Qyuns 荃信生物

2023 Environmental, Social and Governance Report

Qyuns Therapeutics Co., Ltd.

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About This Report

Introduction

This report is the first Environmental, Social and Governance (ESG) Report issued by Qyuns Therapeutics Co., Ltd. It aims to disclose the company' s environmental, social and governance information to stakeholders such as shareholders, employees, suppliers and business partners, so as to objectively and truthfully reflect the actions and achievements of Qyuns Therapeutics Co., Ltd. in relevant areas.

Organizational Scope

The scope of the ESG Report covers Qyuns Therapeutics Co., Ltd. and its subsidiaries, consistent with the scope of its annual report.

Abbreviations

For efficient communication and comprehensions,"Qyuns", "the Company" or "we/our/us" in this report all refer to Qyuns Therapeutics Co., Ltd. and its subsidiaries. "Cellularforce" refers to Jiangsu Cellularforce Biotechnology Co., Ltd., our CMC-focused subsidiary[1].

Reporting Period

This report covers the period from January 1, 2023 to December 31, 2023. In order to be consistent and complete, part of the data and information beyond this period are indicated where concerned.

Reference

This report is compiled based on the Appendix C2 Environmental, Social and Governance Reporting Guide (the ESG Reporting Guide) to the Main Board Listing Rules of the Hong Kong Stock Exchange (SEHK).

1.CMC: the chemistry, manufacturing and controls processes in the development, licensure, manufacturing and ongoing marketing of pharmaceutical products

Reporting Principles

This report follows the reporting principles of the ESG Reporting Guide issued by SEHK, including:

- **Materiality:** Through materiality analysis, this report examines the significance of ESG issues that may affect the Company's internal and external stakeholders, as well as highlights and explanations on critical issues.
- **Quantification:** This report discloses key performance indicators (KPIs) in social and environmental aspects in accordance with the ESG Reporting Guide, and explains their key meanings and calculation bases.
- **Balance:** This report aims to provide a complete and objective presentation of the Company's ESG performance.
- **Consistency:** This report uses a consistent statistical method on disclosure and explains the basis for changes in statistical calibre, methodologies, etc., so that KPIs could be meaningfully compared in the future.

Report Access

This report is available for download on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and that of Qyuns (www.qyuns.net).

Confirmation and Approval

This report was approved by the Board (the "Board") of directors (the "Director(s)") on April 23, 2023, following confirmation by management.

Contact Us

If you have any comments or suggestions on this report or our work on sustainability, please contact us by the following means.

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Chairman's Statement

It is rather fortunate for a high-tech biopharmaceutical company like us to have gained certain support and recognition in today's increasingly complex market competition. It has also been my hope and dream of all time, since the establishment of Qyuns, to make innovative drugs accessible to a wider range of patients - rather than just "luxury" enjoyed by a few.

Nine years has gone by since I started the business in 2015. I led a team in extensive research on antibody drug solutions for autoimmune and allergic diseases, and through incessant efforts in exploration and innovation, we achieved milestones and breakthroughs one after another. From the establishment of the Company in Taizhou in 2015, to finding investors, having six products being advanced to the clinical stage, and forming a comprehensive product pipeline covering four major areas including skin, respiratory, digestive, and rheumatism, we are determined to become one of the most inclusive companies in the domestic autoimmune and allergic disease field.

This field is still at its infancy, with a relatively large patient base and vast market potential. In fact, Qyuns is one of the very few domestic companies focused on the research and development (R&D) of antibody drugs in the autoimmune field, and our future development is yet full of possibilities and opportunities. At the same time, we are well aware that being attentive to environmental, social, and governance (ESG) practices presents a promise for companies committed to long-term growth. It is the basis that the management team sets upon when focusing on key issues such as climate change, humanity and care, and compliance and governance, when leading the Company in unremitting efforts and continuous innovation, and when looking at prospects and expectations with steady growth in the future.

Since our establishment, Qyuns has upheld the development philosophy of "innovation for the great majority." Autoimmune drugs are usually expensive, and we hope to meet the needs of the majority of patients through our own innovation, improve the market penetration rate of biologic drugs in the autoimmune field, and benefit patients to a larger extent. To this end, we have actively built an integrated R&D platform, and increased investment in R&D innovation and intellectual property protection. In 2023, our R&D expenditure reached RMB 364.4 million, accounting for 68.8% of operating expenses, demonstrating Qyuns' mission to "pursue scientific innovation and deliver affordable and quality therapeutics." At the same time, we continue to optimize the product quality management system to ensure the safety of clinical trials and drug production. In addition, we cooperate with universities to create a joint research base that is committed to research related to new technology development and the industrialization of scientific and technological achievements.

In terms of governance, our Board of Directors deeply cares for ESG-related issues, actively improves anti-corruption efforts, business ethics, risk management and other related measures, drafts special management guidance, and in doing so strengthens the Company's internal control. We emphasize on the protection of data security for clinical trial subjects and corporate information, and monitor and respond to emergency information security incidents should they arise.

In social aspects, we continuously invest in employees' occupational health, training, and development, forming a comprehensive employee development and management system. While thoughtfully building an office park, Qyuns organizes a variety of activities for employees every year. We pay close attention to employees'occupational health, and have curated a series of compensation and employee benefit packages. In addition, diversity and equality among employees are also one of our ESG priorities. For female employees in the Company, we provide various additional leaves and allowances to demonstrate our care.

In terms of environmental aspects, we strictly adhere to relevant laws and regulations on emissions and implement classified management of waste and emissions. We have set up a public energy management system to actively manage the energy of the park and monitor energy consumption in real time. In response to global issues such as climate change, we have formulated the *Qyuns Enterprise Energy Management System* and installed 30 photovoltaic streetlights in the park, actively responding to the national strategy of "3060" and facilitating the park in green and low-carbon transformations.

In just nine years, Qyuns has led innovation in the autoimmune field, rationally planned out our business layout, and grown progressively. We integrate ESG strategies into our corporate strategies and are committed to building an innovative company in the field of antibody drugs, that is as sustainable as it is impactful. Thanks to all investors and the society at-large for the vigorous support in us. Now, as Qyuns enters a stage where business and innovation go hand in hand, we will continue to stay true to our original aspirations, firm in our ideals, determined for "innovation for the great majority," and dedicated as always.

Chairman of the Board and Chief Executive Officer

Mr. Qiu Jiwan

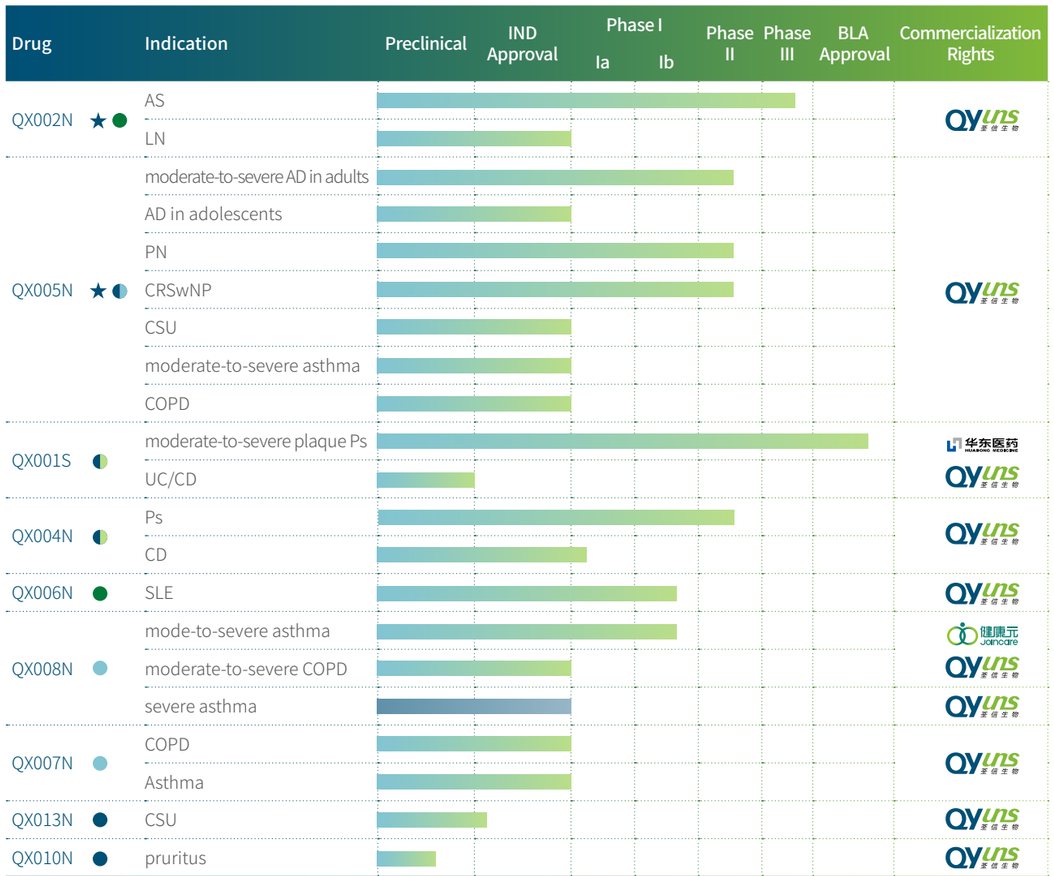
About Qyuns

Company Profile

Founded in 2015, we are a clinical-stage biotech company exclusively focused on biologic therapies for autoimmune and allergic diseases, with a self-developed drug pipeline and an established commercial-scale in-house manufacturing capability. As of April 18, 2024, we have two Core Products, QX002N and QX005N, both of which are self-developed. QX002N is an IL-17A inhibitor and we have initiated a Phase III clinical trial for ankylosing spondylitis (AS) in China. QX005N is a monoclonal antibody (mAb) blocking IL-4Ra. As of April 18, 2024, our plan for Phase III clinical trials of atopic dermatitis (AD) has been published on the Drug Clinical Trial and Information Publication Platform of the Drug Evaluation Center of the State Drug Administration. In April 2024, the Phase II clinical trial for prurigo nodularis (PN) and the subject enrollment for the Phase II clinical trial of chronic rhinosinusitis with nasal polyps (CRSwNP) in China were completed. We have seven other pipeline drug candidates in addition to our Core Products, four of which are in the clinical stage. Our pipeline covers four major areas in the autoimmune and allergic disease field, namely, skin, rheumatic, respiratory and digestive diseases.

Qyuns' Product Pipeline

The following chart summarizes our portfolio of drug candidates as of April 18, 2024:



Core Products ★			
Skin ●	Rheumatic ●	Respiratory ●	Digestive ●
China	United States		
AD: atopic dermatitis	CRSwNP: chronic rhinosinusitis with nasal polyps	Ps: psoriasis	AS: ankylosing spondylitis
CSU: chronic spontaneous urticaria	SLE: systemic lupus erythematosus	CD: Crohn's disease	LN: lupus nephritis
UC: ulcerative colitis	COPD: chronic obstructive pulmonary disease	PN: prurigo nodularis	

Corporate Culture

In order to achieve our mission and vision, Qyuns will continue to advance the R&D process through continuous independent innovation, forward-looking industrialization layout and diversified cooperation. To make innovation sustainable, make patients affordable, and make drugs more accessible!

Slogan	Science, Conscience, Dignity
Mission	To pursue scientific innovation and deliver affordable and quality therapeutics.
Vision	To address unmet needs from autoimmune and allergic patients and build leadership in therapeutic dermatology.
Development Philosophy	Innovation for the great majority.
Value	Strive to realize personal value and create social welfare.

Company History

2015

Established in Taizhou, the PRC; completed the Pre-Series A Financing.

2016

Completed the Series A Financing.

2018

QX001S: Received IND[2] approval from the NMPA for the treatment of moderate-to-severe plaque Ps.

Cellularforce, our CMC-focused subsidiary, was established in Taizhou, the PRC.

2019

QX002N*: Received IND approval from the NMPA for the treatment of active AS in adults.

2020

QX005N*: Received IND approval from the NMPA for the treatment of moderate-to-severe AD in adults.

QX001S: Completed the Phase I clinical trial for the treatment of Ps.

Completed the Series B, B+ Financing; entered into a collaboration agreement with Zhongmei Huadong with respect to the joint development and commercialization of QX001S in the PRC.

2021

Completed the Series B++ Financing; converted from a limited liability company into a joint stock company with limited liability.

QX004N: Received IND approvals from the NMPA for the treatment of Ps.

QX006N: Received IND approvals from the NMPA for the treatment of SLE.

QX005N*: Received IND approvals from the NMPA for the treatment of CRSwNP.

QX002N*: Completed the Phase Ia clinical trial for the treatment of AS in China.

2022

Completed the Series C Financing.

QX005N*: Received IND approvals from the NMPA for the treatment of CSU, PN, moderate-to-severe COPD; initiated the Phase II clinical trial for the treatment of AD in China.

QX008N: Received IND approvals from the NMPA for the treatment of asthma, moderate-to-severe COPD; received an IND approval from the FDA[3] for the treatment of severe asthma.

QX004N: Received IND approvals from the NMPA for the treatment of Crohn's disease.

QX002N*: Initiated the Phase II clinical trial and completed patient enrollment for the treatment of AS in China; completed the Phase Ib clinical trial for the treatment of AS in China.

2023

University-enterprise cooperation with China Pharmaceutical University and Nanjing Tech University; Zhongmei Huadong, our commercialization partner for QX001S, submitted a BLA[4] in China (accepted by the NMPA in August 2023).

QX002N: Completed the Phase II clinical trial for the treatment of AS in China; initiated the Phase III clinical trial for the treatment of AS in China.

QX005N*: Completed the Phase Ia clinical trial in healthy subjects in China; commenced a Phase II clinical trial in adult patients with PN in China; completed subject enrollment for our Phase II clinical trial for the treatment of AD in China; completed the Phase Ib clinical trial for the treatment of AD in China; commenced a Phase II clinical trial in adult patients with CRSwNP in China; completed subject enrollment for our Phase II clinical trial for the treatment of PN; Received IND approvals from the NMPA for the treatment of COPD, AD in adolescents aged between 12 and 17 years.

QX001S: Zhongmei Huadong and we completed the Phase III clinical trial in patients with moderate-to-severe plaque Ps in China.

2.IND: Investigational New Drug

3.FDA: the United States Food and Drug Administration

4.BLA: biologics license application

Honours and Recognitions

By the end of the reporting period, major honours received by us are listed below:

Excellent Labour Relationship Harmonious Enterprise in Jiangsu Province
Jiangsu Provincial Department of Human Resources and Social Security, Jiangsu General Trade Union, Industry and Information Technology Department of Jiangsu, Jiangsu Province Enterprise Confederation / Jiangsu Province Enterprise Directors Association, Jiangsu Federation of Industry & Commerce
2023 - Cellularforce

China's 2023 Top 500 Invisible Unicorns
Research Association for China's Economic Development, China Association of Inventions, The Investment Association of China, China Society of Automotive Engineers, Chinese Association for Artificial Intelligence
2023 - Qyuns

China Biopharmaceutical Technology Innovation List Top 20 Most Influential Antibody Biotech Companies
Shanghai Biopharmaceutical Industry Association, Yiyun Technology
2022 - Qyuns

2022 China Biopharmaceutical Industry Value List Top 20 Most Influential Antibody Drug Enterprises
Huayi Research Institute
2022 - Qyuns

China Biopharmaceutical Science and Technology Innovation Value List Top 10 Most Promising Biopharmaceutical Enterprises
Shanghai Biopharmaceutical Industry Association, Yiyun Technology
2023 - Qyuns

2023 China Biopharmaceutical Industry Value List Top 10 Most Promising CDMO Enterprises
Huayi Research Institute
2023 - Cellularforce

Future Healthcare VB100: Top 100 Biomedicine Companies
VB100, VBDATA, VCBeat Research
2022 - Qyuns

Taizhou Medical New and High-tech Industrial Development Zone (Gaogang District) Happy Enterprise
Taizhou Gaogang District General Trade Union
2022 - Qyuns

2022 Taizhou Happy Enterprise
Taizhou General Trade Union
2023 - Qyuns

2022 Top 100 Innovative Breakthrough Enterprises
EBC
2023 - Qyuns

Top 50 Chinese Innovative Biotech Enterprises
KPMG China
2022 - Qyuns

Top 10 Most Promising Enterprises of Antibody Innovative Drugs
CHUJIETECH
2021 - Qyuns

Chinese Healthcare Front-runners Top 100 Excellent Leaders List
Shanghai Biomedical Industry Promotion Centre, Shanghai STVC Group, Yiyun Tech, Yicai, etc.
2023 - Qyuns

Top 50 Chinese Enterprises in terms of Biopharmaceutical R&D Capability
China Pharmaceutical Industry Journal Publisher, Yaozhi Web
2022-2023 - Qyuns

2021 Top 10 Innovative and Entrepreneurial Enterprises
The Management Committee of Taizhou Medical New and High-tech Industrial Development Zone, Taizhou Gaogang District Government, etc.
2021 - Qyuns

Hurun China Cheetahs
Hurun Research Institute, Raffles Family Office
2021 - Qyuns

Top 100 Chinese Enterprises in terms of Comprehensive Pharmaceutical R&D Capability
China Pharmaceutical Industry Journal Publisher, Yaozhi Web
2022-2023 - Qyuns

Potential Unicorn Enterprise of Jiangsu Provincial High-Tech Industrial Development Area
Productivity Centre of Jiangsu Province
2020-2023 - Qyuns

Excellent Enterprise in Scientific and Technological Innovation
Taizhou Government
2020 - Qyuns

Top 50 Most Innovative Biomedical Enterprises in China
eMedClub PR News
2020 - Qyuns

Top 100 Chinese Seed Enterprises in terms of Pharmaceutical Innovation
Healthcare Executive, etc.
2021-2023 - Qyuns

Top 30 Most Innovative Chinese Antibody Therapeutics Enterprises
Menet
2021-2023 - Qyuns

Donation Award for the Fight against COVID-19
the Red Cross Society of China Taizhou Branch
2020 - Qyuns

The Most Growth Potential Enterprise for Overseas Student Entrepreneurship
Chinese Students Studying Abroad to Return Service Alliance
2017 - Qyuns

By the end of the reporting period, the major recognitions received by us are listed below:

Member of Taizhou Medical New and High-tech Industrial Development Zone (Gaogang District) Intellectual Property Rights Alliance for Health Industry
Taizhou Medical New and High-tech Industrial Development Zone (Gaogang District) Intellectual Property Rights Alliance for Health Industry
2023 - Qyuns

Taizhou Engineering Technology Research Centre (Taizhou (Qyuns) Antibody Drugs Engineering Technology Research Centre)
Taizhou Science and Technology Bureau
2023 - Qyuns

Certificate in Intellectual Property Management
BCC Inc.
2021-2023 - Qyuns

High and New Tech Enterprise
Jiangsu Science and Technology Department
2021 - Qyuns

Jiangsu Autoimmune Diseases Antibody Engineering Research Center
Jiangsu Provincial Development and Reform Commission
2021 - Qyuns

Small and Medium-sized Technology-based Enterprise
Ministry of Science and Technology of the People's Republic of China
2019 - Qyuns

Jiangsu Foreign Expert Workshop
Jiangsu Provincial Department of Science and Technology
2018 - Qyuns

Taizhou Engineering Research Centre (Taizhou Immunotherapy Antibody Engineering Centre)
Taizhou Municipal Development and Reform Commission
2017 - Qyuns

Jiangsu Practice Technology Enterprise
Jiangsu Association of Practice Technology Enterprise
2017 - Qyuns

Integrity Demonstration Enterprise
Taizhou Human Resources and Social Security Bureau
2016 - Qyuns

Taizhou Foreign Expert Workshop
Taizhou Human Resources and Social Security Bureau
2016 - Qyuns

AA Integration of Informationization and Industrialization Management System Certificate
Beijing Saisheng Technology Co., Ltd.
2023 - Cellularforce

Integration of Informationization and Industrialization Management System Certificate
TL Certification Center Co., Ltd.
2021 - Cellularforce

Four-Star Cloud Enterprise in Jiangsu Province
Industry and Information Technology Department of Jiangsu
2021 - Cellularforce

Taizhou Municipal Smart Manufacturing Demonstration Workshop (antibody drug product workshop)
Taizhou Industry and Information Technology Bureau
2021 - Cellularforce

Taizhou Municipal Smart Manufacturing Demonstration Workshop (antibody drug substance workshop)
Taizhou Industry and Information Technology Bureau
2020 - Cellularforce

2019 Jiangsu Provincial Major Project Investment Plan (Taizhou Cellularforce Antibody Drugs)
Jiangsu Provincial Development and Reform Commission
2019 - Cellularforce

01 Effective Governance, for Steady Growth at the Forefront

We acknowledge our corporate missions in environmental protection and social responsibility. We firmly believe that sustainable corporate growth must be integrated with social values. We emphasize communication with our stakeholders, including employees, suppliers, government and regulatory agencies, and value their feedback on our operations, so as to improve corporate governance and focus on addressing key ESG issues.

Board Statement

Qyuns' Board of Directors places significant emphasis on ESG matters. We actively monitor the expectations of regulators, capital markets, and rating agencies regarding ESG management and development for listed companies. We have been continuously enhancing our ESG governance capabilities in line with the ESG Reporting Guide of SEHK. We are committed to collaborating with our stakeholders to create higher quality social, economic, and environmental values.

As the Company's decision-making and governance unit, the Board of Directors is responsible for ESG governance. This includes formulating ESG management policies and strategies, identifying and evaluating material issues and risks that impact the Company's operations, setting ESG objectives related to operational management, supervising ESG issues, debriefing and reviewing the fulfillment of ESG goals and targets. The Board of Directors and department heads have overseen ESG issues, clarified departmental responsibilities, participated in ESG materiality assessments, and reviewed the results.

The Board of Directors will continue to improve the ESG governance system, enhance the Company's ESG performance, and actively integrate ESG concepts into the Company's key decisions and business development in order to realize long-term stable development.

ESG Governance

Qyuns' Board of Directors is responsible for leading and overseeing the Company's ESG, climate change and other sustainability-related strategic planning, management strategies and performance, while the core management team, centering on the Board of Directors, is responsible for adopting and adjusting our overall ESG vision and principle, and our Administration, Human Resources and Operations Support (under Cellularforce) departments are collectively responsible for assessing and managing our ESG-related risks and monitoring the compliance of our operations with environment, health and safety laws and regulations.

We will continue to improve our ESG governance system by involving all ESG-related departments through shared responsibilities and coordinated management in the implementation of ESG daily work, risk identification and reporting. We will continuously update and report on relevant policies, procedures and resources to further promote Qyuns' ESG management practice.

Stakeholder Communications

We always pay close attention to the expectations and feedback of our stakeholders and is committed to establishing diversified communication channels to promote continuity and effectiveness of communication. Our stakeholders cover nine groups, including shareholders, employees, customers, suppliers, government and regulators, etc. We have adopted differentiated communication strategies and responses to address different characteristics and needs.

Stakeholders	Channels of communication
Shareholders	General meetings of shareholders, investor exchange meetings, disclosure of information by the Company, ordinary visits, telephone and mail enquiry
Employees	Trade union, workers' congress, employee activities, satisfaction surveys, complaints and feedback, office automation system, telephone and mail enquiry
Customers	Academic seminars, press conferences, cooperation fairs, seminars, telephone and mail enquiry, satisfaction surveys
Suppliers	Supplier exchanges and visits, supplier training, procurement and tendering process, supplier audit, telephone and mail enquiry
Government and Regulators	Government visits, work reports, policy consultation, government affairs conduction, communication and collaboration
Hospitals	Telephone and mail enquiry, academic conferences, project meetings, clinical trial, ordinary visits
Universities	Campus recruitment, university-enterprise joint laboratory, joint cultivation of talents, telephone and mail enquiry
Industrial Association	Industrial exhibition, communication activities, academic forums and conferences
Media and the Public	Disclosure of information, public opinion monitoring, official websites, social media platforms, telephone and email enquiry, offline activities

Analysis of Material Issues

We screened and assessed material ESG issues that have a significant impact on Qyuns based on international standards and industry benchmarks, as well as communication with stakeholders through interviews and questionnaires. These issues were used as a key basis for the preparation of our ESG report and the implementation of ESG management.

Analysis process of material issues

Identification of the ESG issues list

Form a list of Qyuns' ESG issues based on the ESG Reporting Guide of SEHK, indexes of MSCI and Sustainalytics, standards of Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), and benchmarking with industrial peers.

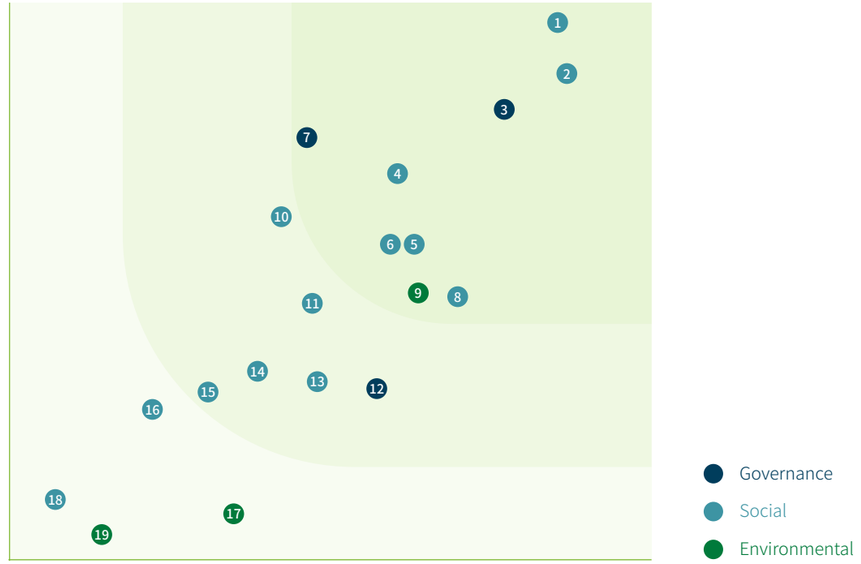
Stakeholder communication

Collect and prioritize the opinions of internal and external stakeholders on the importance of ESG issues through interviews and questionnaires.

Materiality assessment

Compile the results from stakeholder communications and expert advice, with the final materiality issues matrix reviewed and validated by the Board of Directors.

Based on the comprehensive assessment results, we identified 19 issues that have a significant impact on Qyuns, including 9 issues of high materiality, 6 issues of medium materiality and 4 issues of low materiality.



High Materiality	Medium Materiality	Low Materiality
1 Safety of Clinical Trials	10 Data and Privacy Protection	16 Training and Development
2 Product Quality and Safety	11 Employee's Compensation and Benefits	17 Use of Natural Resources
3 Compliance Operation	12 Corporate Governance and Risk Management	18 Community and Industry Development
4 Production Safety Management	13 Protection of Employee's Rights and Interests	19 Climate Change
5 Product R&D and Innovation	14 Access to Healthcare	
6 Occupational Health and Safety	15 Supply Chain Management	
7 Business Ethics and Anti-corruption		
8 Intellectual Property Protection		
9 Emissions Management		

02

Compliance as the Cornerstone, and as the Foundation of Operations

Qyuns consistently upholds the value of integrity and compliance, leads business behaviour with high standards, and is committed to shaping an open and honest communication environment. By strengthening internal controls, we effectively manage operational risks and enhance economic and social benefits. At the same time, we prioritize data security and privacy protection while striving to establish an efficient and stable supply chain. Our business operations strictly comply with laws, regulations, and industry standards, as we adhere to the compliance bottom lines.

Risk Management

Qyuns strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Accounting 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 laws, administrative regulations, departmental rules and regulations, regulatory documents, and the relevant provisions of the relevant regulatory authorities. Based on these rules and regulations, we have formulated internal policies and systems, such as the *Qyuns Therapeutics Co., Ltd. Articles of Association*, the *Measures for Internal Audit and Risk Management*, the *Measures for Process Management*, and the *Connected Transaction Management System*, to enhance corporate compliance and risk management.

Business Ethics and Anti-corruption

During the reporting period,

there were **no cases on** business ethics or anti-corruption.

Qyuns strictly complies with the *Company Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery*, and other laws and regulations on the prevention of bribery, extortion, fraud, and money laundering. We have formulated the *Measures for the Management of Anti-corruption and Anti-commercial Bribery*, and the *System for the Conflicts of Interests of Directors, Supervisors, and Senior Management*, which regulate the training of anti-corruption and anti-bribery, the declaration of conflicts of interest, and the protection of whistleblowing.

We have taken proactive measures in the areas of business ethics and anti-corruption to safeguard the transparency and integrity of our operations. Externally, we have included anti-bribery articles in part of our contract templates and signed contracts with external parties, and we will gradually expanding the coverage of anti-bribery articles. Internally, we have included "integrity and self-discipline" as a common indicator in employees' annual performance targets, and have adopted a one-vote veto system for this indicator. At the same time, we require senior management and all R&D-related employees to sign non-competition agreements to maintain the industry discipline and fair competition.

In addition, we encourage employees to communicate and raise questions about anti-corruption issues. They can report in writing through the suggestion box set up by the Company. Employees have a responsibility to report potential or certain violations to the Head of Internal Audit, and we will initiate an independent investigation after confirming its materiality. Employees or other related parties (e.g., clients and suppliers) may anonymously report concerns about the Company's misconduct to the audit committee. We maintain strict confidentiality during the reporting and investigation process and strive to protect the information and data evidence of whistleblowers and witnesses at all stages, to prevent leakage and loss. At the same time, we provide protection for whistleblowers, take disciplinary action against retaliation, and take appropriate measures against those who intentionally create false reports.

Information Security Management

Qyuns highly deems data security and privacy protection. We strictly comply with the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and have implemented a series of management systems and measures.

In terms of data security and privacy protection, we have formulated a series of policies to safeguard the Company's computer equipment, network and data security, such as the *Computer and Network Security Management Procedures*, the *Information System Operations and Maintenance Monitoring Management Procedures*, the *Information System Security Incident Management Procedures,* the *Computerized System Security Standard Management Procedures and the Computerized System Backup and Recovery Standard Management Procedures*. We have established an information security emergency response team, which is responsible for monitoring and responding to various information security incidents and organizing emergency drills on a regular basis. The Company has passed the Level 2 Certification for the National Information System Security Protection Grades in 2022.

In addition, all of our employees have signed a confidentiality agreement to prevent the disclosure of commercial information and data.

Case: Document Management System (DMS)

In 2023, we implemented DMS to effectively enhance document Information security. On the one hand, data encryption and transmission security were strengthened through the implementation of security protocols and access rights. On the other hand, the digital management of documents eliminated the risk of paper documents being susceptible to physical damage such as fire and flood, thereby effectively safeguarding the integrity of information.

Information security protection initiatives

Data backup

- Data is regularly backed up and stored on the local server and the cloud, where a confidentiality agreement has been signed with the service provider.
- Adopt full and incremental backup strategies and conduct regular tests according to standard operating procedures to enable data to be recovered quickly and efficiently during emergencies.

Cybersecurity

- Multiple network monitoring systems are in place to detect and handle network faults in a timely manner.
- Equipped with alternative core switches for quick switching to restore service in case of centralized network failure.
- Install uninterruptible power supply system in the server room to provide continuous power supply for critical equipment in the event of a power outage.

Virus attack

- Adopt domain control management and restrict access rights.
- Install and update anti-virus software to identify and remove virus threats in a timely manner.
- Reduce the risk of virus attacks through network security principles such as access control, security auditing and vulnerability remediation.
- Conduct regular training for employees on security awareness and preventing virus attacks.

Measures to prevent information leakage

Document management

- Document management procedures are built to clearly stipulate requirements for the documents' entire lifecycle, from drafting, reviewing, approval, trainings, distribution, execution, re-examination, filing, to withdrawal and destruction, and document changes.
- A rigorous system of license management is in place, whereby staff members are assigned distinct license tiers based on their specific roles and obligations, thereby limiting the accessibility of information and data for varying levels of personnel.

Encryption of information

- To protect the confidentiality of core information on servers and databases, security measures such as encryption programs, network isolation technology, firewalls, and intrusion detection systems are used. These measures also monitor network traffic to prevent malicious attacks.

Disabling the USB port

- Control the use of terminal computers by restricting USB peripherals and installing desktop management software to prevent unauthorized data transfer; only authorized USB devices can be accessed.

Information security training

- Through regular information security trainings, we enhance employees' knowledge of common network threats, such as social engineering attacks and phishing emails, so as to strengthen their awareness in information security and capabilities to prevent such incidents.

Supply Chain Management

Qyuns strictly complies with the *Government Procurement Law of the People's Republic of China*, the *Tendering and Bidding Law of the People's Republic of China*, and *Good Manufacturing Practice for Drugs* (GMP) and other relevant laws and regulations on supply chain management. We have formulated a series of internal policies such as the *Procurement Management System*, the *Procurement Standard Management Procedures,* the *Clinical Services Procurement Management System*, and the *Measures for Preclinical Technical Services Procurement Management* to regulate our procurement activities. These policies regulate departmental responsibilities, scope of procurement, procurement principles, and procurement processes. At the same time, we have formulated and implemented the *Master Procedures for Materials Management* and the *Suppliers Standard Management Procedures* to manage suppliers comprehensively. We classified the materials into three levels (Ⅰ , Ⅱ and Ⅲ) according to the degree of their impact on the production process and product quality, so as to take corresponding management measures.

At the supplier registration stage, we have established a stringent quality evaluation system, including qualification audits, quality audits and trial validation. Suppliers who pass the evaluation are included in our supplier pool and their information is updated regularly. Meanwhile, we sign quality assurance agreements with suppliers of Type I and II materials, specifying the requirements and standards to ensure the quality of supplies.

Regarding material acceptance checks, we have established precise quality standards for Type I and II materials and conduct thorough inspections in accordance with these standards. Once the materials pass inspection, we accept them following the *Standard Management Procedures for Material Release*. If the material fails inspection or there are any abnormalities in the process of use, we will provide feedback to the purchasing staff through the *Supplier Abnormality Feedback Sheet* and take corresponding measures. If it is confirmed that the materials have quality issues, the warehouse manager will notify the purchasing staff to return the unqualified materials according to the inspection report.

Meanwhile, we regularly review the quality of our Type I and II material suppliers. This includes evaluating the quality of their supplies, providing feedback on quality information, conducting quality audits, and ensuring compliance with quality agreements. Based on the results of these evaluations, we make timely adjustments to our management strategies. For suppliers of Type I materials, we conduct on-site audits. An interdepartmental audit team performs these audits in accordance with a pre-approved plan to enhance professionalism and fairness.

Furthermore, we intend to include ESG-related clauses in our supplier contracts, such as those pertaining to environmental compliance, labour compliance, and corporate governance compliance, to mitigate environmental and social risks during the procurement process.

Case: Clinical services purchasing management process testing

During the reporting period, we initiated an internal control inspection focusing on clinical procurement services. On the basis of the inspection, we have reorganized and established the application process for the procurement of clinical services. Meanwhile, we have adopted a new online approval process for the project resolutions in order to strengthen the management and internal control of the procurement process.

By the end of the reporting period, the number of Qyuns' suppliers by region was as follows:

Supplier		
Indicators	Unit	Number in 2023
Number of domestic suppliers (including Hong Kong, Macao and Taiwan)	Supplier	640
Number of overseas suppliers	Supplier	2
Total number of suppliers	Supplier	642

03

Safe Research and Innovations, Always for the Betterment of Products

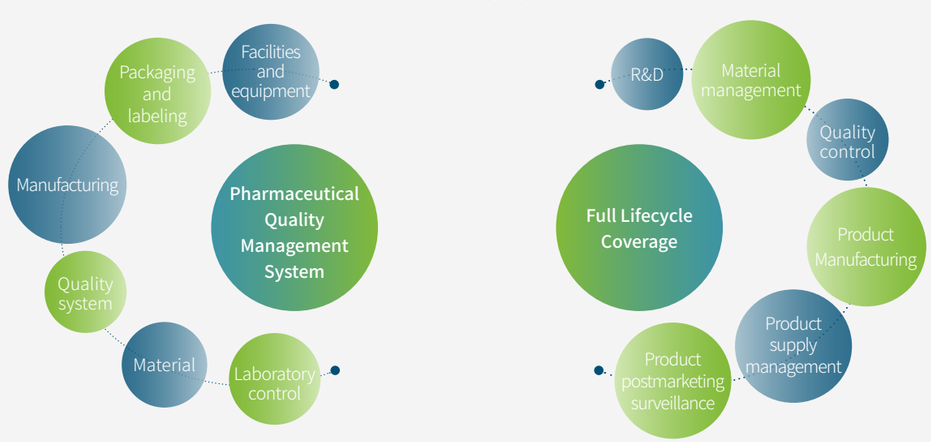
Led by Qyuns management team, we strictly control product quality, continuously optimize and improve the quality system, and actively shape our own quality-driven culture. At the same time, Qyuns carries out the development philosophy of "Innovation for the great majority." Innovation is the core driving force for our rapid development and has fit into all aspects of our business.

Product Quality and Safety

Product Quality Management System

Qyuns has set continuous optimization of the product quality management system as one of the Company strategies. We strictly comply with the *Drug Administration Law of the People's Republic of China*, the *Good Manufacturing Practices for Pharmaceutical Products* and other laws and regulations of the countries and regions in which we operate. On this basis, we have established a quality management system that covers the entire life cycle of pharmaceuticals taking into account the GMPs of China, the United States and the European Union, with international standards for quality management of pharmaceutical production, such as International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH), the International Society for Pharmaceutical Engineering (ISPE), and the Parenteral Drug Association (PDA).

Product Quality System



The Company's quality management document system consists of three levels: the management manual, the master procedure, and various standard procedures. The *Quality Management Manual* serves as the criterion and guidance document for quality work. It stipulates the quality policy and objectives that align with the requirements of quality management for pharmaceutical products and the Company's business objectives. To ensure the quality system operates effectively, we have established standard management and operations procedures covering organizational personnel, plant facilities, products and materials, verification, document management, production management, quality control and assurance, entrusted inspection, product shipment and recall, and self-inspection.

Quality Policy

In compliance with the applicable registration regulations, we continuously enhance the quality system of drug production by conducting periodic reviews. Our goal is to produce safe, effective and quality-controlled products that meet their intended use. We strive to be customer-focused, quality-oriented and continuously innovative.

The Company establishes a risk management system for the whole lifecycle of products with reference to the guidance of *ICH Q9 Quality Risk Management*. The system applies to all of our products, covering the entire process of pharmaceutical R&D, technology transfer, commercial production, and product withdrawal. It involves the operation of plants, equipment, utility systems, computerized systems and automatic control systems, as well as activities related to product quality, such as the use of materials, the applicability of production processes and analytical methods.

We use a forward or retrospective approach to assess, control, communicate and review quality risks throughout the product lifecycle. We determine the level of risk by scoring the different dimensions around severity and likelihood based on the actual situation, combining quality risk management theories and different tools. The methods, measures, forms and documentation used in the quality risk management process are adapted to the level of risks presented.

Risk management processes

Risk Indentification

- Risk-related departments identify the quality risks in the system and processes related to the product.
- Pre-assessed and formally report the risk event to the Quality Risk Assessment Team.

Risk Evaluation

- The team identifies, analyzes and evaluates risks in accordance with the theories and tools of quality risk management and develops effective decisions based on quality risk considerations.
- The team drafts a quality risk assessment report based on the applicability of the risk level, covering all contents and processes of the team's activities, including risk identification, analysis, control, audit and communication.

Risk Control

- Once the quality risk assessment is approved, the responsible department transfers the risk control measures to the Corrective and Preventive Action (CAPA) or change process tracking.
- Risk control aims to eliminate, reduce or control potential quality risks to an acceptable level in accordance with quality management and GMP regulations, thereby ensuring the product's quality continuously.

Safety of Clinical Trials

Qyuns places great importance on the safety and compliance of clinical trials and strictly adheres to the laws and regulations related to clinical trials, including the *Good Clinical Practice* (GCP), the *Drug Administration Law of the People's Republic of China*, and the *Declaration of Helsinki*. We have established internal systems and procedures, such as the *Preparation of Clinical Trial Plans Management System*, to safeguard the safety and privacy of clinical trial subjects.

We conduct clinical trials through contract research organizations (CRO) and have established relevant operating procedures and standard processes, such as the *Standard Operating Procedures for Screening of CROs*, the *Standard Process for Screening of Centers*, and the *Standard Process for Routine Supervision*, to ensure compliance with national laws and regulations. We assess the quality assurance and risk management capabilities of CROs through a rigorous screening process. Independent quality audits are conducted by third-party organizations when necessary. Only CROs that have passed the audit will be included in the *List of Qualified Service Providers for Commissioned Research*. For animal trials, we will participate in protocol development and report review, as well as conduct on-site monitoring during key points such as drug administration and autopsy. After completing the project, we will conduct on-site data verification to improve the completeness, authenticity, and traceability of the trial records.

In order to protect the rights and interests of subjects, we have signed quality agreements with CROs that specify confidentiality obligations. We have also established corresponding quality systems and documents. Prior to the commencement of a clinical trial, the trial protocol and related documents must be approved by the Ethics Committee. Additionally, subjects are required to undergo an informed consent process and sign an informed consent form. During clinical trials, we will handle and follow up on adverse events effectively and report them to the Ethics Committee.

Furthermore, the Company has established the *Standard Process for Corrective and Preventive Actions (CAPA)* to address and prevent nonconformities, defects, or other undesirable conditions. The process improves compliance and quality control in internal workflows, supplier collaboration, routine monitoring, collaborative visits, quality control visits, third-party audits, and regulatory verification by analyzing the underlying issues in pharmaceutical clinical trials and creating a table for categorizing and classifying quality issues, as well as a plan and tracking table.

By the end of the reporting period, we had obtained a total of 17 clinical trial approvals for our pharmaceutical products, including 16 approvals in the People's Republic of China and 1 approval in the United States. In addition, we submitted one application for marketing registration of a pharmaceutical product.

Safety in Drug Production

We have established in-house commercial-scale production capacity that can seamlessly coordinate our drug development activities at all stages. Our CMC-focused subsidiary is established in Taizhou according to the cGMP standards of China, the United States and the EU. We have a CMC team of more than 150 members, covering the full-cycle development of monoclonal antibodies. We believe that our own production capacity that meets cGMP standards, combined with our strong R&D capabilities, will enable us to control costs and ensure stable clinical and commercial drug supply. In April 2021, we received a *Drug Manufacturing Certificate* from Jiangsu Medical Products Administration for the production at Taizhou Manufacturing Facility.

GMP Production Platform	**57,977 m^2**	**150+ people**	**4 lines**	**300+ kg**
	Land Area	CMC Team	2000L Drug Substance Production Line	Annual Antibody Production Capacity

We promote smart drug productions to enhance safety and efficiency through precise control, real-time monitoring, and automation. In 2021, our antibody drug production project was officially put into operation, equipped with advanced smart production facilities and automated equipment. Throughout the production process, from raw material input to qualified product output, the Company has implemented process monitoring, alarm systems, and audit tracking mechanisms at each step. This enables comprehensive visual management of the entire product life cycle.

Our smart production practices have received a number of authoritative recognitions. In 2021, the Company was awarded the "Integration of Informationization and Industrialization Management System Certificate." In 2020 and 2021, the Company's antibody drug substance workshop and antibody drug product workshop were selected as municipal smart manufacturing demonstration workshops by Taizhou Industry and Information Technology Bureau respectively.

Case: Smart workshops

Our drug substance workshop and drug product workshop are equipped with automated and intelligent machinery, ensuring highly efficient and reliable production. This guarantees that every step of product processing, from raw materials to drug products, meets high standards of quality control. The drug substance workshop enables real-time monitoring and data exchange during the production process. It is equipped with automatic detection, alarm, or rejection functions, which effectively ensure the quality and safety of the drug substances. The drug product workshop uses In-Process Control (IPC) Weighing System and barcode automatic identification technology to achieve automatic adjustment of the filling volume. This ensures accurate management and tracking of product information.

Furthermore, we guarantee the safety of drug production by implementing an aseptic control system. This system is based on the principles of quality risk management and provides comprehensive control of potential contaminants such as microorganisms, pyrogens, and particles. The Company's plant facilities, equipment, and production processes are optimally designed, and the stable operation is maintained through a monitoring system. Meanwhile, we strictly adhere to the requirements for producing sterile and low-bio-load products while also conducting validation.

We established the *Master Procedure of Pollution Control Strategy Management* to standardize the pollution control management in the plant and guide the documentation of pollution control strategies. The master procedure is made based on EU GMP and the European Compliance Academy (ECA)'s *How to Develop and Document a Contamination Control Strategy*, combined with the comprehensive concepts of the *ICH Q8 (R2) Pharmaceutical Development, Q9 Quality Risk Management,* and *Q10 Pharmaceutical Quality System*.

Integration of Informationization and Industrialization Management System Certificate

Quality Control and Response Strategies

Regarding quality assurance, we have established a quality control platform for large molecule drugs that meets the registration and declaration requirements of both China and the United States. This platform fulfills the GMP requirements for producing and testing samples at different clinical and commercialization stages. Our quality control capabilities include physical and chemical analysis, instrumental analysis, materials analysis, biochemical analysis, microbiological analysis, environmental monitoring, and laboratory operations. To guarantee the quality of our drugs, we have implemented strict standards for material release, intermediate sample testing during production, release testing and stabilization studies of drug substances and drug products. We also maintain strict controls over pharmaceutical water, process gases and environmental monitoring.

Case: Implementation of laboratory information management system (LIMS)

During the reporting period, we implemented the LIMS to enhance product quality monitoring. The system improves the efficiency of sample testing, enhances the reliability of analysis results, and optimizes the handling of complex analysis problems through convenient information query and automated report generation. LIMS effectively coordinates laboratory resources, quantitatively manages experiments, and provides management with accurate evaluation data.

Furthermore, we have implemented a quality assurance supervision system which enhances control and supervision of production through regular on-site inspections and checks. Any defects identified during these inspections are reported promptly, and corresponding corrective and preventive measures are taken to ensure that the production and inspection process consistently meets quality standards and safety requirements.

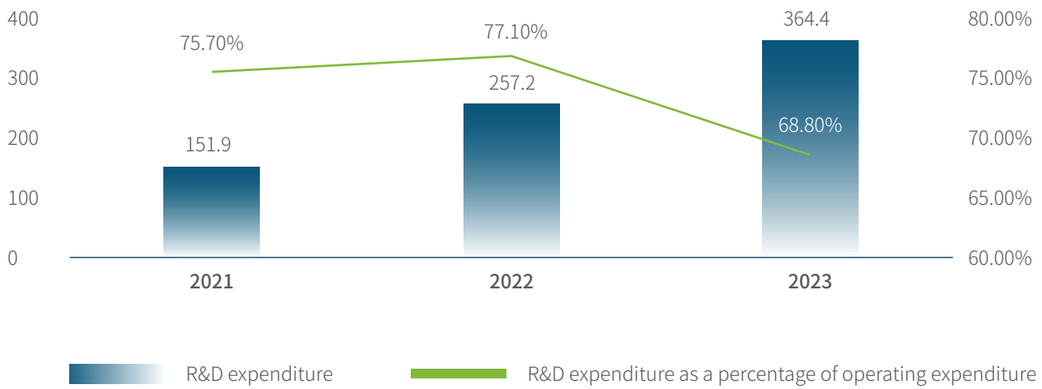
Regarding product recalls, we are dedicated to ensuring product quality and consumer safety led by the *Regulations of Rework Standard*. The regulations make a clear distinction between implementable and non-implementable rework scenarios. It states that rework can only be implemented if it meets product quality standards, the predefined operating procedures have been approved by our quality management department, and the associated risks have been fully assessed. Furthermore, our rework processes, which encompass approval, implementation, inspection, release, and record management, are unambiguously defined to guarantee process transparency and traceability. During the reporting period, there were no products that we had to recall for safety and health reasons.

Regarding complaints, we have developed the *Regulations of User Complaint Handling Standard Management* to standardize the process of handling product complaints. We have established a dedicated complaint channel to promptly record, track, report and provide feedback on complaints received. This effectively safeguards users' rights and interests, as well as drug safety. We strictly follow the complaint handling requirements stipulated in the Quality Agreement with the Clients. During the reporting period, the Company has not received any complaints regarding the products and services.

Regarding advertising and labeling, we strictly comply with the *Advertising Law of the People's Republic of China*, the *Provisions on the Administration of Pharmaceutical Directions and Labels* and other laws and regulations. We have established procedures for designing, proofing, printing, using, and destroying printed packaging materials in accordance with the *Regulations of Printing and Packaging Materials Standard Management*. This ensures that the contents of our advertisements and labels are both lawful and compliant, while also protecting the rights and interests of consumers.

Product Development and Innovation

As a growing biopharmaceutical company, Qyuns' R&D capabilities are crucial for maintaining our competitiveness in the industry. During the reporting period, the Company spent RMB 364.4 million on R&D, which accounted for 68.8% of the operating expenditure.



We have established an integrated R&D platform as the foundation for our continuous innovation. The platform comprises five R&D components, including innovative mAb screening and function verification, antibody structure analysis, cell line screening and process development, drug formulation development and preclinical and clinical sample analysis and testing. We have developed all of our biologic drug candidates in-house and set up two clinical development centers in Beijing and Shanghai to accelerate the clinical trials of the relevant products under development.

Meanwhile, we actively promote and encourage the spirit of innovation and have taken concrete measures in promoting such activities. The Company has established the *Measures for Intellectual Property Reward and Punishment Management*, which clearly outlines rewards and penalties for patents, trademarks, copyrights, and other intellectual property rights. Additionally, a graded reward system has been implemented based on the type and significance of patents. The program not only motivates the team to innovate but also encourages employees to apply for patents on their innovations. This promotes the implementation and development of patented technologies. Since the implementation of the program in 2022, a total of RMB 127,769 has been paid out as incentives, with 62 people receiving the rewards. During the reporting period, a total of RMB 35,710 was paid out and 28 individuals were rewarded.

Case: Rabbit antibody development platform

Our rabbit antibody development platform serves as the foundation of our drug discovery and development. The platform covers all core antibody R&D functions, such as antibody screening, humanization and structural optimization. We adopt an advanced B cell cloning technology that can greatly increase the access to a wider range of antigen-specific B cells and achieve high-throughput screening to isolate rare antigen-specific B cells among a high volume of such cells. Our platform not only facilitates the selection of rabbit mAbs with strong bioactivity, but also helps evaluate their viability to be further developed into commercial-grade biological drugs, aiming to avoid excessive modifications to reduce uncertainties in subsequent CMC process development.

The development workflow of rabbit mAbs

Case: Joint laboratory establishment with China Pharmaceutical University

In 2023, we signed a contract with China Pharmaceutical University to establish a joint laboratory, focusing on non-clinical research in the process of antibody drug screening, evaluation, engineering modification, new technology development, and the industrialization of scientific and technological achievements. During the reporting period, we established three culture models to investigate in vitro efficacy of co-administered drugs, which further advanced the drug development process.

Case: Collaboration with the Institute of Biophysics, Chinese Academy of Sciences

In 2018, we signed a technical service contract with the Institute of Biophysics, Chinese Academy of Sciences, focusing on antibody drug development. During the reporting period, we conducted research on the antibody molecular structure of our QX008N product for the treatment of moderate-to-severe asthma and also compiled the corresponding test report.

Intellectual Property Protections

In strict compliance with the *Patent Law of the People's Republic of China*, the *Detailed Rules for the Implementation of the Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other relevant laws and regulations, Qyuns has established an intellectual property management system that complies with the national standard and meets our own development needs. The system clearly stipulates the Company's intellectual property policies and goals, supported by the I*ntellectual Property Manual* and a series of intellectual property procedural and institutional documents, and supplemented by record documents as a result of such system. Additionally, the Company has formulated a series of supporting documents such as the *Document Control Procedures*, the *Technical File Management Procedures*, the *Intellectual Property Reward and Punishment Management Measures*, and the *Confidentiality System,* in order to establish a comprehensive closed loop for managing intellectual property.

Contents of intellectual property control procedures

Internal documents control	External documents and document records control	Laws and other requirements control	Human resources control
Information resource management control	Confidentiality control	Internal audit control	Intellectual property acquisition control
Intellectual property maintenance control	Intellectual property utilization control	Intellectual property risk management control	Intellectual property dispute settlement control

The establishment, implementation, and continuous improvement of the intellectual property management system aim to standardize intellectual property management behaviours in our production and operation activities, and to enhance our ability to create, manage, use, and protect intellectual property rights. Our long-term commitment is to enhance the Company's intellectual property management system in order to effectively prevent and control intellectual property risks, encourage and protect innovative activities, create products with high technical barriers, and build the core competitiveness of the Company through intellectual property strategies.

The intellectual property management system has been operating smoothly since its establishment in 2021, and has successfully passed the annual supervisory audit of intellectual property management system certification that meets national standards in 2022 and 2023, maintaining the continuous validity of the standard certificate. The Company has also been named one of the second-batch qualified companies for the performance evaluation in intellectual property management standardization of Jiangsu Province in 2022.

Certificate in intellectual property management 2021-2023

At the same time, Qyuns places significant emphasis on protecting intellectual property rights throughout the drug development process, recognizing their critical role in the Company's long-term growth and competitiveness. To this end, we have established a comprehensive and thorough strategy for protecting intellectual property. By conducting ongoing research and monitoring throughout the project, implementing multi-dimensional and multi-level patent protection strategies, and globalizing our patent layout, we are able to provide stable legal protection for our innovations throughout the entire development cycle of our pharmaceutical products. This provides a solid guarantee for the Company's sustainable development and enhances our competitiveness in the market.

Intellectual property protection strategies throughout the pharmaceutical development cycle

Ongoing research and monitoring throughout the project	During the early stages of a project, we conduct thorough research and investigation to monitor the development of relevant competitors and potential intellectual property risks. This allows us to make timely adjustments to our development goals and avoid infringing on others' intellectual property rights, while also effectively protecting our innovations. We monitor our key projects and products continuously and provide prompt feedback to our management, enabling quick and informed decision-making.
Multi-dimensional and multi-level patent protection strategies	For the product of each project, the Company applies for patents not only at the basic level for sequence and composition but also for the formulation, production process, testing method, and therapeutic use. This comprehensive patent strategy improves the stability and defence of our pharmaceutical intellectual property rights.
Globalized Patents	Considering the complexity of the international market, we apply for overseas patents in key territories such as the US and Europe for each of our major products to protect them against global competition.

Case: Important patents and patent applications for the core products QX002N and QX005N

Qyuns currently owns two core products, QX002N and QX005N, which have been protected through patent applications in major overseas countries. Among them, QX002N's patent of "Anti-human interleukin 17A monoclonal antibody and application thereof" has been approved in China, Europe, Australia and Japan, and patent applications have been filed in the United States and Canada; while QX005N's patent of "Anti-human interleukin-4 receptor α monoclonal antibody and application thereof" has been approved in China, Australia and Japan, and patent applications have been filed in the United States, Canada and Europe.

"Anti-human interleukin 17A monoclonal antibody and application thereof" patent for QX002N product

"Anti-human interleukin-4 receptor α monoclonal antibody and application thereof" patent for QX005N product

By the end of the reporting period, the number of intellectual property rights held by Qyuns is shown below:

Patent applications	88
Patent authorizations	44
Number of trademarks obtained	83
Number of domain names obtained	21
Number of copyrights obtained	4

04

A People-centered Strategy, to Build up a Thriving Workplace

We are a company of vitality, adhering to the talent development philosophy of equality, diversity, pragmatism, and courage, and to the principle of putting people first. We respect and protect the rights and interests of employees, strive to provide them with more growth opportunities, better welfare benefits and a superior work environment always, and attach great importance to occupational health and safety. We believe that talent is the key to our company, and only by truly caring for employees can we stimulate their potential and promote sustainable and healthy development of the Company.

Protection of Employee's Rights and Interests

Employment Management

In order to protect employees' rights and interests, Qyuns strictly abides by the *Labour Law of the People's Republic of China,* the *Labour Contract Law of the People's Republic of China*, the *Regulations of Jiangsu Province on Labour Protection*, the *Regulations on Labour Security Supervision*, the *Employment Promotion Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labour*, and the *Law of the People's Republic of China on the Protection of Minors*, etc., as well as other relevant laws and regulations that are significant to the Company relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. On this basis, we standardize the management system of personnel, attendance, compensation and benefits through the *Employee Handbook of Qyuns*.

Regarding the avoidance of child and forced labour, we have clearly stipulated in our employee recruitment management system that "those under the age of eighteen shall not be employed." In the labour contract management system, we firmly adhere to the principles of "fairness, equality, and legality," ensuring that employees are hired on an equal and voluntary basis. The attendance management system mandates the implementation of a standard five-day, eight-hour workweek, and provides compensation for overtime work through wage subsidies, lunch allowances, and compensatory leave, effectively preventing forced labour. During the reporting period, the Company did not experience any cases or other labour disputes related to the employment of child labour or forced labour.

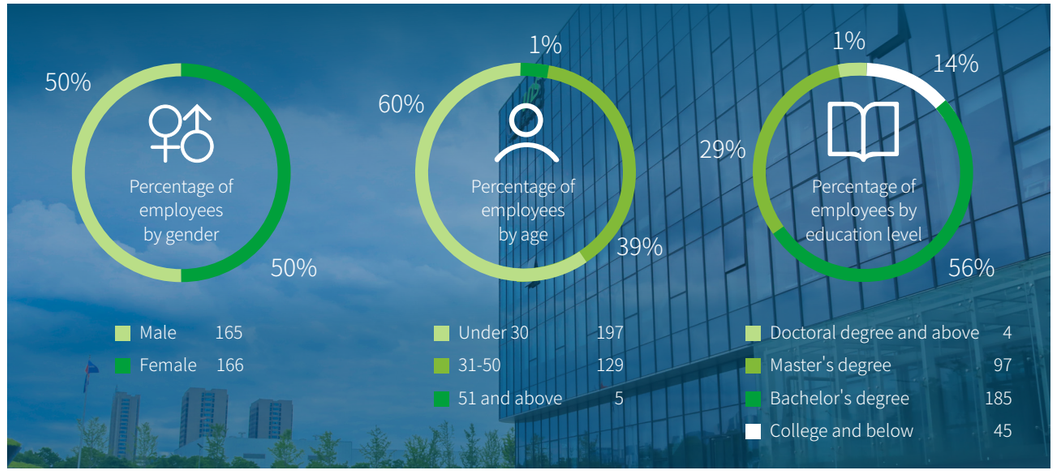
During the reporting period, Qyuns was awarded "Excellent Labour Relationship Harmonious Enterprise in Jiangsu Province"

Case: Implementation of a night shift compensation system

To ensure production quality and continuity while strictly adhering to company policies and relevant laws and regulations, we have introduced the "Trial Measures for the Implementation of Night Shift Compensation" in 2023. The measures specify work hours for both long and short night shifts and offer two distinct compensation options along with corresponding wage subsidies, allowing employees to choose based on their individual needs.

Qyuns is a people-oriented company and continuously recruits talents. Adhering to the principles of "open recruitment, comprehensive assessment, and merit-based selection," the Company selects candidates whose abilities match the job requirements through a combination of internal deployment and external recruitment. By the end of the reporting period,

Qyuns had a total of 331 full-time employees in Mainland China. The employee structure and headcount, categorized by gender, age, and education level, are as follows:



During the reporting period, the employee turnover rate[5] by gender and age group of Qyuns is as follows:

Employee Turnover Rate			
Indicators		Unit	Number in 2023
Overall employment turnover rate		%	14.69
By gender	Male	%	13.16
	Female	%	16.16
By age	Under 30	%	17.23
	31-50	%	11.03
	51 and above	%	0.00

5.Calculated according to *How to prepare an ESG Report Appendix 3: Reporting Guidance on Social KPIs* issued by SEHK. Turnover rate (per category) = Employees in the specified category leaving employment / Number of employees in the specified category *100.

Employee Communication

Qyuns places a high value on employee communication and feedback. The Human Resources department implements various communication methods, such as new-hire interviews, interviews upon probation completion, and regular performance reviews, to ensure that employees' voices are heard and responded to promptly. These measures not only aid employees in integrating them into the team more quickly and enhancing job satisfaction rates, but also provide valuable feedback to the Company, supporting continuous management improvement and enhancing the employee experience. Additionally, the Company actively collects employee opinions and suggestions through a physical suggestion box located in the office building.

New-hire interviews

Conducted on the 3rd day, two weeks, one month, two months, and three months after a new employee joins, these interviews aim to understand the employee's adaptation, work experience, challenges, and suggestions at different stages.

Interviews upon probation completion

Conducted six months after an employee joins, these interviews gather feedback on supervisors and the Company, employees' work challenges and support needs, and suggestions for optimizing job positions.

Regular performance reviews

Regular performance reviews aim to enhance employee performance and job satisfaction by discussing employee satisfaction levels, summarizing work achievements and challenges, developing work plans and improvement directions, and addressing personal growth and support needs. Annually, these reviews cover at least 20% of employees, with full coverage achieved within five years.

Furthermore, we have established an organizational guarantee system centered on the Labour Union for employee communication. We have formed a union committee, a fund examination committee, a female employee committee, and a labour law supervision committee under the Labour Union, with the Union possessing the legal entity of a social organization. We implement a system of workers' congress, convening at least once per year to effectively enforce its decisions. Simultaneously, we have instituted a factory affairs disclosure system, disclosing relevant information comprehensively, authentically, and promptly through various forms such as fixed bulletin boards and office automation systems (OA). When formulating labour-related rules, regulations and significant matters regarding employees' vital interests, we fully listen to the opinions of employee representatives or all employees and consult with them equally to promote the fairness and rationality in decision-making.

Workers' congress

Publicity of rules and regulations

Employee Care and Welfare

A Superior Work Environment

In recent years, Qyuns has meticulously built an office park with a spacious and bright work environment, fostering a comfortable workspace for employees. To align with the practical needs of our staff, we have not only established a cafeteria but also pantries on each office floor, making their lives more convenient. Additionally, with a special focus on accommodating out-of-town and long-distance commuting employees, we provide dormitories equipped with comprehensive living facilities and complimentary internet access, ensuring that the staff feel at home.

Furthermore, in commitment to employee health and safety, the Company has equipped various departments with first-aid kits to address potential emergencies. Within the park, we have created amenities such as the reading nook and a terrace, offering diversified spaces for learning and breaks. The installation of sports facilities like a basketball court and an indoor badminton court allows employees to participate in physical activities and relieve stress amidst their demanding schedules.

Through these concerted efforts, Qyuns has achieved "regularized cafeteria management, standardized dormitory management, and normalized medical support." This not only caters to the livelihood and cultural needs of our employees but also stimulates their work enthusiasm, injecting vitality into the Company's sustained development.

The Office Park

Cafeteria

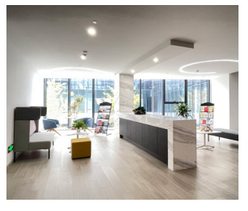
Leisure Space

R&D Center

Basketball Court

Badminton Court

the Terrace



Reading Nook

Comprehensive Compensation and Benefits

In strict compliance with relevant laws and regulations such as the *Trade Union Law of the People's Republic of China*, the *Standards for Statutory Annual Leave*, the *Regulation on Public Holidays for National Annual Festivals and Memorial Days*, the *Regulation on Paid Annual Leave for Employees*, the *Jiangsu Province Wage Payment Regulation*, and the *Social Insurance Law of the People's Republic of China*, Qyuns has established a competitive employee compensation and benefit system that aligns with our unique corporate culture. This system encompasses various aspects including salary, incentives, statutory benefits, and general welfare, providing comprehensive protection for employees' rights and interests, and offering strong support for their growth and development.

Comprehensive compensation and benefits of Qyuns			
Salary	Basic salary	Overtime allowance	Year-end bonus
Incentives	New talent growth award	Annual salary adjustment	Outstanding contribution award
	Outstanding employee award	Promotion salary adjustment	Incentive salary adjustment
Statutory Benefits	Five social insurance and one housing fund	Paternity leave	Maternity leave
	Paid annual leave	Marriage leave	Statutory holiday
General Welfare	Weekends	Holiday greetings	Annual corporate trip
	Meal allowance	Birthday gifts	Anniversary celebration activities
	Rental subsidy	Annual physical examination	Tea break
	High temperature allowance	High-end medical insurance	Sports club
	Team building	Special theme activities	

Qyuns adheres to the principle of putting people first. Led by the Administration Department, a leading group office has been established to organize various activities and distribute welfare benefits, ensuring that each benefit reaches employees precisely. In terms of general welfare, the Company not only establishes wedding, childbirth, illness, and retirement benefits in accordance with relevant regulations but also carefully prepares festival gifts for the Spring Festival, Dragon Boat Festival, Mid-Autumn Festival, as well as personalized care such as birthday cake vouchers. Additionally, the Company has extended the Chinese New Year holiday to include New Year's Eve, fully accommodating the needs of nonlocal employees to return home in time for their family reunions.

Chinese New Year red envelopes

Holiday gifts

Employees' birthdays celebration

Furthermore, the Company attaches great importance to employee health and carefully formulates an annual employee protection plan each year. We provide commercial supplementary medical insurance for current employees and allow employees who have worked for a year to add coverage for their families, extending our care to their households. During the reporting period, the Company optimized and upgraded our insurance products, increasing the scope and amount of coverage, further enhancing employees' sense of security and stability.

Diversified Employee Activities

Qyuns places great emphasis on cultivating a vibrant and healthy corporate culture. Regular events such as annual conference, company anniversary celebrations, family days, and corporate trips are organized to foster mutual understanding and team cohesion among employees. In addition, we organize activities aligned with traditional festivals like the Lantern Festival, International Women's Day, and Children's Day, demonstrating our care for the staff. Annual mountaineering trips, sports events, as well as Party-building and team-building activities, further enhance team collaboration and communication, fulfilling employees' spiritual needs and boosting their work enthusiasm and senses of belonging. These initiatives create a relaxing and enjoyable atmosphere for employees, enabling them to engage more effectively at work.

Company annual conference

Electronic music festival

Company anniversary celebration

Corporate trip

Family day

Sports meet

Basketball game

Mooncake making in Mid-Autumn Festival

Christmas activities

Case: Qyuns badminton club

Our Youth League branch has taken the lead in establishing the Qyuns Badminton Club, which operates under a membership-based management model. The club is comprised of an operation team, a promotion team, and an organization department to ensure orderly activities. It arranges 2-3 badminton sessions per week, providing a platform for members to improve skills. Furthermore, the club organizes 1-2 badminton tournaments annually, including competitions among internal members and friendly matches with external organizations, aiming to enhance members' competitive level and strengthen friendly communications with other companies in the park.

Thoughtful Care for Female Employees

Qyuns is committed to providing comprehensive care and support for our female employees. We strictly adhere to women's rights protection policies such as the *Special Rules on the Labour Protection of Female Employees*, the *Provisions of Jiangsu Province for Maternity Insurance for Employees*, and the *Implementation Plan for Optimizing Fertility Policies and Promoting Long-term Balanced Population Development in Jiangsu Province*. We offer female employees prenatal check-up leave, maternity leave, breastfeeding leave, parental leave, and maternity allowances to ensure they receive adequate rest and support during childbirth. Additionally, we provide full bonus payments to female employees during this period, guaranteeing their smooth transition back to their original positions after maternity, leaving them with no financial worries.

Furthermore, we provide maternity gifts to both female employees and wives of male employees, allowing every member of our team to feel warm and caring. On special occasions such as International Women's Day, we also send gifts to female employees to express our respect and good wishes. To better serve our female employees, we have established a baby care room and provided educational materials on the benefits and considerations of breastfeeding, creating a cozy and comfortable environment for them.

Women's Day activities on making floral bouquets and badminton game

Promotion of activities

Making floral bouquets

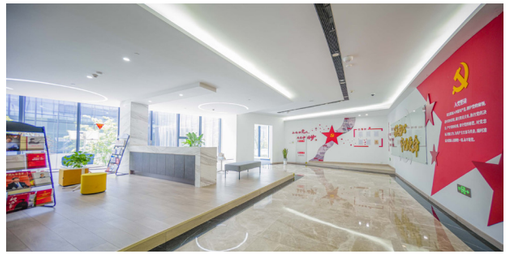
Case: Baby care room

To further demonstrate our care and respect for female employees, we have specifically established a baby care room, providing a safe, comfortable, and private space for nursing moms. To ensure the standardized and efficient operations of this facility, we have formulated a series of related policies, including the *Registration Guide for the Baby Care Room*, the *Safety Guide for the Baby Care Room*, and the *Management and Maintenance Guide for the Baby Care Room*.

Proactive Cultural Development Efforts

Qyuns places great emphasis on corporate cultural development, showcasing our charm through diversified platforms. We present our corporate culture, products, and development plans both online (e.g. the official website, WeChat official platform, etc.) and offline (e.g. physical exhibition hall), enabling employees and visitors to gain an in-depth understanding of our core. Additionally, we have established an internal periodical and a Party-building culture wall, which not only highlight the Company's core values but also guide employees in cultivating the upright values.

Corporate culture exhibition hall



Party-building culture wall

Case: Company periodical "ViSion"

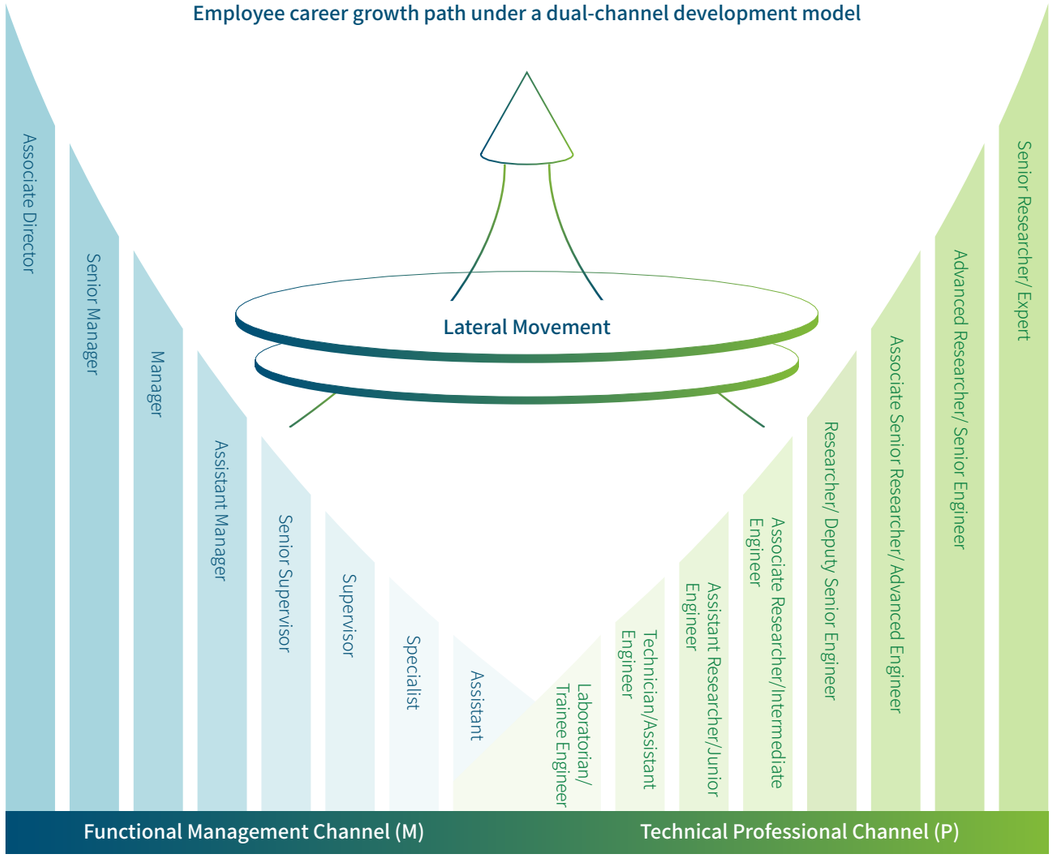
We publish the corporate periodical "ViSion" which covers four sections including Special Reports, Industry Frontiers, Policy Interpretations, and the Qyuns Window. It efficiently disseminates corporate news, promotes corporate culture, and encourages employees to actively submit for publications, collectively documenting the growth of both the Company and our employees.

Talent Development and Training

Career Trajectory

Qyuns adheres to the principles of fairness, impartiality, and transparency in our career promotion system, offering employees a dual-channel promotion framework. Upon the promotion from being assistants to a specialists, employees can opt for either a technical professional channel (R&D and engineering) or a functional management channel (technical and administrative support). The dual channels allow for lateral movement, encouraging employees to continually improve, and achieve personal career goals and self-actualization, while fostering a balance between individual skills and team management capabilities.

Employee career growth path under a dual-channel development model

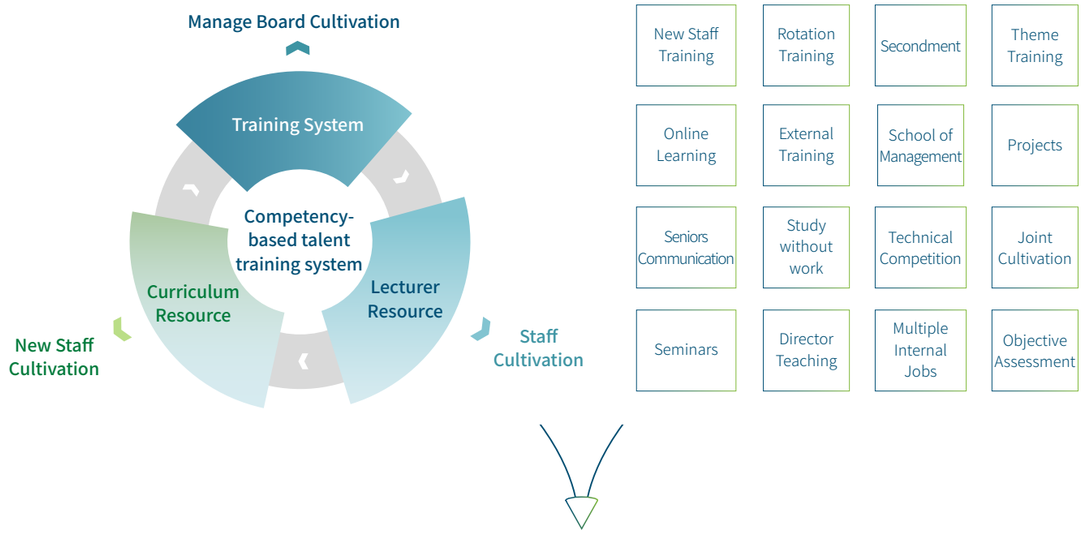


Training System

Qyuns has established a comprehensive training system, guided by the Company's Training Management Procedures aimed at enhancing employees' professional knowledge, business skills, and operational skills to ensure they are competent in their roles. Trainings are flexible and diverse, encompassing both internal and external programs across multiple levels from the Company, the department to the position, and spanning various stages including pre-employment, continuing education and the time of document implementation.

The Company's competency-based talent development framework includes onboarding, executive mentorship, departmental and job-specific training, and a buddy system for key personnels. We recognize and reward excellence through annual awards for outstanding new staff, outstanding employees, and high-performing teams, leveraging the leadership of role models. Additionally, we actively support employees in applying for talent and professional title programs, such as Taizhou's "113 Special Pharmaceutical Talent Plan" and "Innovation and Entrepreneurship Talent Plan," actively fostering individual growth and value.

Competency-based talent training system



Definite Cultivate Puzzle	Determine staff training puzzle based on the nature of the post, the degree of training difficulty and the development mode.

New employee orientation training process

Preparation before New Employees Onboard (3 working days) → **Preparation for Training (30 working days)** → **Training & Filing (Filed in archives by month)**

For internal trainings, the Company follows a rigorous process to develop our annual plan. This involves identifying training needs across key areas like HR, administration, GMP, and EHS to form a structured training matrix. Departments are consulted via email to align the plan with their specific requirements. Based on feedback analysis, we finalize the Company training plan for the upcoming year, ensuring comprehensiveness, relevance, and effectiveness.

External training opportunities are available to employees who sign a "Special Training Agreement" with the Company. These include a range of regular and temporary programs, such as annual safety training in quality inspection, certification in experimental operations, GCP standard training, training on national GMP standards, and training on pharmaceutical intellectual property rights. These external programs expose employees to industry progressions, enhancing their professional skills and overall competencies for greater contributions to the Company's growth.

Case: Legal contract risk training

During the reporting period, we invited an experienced lawyer from a law firm to conduct a 2-hour training on the topic of "Prevention and Control of Legal Risks in the Process of Contract Signing, and Frequently Asked Questions" for more than 30 employees, aiming to enhance the employees' awareness on the prevention and control of legal risks and their ability to respond to such risks in the process of contract signing.

Case: Clinical research training

During the reporting period, we invited experts such as the chief scientist of an external pharmaceutical company to give a special report, focusing on the design and analysis strategies in the clinical process, as well as clinical evaluation strategies and risk control. The training lasted 3 hours and attracted active participation from more than 100 employees with all the Company's senior managers attending, demonstrating strong interest and positive attitude from employees at all levels towards such professional knowledge.

During the reporting period, the percentage of employees trained of Qyuns is 99.40%; the average training time is 224.37 hours; and the total investment in staff training is RMB 221,600.

Development and Training Performance			
Indicators		Unit	Number in 2023
The percentage of employees trained [6]		%	99.40
By gender	Male	%	49.54
	Female	%	50.46
By rank	Senior management	%	8.51
	Middle management	%	13.98
	Junior staff	%	77.51
The average training hours [7]		Hour	224.37
By gender	Male	Hour	218.06
	Female	Hour	230.63
By rank	Senior management	Hour	75.00
	Middle management	Hour	151.17
	Junior staff	Hour	247.69

6.Calculated according to *How to prepare an ESG Report Appendix 3: Reporting Guidance on Social KPIs* issued by SEHK. Percentage of employees trained = Employees who took part in training / Number of employees*100, Breakdown for employees in relevant categories = Employees in the specified category who took part in training / Employees who took part in training*100.

7.Calculated according to *How to prepare an ESG Report Appendix 3: Reporting Guidance on Social KPIs* issued by SEHK. Average training hours per employee = Total number of training hours / Total number of employees, Average training hours for employees in relevant categories = Total number of training hours for employees in the specified category / Number of employees in the specified category.

Joint Cultivation of Talents

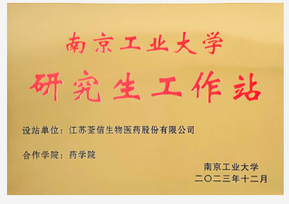
Qyuns actively deepens university-enterprise co-operations, and has successfully gathered numerous excellent talents through the joint program on cultivation of talents. The Company provides a systematic training and development platform for the students from cooperating colleges and universities, and the Company's employees act as mentors outside of their schools, effectively passing on the corporate culture, helping the students integrate into the teams faster, enhancing their willingness to stay in the job after graduation and improving the satisfaction and loyalty of students who stay after the program.

Case: Cooperation with School of Life Science and Technology of China Pharmaceutical University

In July 2023, Qyuns successfully signed a cooperation agreement with the School of Life Science and Technology of China Pharmaceutical University, and jointly established a "Professional Degree Graduate Practice Base" and "Graduate Employment Base." For a long time, Qyuns has maintained a profound and friendly cooperation relationship with China Pharmaceutical University, and the two sides have worked together to cultivate a total of 8 interns, and 31 outstanding students were successfully employed and became an important part of the workforce for the development of the Company. During the reporting period, we once again successfully accepted a graduate student and an intern from China Pharmaceutical University, and welcomed five new graduates to join our team.

Case: Cooperation with School of Pharmaceutical Sciences of Nanjing Tech University

In December 2023, Qyuns cooperated with the School of Pharmaceutical Sciences of Nanjing Tech University to set up a "Postgraduate Workstation" and "Employment and Entrepreneurship Internship Base," where 19 students have joined the Company so far. During the reporting period, we once again welcomed a new employee from Nanjing Tech University, injecting new vitality to the Company.



Occupational Health and Safety

Production Safety Management

Qyuns strictly abides by the *Work Safety Law of the People's Republic of China,* the *Fire Protection Law of the People's Republic of China* and other laws and regulations of the countries and regions where we are located. We have constructed a three-tier EHS documentation system, led by the EHS Management Manual and supplemented by 47 regulatory documents and 9 management program documents, covering a number of key areas such as production safety, operation norms, waste and emission management, hazardous chemical control, fire safety, emergency plans, and detection and prevention of occupational disease hazards, which provides us with the guiding principles. On this basis, we evaluate and update these documents regularly, which are drafted by the commissioner, reviewed by the manager, and then approved and released by the head of operation and security.

In terms of organization and management, we have set up a multi-level safety management organization structure, with the general manager as the main person in charge and the head of the operation center as the person in charge of safety, and incorporating the participation of multiple departments such as quality, R&D and production. At the same time, we have set up an EHS department under the operation center to clarify the management functions of each department, so as to form a set of top-to-bottom and consistent safety production management system.

We set targets on an annual basis, detail the sub-targets of each department related to the EHS area, and sort out and review the completion status on a monthly basis. During the reporting period, 100% of our production safety objectives were achieved.

Production Safety Objectives	Target	Status of achievement
Number of work-related deaths and serious injuries	0	Achieved
Number of major fire and construction accidents	0	Achieved
Hidden hazard rectification rate	100%	Achieved

EHS Production Safety Policy

Create a good working environment to ensure the safety of employees at work.

Provide the necessary safety protection to safeguard the health of employees.

Qyuns implements the requirements of production safety to every employee and ensures that the responsibility is personalized. To this end, in 2021, we established the "Production Safety Responsibility Program," which requires all employees to sign a "Production Safety Target Responsibility Document" every year, specifying the implementation items, objectives and assessment mechanisms. In addition, we require all employees who are involved in special jobs such as storage, transportation and use of hazardous chemicals to be licensed and provided them with relevant training.

In terms of risk management in production safety, Qyuns has established a dual prevention mechanism for production safety by formulating and implementing the *Safety Risk Rating and Control System* and the *Hidden Hazard Investigation and Management System*, which sets out responsibilities to the departments and individuals.

Safety risk rating and control system

Define the production process

- Divide the operation area into units and establish the *Unit Ledger*.
- Each department divides the dangerous sources of the responsible unit and forms the *Unit Risk Identification and Control List.*

Clarify identification methods

- Safety checklist (SCL) is used for equipment, facilities, materials (raw and auxiliary materials, hazardous substances) and other hazardous sources.
- Job Hazard Analysis (JHA) is used in operational activities.

Risk identification

- Collect national and local laws and regulations, common risks in the industry, customer's supplier auditing requirements, expert advice, etc.
- Risk identification through on-site observation and interviews.

Risk assessment

- Four levels of risk (major, major, general and low) are formed through the Likelihood and Severity Risk Matrix (LS) and the Likelihood Exposure Consequence Analysis (LEC) methods.

Risk rating and control

- Risk factors follow the principle that the higher the risk, the higher the level of control.
- Control measures include the dimensions of engineering technology, management system, education and training, personal protection, and emergency response.

Risk notification

- Inform risks by means of bulletin boards, risk notification cards, education and training.

Continual improvement

- Re-conduct risk assessment and formulate corresponding control measures when there are changes in laws and regulations, work procedures, safety production conditions or new sources of hazards are found.

The Company has incorporated the investigation of hidden hazards into daily management, clarified the responsible parties and inspection criteria, and set up a team for the investigation and management of hidden hazards. We use a variety of methods to carry out hidden hazard inspections, such as checking operation records and site markings, measuring environmental parameters, and observing operation behaviour. At the same time, we stipulate the form and frequency of hidden hazard inspection, including monthly routine inspection, quarterly comprehensive inspection, departmental self-inspection, special inspection, seasonal inspection, and holiday inspection, and form our records in the Hidden Hazard Inspection and Governance Ledger. If hidden hazards are found, we require each department to respond and deal with them promptly in accordance with the procedures for handling general hidden hazards and major hidden hazards, and to implement temporary protective measures and draw up long-term improvement plans for hidden hazards that are difficult to be solve. We require that safety precautions be emphasized in the process of handling hidden hazards, and that reports be made to supervisors and relevant departments afterwards. We reward employees who actively discover, remove and report hidden hazards, and penalize those who fail to rectify the situation on schedule. The status of hidden hazard investigation and rectification is also included in the annual performance assessment.

Case: Safety reward and punishment management system

We have formulated and implemented the *Safety Reward and Punishment Management System*, which stipulates in detail the principles of reward and punishment in the process of safety production, and the implementation process. During the reporting period, the hidden hazards reported by each department have been rectified in a timely and effective manner. The EHS department has completed the issuance of rewards in accordance with the provisions of the system. It encouraged employees to participate in safety management and to build a safety defense together.

As a result of the above company initiatives and the efforts of our employees, Cellularforce was awarded the Level 3 Safety Production Standardization Grading Enterprise in Taizhou City in 2023, which is valid for 3 years.

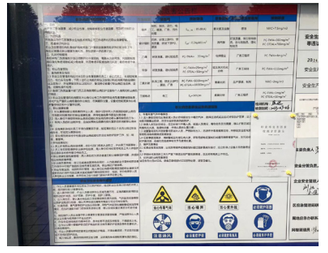
Prevention of Occupational Diseases

Qyuns attaches great importance to the occupational health of our employees. We strictly abide by the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases,* the *Regulations on Labour Protection in Workplaces Where Toxic Substances Area Used* and other laws and regulations. The Company has formulated internal policy of the *Occupational Health Management Procedures*, a series of rules and regulations such as the *Occupational Disease Hazard Warning and Informing System*, the *Occupational Disease Hazard Project Declaration System*, the *Occupational Disease Hazard Monitoring and Prevention Management System*, the *Worker's Occupational Health Supervision and Guardianship Management System*, and the *Labour Protective Supplies Management System*.

We formulate the *Occupational Disease Prevention and Control Plan and Implementation Program* annually based on the actual situation. Main contents are as follows:

Prevention and control actions	Detailed policies
Occupational physical examination program	• Provide new employees with entry physical examinations, and provide annual physical examinations for all employees in service. • Regular pre-job, in-job and out-of-job occupational physical examinations are provided for personnel in special positions, to detect and prevent occupational disease hazards as early as possible.
Personal health monitoring files	• Establish personal health monitoring files for employees, including history of exposure to occupational hazards, results of occupational health examinations, as well as diagnosis, treatment, and therapy for occupational diseases.
Improvement of labour conditions	• Improve operating procedures and the working environment to minimize the release of hazardous substances. • Strengthen the maintenance and management of equipment to reduce the leakage, spillage, dripping and escape of toxic substances. • Clean up workplaces timely to prevent secondary pollution of hazardous substances.
Personal protection	• Effective protective equipment must be provided in workplaces that may pose occupational hazards, or when exposure to high concentrations of hazardous substances is necessary due to the overhaul of facilities.
Employee health care	• Remind employees to pay attention to personal hygiene, and to have a rational work and break schedule.
Special protection for female employees	• We do ask female employees to work in positions that are unsuitable for women's physical conditions. • We do not assign female employees who are pregnant or breastfeeding to jobs that are hazardous to them or to the fetus.
Health education	• Employees are required to receive training on policies and regulations related to the prevention and treatment of occupational diseases, occupational hazards and protections against these hazards. • Occupational health systems and operating procedures are developed.
Occupational health notification	• Set up bulletin boards in conspicuous places to publicize the rules and regulations on the prevention and control of occupational diseases, operating procedures, emergency rescue measures for accidents involving occupational disease hazards, and the results of testing for occupational disease hazards in workplaces. • Set up alarm devices for toxic and hazardous workplaces where acute injuries may occur, and configure on-site first-aid supplies, flushing equipment, emergency evacuation routes and necessary danger relief areas.

Detection of harmful factors of occupational diseases

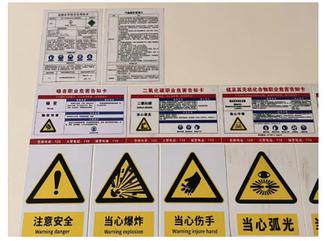


Occupational disease hazardous factor test results notification

Employee personal health monitoring files

Physical examination for occupational diseases

Installation of fume cupboards



Posting warning signs

During the reporting period, the Company conducted third-party testing and evaluation of occupational disease hazards, and the test results were all in compliance with the requirements. Meanwhile, 100% of the targets related to employees' occupational health were achieved.

Occupational Health Objectives	Target	Status of Achievement
Number of occupational diseases	0	Achieved
Physical examination coverage rate for occupationally hazardous jobs	100%	Achieved
Occupational hazards testing compliance rate	100%	Achieved

Occupational Health and Safety Training

To ensure effective implementation of the EHS management system, the Company has developed the *EHS Education and Training Management System*. A detailed program of 2023 EHS training and drills has been planned, which clearly specifies the training topics and participants. In addition to in-house training, the Company also engages professional organizations at the governmental level, such as the Human Resources and Social Security, Traffic Police, and Red Cross, to provide safety training for employees. New employees receive three levels of safety education and safety responsibility training before joining the Company. Each month, we organize various safety training sessions, including fire drills, limited space management, and special equipment operation safety training. We continuously improve our emergency response plan. Additionally, we emphasize on our safety culture every year through EHS promotion, training, and drill activities to motivate our employees to improve their safety-related knowledge and skills.

Occupational health and safety training system and training names

Work safety training
- Fire safety training and fire extinguisher operation drills
- Drill on theft of controlled chemicals
- EHS risk assessment training
- Hazardous waste management
- Hazardous operations management

New employee training
- Basic knowledge and regulation documents training for new employees in the pre-job stage
- Training for certifications

Emergency and first aid training
- Emergency environmental pollution scene disposal program exercise
- Hazardous chemicals, electric shock, security and other scenarios exercise
- Popularization of emergency rescue knowledge

Prevention and treatment of work injuries
- Occupational health and safety
- Training in the use of prevention tools
- Work injury prevention training
- Work injury insurance policy interpretation

Fire drill

Hazardous work and safety management training for contractors

Work injury and insurance training by external experts

First-aid training by Red Cross experts

During the reporting period, there were no significant incidents or accidents that had a material adverse effect on our business operations or financial condition.

Work Injury Performance		
Indicators	Unit	Number in 2023
Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Person/%	0
Lost days due to work injury	Day	39.5

05

A Green Transformation, with Clean and Efficient Operations

Global climate change and the deterioration of the nature have a far-reaching impact on human economy and society, which have caused issues that are increasingly serious. We are well aware of the importance of fulfilling enterprise environmental responsibilities, addressing climate risks, and seizing opportunities for green development. We actively respond to the "3060" dual carbon goals, the ecological civilization construction, and other development strategies. Also, Qyuns strictly enforces management of emissions, continuously optimizes energy-saving measures, and promotes the use of renewable energy to reduce negative environmental and climate impacts of our business operations, thereby fostering a green transformation.

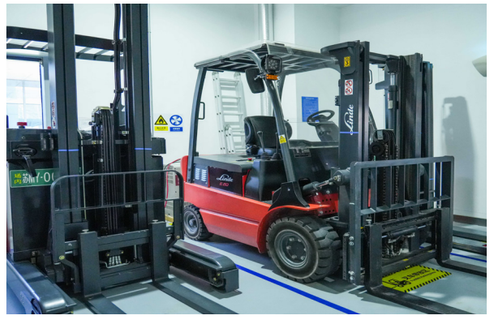
Response to Climate Change

It is an urgent matter to address climate change. We recognize the various physical and transition risks that climate change poses to the Company's operations, including the frequent occurrence of extreme weather events such as heavy rain floods and typhoons, which can cause damage and disruption to our assets, employee commuting, safe production, and logistics stability. Long-term high temperatures can also affect the health and well-being of our employees and increase energy consumption and operational costs. Policies and tightened requirements aimed at addressing climate change and promoting green development put forward by regulatory agencies has increased compliance costs for businesses. Additionally, the adoption of energy-efficient, low-carbon technologies involves complex calculations and increased investments in equipment upgrades and renewals. We actively take measures such as using renewable energy equipment, conducting greenhouse gas emissions management, developing emergency plans, and providing training to promote green operations across the Company.

GHG Emission Management

The primary greenhouse gas (GHG) emitted by the Company is carbon dioxide (CO_2), which mainly stems from indirect emissions generated by purchased electricity. We have established the *Enterprise Energy Management System* to reduce GHG emissions by decreasing electricity consumption. At the same time, we utilize equipment with lower emissions. We also focus on transitioning on clean energy, and actively employing renewable energy sources. Our emission reduction measures mainly include:

- The 30 streetlights installed in the park all powered by solar energy.
- The steam purchased by the Company sourced from biomass fuel.
- The use of electric-powered stacker cranes instead of those powered by diesel combustion, which helps to reduce carbon emissions.



Electric-powered stacker cranes

Solar streetlights

During the reporting period, GHG emissions of Qyuns are as follows:

Amount of GHG Eemissions		
Indicators	Unit	Number in 2023
Direct (Scope 1) GHG Emissions[8]	Tons of CO2e	335.80
Indirect (Scope 2) GHG Emissions [9]	Tons of CO2e	7,278.40
Total GHG Emissions (Scope 1 & 2)	Tons of CO2e	7,614.20
GHG Emission Intensity [10]	Tons of CO2e per square meter	0.17

8.Calculated according to the *Other Industry Enterprises Guidelines for Accounting and Reporting Greenhouse Gas Emissions (Trial)* issued by National Development and Reform Commission. It includes CO_2 emissions from fossil fuel combustion, CO_2 emissions from carbonate use and CH_4 emissions from anaerobic treatment of industrial wastewater.

9.Calculated according to the *Other Industry Enterprises Guidelines for Accounting and Reporting Greenhouse Gas Emissions (Trial)* issued by National Development and Reform Commission. It includes CO_2 emissions implied by net purchases of electricity and heat.

10.Greenhouse Gas Emission Intensity = Total Emissions (tCO_2) / Production Facility Areas (m^2)

Waste and Emission Management

Our waste and emission management involve various types such as gaseous, liquid, solid waste, and noise. We strictly comply with national and local laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, 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 Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* and the *Regulations of Jiangsu Province on Prevention and Control of Environment Pollution Caused by Solid Waste*. We have also established internal regulations such as the *Waste Standard Management Procedures*, the *Emission Management System* and the *Wastewater Emission Management System* to manage the classification, collection, storage, and treatment of waste and emissions. The EHS department sets clear, quantifiable, executable, consistent, comparable, and targeted principles for environmental protection goals at the beginning of each year. Subsequently, each department refines these goals and includes them in the safety production responsibility statement as an important assessment basis, ensuring that responsibilities are implemented at the individual level. Additionally, we conduct internal checks such as comprehensive inspections, routine patrols, and holiday checks, as well as external audits through cooperative vendor inspections, expert reviews, and regulatory agency checks to ensure the effective implementation and compliance of management systems. During the reporting period, the Company did not experience any major incidents related to environmental pollution.

2023 Environmental Protection Goals		Achievement
Exhaust Gas Discharge Compliance Rate	100%	Achieved
Wastewater Discharge Compliance Rate	100%	Achieved
Hazardous Solid Waste Proper Disposal Rate	100%	Achieved
Noise in Factory Boundary	Compliant throughout the year	Achieved

Hazardous Waste Management

Our hazardous waste primarily originates from the pharmaceutical R&D process, which includes laboratory waste, expired pharmaceuticals, waste resins, waste activated carbon, waste filtration materials, waste fluorescent tubes, and other dangerous wastes ("hazardous waste"). We strictly adhere to relevant laws and regulations such as the *Directory of National Hazardous Wastes,* the *Regulations on the Safety Management of Hazardous Chemicals*, and the *Safety Specifications for Special Word in Hazardous Chemicals Enterprises*, and have established internal documents such as the *Waste Standard Management Procedures* and *2023 Hazardous Waste Classification and Control Measures*. We categorize and manage the involved solids, semi-solids, and liquids, clearly label the names and harmful components of hazardous waste, and implement standardized management of collection, storage, and processing procedures. We have set up separate hazardous waste collection points in relevant areas and use anti-leakage devices to strictly separate hazardous waste from general solid waste.

In addition, according to the *Implementation Opinions on Further Strengthening the Prevention and Control of Hazardous Waste Pollution* by the Jiangsu Provincial Department of Ecology and Environment, we have constructed a hazardous waste storage warehouse that meets regulatory requirements and have assigned a dedicated staff for registration. All hazardous waste entries, generations, and exits are registered in the "Environmental Protection Facial Mark-up" management system of Jiangsu Province to prevent leaks during the transfer process. Furthermore, we report on the generation and transfer of hazardous waste at our management meetings held quarterly.

Hazardous waste storage warehouse

To ensure the standardized implementation and strict enforcement of hazardous waste management measures, we clearly define job responsibilities of all relevant departments to achieve full process coverage. At the same time, we stipulate that personnel engaged in the storage, transportation, and use of hazardous chemicals must receive training on relevant laws and regulations, safety knowledge, professional techniques, protection, and emergency response. They are only allowed to perform their duties after passing the assessment and obtaining the "Hazardous Chemicals Operator Safety Qualification Certificate." Additionally, they are required to participate in annual re-examinations and attend external professional training to renew their certificates before their validity period expires.

Hazardous waste classification and management measures

Solids	Liquids	Sharps	Hazardous wastes containing live species	Waste light tubes
• After using trash bags for packaging, we collect the waste in ton bags and seal the bag tightly.	• Sorted and stored in designated empty barrels, which are then placed inside spill-proof trays.	• Placed in containers or other types of small boxes, packaged uniformly, and then put into ton bags.	• Collected uniformly in ton bags after high-temperature sterilization.	• Collected and placed uniformly in the tube boxes provided by qualified third-party suppliers.

During the reporting period, we generated a total of 37.02 tons of hazardous waste, with an emission density of 0.00085 tons per square meter. 100% of hazardous waste was collected and handed over to a qualified third-party unit for disposal and achieved zero discharge.

Hazardous Waste		
Category	Unit	Number in 2023
Laboratory Solid Waste	Tons	13.12
Sludge	Tons	9.23
Disposable Reaction Bags	Tons	7.16
Waste Filtration Materials	Tons	4.85
Others	Tons	2.66
Total Hazardous Waste	Tons	37.02
Hazardous Waste Intensity [11]	Tons/m^2	0.00085

11.Hazardous Waste Emissions Intensity = Total Emissions (t) / Production Facility Areas (m^2)

Case: Hazardous waste reduction measures

We have established a hazardous waste management plan. In 2023, through measures such as extending the sludge pressing time, setting up a drying area, and re-collecting and treating the pressed wastewater, we successfully reduced the production of sludge by 25 tons, reduced the production of centrifugal residue by 1.2 tons, and decreased the production of decanting waste by 2.002 tons.

Non-hazardous Waste Management

The types of non-hazardous waste generated by Qyuns include household waste and general industrial solid waste. Household waste, such as waste paper, bagged items, and miscellaneous items, is uniformly collected and taken to the household waste room, where it is daily cleared and disposed by the municipal sanitation company. General industrial solid waste includes glass bottles, waste packaging materials that are not contaminated with pharmaceuticals or chemicals, and waste air conditioning filters, etc. These are placed in special plastic bags and transported to a temporary storage area for general industrial solid waste, from where they are handed over to a third-party recycling company for clearance and processing.

Non-hazardous Waste		
Category	Unit	Number in 2023
Household Waste	Tons	94.37
Others	Tons	5.63
Total Non-hazardous Waste	Tons	100.00
Non-hazardous Waste Intensity[12]	Tons/m^2	0.0023

12.Non-hazardous Waste Emission Intensity = Total Emissions (t) / Production Facility Areas (m^2)

Noise Management

We prioritize the use of low-noise equipment, and for high-noise equipment, we implement noise reduction measures such as sound insulation, noise cancellation, and vibration reduction to ensure that the noise levels comply with the *Emission Standard for Industrial Enterprises Noise at Boundary*.

Waste Gas Emission Management

Qyuns adheres to national standards such as the *Emission Standard of Air Pollutants for Pharmaceutical Industry* and the *Emission standards for odor pollutant*. In accordance with these standards, our *Waste Gas Emission Management System* comprehensively stipulates and manages various aspects of waste gas generation, treatment, emission methods, monitoring, and operational frequencies based on the type of waste gas. At the same time, we ensure of strict and effective implementation of waste gas emission management by assigning dedicated personnel to record the operation of waste gas treatment devices and regularly replace adsorption media, installing waste gas monitoring ports on exhaust stacks, and entrusting external units for monitoring.

Source	Main Pollutants	Measures
Laboratory	VOCs (Volatile Organic Compounds), methanol, ethanol, acetonitrile, acetic acid, biological factors, etc.	Collected using fume hoods, universal hoods, and biosafety cabinets, then passed through waste gas pipelines and emitted through exhaust stacks after activated carbon adsorption.
Workshop	Hydrochloric acid	Collected using pipeline negative pressure, treated with SDG (dry acidic gas adsorbent), and then emitted through exhaust stacks.
Wastewater treatment stations & hazardous waste temporary storage area	VOCs, hydrogen sulfide, ammonia, etc.	Collected by hoods and treated by odor control facilities, then emitted after meeting emission standard requirements. Wastewater treatment pool wells are covered with lid plates.
Boiler	Waste gases from natural gas combustion	Emitted through exhaust stacks after low-ammonia combustion.

Waste Gas Emission		
Category	Unit	Number in 2023
Nitrogen Oxides (NOx)	Kg	144.04
Sulfur Oxides (SOx)	Kg	0.31
Particulate Matter (PM)	Kg	10.31
Others	Kg	308.72
Total Waste Gas Emissions	Kg	463.38
Waste Gas Emission Intensity[13]	Kg /m^2	0.01

13.Waste Gas Emission Intensity = Total Emissions (kg) / Production Facility Areas (m^2)

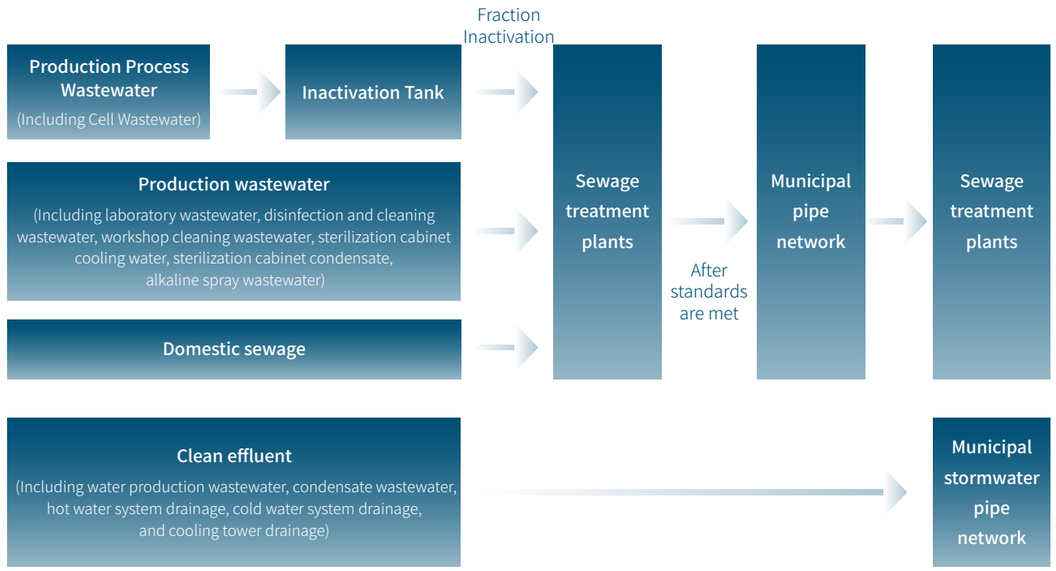
Waste gas emission and treatment facilities

Wastewater Management

We have established internal management systems and standard operating documents such as the *Wastewater Discharge Management System* and the *Standard Operating Procedures for the Use*, *Cleaning, and Maintenance of the Sewage Treatment System*. We strictly follow the principles of "clean and polluted water diversion, rainwater and wastewater diversion, classified collection, and quality-based treatment," categorizing by type and setting corresponding prevention and control methods, monitoring frequencies, and operational procedures.

We have established a comprehensive wastewater collection and treatment system and sewage treatment station, which is managed by dedicated personnel responsible for the daily operation, maintenance, regular sludge removal, and pollution indicator testing at the sewage station. The process wastewater containing cells is collected and uniformly treated in the inactivation tank. After that, it is mixed with other production wastewater and domestic sewage and sent to the sewage treatment facility. Once treated to meet standards, it is discharged into the municipal pipeline of the development zone where we are located, and eventually sent to a sewage treatment plant for further treatment. During the reporting period, our total wastewater discharge was 11,194.35 tons, with a wastewater discharge density of 0.257 tons per square meter.

Wastewater collection and treatment processes



At the same time, we have online monitoring equipment and entrust the operation and maintenance of the equipment to a third-party agency. In accordance with the regulations of the pollution discharge permit, we commission third-party agency to regularly collect water samples and conduct monitoring.

Furthermore, to prevent emergencies such as wastewater leakage or spillage, we have established an effective groundwater monitoring plan and compiled an emergency response plan. We have implemented compartmentalized anti-seepage measures, set up monitoring wells between the plant and downstream drinking water sources, and conduct regular monitoring. In case of any abnormalities, timely early warnings will be issued. We have also set up a 180-cubic-meter emergency response pond within the plant area to collect emergency wastewater and conduct emergency drills.

Wastewater treatment facilities

Resource Management

Qyuns recognizes that efficient utilization of natural resources is key to the long-term operation of a company. We adhere to the management philosophy of "encouraging employees to save energy and reduce emissions, and promoting the sustainable development of the enterprise," and we are advancing the Company's energy-saving and emission reduction efforts. At the same time, we strengthen the application of digital systems in energy management. The Company integrates energy management with production operations through a public energy management system. This system can monitor the consumption of water, electricity, and other energy resources in each building, as well as environmental data such as temperature and pressure in various production workshops and laboratories. It presents visual information through presentation screens, which effectively supports the analysis, control, and optimized management of energy consumption.

2023 Energy Efficiency Target

The total resource consumption and density is controlled at **90%~95%** of the level in 2022.

Energy Management

We consistently place high priority on efficient use of energy to optimize our energy management practices and continuously drive improvements in energy conservation. Our direct energy consumption comes from natural gas and diesel, which are used for backup boilers and emergency generators, while our indirect energy consumption comes from purchased electricity and steam. By implementing various measures such as equipment maintenance, increasing the use of renewable energy, and promoting the reuse of waste heat, we are taking a multifaceted approach to reduce overall energy consumption.

We have established the *Corporate Energy Management System*, which comprehensively stipulates management measures for various types of energy, energy-saving and consumption reduction measures, and related optimization, reward and penalty methods. At the same time, to reduce energy consumption from damaged equipment, we implement the *Annual Equipment Preventive Maintenance Plan*. This plan specifies the types of equipment, maintenance content, maintenance cycles, and implementing departments, and uses the Equipment Preventive Maintenance Record Form to ensure the implementation of inspections, maintenance, and reviews. Specific measures for energy saving and consumption reduction include:

- Implement a public energy management system to monitor real-time energy consumption for each building and conduct systematic analysis, control, and optimization to improve energy efficiency.
- Regularly inspect and promptly replace outdated equipment.
- Install energy-saving devices, such as air conditioners that can switch heating modes and close valves according to the load and condensate status during operation, improving heat exchange efficiency, and reducing energy loss.
- Operate the comfort air conditioning system in general areas based on usage needs.
- Set the air conditioning temperature to 26°C or higher during the summer.
- Advocate for all employees to turn off lights and close unused air conditioning and other equipment when not in use.
- Utilize industrial waste heat to heat the boiler for hot water.

During the reporting period, our energy consumption situation is as follows:

Energy Usage		
Category	Unit	Number in 2023
Direct Energy Consumption - Gasoline	kWh	203,167.62
Direct Energy Consumption - Diesel	kWh	119.40
Direct Energy Consumption - Natural Gas	kWh	1,288,853.04
Direct Energy Consumption - Self-Generated Electricity	kWh	8,760.00
Total Direct Energy Consumption	kWh	1,500,900.06
Direct Energy Consumption Density	kWh/m^2	34.45
Indirect Energy Consumption - Purchased Electricity	kWh	7,736,432.00
Indirect Energy Consumption - Purchased Steam	kWh	1,585,325.00
Total Indirect Energy Consumption	kWh	9,321,757.00
Indirect Energy Consumption Density	kWh/m^2	213.94
Total Energy Consumption	kWh	10,822,657.06
Energy Consumption Intensity [14]	kWh/m^2	248.39

14.Energy Consumption Intensity = Total Emissions (kWh) / Production Facility Areas (m^2)

Water Resource Management

Water resources play a crucial role in our production and operations. We draw water from the municipal water supply network in the development zone, ensuring stable and safe access to high-quality water sources. In our *Corporate Energy Management System*, we have established management and optimization measures related to water use and are actively taking steps to manage it effectively. We conduct monthly statistical analysis of water meters in each building and the municipal water usage master meter. Additionally, the Company has introduced slogans and informational boards in the office areas and promote water conservation, aiming to reduce water resource consumption from the outset. Moreover, we recycle industrial condensate water and use it as raw water for gas boilers, enhancing the efficiency of water resource recovery and utilization. During the reporting period, our total water consumption was 76,017 cubic meters, with a water consumption density of 1.74 cubic meters per square meter.

Case: Water recycling invention

Adhering to the concept of water conservation and resource recycling, we actively seek opportunities for the reuse of water resources in our actual work. We have independently invented a "Clean Utility System Wastewater Recycling and Reuse Equipment" and have obtained a utility model patent certificate for it. This equipment collects the concentrated water discharged from the RO (Reverse Osmosis Water Purifier) of the pharmaceutical water equipment, and after disinfection treatment, it can be used for irrigation and cleaning of some facilities.

Recovery and utilization of steam waste heat

Green Package

Our packaging materials are primarily produced in the R&D phase, which include plastics, glass, paper, rubber, and others. While ensuring the quality requirements of pharmaceutical products, we actively identify opportunities to simplify packaging, improve material utilization, and increase circulation rates, thereby reducing the resource consumption associated with packaging. During the reporting period, the total amount of packaging materials used for our drug products was 0.6 tons, with a packaging material consumption density of 0.000014 tons per square meter.

06

Improving Well-being of the Community, Through Industry Collaborations and Community Engagements

We firmly believe in the importance of progressing together with the society and continue to join hands with the community in creating a better future. We are actively involved in social welfare, and fulfil our corporate responsibility through practical actions. We will also continue to deepen our cultivation in the field of biopharmaceuticals and promote industry development through close cooperation and communications.

Social Welfare

We actively fulfill our social responsibility in community investment and public welfare activities. In 2020, we raised RMB 500,000 for the fight against COVID-19 and received the "Donation Award for the Fight against COVID-19" from the Red Cross Society of China Taizhou Branch, China. In 2021, we participated in a charity activity in Taizhou Gaogang District and donated RMB 100,000, contributing to the promotion of community welfare.

Donation Award for the Fight against COVID-19

Donation Certificate to charity activities in Taizhou Gaogang District

Industry Communications

In terms of industry co-construction, we have actively participated in various biopharmaceutical industry conferences, giving speeches and sharing information to help people from society at large better understand the biopharmaceutical industry. In addition, we serve as vice-chairman of the Healthcare Executive' Council, dedicated to the development of China's pharmaceutical industry development.

China Bio-pharm Partnering Forum 2023

The 14th China (Taizhou) International Medical EXPO

Bio China International Convention (EBC)

The Fifth Annual Antibody Drug Industry Conference

Bio Innovation Summit

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ESG Reporting Guide		Response
Subject Area A. Environmental		
Aspect 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.	Waste and Emission Management
KPI A1.1	The types of emissions and respective emissions data.	Waste and Emission Management
KPI 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).	Response to Climate Change
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste and Emission Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste and Emission Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Waste and Emission Management
KPI 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.	Waste and Emission Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Management
KPI 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).	Resource Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resource Management
KPI 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.	Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resource Management
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Resource Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Resource Management
Aspect 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.	Response to Climate Change
KPI 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.	Response to Climate Change
Subject Area B. Social		
Aspect 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.	Protection of Employee's Rights and Interests Employee Care and Welfare
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Protection of Employee's Rights and Interests
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Protection of Employee's Rights and Interests
Aspect 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.	Occupation Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupation Health and Safety
KPI B2.2	Lost days due to work injury.	Occupation Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupation Health and Safety

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Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Development and Training
Aspect B4: Labour 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 labour.	Protection of Employee's Rights and Interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Protection of Employee's Rights and Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Protection of Employee's Rights and Interests
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI 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
KPI 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
KPI 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
Aspect 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.	Product Quality and Safety
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality and Safety
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Quality and Safety
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Product Quality and Safety
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security Management Product Quality and Safety

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Aspect B7: Anti-corruption		
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 bribery, extortion, fraud and money laundering.	Business Ethics and Anti-corruption
KPI 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.	Business Ethics and Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics and Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics and Anti-corruption
Aspect 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.	Improving Well-being of the Community, Through Industry Collaborations and Community Engagements
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Improving Well-being of the Community, Through Industry Collaborations and Community Engagements
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Improving Well-being of the Community, Through Industry Collaborations and Community Engagements

Innovation for the great majority

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