus underpinning information security.


DNV

MANAGEMENT SYSTEM CERTIFICATE

This is to certify that the management system of

Pharmaron Beijing Co., Ltd.

6 Taihe Road BDA, Beijing, China

has been found to conform to the Information Technology Service Management System standard:

ISO/IEC 20000-1:2018

This certificate is valid for the following scope:

The Service Management System of Pharmaron Beijing Co., Ltd. Supporting the Provision Information Technology Infrastructure and Application Operation and Maintain Services to Internal Contracted Customer from Corp Headquarters Data Center and Corp Office Site in Accordance with the Service Catalogue

DNV

MANAGEMENT SYSTEM CERTIFICATE

This is to certify that the management system of

Pharmaron Beijing Co., Ltd.

6 Taihe Road BDA, Beijing, China

has been found to conform to the Information Security Management System standard:

ISO/IEC 27001:2013

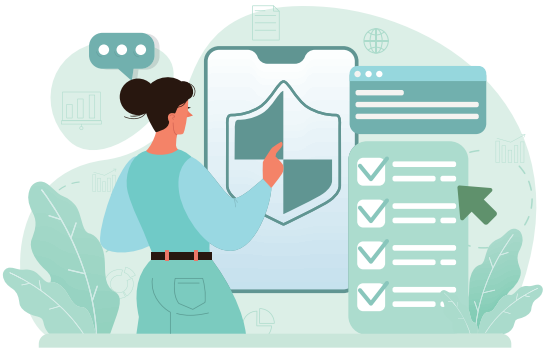
This certificate is valid for the following scope:

Information Security Management System Covers: the Operation and Maintenance of the Enterprise Information System, Data Management and the Construction and Operation of IT Infrastructure. This is in Accordance with the Statement of Applicability, Version 1.0

Pharmaron Information Security Certificates

Pharmaron places great emphasis on the protection of personal information and data. We have followed the *Pharmaron Data Privacy Policy*, which has detailed and regulated the ways and principles for the Company to handle personal information. We also effectively protect the privacy of all stakeholders, including employees, website users, healthcare professionals, patients, medical research subjects, clinical researchers, customers, suppliers, service providers, business partners, and investors. Furthermore, we pay extra attention to the confidentiality and security of business-sensitive information, trade secrets, and other data to ensure the smooth operation of business activities.

The Company highly prioritizes raising employees' awareness of information security. All new hires are required to participate in information security training and pass an information security test. In 2023, we carried out the annual information security training and two simulated phishing email tests among all employees. These initiatives were conducted via online courses and tests to raise employees' awareness of security and strengthen their ability to prevent security breaches. Moreover, we regularly publish promotional materials through columns devoted to topics such as computer systems, mobile office devices, email usage, and virus protection to remind employees to practice daily vigilance.



Supply Chain Management

Pharmaron has always adhered to responsible procurement and continuously improved the full-process supply chain management mechanism. We strengthen our ability to control environmental, social, and governance (ESG) risks in the supply chain and actively promote green procurement. Through such efforts, we collaborate with partners to build a sustainable and low-carbon supply chain.

Supply Chain Full-process Management

Pharmaron has established and updated the *Procurement Management Regulations* and the *Purchase Management Standard Operating Procedures*. We also continuously optimize procurement processes including procurement requests, order processing, returns management, and financial settlement. This approach is aimed at continuously strengthening supply chain management.

Supplier Approval

We rigorously evaluate suppliers' qualifications and performance according to technical requirements. We have established the *Supplier Approval Policy* and incorporated environmental and social sustainability into supplier approval assessments and all contracts to ensure that suppliers' production and operations meet social responsibility requirements. We have also developed and gradually implemented the supplier due diligence process. We pay special attention to compliance-related issues in third-party due diligence investigation, such as anti-corruption, export control, environmental safety, business ethics, and reputation, as well as sustainability-related risk including labor issues and working conditions.

Supplier Classification

After suppliers are on board, we categorize suppliers as key suppliers or non-key suppliers based on criteria such as order amount, importance, and impact on business. We adopt different management approaches to achieve efficient management. In 2023, Pharmaron had a total of 20 key suppliers[31].

Supplier Assessment & Monitoring

The Company regularly assesses and supervises suppliers each year. In accordance with relevant policies and operating procedures such as the *Supplier Approval Policy*, the *Supplier Monitoring Policy*, and the *Supply Chain Continuity Risk Questionnaire,* we categorize suppliers in terms of sustainable risk levels and continuously monitor them accordingly. After potential sustainable defects are identified, procurement personnel consult with relevant departments and take corresponding control measures based on their advice to mitigate sustainable risks. While focusing on suppliers' sustainable development risks, we fully evaluate suppliers' performance in various aspects such as quality, price, delivery time, packaging and storage, effectiveness of use, after-sales service, payment terms, invoice issuance, as well as social and environmental performance. Based on the risk level, we will carry out the comprehensive assessment and assign scores to suppliers, based on which the decision on whether to continue cooperation will be made. For materials and suppliers with supply interruption risks, risk response plans are formulated and regular reviews and evaluations are conducted.

In 2023, we identified potential risks from suppliers through means such as routine on-site quality inspections and assessments. We promptly traced the issues and adopted corrective measures in collaboration with suppliers to mitigate supply chain risks. Pharmaron UK conducted quality audits in the form of questionnaires for different types of suppliers to assess their compliance. We designed scorecards for suppliers. Based on the data collected from stakeholders, performance feedback for suppliers would be generated on a monthly basis. Suppliers were rated from A to F based on scores to facilitate supplier selection. During the reporting period, a total of 454 supplier audits were conducted.

Supplier Sustainability

The Company places emphasis on supply chain stability and adopts strategies such as safety stock and multi-sourcing. We establish buffer inventory during the stocking process to prevent supply disruptions due to uncertainties. For identified high-risk materials, we actively diversify the sources of supply and select alternative suppliers in our supplier pool to ensure long-term supply stability.

[31] Top 20 suppliers in terms of raw materials and energy services procurement.

Supply Chain Sustainable Management

Upholding the principles of integrity and compliance, we strictly comply with applicable laws and regulations in the regions where we operate. We expect our business partners to embrace values aligned with ours, organize sustainable business activities, and enhance the quality and safety of products and services together. Our aim is to create a transparent, green, and healthy value chain ecosystem.

In 2023, the Company revised the *Code of Conduct for Business Partners*, which outlined our expectations for the behaviors of business partners in commercial activities. This requirement applies to all business relationships between the Company and its business partners. Our partners are expected to take appropriate measures to ensure compliance with these requirements in their own operations and supply chains. We actively encourage all suppliers to learn about and sign the *Code of Conduct for Business Partners*, reaching 100% supplier sign up in 2023.

In 2023, the signing rate of the *Code of Conduct for Business Partners* among suppliers reached

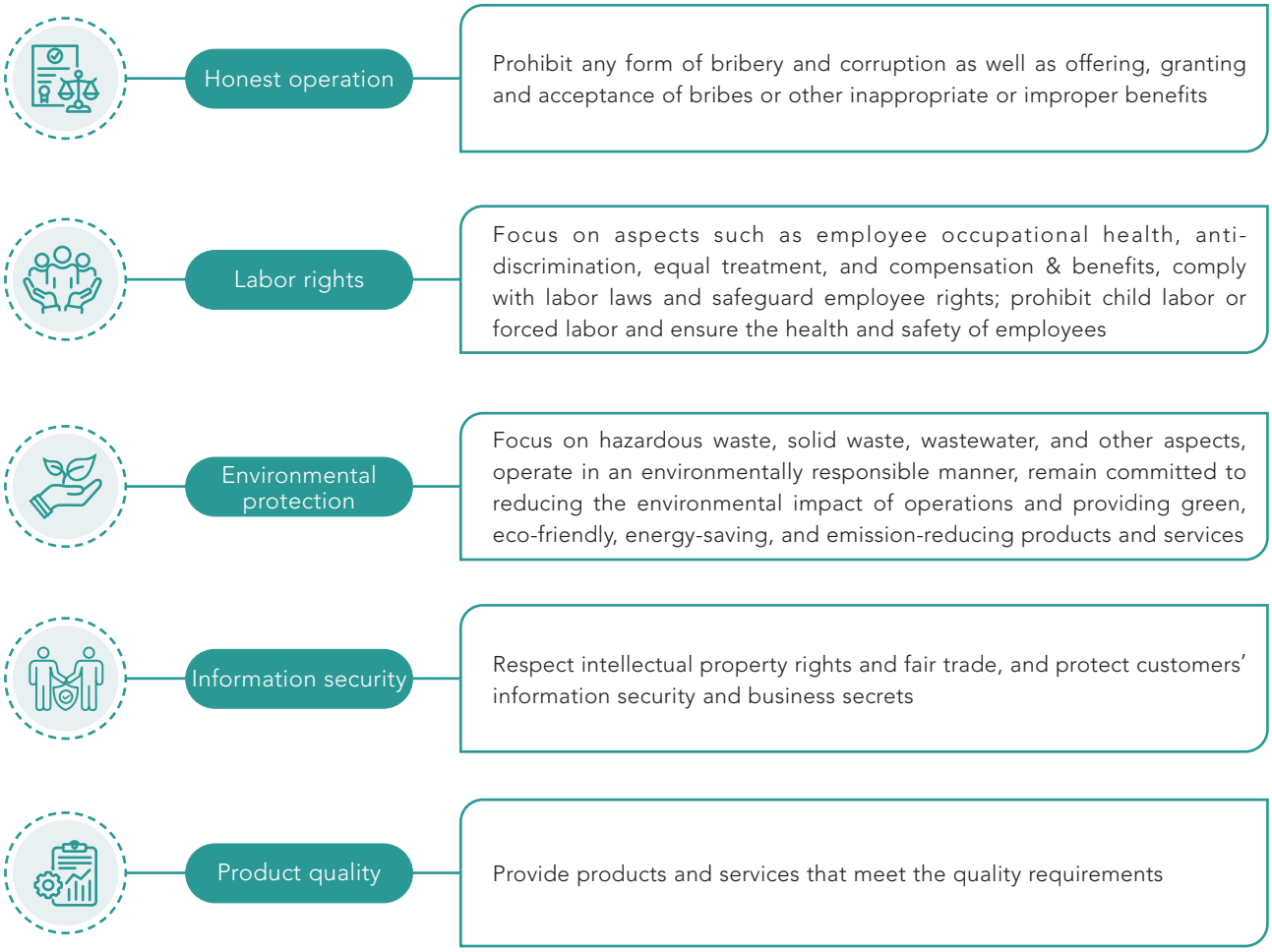
100%

In line with the *PSCI Responsible Supply Chain Management Principles* and best practices of the industry, the Company has updated various policies and guidelines such as the *Procurement Management Regulations*. These documents emphasize diverse supplier requirements including integrity in business operations, commercial information security, environmental protection, labor rights, and product quality.

The Company continuously strengthens environmental and social related ESG assessments and audits. We carry out specialized evaluations and audits of suppliers, who are required to understand and adhere to our standards and expectations for partners. Through these measures, we effectively manage environmental and social risks in the supply chain.

To further strengthen the supplier evaluation and audit system, we have optimized the supplier assessment process by including more issues related to business ethics, labor rights, environment, safety, health, diversity, and inclusion. For newly introduced suppliers, we assess their performance in terms of environmental protection, social responsibility, and supply chain security. To better achieve the carbon emission reduction targets of a green supply chain, we conduct questionnaire about suppliers' carbon emission reduction efforts. Pharmaron UK has developed the *Contractor or Service Provider EHS Assessment Questionnaire* to evaluate suppliers' performance in environmental, health, and safety aspects.

In 2023, we conducted special assessments related to labor safety and health, environment, sustainability, and governance. We also audited two pilot suppliers. Pharmaron UK carried out risk assessments for suppliers in 2023 by using questionnaires tailored to different issues based on the nature of the suppliers. These questionnaires covered issues such as health, safety, and environmental compliance history. The risk level of suppliers was determined based on their responses, which can provide strong support for the Company's sustainable development efforts.



Core Issues of Pharmaron Supplies Sustainable Management

The Company values the communication and collaboration with suppliers. We engage in regular communication and exchanges with suppliers on key issues such as ethics, labor rights and human rights, health and safety, environment, business sustainability, diversity, and inclusivity. We provide learning materials to facilitate suppliers' understanding of our values and help them meet our expectations. Pharmaron UK conducts on-site training and specialized EHS training for all contractors and service suppliers each year, aiming to enhance their professional skills and business competence. In 2023, the Hoddesdon Site, Pharmaron UK actively attended the Sustainable Development Conference hosted by the Chemical Industries Association. This event features industry case studies, expert discussions, and policy updates. Besides covering a range of sustainable development topics, it also aimed to share the latest technologies and market updates.

Green Procurement

We prioritize green procurement and are committed to promoting the sustainable development of our supply chain. The Company integrates ESG requirements into the supplier approval and gives preference to suppliers that meet environmental standards. Throughout the procurement process, we care for the environmental performance and recyclability of products. For various types of raw materials and equipment, we prioritize low-carbon products or suppliers with ISO 14000 certification. For electrical appliances, we pay extra attention to products with 3C certification and in compliance with first-grade energy efficiency standards. We emphasize the recycling and reuse of solvent reagents to avoid resource wastage. Furthermore, we encourage suppliers to adopt eco-friendly production methods to reduce the environmental impact of procurement activities and contribute to achieving a green supply chain.

Case: Pharmaron UK's green procurement campaign

Pharmaron UK initiated the "RED2GREEN" campaign and partnered with stationery supplier Redbox. For every order placed with Redbox, Pharmaron UK donates 99 pence (approximately RMB8.9) to the charity organization "The Green Earth". In cooperation with GiftTrees, the donations are allocated for tree planting. Within 11 months of the campaign's launch, 171 trees have been planted, contributing to environmental conservation efforts.


GiftTrees

PLANTING CERTIFICATE

This certificate is to confirm that

PHARMARON UK LTD

has planted 171 trees through RED2GREEN, an environmental initiative operated by GiftTrees, in partnership with REDBOX

As a member of RED2GREEN, Pharmaron UK Ltd is helping change the lives of communities across the developing world

Offset The Carbon Footprint

Each tree we plant in the developing world effectively counterbalances up to 1 tonne of CO2 during its 40 year lifetime

Reverse Desertification

Plant a tree on deforested land and the root systems draw water to the surface and regenerate the soil

Provide Food For Underprivileged Children

By planting fruit trees in Africa, Asia or South America you help provide sustainable sources of food for the communities who plant them

Education In The Developing World

Educate farmers and their communities about agroforestry, learning how to manage their farmland efficiently to ensure maximum sustainable yields year after year

GiftTrees wishes to thank Pharmaron UK Ltd for their commitment to reduce Carbon Dioxide levels in the atmosphere and for their support of poverty reduction

7 December 2023

Date

Founder - GiftTrees

UN environment

MEMBER OF THE ORGANISATION

GiftTrees Planting Certificate

03

Superior Quality and Service

As an international leading life sciences R&D service provider, Pharmaron upholds professionalism, an international outlook, and quality in all our business undertakings. We prioritize drug quality, innovation-driven R&D, safety production, and customer needs. We also continuously enhance our core competitiveness while promoting scientific research and industry progress.

- Quality Assurance
- Innovation, Research and Development (R&D)
- Safe Operations
- Quality Service

Quality Assurance

Ensuring product quality and drug safety is our fundamental responsibility. Adhering to the principle of "well-established laboratories, clear roles and responsibilities, and an effective communication framework", we have established a sound quality management system and thorough quality control testing procedures. In addition, we actively conduct quality audits and external certifications, raise the awareness of quality culture, and minimize R&D and production quality risks to enhance product quality.

Quality Management System

Pharmaron always puts drug quality first. We have established a comprehensive quality management system covering the product lifecycle to ensure overall control of product quality in line with our business development. Pharmaron has a complete quality management system in accordance with domestic and international quality guidelines and applicable good manufacturing practices. This system complies with various applicable regulations and guidelines, including the *Drug Administration Law of the People's Republic of China,* the *Good Manufacturing Practice for Drugs* (2010 Revision) of China; the *GMP Appendix: Drugs for Clinical Trial (Trial)* (July 2022) of China; the ICH Q7 *Good manufacturing practice for active pharmaceutical ingredients – Scientific guideline*; the *Good Laboratory Practice* (GLP); the *Good Clinical Practice (GCP) E(R1)*; the *Good Clinical Practice for Medical Devices* ("Device GCP"); Volume 4 *Good Manufacturing Practice (GMP) Guidelines* of the *EudraLex* of the EU; the CFR 210 of the *Current Good Manufacturing Practice (CGMP) Regulations* of the US; the ICH Q8 *Pharmaceutical Development*, ICH Q9 *Quality Risk Management*, ICH Q10 *Pharmaceutical Quality System*, ICH Q11 *Development and Manufacture of APIs*; the NMPA *Requirements for Drug Record and Data Management (Trial)* (December 2020) of China; the FDA *Data Integrity and Compliance with CGMP Guidance* of the US; the MHRA *GxP Data Integrity Definition and Guidance* of the UK; the CFR Part 11 *Electronic Records: Electronic Signatures* of the US; the *Veterinary Drug Production Quality Management Standards* (2020 Edition) of China; Volume 7 *Veterinary Medicinal Products* of the *EudraLex* of the EU. Pharmaron establishes and implements its quality management system based on applicable laws, regulations, and the Company's business needs, continuously improves its effectiveness to ensure compliance with relevant regulations and enhance customer satisfaction.

Observe Regulatory Requirements

- Strictly adhere to the applicable laws and regulations issued by the regulators such as the National Medical Products Administration (NMPA) of China, the Food and Drug Administration (FDA) of the US, the European Medicines Agency (EMA) to ensure compliant operations in operating sites

Standardize Procedures & Processes

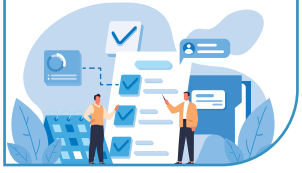
- **Regulate operating procedures:** Develop over three hundred standard operating standards to ensure standardized and regulated operations
- **Regulate operational activities:** Regulate quality-related operational processes to ensure that products comply with the primary safety and production requirements enforced by the regulators

Continuously Enhance Data Reliability

- Continuously conduct risk assessments of data reliability for GMP production and analytical testing in accordance with the internal management procedures; formulate preventive and corrective measures based on assessment results and ensure that all GMP production and analytical testing data meet regulatory requirements throughout the process from generation to backup

Establish Work Forms & Records

- Collect, analyze, and report the data generated during work processes, and retain records such as tables, notes, and reports



We regularly track and comprehensively review the updates to pharmaceutical regulations and guidelines. We also analyze the gap between the requirements and our actuality. Based on the analysis results, we revise relevant procedural documents to ensure that our quality system consistently complies with the requirements of the Food and Drug Administration (FDA) of the US, the European Medicines Agency (EMA), and the National Medical Products Administration (NMPA) of China, earning a leading position both in China and beyond.

Pharmaron has established a top-down quality management structure with a clear division of rights and responsibilities. The Chairman of the Group is the top leader responsible for overseeing product quality. The quality management system is divided into global level, national/regional level, and site level to meet the practical needs of different areas. This approach ensures the efficient and comprehensive implementation of the quality management system. Besides, each site undergoes regular external audits of the quality management system to promptly identify weak links and problems, which are then rectified and monitored. In this way, we ensure the suitability, adequacy, and effectiveness of the quality management system. During the reporting period, Pharmaron Clinical obtained ISO 13485 and ISO 9001 certifications, and some sites of Pharmaron UK also received the ISO 9001 Quality Management System certification.


bsi.

By Royal Charter

Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 13485:2003

This is to certify that: Beijing RAMED Medical Technology Co. Ltd
Room 602,Unit 1
Building 29,Area 2
No.6, North road of East 4th Ring
Chaoyang District
Beijing
100016
China

北京法泰医疗科技有限公司
注册地址：北京市朝阳区望京园603号楼
13层1612
中国
北京
朝阳区
东四环北路6号
二区29栋
1单元602室
邮编：100016

Holds Certificate No: MD 645765

and operates a Quality Management System which complies with the requirements of ISO 13485:2003 for the following scope:

The professional consultancy service of regulatory affairs and quality management for medical device including IVD.
医疗器械包括体外诊断试剂的法规和质量管理的专业咨询服务。

For and on behalf of BSI:

Frank Lee, EMEA Compliance & Risk Director

Original Registration Date: 30/06/2016
Latest Revision Date: 30/06/2016

Effective Date: 30/06/2016
Expiry Date: 28/02/2019

Page: 1 of 2

...making excellence a habit.

NOA

质量管理体系认证证书

北京联斯达医药科技发展有限公司

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药物临床试验及医疗器械临床试验的协调管理

IAF

IAS ACCREDITED

Confidential

Certificates of ISO 13485 and ISO 9001

In 2023, we formulated specialized plans and targets for product safety and quality, and we also broke down these targets. As of the end of the reporting period, most of the targets were achieved.

We continuously improve our quality management system. In 2023, the construction of a digital quality management platform kicked off. The system is scheduled to be completed and put into operation by 2024. This platform will integrate deviation management, corrective and preventive actions (CAPA), audits and changes, complaints, and other processes through flexible workflows, pages, and permission configurations. This approach will enable unified and electronic management of quality management processes, enhancing the overall compliance of quality management.

Quality Control

Pharmaron ensures product safety and quality to the fullest extent. We develop product release documents based on the characteristics of each product and service and conduct product testing according to approved quality standards and testing methods. For Out-of-Specification (OOS) and Out-of-Trend (OOT) results, we rigorously carry out investigations according to the *OOS and OOT Results Investigation*, thus achieving comprehensive and refined quality management control.

Quality Audit & Certification

Pharmaron conducts regular quality-related internal and external audits to promptly identify potential risks throughout the quality management lifecycle and comprehensively promote corrective actions.

For internal audits, we establish audit teams composed of SME[32] from various departments. As required by relevant quality standards, we conduct comprehensive internal audits of product quality at least once a year. Upon identifying problems during the internal audits, we develop corrective measures and implement them on schedule. During the reporting period, we carried out internal quality audits across all Chemical Manufacturing and Control (CMC) production sites and Pharmaron Clinical in accordance with standards such as ICH Q7 for Active Pharmaceutical Ingredients (API) GMP, ICH Q10 for Pharmaceutical Quality System, Good Manufacturing Practice (GMP) of the EU, GMP of the US, as well as GMP, GCP, and GLP of China. The audit scope covers various management systems[33] related to GMP, GCP, GLP quality and production activities.

For external audits, each site undergoes multiple audits each year, including customer audits, official regulatory inspections, and EU Qualified Person (QP) audits. During the reporting period, we completed:

Customer Audit

Pharmaron Beijing, Pharmaron Tianjin, Pharmaron Ningbo, and Pharmaron Clinical, and other sites in China and overseas, underwent and passed over a hundred audits, with zero major non-compliances identified.

Official Regulatory Inspection

Pharmaron Ningbo, Pharmaron Beijing, Pharmaron Shaoxing, Pharmaron Clinical, and other sites underwent and passed 7 inspections by the National Medical Products Administration for innovative drug registration and development.

EU Qualified Person (QP)

5 sites, including Pharmaron Beijing and Pharmaron Tianjin underwent and passed EU QP audits.

[32] SME, Subject Experts.

[33] The management systems include quality system, facilities and equipment system, material system, production system, packaging and labeling system, and laboratory control system.

Certification & Certificates

- Pharmaron Shaoxing obtained a license for manufacturing of veterinary medicinal products and a GMP certificate for veterinary medicinal products.
- Pharmaron Clinical's Contract Research Organization (CRO) obtained the ISO 13485 Medical Device Quality Management System certification.
- Pharmaron Clinical's Site Management Organization (SMO) obtained the ISO 9001 Quality Management System certification.
- Pharmaron Clinical's Clinical Pharmacology Center (CPC) obtained multiple certifications and licenses[34], including CLIA Certificate and COLA Accreditation.

Quality Training

Pharmaron continuously fosters a culture of quality. We develop annual training plans at the beginning of each year and organize training activities covering all employees of Pharmaron Clinical, CMC, and GMP. Training sessions cover GMP, GLP, GCP, data integrity, employee hygiene, basic microbiology knowledge, and standardized record keeping. Tailored training activities are also carried out based on the job roles and product characteristics of employees. Each department develops training plans applicable to its functions and provides specialized training for employees in specific job roles and SOP update training. Pharmaron Clinical provides on-board training, core skills training, and soft skills training for all personnel directly involved in its business operations. On-board training courses help employees know better about the corporate profile as well as various management systems and quality management requirements. Core skills training includes learning about applicable laws, regulations, guidelines, and job-specific SOPs, as well as the skills required for the job. Soft skill training, which is jointly developed by various departments, focuses on improving employees' communication skills, time management, technical skills, and overall work efficiency.

In addition, we implement periodic assessment and evaluation mechanisms to effectively evaluate the effectiveness of employee quality training. Through regular assessments and real-time tracking of training effectiveness, we ensure that employee training meets the requirements. During the reporting period, 100% of training plans were completed.

Training plans were **100%** achieved during the reporting period.

[34] The certifications and licenses obtained include CLIA Certificate, COLA Accreditation, Maryland State Non-Expiring Laboratory Permit, State of Maryland Radioactive Material License, State of Maryland Pharmacy License, Pharmacy CDS License, Pharmacy DEA License, and others.

Innovation, Research and Development (R&D)

As a fully-integrated pharmaceutical R&D service platform with an international outlook, Pharmaron continuously delivers innovative and effective R&D solutions to domestic and international clients and partners. We have established a comprehensive R&D service platform to assist clients in accelerating drug innovation as well as providing efficient, high-quality, and diversified innovative R&D services.

R&D Management

Pharmaron places great emphasis on technology and innovation. We consistently increase investment in R&D, actively cultivate technological talent, and continuously enhance innovative capabilities. Furthermore, we formulate forward-thinking R&D development strategies and establish an industry-leading, fully-integrated pharmaceutical R&D service platform. This platform is able to provide a wide range of services to customers worldwide.

Pharmaron strictly adheres to the applicable laws, regulations, and industry guidelines in the locations where it operates. The Company is committed to building a R&D and manufacturing service platform across multiple therapeutic modalities (including small molecule, Biologics and CGT products) throughout drug discovery, preclinical and clinical development process. The Company has a well-established and fully integrated R&D and manufacturing service platform for small molecule drugs, and has initially completed the construction and integration of our Biologics and CGT services platform. In addition, the Company is in an industry-leading position in drug discovery, preclinical and early clinical-stage research, and has expanded its capabilities downstream to late clinical-stage development and commercial manufacturing. In the process of expanding its R&D services, the Company has successfully evolved from a pure laboratory chemistry service provider to an end-to-end pharmaceutical R&D services platform with operations in China, the US. and the UK.

Pharmaron has mastered comprehensive expertise in different R&D stages, so as to assist customers in accelerating their R&D programs and cate to a full spectrum of customers' needs. Leveraging our professional project management capabilities, we effectively utilize and integrate resources from our fully-integrated pharmaceutical R&D service platform to align with customer requirements. Vertically, the Company is strengthening the seamless integration of the same discipline across different pharmaceutical R&D stages. Horizontally, the Company is enhancing 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. Through the integration and collaboration between our discovery and development service platforms, we have accumulated a profound understanding of the unique scientific challenges involved in our customers' new pharmaceutical R&D projects, which will facilitate us to move projects forward more efficiently and in turn maximize customers' benefits. With extensive industry knowledge, robust execution capabilities, and end-to-end solutions, our fully-integrated service platform has gained unique advantages in shortening drug discovery and development cycles and reducing the associated risks for our customers.

As a fully-integrated service provider for drug discovery and development, the Company focuses on providing customers with a diverse range of drug R&D platform technologies. We have established the following five R&D service platforms to offer one-stop solutions to customers. In 2023, the Company invested over RMB448.27 million in R&D expenses, representing an increase of RMB165.95 million compared to the same period last year, with a growth rate of 58.78%.

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- **Comprehensive chemistry platform throughout the entire drug R&D and commercial stages:**

  As a fully-integrated service provider for the research, development and manufacturing of small molecule pharmaceutical products, we have leveraged our expertise and advantage in chemistry technology throughout the whole drug R&D process.

  With the comprehensive chemical technology platform covering compound design (including CADD), design and synthesis of a compound library, medicinal chemistry, synthetic chemistry, analytical chemistry, early process chemistry, and process chemistry and GMP API manufacturing, the Company can satisfy customers' demand for pharmaceutical R&D and manufacturing in each stage of the pharmaceutical R&D process, including laboratory synthesis process at the drug discovery stage, scale up process development from preclinical to clinical stage as well as GMP manufacturing up to commercial stage, which fully cater to the diversified needs of different types of customers. In addition to providing R&D services for the compound synthesis process, combined with its formulation development services, the Company is able to provide customers with fully-integrated pharmaceutical R&D and manufacturing solutions from initial compounds to finished dosages.

- **DMPK[35]/ADME[36] service platform throughout the entire drug R&D process:**

  The Company offers DMPK/ADME services that span the whole R&D process from drug discovery to development. The early DMPK/ADME studies are of great importance as they can provide a key basis of customers to determine the later-stage drug development strategies. Radioisotopic analysis technology is critical as an important drug metabolism analysis technology during the clinical stage. Following the approval of the radioisotopic use license at the Company's clinical center in the US in early 2018, the Company is the only pharmaceutical R&D service provider that offers integrated pharmaceutical R&D solutions, which cover radioisotope compound synthesis and human ADME studies using regular isotope analysis technology or high-sensitivity AMS technology. In addition, the Company has established a comprehensive global service network for ADME/DMPK studies, and further strengthened its leading position in discovery and development DMPK services.

[35] DMPK, drug metabolism and pharmacokinetics, the studies are 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.

[36] ADME, Absorption Distribution Metabolism and Excretion.

- **Comprehensive integrated platform from drug discovery to POC[37]:**

  Since its inception, the Company has committed to the establishment of integrated services platform from drug discovery to proof of concept stage, which covers compound design, compound library synthesis, synthetic and medicinal chemistry, biology, DMPK, pharmacology, toxicology, drug safety assessment, radiolabelled chemistry and DMPK, clinical pharmacology, clinical bioanalysis, clinical data statistics, chemical process development and API manufacturing and formulation and drug product manufacturing.

  With this comprehensive integrated services platform, the Company has undertaken many integrated research projects, and achieved a considerable number of milestones. In addition, the Company can also provide a customized service package at a particular stage of drug R&D process, such as an integrated service package for IND enabling which includes preclinical safety assessment, early process development and manufacturing, pharmacology, DMPK and clinical proposal. With this comprehensive IND enabling solutions and the ability to support IND filing for different jurisdictions, it provides flexibility to the customers, accelerates their drug development process and reduces their overall R&D costs.

- **Fully-integrated clinical development services in China:**

  With this comprehensive integrated services platform, the Company has undertaken many integrated research projects, and achieved a considerable number of milestones. In addition, the Company can also provide a customized service package at a particular stage of drug R&D process, such as an integrated service package for IND enabling which includes preclinical safety assessment, early process development and manufacturing, pharmacology, DMPK and clinical proposal. With this comprehensive IND enabling solutions and the ability to support IND filing for different jurisdictions, it provides flexibility to the customers, accelerates their drug development process and reduces their overall R&D costs.

  Leveraging on the technical capabilities and established reputation of our preclinical R&D platform, the clinical R&D services platform collaborates with the preclinical and business development teams to get involved in clinical study planning discussion with customers as early as possible, so as to provide more comprehensive customer services and at the same time, generating business opportunity for the clinical development services. Also, the medical affair, regulatory affairs, bioanalytical, quantitative pharmacology and biostatistics departments of the clinical development services work closely with the preclinical R&D team for planning of IND-enabling. These high-quality interactions between preclinical and clinical teams accelerate projects progressing in high-quality from preclinical to clinical stage, allowing our customers to fully enjoy the benefits of the Company's fully integrated services platform.

  Together with the clinical pharmacology center in the US, data management and biostatistical, bioanalytical and clinical CRO operation and project management teams who are well versed with clinical development process and culture in both China and the US, we are able to provide a faster and convenient gateway for domestic customers to present their R&D program globally.

[37] POC, Proof of Concept.

- **An integrated platform for "laboratory testing – IND enabling-process development and manufacturing" of gene therapy products:**

  In recent years, with the rapid advancement of gene and cell therapy technologies and their application for rare and incurable diseases as well as vaccines that have had significant impact on public health systems, the R&D of cell therapies, gene therapies and disease prevention methods are flourishing. These gene therapies and cell therapies products play an irreplaceable role in the global medical and public health systems. Through acquisition and integration of related resources and platforms, the Company has initially built an integrated services platform of "laboratory testing – IND enabling – process development and manufacturing" for gene therapy products, including a comprehensive and industry leading analytical platform for biologics and CGT products that are in compliance with ICH guidelines of GLP/GCP/GMP in the US, and an integrated platform for the development and GMP manufacturing of gene therapy products in the UK. By combining both the analytics and CMC platforms in gene therapy products with our safety assessment center which has been inspected and/or certified for GLP compliance by NMPA, FDA and OECD regulatory authorities, the Company offers customers a complete preclinical IND enabling solution for CGT products, as well as clinical testing material manufacturing and clinical sample analysis services for CGT products.

Since its inception, Pharmaron has been investing in the development of its sustainable technology platform and promoting innovation, making sure that the science and technology developed in Pharmaron is in line with the advancement of current and future new drug discovery and development in the biopharmaceutical industry, meeting the requirements of guidelines and regulations set forth by global regulatory authorities. More recently, we have continuously invested in artificial intelligence (AI), green chemistry and "proteomics, gene-editing and HTS integrated technologies", to cultivate and develop technical capabilities.

The Application and Initiative Exploration of Artificial Intelligence (AI) in Drug Discovery

- Utilizing AI technology to predict the growth trends of immortalized cells in vitro.
- Utilizing AI technology to predict drug mechanisms of action (MOAs) in vitro.
- Application of AI technology for reaction condition prediction and route design.
- Established an AI model for enzyme design and evolution.

Utilizing Advanced Technology and Practicing Green Chemistry Concept

- Flow Chemistry (continuous production technology)
- Biocatalysis
- Electrochemistry

Integrating Chemical Proteomics Platform, Gene Editing Technologies, and High-Throughput Techniques to Explore a Broader Drug Space and Accelerate Drug Discovery Process

- Chemical Proteomics Platform
- Gene Editing Technology
- DNA-encoded library (DEL) technology platform
- High-throughput experimentation (HTE) platform

Case: AIDD[38] tool development: molecule generation/large-scale virtual screening/ ADMET[39] AI Model/FEP[40] calculation

In 2023, we developed a series of AIDD tools, including molecule generation, large-scale virtual screening, ADMET AI model, and FEP calculation. The molecule generation tool enables the generation of massive novel and effective molecules, thus making breakthroughs in traditional approaches to drug design. The ADMET AI model facilitates the evaluation of multiple properties of molecules, while the virtual screening tool allows for rapid virtual screening of compounds. Besides, the FEP calculation tool enables more accurate prediction of activity. These tools can be used independently or in combination. They can improve the efficiency of molecule design and screening, reduce the synthesis of unnecessary compounds, and minimize wet lab experiments. This leads to cost savings and increased efficiency for our customers' projects. Overall, these AIDD tools expand our service offerings and effectively assist our customers. Therefore, they can be used in various scenarios with bright prospects.

[38] AIDD, Artificial Intelligence for Drug Discovery.

[39] ADMET, Absorption, Distribution, Metabolism, Excretion, and Toxicity.

[40] FEP, Free Energy Perturbation.

Cultivation of Innovative Talent

Pharmaron actively builds an in-house research team consisting of outstanding, young, and experienced scientists. We have over 3,300 technical directors, top-notch research personnel, as well as a cohesive and dynamic middle management team in business lines and R&D departments. The matchless expertise in various fields enables us to consistently deliver high-quality and high-level research services to customers.

To nurture innovative talents, we actively foster a corporate culture of "learning at Pharmaron". We also establish awards such as the "Chemistry Star Award" and the "New Practice Award", and vigorously promote industry-university-research exchanges. On a regular basis, we organize academic seminars and forums, during which research experts and globally renowned professors are invited to give online lectures and internal academic presentations. Through these efforts, we provide our researchers with a platform to stay updated on advancements in the biopharmaceutical industry and the latest technologies as well as facilitate their exchanges with experts and scholars. In 2023, we hosted a total of 91 internal academic presentations and 11 online lectures under 4 series. By doing so, we provide employees with abundant opportunities for learning and exchange, enhance their expertise and skills, fully tap into their innovative potential, stimulate innovation enthusiasm across the institution, and accelerate the commercial application of technological research achievements.

Case: 10th Pharmaron Symposium on Synthetic and Medicinal Chemistry

On September 23, 2023, the 10th Pharmaron Symposium on Synthetic and Medicinal Chemistry was held at Pharmaron Ningbo. Seven world-renowned industrial leaders and academic pioneers were invited to engage in in-depth discussions with industry peers on cutting-edge scientific topics. They shared the latest advancements in the fields of synthetic and medicinal chemistry.

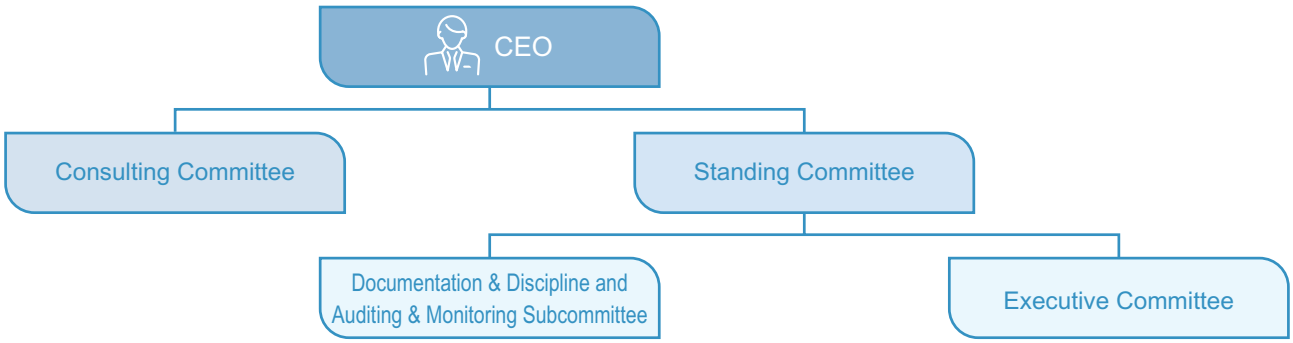
Protection of Intellectual Property Rights

Pharmaron highly prioritizes the management and layout of intellectual property (IP) rights. We strictly adhere to relevant laws and regulations such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. We have established and continuously improved the confidentiality management system. We also formulate and revise a series of internal regulations including the *Pharmaron IP Handbook*, the *Pharmaron Information Confidentiality System*, the *Management Measures for Trade Secrets of Pharmaron*, and the *Information Resource Control Procedures of Pharmaron*. In addition, we have formulated the *Confidentiality System Construction Plan of Pharmaron* and established IP-related regulations in various processes such as procurement, research and development, and sales. We are committed to systematically managing IP rights from patents to trademarks, better protecting trade secrets, reducing the risk of trade secret leakage, and enhancing our competitive advantage. We aim to prevent the leakage of confidential information from multiple perspectives.

During the reporting period, Pharmaron filed a total of 11 patents, including 9 invention patents and 2 utility model patents. Furthermore, we applied for 1 copyright and 38 trademarks; granted a total of 32 patents, including 9 invention patents and 23 utility model patents[41]. We were also authorized for 1 copyright and 30 trademarks.

[41] Some patent applications and grants spanned across 2022 and 2023.

We continuously optimize our IP management mechanism and establish a top-down IP guarantee system with a clear division of rights and responsibilities. We have formed an IP Protection Committee to oversee all aspects of IP management and further enhance the acquisition, maintenance, utilization, and protection of IP rights. The IP Protection Committee is responsible for top-level planning and system construction regarding the Company's intellectual property strategy. Under the IP Protection Committee, two specialized subcommittees have been set up, namely the Documentation & Discipline and Auditing & Monitoring Subcommittee and the Executive Committee. The Legal Department is responsible for managing all IP protection matters within the Group and regularly submitting IP protection-related matters and systems to the committee for approval, thereby promoting continuous improvement in IP management standards.



Constitution of the IP Protection Committee

To efficiently manage our IP application and authorization, we have referred to the patent applications and layouts of competitors in the industry from multiple perspectives. This approach supports the R&D process and provides valuable insights for patent application strategies. We also purchase professional intellectual property management and patent retrieval databases to meet the Company's needs for data services in innovation, pharmaceutical R&D, and scientific evaluation. Besides, we offer a wide range of platform services such as patent retrieval, analysis, and management throughout the lifecycle including product technology creativity, establishment of R&D projects, IP layout, innovative R&D, the launch and withdrawal of products, as well as solutions for intelligence collection and analysis and process management. Additionally, we promise to fully respect and avoid infringement of others' IP rights while protecting our own IP interests.

To further raise employees' awareness of IP protection, the Company organizes quarterly online IP training sessions, semi-annual training sessions, and face-to-face intellectual property protection training for on-the-job staff. Moreover, newly hired employees receive weekly confidentiality training to master IP-related regulatory requirements, common IP-related risks, and response methods. Through these measures, we further enhance employees' awareness of IP and IP management capabilities.

We make persistent efforts to increase the quantity and quality of patent applications, prevent leakage, and mitigate the improper use of registered trademarks. Further measures are adopted to gradually improve the Company's IP management system and prevent or reduce various intellectual property risks. In 2023, the Company carried out a total of 9 special seminars and on-site investigations on trademarks, confidentiality, and patents in locations such as Tianjin, Ningbo, and Xi'an. After an IP-related risk is identified, it will be promptly reported to the person in charge and risk mitigation solutions will be implemented. This initiative has proven beneficial in raising the awareness of IP protection and equipping front-line researchers with effective IP protection methods.

IP Training and On-site Investigation

Safe Operations

Pharmaron places a high emphasis on the safety of production and operations. We adhere to the safety policy of "safety first, prevention-oriented, and comprehensive governance". We continuously improve our safety management system, implement safety production responsibility, as well as reduce safety risks and hazards. Further efforts are made to promote safety culture and uphold safety standards. During the reporting period, Pharmaron invested RMB45.28 million in safety.

Safe Management

We strictly adhere to the applicable laws and regulations in the locations where we operate, including the *Law of the People's Republic of China on Work Safety*. In 2023, we revised a series of safety production management systems, including the *Hazard Identification, Risk Assessment, and Control Management Procedures*, the *Accident Hazards Investigation and Control System*, the *Accident Reporting, Investigation, and Handling Procedures*, the *Hazardous Chemicals Management Procedures*, the *Contractor Safety Management Procedures*, the *Special Operations Personnel Safety Management Procedures*, the *Safety Production Responsibility System,* the *Work Instruction for Hot Work, Work Instruction for Height Work*, and the *Work Instruction for Confined Space*. We also put in place the Safety Production Responsibility System, thus effectively enhancing safety management.

To ensure the timeliness of internal policies and procedures, we promptly track and analyze updates to various laws and regulations through such methods as subscribing to third-party regulatory query services and engaging external consultants. Furthermore, we conduct regular internal and external safety management audits. Based on audit results, we develop preventive and corrective action plans and implement them effectively. During the reporting period, the Company obtained the Work Safety Standardization Level 3 Certificate and maintained its validity through regular reviews. Some sites of Pharmaron UK also received the ISO 45001 Occupational Health and Safety Management System certification.

Work Safety Standardization Certificate and ISO 45001 Certification

We have established a safety production management system in accordance with the requirements of the Occupational Health and Safety Management System ISO 45001. We insist on improving safety production management mechanisms and comprehensively strengthening safety production-related work. We have set up a Safety Production Management Committee, with the Chief Operating Officer (COO) serving as the director, Vice President and the Director of the EHS Department serving as vice directors, and department directors serving as members. The committee is fully responsible for coordinating safety production management of the Company. Besides, we have appointed dedicated safety management personnel, all of whom possess knowledge and experience in safety production management. Under the leadership of the Safety Production Management Committee, we are advancing the identification and assessment of safety risks, rectification of safety hazards, and other safety-related work.

We also set annual safety targets. By signing the *Safety Objective in 2023*, we split the tasks among all departments and employees. The COO took overall charge of work safety affairs. In this way, we ensure the implementation of the safety mechanism covering all employees and continuously monitor the achievement of safety targets. In 2023, all annual safety production targets were achieved.

Safety Objective in 2023

- **Zero** cases of Level IV[42] work-related injuries or above
- **Zero** major fire accidents[43]
- **100%** rectification rate of accident hazards
- **100%** attendance rate for new employee EHS training
- **Zero** new cases of occupational diseases
- **Zero** administrative penalties due to environmental pollution

[42] Level IV work-related injury: According to the *GB/T 16180-2014 Standard for Identifying Work Ability*, work-related injuries are categorized into ten levels, with Level I being the most severe and Level X being the least severe.

[43] A major fire accident refers to an incident where the fire cannot be extinguished within the Company, a call to 119 shall be made for fire emergency services, and serious impact is caused to the Company.

Safety Safeguards

Safety assurance is paramount in all operations at Pharmaron. We implement a wide variety of safety measures, such as identifying and assessing safety risks, conducting regular internal and external inspections, and organizing safety training and drills. Our ultimate goal is to ensure the achievement of safety production targets.

Managing Safety Risk

In accordance with the requirements of the *Law of the People's Republic of China on Work Safety*, we have established a sound dual-prevention mechanism, namely safety risk classification and control as well as hazard investigation. We have formed a three-level leadership team, with the COO serving as the person in charge. The EHS Department is responsible for promoting production safety work. Relevant departments and offices assume the responsibility for implementation. This team is tasked with formulating a work plan for the construction of the dual-prevention mechanism and progressively advancing the system development. Furthermore, we require regular inspections for hazards at each position and actively identify safety risks. We have compiled the *Checklist for Position Risk Control*. Safety risk notification cards are posted at various risk points to prevent safety incidents at the source.

To ensure the safety of hazardous chemicals, we actively implement special rectification actions and formulate the *Corrective Action Plan for the Risk in Concentrative Safety Program* to enforce the responsibility system. We conduct Job Hazard Analysis (JHA) to ensure that the system is executable and effective. Furthermore, we encourage each subsidiary to conduct comprehensive and diverse safety operation assessments, risk control, and disposal measures. Through these efforts, we enhance overall safety management capabilities and foster a safe production environment.

For laboratory safety, we conduct monthly inspections of emergency equipment, including fire extinguishers, fire blankets, and eye wash stations, to ensure their proper functioning. Weekly fire safety training sessions are held for new employees to raise their safety awareness and familiarize them with the proper use of firefighting equipment. Furthermore, we conduct checks on the quantity of flammable solvents in the laboratory and inspect explosion-proof cabinets to prevent fires during nighttime. Any violations identified during these inspections are promptly reported to the laboratory for rectification. In the event of accidents, we carry out investigations and demonstrate them for case studies during training sessions. This approach serves as warnings of accident risks and prevents similar incidents in other laboratories.

During the reporting period, Pharmaron identified all kinds of risks throughout its processes. We also adopted corrective actions aimed at safety hazards identified, thus effectively reducing potential risks during business operations.

Indicator	Unit	2023	2022	2021
Number of fatalities due to work-related injuries	person	0	0	0
Proportion of work-related fatalities	%	0	0	0
Number of working days lost due to work-related injuries	day	972	1,377	562

Fostering Safety Culture

Pharmaron prioritizes fostering safety culture as a crucial means to raise the safety awareness of all employees. We actively conduct publicity, education, and training on production safety. We also organize various safety emergency drills to effectively raise employees' awareness of safety and self-rescue capabilities. This initiative aims to provide a safe and favorable environment for the Company's stable production and harmonious development.

In terms of safety training, we hold quarterly training communication meetings and regularly organize safety training sessions based on the characteristics of each position. We have formulated the *EHS Training Matrix* to record the training progress. In the form of relevant incidents and cases, the training aims to educate employees on occupational health, personal protective measures, and safety precautions. After completing training, employees will enhance their ability to handle risk events. To validate the effectiveness of safety-related training and raise employees' awareness of safety, we have implemented a safety assessment mechanism.

In terms of emergency drills, we sign an annual emergency drill plan at the beginning of each year and conduct drills accordingly. These drills include comprehensive emergency exercises, special emergency exercises, and on-site response exercises. The aim is to effectively enhance employees' emergency response capabilities. During the reporting period, we conducted chemical leakage and fire drills in each laboratory to ensure that employees can safely and effectively handle emergencies when they occur.

"Safe Production Month" Activity

In 2023, we organized a two-month "Safe Production Month" at all sites. With the theme of "Safety for all, emergency response by everyone", this event aimed to encourage laboratories in each site to carry out special rectification activities, conduct regular supervision and inspection, and urge for further rectification at those laboratories failing to pass the rectification audit. Additionally, we actively organized activities such as firefighting emergency skills competitions and emergency theme exhibitions to effectively meet the requirements of safety inspection and rectification.

Furthermore, we actively participate in external seminars and conferences to maintain close communication and exchange with the industry. In 2023, we attended events such as the Third China Hazardous Chemical Management and Laboratory Safety Summit, the Fifth China International Chemical Process Safety Seminar, and the 2023 Pharmaceutical Industry EHS Management Annual Conference.

Quality Service

Quality service is the cornerstone of Pharmaron's sustainable and efficient development. We always maintain a sincere service attitude, put customers first, and promptly meet customer needs. We address customer complaints efficiently, fully safeguard customers' rights and interests, and enhance customer experience and satisfaction.

Customer Communication & Feedback

Pharmaron proactively listens to customers' voices to meet their expectations and needs with more efficient and high-quality services. We continuously revise the *Standard Operating Procedures for Customer Complaints* to comprehensively standardize the process for handling customer complaints and clearly define the classification standards for complaints. By doing so, we provide customers with professional, personalized, and systematic services to the fullest extent.

To ensure timely and effective response to customer feedback and suggestions, Pharmaron has implemented an efficient, seamless, and diverse feedback and follow-up mechanism. We provide contact details of the production facility on the Certificate of Analysis (COA) and product packaging to facilitate feedback and tracking.

Complaint Handling Process

Upon receiving complaints from domestic and international customers, Pharmaron strictly follows the *Standard Operating Procedures for Customer Complaints* to conduct in-depth investigations into the cause of the complaints and promptly resolve them. We maintain continuous communication with customers and actively organize follow-up visits to ensure a seamless customer experience throughout the process. In addition, we have developed systematic and efficient corrective and preventive measures to minimize the occurrence of potential complaints. During the reporting period, Pharmaron received a total of 6 minor complaints[44] globally, representing a 57% decrease compared to the previous year. All complaints were promptly and properly resolved, resulting in a resolution rate of customer complaints up to 100%.

Moreover, customer recognition serves as a pivotal driver for ensuring the smooth operation of our business. At Pharmaron, we place extra emphasis on ensuring customer satisfaction with our services. During the reporting period, we received numerous recognitions, acknowledgments, and awards from our customers and partners.

Messages from Our Customers

"The strong support from Pharmaron team has greatly facilitated the clinical trial of our project. We sincerely appreciate their professionalism and strong sense of responsibility. We are delighted and honored to work together with Pharmaron and look forward to more fruitful cooperation."

"During the early exploration of our project, Pharmaron made numerous key contributions that drove the project forward. The team communicates smoothly and promptly, and offers timely feedback on testing results. This fully proves the professional ability and teamwork spirit of the whole team! "

[44] There were 3 complaints from Chinese customers and 3 complaints from international customers.

Product Recall

Pharmaron has established a sound product recall management mechanism. We continuously revise internal procedures such as the *Standard Operating Procedures for Product Recall* and the *Management Procedures for Non-conforming Products*. Additionally, we have set up a recall team to systematically manage the entire lifecycle of recall procedures, including investigation and assessment, application and approval, recall implementation, receipt of recalled products, follow-up on recall progress, corrective and preventive measures, disposal of recalled products, as well as inspection and summary of recall effectiveness. We also actively offer smooth communication channels with customers throughout the recall process to ensure timely responsiveness to customer concerns.

When a product quality issue arises, the product holder decides to recall it.

The product holder and Pharmaron jointly determine the recall level, form a recall team and develop and initiate the recall plan.

Further efforts are made to thoroughly investigate the reasons for the recall, formulate preventive measures, evaluate the impact of the product quality issue, and dispose of recalled products accordingly.

Finally, a recall report is generated and the recall is filed and closed.

We conduct product recall emergency drills at least once every three years to ensure the effective operation of mock recall plans and the product recall system. In 2023, we organized 1 mock product recall at Pharmaron Shaoxing and there were zero product recall incidents.

04

Growing Together with Talent

Upholding the talent philosophy of "Employees First", Pharmaron regards employees as a core driver for sustainable development. We aim to create a diverse and sustainable workplace environment. We continuously enhance our employee recruitment and employment system and offer various training programs to grow together with our employees. Additionally, we prioritize the physical and mental health of our employees, actively enhance our occupational health and safety management, and foster a caring corporate culture for all employees.

- Employment & Development
- Communication & Care
- Health & Safety

Employment & Development

Pharmaron closely monitors and safeguards the legitimate rights and interests of employees. We value and respect the contributions of our employees, offer smooth channels for employee development and promotion, and improve our employee training system. Through these efforts, we strive to create a workplace abundant with opportunities, respect, and support for our employees.

Compliant Employment

Pharmaron strictly adheres to the relevant laws and regulations of the countries where the labor relations exist, including 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* of the UK, and the *Pay Transparency Non-discrimination Provision* of the US. We have formulated internal policies such as the *Recruitment and Selection Policy* to further refine and standardize the employee recruitment process and ensure transparency, fairness, and equality in employment practices.

We are committed to creating a diverse and inclusive workplace. (For details about employee diversity, please refer to Section Diversity Development.)

Specify job requirements

- Truthfully describe the job duties and requirements during recruitment to ensure that candidates can develop a clear idea of a particular vacancy and properly assess whether they have the right credentials or whether it fits their expectations.
- Emphasize transparency and symmetry of recruitment information and provide comprehensive and accurate job descriptions, including job responsibilities, required skills, experience, educational background, and other key information.

Ensure fairness and voluntariness

- Provide detailed information for applicants about the position, relevant policies, and management regulations, especially important information regarding working hours, salary, and benefits, during the interview process.
- Prohibit the recruitment of any employee by any coercive or deceptive means, put impartiality and voluntariness first, fully respect the candidates' thoughts and will, and establish a fair and transparent recruitment environment.

Diversity and Equal Employment Measures

Prohibition of Child and Forced Labor

Pharmaron complies with relevant laws and regulations in operating sites, including 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*, the *Children (Protection at Work) Regulations 1998* of the UK, the *Children Act 2004* of the UK, and the *National Labor Relations Act* of the US. We have formulated internal policies such as the *Employee Handbook* and the *Child Labor Risk Control and Rescue System*, which explicitly prohibit the employment of child labor and forced labor. Through rigorous recruitment screening, we ensure that applicants meet the legal employment age and internal employment requirements. For underage applicants, we communicate with local government agencies, cover escort expenses, and encourage them to continue their education.

We firmly oppose forced labor and strictly adhere to relevant regulations to safeguard the rights and interests of our employees.

In 2023, Pharmaron had zero incidents related to employment discrimination, forced labor, or child labor.

Respect for Human Rights

We respect by the relevant standards and requirements regarding respect for and protection of human rights advocated by the *United Nations Universal Declaration of Human Rights* and its covenants. We respect the basic human rights of all employees and prevent any violations of human rights. The Company has formulated the *Labor and Human Rights Management System* and the *Code of Conduct*, which cover our human rights and labor standards. We also safeguard the freedom of association, collective bargaining rights, workplace safety, and other rights of employees. We strictly prohibit any use of violence to restrict employees' personal freedom by violence and oppose any form of discrimination on the grounds of gender, ethnicity, region, religion, sexual orientation, and other aspects. The Company adopts "zero tolerance" towards harassment on any occasion and in any form.

We implement a policy of equal pay for equal work and ensure that male and female employees enjoy equal benefits and opportunities for work and promotion.

In addition, we have established a wide range of employment and management policies for other forms of employment, such as interns, part-time employees, and dispatched employees. We have also formulated various policies such as the *Intern Management Policy* to regulate the entire process including contract signing, rights protection, skills training, and development and ensure the compliance of employment management.

We continuously monitor and assess human rights issues. At Pharmaron UK, we have developed relevant policies such as the *Disciplinary Procedure Policy* to systematically evaluate and review associated risks.

Talent Attraction & Retention

To further expand the scope of talent recruitment, we have implemented a fully e-recruiting process. Through digital HR dashboards, we have enlarged the talent pool. We also optimize the recruitment process by flexibly adopting telephone, video and other online interviews to break the regional and time barriers and attract outstanding talents from around the world. In 2023, the total number of employees increased by 814.

We have adopted the following actions to attract top talents to join Pharmaron:

Career counseling for university graduates

We help university graduates make career and employment decisions through the "Career Guidance Conference" and provide comprehensive and detailed interview coaching and employment guidance.

Knowledge sharing and exchange

We actively cooperate with enterprises and universities to promote academic exchanges and technological innovation as well as provide broader development and practical opportunities for faculty and students. We also deeply engage in university-enterprise cooperation. In 2023, we participated in 143 job fairs and 46 promotional events and conducted one-on-one exchanges with 73 universities in China. Additionally, we invited faculty and students from 15 universities nationwide to visit our main sites in China, allowing them to experience our workplace culture and atmosphere. Moreover, we sponsored employment guidance conferences for students from 5 universities.

We continuously develop a sound promotion pathway and standards for employees. In all operating sites, we have implemented policies such as the *Performance Evaluation Regulations*, which are performance-oriented and guided by values of integrity, honesty, diligence, and hard work. We place a special emphasis on assessing leadership abilities, comprehensively understanding employees' performance and potential, and evaluating employee performance fairly. Moreover, we have piloted a refined "Succession Plan" at Pharmaron UK and Pharmaron US, identifying high-potential employees and nurturing future leaders of the Company. Through these measures, we ensure the stable development and long-term progress of the Company.

Identification of key positions

Business leaders identify key positions within their respective business that significantly contribute to the Company's success.

Talent assessment

Business leaders assess their respective business to identify high-potential employees capable of assuming these key positions in the future.

Development program

Upon identifying high-potential employees, business leaders collaborate with HR to design tailored development programs, including mentoring, coaching, training, job rotations, and leadership development activities, enabling individuals to enhance their skills and readiness for the key positions.

Monitoring and adjustments

Business leaders regularly monitor the effectiveness of the "Succession Plan" and make adjustments based on business needs and market changes to support Pharmaron's rapid business growth.

Performance evaluations and support

Business leaders or the respective line managers regularly conduct performance evaluations and discussions with identified high-potential employees to ensure alignment with the Company's goals, values, and strategic direction. Feedback, coaching, and support will be provided to assist in their ongoing development.

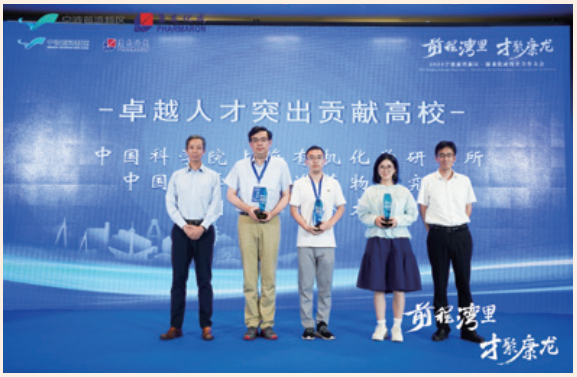
"Succession Plan" Procedures

Pharmaron also prioritizes international cooperation and exchanges. We participate in STEM Open Days at British universities. During these events, we actively engage with students and teachers to share the latest industry technologies, research, and practices. This approach strengthens our collaboration with British universities and explores future development trends and cooperation possibilities. In 2023, we collaborated with 14 British universities to encourage students to pursue STEM degrees, fostering talent in the field of science.

Case: Pharmaron holds the first University-Enterprise Cooperation Conference

In July 2023, Pharmaron held the first University-Enterprise Cooperation Conference themed "Gathering Talent at Pharmaron" in Ningbo. The event was attended by leaders from the Qianwan New Area of Ningbo, 100 teachers and students from 20 top universities, and several senior executives from Pharmaron. The aim was to establish a regular mechanism for talent introduction through government coordination and promote deep cooperation and exchanges between universities and enterprises. During a dedicated session of the conference, awards were presented to university partners. Pharmaron also signed agreements to establish employment internships and practical training bases with 11 universities, including Tongji University, East China University of Science and Technology, and ShanghaiTech University.

Furthermore, the event provided an opportunity for students to gain insight into the Qianwan New Area and Pharmaron. They not only experienced Pharmaron's work environment but also learned about the corporate culture and activities through chemistry and biology alumni sharing sessions. Through deep collaboration with universities, we actively explored new opportunities for industry-university-research cooperation, grew together with talent, and facilitated the coordinated development of industry, education, and research. Our efforts injected new vitality into the industry.



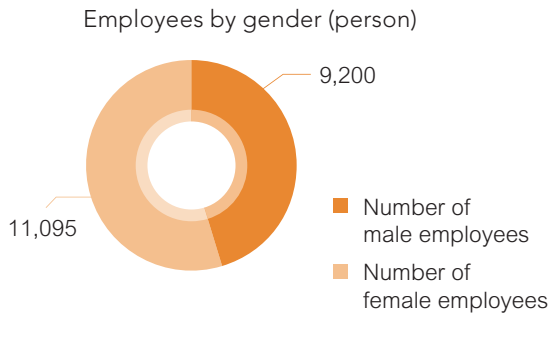
Award-presenting Ceremony

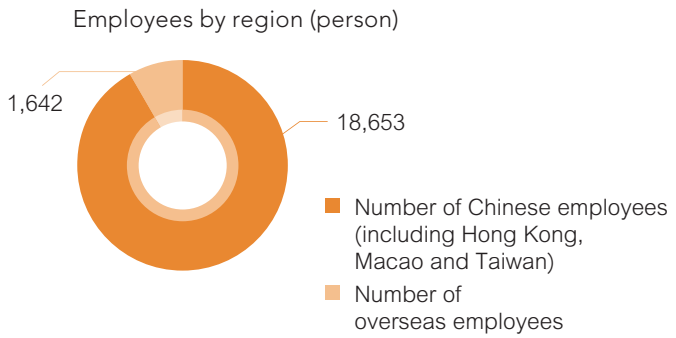
Signing of Internship Base Agreement

University-Enterprise Cooperation Conference "Gathering Talent at Pharmaron"

Pharmaron Employee Composition in 2023

Indicator	Unit	2023
Total number of employees	person	20,295
Number of male employees	person	9,200
Number of female employees	person	11,095
Number of full-time employees[45]	person	20,295
Number of employees in other forms of employment[46]	person	400
Number of employees aged 30 and below	person	14,424
Number of employees aged 31-50 (inclusive)	person	5,651
Number of employees aged 51 and above	person	220
Number of employees with a bachelor's degree and below	person	13,888
Number of employees with a master's degree	person	5,436
Number of employees with a doctor's degree and above	person	971
Number of Chinese employees (including Hong Kong, Macao and Taiwan)	person	18,653
Number of overseas employees	person	1,642
Number of senior managers (including board of directors)	person	90
Number of middle managers	person	4,194
Number of non-management employees	person	16,011
Percentage of female employees in the management	%	45.47





Human Resources Management

We continuously improve the efficiency of human resources management. In 2023, we updated the human resources management architecture and established a "Three-Pillar" model consisting of the Center of Expertise (COE), the Human Resources Business Partners (HRBP), and the Shared Services Center (SSC). This model aims to create an efficient, flexible, and competitive human resources management system.

Pharmaron highly values the all-round development of its employees. By formulating talent strategies covering 7 areas, we are committed to promoting the coordinating development of individual career development and the Company's strategies. In 2023, Pharmaron achieved a human capital return rate of 140.71%[47].

At Pharmaron UK and Pharmaron US, we piloted our talent strategy and prepared documents such as the *People Strategy Implementation Roadmap* and the *People Strategy Newsletter Special Edition*. These policies ensure more efficient management of our workforce, optimize human resource allocation, and enhance employees' job satisfaction and performance.

[45] The number of full-time employees is in line with the 2023 Annual Report.

[46] Employees in other forms of employment include interns, part-time employees, and dispatched employees.

[47] The return on human capital investment = (Total revenue – (Operating expenses – Employee related expenses))/Employee related expenses in the financial year; Employee related expenses include wages and benefits; Unit: RMB

Communication	Ensure a consistent internal communication experience for all employees, keep them informed of business and personnel updates in a timely manner, and maintain information flow and engagement.
Vision & Values	Provide experience for employees to understand and align with Pharmaron's vision, values, and employee value propositions.
Health & Well-being	Offer a variety of health and well-being activities for employees, along with support from Mental Health First Aiders, and care for employees' physical and mental health.
Diversity & Inclusivity	Educate employees on the significance of diversity at Pharmaron and foster an inclusive workplace and corporate culture.
Reward & Recognition	Establish clear, transparent, and fair reward and recognition criteria and methods to reinforce a high-performance culture.
Learning & Development	Create a progressive and equitable learning and development structure, cultivate a high-performance culture, and enable employees to realize their potential.
Leadership Development	Offer learning opportunities to managers and enhance their leadership and management skills for effectively leading teams to achieve goals.

Seven Frontiers of Pharmaron's Talent Strategies (Pilot)

Employee Training

Pharmaron has formulated a series of internal training policies such as the *Learning and Development Policy*. We have developed a systematic and diversified employee training mechanism to create development plans tailored for employees at different levels and in different scenarios. We also carry out talent training and talent ladder construction simultaneously. With annual training management targets and work plans in place, we ensure that every employee has fair, transparent, and diversified opportunities for development and growth.

Pharmaron Training System

Leadership Program

Target Group: Middle-level management

Training Content: Cultivate organizational capabilities and unleash the potential for leading change.

Talent Training Program

Target Group: Entry-level management

Training Content: Foster a task-oriented awareness and focus on performance enhancement.

Elite Talent Program

Target Group: Entry-level management

Training Content: Assist in transforming targets into execution, fostering a high-performance culture, nurturing the ability to recognize and utilize talent, and building personal influence.

On-board Training

Target Group: New employees

Training Content: Rapidly become familiar with the workplace and job requirements, understand corporate management systems, clarify work tasks, and adapt to new workflows.

EMBA/MBA

Target Group: Senior management

Training Content: Provide external learning resources and comprehensively enhance leadership abilities.

Pharmaron Training Program

Case: Pharmaron launches Biomedical Science Leadership Program

In October 2023, Pharmaron initiated a Biomedical Science Leadership Program consisting of 4 sessions aimed at 29 mid-level managers. The program was designed to improve the comprehensive abilities of managers to better tackle future challenges and opportunities.

The training curriculum included strategic thinking and decision-making, team management and collaboration, innovation, and business development capabilities, as well as strategic execution and change management. Through theoretical learning, case studies, and practical exercises, trainees enriched their knowledge base comprehensively and strengthened leadership and management abilities, which contributed to both their career development and the Company's future growth.

Biomedical Science Leadership Program

Leadership Program

Case: Pharmaron Qingdao conducts specialized training on "Role Transition for New Employees"

In 2023, Pharmaron Qingdao organized a specialized training session themed "Role Transition for New Employees". The training covered topics such as time management, mindset adjustment, thinking, and communication skills. Practical activities, including simulations based on real-life scenarios, were organized to assist new employees in better understanding and applying the knowledge acquired.

Through this training, new employees are expected to adapt more effectively to the workplace, enhance their productivity, and establish closer connections with colleagues. The training program would aid them in achieving personal and professional goals while contributing to the Company's future development.

Training Site

Case: Pharmaron Academy – Empowering employee development

Pharmaron has established the Pharmaron Academy to promote employees' career advancement and personal growth. We provide various opportunities for employees to further their professional knowledge and improve their professionalism on the job. The trainees who have completed the program will receive certificates granted by the Company and enjoy the same internal compensation and benefits as those with the same degree.

Doctor's Program at Pharmaron Academy

In 2023, Pharmaron Academy introduced the master's program and doctor's program covering various courses such as theoretical and practical aspects of chemistry, project and personnel management, communication with customers in Chinese and English, teamwork, and career development. The lecturer team comprises professionals from the business departments, outstanding employees, and university professors, which ensures continuous improvement in teaching quality for both theoretical knowledge and practical application.

Case: Pharmaron UK initiates the "Customer Focus" training program

In 2023, Pharmaron UK initiated a two-month "Customer Focus" training program aimed at deepening understanding of customers and their expectations, and developing products and services that truly meet their needs. The program modules included self and customer insights, communication skills, and strategies for addressing cultural differences in customer management.

Through this training, employees gained a deeper understanding of demanding customers and acquired key skills for developing effective response strategies. Employees became more confident in facing various challenges and better meeting customer needs.

Case: Pharmaron UK launches the Onboarding Program

In 2023, Pharmaron UK launched a comprehensive Onboarding Program aimed at improving the experience of new employees, making a positive difference in corporate culture and job performance, and ensuring that employees understand their roles, rights, and responsibilities. The program was rolled out to 206 new employees and covered topics such as human resources, information technology, company policies, and environmental health and safety. The aim of the program was to provide necessary support and assistance to new employees during their onboarding process, enable them to better integrate into the corporate culture, and make meaningful contributions.

Case: Pharmaron Clinical develops various employee training modules tailored to the needs of various positions

Pharmaron Clinical developed an "Employee Training Program" tailored to the needs of various positions. The program consisted of onboarding training, core skills training, and soft skills training, catering to all personnel directly involved in Pharmaron Clinical's operations. The onboarding training includes reading the Company's overview, learning the requirements of various management systems such as human resources, administration, finance, information security, legal affairs, and quality management, as well as mastering the use of the Company's office systems. Core skills training covers the ICH GCP/GCP, GVP, GLP, applicable regulations, and position-specific SOP learning, along with skill training required for the job roles. Jointly developed by various departments, soft skills training focuses on improving employees' communication skills, time management, and technical skill enhancement. Departments can select courses based on employees' development plans, thus significantly enhancing work efficiency.

Pharmaron Training Statistics in 2023

Indicator	Unit	2023
Total number of employee training sessions	session	22,647
Total number of employees trained	person	19,723
Total number of employee training hours	hour	633,785.89
Percentage of employees trained	%	97.18
Average training hours per employee	hour/person	31.23
Percentage of female employees trained	%	98.22
Average training hours per female employee	hour/person	33.16
Percentage of male employees trained	%	95.92
Average training hours per male employee	hour/person	28.90
Percentage of senior managers trained (including directors)	%	100
Average training hours per senior manager (including directors)	hour/person	26.90
Percentage of middle managers trained	%	93.40
Average training hours per middle manager	hour/person	25.37
Percentage of non-management employees trained	%	98.07
Average training hours per non-management employee	hour/person	32.80

Communication & Care

Pharmaron continuously enhances its compensation and benefits system. We actively protect the rights and interests of all employees while fostering smooth communication channels to solicit employee feedback. This approach allows for the ongoing improvement of employee welfare and effectively safeguards employees' happiness and a sense of belonging.

Compensation System

Pharmaron strictly abides by applicable laws and regulations in the locations where the labor relations exist, including the *Labor Law of the People's Republic of China*, the *Labor 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*, and the *Fair Labor Standards Act* of the US. The fixed salary and grade of employees are determined reasonably according to their position, ability, value and other indicators. Our incentive measures include annual bonuses, employee stock options, and other types of benefits. The remuneration is adjusted annually in view of price index fluctuations, the data of pay surveys of the market and industry, and employees' work performance.

We have 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 and motivate backbone staff. In 2023, Pharmaron issued a total of 3 batches of equity incentive plans to 405 employees.

Employee Welfare

Fully considering employees' needs and values, Pharmaron has formulated a diverse range of benefits, including welfare allowances, accommodation support, and housing loan support. Additionally, we provide employees with medical, accident, travel, and other insurance coverage to fully meet their diverse needs. In 2023, the social insurance coverage rate for employees reached 100%.

We also emphasize the welfare of departing or retiring employees. In facilitating a smooth transition into retirement, Pharmaron offers a range of consultation services such as retirement procedures and pension applications. For those leaving due to negotiated resignation or non-renewal of labor contracts, we provide economic compensation in compliance with relevant regulations and support departing employees with background checks for reemployment opportunities. In 2023, we completed 15 cases of rehiring retired employees and provided them with opportunities to rejoin the workforce. These measures offered valuable support to the Company's development.

Social security coverage for employees in 2023:

100%

Retirement rehiring cases completed in 2023:

15

Pharmaron Employee Welfare Measures

Life Support

- Provide clean dining environments and meal subsidies for employees;
- Offer accommodation to employees;
- Make shuttle services available for employees who need to commute;
- Launch parking subsidies to employees and install facilities such as electric vehicle charging piles;
- Assist employees with their children's education enrollment and provide educational support;
- Organize charity donation activities for employees in need;
- Provide housing subsidies for employees with doctor's degrees. As of December 2023, this program had benefited 107 employees, with a total loan of RMB43 million.

Personal Development

- Assist employees in applying for various talent programs, such as the recognition of outstanding doctoral talents and top-notch experts;
- Establish awards such as "Chemistry Star Award" and "New Practice Award" to encourage employee innovation;
- Implement safety allowances, rewards for star-level laboratories, and other initiatives to raise employees' awareness of safety.

Physical and Mental Health

- Organize free annual health check-ups for employees;
- Launch a psychological assistance program and provide professional psychological counseling and training for employees;
- Set aside baby care rooms to create a more private space for female employees during the breastfeeding period.

Work-life Balance

- Provide gifts for newly married and employees with expecting babies;
- Implement reasonable leave policies, including paternity leave, maternity leave, and sick leave, to safeguard employees' rest rights;
- Offer home leave and home leave allowances for foreign executives;
- Provide work meals and convenient dining services for employees;
- Establish a flexible schedule for working at home if the work permits;
- Company gym with exercise facilities;
- Launch the platform Perk Pal for employee benefits and discounts including travel, shopping, entertainment, and dining, as well as other perks such as gym memberships, free software trials, movie tickets, and concert tickets;
- Organize a series of spring outings and autumn outings to strengthen employee relationships and foster a cohesive team atmosphere.

Case: Employee Clubs

In order to further enrich employees' leisure activities and enhance their professional skills, we have established a diverse range of employee clubs, including chess club, basketball club, football club, badminton club, and English club. We also adopt various measures, such as organizing chess or sports leagues, conducting various sports training programs, and inviting foreign instructors for English conversation. These measures aim to comprehensively improve employees' overall quality, enhance relationships among employees, and foster teamwork skills. This initiative provides human resources support for the Company's long-term development and competitiveness.



"Family of Pharmaron", Gym, and Dormitory


Outings of Pharmaron Employees

Employee Communication

Pharmaron actively listens to the voices of its employees by establishing various communication channels and encouraging all employees to express their opinions. We have set up employee communication and interaction channels in operating sites worldwide, including telephone and internet platforms, with the aim of ensuring employees' physical and mental well-being through multiple channels. We regularly hold one-on-one meetings with employees to ensure that we fully understand the needs, challenges, and targets of each department. We also provide tailored support, identify and resolve issues, and enhance employee satisfaction. Additionally, we have offered multiple reporting channels to protect employees' rights and interests and ensure the timely correction of improper behaviors. Upon receiving a report, the Company promptly conducts an investigation and provides feedback to the whistleblower as soon as possible. For all potential violations, the Company takes strict measures to ensure the safety and protection of the whistleblower.

To foster an open feedback culture, we regularly conduct company-wide employee satisfaction surveys covering various topics related to company development. We encourage all employees to deeply engage in fostering corporate culture and providing valuable insights for the Company's future development. In 2023, Pharmaron UK implemented a series of internal communication plans to enhance communication effectiveness and engagement, including employee conferences, talent strategy newsletters, L&D Newsletters, and cases or publications showcasing Pharmaron UK's achievements. These initiatives not only provide channels for employees to understand company strategy, development opportunities, and the latest updates but also facilitate communication and knowledge sharing among employees.

Pharmaron's employee communication channels

- Employee Assistance Program: 400-820-0393/ online reservation platform
- Employee Feedback Email: compliance@pharmaron.com

Case: Annual employee satisfaction survey

In 2023, we conducted an annual satisfaction survey at the drug metabolism departments of Pharmaron Ningbo and Pharmaron Beijing. The survey covered nearly 600 employees with an effective sample rate of over 70%. The survey results showed that employees were most satisfied with the aspects such as "team atmosphere, team relationships, clear job responsibilities, support from superiors, trust, authorization, and guidance and assistance". This survey reflects employees' satisfaction with the team atmosphere, relationships, and the ample support and trust provided by their superiors.

Health & Safety

Pharmaron consistently cares for the health of its employees by organizing various healthcare activities and occupational health and safety training. These activities aim to help employees maintain their physical and mental well-being, thereby enhancing both work efficiency and quality of life.

Care for Employee Health

Pharmaron strictly adheres to the applicable laws and regulations in the locations where it operates, 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 *Health and Safety at Work Act 1974 of the UK*, the *Management of Health and Safety at Work Regulations 1995 of the UK*, and the *Occupational Safety and Health of the US*. We have established an internal health and safety management system based on the ISO 45001 framework. Besides, we have developed a series of policies and guidance practices, such as the *Safety Manual,* the *Standard Operating Procedures,* the *Work Instruction,* and the *Emergency Plan*. By doing so, we control and identify health and safety risks and protect the health and safety of employees. Furthermore, 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 the physical and mental well-being 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. The Company offers physical checkups to all employees. In 2023, the employee coverage rate[48] of physical checkups reached 86.58%.
- We provide annual health assessments for all employees, along with nutritional counseling and medical advice.
- Each employee's work card at Hoddesdon Site, Pharmaron UK is equipped with a special magnetic sticker that contains the personal information required for first aiders and medical practitioners for more efficient first aid.
- Pharmaron UK provides Mental Health First Aiders for employees with difficulties in mental health.

Training promotion

- We offer employee health call center services through which employees can seek advice and guidance on health-related issues at any time.
- Mental health emergency response teams are established at all sites of Pharmaron UK to provide psychological counseling services for employees and organize relevant activities.

Various benefits

- We provide dental insurance, health screening, gym membership, and health assessment service for employees.
- During the emergency period, we provide living allowances in addition to the salary to make their life easier.

[48] Employees in China were covered.

Case: Pharmaron UK organizes employee care and charity activities

In 2023, Pharmaron UK carried out various employee care charity activities at all sites. These events included the Women's Health Week, the Men's Activity Week, health knowledge lectures, baking charity sales, health issue group discussions, yoga classes, and community volunteer services. The funds raised from these activities were donated to local health charities, thereby helping to improve community health and well-being. These activities greatly raised employees' awareness of health issues, helped them relieve stress, and fostered a healthy community.

MHFA Events and Activities in 2023:

- Women's Health Week
- Mental Health Week
- Happiness at Work Week
- World Mental Health Day
- International Volunteer Day
- MHFA drop-in sessions

Case: Pharmaron Ningbo launches the "Happy Planet" initiative

Pharmaron Ningbo piloted the "Happy Planet" initiative to further care for the physical and mental well-being of employees. An employee mental health care system has been established, providing a comprehensive platform for psychological care to employees and their families. This system addresses a wide range of issues, encompassing mental problems, physical problems, legal problems, and financial difficulties. Various activities were organized to help employees address interpersonal relationships, career development, parenting education, mental health, family issues, and emotional challenges.

In 2023, 91% of Pharmaron Ningbo's employees participated in mental health check-ups. The activities included 4 workshops offered by care ambassadors, 4 online public courses on mental health, 3 training seminars, a 14-day sleep training camp, and the publication of 19 issues of e-newsletters containing mental health knowledge.

The "Happy Planet" initiative not only provided employees with all-round support but also demonstrated Pharmaron's commitment to the well-being of its employees as a responsible company. This initiative provided a solid foundation for the long-term development and stability of Pharmaron.

Emotion Trash Can – Sorting Emotions

Stress Ball – Relax and Unwind

Knowledge Quiz – Mental Health Tips

Trivia Game – Stay Focused

Happy Planet Programme Poster

PDP Personality Test

Protection Against Occupational Hazards

Pharmaron complies with relevant laws and regulations, including the *Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases* and the *Occupational Health and Safety Management System Certification*. We have established internal regulations such as the *Management Procedure for Publicity, Education and Training of Occupational Disease Prevention and Control* to enhance the management system and supervision mechanism for employee health and safety. Routine inspections are conducted to raise employees' awareness of safety and health.

We help employees prevent and control the hazards of occupational diseases from the dimensions of informing, warning, identification and monitoring, and health tracking, thereby protecting employees' health.

- We 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. Special notifications are provided when labor contracts are signed or when there are changes in job positions and job duties.
- We inform the employees through OA system and on-site EHS announcements, 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.

- 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.

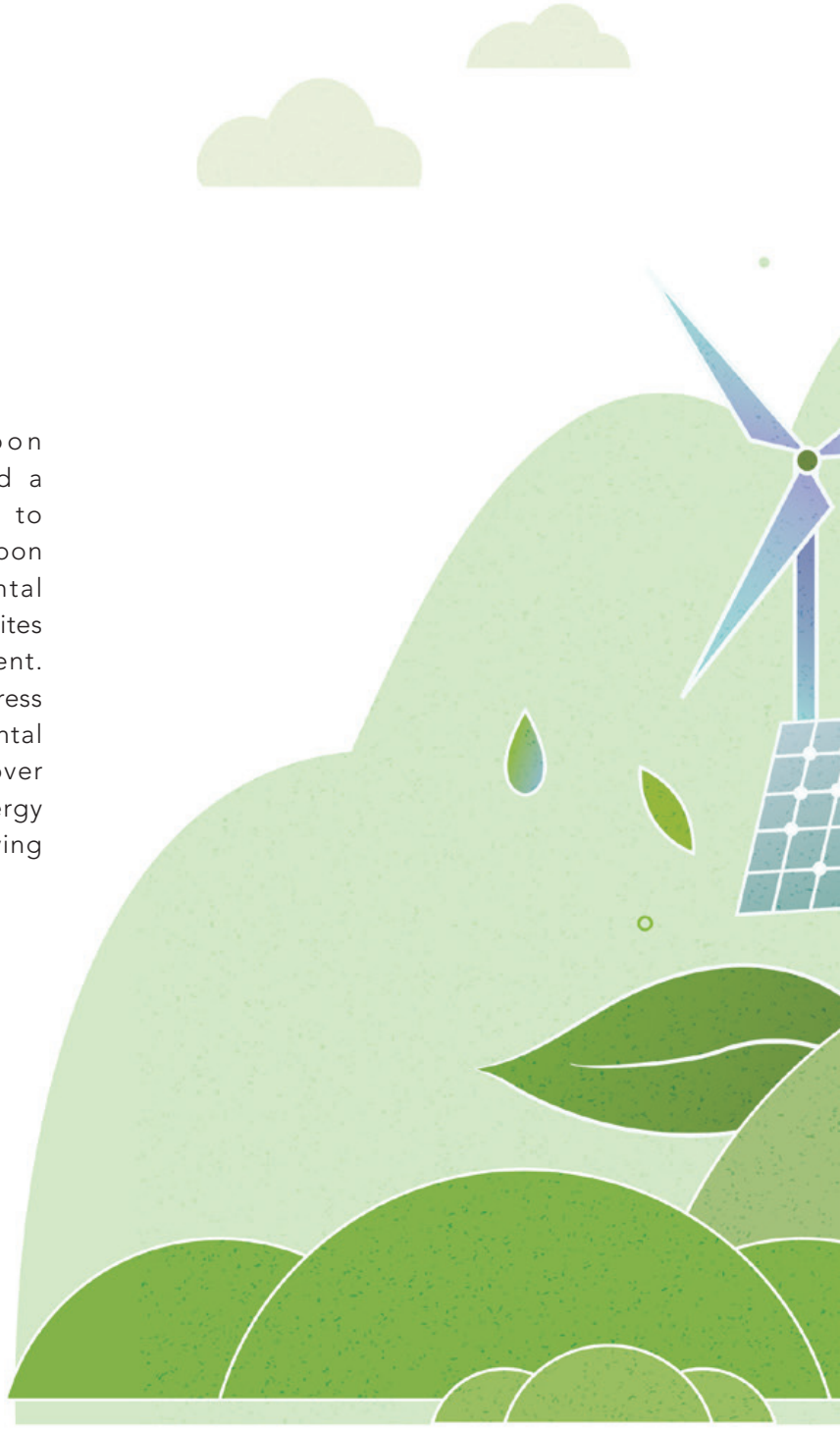
- We regularly conduct occupational hazard identification and monitoring and entrust third parties to test and evaluate occupational disease hazards in the workplace. In 2023, all results of occupational disease hazard testing in the workplace met relevant standards.
- We regularly provide occupational health training for employees to raise their awareness of occupational health and self-protection capabilities.

- We establish health archives for each employee to record their occupational health conditions, medical examination results, occupational history, and other relevant information. In this way, we track and manage employee health.
- Personal protective equipment such as masks, protective clothing, and goggles are provided for employees in positions where occupational health risks may exist. In this way, we minimize their exposure to harmful substances.

05

Low-carbon Development

Upholding the concept of low-carbon development, Pharmaron has established a sound environmental governance system to promote energy conservation and low-carbon transformation. We prioritize environmental protection and respect for nature as prerequisites for the Company's high-quality development. Through these efforts, we achieve mutual progress between corporate growth and environmental protection. In 2023, Pharmaron invested over RMB68.97 million in initiatives such as energy system construction, equipment energy-saving upgrades, and environmental protection.



- Addressing Climate Change
- Green Operations
- Pollution Prevention and Mitigation

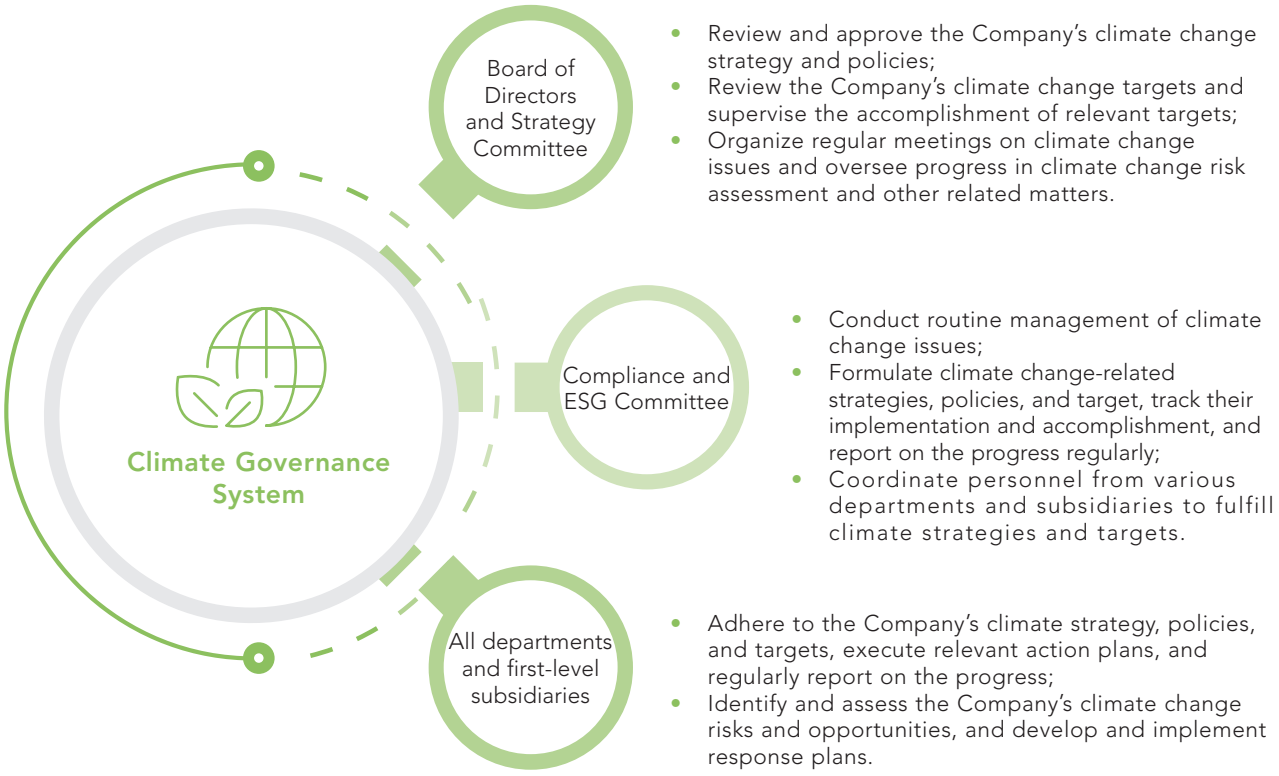
Addressing Climate Change

In November 2023, the 28th session of the Conference of the Parties (COP28)[49] to the United Nations Framework Convention on Climate Change (UNFCCC) was held. The conference aimed to outline the direction of climate action and effectively address climate change issues. The event reflected a global consensus on addressing climate change. Pharmaron, as a global pharmaceutical R&D enterprise, has kept a close eye on climate change issues. We actively respond to the requirements of the *Paris Agreement*[50], continuously strengthen our resilience to climate risks, and enhance our ability to tackle climate change. Through these measures, we contribute to global efforts to address climate change.

To scientifically and effectively disclose our efforts to address climate change, we disclose our climate change risk management system and response actions from the dimensions of governance, strategy, risk management, and metrics and targets, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). The Company continuously explores solutions to climate change issues, aiming to achieve sustainable, low-carbon development through measures such as planning emission-reducing pathways, applying energy-saving and emission-reducing technologies, and utilizing renewable energy sources.

Sustainable Climate Change Governance

The Board of Directors and its committees continuously track climate change at the governance level of ESG management. To strengthen the top-level design of climate change governance, we improve the climate governance framework and clarify the responsibilities of climate governance at all levels. We also promote the effective implementation of climate change management within the Company and define the responsibilities of the three-tier climate governance system consisting of "governance management, and execution".



[49] COP28, https://www.un.org/climatechange/cop28

[50] The Paris Agreement, The Paris Agreement | United Nations

Sustainable Development Strategy and Targets

The Company actively assesses the potential risks and challenges posed by climate change and extensively communicates with the regulators, investors, and third-party professional institutions. We explore effective pathways for the Company to achieve carbon neutrality. Focusing on key areas such as climate change risks and greenhouse gas (GHG) emissions, we participate in initiatives such as the Science-Based Targets initiative (SBTi) and proactively disclose our climate change work, including management and performance, on platforms including the Carbon Disclosure Project (CDP). These efforts demonstrate our determination to address climate change and contribute to global warming mitigation efforts.

Pharmaron signed the *Commitment Letter* to the Science-Based Targets initiative (SBTi) in 2022. Since then, we have actively assessed, tracked, and managed our carbon footprint both within the Company and across our value chain. Take into account SBTi standards and our operational characteristics, we have established greenhouse gas (GHG) reduction targets. Once these targets are approved, we will report our annual progress in alignment with SBTi requirements.

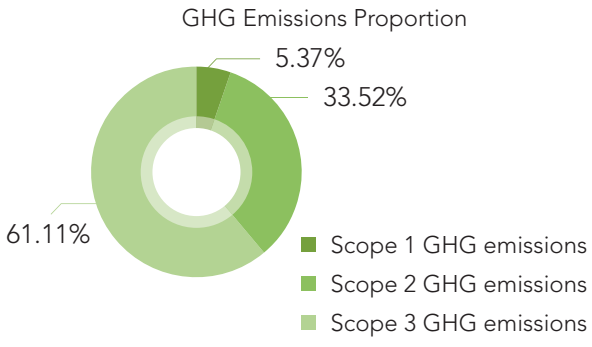
Pharmaron Sustainable Development Targets	
Short-term greenhouse gas emission targets[51]	• With 2023 as the base year, achieve a 54.6% reduction in absolute carbon emissions for Scopes 1 and 2 by 2033; • With 2023 as the base year, achieve a total decrease of 61.1% in Scope 3 carbon emission intensity (economic intensity) by 2033.
Medium to long-term greenhouse gas emission targets	• With 2023 as the base year, achieve a 90% reduction in absolute carbon emissions for Scopes 1 and 2 by 2050; • With 2023 as the base year, achieve a total decrease of 97% in Scope 3 carbon emission intensity (economic intensity) by 2050.
Renewable energy consumption target	• With 2023 as the base year, gradually increase the use of renewable energy.
Water resource consumption target[52]	• With 2023 as the base year, gradually reduce the intensity of water consumption from 1.55 t/RMB 10,000.
Compliance rate of waste disposal (%):	• Maintain a 100% compliance rate of waste disposal.

[51] Based on the Company's commitment to SBTi, the greenhouse gas reduction targets have been further revised from the original ones to meet SBTi requirements.

[52] Considering the Company's business development, the targets of water resource consumption have been reviewed and revised to better suit the Company's actual operational circumstances.

In 2023, with reference to the *GHG Protocol Corporate Accounting and Reporting Standard*[53] and the *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard*[54], we conducted a thorough greenhouse gas (GHG) inventory both within the Company and our value chain. According to the inventory results, Pharmaron's Scope 1 greenhouse gas emissions mainly come from natural gas, gasoline, and diesel, while Scope 2 emissions are primarily from purchased electricity, purchased heat, and steam, which are used for production equipment, refrigeration systems, and heating. Scope 2 emissions account for 86.18% of the total Scope 1 and Scope 2 emissions, with purchased electricity representing 70.58% of the total Scope 2 emissions.

Performance Indicator	Unit	2023	2022	2021	2020
Energy consumption[55]					
Consumption of natural gas	10,000 standard cubic meters	1,264.53	873.23	636.70	1,847.03
Diesel consumption[56]	tonnes	40.78	11.98	9.72	13.85
Gasoline consumption[57]	tonnes	82.01	37.86	33.83	26.39
Consumption of purchased electricity	10,000 kWh	29,425.57	23,418.79	15,679.04	11,306.12
Consumption of purchased heat	million KJ	207,050.43	111,312.57	48,427.17	–
Consumption of purchased steam	tonnes	149,808.51	132,771.74	91,999.00	67,693.00
Comprehensive energy consumption	tce	79,459.31	61,341.60	41,285.45	47,265.72
Comprehensive energy consumption per RMB10,000 of revenue	tce/RMB 10,000	0.069	0.060	0.055	0.090
GHG emissions[58]					
Total GHG emissions (Scope 1 + Scope 2)	tCO_2e	251,495.98	183,166.48	128,641.76	90,531.27
GHG emissions per RMB10,000 of revenue (Scope 1 + Scope 2)	tCO_2e/RMB 10,000	0.22	0.18	0.17	0.18
Scope 1: Direct GHG emissions	tCO_2e	34,755.68	19,261.36	14,066.22	9,788.89
Scope 2: Indirect GHG emissions	tCO_2e	216,740.30	163,905.13	114,575.54	80,742.38
Scope 3: GHG emissions	tCO_2e	395,142.93	–	–	–



[53] The *Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (2004)* provides guidance for companies to compile greenhouse gas emission inventories. Source:https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf

[54] The Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) provides guidance for companies to compile greenhouse gas emissions inventories related to Scope 3 emissions. Source: https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporing-Standard_041613_2.pdf

[55] The increase in energy consumption compared to 2022 is primarily due to business growth and the commissioning of new facilities.

[56] The diesel consumption data for the years 2020 to 2022 has been converted into the units needed.

[57] The gasoline consumption data for the years 2020 to 2022 has been converted into the units needed.

[58] The increase in greenhouse gas (GHG) emissions compared to 2022 is due to business growth and the commissioning of new facilities.

To achieve our SBTi commitments, we have further analyzed key energy consumption processes and carbon reduction pressures based on our carbon reduction targets and inventory results. The analysis results guide us to scientifically plan the pathway to achieving science-based carbon emission reduction. We continuously optimize our energy management system and encourage all sites to identify and analyze key opportunities for carbon emission reduction. Considering our energy structure, future capacity growth trends, and emission reduction potential at site level, we have been applying various energy-saving and emission-reducing technologies to reduce carbon emissions during our operations. Several sites have successfully implemented projects such as efficient refrigeration units, energy recovery from incinerators, heat and steam substitution, and automated temperature settings, resulting in significant emissions reductions.

Improving Energy Management System

Pharmaron strictly adheres to national laws and regulations on energy conservation. We have established our energy management system in accordance with the *Energy management systems – Requirements with guidance for use*. Besides, we have formulated several energy management regulations, including 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, which is responsible for organizing the formulation of annual energy conservation plans, regularly holding energy conservation meetings to arrange energy conservation work and monitoring the progress of energy management within the Company. These initiatives serve as crucial guidance for Pharmaron in achieving our science-based carbon emission reduction targets.

Case: Rushden Site, Pharmaron UK conducts monthly analysis on energy consumption

In 2023, Rushden Site in the UK conducted monthly energy consumption analysis. By tracking all-day electricity and heat usage and analyzing the proportion of energy consumed by key equipment, Rushden site comprehensively monitored and understood the energy use situation, and implemented refined energy management. Through these efforts, the site aimed to identify bottlenecks in energy utilization, rectify energy waste, and ultimately reduce overall energy consumption.

Case: Cramlington Site, Pharmaron UK carries out energy audit

Pharmaron UK has signed the agreement of Chemical Industries Association (CIA[59]). As a member of CIA, Pharmaron UK collaborated with the Environment Agency (EA) to jointly manage the Chemical Sector Climate Change Agreement (CCA[60]) and pledged to achieve energy targets to reduce climate change taxes.

In 2023, Cramlington Site initiated the third phase of the Energy Saving Opportunity Scheme (ESOS) energy audit, which was expected to be completed in the first half of 2024. Based on the audit recommendations and results, future efforts will focus on enhancing energy systems and implementing energy-saving measures to achieve energy targets and effectively tackle climate change.

[59] About CIABATA

[60] The CCA, as a voluntary agreement between the chemical industry and the Environment Agency, aims to reduce energy use and carbon dioxide emissions within the chemical sector. Companies participating in the CCA can qualify for exemptions from climate change taxes (energy tax).

Implementing Low-carbon Production

Pharmaron actively identifies energy-consuming processes in production and implements targeted low-carbon production initiatives across all sites. These measures cover various aspects including process optimization, equipment upgrades, and refined energy management, aiming to comprehensively reduce carbon emissions throughout the operational processes.

Case: Liverpool Site, Pharmaron UK builds low-carbon factory – Phase I

Liverpool Site is fully committed to green operations. With the aim of creating a low-carbon factory, the site integrates various measures such as use of green electricity and installation of energy-saving equipment into the design of the new factory, and constructs the low-carbon management system covering design, construction, and operation. Additionally, the new factory will collaborate with LESS[61] to optimize carbon management and energy use while promoting a sustainable culture aligned with My Green Lab[62] and the United Nations Sustainable Development Goals (SDGs).

Highlights of the low-carbon design at Liverpool Site:

- Utilize the Building Management System (BMS) to automatically control air conditioning usage during non-working hours, thus effectively reducing energy consumption;
- Install 800-square-meter photovoltaic panels on the roof, with all remaining electricity generated from renewable sources;
- Power new boilers with electricity instead of natural gas and install low-carbon air source heat pumps;
- Replace energy-efficient HVAC equipment and install variable frequency drives on all main pumps and fans;
- Plant approximately 200 trees as part of the greening efforts and contribute to biodiversity protection;
- Use reverse osmosis concentrate to flush toilets, thus realizing water recycling;
- Prioritize refrigerants with lower Global Warming Potential (GWP) wherever technically feasible.

Design Rendering

[61] #LESS – Energy & Carbon (energyandcarbon.co.uk) is a specialized organization focusing on researching laboratory energy use and carbon emissions reduction.

[62] My Green Lab is a non-profit organization dedicated to uniting and leading scientists, vendors, designers, energy providers, and other stakeholders in a common drive toward a world in which all research reflects the highest standards of social and environmental responsibility. The Green Lab Certification is regarded by the United Nations' "Zero Carbon Challenge" initiative as a key measure of progress towards a zero-carbon future and is considered the gold standard for laboratory sustainability best practices around the world.

Case: AniKeeper completes air conditioning unit replacement

Air conditioning units are critical energy-consuming equipment, and upgrading to efficient air conditioning units is a key measure in achieving energy conservation and emission reduction. In 2023, AniKeeper gradually replaced traditional air conditioning units with liquid desiccant air conditioning units, thereby contributing to the Company's carbon reduction efforts. Liquid desiccant air conditioning units have an initial power distribution of only about 60% of traditional air conditioning systems. During operation, energy conservation is achieved through efficient energy recovery, optimized processing processes, reduced humidification consumption, and the use of intelligent control systems. Compared to non-liquid-cooled air conditioning units, liquid desiccant air conditioning systems can save 30-50% of energy, thus effectively reducing carbon emissions.

Case: Pharmaron Ningbo adopts diverse energy-saving measures

Pharmaron Ningbo actively identified energy-saving opportunities and comprehensively analyzed its production facilities, and focused on the transformation and optimization of equipment such as chillers, boilers, and condensate recovery units. Meanwhile, based on the existing BMS system, the advanced automated control of chilled water systems was enhanced to automatically adjust the temperature of supply and return water, regulate the frequency of water pumps, and manage the operation of the refrigerators (starting and stopping them as needed), thereby reducing energy waste. Moreover, Pharmaron Ningbo utilized condensing steam boilers. Through the heat exchange between water and flue gas, the flue gas temperature was lowered to the condensation temperature of water vapor. This process harnesses the latent heat released during steam condensation and progressively increases the condensation rate, thereby enhancing boiler efficiency and reducing energy consumption.

Case: Pharmaron Qingdao implements precision energy management

As the R&D support department, Qingdao laboratory is equipped with numerous precision instruments that have high requirements for temperature and humidity. To ensure the normal operation of these instruments, the laboratory installs split air conditioning units and closes modular air handling units to meet the temperature requirements of precision instrument rooms and reduce energy consumption. Besides, the laboratory adopts an automatic control ventilation system that is able to adjust the supply and exhaust air volumes by varying the opening of fume hood windows and doors. The precise control of airflow velocity helps to reduce fan power, thereby achieving energy conservation.

Case: AniKeeper Zhaoqing optimizes animal feeding & heating equipment

AniKeeper Zhaoqing installed air-source electric heaters for animal heating and added intelligent controllers. These controllers automatically regulate the operation of the electric heaters based on the temperature. When the outdoor temperature reaches the rated value, the air-source electric heaters automatically stop. With a heating period of approximately 90 days per year, AniKeeper Zhaoqing saves about 500 kWh of electricity per day through these control measures, effectively reducing energy consumption.

Promoting Clean Energy

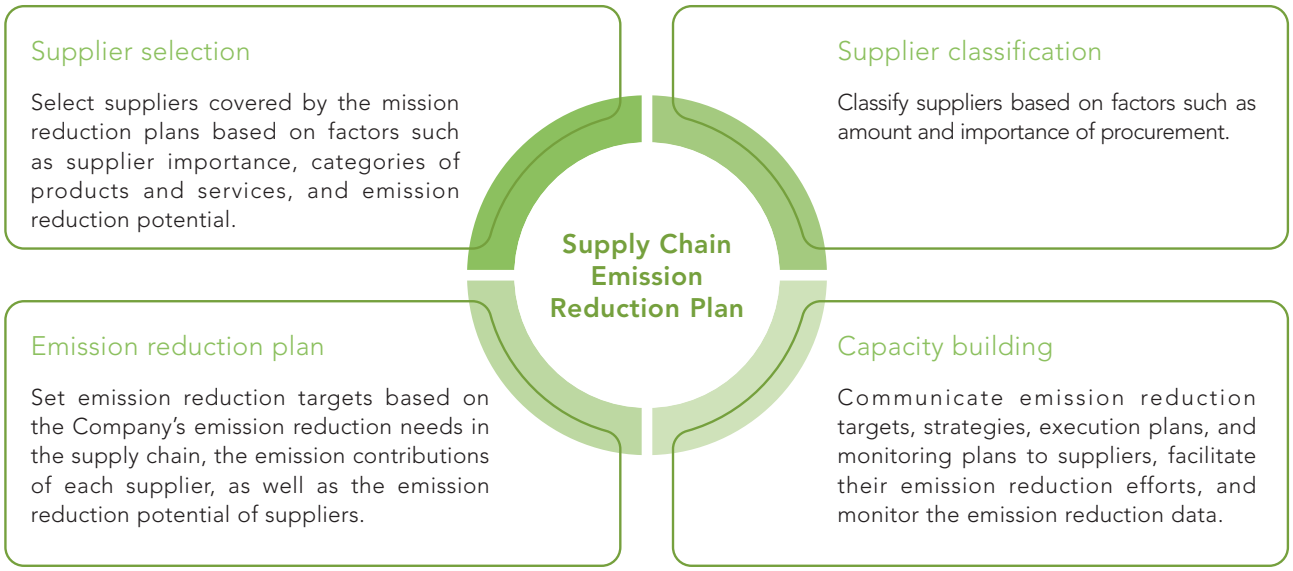
The Company is committed to exploring energy-saving and emission-reducing technologies and optimizing energy structure. We are actively promoting the use of clean energy sources such as photovoltaic power generation and biomass to reduce carbon emissions from the source.

- Implement the Green Electricity Pilot Project: In 2023, we initiated green electricity pilot projects in Chinese sites. We also organized relevant training and actively participated in industry practices and exchanges, thus laying a solid foundation for the future energy transition of the Company.
- Explore the Use of Renewable Energy: Cramlington Site maintained close cooperation with local biomass energy suppliers. In 2023, approximately 85% of the electricity used was generated from biomass and around 90% of the steam was biomass-fired steam. Moreover, all energy used in Liverpool Site came from renewable sources.

Renewable Energy Use by Liverpool Site, Pharmaron UK

Supporting Value Chain Emission Reduction

Reducing carbon emissions in value chain is an essential part of the Company's low-carbon transformation. It is also a crucial means to drive stakeholders towards carbon reduction and carbon neutrality in society. Pharmaron is dedicating to undertaking value chain emission reduction initiative. We have initially formulated a supply chain emission reduction plan. Through collaboration with raw material suppliers and other value chain partners, the Company aims to identify emission reduction opportunities, thereby facilitating the low-carbon transformation of the value chain.



Case: Conducting environmental questionnaire for suppliers

In 2023, the Company sent environmental survey questionnaires to key suppliers to assess their emission reduction efforts. The questionnaire aimed to comprehensively understand the willingness of suppliers to reduce emissions and raise their enthusiasm for emission reduction. The questionnaire covered topics such as environmental indicators and target setting, environmental disclosure, commitment to emission reduction, and product carbon footprint. This activity provided deeper insights into the environmental performance and management practices of suppliers, thus laying a solid foundation for the Company's supply chain emission reduction plan.

Meanwhile, Liverpool Site also distributed an Environmental, Health, and Safety (EHS) questionnaire to suppliers. The questionnaire included environmental policies, environmental management system certification, environmental management plans, and external audit supervision. It proposed requirements for suppliers' environmental performance.

Case: Collaborating with transportation service providers to reduce value chain carbon emissions

In 2023, Pharmaron optimized its transportation mode by reducing inter-site transportation frequency through measures such as consolidating shipments and standardizing packaging. Moreover, the Company cooperated with external transportation service providers to track the carbon emissions throughout the transportation process. The cooperation aimed to identify and select green transportation services and effectively reduce carbon emissions in the transportation process along the value chain. Pharmaron joins hands with value chain partners and strives for a greener future.

Sustainability & Climate Change Risk Management

Pharmaron consistently enhances its sustainability and climate change development risk management system. The Company also integrates the management of sustainability and climate change risks and opportunities into its overall risk management framework. In response to national climate strategies and global climate issues, Pharmaron identifies and evaluates the climate change transition risks and physical risks it faces and takes proactive measures to address them.

Risk Category		Risk Description
Transition risks	Policy and regulatory risk	Increasingly stringent carbon emission disclosure requirements
		Fluctuations in business caused by policy changes
	Technology risk	Trends towards low-carbon and energy-saving technology R&D and transformation
	Market risk	Market supply and demand instability caused by climate change
		Customers lean towards eco-friendly businesses, services, and products
	Reputation risk	Stakeholders care for climate response performance
Physical risks	Acute risk	Extreme weather events such as typhoons, floods, droughts, high temperatures, and cold spells
	Chronic risk	Challenges related to persistent high temperatures and water scarcity

Financial Impact	Countermeasure
• Diverse measures are adopted to achieve climate change emission reduction targets, leading to increased operational costs.	• Establish carbon emission reduction targets, track carbon emission levels, as well as formulate and adjust corporate climate strategies and emission reduction action plans accordingly.
• The Company may increase investment in policy-oriented related business.	• Track and study the latest policy and regulatory requirements; • Analyze future policy development trends and adequately prepare for policy changes.
• Proactively phase out high-energy-consuming equipment and adopt energy-saving and emission-reducing equipment and technologies.	• Explore and apply low-carbon technologies in production and enhance equipment efficiency; • Increase the utilization rate of renewable energy sources.
• Extreme weather risks may cause supply chain disruptions, further leading to increased procurement costs.	• Analyze the impact of climate change on market supply and demand and make full preparation for it; • Strengthening supply chain resilience to climate risks by adding the assessment of suppliers' ESG performance
• Additional costs incurred to meet customers' environmental requirements.	• Accelerate the transition to low-carbon development by adopting low-carbon products and technologies as much as possible; • Regularly disclose eco-friendly initiatives and environmental performance to demonstrate the commitment to low-carbon transformation.
• Potential decline in market value due to poor climate response performance.	• Strengthen the comprehensiveness of climate disclosure by consistently disclosing carbon emissions data and progress towards emission reduction targets; • Increase communication with stakeholders to collect and respond to investors' and other stakeholders' opinions and demands regarding environmental management.
• Increased operational costs due to the need for equipping or updating emergency equipment.	• Regularly identify various climate risks affecting the Company's operational stability during routine operations and formulate response measures; • Prepare emergency management plans and contingency measures, including measures aimed at addressing extreme natural disasters; • Enhance emergency management equipment and supplies, such as sandbags during flood seasons and snow removal tools, along with routine inspection procedures to promptly address any deficiencies discovered.
• Possible increase in subsidy costs incurred by sufficient water for health in high-temperature environments.	• Adopt efficient and energy-saving heating and cooling systems; • Improve water resource management systems, utilize water-saving appliances, and promote water conservation concepts in daily operations.

Green Operations

Environmental Management System

To uphold the environmental strategy and achieve sustainable targets, Pharmaron continuously enhances its environmental governance structure. The Board of Directors and the Strategy Committee oversee the Company's environmental management efforts. The Compliance and ESG Committee supervises and evaluates the effectiveness of the environmental management system, while the Environmental, Health, and Safety (EHS) Department fulfills the role of environmental management. The EHS Department is tasked with facilitating the orderly implementation of environmental management efforts and ensuring that corporate operations comply with environmental regulations and internal environmental policies. Guided by sustainable targets, various environmental initiatives are implemented to steer the Company's green development. The Pharmaron UK Sustainability Committee holds quarterly cross-site meetings to discuss sustainable development plans, updates on environmental legislation, cross-site best practices, personnel training, and other relevant matters. These efforts have provided guidance for environmental management and operations.

We strictly abide by the applicable laws and regulations in the locations where we operate, including the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China,* the *Environmental Protection Act 1990* of the UK, the *Environment Act 2021* of the UK, the *Energy Policy Act of 2020* of the US, as well as environmental protection regulations promulgated by the United States Environmental Protection Agency and the Maryland State. With reference to the regulatory standards of each operating site, we have established a series of environmental management documents, including the *Environmental Protection Management Procedures*, the *Environmental Monitoring and Measurement Management Procedures*, and the *Environmental Pollution Incident Management Procedures*. These documents form a comprehensive environmental management system focusing on key areas such as environmental management, monitoring, and emergency response. The system clearly outlines the Company's environmental management responsibilities and procedures, thus helping to effectively monitor and manage environmental risks and achieve green transformation and sustainable development. In 2023, no major accidents impacting the environment and natural resources have occurred, and no administrative penalties have been imposed for violating environmental laws and regulations.

Identification of environmental risks	• Identify all activities and processes involved in drug R&D, procurement, research testing, chemical storage, packaging, and transportation, and assess various environmental risks such as wastewater, air emissions, solid waste, material and resource usage, and energy consumption.
Assessment of environmental risks	• Carry out risk analysis and assessment for all activities and processes involved in drug R&D, procurement, R&D testing, chemical storage, packaging, and transportation in terms of environmental factors such as wastewater, air emissions, solid waste, material and resource usage, and energy consumption; strive to minimize the adverse environmental impacts of corporate production and operations. • Formulate the *Environmental Factor Identification and Evaluation Summary Table* and the *List of Significant Environmental Factors* based on the assessment results, integrate the environmental factors of the list into the Company's EHS targets and programs to effectively control and manage environmental risks; establish control mechanisms to reduce the likelihood of environmental accidents involving significant environmental factors.
Environmental management and monitoring	• Strictly implement the system which specifies that "environmental protection facilities of construction projects shall be designed, constructed, put into operation and use simultaneously with the main project"; regulate the environmental management and environmental impact assessments for new projects, prioritize using eco-friendly materials and minimize adverse impacts on the surrounding environment during construction. • Establish a sound environmental management system for daily operations, regularly identify environmental risks in corporate operations and production, track and evaluate the Company's environmental management and performance, and ensure full compliance with environmental regulations.
Response to emergency environmental incidents	• Formulate and improve the *Environmental Pollution Accident Emergency Rescue Plan,* conduct risk assessment and regular emergency drills, etc. to improve the emergency response capabilities and response effectiveness of all employees to cope with emergency environmental accidents. • Develop the *Disaster Response Plan and Emergency Response Procedures*, establish an emergency management mechanism with unified command, hierarchical responsibility, and rapid response to address potential natural disasters such as typhoons, earthquakes, lightning, fires, and floods; standardize forecasting and warning procedures and emergency response protocols to effectively prevent natural disasters and minimize injuries, fatalities, and property losses.

Pharmaron Environmental Management System

Pharmaron actively promotes environmental management system certification. Pharmaron Beijing, Cramlington Site, and Liverpool Site have all obtained ISO 14001 certification.

ISO 14001 Environmental Management System Certificate

Environmental Management Practices

The Company adheres to the principle of green operations. We implement low-carbon operational strategies in daily office work, employee commuting, as well as resource and energy usage. We also integrate the concept of low-carbon operations in every way.

Green Office

Paperless office system

- Office system: We establish a mobile office automation (OA) platform to manage applications such as attendance, approvals, contact lists, and email;
- Conference system: We extensively use teleconferencing and video conferencing equipment to reduce offline meetings;
- We implement travel and visitor registration systems to facilitate the transition to paperless office.

Work from home

- Most of the scientific work involves dedicated lab space and instruments which requires the employees to carry out their works on site. If the nature of the job permits, the Company allows certain flexibility to work from home (WFH) on an as-needed basis, thus reducing carbon emissions caused by employee commuting.

Resource recycling

- Reuse of over 2,500 used cartons during transfers, relocations, etc. to reduce resource waste from purchasing new ones;
- Develop a process for redistributing surplus materials and reallocate used or unopened materials to other projects after assessment;
- Purchase rechargeable batteries for emergency call devices and similar equipment to reduce the generation of waste batteries;
- Hoddesdon Site provides sustainable travel cups made from sugarcane, encourages employees to reduce the use of disposable paper and plastic cups, and raises their awareness of protecting the environment and avoiding resource waste.

Energy-saving lighting retrofit

- Carry out LED lighting retrofit projects for several years and replace traditional lighting with energy-efficient LED lights.

Building energy management

- Set temperature limits for air conditioning and adjust temperatures in different periods of time; manually control temperature during working hours according to actual conditions; utilize fan control systems to operate fans at low frequencies during idle periods to reduce unnecessary energy consumption;
- Renovate the exterior walls of old buildings and add rock wool insulation to improve insulation effectiveness;
- Pharmaron UK implements a Building Management System (BMS) to manage and monitor heating usage;
- Pharmaron Xi'an applies for green building certification.

Water Management

Pharmaron attaches great importance to water use and conservation. The Company has formulated and implemented strict water management strategies. We also strive to reduce water waste in the production process through methods such as recycling production wastewater. In 2023, Pharmaron reduced water consumption by nearly 78,000 tons compared to the previous year. Specifically, certain sites have accomplished annual water consumption reductions ranging from approximately 1,200 to 18,000 tons.

AniKeeper Zhaoqing utilizes a microbiological decomposition system to purify wastewater from animal husbandry, which is then used for irrigating papaya fields.

Pharmaron Tianjin switches from using tap water to recycled water for the cooling of the Regenerative Thermal Oxidizer (RTO) scrubber pump seal.

Pharmaron TSP collects condensate water, boiler wastewater, wastewater from pure water production, and wastewater from cage washing for secondary reuse, such as irrigation for green spaces and pre-rinsing dirty cages.

Pharmaron Zhanjiang collects wastewater and animal excrement from animal husbandry into a biogas digester for fermentation, which is then used for irrigating banana plantations.

Hoddesdon Site, Pharmaron UK installs water purification equipment. The treated water can be directly used for production and equipment cleaning. Wastewater generated during the cleaning process is collected and treated in compliance with relevant regulations, and should be recycled.

During daily office, the Company reduces water waste through measures such as inspecting public facilities and installing signage. Furthermore, we carry out water conservation campaigns to raise the water-saving awareness of all employees and fulfill corporate responsibilities.

Biodiversity Protection

Pharmaron upholds the concept of biodiversity protection. We constantly monitor the potential impact of corporate operations on the surrounding environment and ecosystems and conduct ecological impact assessments. The Company also joins ecological conservation organizations, actively contributes to the construction of ecological systems, and strives for the harmonious coexistence between man and nature.

Case: Cardiff Site, Pharmaron UK conducts ecological impact assessment

Cardiff Site in the UK developed standardized procedures for environmental sample collection and storage. Efforts were made to regularly collect samples of rainwater, surface water, milk, grassland, fruits and vegetables, and seawater from the vicinity of the operating sites. Third-party testing agencies were hired to analyze these samples and identify the impact on the surrounding natural environment. In this way, we protected the biodiversity of the surrounding areas. Cardiff Site regularly reports the test results to the Natural Resources Wales to ensure environmental compliance.

Case: Pharmaron supports the "Ren Xiaomi" program launched by the Alxa SEE Ecological Association

In 2023, Pharmaron continued to support the "Ren Xiaomi" program launched by the Alxa Society of Entrepreneurs and Ecology (SEE) Ecological Association. The plan aims to help local farmers in the Alxa region to plant millet crops with low water consumption, alleviating environmental issues including water scarcity and desertification in the desert oasis areas. Pharmaron continues to support the Millet Field, thus contributing to water conservation efforts in the desert.

Environmental Awareness Training and Communications

In 2023, Pharmaron insisted on organizing various environmental protection publicity and training activities focused on topics such as proper disposal of waste, emergency response to environmental incidents, and environmental knowledge. Aiming to raise all employees' environmental awareness, these initiatives effectively conveyed the Company's philosophy of low-carbon development and fostered an eco-friendly atmosphere.

All employees

- Conduct training on topics such as "Environmental Knowledge" and "Contingency Plan of Environmental Emergencies" to help all employees deepen their understanding of environmental protection;
- Regularly promote safety, environmental protection, and occupational health knowledge through the quarterly "Pharmaron EHS Newsletter".

Employees in special positions

- Provide professional training tailored to the needs of part-time safety officers, EHS department staff, laboratory researchers, and other relevant personnel. The training includes "Common Issues in Laboratory Inspections" and "Training for High-Risk Operations Permits".

New employees

- Include environmental protection-related training sessions such as "Environmental Knowledge Training", "Classification of Hazardous Waste", and "Case Studies of Laboratory Violations" in the onboarding training program for new employees to raise their awareness of environmental protection.

Case: Hoddesdon Site, Pharmaron UK organizes "Earth Day" activity

On April 22, 2023, during the World Earth Day, Hoddesdon Site gave away eco-friendly water bottles to all employees. These bottles are 100% recyclable and made from sugarcane, which helps to save remarkably more resources compared to traditional plastic production processes. Additionally, the initiative aimed to encourage employees to use their own cups to reduce the use of disposable paper cups in the office. The one-week "Earth Day" event covered various aspects of environmental protection and sustainable development. Relevant activities included Meat-Free Monday and a potted plant competition for sowing wildflower meadows. These initiatives encouraged employees to gain a deeper understanding of the environment, biodiversity, and specific measures to protect the Earth. The event received positive responses from employees, inspiring them to enhance their environmental awareness in their daily work. In the future, Pharmaron will continue to implement more innovative and effective measures to contribute to creating a green and sustainable planet.

Indicators of Resource Use	Unit	2023	2022	2021	2020
Total water consumption	tonnes	1,787,904.25	1,710,203.52	1,155,027.40	820,715.48
Water consumption per RMB10,000 of revenue	t/RMB 10,000	1.55	1.67	1.55	1.60
Total consumption of packaging materials	kg	16,210.00	13,870.00	11,170.00	44,320.00
Consumption of packaging materials per RMB10,000 of revenue	kg/RMB 10,000	0.014	0.014	0.015	–

Pollution Prevention and Mitigation

Pharmaron strives to develop in harmony with nature. We make persistent efforts to reduce the generation of pollutants, protect and improve the environment, and ensure compliant disposal of waste. The Company strictly complies with applicable laws and regulations in the locations where it operates, including 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 Wastes*, the *Control of Pollution Act 1974* of the UK and the Waste *(England and Wales) Regulations 2011* of the UK, the *Clean Water Act* of the US and the *Clean Air Act* of the US. Pharmaron has established and followed standard operating procedures such as the *Wastewater Treatment Station Management Procedures*, the *Waste Management Procedure*, and the *Exhaust Gas Control Management Procedure* to strengthen the control and management of pollutant emissions. The Company regulates the management of emissions, wastewater, and solid waste generated during production and operations. In 2023, the Company did not experience any major environmental pollution incidents or incur any related penalties.

The Company has established a sound pollution prevention and mitigation system. We are engaged in controlling emergency environmental pollution events, enhancing the management of facilities on site, and regulating the collection and classification of waste. The aim is to construct an efficient and scientific pollution prevention and mitigation system and prevent environmental pollution and ecological damage events.

Air Pollutant Management

Pharmaron follows a "classification-disposal-monitoring" approach for full-process management of air pollutant disposal. We introduce advanced technologies, equipment, and refine production processes to minimize pollutant emissions throughout the process.

Routine management

Classification

- Manage the exhaust gas generated by category, mainly including exhaust gas from boilers, laboratories, and animal laboratories;
- Collect and classify the exhaust gas as required by the governments of the operating sites.

Disposal

- Treat all exhaust gas outlets except the boilers uniformly with activated carbon to absorb toxic and harmful components in the exhaust gas, regularly replace the activated carbon filter screen, and check the fume hoods and ventilation systems to ensure the air quality within the facility;
- Properly collect and treat exhaust gas and process tail gas generated in the process of R&D and production before discharge.

Monitoring

- Entrust qualified third-party testing companies to conduct regular testing of exhaust gas from laboratories and boilers according to the requirements of each operating site and issue testing reports. In 2023, all of the Company's test results were qualified.

Emission reduction measures

R&D

- Promptly seal all containers storing chemicals to minimize the volatilization of volatile organic compounds and put chemicals in explosion-proof cabinets or medicine cabinets with exhaust ventilation.

Production

- Adopt low-nitrogen combustion heads for heating boilers to reduce the nitrogen oxide emissions.

Solid Waste Management

Pharmaron consistently improves solid waste management and classification at the source. We also ensure proper disposal of various categories of waste such as hazardous waste, animal carcasses, and household garbage. In 2023, the Company achieved 100% compliance of waste disposal.

Classification		• Categorize the waste into domestic waste, general industrial waste, sharp-edged waste, hazardous waste, etc. according to the regulatory requirements of each operating site and the nature of the waste; • 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	Hazardous waste	• Cooperate with qualified third-party companies to properly dispose of hazardous waste in according with the requirements of the operating site; • Record the type, quantity, disposal, and other information of hazardous wastes such as organic solvent waste to realize real-time management. In 2023, Pharmaron Tianjin entrusted a qualified company to recycle solvent through distillation towers, with a recovery rate of approximately 10%; • Recycle a portion of hazardous waste generated, lower production costs, and reduce environmental pollution.
	Animal carcasses	• Entrust qualified third parties to conduct harmless disposal of carcasses and signs agreements. Collect separately medical waste such as animal carcasses and tissues by designated personnel on a regular basis every day and uniformly place the waste in the dedicated storage room for waste in compliance with relevant regulations.
	Domestic waste	• Entrust qualified third-party companies to recycle and treat household wastes. Treat recycled household wastes by incineration and reuse the treated household wastes for thermal power generation; • Engage qualified third-party companies to treat kitchen waste and maximize recycling in compliance with legal requirements.
	Recyclable waste	• Recycle recyclable garbage such as cartons, wood, plastic, and foam by category to improve resource utilization. In 2023, Pharmaron Shanghai repaired damaged large glass instruments at the factory, thus reducing the need for new instrument purchases and enhancing resource utilization.
Monitoring		• Functional departments supervise and inspect the generation, emission, and disposal of waste.

Case: Strengthening hazardous waste management

In 2023, Pharmaron Beijing Technology Development formulated the *Hazardous Waste Management Plan* and the *incentive plan for reducing solvent use*. Both plans aimed to implement "energy conservation, consumption reduction, pollution reduction, and efficiency enhancement" from the stage of process development. We encouraged employees to reduce the use of organic solvent at the source.

Pharmaron Beijing Technology Development also continued to enhance publicity and training on clean production. Emergency activities were organized to cope with hazardous waste leakage. This effort strengthened the environmental awareness of relevant personnel and their ability to handle emergency environmental incidents. It effectively prevented, controlled, and mitigated the hazards of emergency hazardous waste leakage incidents, thus minimizing the losses caused by such accidents.

Disposal of Hazardous Waste Leakage

Case: Conducting hazardous waste training

In 2023, Pharmaron Qingdao formulated the *Hazardous Waste Management Plan*, organized a variety of activities, such as environmental knowledge dissemination, specialized inspections on hazardous waste management, and training sessions delivered by experts from external environmental consulting agencies. Employees not only mastered environmental protection knowledge and relevant laws and regulations but also enhanced awareness of environmental protection. In February 2023, Pharmaron Qingdao also organized a specialized training session on hazardous waste. The training covered topics such as the definition of hazardous waste, classification of laboratory waste, waste handling, transfer procedures, and the disposal process for hazardous chemicals. These trainings effectively raised employees' awareness of waste management and enhanced the overall waste management capabilities.

Hazardous Waste Training

Noise Management

Pharmaron places great emphasis on the potential hazards of noise pollution. We actively take measure to reduce noise and minimizing impact on employees and the surrounding environment. The Company strictly abides by relevant laws and regulations of the operating sites, including 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 UK, and the *Noise Control Act* of the US. We also engage third-party agencies to monitor the noise generated during construction processes.

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. Noise elimination measures for public engineering units include foundation vibration reduction, soft connections, and factory noise isolation. We provide a closed workshop for the sewage pump room and use building materials with good sound insulation effects. Additionally, green belts are constructed around the Company's buildings and factory boundaries to reduce noise, thus maximizing the natural attenuation of noise with distance. Furthermore, Pharmaron UK conducts noise surveys both inside and outside the buildings, ensuring compliance with noise standards at the factory boundary and within indoor environments.

Performance Indicator	Unit	2023	2022	2021	2020
Exhaust gas					
Total emission of exhaust gas	standard cubic meter	38,929,953,297.28	31,225,570,734.59	19,765,426,359.32	13,906,732,802.75
Total emission of exhaust pollutants	tonnes	118.10	84.38	64.33	33.00
Sulfur dioxide	tonnes	0.58	0.26	0.12	0.19
Nitrogen oxide	tonnes	12.71	1.90	1.34	1.85
Particulate matter	tonnes	1.71	0.18	0.08	1.36
Volatile organic compound	tonnes	103.10	82.04	62.79	28.99
Waste water					
Discharge of waste water	standard cubic meters	1,179,158.65	1,054,522.70	820,896.50	641,003.60
Total amount of wastewater pollutants discharged	tonnes	160.81	170.44	45.48	54.53
Chemical oxygen demand	tonnes	149.37	162.40	37.04	50.69
Ammonia nitrogen emissions	tonnes	3.14	2.18	2.64	3.04
Total nitrogen	tonnes	7.80	4.94	5.27	–
Total phosphorus	tonnes	0.50	0.92	0.53	0.80
Non-hazardous waste					
Total amount of non-hazardous waste	tonnes	6,107.73	4,778.25	2,035.04	3,114.84
Density of non-hazardous waste	t/RMB 10,000	0.005	0.005	0.003	0.006
Total recovered amount of non-hazardous waste	tonnes	876.69	540.12	–	–
Hazardous waste					
Total amount of hazardous waste	tonnes	23,018.80	20,210.57	15,569.54	8,432.59
Density of hazardous waste	t/RMB 10,000	0.020	0.020	0.020	0.016
Total recovered amount of hazardous waste	tonnes	2,304.33	1,196.99	–	–

Notes:
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 2022, mainly due to the continuous business development. During the reporting period, more entities were put into operation and more entities under construction were included.
3. During the reporting period, medical waste categorized as hazardous waste encompassed not only animal carcasses, but other types of medical waste. In 2022, medical waste data only included animal carcasses.

06

Public Welfare and Charity

Adhering to a people-oriented philosophy, Pharmaron delves deep into the actual needs of the public. We engage in charitable endeavors, advocate for the demands of vulnerable groups, prioritize ecological and environmental conservation, and actively support the progress of local communities.

Advancing Industrial Development

Pharmaron attaches great importance to industry exchanges and cooperation. We actively participate in various industry activities and strive to contribute our value to industrial development. By sharing our experience, knowledge, and technologies, we continuously enhance our competitiveness. We look forward to exploring new opportunities for collaboration with more partners to jointly create a better future.

Case: Pharmaron UK participates in the exchange activities organized by Biophorum

Biophorum is a global collaboration group that brings together leaders and experts from numerous biopharmaceutical companies to address existing and emerging challenges that impact the industry. It also aims to share best practices and implement solutions. As an active member, we engage in a variety of activities including online events, case sharing, writing and reviewing white papers, and delivering presentations at webinars and conferences in addition to regular meetings. Our efforts have effectively facilitated resource sharing and promoted technological progress and development.

Social Contribution

We actively engage in various initiatives such as natural disaster relief, education on technology and innovation, rural teacher support, and social donations to demonstrate our corporate social responsibility and commitment. In 2023, we were granted the "2023 Social Contribution Enterprise" by the Beijing Economic-Technological Development Area.

In order to better integrate resources of all sides and leverage industry advantages, Pharmaron signed a cooperation agreement with the Beijing E-Town Cooperation & Development Foundation in 2021. The cooperation aimed to establish a special fund for "Pharmaron Health Wisdom". As of the end of 2023, the Company had contributed to the continuous improvement and restoration of the ecological environment and promoting sustainable development as a member of Alxa SEE Ecological Association for five consecutive years.

In 2023, Pharmaron donated a total of RMB4.90 million, including RMB2.5 million spent through "Pharmaron Health Wisdom Special Fund", as part of our endeavor to fulfill social responsibility and give back to society.

"2023 Social Contribution Enterprise" by the Beijing Economic-Technological Development Area

Certificate of Alxa SEE Ecological Association

Case: Supporting flood relief efforts in Fangshan District

In August 2023, sudden heavy rainfall in Beijing caused floods in areas such as Mentougou District and the mountainous regions of Doudian in Fangshan. The flooding resulted in varying degrees of damage to urban roads, bridges, and rural homes in the affected areas. Led by the Beijing E-Town Cooperation & Development Foundation, Pharmaron actively participated in flood relief efforts in Fangshan District. The Company contributed RMB200,000 to the Fangshan District Red Cross Society to aid severely affected areas.

Case: Funding earthquake relief in Jishishan County, Gansu Province

On December 18, 2023, an earthquake with a magnitude of 6.2 struck Jishishan County, Linxia Prefecture, Gansu Province, resulting in significant casualties and property damage. The Beijing E-Town Cooperation & Development Foundation actively participated in disaster relief efforts and organized the" Funding Earthquake Relief in Jishishan County" project. The Pharmaron Health Wisdom Special Fund Committee responded promptly by donating RMB500,000 to support the relief work in Jishishan County and help the affected residents through the difficult time.

Case: Funding drought relief in Sonid Right Banner, Inner Mongolia

In recent years, Inner Mongolia has been affected by varying degrees of drought, severely impacting the daily lives of local herders. In response to a request from the People's Government of Sonid Right Banner, the Beijing E-Town Cooperation & Development Foundation mobilized multiple special funds to launch a donation campaign. In February 2023, the Company donated RMB500,000 in cash through the" Pharmaron Health Wisdom Special Fund" to support drought relief efforts in Sonid Right Banner and consolidate the achievements in poverty alleviation.

Case: Science & innovation education project themed "Unbounded Technology, Infinite Dream"

Pharmaron cares for the growth of the youth and hopes to promote their all-round development in morality, intelligence, physical fitness, aesthetics, and labor skills. In June 2023, the Company purchased 2,000 tickets worth RMB300,000 through the "Pharmaron Health Wisdom Special Fund". The fund is used to sponsor the science & innovation education program themed "Unbounded Technology, Infinite Dream" organized by the Beijing E-Town Cooperation & Development Foundation. This initiative aimed to help students experience the joy of "education + entertainment" at the experiential store of "Crazy Magee" in Beijing.


捐赠证书
DONATION CERTIFICATE

康龙化成(北京)新药技术股份有限公司:

感谢您对北京亦城合作发展基金会公益事业的支持！所捐赠的现金叁拾万元整，我们会遵照您的意愿，全部用于公益事业。

特颁此证，铭志善举！

证书编号：0214

北京亦城合作发展基金会
2023年6月15日

"Crazy Magee" Ticket Donation Ceremony and Donation

Case: "Spark Plan" for rural excellent teachers

In response to the central government's strategy for rural revitalization, Pharmaron actively supports the development of rural education. In July 2023, the Company donated RMB1 million to support the "Spark Plan", a public-welfare training program for excellent rural teachers, through the "Pharmaron Health Wisdom Special Fund. "Additionally, Pharmaron set up the "Pharmaron Wisdom Class" consisting of 50 excellent female teachers from Guizhou, Sichuan, and other regions. We facilitated various activities for these teachers, including visits to enterprises in Beijing Economic-Technological Development Area, tours of production workshops and manufacturing bases, as well as participation in lectures by professors from prestigious universities and team-building activities. These initiatives aimed to broaden the teachers' educational perspectives and enrich their practical knowledge.

Opening Ceremony of Training Class and Presentation of Class Banner

Case: "Alxa – Desert Water-Saving Millet" donation

In July 2023, Pharmaron donated a total of 2,000 bags of millet, worth RMB28,000, to the Beijing E-Town Cooperation & Development Foundation. The millet of the "Alxa – Desert Water-Saving Millet" initiative was sourced from the Millet Field purchased by the Company. These donations were distributed to each teacher in the "Pharmaron Health Wisdom Training Class", which reflected our care and support for teachers.


捐赠证书
DONATION CERTIFICATE

康龙化成(北京)新药技术股份有限公司:

感谢贵公司对北京亦城合作发展基金会公益事业的支持!

所捐赠的物资价值贰万捌仟元整，我们会遵照您的意愿，全部用于公益事业。

特颁此证，铭志善举!

证书编号:

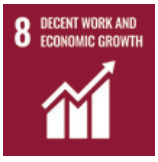
北京亦城合作发展基金会

2023年7月23日

"Alxa – Desert Water-Saving Millet" donation

Appendix 1 Responses to UN SDGs

Pharmaron supports the UN SDGs and contributes its efforts in the frontiers such as social welfare, education, gender, energy, resources, climate, among others.

SDGs	Pharmaron's Actions in 2023
	• Growing Together with Talent
	• Growing Together with Talent
	• Responsible Operations • Growing Together with Talent • Public Welfare and Charity
	• Growing Together with Talent
	• Sustainability Governance • Growing Together with Talent
	• Low-carbon Development
	• Low-carbon Development
	• Growing Together with Talent

SDGs	Pharmaron's Actions in 2023
	• Responsible Operations • Superior Quality and Service • Growing Together with Talent
	• Sustainability Governance • Growing Together with Talent • Public Welfare and Charity
	• Low-carbon Development • Public Welfare and Charity
	• Responsible Operations • Superior Quality and Service • Low-carbon Development
	• Low-carbon Development
	• Low-carbon Development
	• Public Welfare and Charity
	• Sustainability Governance
	• Responsible Operations • Public Welfare and Charity

Appendix 2 Key Performance Table

Environmental performance

Performance indicators	Unit	2023	2022	2021	2020
Energy consumption					
Consumption of natural gas	10,000 standard cubic meters	1,264.53	873.23	636.70	1,847.03
Diesel consumption	tonnes	40.78	11.98	9.72	13.85
Gasoline consumption	tonnes	82.01	37.86	33.83	26.39
Consumption of purchased electricity	10,000 kWh	29,425.57	23,418.79	15,679.04	11,306.12
Consumption of purchased heat	million KJ	207,050.43	111,312.57	48,427.17	–
Consumption of purchased steam	tonnes	149,808.51	132,771.74	91,999.00	67,693.00
Comprehensive energy consumption	tce	79,459.31	61,341.60	41,285.45	47,265.72
Comprehensive energy consumption per RMB10,000 of revenue	tce/RMB 10,000	0.069	0.060	0.055	0.090
GHG emissions					
Total GHG emissions (Scope 1 + Scope 2)	tCO_2e	251,495.98	183,166.48	128,641.76	90,531.27
GHG emissions per RMB10,000 of revenue (Scope 1 + Scope 2)	tCO_2e/RMB 10,000	0.22	0.18	0.17	0.18
Scope 1: Direct GHG emissions	tCO_2e	34,755.68	19,261.36	14,066.22	9,788.89
Scope 2: Indirect GHG emissions	tCO_2e	216,740.30	163,905.13	114,575.54	80,742.38
Scope 3: GHG emissions	tCO_2e	395,142.93	–	–	–
Resource use					
Total water consumption	tonnes	1,787,904.25	1,710,203.52	1,155,027.40	820,715.48
Water consumption per RMB10,000 of revenue	tonnes/RMB 10,000	1.55	1.67	1.55	1.60
Total consumption of packaging materials	kg	16,210.00	13,870.00	11,170.00	44,320.00
Consumption of packaging materials per RMB10,000 of revenue	kg/RMB 10,000	0.014	0.014	0.015	–
Exhaust gas					
Total emission of exhaust gas	standard cubic meter	38,929,953,297.28	31,225,570,734.59	19,765,426,359.32	13,906,732,802.75
Total emission of exhaust pollutants	tonnes	118.10	84.38	64.33	33.00
Sulfur dioxide	tonnes	0.58	0.26	0.12	0.19
Nitrogen oxide	tonnes	12.71	1.90	1.34	1.85
Particulate matter	tonnes	1.71	0.18	0.08	1.36
Volatile organic compound	tonnes	103.10	82.04	62.79	28.99

Performance indicators	Unit	2023	2022	2021	2020
Waste water					
Discharge of waste water	standard cubic meters	1,179,158.65	1,054,522.70	820,896.50	641,003.60
Total amount of wastewater pollutants discharged	tonnes	160.81	170.44	45.48	54.53
Chemical oxygen demand	tonnes	149.37	162.40	37.04	50.69
Ammonia nitrogen emissions	tonnes	3.14	2.18	2.64	3.04
Total nitrogen	tonnes	7.80	4.94	5.27	–
Total phosphorus	tonnes	0.50	0.92	0.53	0.80
Non-hazardous waste					
Total amount of non-hazardous waste	tonnes	6,107.73	4,778.25	2,035.04	3,114.84
Density of non-hazardous waste	tonnes/RMB 10,000	0.005	0.005	0.003	0.006
Total recovered amount of non-hazardous waste	tonnes	876.69	540.12	–	–
Total non-hazardous waste-by treatment methods					
Incineration	tonnes	2,437.68	578.58	–	–
Landfill	tonnes	1,838.22	65.32	–	–
Composting	tonnes	936.29	0.22	–	–
Recycling	tonnes	876.69	540.12	–	–
Reuse	tonnes	18.57	6.66	–	–
Other treat methods[63]	tonnes	–	3,587.35	2,035.04	3,114.84
Hazardous waste					
Total amount of hazardous waste	tonnes	23,018.80	20,210.57	15,569.54	8,432.59
Density of hazardous waste	tonnes/RMB 10,000	0.020	0.020	0.020	0.016
Total recovered amount of hazardous waste	tonnes	2,304.33	1,196.99	–	–
Total hazardous waste-by treatment methods					
Incineration	tonnes	12,916.45	8,888.32	–	–
Landfill	tonnes	11.63	308.59	–	–
Composting	tonnes	–	33.33	–	–
Recycling	tonnes	2,304.33	1,196.99	–	–
Reuse	tonnes	3,503.26	1,046.51	–	–
Materialization	tonnes	6.45	127.25	–	–
Supercritical water oxidation technologies	tonnes	3,218.60	2,889.15	–	–
Other treat methods[64]	tonnes	1,058.09	5,720.43	15,569.54	8,432.59

[63] The 2022 breakdown by treatment method is derived from internal information collection and is summed to be consistent with that disclosed data in the 2022 ESG Report. The data on non-hazardous waste in 2021 and 2022 is uniformly classified as other treatment methods by default.

[64] The 2022 breakdown by treatment method is derived from internal information collection and is summed to be consistent with that disclosed data in the 2022 ESG Report. The data on non-hazardous waste in 2021 and 2022 is uniformly classified as other treatment methods by default.

Social performance

Indicator		Unit	2023	2022	2021	2020
Employment	Total number of employees	person	20,295	19,481	14,923	11,079
	Number of male employees	person	9,200	9,057	7,093	5,550
	Number of female employees	person	11,095	10,424	7,830	5,462
	Number of full-time employees	person	20,295	19,459	14,906	11,012
	Number of employees in other forms of employment	person	400[65]	22	17	67
	Number of employees aged 30 and below	person	14,424	13,928	10,202	7,196
	Number of employees aged 31-50 (inclusive)	person	5,651	5,342	4,548	3,690
	Number of employees aged 51 and above	person	220	211	173	126
	Number of employees with a bachelor's degree and below	person	13,888	13,789	10,606	7,450
	Number of employees with a master's degree	person	5,436	4,810	3,647	–
	Number of employees with a doctor's degree and above	person	971	882	670	–
	Number of Chinese employees (including Hong Kong, Macao and Taiwan)	person	18,653	17,896	13,773	–
	Number of overseas employees	person	1,642	1,585	1,150	–
	Number of senior managers (including board of directors)	person	90	92	87	68
	Number of middle managers	person	4,194	3,615	2,862	1,925
	Number of non-management employees	person	16,011	15,774	11,974	9,019
	Number of employees with disabilities	person	161	131	–	–
	Total new hire rate	%	18.15	–	–	–
Percentage of female employees	Percentage of female employees in the workforce	%	54.67	53.51	52.47	49.30
	Percentage of female employees in the management	%	45.47	44.59	–	–
	Percentage of female junior management in the management	%	45.95	–	–	–
	Percentage of female senior management (including directors) in the management	%	23.33	–	–	–
	Percentage of female management within revenue-generating functions	%	53.47	–	–	–
	Percentage of female employees in STEM-related positions	%	55.57	–	–	–
Percentage of employees by nationality	China (including Hong Kong, Macao and Taiwan)	%	91.91	–	–	–
	Overseas	%	8.09	–	–	–

[65] The statistical caliber changed in 2023.

Indicator			Unit	2023	2022	2021	2020
Percentage of minority and/or vulnerable group employees in the total workforce	The proportion of ethnic minority employees working in the Chinese Mainland	Han	%	86.36	–	–	–
		Manchu	%	1.68	–	–	–
		Mongol	%	0.68	–	–	–
		Tujia	%	0.66	–	–	–
		Hui	%	0.60	–	–	–
		Zhuang	%	0.44	–	–	–
		Miao	%	0.42	–	–	–
		Dong	%	0.11	–	–	–
		Korean	%	0.09	–	–	–
		Other ethnic minorities besides the above	%	0.87	–	–	–
		Percentage of ethnic minorities employees	%	5.55	–	–	–
	Percentage of minority ethnic and/or disadvantaged group employees in senior management positions in Chinese mainland		%	2.22	–	–	–
Employment length	Average employment length of male employees		year	3.41	–	–	–
	Average employment length of female employees		year	2.50	–	–	–
Employee turnover	Employee turnover		person	2,869	–	–	–
	Employee turnover rate		%	14.14	14.61	–	–
	Male employee turnover		person	1,291	–	–	–
	Male employee turnover rate		%	14.03	12.81	–	–
	Female employee turnover		person	1,578	–	–	–
	Female employee turnover rate		%	14.22	16.15	–	–
	Turnover of employees aged 30 and below		person	2,381	–	–	–
	Turnover rate of employees aged 30 and below		%	16.51	15.67	–	–
	Turnover of employees aged 31-50 (inclusive)		person	462	–	–	–
	Turnover rate of employees aged 31-50 (inclusive)		%	8.18	11.66	–	–
	Turnover of employees 51 and above		person	26	–	–	–
	Turnover rate of employees 51 and above		%	11.82	17.54	–	–
	Turnover of Chinese employees (including Hong Kong, Macao and Taiwan)		person	2,638	–	–	–
	Turnover rate of Chinese employees (including Hong Kong, Macao and Taiwan)		%	14.14	14.45	–	–
	Employee turnover in the UK		person	118	–	–	–
	Employee turnover in the US		person	113	–	–	–
	Employee turnover rate out of China		%	14.07	16.21	–	–
	Voluntary employee turnover		person	2,638	–	–	–
	Voluntary employee turnover rate		%	13.00	14.43	–	–
	Number of employees who leave the company over 3 years		person	468	–	–	–
	Turnover rate of employees who leave the company over 3 years		%	2.31	–	–	–
	Voluntary turnover of employees who leave the company over 3 years		person	423	–	–	–
	Voluntary turnover rate of employees who leave the company over 3 years		%	2.08	–	–	–

Indicator			Unit	2023	2022	2021	2020
Training data	Total number of employee training sessions		session	22,647	11,735	2,621	270
	Total number of employees trained		person	19,723	–	119,128	–
	Percentage of employees trained		%	97.18	96.48	97.94	100.00
	Total number of employee training hours		hour	633,785.89	635,479.56	943,116.50	–
	Average training hours per employee		hour/person	31.23	32.62	63.27	–
	Percentage of female employees trained		%	98.22	96.96	99.92	100.00
	Average training hours per female employee		hour/person	33.16	28.80	53.02	17.32
	Percentage of male employees trained		%	95.92	94.67	98.67	100.00
	Average training hours per male employee		hour/person	28.90	37.02	74.60	14.86
	Percentage of senior managers trained (including directors)		%	100.00	75.00	61.90	100.00
	Average training hours per senior manager (including directors)		hour/person	26.90	5.07	8.79	5.57
	Percentage of middle managers trained		%	93.40	93.86	47.57	100.00
	Average training hours per middle manager		hour/person	25.37	11.67	39.50	19.02
	Percentage of non-management employees trained		%	98.07	96.48	97.94	100.00
	Average training hours per non-management employee		hour/person	32.80	37.58	69.34	15.90
	Coverage of anti-corruption training among directors		%	100	100	–	–
	Total duration of mandatory anti-corruption training for employees		hour	4,669	3,012	–	–
	Coverage of mandatory anti-corruption training among employees		%	100	100	–	–
Supplier data	Total number of suppliers		/	7,032	4,731	3,332	2,978
	Number of suppliers implementing relevant practices		/	3,026	4,731	3,332	–
	Number of suppliers by region	Chinese suppliers (including those in Hong Kong, Macao and Taiwan)	/	4,784	2,848	2,857	2,726
		Overseas suppliers	/	2,248	1,883	475	252
	Key suppliers		/	20	–	–	–
	Non-key suppliers		/	7,012	–	–	–
	Number of supplier audits		/	454	705	1,160	492
Employee health	Number of employees completed physical checkups[66]		person	16,149	–	–	–
	Employee coverage rate of physical checkups		%	86.58	–	–	–
	Social insurance coverage[67]		%	100	100	–	–
Occupational health and safety	Number of fatalities due to work-related injuries		person	0	0	0	0
	Proportion of work-related fatalities		%	0	0	0	0
	Number of working days lost due to work-related injuries		day	972	1,377	562	514
Others	Total donations		RMB10,000	490.44	–	–	471.67
	Expenditure of "Pharmaron Health Wisdom Special Fund"		RMB10,000	250	–	–	–
	Return on investment in human capital		%	140.71	–	–	–

[66] Covering employees in China

[67] Covering employees in China

Appendix 3 ESG Index

Disclosure Indicators		Sections
Environmental		
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.		Addressing Climate Change Green Operations Pollution Prevention and Mitigation
A1.1	The types of emissions and respective emissions data.	Pollution Prevention and Mitigation
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).	Addressing Climate Change
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollution Prevention and Mitigation
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollution Prevention and Mitigation
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Addressing Climate Change Green Operations
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.	Green Operations
A2: Use of Resource		
General Disclosure Policies on the efficient use of resources (including energy, water and other raw materials)		Addressing Climate Change Green Operations
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).	Addressing Climate Change
A2.2	Total water consumption and intensity (e.g. per unit of production volume, per facility).	Green Operations
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Addressing Climate Change
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.	Green Operations
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Operations

Disclosure Indicators		Sections
A3: The Environment and Natural Resources		
General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		Green Operations
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operations
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.		Addressing 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.	Addressing Climate Change
Social		
Employment and Labor Standards		
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.		Employment & Development
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment & Development
B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Table
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.		Safe Operations Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safe Operations
B2.2	Lost days due to work injury.	Safe Operations
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safe Operations 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.		Employment & Development
B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Employment & Development
B3.2	The average training hours completed per employee by gender and employee category.	Employment & Development

Disclosure Indicators		Sections
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.		Employment & Development
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employment & Development
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment & Development
B5: Supply Chain Management		
General Disclosure Policies on managing environmental and social risks of the supply chain.		Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Diversity
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.	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.	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.	Supply Chain Management
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.		Quality Service Innovation, Research and Development Information Security
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Service
B6.2	Number of products and service-related complaints received and how they are dealt with.	Quality Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation, Research and Development
B6.4	Description of quality assurance process and recall procedures.	Quality Service
B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	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.		Integrity and Compliance
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.	Integrity and Compliance
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Integrity and Compliance
B7.3	Description of anti-corruption training provided to directors and staff.	Integrity and Compliance
Community		
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.		Public Welfare and Charity
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Public Welfare and Charity
B8.2	Resources contributed (e.g. money or time) to the focus area.	Public Welfare and Charity

Appendix 4 GRI Content Index

Statement of use	Pharmaron has reported in accordance with the GRI Standards for the period January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021

Disclosure issues/items	Disclosure	Sections
GRI 2: General Disclosures		
The organization and its reporting practices		
2-1	Organizational details	About Us
2-2	Entities included in the organization's sustainability reporting	About this Report
2-3	Reporting period, frequency and contact point	About this Report
2-4	Restatements of information	About this Report
2-5	External assurance	External Assurance
Activities and Workers		
2-6	Activities, value chain and other business relationships	Supply Chain Management
2-7	Employees	Employment & Development
2-8	Workers who are not employees	/
Governance		
2-9	Governance structure and composition	Corporate Governance
2-10	Nomination and selection of the highest governance body	Corporate Governance
2-12	Role of the highest Role of the highest governance body in overseeing the management of impacts	Corporate Governance
2-13	Delegation of responsibility for managing impacts	ESG Governance
2-14	Role of the highest governance body in sustainability reporting	Corporate Governance
2-15	Conflicts of interest	Integrity and Compliance
2-16	Communication of critical concerns	ESG Governance
2-17	Collective knowledge of the highest governance body	ESG Governance
2-18	Evaluation of the performance of the highest governance body	ESG Governance
Strategy, Policies and Practices		
2-22	Statement on sustainable development strategy	ESG Governance
2-23	Policy commitments	ESG Governance List of Laws, Regulations and Internal Policies
2-24	Embedding policy commitments	ESG Governance
2-25	Processes to remediate negative impacts	Addressing Climate Change Ethics
2-27	Compliance with laws and regulations	List of Laws, Regulations and Internal Policies
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	ESG Governance

Disclosure issues/items	Disclosure	Sections
GRI 3: Material Topics		
3-1	Process to determine material topics	ESG Governance
3-2	List of material topics	ESG Governance
3-3	Management of material topics	ESG Governance
Economic		
GRI 201: Economic Performance		
201-2	Financial implications and other risks and opportunities due to climate change	Innovation, Research and Development
201-3	Defined benefit plan obligations and other retirement plans	Employment & Development
GRI 205: Anti-corruption		
205-1	Operations assessed for risks related to corruption	Integrity and Compliance
205-2	Communication and training about anti-corruption policies and procedures	Integrity and Compliance
205-3	Confirmed incidents of corruption and actions taken	Integrity and Compliance
GRI 206: Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	/
Environmental		
GRI 302: Energy		
302-1	Energy consumption within the organization	Addressing Climate Change
302-3	Energy intensity	Addressing Climate Change
302-4	Reduction of energy consumption	Addressing Climate Change
302-5	Reductions in energy requirements of products and services	Addressing Climate Change
GRI 304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Green Operations
304-2	Significant impacts of activities, products and services on biodiversity	Green Operations
304-3	Habitats protected or restored	Green Operations
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	Addressing Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	Addressing Climate Change
305-4	GHG emissions intensity	Green Operations
305-5	Reduction of GHG emissions	Green Operations

Disclosure issues/items	Disclosure	Sections
Social		
GRI 401: Employment		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Communication & Care
GRI 403: Occupational Health and Safety		
403-1	Occupational health and safety management system	Safe Operations Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Safe Operations
403-3	Occupational health services	Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety
403-5	Worker training on occupational health and safety	Health and Safety
403-6	Promotion of worker health	Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety
403-8	Workers covered by an occupational health and safety management system	Health and Safety
403-9	Work-related injuries	Safe Operations
403-10	Work-related ill health	Health and Safety
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	Employment & Development
404-2	Programs for upgrading employee skills and transition assistance programs	Employment & Development
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	Employment & Development
GRI 406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Employment & Development
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Public Welfare and Charity
GRI 414: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Supply Chain Management
414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management

Appendix 5 List of Laws, Regulations and Internal Policies

Category	Title
International principles and guidelines	*World Medical Association Declaration of Helsinki*
	International Ethical Guidelines for Biomedical Research Involving Human Subjects
	ICH Q7 *Good manufacturing practice for active pharmaceutical ingredients – Scientific guideline*
	ICH Q8 *Pharmaceutical Development*
	ICH Q9 *Quality Risk Management*
	ICH Q10 *Pharmaceutical Quality System*
	ICH Q11 *Development and Manufacture of APIs*
	United Nations Universal Declaration of Human Rights
Chinese laws and regulations	*Civil Code 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
	Securities Law of the People's Republic of China
	Anti-unfair Competition Law of the People's Republic of China
	Drug Administration Law of the People's Republic of China
	The Cybersecurity Law of the People's Republic of China
	Personal Information Protection Law of the People's Republic of China
	Good Clinical Practice (GCP) E6(R3)
	Biosecurity Law of the People's Republic of China
	Regulations on the Administration of Laboratory Animals
	Laboratory Animal – Requirements of Environment and Housing Facilities
	Advertising Law of the People's Republic of China
	Copyright Law of the People's Republic of China
	Good Clinical Practice for Medical Devices ("Device GCP")
	Good Manufacturing Practice for Drugs (2010 Revision) of China
	GMP Appendix: Drugs for Clinical Trial (Trial) (July 2022) of China
	Good Laboratory Practice (GLP)
	Good Clinical Practice (Gcp) E6(R1)
	Good Clinical Practice for Medical Devices ("Device GCP")
	NMPA Requirements for Drug Record and Data Management (Trial) (December 2020) of China
	Veterinary Drug Production Quality Management Standards (2020 Edition) of China
	Patent Law of the People's Republic of China
	Trademark Law of the People's Republic of China
	People's Republic of China on Work Safety
	Labor Law of the People's Republic of China
	Labor Contract Law of the People's Republic of China
	Law of the People's Republic of China on the Protection of Minors
	Employment Promotion Law of the People's Republic of China
	Social Insurance Law of the People's Republic of China
	Interim Provisions on Wage Payment
	Regulation on Paid Annual Leave for Employees

Category	Title
	Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases
	Occupational Health and Safety Management System Certification
	Energy management systems – Requirements with guidance for use
	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
	Water Pollution Prevention and Control Law of the People's Republic of China
	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
	Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise
	Emission Standard for Industrial Enterprises Noise at Boundary
European and American laws and regulations	*EudraLex* of the EU
	General Data Protection Regulation (GDPR) of the EU
	Food, Drug, and Cosmetic Act of the US
	PSCI Responsible Supply Chain Management Principles
	Animal Welfare Act of the US
	Current Good Manufacturing Practice (CGMP) Regulations of the US
	FDA Data Integrity and Compliance with CGMP Guidance of the US
	Electronic Records: Electronic Signatures of the US
	Foreign Corrupt Practices Act (FCPA)
	Pay Transparency Non-discrimination Provision of the US
	National Labor Relations Act of the US
	Fair Labor Standards Act of the US
	Occupational Safety and Health of the US
	Energy Policy Act of 2020 of the US
	Clean Water Act of the US
	Clean Air Act of the US
	Noise Control Act of the US
	UK Bribery Act 2010
	Animals (Scientific Procedures) Act 1986 of the UK (amended 2021)
	General Data Protection Regulation of the UK
	MHRA GxP Data Integrity Definition and Guidance of the UK
	Employment Rights Act 1996 of the UK
	Children (Protection at Work) Regulations 1998 of the UK
	Children Act 2004 of the UK
	Health and Safety at Work Act 1974 of the UK
	Management of Health and Safety at Work Regulations 1995 of the UK
	Environmental Protection Act 1990 of the UK
	Environment Act 2021 of the UK
	Control of Pollution Act 1974 of the UK
	Waste (England and Wales) Regulations 2011 of the UK
	Control of Noise at Work Regulations 2005 of the UK

Category	Title
Internal policies and systems	*Rules of Procedure for the Board of Directors*
	Work Rules of Independent Non-executive Directors
	Articles of Association
	Code of Conduct
	ESG Management Measures
	ESG Information Management Handbook
	Board Diversity Policy
	Recruitment and Selection Policy
	Anti-Harassment and Bullying Policy
	Equal Opportunities Policy
	Diversity, Equality, and Inclusion Policy
	Child Labor Risk Control and Assistance System
	Employee Handbook
	Anti-corruption Compliance Policy
	Trade Compliance Policy
	Internal Whistleblowing and Investigation Policy
	Compliance due diligence for business partner
	Internal Audit Management System
	Protection of Data Privacy and Client Confidentiality
	Laboratory Animal Center Management Handbook
	Constitution of the Institutional Animal Care and Use Committee (IACUC)
	Pharmaron Information Security Management Policy
	Pharmaron Employee Information Security Handbook
	Pharmaron Application Security Policy Throughout Application Life Cycle
	Pharmaron Information Security Law and Regulation Compliance Management
	Pharmaron Data Privacy Policy
	Procurement Management Regulations
	Purchase Management Standard Operating Procedures
	Code of Conduct for Business Partners
	Supplier Approval Policy
	Supplier Monitoring Policy
	Supplier DEI Policy
	Quality Manual
	Quality Guidelines
	Phase Appropriate quality management in API Manufacture
	Quality Risk Management Guidance for the Manufacture of Different Medical Products in Shared Facilities
	The Management Procedure for Manufacture of Different Medicinal Products In Shared Facilities
	Recommended Acceptable Intake Limits for Nitrosamine Drug-Substance-Related Impurities (NDSRIs) Guidance for Industry
	Management of Nitrosamine Risks
	Regulation on Veterinary Drug Administration
	Good Manufacturing Practices for Veterinary Drugs
	Special Requirements for the Production Management of Veterinary Drug Substances
	Veterinary Drug Good Manufacturing Practice (GMP) Inspection and Acceptance Evaluation Criteria
	Pharmaron IP Handbook

Category	Title
	Pharmaron Information Confidentiality System
	Management Measures for Trade Secrets of Pharmaron
	Confidentiality System Construction Plan of Pharmaron
	Hazard Identification, Risk Assessment, and Control Management Procedures
	Accident Hazards Investigation and Control System
	Accident Reporting, Investigation, and Handling Procedures
	Hazardous Chemicals Management Procedures
	Contractor Safety Management Procedures
	Special Operations Personnel Safety Management Procedures
	Safety Production Responsibility System
	Work Instruction for Hot Work
	Work Instruction for Height Work
	Work Instruction for Confined Space
	Corrective Action Plan for the Risk in Concentrative Safety Program
	Standard Operating Procedures for Customer Complaints
	Standard Operating Procedures for Product Recall
	Management Procedures for Non-conforming Products
	Labor and Human Rights Management System
	Disciplinary Procedure Policy
	Intern Management Policy
	Performance Evaluation Regulations
	People Strategy Implementation Roadmap
	People Strategy Newsletter Special Edition
	Learning and Development Policy
	Safety Manual
	Standard Operating Procedures
	Work Instruction
	Emergency Plan
	Management Procedure for Publicity, Education and Training of Occupational Disease Prevention and Control
	Energy Conservation Management System
	Environmental Protection Management System
	Environmental Protection and Energy Conservation Reward and Punishment System
	Energy Conservation and Environmental Protection Responsibility System
	Environmental Protection Management Procedures
	Environmental Monitoring and Measurement Management Procedures
	Environmental Pollution Incident Management Procedures
	Environmental Pollution Accident Emergency Rescue Plan
	Disaster Response Plan and Emergency Response Procedures
	Wastewater Treatment Station Management Procedures
	Waste Management Procedure
	Exhaust Gas Control Management Procedure
	Hazardous Waste Management Plan
	IEC or IRB Submission
	OOS and OOT Results Investigation

Appendix 6 Reporting Scope

Company name
Pharmaron Beijing Co., Ltd.
Pharmaron CRI (Ningbo) Co., Ltd.
Pharmaron Shaoxing Co., Ltd.
Pharmaron Shanghai Co., Ltd.
Pharmaron (Ningbo) TSP Services Co., Ltd.
Pharmaron (Ningbo) Biologics Co., Ltd.
Pharmaron (Chengdu) Clinical Services Co., Ltd
Pharmaron Qingdao Co., Ltd.
Pharmaron (Beijing) Technology Development Co., Ltd.
Pharmaron (Beijing) Pharmaceutical Technology Co., LTD
Pharmaron Chongqing Co., Ltd.
Pharmaron (Xi'an) Technology Development Co., Ltd.
Pharmaron US, Inc.
Pharmaron (Hong Kong) International Limited
Pharmaron (Hong Kong) Investments Limited
Pharmaron Japan LLC
Pharmaron (US) Lab Services, Inc.
Pharmaron Biologics (UK) Holdings Limited
Pharmaron (UK) Investments Limited
Pharmaron Manufacturing Services (US) LLC
AniKeeper (Ningbo) Biotech Co., Ltd.
Pharmaron (US) Clinical Holdings, Inc.
Pharmaron Biologics (HK) Holdings Limited
Pharmaron Biologics (US) Holdings, Inc.
Pharmaron (Beijing) Biologics Co., Ltd.
Pharmaron (Ningbo) Medical Device Testing Co., Ltd.
Pharmaron (Zhuhai) Clinical Services Co., Ltd.
Pharmaron (Ningbo) Technology Development Co., Ltd.
Pharmaron UK Limited
Quotient Bioresearch (Radiochemicals) Limited
Pharmaron (Germantown) Lab Services Inc.
Pharmaron CPC, Inc.
Nanjing Sirui Biotechnology Co., Ltd.
Pharmaron (Nanjing) Clinical Services Co., Ltd.
Pharmaron (US) Clinical Services, Inc.
Pharmaron (Beijing) Clinical Services Co., Ltd
Pharmaron (Shanghai) Clinical Services Co., Ltd.
Beijing LinkStart Biotechnology Co., Ltd.
Beijing Kangsida Health Management Co., Ltd.
Hainan Shenzhou Deshu Medical Technology Co., Ltd.
RAMED (Beijing) Medical Technology Co., Ltd.
Shanghai RAMED Medical Technology Co., Ltd
Pharmaron (Exton) Lab Services LLC
Pharmaron (San Diego) Lab Services LLC
Pharmaron (Boston) Lab Services LLC
Pharmaron Biologics (UK) Ltd
Beijing AniKeeper Biotech Co., Ltd
AniKeeper (Zhaoqing) Biotech Co., Ltd.
Enyuan Pharmaceutical Technology (Beijing) Co., Ltd.
AniKeeper (Zhanjiang) Biotech Co., Ltd..
Pharmaron (Hangzhou) Clinical Services Co., Ltd.
Pharmaron (Wuhan) Clinical Services Co., Ltd.
DeltaMed (Beijing) Co., Ltd.
Pharmaron Manufacturing Services (UK) Ltd
Pharmaron (Beijing) TSP Services Co., Ltd.
Pharmaron (Tianjin) Process Development and Manufacturing Co., Ltd.
Pharmaron Xi'an Co., Ltd.
Pharmaron Ningbo Co., Ltd.
Pharmaron, Inc.

Appendix 7 Suggestions and Comments

Thank you for reading the Group's 2023 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. Governments and regulators B. Institutional investors/shareholders
C. Individual investors/shareholders D. Board members
E. Company executives F. General employees G. Customers and potential customers
H. Suppliers and subcontractors I. Colleges and universities J. Communities and the public
K. Charity organizations and industry associations L. Media M. ESG experts

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!

Appendix 8 External Assurance

SGS

ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE 2023 ENVIRONMENTAL,SOCIAL AND GOVERNANCE REPORT OF PHARMARON BEIJING CO.,LTD SUBMITTED BY PHARMARON BEIJING CO.,LTD

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC (hereinafter referred to as SGS) was commissioned by PHARMARON BEIJING CO.,LTD (hereinafter referred to as PHARMARON) to conduct an independent assurance of the 2023 environmental、social and governance（ESG）report (hereinafter called "the Report").

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all PHARMARON's Stakeholders.

RESPONSIBILITIES

The information in the report and its presentation are the responsibility of the directors and the management of PHARMARON.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all PHARMARON's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards, which including:

- The principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) as:
  - GRI 1: Foundation 2021, for report quality
  - GRI 2: General Disclosure 2021, for organization's reporting practices and other organizational detail
  - GRI 3: Material Topics 2021, for organization's process of determining material topics, its list of material topics and how to manages each topic
- and the guidance on levels of assurance contained within the AA1000 series of standards and ISAE3000.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	The <Environmental, Social and Governance Reporting Guide> by HKEX
2	GRI (Reference)

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees onsite at PHARMARON's headquarter located at 6 TaiHe Road, BDA, Beijing, China：documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from financial report audited by independent audit is not considered as a part of this verification nor as data source for the verification process.

The on-site verification was conducted at the PHARMARON's headquarter Beijing and did not conduct on-site verification at other branches.

This verification only involved interviews with staffs of PHARMARON and relevant materials, did not involve external stakeholders.

STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world's leading inspection, verification, testing and certification company, SGS is recognized as the global benchmark for quality and integrity. SGS is a global leader in inspection, testing and verification, providing services including management systems and service certification; operating in many countries/areas quality, environmental, social and ethical audits and training; environmental, social and sustainability report assurance. SGS affirms that it is a completely independent organization from PHARMARON, and that there is no bias or conflict of interest against PHARMARON, its affiliates and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised of CCAA registered ISO 9001, ISO 14001, ISO 45001, ISO37001, ISO37301 auditor and SGS recognized CSR/ESG lead auditor with knowledge of GRI, AA1000 etc.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, the information and data contained within the Report verified is accurate and reliable, which have provided a fair and balanced representation of corporate Sustainability Activities by PHARMARON in 2023. There was no non-compliance with reporting standards in any material topics.

The CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion, the Report is prepared in accordance with the Introduction and Mandatory Disclosure Requirements of the < Environmental, Social and Governance Reporting Guide> of the < Rules Governing the Listing of Securities on the HKEX> and reference to GRI standard 2021. The information and data in PHARMARON' s 2023 Report is accurate, dependable, fairly and pertinently presented PHAMARON' s sustainability management activities.

REPORT PRICIPLES

MATERIALITY

The substantive research and the analysis of stakeholders' concerns had been disclosed in The Report, and through materiality analysis, the impact of the environment, society and governance concerned by relevant parties is reported on a key basis, which matched with the principle of materiality.

QUANTITATIVE

PHARMARON had provided statistics and analysis on key quantitative performance indicators and outlined their impact and purpose in the Report. The Report compared data from some key performance projects over the past three years to assist stakeholders in evaluating their management performance better.

BALANCE

The Report basically matched with the principle of balance, the environment, social and governance subjects had been disclosed truthfully and impartially.

CONSISTENCY
A consistent methodology for disclosing relevant subject had been used by PHARMARON, including statistical methodology and standard for key quantitative performance indicators, some appropriate notes and explanations had been provided in the Report, so that the stakeholders can make clear comparisons.

MANAGEMENT APPROACH
The Report had disclosed the management approach of the applicable subject in the < Environmental, Social and Governance Reporting Guide >.

GENERAL DISCLOSURE
PHARMARON's disclosure of applicable subject in the Report matches with the requirements of general disclosure of <Environmental, Social and Governance Reporting Guide>.

KEY PERFORMANCE INDICATOR DISCLOSURE
PHARMARON had disclosed the key performance indicators about the economic, environmental, and social subject which applicable to the <Environmental, Social and Governance Reporting Guide>.

DISCOVERY AND RECOMMENDATIONS
Detail report of the good practices, findings and recommendations for continuous improvement were presented in the SGS internal management report, which has been communicated with PHARMARON for their continuous improvement.

Signed:

For and on behalf of SGS-CSTC

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