



*We have been our customers' partner of choice by providing cost effective and optimized solutions in the development of new therapeutics, as well as lifecycle assistance with high quality assurance based on innovative technology platforms. We help to bring pharmaceutical and health care products to the world that improve lives and deliver outstanding value to our customers and shareholders.*

# ChemExpress 2023

## Environmental, Social and Governance (ESG) Report



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## About this Report



### Introduction

This report is the first Environmental, Social and Governance (ESG) report released by Shanghai Haoyuan Chemexpress Co., Ltd. (hereinafter referred to as "ChemExpress", "the Company", "we" "us" or "our") to reflect the Company's management strategies, practices, and performance in ESG aspects. The information and performance in this report mainly covers the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as the "Reporting Period"). To enhance the comparability and completeness of this report, some information may not be limited to the Reporting Period.

### Scope and boundary of this report

The scope of this report covers ChemExpress and its subsidiaries, consistent with the scope of the Company's annual report.

### Preparation basis

This report is prepared in accordance with the Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardized Operations, the Self-Regulatory Supervision Guidelines for STAR Market Listed Companies No. 1 – Standardized Operations issued by the Shanghai Stock Exchange ("SSE"). The preparation also takes reference to the Sustainability Reporting Standards from the Global Reporting Initiative (GRI) (2021), the Sustainable Development Goals (SDGs) of the United Nations, the Guidelines for Compiling Corporate Social Responsibility Reports in China (CASS-ESG5.0) from the ESG Expert Committee of China Social Responsibility 100 Forum, etc.

### Data sources

The qualitative and quantitative information used in this report is derived from public information, internal documents, and relevant statistical data of ChemExpress. Unless otherwise specified, the currency unit mentioned in this report is RMB. In case of any inconsistency with the financial report, the financial report shall prevail. The Board of Directors of the Company hereby confirms that this report does not contain any false records or misleading statements, and is responsible for the truthfulness, accuracy, and completeness of this report.

### Report access

This report is prepared in Chinese and English. In case of any discrepancy in the understanding of the Chinese version and the English version, the Chinese version shall prevail. This report is available in electronic format for your reading. You can access and download it on the official website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and that of the Company ([www.chemexpress.com.cn](http://www.chemexpress.com.cn)).

### Feedback

If you have any questions or feedback regarding this report, please feel free to contact us through the following channels:

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## Message from the Chairman

### Baofu Zheng

Chairman of the Board of Directors & General Manager of ChemExpress



#### Esteemed readers,

I hereby sincerely extend my gratitude for your interest in ChemExpress's 2023 Environmental, Social, and Governance (ESG) Report.

In recent years, with a growing recognition of life and health, the biopharmaceutical industry has seen rapid advancement, emerging as a vital component of the national strategic landscape.

Guided by a commitment to longtermism, ChemExpress has steadfastly championed practices in environmental, social, and governance domains under the core values of "high sense of responsibility, team spirit, professional and efficient practice, and continuous growth". Through our innovation-driven R&D technology platform, we pursue the mission that "we help to bring pharmaceutical and health care products to the world that improve lives and deliver outstanding value to our customers and shareholders", and inject the "ChemExpress Power" into the robust evolution of China's biopharmaceutical industry.

#### o Focusing on innovation-driven development with strong momentum cultivated

Since our public listing, buoyed by the robust support of the capital market, we have adeptly seized upon industry opportunities. Guided by the development strategy of "Industrialization, Globalization, and Branding", we have embarked on ambitious R&D initiatives to foster continuous innovation, delving into cutting-edge fields while steadfastly prioritizing the protection of intellectual property. Furthermore, we have fortified the functions of our headquarters and are progressively nurturing a diverse developmental landscape, with a focal point in Shanghai and expansion into surrounding areas. By accelerating the establishment and operation of industrial bases, we have created a one-stop CRO & CDMO services platform engaged in the R&D and manufacturing of RSMs, intermediates, APIs, and drug products. This platform empowers our global partners to swiftly traverse the entire spectrum from preclinical to commercial production. These concerted efforts have propelled our business towards a trajectory of steady and expansive growth.

#### o Focusing on consolidating strength, writing a new chapter of development

ChemExpress is deeply grateful for the trust, support, and assistance from various sectors of society over the past eighteen years. Since our listing in 2021, as we step into a new chapter of development with new challenges, we truly feel that we have shouldered heavy responsibilities, and still have a long way to go.

With over 11,000 partners worldwide, we prioritize compliance operations as the foundation of sustainable growth. Embracing the ethos of becoming "the partner of our customers", we actively espouse ESG philosophy, and fortify internal controls with adherence to a systematic top-level design of "board of directors making strategic decisions, management team handling daily operations and board of supervisors conducting inspections and audits". By ensuring transparency in our operations and management, we aim to honor the trust and expectations vested in us by society and customers with a high sense of responsibility and mission, and decisive actions.

To respond to the macro environment, including both opportunities and challenges, we have gathered industry wisdom through enhanced strategic cooperation and integrated external resources to propel sustainable development. By actively integrating into the global economic system, we are steadfastly exploring international markets, charting a path of global expansion for Chinese pharmaceutical enterprises.

#### o Demonstrating excellent image while adhering to the original aspiration

From an environmental perspective, the biopharmaceutical industry is pivotal in fostering sustainable development.

Firstly, the Contract X Organization (CXO) industry possesses significant advantages and potential in intensification, environmental protection, and sustainable development. By offering specialized services, CXO firms enable clients to concentrate on their core business activities, leading to reduced redundant investments and resource waste, thereby lowering production costs across the industry. Secondly, guided by the principles of Green Chemistry, the biopharmaceutical sector embraces environmentally friendly pharmaceutical technologies, including continuous flow chemistry, biocatalysis, and photochemical reactions, so as to enhance atom economy and minimize environmental impact. Thirdly,

in alignment with the national "dual carbon" strategy, the biopharmaceutical industry actively explores and adopts sustainable development methods. This includes optimizing supply chain operations through digital and information transformation, integrating smarter and more eco-friendly practices through hardware upgrades, and increasing the utilization of green energy in production processes. These initiatives not only promote safe and cost-effective production but also create a new paradigm of green and low-carbon operations.

#### o Demonstrating corporate responsibility with enhanced cultural leadership

Enterprises serve as platforms for society, while talents are the bedrock of innovation. By adhering to the long-term value concept of "co-creation, sharing, and win-win cooperation", we aim to create an inclusive and open working atmosphere under the scientific principles of "recognizing, selecting, employing, and nurturing personnel". We attract and retain talents through restricted stock incentive plans, and continuously promote the construction of a learning organization to empower talents. In addition, we establish the "ChemExpress Fund" and "ChemExpress Scholarship" to integrate human care into corporate culture; we encourage our employees and supply chain customers to actively take social responsibilities, support public welfare undertakings, and continue to carry out public welfare projects to fulfill corporate responsibilities; we drive and influence more caring individuals and social organizations to actively engage in volunteer services, interpreting the "culture of responsibility" with practical actions, so as to spread the warmth of ChemExpress and demonstrate the commitment of ChemExpress.

The year 2023 is a year for ChemExpress to make progress while ensuring stability, and also a year for ChemExpress to experience changes for the better. Looking ahead, we will remain steadfast in our commitment to social responsibility, and strengthen cooperation and communication with all parties to jointly address global challenges by deepening governance reforms and technological innovations, and exploring more sustainable production methods and business models, thereby making more significant contributions to the sustainable development of human society.



# ESG Highlighted Performance in 2023



## Financial performance

During the Reporting Period, the total operating revenue was RMB

**1,880.05** million

a year-on-year increase of

**38.44%**

and the net profit attributable to shareholders of listed company was RMB

**127.45** million

### Revenue by business segments:

Building blocks, reference compounds and biochemical reagents amounting to RMB

**1,132.11** million

APIs, intermediates, and drug products amounting to RMB

**736.24** million

and others amounting to RMB

**11.69** million

### Domestic and overseas main revenue:

Domestic main revenue amounting to RMB

**1,176.88** million

while overseas main revenue amounting to RMB

**691.48** million



## ESG management and communication

The ESG Execution Office was established to be responsible for coordinating and implementing ESG practices during the Reporting Period

Active participation in the EcoVadis rating during the Reporting Period

Winning **BBB** rating from Wind ESG

Over **100** investors activities

covering a total of **1,100** investors

and **270** announcements disclosed to the public



## Products and services

**6** global business centers

**4** industrialization bases

Serving over **11,000** global clients

One-stop services for the entire lifecycle spanning from drug discovery to industrialization

R&D investment amounting to RMB **224.12** million

an increase of **11.18%**

compared to the same period last year

and R&D investment accounting for **11.92%** of the total revenue

A technical team composed of **2,010** persons

Ten core technology platforms

**28** patents granted

during the Reporting Period, showing an increase of **86.7%** compared to the same period last year

**19** invention patents granted during the Reporting Period, showing an increase of **137.5%** compared to the same period last year

Passing **147** audits conducted by clients and **8** audits by regulatory agencies or other independent third parties during the Reporting Period



## Human resources

A total of **3,370** employees worldwide

Female employees accounting for **48%**

**228** training sessions throughout the year, covering a total of **10,504** employees



## Health, safety, and environment

Passing the safety production standardization certification during the Reporting Period

Anhui Haoyuan Pharmaceutical Co., Ltd. obtained ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certification during the Reporting Period

Establishment of the Group Safety Committee, with a 100% coverage rate of EHS training for employees

Environmental investment **20.71** million

Energy consumption **3.26** Kg of standard coal/ RMB '000

Water resource consumption **186.49** Kg/ RMB '000



## Company Overview

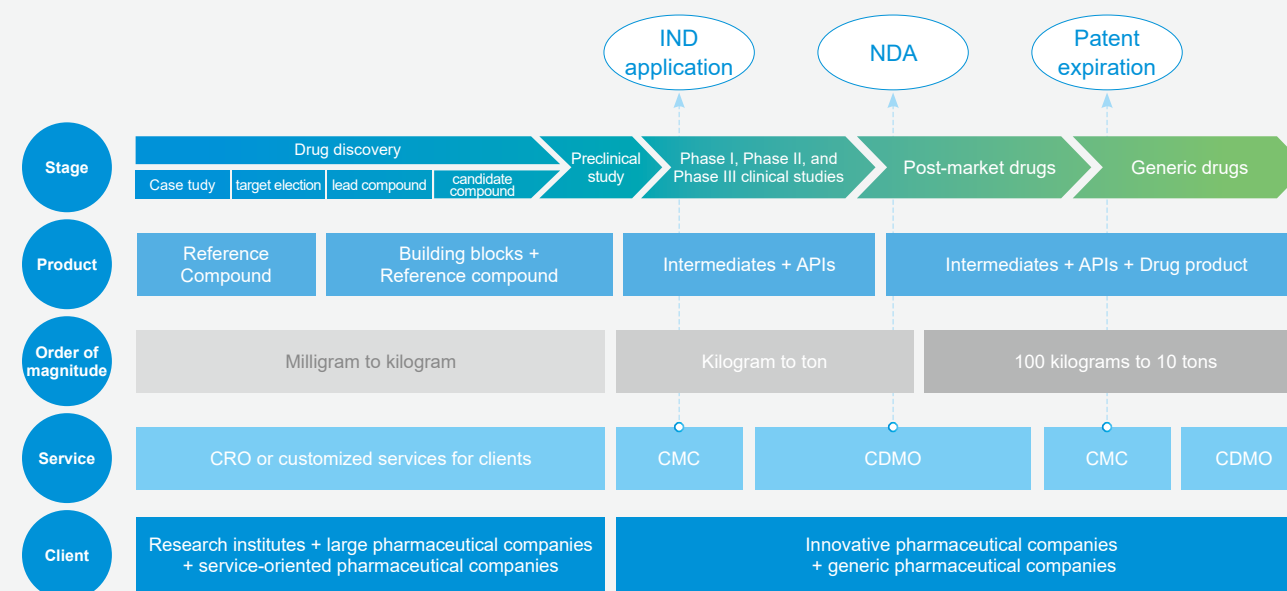
### Corporate Profile

Founded in 2006, ChemExpress focuses on providing small molecule and new modalities CRO & CDMO services for both pharmaceutical and biotech clients. Our comprehensive CRO & CDMO platform is engaged in the R&D, manufacturing, and supply of regulatory RSMs, building blocks, intermediates, reference compounds, APIs, and drug products. We are a one-stop service platform to support our client's projects from early drug discovery, process development to commercialization. We empower global partners more quickly to traverse the entire spectrum from preclinical to commercial production and help to bring pharmaceutical and health care products to the world, which improve lives and deliver outstanding value to our customers and shareholders.

### Services and Solutions

The entire lifecycle for the development of innovative drugs includes drug discovery, preclinical study, clinical study, NDA registration, and commercial production. Generic drugs are gradually launched after the patent protection period of innovative drugs ends. The Company's main business includes the R&D of building blocks and reference compounds, process development, production technology improvement and production of APIs and intermediates, as well as pharmaceutical research, registration, and production of drug products. The Company is committed to erecting a one-stop CRO& CDMO services platform engaged in the R&D and manufacturing of RSMs, intermediates, APIs, and drug products. This platform empowers our global partners to swiftly traverse the entire spectrum from preclinical to commercial production.

The application of the Company's main products and services in various stages, ranging from drug R&D to production, is shown in the diagram below:



## Vision and Mission

### ChemExpress's vision

Our vision is to facilitate the research and development of new therapeutics by our partners with quality products and services based on scientific innovation and technological optimization. By carrying out this vision at every level of our organization, we will be recognized by our employees, customers and shareholders as the best company in the field of life science services, resulting in delivering valuable therapeutics to the patient at a faster rate and lower cost.

### ChemExpress's mission

We have been our customers' partner of choice by providing cost effective and optimized solutions in the development of new therapeutics, as well as lifecycle assistance with high quality assurance based on innovative technology platforms. We help to bring pharmaceutical and health care products to the world that improve lives and deliver outstanding value to our customers and shareholders.

## Global Business Layout





## Development History





# Honors in 2023

## Government Honors



High-tech enterprise - ChemExpress



High-tech enterprise – ChemScene (China)



National specialized and sophisticated enterprises with the title of "Little Giant"



2022-2023 Most Influential List in Chinese Pharmaceutical Industry-Pharmaceutical Industry Law-abiding and Trustworthy Enterprise



The 6th China (Shanghai) International Exhibition of Innovations-Silver Award



Shanghai Center for Enterprise Technology- ChemExpress



Shanghai Center for Enterprise Technology –MedChemExpress (China)

> Shanghai Private Enterprise Headquarters

> National Intellectual Property Advantage Enterprise

## Commercial Value



China's Top 500 New Economy



Best Capital Operation Award from CLS



Leading Hard Technology Enterprise in the Star Market

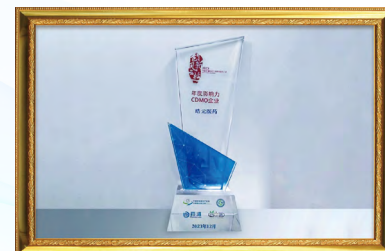
## Industry Recognition



Top 20 Chinese CDMO Enterprises in 2023



Top 50 Chinese Pharmaceutical R&D Enterprises



China's Biopharmaceutical Industry Chain Innovation List - "Annual Influential CDMO Company"



Yangtze River Delta Joint Innovation Center



MedChemExpress (China) and ChemScene (China) ranked among the top 50 Growing Companies in the Chinese Pharmaceutical Industry



"Top 10 Pharmaceutical Innovation Service Organizations of the Year" in the 3rd Pharmaceutical Innovation for Public Welfare Award





# Part 01

## ESG Management Strategy

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## ESG Philosophy

ChemExpress attaches great importance to environmental, social, and governance (ESG) topics. It integrates ESG into the Company's development strategy, corporate culture, and daily business operations, striving for continuously improving the Company's ESG performance and actively promoting its sustainable development. We develop ChemExpress's ESG management strategy focused on four key areas: responsible operation, empowerment to customers, responsibility fulfillment and sustainable development.

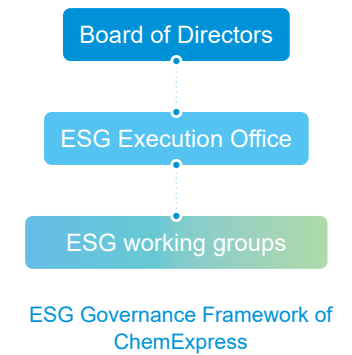
At the same time, we align our own ESG management strategy with the Sustainable Development Goals (SDGs) of the United Nations, devoting ourselves to sustainable long-term values for customers, employees, and society, while ensuring our own stable development. With a comprehensive review on the SDGs, the Company concentrates on 9 sustainable development goals based on their relevance to the Company's sustainable development practices, and incorporates them into daily operations to fulfill our social responsibilities virtually.

### ChemExpress's ESG philosophy is consistent with the SDGs.



## ESG Governance Framework

The Company has established a top-down ESG governance system with the purpose to better integrate ESG governance into the Company's strategy and decision-making, unify the planning of ESG work, and protect the rights and interests of stakeholders. The Board of Directors of the Company takes ultimate responsibility for the ESG philosophy, strategy, goals, and implementation of ChemExpress; the ESG Execution Office, which is established by the Board of Directors, is responsible for setting ESG goals, managing ESG work plans and related performance assessments, and reporting regularly to the Board of Directors; ESG working groups subordinate to the ESG Execution Office are responsible for coordinating and implementing daily ESG work, and monitoring and reporting on the completion of ESG goals in real time.



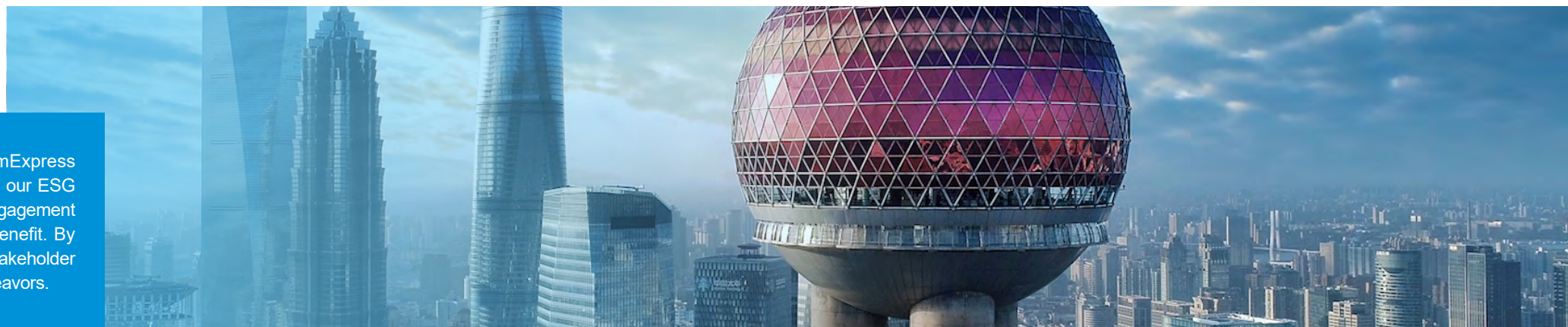
### ESG Governance Framework of ChemExpress

Hierarchy (from top to bottom)	Person in charge	Responsibilities
<b>Governance</b>	Board of Directors	
<b>Management team</b>	ESG Execution Office	
<b>Execution team</b>	ESG working groups, including various business units, functional departments, R&D centers, and production bases	










# Stakeholder Communication

Recognizing the significant impact of stakeholders' expectations and demands, ChemExpress has implemented a robust stakeholder management system aimed at continually refining our ESG (Environmental, Social, and Governance) strategies and practices. Through proactive engagement and responsive measures, we foster enduring partnerships built on trust and mutual benefit. By delivering attentive service and prompt responses across diverse channels, we enhance stakeholder satisfaction, fostering collective growth and ensuring the sustainability of our business endeavors.



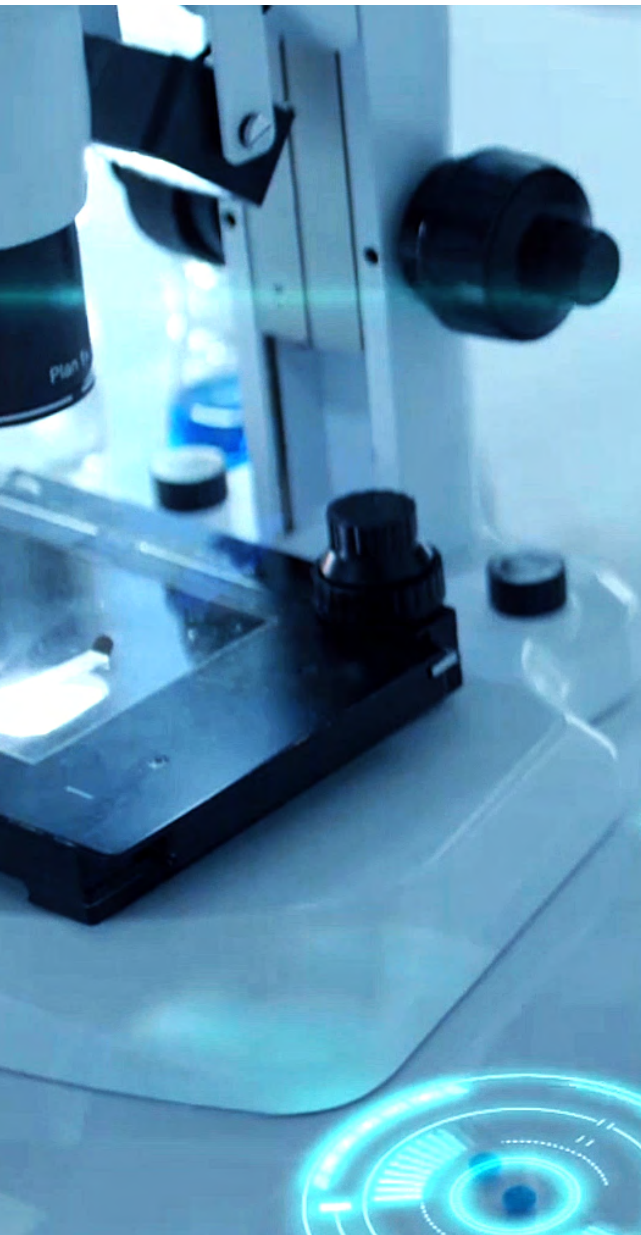
## Concerned Issues and Communication Methods of ChemExpress's Stakeholders

Stakeholders	Concerned topics	Communication channels and methods
 Shareholders and investors	<ul style="list-style-type: none"> <li>Compliance operation</li> <li>Business ethics and anti-corruption</li> <li>Risk management</li> <li>Investor relations management</li> <li>Information transparency</li> <li>Corporate governance</li> <li>ESG governance</li> <li>Innovation and research</li> <li>Product safety and quality</li> </ul>	<ul style="list-style-type: none"> <li>Regular reporting and information disclosure</li> <li>General meeting of shareholders</li> <li>Investor hotline</li> <li>Roadshow events</li> <li>"SSE E-interactive" Platform of Shanghai Stock Exchange</li> <li>Site visits</li> </ul>
 Government and regulatory agencies	<ul style="list-style-type: none"> <li>Compliance operation</li> <li>Business ethics and anti-corruption</li> <li>Pollutant emissions and waste management</li> <li>Water conservation</li> <li>Energy management</li> <li>Environmental management</li> <li>Fighting climate change</li> </ul>	<ul style="list-style-type: none"> <li>Inspection by leaders and supervisory departments</li> <li>Regular work summary and official correspondence</li> <li>Daily policy implementation</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>Diversity and inclusion</li> <li>Employee rights and benefits</li> <li>Occupational health and safety</li> <li>Employee training and development</li> </ul>	<ul style="list-style-type: none"> <li>Internal communication platform</li> <li>Staff meeting</li> <li>Employee training</li> <li>Employee activities</li> <li>Employee satisfaction survey</li> </ul>

Stakeholders	Concerned topics	Communication channels and methods
 Customers	<ul style="list-style-type: none"> <li>Product safety and quality</li> <li>Innovation and research</li> <li>Intellectual property protection</li> <li>Data security and privacy protection</li> <li>Customer service</li> <li>Responsible marketing</li> <li>Supply chain management</li> <li>Anti-unfair competition</li> <li>Industry development and win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Market research</li> <li>Daily communication via email and phone</li> <li>Customer service hotline</li> <li>After-sales service</li> <li>Customer satisfaction survey</li> <li>Customer visits</li> </ul>
 Partners	<ul style="list-style-type: none"> <li>Intellectual property protection</li> <li>Industry development and win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Industry-university-research cooperation</li> <li>Industry events, such as exhibitions, seminars, etc.</li> </ul>
 Suppliers	<ul style="list-style-type: none"> <li>Supply chain management</li> <li>Industry development and win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Supplier evaluation</li> <li>Supplier communication</li> </ul>
 Community and the public	<ul style="list-style-type: none"> <li>Compliance operation</li> <li>Pollutant emissions and waste management</li> <li>Green Chemistry</li> <li>Greenhouse Gas emission</li> <li>Community involvement and development</li> </ul>	<ul style="list-style-type: none"> <li>Public welfare activities</li> <li>Volunteer services</li> </ul>

# Analysis of Material Topics

ChemExpress determines the future development direction of the Company's ESG through a systematic and rigorous evaluation process. Under the principle of Double Materiality Assessment (DMA), the Company, after considering the impact of its operations on the environment, society, and other external stakeholders, sorted out the Company's key topics, and identified 31 relative Material Topics through internal interviews, data collection, and information consolidation. Based on a total of 308 research questionnaires collected from stakeholders in relative surveys, the Company established the 2023 Material Topics Matrix by analyzing the questionnaires and combining them with industry comparisons, expert consultations, management feedback, and materiality ranking.



## Material Topics Analysis Process of ChemExpress



## Material Topics Matrix of ChemExpress

Material Topics Matrix





# Part 02

## Responsible Operation Embodied “ChemExpress Wisdom”

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## Improvement of Corporate Governance Mechanism

### Governance Compliance

In strict accordance with requirements of laws and regulations, such as the Company Law, the Securities Law, and the Guidelines for the Articles of Association of Listed Companies and regulatory requirements, the Company has established a governance structure composed of the general meeting of shareholders, board of directors, board of supervisors and senior management. In addition, the Company has also formulated policies, such as the Articles of Association, Procedure Rules for the General Meeting of Shareholders, the Procedure Rules for Board of Directors, and the Procedure Rules for the Board of Supervisors, to clarify the responsibilities and authorities of each governance body and to standardize operational processes.

The Company has set up the Audit Committee, Strategic Committee, Nomination Committee, and Remuneration and Assessment Committee under the Board of Directors, which are responsible for audit supervision, strategic planning, talent recruitment, and remuneration performance assessment, respectively.

In 2023, the Company revised the Independent Director Work System and established a dedicated meeting for independent directors to further ensure the fulfillment of their duties.

With clear division of responsibilities, close cooperation, a sound and clear system, and an effective balance mechanism, the Company's organizational structure ensures compliance and effectiveness of corporate governance, and provides a solid legal foundation for the Company's sustainable development.

#### Operation of Board of Directors, Board of Supervisors, and General Meeting of Shareholders in 2023

- General meeting of shareholders ..... 4 times
- Meetings held by the board of supervisors ..... 13 times
- Meetings held by the Board of Directors ..... 14 times

### Diversified Board of Directors

In order to better respond to the ever-changing business environment, and to promote the exchange and integration of diversified viewpoints and cultures, ChemExpress considers the composition of the Board of Directors from various aspects, such as culture, age, educational background, and professional experience. The diversified cultural background, reasonable age structure, rich educational background, and complementary professional fields of the board members continuously guarantee the decision-making, innovation, and supervision power of the Board of Directors of ChemExpress.

#### ○ Diversified Board of Directors

- Position
  - Independent director: 3
  - Non-independent director: 6
- Age
  - 30-40 years old: 2
  - 41-50 years old: 6
  - 51 years old and above: 1
- Nationality
  - China: 8
  - USA: 1
- Education background
  - Doctor's degree: 5
  - Master's degree: 2
  - Bachelor's degree: 1
  - College's degree: 1
- Professional skills
  - Chemistry, pharmaceuticals, management, accounting, law, etc.

## Information Disclosure and Investor Relationship

Information disclosure and investor relationship management are of utmost materiality in safeguarding the interests of investors.

In strict accordance with the Measures for the Administration of Information Disclosure of Listed Companies and other regulations, the Company has formulated the Information Disclosure Policy to fulfill its information disclosure obligations openly, fairly, and impartially, and enhance the transparency of information disclosure, so as to ensure the truthfulness, accuracy, and completeness of information disclosure content and equal right to information of stakeholders, which will enhance investors' confidence.

With adherence to the strategy of "going out" and "bringing in", we have formulated the Investor Relations Management Policy, and, as led by the Office of the Board of Directors, have adopted a combination of various communication channels, such as on-site research, online performance briefings, online investor reception days, SSE E-interactive platform, telephone, email, etc. to answer investors' questions and maintain a good relationship with investors.

#### ○ Investor Communication in 2023

We held **3** online performance briefings and organized **7** performance briefing teleconferences, covering a total of more than **1,100** investors. We participated in more than **130** investor reception meetings, roadshows, and strategy meetings, and replied to **32** questions from investors on the SSE E-interactive platform with a response rate of **100%**. We also received over **600** investor phone calls.





## Adherence to Good Business Ethics

ChemExpress has always regarded compliance and standardized operation as the lifeline of enterprise development, establishing a comprehensive and multi-level compliance management system. In strict compliance with national laws and regulations, and industry regulatory requirements, we have established sound compliance systems and processes in various aspects, such as production, sales, R&D, and procurement. We also conduct regular internal audits and external supervision to ensure the effective operation of the compliance management system.



During the Reporting Period, the Company had no confirmed cases regarding commercial ethics violation and corruption, nor did it have any legal disputes related to unfair competition. ChemExpress was awarded as the 2021-2022 Shanghai Contract-abiding and Credit-worthy Enterprise, while ChemExpress, MedChemExpress (China) and ChemScene (China) were awarded as the 2022-2023 China Pharmaceutical Industry Law-abiding and Integrity Enterprise.

### Anti-corruption

To regulate the business ethics of all employees, the Company has formulated and issued the Tender Procurement Management Policy, the Sales Management Policy, and the Financial Approval Authority and Expense Management Policy, which regulate the bidding process and clarify the expense standards for business entertainment. The Company's all employees and key risk positions, such as the tender working group, must strictly abide by the code of business ethics; and the HR and Administrative Center is responsible for analyzing travel expenses and hospitality expenses, and randomly checking employee reimbursement. In case of any corruption incidents, punitive measures, such as reminder, interview, ordering to return improper reimbursement amounts and inclusion in quarterly or annual assessments will be taken against the responsible individuals depending on the severity of these incidents.

### Anti-unfair Competition

To effectively identify target customers and improve customer service quality, the Company has formulated the Sales Management Policy, which regulates the Business Center and the Finance Center to adhere to business ethics. The Company has established a customer file management procedure to collect customer information through various channels, such as exhibitions and customer visits, and conducts background investigations. The Company also designates a dedicated person to be responsible for updating and maintaining customer files in the ERP system.

In terms of its code of conduct for employees, the Company mandates technical staff to sign a Non-Competition Agreement. This agreement entails a proportional non-competition compensation, commensurate with their respective positions, disbursed to these technical staff. Furthermore, employees are obligated to abstain from holding, investing in, or exerting indirect control over competing companies, and should not produce or operate similar products or businesses of competing companies. To avoid related party transaction risks, the Company has established the Major Client Profile Information to strengthen the review of clients' background information, including unified social credit code, legal representative, major shareholders, directors, supervisors, senior management, etc., in order to prevent improper relationships and commercial advantages between major customers and the Company's procurement or sales personnel, and to avoid related party transaction risks.

## Communication and Training

To ensure the management and implementation of anti-corruption and anti-unfair competition work, we clearly communicate the relevant policies to every employee and conduct regular training. During the Reporting Period, we improved the compliance management system and incorporated compliance training into the employee training system to provide relevant training courses to every newly hired employee. In addition, ChemExpress conducted specialized anti-corruption and anti-bribery training for members of the Board of Directors to ensure their ability and competence can address different business ethics risks and meet higher compliance requirements.

In May 2023, the Company conducted compliance training for some key department employees. The training content included but was not limited to business ethics, anti-corruption, and anti-unfair competition. Through legal and regulatory explanations, policy interpretations, and case sharing, the company enhanced employees' awareness of risk prevention and control in business ethics and anti-corruption.

Under the principles of openness, inclusion, respect, trust, fairness, and justice, we are always ready to receive employees' and relevant parties' supervision and reports regarding any violations of business ethics standards, laws and regulations through phone calls, emails, letters, and other means. We strictly maintain the confidentiality of whistleblowers and their reports to protect their legitimate rights and interests. We actively organize and coordinate relevant personnel and resources to promptly and effectively investigate, analyze, and handle the reported contents, and timely provide reasonable handling suggestions.

**Whistleblower hotline:** 021-51870955\*8080

**Email:** hy-ns@chemexpress.com.cn

**Address:** Internal Control Center, 4/F, Building 3, No. 1999, Zhangheng Road, Pudong New Area, Shanghai

The Company has established a "General Manager Reception Day" to provide all employees with a direct channel to express their opinions and suggestions, thus improving the sense of ownership for "all staff participation", and encouraging employees to make suggestions for the Company's development and timely express opinions and suggestions on daily management and system construction. The Administrative Office is responsible for organizing, supervising, and following up on opinions.

### Regular Supervision Mechanism for Compliance



The Company has established the Legal Department to handle legal affairs in a comprehensive manner. The Legal Department is mainly responsible for reviewing all contracts and external promotional materials of the Company; keeping track of new regulations and conducting legal knowledge training; providing legal consultation for daily business interactions and participating in arbitration or litigation matters.



The Company hires external attorneys as long-term legal consultants to solve legal issues in the Company's daily operations.



The Company hires professional attorneys to participate in major economic activities of the Company, including hiring overseas attorneys to participate in the Company's overseas business activities and securities attorneys to participate in the Company's capital market activities.

## Enhanced Risk Management of the Company

ChemExpress attaches great importance to the potential internal and external risk management during the Company's operations. We continuously improve and enhance the integration capability of digital management, and continuously strengthen the effectiveness of process internal control design and implementation. We have established an internal control system covering risk assessment, information communication, and continuous supervision in operational management, actively participating in EcoVadis rating to ensure the Company can achieve a steady and far-reaching development.

We have built a comprehensive risk management system to achieve early identification, rapid assessment, and timely response to risk early warning mechanism, thereby reducing risks and ensuring stability when dealing with emergencies and handling customer complaints.

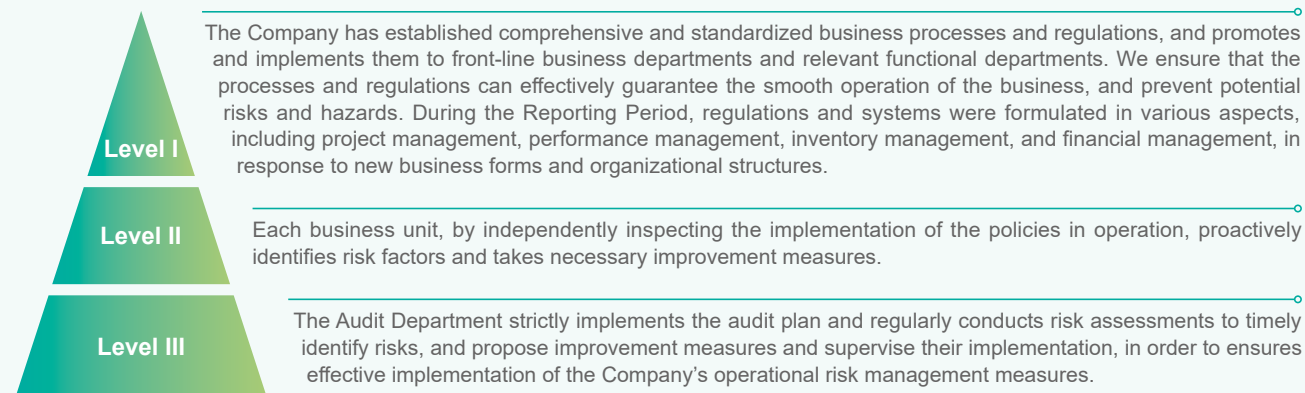
The Audit Committee subordinate to the Company's Board of Directors evaluates the appropriateness and effectiveness of the management system and structure to ensure that the system effectively controls risks in actual operations.

The Audit Committee holds regular meetings to assess operational risks and, coordinating with functional departments, such as the HR and Administrative Center and the Finance Center, provides guidance to the Audit Department to identify and prevent risks from various perspectives.

### Risk Control Process



### We have established three levels of operational risk management measures:



### Progress of Audit Work in 2023

Audit business segment	Audit content	Frequency
Business management audit	Conduct business management audits on the parent company and its branches (subsidiaries)	1 time
Engineering project audit	Conduct engineering audits on key projects of the branches (subsidiaries)	Conduct audits on an irregular basis based on the nature of the projects
Special audit	Conduct special audits on procurement management, outsourced production management, and R&D management	4 times

## Optimized Intellectual Property Protection

The Company attaches great importance to the management and protection of independent innovation and intellectual property from a strategic perspective, strictly abiding by laws and regulations, such as the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, and the Trademark Law of the People's Republic of China. The Chairman and the General Manager of the Company are fully responsible for the purpose and direction of the Company's intellectual property management, deploying a unified and optimized intellectual property strategy that aligns with the Company's business development. The Intellectual Property Management Department of the Company takes the lead in formulating management policies, such as the Intellectual Property Manual, the General Rules for Intellectual Property Management, and the Confidentiality Management Regulations for Intellectual Property, ensuring the implementation, maintenance, and continuous improvement of the intellectual property management system. By improving all employees' intellectual property awareness, the Company effectively controls intellectual property risks, promoting innovation capabilities and technological progress to enhance the Company's core competitiveness, thereby providing support and guarantee for the Company's sustainable development.

We have established and operated the ChemExpress Intellectual Property Management System in accordance with the standard of the Enterprise Intellectual Property Compliance Management- Requirement (GB/T29490-2013), which safeguards the Company's various processes, such as R&D, sales, and procurement. Currently, ChemExpress and MedChemExpress (China) have obtained the certification of intellectual property management system and have been recognized as the Model Enterprise for Patent Work in Shanghai. During this Reporting Period, ChemExpress was awarded the title of "National Intellectual Property Advantage Enterprise."

We have always attached great importance to the construction of intellectual property culture and continuously carried out intellectual property publicity activities, so as to ensure that our employees progressively enhance their understanding of intellectual property protection with each passing year. We actively expand the coverage of intellectual property training in the Company. In addition to providing intellectual property protection training for the patent technology support departments, we also conduct such training for personnel in the R&D departments, etc., to reserve talents of intellectual property protection for the Company.

In 2023, we conducted nearly 20 internal and external training lectures, covering nearly 270 participants, with a coverage rate of 97% for R&D personnel



**Case | Training activities related to "Intellectual Property Week"**

During the Reporting Period, by taking advantage of the "Intellectual Property Week dated from April 20 to April 26", ChemExpress held four large-scale training events in succession, where we were honored to invite industry experts and lawyers with rich experience in intellectual property to participate together. During the training period, the attending experts had in-depth discussions with the participants on topics, such as strategies and core requirements for chemical invention patent applications, common issues, and handling strategies for patents in the medical field, and global intellectual property layout strategies for pharmaceutical companies. We also conducted detailed analysis on infringement issues and protection measures of intellectual property based on practical cases. The training activities not only enriched the pharmaceutical intellectual property knowledge of the Company's employees, but also deepened their understanding and awareness of this field.



We strictly implement data and document protection measures to ensure the security of clients' intellectual property, information transmission, and file storage. Specific measures include: hierarchical management of email outbound permissions, restrictions on logging in with non-work emails, hierarchical management system for external network permissions of team members, regular data backup and timely archiving, and permission settings for shared drives.

To avoid infringing on others' intellectual property rights, we conduct thorough intellectual property searches before project initiation with an investigation scope, including intellectual property information in the field, patent information on key technologies, domestic and international geographical distribution, and major competitors, so as to mitigate potential infringement risks and ensure the smooth progress of the project. After project initiation, our researchers will continuously collect and analyze intellectual property status related to the R&D projects as well as the technological development of competitors, which will be reported to their superiors timely. When necessary, we may adjust R&D strategies and contents to address potential intellectual property risks.

We also attach great importance to intellectual property investigations during product procurement. The procurement contract clearly specifies intellectual property ownership, scope of licensed use, infringement liability, etc., thereby effectively reducing infringement risks.

**Performance of intellectual property protection**

- During the Reporting Period, the Company encountered no illegal events related to intellectual property rights, nor did it have any litigation cases arising from the above matters.
- During the Reporting Period, the Company hired 1 additional patent agent and 1 chief operating officer of intellectual property, and obtained 1 certificate of 2023 Pudong New Area Enterprise President Intellectual Property Senior Training Class.

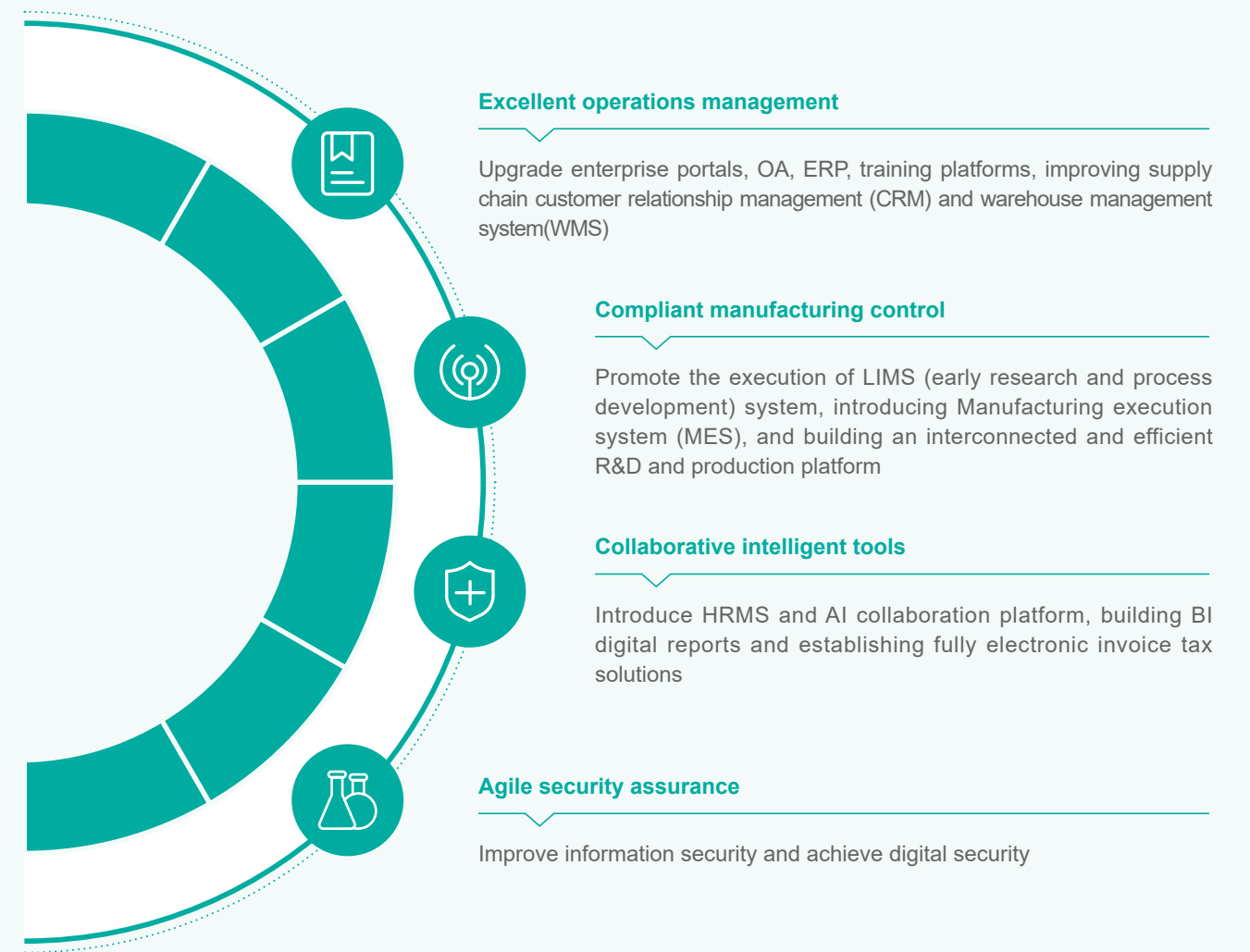
# Steady Progress in Digital Transformation

## Long-term Strategy for Digitization

Due to the development of industrial information technology and artificial intelligence technology, it is possible to realize digitization and informatization. ChemExpress is well aware that using digital technology to empower innovation is necessary for the pharmaceutical industry to continue its development.

In 2023, we formulated a long-term digital strategy plan with phased layout for the next six years of digital transformation, and continuously improved R&D and operational efficiency from multiple dimensions, such as excellent operations, manufacturing quality, and tool empowerment to achieve the "Digital 3.0" empowerment goal of the Company.

ChemExpress's "long-term strategy plan for digitalization covering 1,2 and 3 years"



## Information and Data Security Protection

Information and data security is the core area for us to promote digital transformation and ensure competitiveness. In order to ensure information network security, we have formulated a series of policies and regulations, such as the Computerized System Verification Management Regulations, the Computerized System Management Regulations, and the Computer System Data Backup Recovery Archiving Management Regulations, aiming to build a robust network security management framework from both management and technical perspectives.

During the Reporting Period, the Company hired a professional Chief Information Officer (CIO) to ensure the security of the Company's information and data. At the operational level, the Information Technology Center is responsible for assessing and addressing information security risks in the operational processes, supporting the daily work of network security, and regularly reporting to the CIO to ensure the Company's network environment remains secure and stable.

In 2023, the Company experienced no confirmed information security incidents.

### ChemExpress's strengthened information security protection measures in 2023

#### Strengthening network security construction

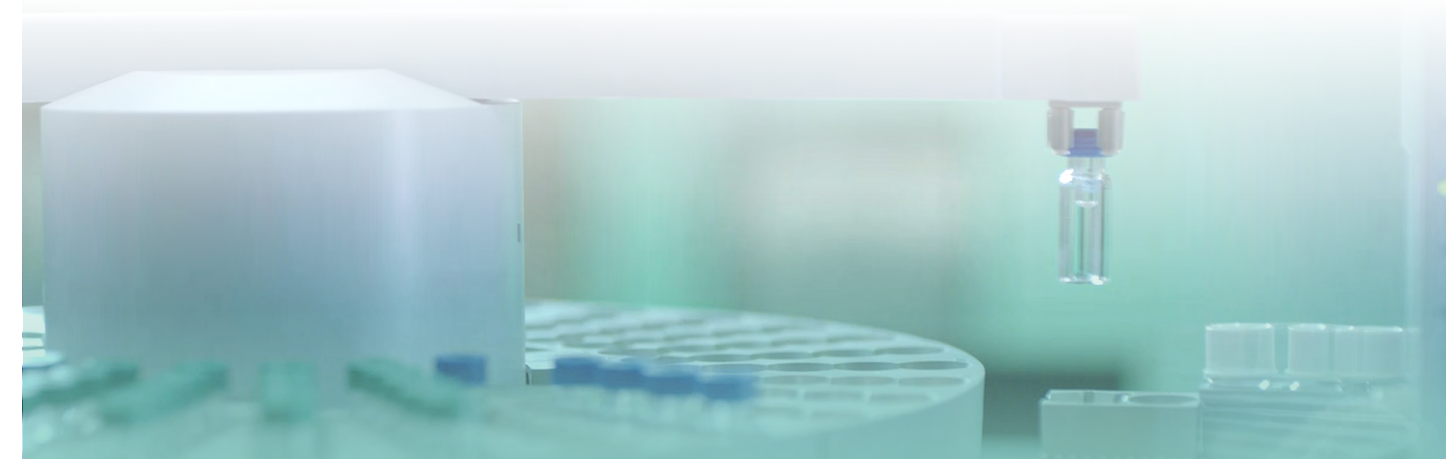
- 1 Enhance email security protection by utilizing advanced enterprise email features to analyze email content, attachments, and links in real-time, accurately identifying and intercepting potential phishing and spam emails.
- 2 Establish a comprehensive defense mechanism against malicious software, upgrading existing firewalls, intrusion detection systems, and endpoint protection software to achieve comprehensive protection for all company devices. Regularly update virus databases to combat various types of new malicious software effectively.
- 3 Improve network security management system, formulating and implementing strict network security policies, including but not limited to password complexity requirements, data encryption transmission, risk reminders, etc., to reduce security risks caused by human factors from the source.
- 4 Build an integrated monitoring and emergency response platform, and a unified network security monitoring center, which could monitor network traffic and network link status in a real-time manner, and once abnormalities are detected, immediately initiate emergency plans to locate problems and take timely measures to mitigate losses quickly.

#### Internal and external information security assessments

- 1 Internal network security inspection: Establish a regular internal information security self-check mechanism to conduct comprehensive security inspections on all network devices, servers, applications, databases, etc., and promptly discover and patch security vulnerabilities to enhance the self-defense capability of the information system.
- 2 Third-party penetration testing: Hire professional third-party security assessment organizations to conduct security testing on existing networks, servers, and information systems by using simulated hacker attack methods.
- 3 Customer audits: Actively cooperate with clients' security audits conducted to us for business continuity and data security compliance considerations, providing relevant security documents and on-site access support to ensure compliance with customer security standards and requirements, and enhance customer trust, and continuously improve and enhance our own information security management system.

#### Information security emergency measures

- 1 Formulate the System Disaster Recovery Management SOP that covers the entire process from disaster prevention, detection, and response to recovery. The SOP includes but is not limited to: data backup strategy and execution steps, standby system switching process, key resource protection methods, emergency contact list, various information security incident handling plans, etc.
- 2 Organize drills on the recovery of information system failure on a regular basis to simulate information security incidents in real environments, such as system crashes, data loss, malicious attacks, etc., so as to test the effectiveness of SOPs and the emergency handling capabilities of personnel.



## Practice in the Responsible Marketing System

ChemExpress always adheres to the principle of "product transparency" to ensure the fairness, transparency, and legality of marketing activities. We strictly abide by relevant laws and regulations, such as the Advertising Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China. In order to further regulate marketing activities, the Company has formulated the Sales Management Policy and the Responsible Marketing Management Policy to strengthen management and clarify responsibilities, ensuring the implementation of responsible marketing.

We strictly control every aspect of external publicity and dissemination according to the Company's regulation requirements, such as the Responsible Marketing Management Methods, to ensure the accuracy and truthfulness of information. We have established a systematic review process for marketing and promotional materials, clearly defining responsibilities and ensuring clear roles, and strengthening the implementation of the system to ensure that all promotional materials related to the Company's products or technologies can comply with regulatory requirements.

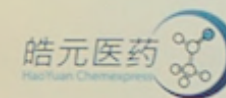
During the Reporting Period, ChemExpress experienced no litigation or penalties related to responsible marketing.





# Part 03

## Empowering Customers with “ChemExpress Plan” Proposed



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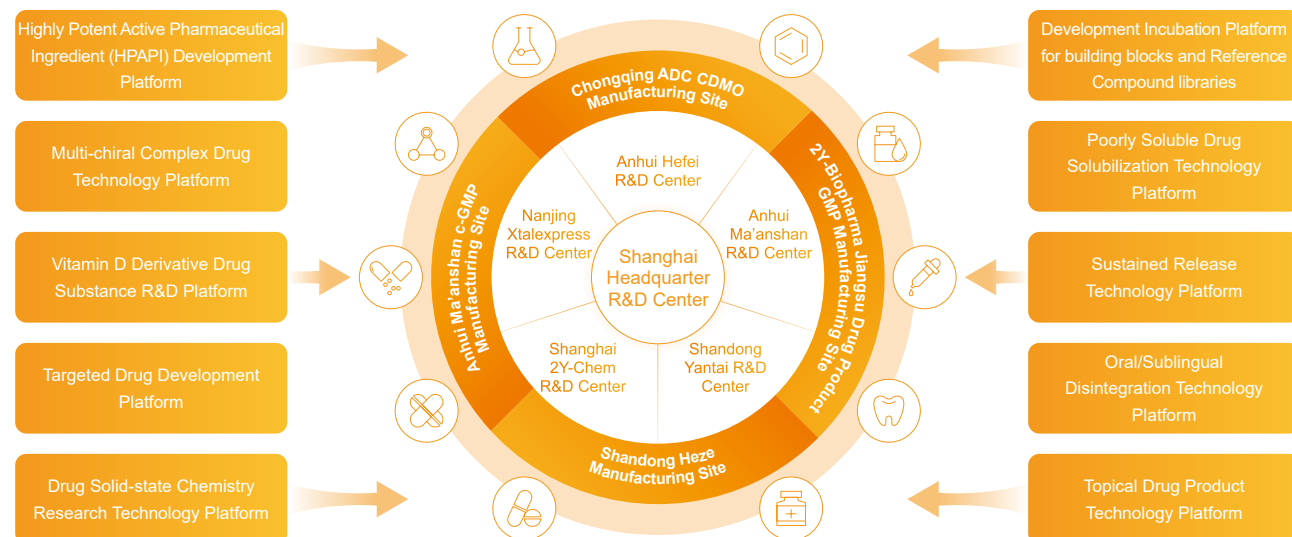


## Empowerment to Business Growth Through Innovation

As an R&D-driven company, technological innovation is the core competitiveness of ChemExpress's survival and development. We continue to increase investment in R&D, and have accumulated talents and technologies, forming multiple core technology platforms.

ChemExpress has completed independent research & development and synthesis of about 28,000 products, with a cumulative reserve of over 116,000 building blocks and reference compounds, including approximately 80,000 building blocks and approximately 36,000 reference compounds, and has constructed over 180 integrated Compound Libraries. We provide pharmaceutical companies and research institutions worldwide with products and technical services throughout the entire lifecycle of the biopharmaceutical industry.

ChemExpress's Ten Core Technology Platforms, which Empower Product Development and Innovation



In the front-end business, ChemExpress has formed a building block and reference compound supply platform that integrates R&D, manufacture, and sales. We provide customers with tens of thousands of building blocks and reference compounds with novel structures and diverse functions, and are committed to providing technical services, such as customized synthesis of high-difficulty and high-value building blocks and reference compounds.

In the back-end business, ChemExpress has implemented a dual-driven strategy involving specialty generic drug CDMO and innovative drug CDMO, while continuously increasing investment in innovative drugs. We are dedicated to delivering professional and efficient CDMO services regarding small molecule and new-modalities to the global pharmaceutical and biotechnology industries by continuously iterating and updating innovative technologies, refining management systems, and upgrading the one-stop CDMO service platform.

### ChemExpress's Business Development

#### Vertical

- Field of building blocks, reference compounds and biochemical reagents: comprehensively cover the application scenarios of small molecule compounds in the field of biomedicine;
- Field of APIs and intermediates, drug products: proactively layout characteristic APIs, strengthen the R&D reserve of high-barrier products, and gradually expand the patent API CDMO business.

#### Horizontal

- Expand the products of biological proteins, antibodies, and reagents;
- Strategically lay the service capabilities of various new molecules and tools, such as XDC, PROTAC, Oligonucleotides, diagnostic reagent raw materials, and cell therapy, continuously expanding the product line to realize the linkage between product and technical service supply, and improve the efficiency of product development.

### Investment and achievements of ChemExpress in innovation by 2023

- R&D investment: RMB **224.12** million



- an increase of **11.18** % compared to the same period last year

- R&D personnel: During the Reporting Period, the Company had a total of **437** R&D personnel



- and **35.47** % of them hold a master's or doctoral degree

### Research and Development Achievements

- Patents granted: **28** patents



- an increase of **86.7** % compared to the same period last year

- Utility model patents granted: **9** patents



- an increase of **28.6** % compared to the same period last year

- Invention patents granted: **19** patents



- an increase of **137.5** % compared to the same period last year



## Creation of High-quality Customer Service

ChemExpress always adheres to the service tenet of "everything for customers, everything from innovation" with focuses on the R&D services and industrial application market of small molecule and new-modalities. Taking technical advantages in medicinal chemistry, molecular simulation, and organic synthesis, ChemExpress has built a distinctive full industry chain business model which provides customers with one-stop services for RSMs, intermediates, APIs and drug products development.

The technical core teams of ChemExpress are good at overcoming difficulties. With deep professional expertise in the pharmaceutical field, we can provide customers with comprehensive one-stop services covering "research and development, manufacture and application submission." The acquisition of Hefei OC Gene Biotechnology Co., Ltd. and the establishment of Shanghai Haoyuan Biochemical Technology Co., Ltd. extend our business to the front end. In the back-end sector, the acquisition of Zheda Panaco (renamed as Heze Haoyuan Pharmaceutical Co., Ltd.) enables us to engage in the production of basic materials, and the acquisition of 2Y-Chem, 2Y-Biopharma and the establishment of Chongqing Haoyuan Biopharmaceutical Co., Ltd. enable us to expand our services to the drug product field and antibody conjugation.

The Company has developed and improved its customer service system in accordance with the needs of business development. We have successively formulated institutional documents, such as the Sales Management Policy, the Customer Management Policy, and the Customer Satisfaction Survey Management Policy, which effectively improved the Company's customer service capabilities.

## Customer Complaint Handling Mechanism

### For quality-related complaints

- Any product objections or complaints raised by customers are collected and preliminarily assessed by the business personnel.
- Then, the complaints are transferred by the business personnel to the Quality Management Center which will complete investigations within 30 calendar days after receiving the complaints, and formulate necessary corrective and preventive measures.
- The investigation report, after being reviewed and approved, should be send to the customers through the Business Center.
- If the measures involve customer product recalls/withdrawals/returns, the Company should strictly comply with the corresponding procedures.
- The Company should continuously monitor the progress of corrective and preventive measures, and review them in the annual product review report.

### For non-quality-related complaints

- Any product objections or complaints raised by customers are collected and preliminarily assessed by the business personnel.
- The relevant information should be reported to the Business Center and the Quality Management Center by the business personnel within 24 hours after receiving the complaints.
- The Company should respond to customer complaints promptly and provide feedback on the solutions or reply the complains within 72 hours.

## Entire Lifecycle Customer Communication Mechanism

We provide 24/7 professional support to ensure that customers receive timely assistance and support throughout the entire lifecycle of product usage, whether it is in the pre-sales or after-sales stage.

In the pre-sales stage, our technical support team provides customers with detailed product information and solutions. In the after-sales stage, we not only provide detailed explanations for the products' features and performance, but also optimize suggestions and solutions based on the specific situation of the clients, so as to ensure the customers enjoy worry-free experience during product usage.

To ensure timely assistance and support for customers in both the pre-sales and after-sales stages, we have taken various measures:



Through customer follow-up visits, passive customer visits, establishment of the 24/7 professional support team, and diversified communication channels, we can comprehensively ensure that customers receive timely assistance and support in both pre-sales and after-sales stage, thereby improving customer satisfaction and maintaining good customer relationships.

## Active Involvement in Activities with Customers

In order to understand customer opinions and needs, and to enhance service quality and customer experience, in 2023, the Company conducted a satisfaction survey with more than 3,900 customers for an assessment in product quality, order delivery, customer service, communication and feedback, technical support service and many other aspects. The result of the survey shows that the Company is trusted by the majority of customers, with an overall customer satisfaction degree up to 98.23%

Since the sales team is an important bridge between the Company and customers, its professional level directly affects the Company's image. ChemExpress attaches great importance to empowering the sales team. On one hand, the Company regularly provides professional knowledge training to sales personnel, enabling the sales team to have a deeper understanding of products and services, markets, customer needs, etc. On the other hand, in order to help team members better understand and implement the Company's marketing policies, the Company regularly conducts training on responsible marketing policies to provide detailed interpretations of policy content and analysis of market logic, so that the sales team can be clearer about their responsibilities and obligations.

We also attach great importance to empowering the registration and declaration team. In 2023, the registration and declaration team conducted multiple internal and external learning activities, aiming to continuously improve the team's professional capabilities and ability to cope with complex challenges.

- In 2023, the registration and declaration team conducted multiple internal learning sessions, mainly focusing on newly released guidelines and regulations in China and the USA. Through in-depth learning, team members have gained a clearer understanding of the registration and declaration process, requirements, and potential risks.
- In addition to internal learning, the registration and declaration team also actively participates in external learning. Through external learning, the team members gain a better understanding of the latest industry trends and developments, which may broaden their horizons. At the same time, external learning can also provide a platform for exchanging experiences and showcasing team members' abilities, further enhancing the overall image and influence of the team.
  - In March 2023, ADC Drug efficacy evaluation strategy;
  - In July 2023, 2023 Drug Full Lifecycle Scientific Regulatory Training Course;
  - In September 2023, the 2nd ADC and Conjugation Drug Global Summit.

## Highlighted Performance in 2023

### Empowering over 11,000 Global Partners

- Through continuous expansion, ChemExpress has built a global marketing platform with over 11,000 partners worldwide. ChemExpress has collaborated with numerous multinational pharmaceutical giants, globally renowned universities, research institutions, and CRO companies, and has established stable partnerships with many well-known overseas professional distributors in the field of drug development reagents.

### Key Projects

- We provide clients of Trabectedin and Eribulin drug products with professional opinions and strategic support for the official review for the regulatory approval, and these two drug products have been approved for commercialization in Europe.
- We have reached a strategic cooperation with a customer on small molecule compounds of innovative drug ADC.
- We assist our client in obtaining the approval for clinical studies for AMT-253 through one-stop services covering research and development, manufacture, and application submission.
- We have completed the US DMF filing for the advanced intermediates of Exatecan 1 and 2.
- We have successfully delivered CMC data for the small molecule portion of ADC projects for over ten clients.



## Strict Control of Product Quality

ChemExpress always adheres to the business philosophy of honesty and trustworthiness, and regards the pursuit of excellence in product quality as the core value of the Company's development. We deeply understand that quality is the cornerstone of the Company's survival and development. Therefore, we emphasize the materiality of quality in every production process and management level to ensure our products to be safe, effective, and reliable.

ChemExpress has established a quality management system for pharmaceuticals from raw material procurement to manufacture by establishing and perfecting policies and regulations in accordance with the requirements of the Quality Manual, and clarifying the responsibilities and authorities of department personnel. With the support of management and the joint efforts of all employees, ChemExpress continuously improves and enhances this system's effectiveness and compliance.

### ChemExpress's Quality Management System



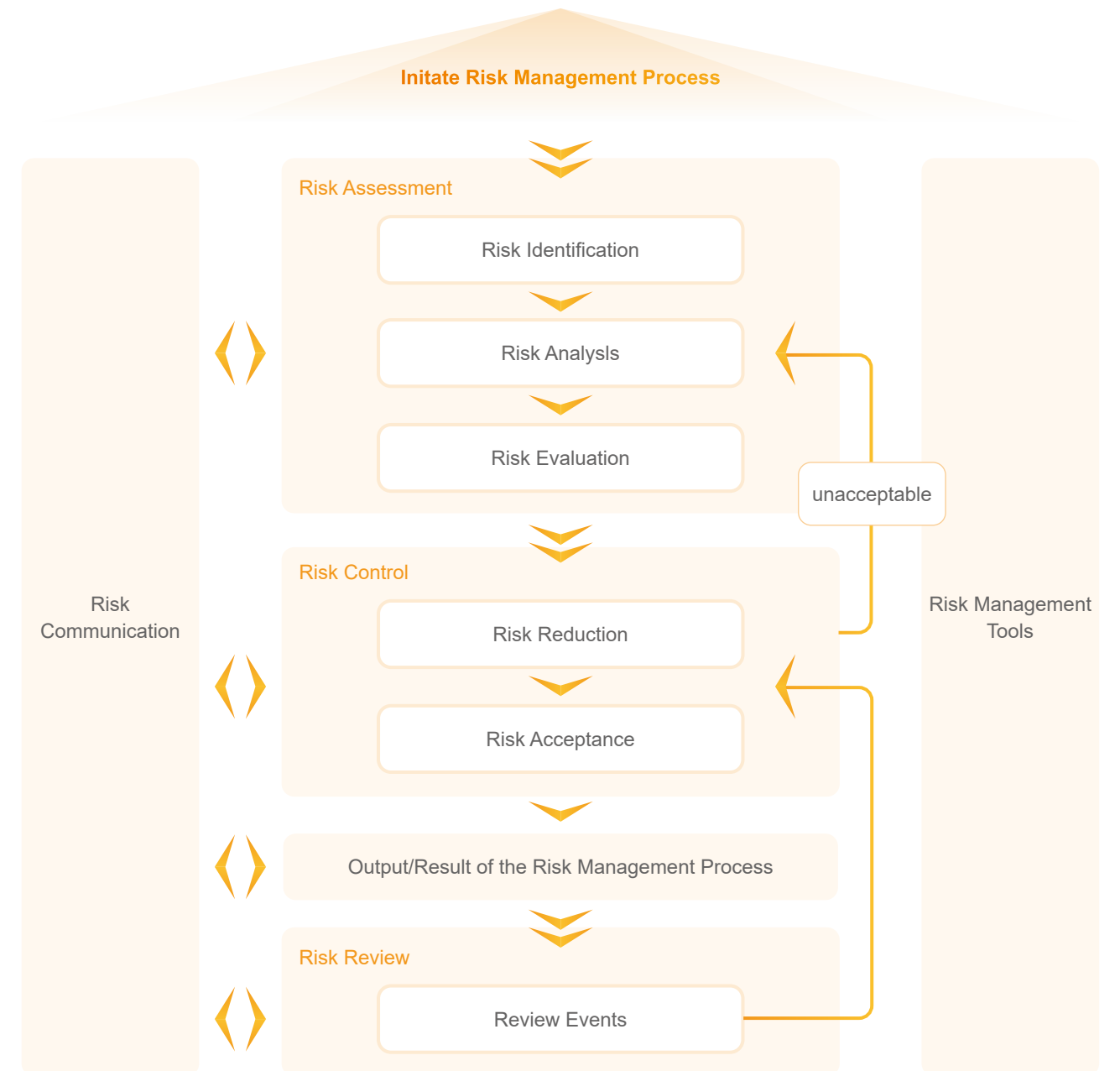
The Company has established an independent quality management center, which is responsible for quality risk management, quality review, quality audit, and simulated product recall, and conducts annual quality-related training activities for all employees to enhance their awareness of quality management.



## Quality Risk Management (QRM)

Quality Risk Management (QRM) is a continuous process throughout the entire lifecycle of products, aiming to mitigate quality risks and guarantee customer interests. ChemExpress has developed the Standard Operating Procedure (SOP) for Quality Risk Management, according to which we utilize scientific knowledge and process experience and employs efficient risk management tools to continuously identify and mitigate risks through risk assessment, risk control, risk review, and other steps. This iterative process ultimately provides customers with safe and effective product solutions.

### Quality Risk Management Procedure



## Quality Review

Quality review is an essential part of an excellent quality management system, which promotes continuous quality improvement and enhancement by comprehensively evaluating the performance of the quality system and product quality. ChemExpress has established the Management Quality Review SOP and the Annual Product Quality Review SOP. During the annual product quality review conducted each year, we examine all products that should be included in the evaluation scope for the previous year. We evaluate not only key process parameters and intermediate controls, but also all raw materials, intermediate batches, and finished product batches that do not meet established quality standards as well as all batches of rework and reprocessing and all change situations. By preparing the review report, we can deeply analyze the development trend of product quality, thereby taking all necessary measures to continuously improve product quality and ensure customer satisfaction.

## Quality Audit

ChemExpress has established a comprehensive mechanism to evaluate the performance of the internal quality management system and the compliance of external supervision. Attaching great importance to the issues identified during audits and inspections, we have taken all necessary measures to improve our quality system and product quality.



During the Reporting Period,

- ChemExpress conducted **1** internal audit
- performed **147** quality audits at the request of customers
- underwent **8** verifications from regulatory agencies or other independent third parties
- all of which are passed with no major findings

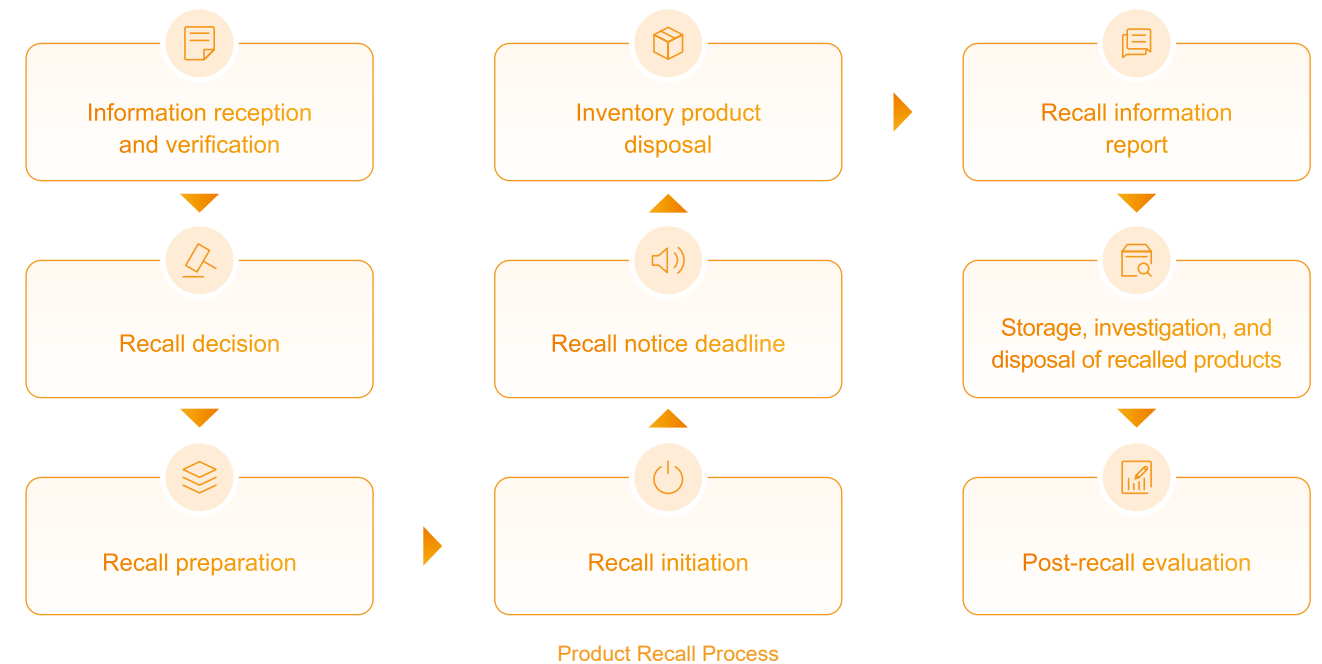
### Internal Audit

- In November 2023, the Company conducted an internal quality self-inspection and detected no critical defects or major defects. As of January 2024, all non-compliant items identified during the self-inspection have been rectified.

In terms of supplier audits, we are well aware of the materiality of supplier qualifications and raw material quality in maintaining a sustainable supply chain and ensuring the quality of subsequent products. Therefore, ChemExpress has established a series of strict supplier qualification review standards. We not only require suppliers to meet these standards, but also actively provide guidance and assistance to help them improve their own quality management systems, so as to achieve win-win outcomes.

## Product Recall

Product recall refers to the procedure of recalling products from customers when defects that jeopardize product quality and safety are identified. ChemExpress has established the Product Recall SOP in accordance with relevant regulations, such as the national Drug Recall Management Measures and the Drug Production Quality Management Standards, and conduct at least one simulated recall drills every three years. During the Reporting Period, the Company underwent no product recall incidents.



## Quality Training

Focusing on the culture of regarding quality as the foundation, we integrate the continuously improving quality awareness into the drug product of quality standards and daily operations. To ensure that new employees can grasp the core concept of quality management from the beginning, we provide comprehensive and in-depth production and quality control training for new employees in key positions, such as research and development, production, and quality. In addition, we encourage employees to participate in annual training and job skills enhancement courses to ensure that their professional capabilities meet or even exceed the highest quality standards in the industry.

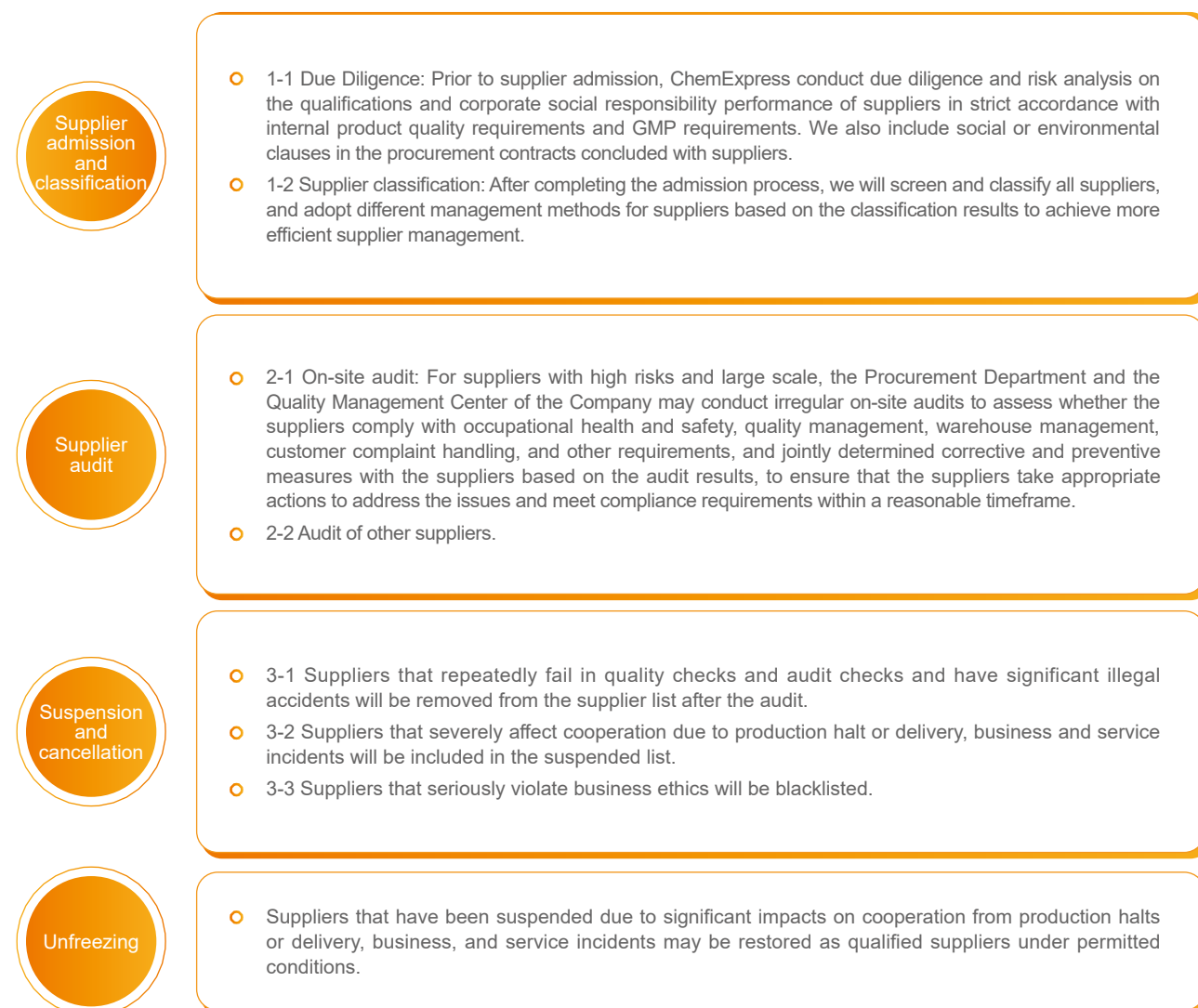
- During the Reporting Period, the Company, with great importance to product quality, conducted multiple employee training that specifically involved relevant regulatory standards and professional skills. The training content covers standard operating procedures (SOP), good manufacturing practices (GMP), and the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH). Among them, SOP training is conducted in multiple stages to enhance employees' mastery of standard operating procedures and standardize their operations. GMP training focuses on improving the management level during the production process to ensure product quality. And ICH training focuses on registration and declaration standards to ensure the Company's products to meet the requirements of international standards.
- Through a series of training mentioned above, the Company continuously strengthens employees' quality awareness and professional skills, which further improves the quality management system to guarantee high-quality products and services provided to customers and promotes the high-quality development of the Company.



## Establishment of Sustainable Supply Chains

ChemExpress's suppliers mainly include raw material suppliers, auxiliary material suppliers, equipment suppliers, service suppliers, etc. Effective procurement management is the key for ChemExpress to meet customer needs in a high-quality manner. In order to minimize supply chain-related risks, we continuously standardize supplier management and incorporate sustainable development performance, such as environment and society into the supplier evaluation system. We have developed a series of management documents, such as the Procurement Standard Operating Procedures, the Supplier Management Regulations, the Code of Conduct for Suppliers, and the Sustainable Procurement Policy, covering various aspects, including business ethics, employee rights, occupational health, and safety, environmental protection, supplier diversification, etc.

### Main Stages of Supplier Management



### Survey information included in the Supplier Questionnaire

#### Valid licenses and certificates of the enterprise

include business license, safety production license, drug production license, hazardous goods operation license, packaging materials, and containers registration certificate, etc.

#### Personnel and organizational information

It is required to confirm that the quality management department is independent of other departments, has an employee training program, and retains relevant training records.

#### Plant facilities and equipment

It is required to confirm that the supplier has taken necessary measures for pest control; the equipment/instruments are in good condition and well laid out for easy operation and maintenance; dedicated equipment is used and properly cleaned; non-dedicated equipment can effectively avoid cross-contamination; the plant facilities and equipment are maintained according to regulations; and measuring instruments are calibrated with calibration certificates.

#### Material storage and management

It is required to confirm that the suppliers' warehouse storage conditions, material labeling, inspection status, sampling measures, stacking management, inbound and outbound records, packaging and sealing, shipping labels, and inspection reports have met relevant requirements to ensure material quality and safety.

#### Production management

It is required to confirm that batch records are traceable; no mixed batch shipments occur; all batches involved in mixed batches are qualified; there are cleaning and sanitation procedures and procedures for controlling non-conforming products; solvent recovery standards are established; rework procedures are implemented; equipment is clearly labeled; packaging materials provide sufficient protection; labels are torn off when containers are reused; the site is clean and free from contamination; and personnel work clothing meets requirements.

#### Quality management

It is required to confirm that the suppliers have quality management systems, control procedures for change and deviation, and procedures for handling complaints, outsourced testing, returns, and non-conforming products; can effectively control finished product release; and carry out regular internal audits.

#### QC Laboratory

It is required to confirm that finished products from suppliers are comprehensively inspected; OOS control procedures are established and implemented, corresponding procedures for instrument maintenance and calibration are established; records for solution preparation are available; labels meet requirements; retention and stability study files are available; all shipped finished products are retained with samples; complete quality standards are established; sample operations are specified and recorded; inspection processes are recorded, and reviewed and signed by the responsible person; and material expiration dates are stated through written procedures.

#### Others

It is required to confirm that whether the supplier's production site also produces highly sensitive materials or highly toxic/highly pharmacologically active substances, and whether it uses other sources of transmissible spongiform encephalopathy/mad cow disease, genetically modified plants, genetically toxic materials, Class I solvents, as well as whether the supplied products meet the storage requirements and expiration/retesting period.

## Our Sustainable Procurement Policy

**Manage objectives**

- Better selection and use of supplier products and services, which may reduce the potential adverse impact of the Company's supply chain on the society and environment;
- Establishment of a potential supplier database, and screening and classifying suppliers through the assessment of supplier's social responsibility risks.
- Enhanced support to suppliers' diversified development to contribute to the development of relatively weak and minority suppliers;
- Establishment of a supply chain management system that can effectively utilize resources and manage environmental and social risks.

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**Important principles**

- Business ethics;
- Human rights and working conditions;
- Healthy and safe working environment;
- Reducing the environmental impact of the entire lifecycle of products.

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**Practicing responsible procurement**

- Prioritizing the purchase of environmentally friendly products; reviewing supplier compliance with labor and human rights.

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**Supplier diversification management**

- Considering supplier diversification as a competitive advantage, the Company encourages cooperation with diversified and small-scale suppliers (such as enterprises operated by ethnic minorities, disabled individuals, and veterans), so as to provide more development opportunities for vulnerable/minority groups and build a more stable supplier channel.

## Communication with Suppliers

ChemExpress has established a transparent and open communication mechanism with suppliers. On one hand, we conduct supplier visits, irregularly sharing with them the latest industry knowledge, best practices, etc., and providing necessary support in daily business operations. On the other hand, we actively assist suppliers in conducting quality training, guidance, and audits, continuously empowering suppliers and strengthening the sustainable awareness and management capabilities of suppliers in the supply chain upstream and downstream.

## Empowerment to Procurement Personnel

The Company regularly conducts sustainable procurement training for procurement personnel with focuses on supplier social responsibility ethical standards, labor rights protection, occupational health and safety, compliance with production site environment and management system requirements, requiring procurement personnel to regulate supplier's social responsibility performance. In terms of labor and human rights, procurement personnel need to investigate whether suppliers have illegal practices, such as recruiting child labor and forced labor, as well as whether they have legally regulated employee working hours, leaves, and remuneration systems. In terms of environment, procurement personnel need to assess whether suppliers have used hazardous substances, whether they are exposed to environmental risks in the production processes, and whether their pollutant emissions meet standards.

ChemExpress has incorporated the archiving process of the Social Responsibility Risk Analysis Form for suppliers into the daily work management of procurement personnel. According to this standard, procurement personnel need to carefully analyze, actively review, and timely record the social responsibility performance of suppliers. According to such SOP, procurement personnel not only need to consider the quality and price of products, but also pay attention to the social responsibility performance of suppliers to ensure that the purchased products meet the Company's social responsibility standards.

Highlighted Performance of Sustainable Supply Chain Management in 2023

100% of procurement personnel have received sustainable procurement training.

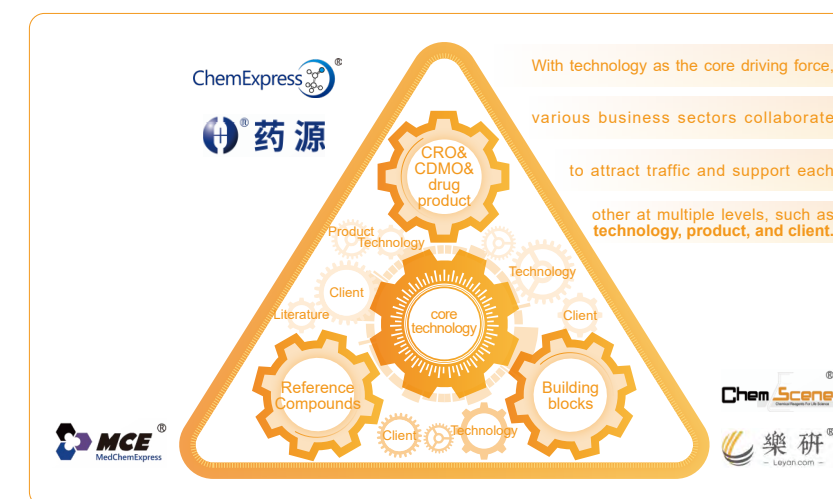
## Excellent Service Driven by Innovation

- Establishment of a One-stop Service Platform Spanning the Entire Lifecycle from Drug Discovery to Industrialization

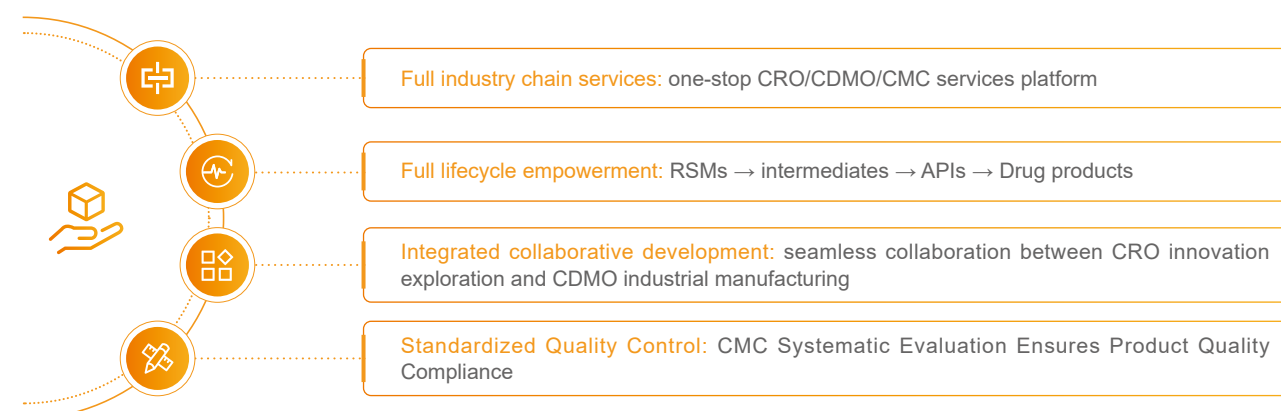
Now, ChemExpress has built an excellent service platform spanning the entire lifecycle of drugs for customers.

ChemExpress strives to erect a one-stop CRO& CDMO services platform engaged in the R&D and manufacturing of RSMs, intermediates, APIs and drug products development, to provide the global pharmaceutical and biopharmaceutical industry with professional and efficient CRO and CDMO services regarding small molecule and new-modalities.

New drug development is a long and systematic exploration process, which involves multiple stages, including basic research, lead compound discovery, lead compound optimization, preclinical development, clinical studies, and ultimately commercial production, usually taking more than 10 years. ChemExpress relies on its complete integration capabilities from drug development to production, seamlessly integrating key stages, such as drug discovery, process development, and large-scale production, which significantly shortens the time required for new drug market entry.



### Innovative service model





• Empowerment to customers through efficient collaboration



• US FDA registration of ADC-related small molecule products provided by us to clients:

- 12 ADC-related small molecule products have completed the US FDA sec-DMF filing.

• Business scale of customized ADC conjugation services:

- During the reporting period, we have undertaken over 80 customized services for ADC molecule conjugates.  
- During the reporting period, we have tested 13 ADC Drugs.

• Breakthroughs we have made in research and developments of drugs with high difficulty and high technological barriers:

We take the leading in the field of ADC Drug synthesis technology, filling multiple gaps; we have successfully synthesized multiple drug molecules that are considered as synthetic and industrial production difficulties, including Eribulin known as the "Everest in drug synthesis".

ChemExpress is one of the early domestic CDMO companies engaged in ADC and high-potent drug production. Through efficient empowerment in multiple stages, such as preliminary innovative design concepts and post-production process optimization. During the reporting period, we undertook more than 110 ADC projects, enabling customers to rapidly synthesize new molecules. At the same time, ChemExpress has also been honored to assist in the launch of the first ADC anticancer drug RC48 in China. We are always committed to accompanying and empowering our clients, deeply understanding their needs, and empowering our global partners more quickly to traverse the entire spectrum from preclinical to commercial production, thereby bringing pharmaceutical and health care products to the world that improve lives and deliver outstanding value to our customers and shareholders.

○ we undertook more than **110** ADC projects

• XDC Payload-Linkers CMC integrated service of ChemExpress:

XDC Payload-Linkers CMC integrated service of ChemExpress



○ In the future, ChemExpress will continuously drive human health development through innovation

• Reducing the R&D cost of new drugs to improve the accessibility of innovative drugs

The research and development of new drugs involve multiple stages, huge investment and long period, which are important factors affecting the accessibility. ChemExpress relies on the efficient collaborative one-stop service platform spanning the front and the back end to empower customer product development more quickly, reducing redundant investment in the new drug R&D stage to cut overall costs.

At the same time, with the R&D technology platform characterized by the R&D technical platform with high difficulty and high barrier as well as the mature R&D system, ChemExpress can continuously shorten the development and production cycle for clients, solve problems in large-scale production, and reduce costs through technology transfer, providing multidimensional comprehensive solutions for difficulties and pain points in project R&D and production processes, thereby bringing long-term value to clients. In addition, ChemExpress products and services can quickly respond to and meet customer needs, reducing waiting time. The availability of above multiple integrated advantages greatly reduces the time and economic costs required for new drug R&D and manufacturing, improving the speed and efficiency of market entry of new drugs to empower new drug R&D and production worldwide.

• Leveraging the advantages of ChemExpress to contribute to Healthy China and inclusive healthcare

Global climate change, aging population, and other factors have accelerated the demand for high-quality medical resources, in which accessible innovative drugs is a key component. Adhering to the concept of "ESG development navigator," ChemExpress will continue to leverage its integration advantages to promote efficient transformation of more innovative achievements, enabling patients to access good innovative drugs at a lower cost, thereby contributing to the concept of Healthy China and inclusive healthcare and share the dividends of innovation with the society, so as to promote human health and well-being.



# Part 04

## Fulfilling Responsibility to Demonstrate “ChemExpress Power”

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## Cultivation of Industry Leaders

The Company has always adhered to a philosophy centered around "people-oriented and common development." We are dedicated to building a high-quality, professional, international, and innovative talent team acting as the talent guarantee for the Company's sustainable development.

### Recruitment and Employment


The Company has formulated the Recruitment Management Policy and the Employment Contract Management Policy in strict compliance with the Labor Law of the People's Republic of China, and other laws and regulations, clarifying employee working hours, leaves, remuneration, and benefits through the Employee Handbook, the Attendance and Leave Management Policy, and the New Employee Management Policy to protect employees' rights and interests.

#### ○ Employment and Basic Rights System of Employees



Employment, termination, and promotion

- **Employment:** We have formulated the Employee Recruitment Management Policy to ensure equal employment and strictly prohibition of forced labor, and have implemented screening measures to avoid hiring child labors mistakenly.
- **Dismissal:** We have formulated the Employment Contract Management Policy to standardize and improve employee offboarding processes.
- **Promotion:** We have formulated an employee promotion plan, which can standardize employee promotion management through talent inventory, promotion nomination and approval, public announcement, etc.



Working hours and vacation

- **Working hours:** The working hour system includes standard working schedule, comprehensive calculation working schedule, and flexible working schedule. The Company may arrange or adjust working hours according to production needs and approvals from local labor authorities. Among them, the standard working schedule refers to the standard 40-hour workweek, namely, working five days a week and eight hours a day (excluding the meal breaks designated by the Company).
- **Overtime:** The Company has formulated the Attendance and Leave Management Policy, according to which employees working overtime will be paid with legal compensations.
- **Leave:** Paid annual leave, marriage leave, bereavement leave, maternity leave, childcare leave, sick leave, etc. are implemented according to national regulations.


Talent recruitment is also a measure to which the Company attaches great importance. We advocate multiculturalism and select outstanding talents globally. We develop different recruitment plans according to different types of talents, and progressively promote the recruitment through various channels, such as online recruitment, campus recruitment, employee referrals, headhunter recommendations, job fairs, and recruitment agencies.

We respect and value every employee. In the process of talent recruitment, the Company always adheres to the concept of diversity, insisting on the principle of equal employment for men and women and strictly prohibiting from screening and restricting employees based on gender, race, ethnicity, and other aspects. We are committed to providing employees with a fair and equal development platform, creating an inclusive and open work environment to ensure that all employees can enjoy equal work opportunities.

○ 2023 New Employee Recruitment Performance

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During the Reporting Period, we successfully recruited **65** senior-level personnel and **15** PhDs, and hired **229** fresh graduates, **46** foreign employees, and **28** employees of ethnic minorities.



In strict accordance with national laws and regulations, such as the Regulation on Prohibition of Using Child Labor, and the Law on the Protection of Women's Rights and Interests, the Company has stipulated in the Recruitment Management Policy that it is strictly forbidden to recruit employees by any coercion or deception means, to withhold the ID cards, residence permits, and other legal documents of job applicants during the recruitment and onboarding process and to charge any fees from job applicants in any name or form. We take effective identity verification measures in the recruitment process to verify the age of job applicants to avoid incidents of recruiting child labor mistakenly.

### Remuneration and Benefits

To ensure the remuneration and benefits of employees, the Company has established a competitive and fair remuneration management and incentive mechanism through the Remuneration and Benefits Management Policy to promote the development and growth of the Company and employees. Every year, the Company adjusts employee remuneration and provides appropriate incentives to outstanding employees according to annual performance, economic benefits, industry salary levels, and employee performance.

○ Stock Incentives to Employees

In order to further establish and improve the long-term incentive and restraint mechanism of the Company, attract and retain outstanding talents, and fully mobilize the enthusiasm of the Company's management personnel and core employees, the Company formulated the 2023 Restricted Stock Incentive Plan of Shanghai Haoyuan Pharmaceutical Co., Ltd. in 2023, to provide stock incentives to 124 employees, including directors, senior management, core technical personnel, and middle management personnel. Through these stock incentives, interests of shareholders and the Company will be effectively combined with the personal interests of employees, resulting that all parties pay close attention to and promote the long-term development of the Company.

Focusing on the work-life balance of employees, the Company provides a comprehensive welfare system to provides additional benefits besides statutory benefits, so as to enhance employees' happiness.

ChemExpress Employee Benefits

Statutory benefits

- Statutory benefits stipulated by the state, such as social pension insurance, unemployment insurance, work-related injury insurance, maternity insurance, medical insurance, and housing provident fund, etc.
- Statutory holidays stipulated by the state, such as annual leave, marriage leave, bereavement leave, etc. In addition, the Company also provides female employees with prenatal examination leave, maternity leave, breastfeeding leave, childcare leave, etc., and male employees with paternity leave, childcare leave, etc.



Company benefits

- Company welfare leave, holiday benefits, department activity funds, recreational activities, meal subsidies, transportation allowances, perfect attendance awards, etc.
- Marriage/birth gift money, spouse birth gift money
- Annual physical examination, accident insurance

The Company, as attaching great importance to the physical and mental health of employees, actively organizes various cultural and sports activities, such as fun sports games, photography contests, etc., to enrich employees' leisure life and guide employees to balance work and life.



ChemExpress's Fun Sports Games in Yantai City



2023 Zhangjiang Cup Basketball Tournament



Badminton team exchange

Training and Development

We respect talents and value talents even more so. Every employee is an important part of the Company. We provide a platform for learning and communication for each employee, offering them with greater development opportunities and more care to share the same goals and values as us, so that we can stimulate the innovation consciousness and creativity of outstanding talents and promote the development of both the Company and employees together.

The Company has formulated the Employee Training Management Policy, which provides a hierarchical and classified training system according to the individual development direction of employees at different levels, to provide sustainable development for employees.

During the Reporting Period, the Company continuously improved the talent development mechanism focused on internal training with external training supplemented. Through enhanced training system and various forms of technical training, we effectively improved professional qualities and technical skills of employees, professional technologies and management capabilities of middle and senior management, and the combat effectiveness and cohesion of teams.

Training System

New Employee Training System



- We regularly organize new employee to participate in induction training, interpretation and sharing of corporate culture, introduction of rules and regulations and 5S system, fire safety training, etc., in order to help them adapt to the work environment as quickly as possible.
- We offer one-on-one mentorship for fresh graduates and interns, and provide systematic and comprehensive professional training starting from the date of employment in combination with the "ChemExpress Cloud Classroom" online learning platform.

On-the-job Training System



- In addition to job skills and professional knowledge training, we also provide on-duty employees with professionalism training and empower our internal trainer team to help employees grow and improve in all aspects. Management training system: We strengthen leadership training, regularly organizing think-tank sessions for middle and senior management. We implement the "ChemExpress Talent Plan" to enhance the leadership skills and overall quality of managers, and launch the "ChemExpress Ambition Plan" to cultivate the financial thinking of middle and senior management, so that they can understand business logic and improve their financial management capabilities.



Employee Training Content in 2023

In 2023, the Company continuously promoted the construction of a learning organization and strengthened the talent development system through a training model that is multi-level, cross-category, and comprehensive. Throughout the year, we have conducted:

- 31 new employee onboarding training sessions, covering over 700 participants;
- 16 professional training sessions, covering 435 participants;
- vocational skills certification training, covering 38 trainees;
- cadre training (key personnel cultivation) sessions, covering 390 trainees;
- training for 118 fresh graduates, involving 35 courses last for 6 months;
- 45 departmental training sessions, covering a total of 836 trainees;
- 110 regional training sessions, covering a total of 6,445 trainees;
- 228 annual training sessions, covering a total of 10,504 trainees.

Building a Learning Organization

- **New employees:** onboarding training, mentorship, skill enhancement, etiquette and communication, and training camp for fresh graduates
- **Career coaching:** professionalism, further education, comprehensive management, overseas exchange
- **Job expert:** expert guidance, technical salons, online courses, lectures by industry leaders
- **Job owner:** team building, internal lecturers, executive sharing, ChemExpress Forum
- **Self-learning and growth:** online courses, book clubs

Case | ChemExpress Cloud Classroom

ChemExpress Cloud Classroom, an online learning platform, had 1,969 accounts opened in 2023, with 247 courses uploaded, totaling 12,276 learning hours. Its functionality includes issuing learning tasks, online live streaming, online exams, course creation, training management, report management, etc., with contents covering new employee training, cadre training, professional skills, general skills, and ChemExpress special series training.

Case | Fresh Graduate Training Camp

In August 2023, ChemExpress started the 2023 Fresh Graduate Induction Training Camp. This training camp brought together nearly 150 fresh graduates and executives. Through a series of targeted and interactive activities, it helped fresh graduates feel the team cohesion and complete the magnificent transformation from "campus student" to "ChemExpress staff", so as to quickly and effectively adapt to future work.



Case | "ChemExpress Talent Plan" Grassroots Cadre Training Program

In 2023, ChemExpress hosted two rounds of "ChemExpress Talent Plan" cadre training, with a total of 67 graduates. The trainees completed a three-day intensive offline training program inclusive of learning, practice, and examination, where they comprehensively studied courses in four dimensions: managing business, managing others, managing affairs, and managing themselves.



Case | "ChemExpress Ambition Plan" Middle and Senior Management Training Program

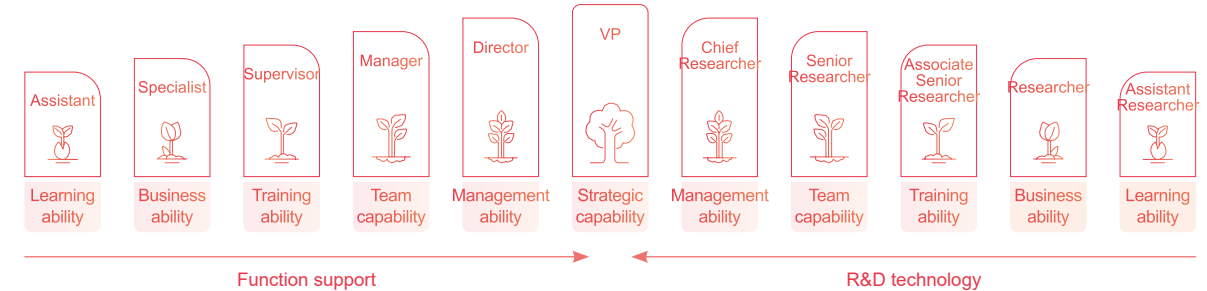
In order to enhance the financial management capabilities of middle and senior management to cultivate their financial thinking and deepen their understanding of business logic, ChemExpress conducted a middle and senior management training with a focus on financial management in June 2023. In response to the financial confusion faced by the trainees in their daily work, trainers comprehensively explained the financial management in 16 modules with reference to the actual situation of ChemExpress, which greatly improved the trainees' understanding of financial management.



Promotion and Assessment

The Company has formulated the Employee Promotion and Advancement Program, which manages employee promotions through talent inventory, promotion nominations, promotion approvals, and public announcements. The management adheres to the principles of fairness, openness, impartiality, and the ability to promote or demote employees based on their performance, and opposes phenomena such as seniority-based promotion and favoritism based on personal relationships, in order to ensure the rational flow of personnel.

Promotion and Development Path



- Multi-level, all-round training and clear personal development paths

At the same time, the Company has formulated the Performance Appraisal Management Policy, conducting employee performance appraisals every year. The appraisal adopts a multi-level evaluation method, which is a sequence of self-evaluation → immediate supervisor evaluation → department head evaluation → company evaluation, with five levels of performance grades appraised, namely, "Excellent A", "Good B", "Average C", "Pass D", and "Failure E." The performance appraisal results will serve as important basis for employee salary adjustments, promotion, year-end bonus and equity incentive vesting distribution.

## Diversity, Equity and Inclusion

ChemExpress is well aware that diversity, equity, and inclusion (DEI) are important factors in enhancing employee motivation and stimulating creativity and innovation. Therefore, we always pay attention to the real needs of every employee, and reduce their burden through measures, such as remote work arrangements, care for female employees, and summer childcare programs. We try our best to ensure that every employee is free from bullying, harassment, discrimination, and other misconduct in their workplace, striving to create a harmonious working environment of mutual respect.

### Case | Remote Work Arrangement

The Company demonstrates its humanistic care by establishing a remote work arrangement to address issues, such as epidemic prevention and control and the inconvenience of commuting for pregnant employees. The Company has launched a remote work application process on the internal OA platform to meet the special needs of employees.

### Case | Care for Female Employees

The Company has always attached importance to the needs of female employees, and provides special female employees in pregnancy and lactation with lactation rooms equipped with facilities, such as water dispensers, refrigerators, tables and chairs, and beds.

In 2023, on the occasion of the 113th International Women's Day, the Company launched the theme series of activities titled "Gathering Her Strength, Blossoming with Elegance", and prepared carefully selected gifts and best wishes for female employees to celebrate the festival.



Lactation Room



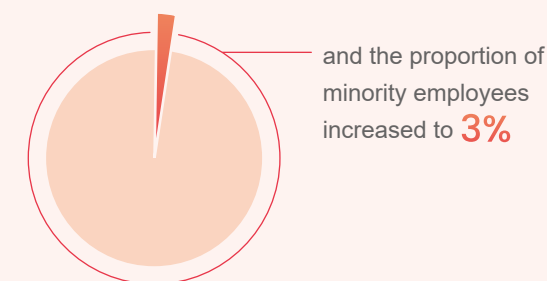
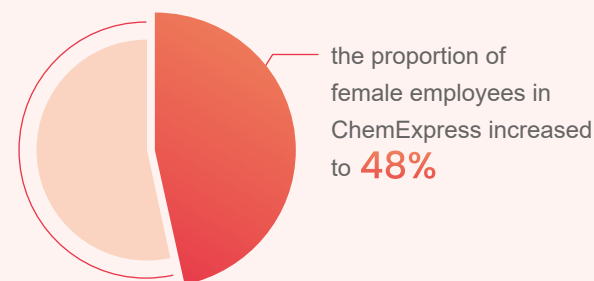
Theme series of activities titled "Gathering Her Strength, Blossoming with Elegance"

### Case | "Naughty Kids" Summer Tutoring Class of ChemExpress

In July 2023, to address the difficulties that the employees face in taking care of their children during the summer vacation, ChemExpress opened a 'Naughty Kids' summer tutoring class to reduce the burden on employees in taking care of their children, thereby enhancing their work efficiency and satisfaction. The summer tutoring class enriches children's summer life by inviting lecturers from different backgrounds to give lectures and organizing various cultural exchange activities.



### During the Reporting Period,



### Employee Satisfaction Survey

In order to understand the concerns and needs of employees, the Company regularly conducts employee satisfaction surveys, investigating employee satisfaction in corporate culture, management performance, promotion opportunities, working environment, and benefits. We analyze and summarize the survey results, and propose improvement plans, to ensure an equal and inclusive working environment, so that every employee feels their value and importance to the Company.



Case | 2023 ChemExpress Employee Team Building Activity

ChemExpress always regards team building as an important cornerstone for sustainable development. Through organizing various team building activities irregularly, we encourage everyone to get close to nature, release stress, cultivate sentiment, and accumulate strength and continuous growth in team building.



Spring team building activity titled "Marching towards spring to feel its charm"



Summer team building activity titled "Walking together to embrace nature"

## Occupational Health and Safety



The Company is committed to creating a healthy and safe working and living environment for employees. We strictly comply with the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and other laws, regulations, and relevant provisions, and have formulated the Policy for Occupational Health Surveillance and its Record Management for Workers, the "Three Simultaneities" Management Policy for Occupational Health at Construction Projects, the Policy for Occupational Hazard Detection and Evaluation Management, the Policy for Management of Labor Protective Equipment, and the Policy for Management of Personal Occupational Disease Protective Equipment.



In order to effectively strengthen the organization and leadership of the Company's safety production and improve the safety production organization system, in March 2023, the Company established the Group Safety Commission, responsible for implementing national laws and regulations related to safety production, formulating the Company's safety production policies and objectives, and supervising the drug product and improvement of safety production management policies. The Safety Production Committee Office was established under the Safety Committee as its working organization.



For the occupational hazards that may exist in the workplace, the Company regularly entrusts qualified testing and evaluation institutions to conduct occupational hazard factor testing every year. For newly built, renovated, and expanded construction projects, the Company strictly carries out the relevant work of occupational health "three simultaneities" in accordance with national regulations. At the same time, the Company conducts physical examinations for all employees annually to ensure their physical health, so that they can engage in work with a better state.



In addition, the Company distributes protective equipment to employees in accordance with relevant laws and regulations, and supervises employees to wear them. For occupational disease protection facilities and equipment installed in the workplace, the Company requires management personnel to inspect the integrity and effectiveness of the protection facilities during their shifts, and conducts special inspections on the protection facilities at least once every quarter.



In terms of chemical use, the Company has also formulated the Standard Management Regulations for Hazardous Chemical Safety Management Policy and the Laboratory Reagent Management Policy, which strictly regulate the use of hazardous chemicals and laboratory reagents. In terms of safety production, the Company organized safety emergency drills, such as electric shock accident emergency drills, fire evacuation exercises, laboratory reagent leakage disposal exercises, poisoning and asphyxiation emergency response exercises, etc. during the Reporting Period. In terms of safety awareness promotion and training, the Company actively conducts occupational health and safety training, and carries out activities, such as "5S" management month, to further enhance employees' occupational health awareness.



o ISO 45001 Certification for Occupational Health and Safety Management System

ChemExpress actively refers to international certification standards to regulate the Company's occupational health and safety management system. Both the Shanghai Headquarter R&D Center and the Anhui Ma'anshan R&D Center have obtained ISO 45001 certification for the occupational health and safety management system.



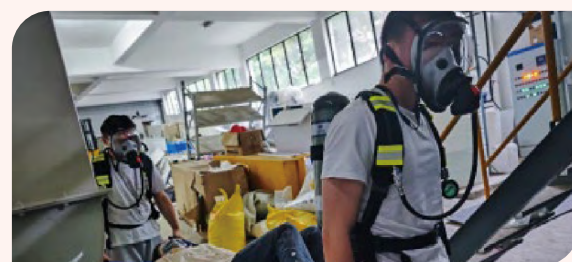
o Emergency Drills



Laboratory leakage accident emergency drill



Fire evacuation exercise



Poisoning and asphyxiation accident emergency response drill



Electric shock accident drill



Case | A Series of "Safety Production Month" Campaigns

In order to further strengthen the awareness of safety production for all employees, improve their safety literacy, establish a solid concept of safety development, and create a good atmosphere for safety production, ChemExpress, focusing on the theme of "everyone pays attention to safety and everyone knows how to respond to emergencies", organized various safety departments in different locations to actively carry out a series of colorful "Safety Production Month" Campaigns in various forms in June 2023, which enhanced employees' safety awareness and emergency response capabilities, thereby providing a solid guarantee for the safety development of the Company.



Learning from past cases by watching educational videos and sharing feelings



Enhancing skills through safety production training and emergency drills



Preventing risks in advance through comprehensive identification and rectification of safety hazards



Promoting learning through competition through safety knowledge education training and competition



Case | "5S" Management Month Activity

Since its establishment in 2021, ChemExpress's "5S" Management Department has made significant achievements in improving the Company's office and laboratory environment. In May 2023, ChemExpress organized the 2023 Management Month Event, enabling everyone to deepen their understanding and implementation of "5S" management in an active and enthusiastic atmosphere through various activities, such as departmental lectures, departmental selection, and knowledge competitions.

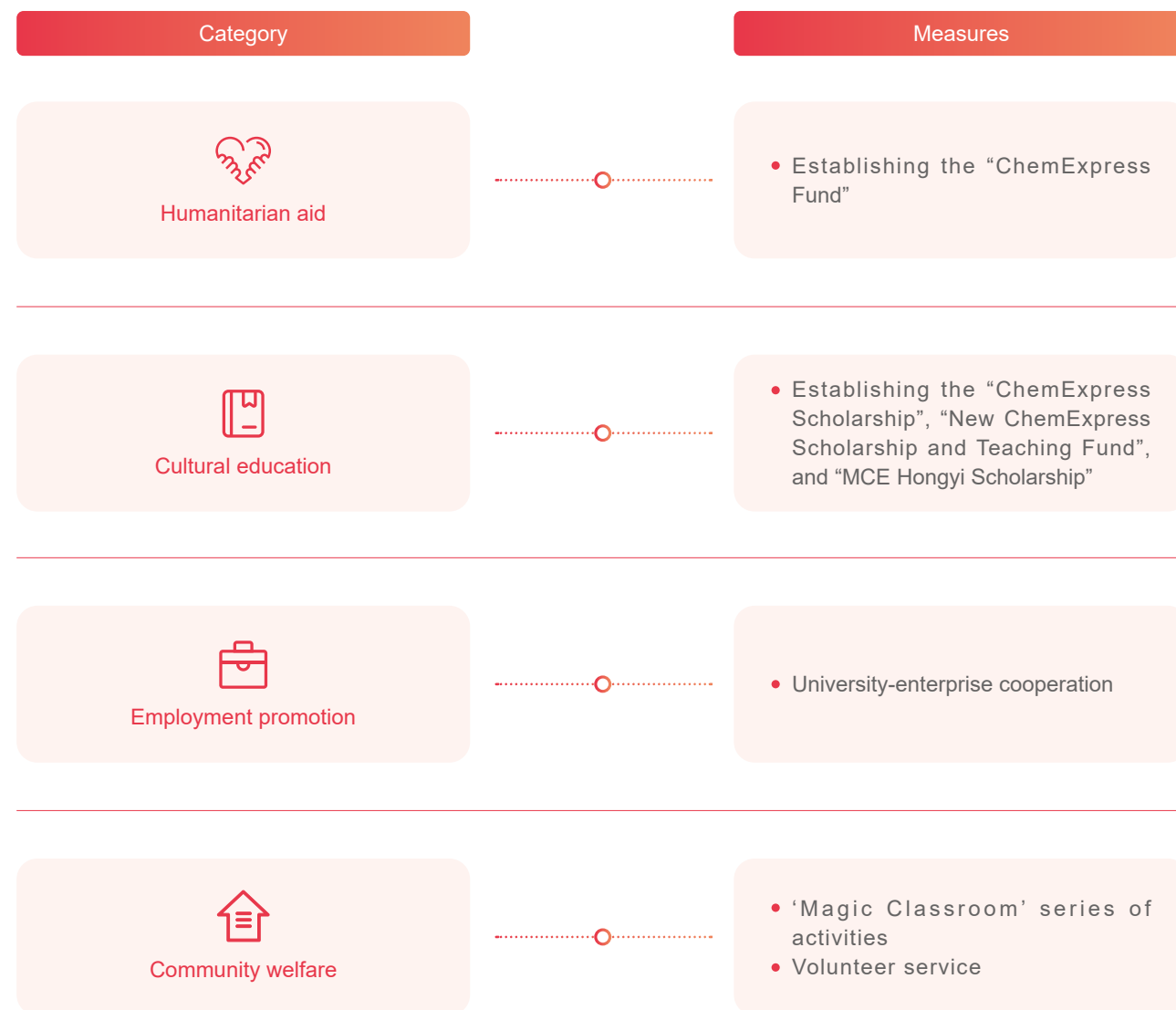




## Implementation of the Long-term Public Welfare Mechanism

Work together towards a common goal with love accompanying every step of the way. Since its establishment, ChemExpress has always adhered to the belief of contributing to the development of the biopharmaceutical industry and actively practicing social responsibility. It has engaged in public welfare activities in various ways and advocated employees to actively participate in social service activities. In the future, we will continue to engage in charitable activities to spread warmth and love to more people in need.

### ○ The Long-term Public Welfare Mechanism of ChemExpress



### Case | Operation mechanism of "ChemExpress Fund"

With "love and care" as its philosophy and adherence to the spirit of "Unity in mutual assistance to share weal and woe together", ChemExpress has built a warm family. The Company has established the "ChemExpress Fund" charity fund, which aims to extend a helping hand to employees and socially disadvantaged groups who are facing financial difficulties, major illnesses or major natural disasters to provide them with timely and caring assistance and support.



Every year, the Company allocates a special fund as the main source of the ChemExpress Fund. At the same time, the Company also encourages employees and departments to voluntarily donate, pooling everyone's love. The ChemExpress Fund has a dedicated fund management department responsible for supervising and managing the funds, and dedicated persons responsible for handling the relevant procedures and payments, and publicly disclosing and faithfully recording the use of funds to ensure the entire process fair, impartial and transparent, making the donations traceable.

At ChemExpress, we embody the concept of "Great virtue can carry all the things in the world" through practical actions, warming others with love and care to building a harmonious atmosphere through mutual assistance, and working together to build a happy and healthy homeland.



### Case | A Series of "Magic Classroom" Campaigns

The highest virtue is like water, with boundless love. In March, September, and December 2023, ChemExpress partnered with Pudong New Area Supplementary School in Shanghai to carry out a series of "Magic Classroom" campaigns for children. We carried out a total of four campaigns, including twelve exciting experiments, which stimulated children's curiosity and cultivated their scientific thinking by combining education with entertainment.



### ○ Volunteer service

In 2023, ChemExpress organized **220** employees to participate volunteer service activities, with an average service duration of **2** hours per person.



## Collaborative Development to Serve the World

ChemExpress deeply understands that industry cooperation and collaborative development play an important role in driving industry innovation and development. During the Reporting Period, the Company collaborated with industry elites to create, share and embrace new industry trends through active participation in industry academic exchanges, aiming to be a creator, leader and promoter of industry standards. Through cooperation with academic institutions and peers, the Company achieved complementary advantages and mutual benefits, thereby continuously empowering global customers and promoting R&D innovation to improve the survival status and quality of life of patients worldwide.

As one of the leading companies with industry influence, the Company, with focuses on the development of the pharmaceutical industry, actively organized and participated in various industry-themed salons, associations, and exhibition events to discuss the development of the pharmaceutical industry ecosystem during the Reporting Period, such as the 2023 American Association for Cancer Research (AACR) Conference, the 23rd International Conference on Organic Synthesis, the 8th Member Congress of the China Chemical Reagents Industry Association, the 21st CPHI, and the Petrel Salon Collection, with footprints covering cities both at home and abroad, such as Suzhou, Qingdao, Shanghai, Tokyo, San Diego, and Barcelona.

During the Reporting Period, ChemExpress has established strategic cooperation relationships or reached strategic cooperation intentions with several well-known pharmaceutical companies, fully utilizing its advantages in the research, development, production, and registration of active pharmaceutical ingredients and drug products to erect a one-stop CRO& CDMO services platform engaged in the R&D and manufacturing. Through cooperation with upstream and downstream enterprises, ChemExpress is empowering our global partners to swiftly traverse the entire spectrum from preclinical to commercial production.



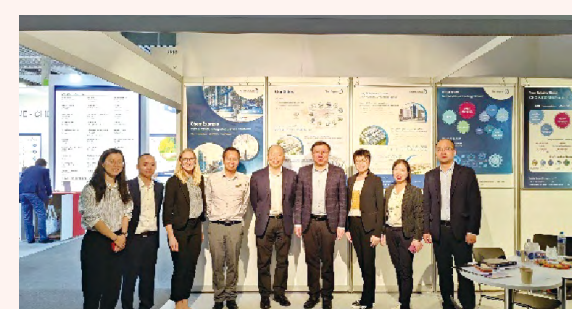
2023 American Association for Cancer Research (AACR) Conference



The 23rd International Conference on Organic Synthesis



The 21st CPHI China 2023



Barcelona 2023 The 21st CPHI Barcelona 2023



Petrel Salon Collection



2023 BiG Autumn Forum of XDC Special Symposium



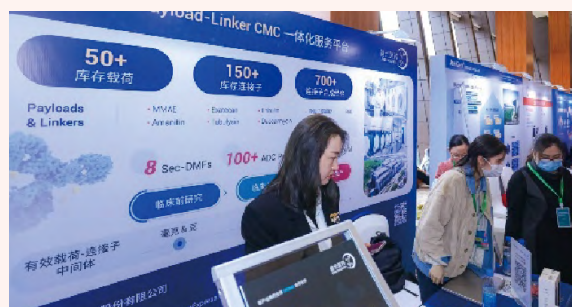
Pharma ChemOutsourcing Conference & Exhibition



World ADC London 2023



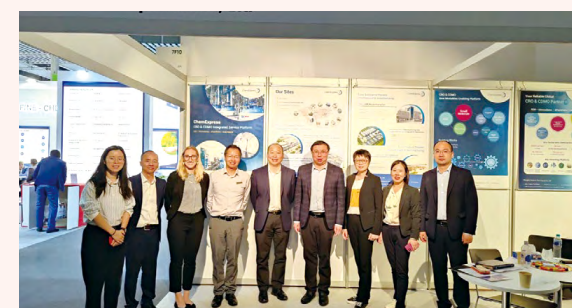
2023 SASP-China Annual Meeting



2023 AntibodyChina Exhibition



World ADC San Diego 2023



The 21st CPHI Barcelona 2023



# Part 05

## Contributing “ChemExpress Value” through Sustainable Development

Comprehensive Implementation of Environmental Management .....	71
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Green is the cornerstone of top-tier development. In the government work report, there's a consistent emphasis on the imperative for enterprises to align pollution reduction and energy conservation with low-carbon and circular development. This is crucial for advancing the "dual carbon" strategic objectives in a methodical and scientific manner. ChemExpress is dedicated to charting paths for the Company's energy to evolve towards high-quality development by seizing strategic opportunities with precision. Embracing the concept of green operation, ChemExpress actively integrates environmental sustainability into its governance objectives.



## Comprehensive Implementation of Environmental Management

The Company strictly complies with the relevant laws and regulations, such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Work Safety Law of the People's Republic of China, and the Regulations on the Safety Management of Hazardous Chemicals, and has formulated environmental management regulations tailored to the Company's internal situation, such as the Environmental Management Policy and Hazardous Waste Pollution Prevention and Control Responsibility System, in accordance with these laws and regulations.

The chairman is responsible for the overall leadership of the Company's environmental protection and waste pollution prevention, the establishment of the Company's environmental protection functional organization, as well as the guidance and supervision of practices by the Environmental Protection Department of the Company. The EHS Center is responsible for formulating, implementing, and monitoring environmental management policies, while department heads are responsible for ensuring that employees comply with the Company's relevant environmental policies.

The Company has established a reliable and efficient environmental management system according to the ISO 14001 standard, continuously standardizing pollution management and reducing the impact of production and operation activities on the environment, so as to avoid potential risks caused by management mistakes. As of the end of the Reporting Period, 20% of the Company's major R&D and production bases have obtained ISO 14001 certification for the environmental management system.



ISO 14001 certification for environmental management system

(Note: The scope of ISO 14001 certification for environmental management system covers the major R&D and production bases of ChemExpress and its subsidiaries. During the Reporting Period, in the Company's 10 major R&D and production bases in total, 2 R&D centers, namely, Shanghai Headquarter R&D Center and Anhui Ma'anshan R&D Center, have obtained ISO 14001 certification.)

## Waste Management

The Company has established and improved the Hazardous Waste Pollution Prevention and Control Responsibility System, implementing hierarchical management and assessment at all levels. The Company adopts the term-based goal responsibility system for general manager and the department responsibility system, which means the general manager is responsible for the effective achievement of the Company's environmental goals, while the EHS Center is responsible for managing and supervising the responsible departments to implement tasks and goals and conducting assessments in daily work. The Company has also formulated the Hazardous Waste Energy Conservation and Emission Reduction Management Policy, incorporating hazardous waste reduction into departmental assessment indicators.

The Company's hazardous waste refers to waste that is determined to have hazardous characteristics by laws and regulations of the operating location, including organic solvent waste liquid, laboratory waste, packaging waste containing harmful substances, waste activated carbon, etc. In order to minimize the impact of hazardous waste on the surrounding environment, the Company strictly controls hazardous waste throughout the entire process, including production, storage, transportation and disposal. The storage conditions for hazardous waste strictly comply with the local standards of each operating base, with dedicated storage areas for hazardous waste. The Company complies with the process of solid waste management to ensure that the classification, labeling, and record-keeping of hazardous waste meet national requirements, and meanwhile, entrusts qualified entities responsible for compliant disposal of hazardous waste.

As for non-hazardous waste, the Company's non-hazardous waste mainly includes general industrial solid waste and household waste. The Company manages and supervises non-hazardous waste according to requirements, with detailed processes including:



Household waste is collected and temporarily stored in separate bins set up for household waste classification after classification, and then transferred to the residential waste room within the park for disposal by the sanitation department;



General solid waste is classified and stored in the general industrial solid waste storage area for compliant disposal by professional entities under entrustment.



## Wastewater Discharge

Currently, the wastewater of ChemExpress mainly includes R&D production wastewater and domestic sewage. The wastewater, except for that is disposed as hazardous waste, is treated by different wastewater treatment facilities to ensure that the wastewater is discharged only after its quality parameters reach the standards. For wastewater from major R&D and production bases, the discharge is monitored by third-party professional institutions with professional qualifications. The main water quality monitoring parameters include chemical oxygen demand (COD), ammonia nitrogen, pH value, etc.

The Company manages wastewater discharge in a scientifically effective manner, ensuring 100% compliant discharge.



## Exhaust Gas Emission

Through the management and monitoring of exhaust gas emission sources, as well as continuous investment in treatment facilities, we effectively control and reduce the emission of air pollutants, ensuring 100% compliant exhaust gas emissions.

The Company's exhaust gases mainly include volatile organic compounds, SO<sub>2</sub>, NO<sub>x</sub>, etc. generated during the R&D and production processes, which are emitted in compliance after meeting the emission standards through treatment by exhaust gas treatment devices, such as activated carbon adsorption, regenerative thermal oxidizer (RTO), and alkaline washing tower. At the same time, the Company also reduces unorganized emissions effectively through measures, such as sealing and fume hoods.

In addition, the Company also entrusts third parties with professional qualifications to conduct regular exhaust gas testing on major R&D and production bases.

# Adherence to Green and Low-carbon Operation

## Energy Management and Greenhouse Gas Emissions

With comprehensive implementation of the national "double carbon" strategic task, and active practice under the green and new development philosophy, ChemExpress has established a sound and standardized management system for energy saving and emission reduction, through which ChemExpress strictly controls the quality of carbon emission data, so as to contribute to the green and high-quality development.

ChemExpress has a relatively simple energy consumption structure, involving gasoline, diesel, natural gas, electricity, and steam. The Company's management principles and objectives for energy use and Greenhouse Gas emission are clearly stipulated in the Environmental Management Policy; and it is provided in the Laboratory Energy Conservation and Emission Reduction Management Policy that energy conservation indicators should be included in departmental assessment factors and rewards should be given to employees who propose effective energy saving suggestions.

### ○ The Company's Management Measures for Energy Conservation

- Selecting equipment that can save energy and reduce consumption, regularly organizing equipment inspections and promptly repairing and maintaining equipment to improve energy utilization efficiency and reduce energy consumption;
- Upgrading and transforming high-energy-consuming equipment technology to improve equipment efficiency and reduce energy consumption;
- Introducing energy-saving technologies into production processes to reduce energy consumption and improve energy utilization efficiency;
- Exploring and applying renewable energy sources, such as solar and wind energy to optimize the energy structure and reduce carbon emissions;
- Carrying out energy-saving awareness training for employees and strengthen energy-saving publicity to enhance employees' energy-saving awareness and encourage employees to take energy-saving actions in their daily work.

### ○ Electricity Management for Offices, Warehouses, etc.

- Air conditioning electricity consumption. We strictly implement the indoor temperature control standards for air conditioning, according to which the summer air conditioning temperature in office areas should not be set below 26 °C (turn on air conditioning when the indoor temperature is above 30 °C ). We also guarantee that the air conditioning is not turned on when no one is present, and that doors and windows are closed when the air conditioning is running.
- Lighting electricity consumption. We use LED light source and add radar sensing. We also make full use of natural light sources in office areas, meeting rooms, corridors, etc. to reduce the electricity consumption of lighting equipment. We ensure that lights are turned off when no one is present and strive to avoid the phenomenon of "light left on for a long time" and "light left on during the day." We also strengthen the maintenance and repair of lighting equipment and office equipment to avoid abnormal electricity consumption.
- Equipment electricity consumption. Office equipment should be turned off or set to automatic energy-saving mode when not in use to reduce and avoid leaving computers, printers, copiers and other devices on standby for long periods of time.

### ○ Energy-Saving Management in Laboratories

- Checking laboratory behaviors and supervising timely closure of unused laboratory equipment.
- Upgrading and retrofitting the laboratory exhaust system with variable frequency control, while upgrading the exhaust control system to reduce energy consumption.



## Case | Combining Digitalization with Flexible Manufacture to Achieve Cost Reduction and Efficiency Improvement

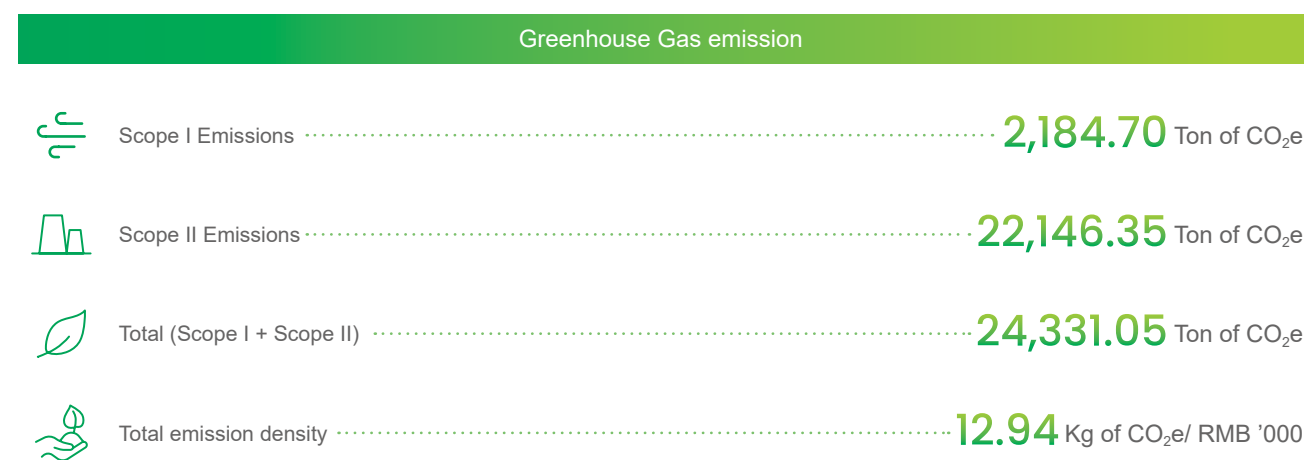
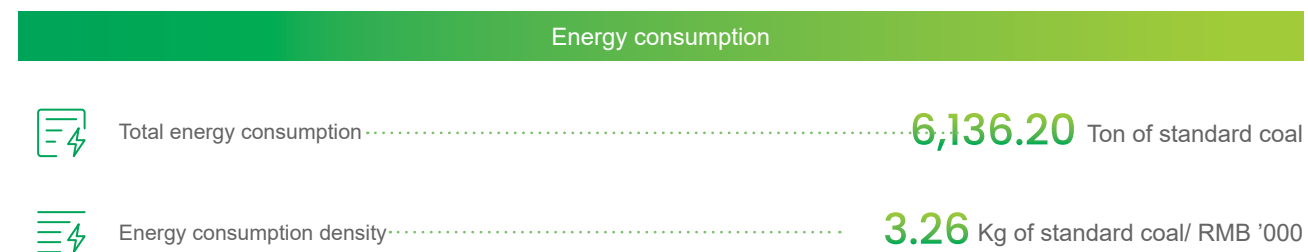
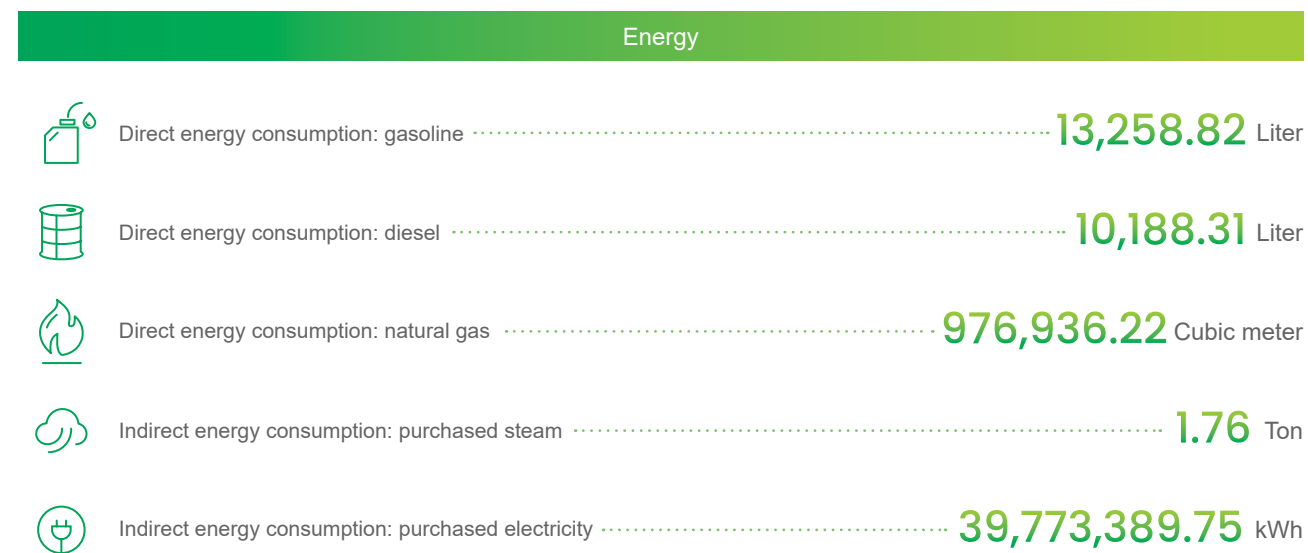
The production workshop of Anhui Ma'anshan c-GMP Manufacturing Site is built under the philosophy of ensuring CDMO and commercialized API flexible productions. At the beginning of construction, it adopted the automation, modularization, pipelining, and closed-loop design concept under the principles of safe design and foundation, to change the traditional design and management mode. Through systematically integration of multi-functionality of equipment and facilities with the DCS system, it has achieved better operability and flexibility, while ensuring and improving the safety and reliability of process control. In addition, it has expanded the application of underlying data and information technology to support digital management. Through the design and installation of self-control equipment and instruments, we have realized machine replacement and reduction in operators and workload; through the pipelining and closed-loop design, we can completely collect and centrally treat all (organized and unorganized) process waste gases, reducing environmental impact and strengthening the protection of occupational health for personnel.



**Energy saving and consumption reduction:** The electricity consumption of production workshop equipment is the largest energy consumption unit. Based on the load of different process steps of the equipment, we use variable frequency motors for energy-consuming devices, such as motors and fans, to reduce energy consumption and achieve the optimal coefficient of Performance (COP).

In addition, during the Reporting Period, the Company actively conducted energy management inspections and planned to gradually optimize energy management and Greenhouse Gas emission management granularity, comprehensively improving the Company's energy efficiency and climate change response capabilities, so as to reduce Greenhouse Gas emission intensity in production activities and contribute to mitigating global climate change.

Energy consumption and Greenhouse Gas emissions



## Water Resource Management

ChemExpress is committed to protecting local surface water and groundwater systems. We strictly comply with laws and regulations, such as the Water Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and strengthen water resource management through systems, such as the Environmental Management Policy. The water resources used by the Company in its operation are sourced from the municipal water supply network, which are mainly used for R&D and production processes, such as laboratory water supply, cleaning water, low-temperature cooling water, circulating water pump water, and domestic water.

The Company reduces water consumption by introducing water-saving technologies and equipment and optimizing production processes, and regularly checks and repairs water facilities with strengthened daily maintenance management to avoid water waste. The Company actively advocates water-saving concept to cultivates employees' awareness and habits of water conservation.

**Case | Installation of End Cut-off Valve for Circulating Water Pump**

In December 2022, during the routine inspection and maintenance of the sewage station by the inspection personnel of Shanghai Headquarter R&D Center, it was found that there was an excessive amount of data. To reduce wastewater discharge, the department initiated the traceability work and found that the main reason for such excessive amount was the improper water usage by the laboratory circulating water pump. Therefore, the department installed end cut-off valves, thereby effectively controlling the average daily drainage volume with the average daily drainage volume of the park down **47%** approximately.

**Case | Air conditioning condensate recycling**

In Shandong Yantai R&D Center, after the renovation of the air conditioning condensate water pipeline, the condensate water can be diverted to the vacuum water circulation pump for reuse (keeping condensate water temperature around 10°C -15°C ), which has improved equipment performance and saved water. It is estimated that **2,400** cubic meters of water can be saved in the summer.

## Green Office

Green office is an important part of practicing the philosophy of sustainable development. During the Reporting Period, the Company vigorously promoted paperless office, in order to raise employees' environmental awareness and practice green office to be well accepted.

<b>Digital management</b>	<ul style="list-style-type: none"> <li><b>R&amp;D system:</b> We use the Company's self-developed ADS-DOC system for file management, which has functions, such as file publishing, browsing, and printing, and can control permissions based on different departments and file types.</li> <li><b>Warehouse Management:</b> We use ERP (Enterprise Resource Planning) system to coordinate warehouse with procurement and sales departments for paperless office and standardize material requisition and procurement processes with visual management for material waste reduction; at the same time, material requisition and issuance records can be inquired online with remaining consumables and reagent used as public materials, to avoid duplicate material purchases and to improve utilization efficiency.</li> <li><b>Office system:</b> We paperless office workflow with OA to reduce paper usage from the source; and encourage online video conferences and online training to reduce travel frequency and energy consumption.</li> <li>The central air conditioning in the office building is managed by IAS controllers, which monitor and manage the temperature settings and working hours of the central air conditioning to reduce energy consumption of air conditioning operation.</li> </ul>
<b>Daily office behaviors</b>	<ul style="list-style-type: none"> <li>We advocate using double-sided printing and decreasing the frequency of color printing to reduce paper waste.</li> </ul>
<b>Green commuting</b>	<ul style="list-style-type: none"> <li>We strengthen the standardized management of company vehicles, controlling the number and scale of vehicles to strictly prohibit the personal use of official vehicles.</li> <li>We advocate green commuting among employees to reduce carbon emissions during the commuting process.</li> <li>We install charging stations in the office park and promote new energy vehicles to reduce the use of fuel vehicle.</li> </ul>

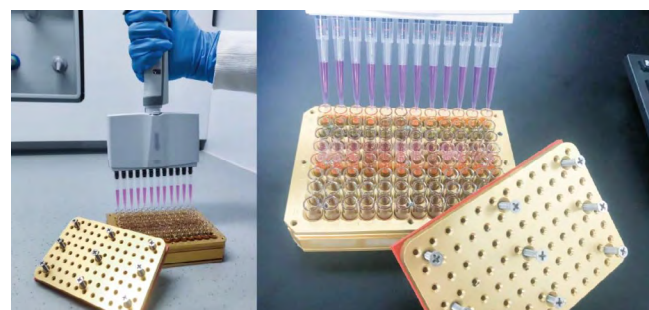


## Vigorous Promotion of Green Technology

With the rapid development of the pharmaceutical field, the chemical synthesis and development of drugs have also brought certain pollution to the environment. While safeguarding human health, ChemExpress also pays attention to the long-term needs of the industry's sustainable development. By continuously exploring green and environmentally friendly technologies, we actively play an innovative role in reducing the impact of research & development and production on the environment.

### Case | High-Throughput Experimentation (HTE)

ChemExpress's high-throughput research and development platform has advanced equipment and a complete reagent reserve, which contributes to Small Molecule Drug discovery and process development. In 2023, the Company assisted R&D teams in completing screening a total of 600 projects (steps), with approximately 31,000 reactions. A total of 59 projects were applied to amplification production projects of hundred-gram or more, greatly improving R&D efficiency and saving time and reagent costs. For example:



In 2023, the Company's R&D team adopted the High-Throughput Experimentation (HTE) to select a new catalyst system for a certain project. Compared to the original technical solution, the new catalyst system is more environmentally friendly and efficient. As a result, the catalyst dosage was reduced by 60%, the cost was reduced by 50%, and the separation yield was increased by 1.5 times.

### Case | Photochemistry

ChemExpress began researching photocatalytic reactions as early as 2006 and applied them to production, achieving photocatalytic conversion for multiple products.

In 2019, the Company began researching the combined application of photocatalysis and continuous flow technology. In 2020, the Company developed the first-generation photocatalytic continuous flow equipment, which increased the production efficiency of photocatalytic reactions by 15 times. Meanwhile, the Company replaced high-pressure mercury lamps with low-power LED lights, which reduced energy consumption to 2% of that required by the original process equipment.

In October 2023, the Company's self-developed second-generation photocatalytic continuous flow equipment was put into use at Ma'anshan c-GMP Manufacturing Site, which significantly increased the plant's production capacity as the production capacity of an individual equipment increased by 11 times compared to the first generation.



In November 2023, the Company completed the production of BCP compounds at hundred-kilogram scale using multiple sets of equipment. The use of continuous flow equipment is more conducive to the recycling of solutions, saving 2 tons of solvents and reducing energy consumption by 350,000 kWh compared to the use of high-pressure mercury lamps in a single step.

### Case | Biocatalysis

Biocatalysis can catalyze specific reactions with high specificity to shorten reaction routes and reduce byproducts of reaction products, thereby improving reaction yield, and purity and reducing reaction costs. Enzymatic reactions have mild conditions and do not require excessive use of harmful chemicals, thereby reducing environmental pollution.

Enzymes are increasingly being chosen by pharmaceutical production companies for large-scale production due to their efficiency, specificity, and low cost. ChemExpress's biocatalysis technology platform was established in 2022 with advanced equipment and a vast enzyme library reserve of over 800 types of enzymes. It can help shorten reaction time required for Small Molecule Drug discovery and process development, saving reaction costs and solving the problem of three wastes.

Due to the characteristics of reusability and high stability in enzyme immobilization technology and its applications, immobilized enzymes can be recovered from the reaction mixture after the reaction is completed, allowing for repeated use. This not only reduces costs but also minimizes environmental pollution. In addition, since immobilized enzymes are usually more stable than free enzymes, and can work over a wider range of temperatures and pH values, they have simplified product separation and purification steps, thereby reducing complexity and cost of purification processes. Based on these characteristics, the Company's biocatalysis team combines immobilized enzyme technology with new technologies, such as flow chemistry and electrochemistry, to further improve production efficiency and reduce costs.

In a certain project, the Company's R&D team increased the separation yield of the original splitting method by approximately 3.8 times by using biocatalytic technology, while reducing two steps of the reaction, further saving costs by 50%.



Case | Flow Chemistry

Flow chemistry is a green and safe pharmaceutical technology that covers R&D and production. It can effectively reduce costs, shorten production time, and accelerate drug development and market entry, thereby bringing benefits to patients worldwide.

In 2023, the Company's flow chemistry team completed more than 100 projects, with a project success rate reaching the upper level in the industry, and applied the R&D results to more than 20 production projects at kilogram scale and hundred-kilogram scale.

In 2023, the Company established the continuous hydrogenation R&D and hundred-kilogram scale production platform, capable of handling over 90% of continuous hydrogenation reactions, which greatly improved the safety of hydrogenation reactions, and significantly reduced the amount of catalysts used and costs; through continuous flow ozonization technology, the Company completed tens of kilograms production, avoiding the generation of high-salt wastewater and being environmentally friendly; with traditional batch hydrogenation process replaced by continuous flow micro-packed bed hydrogenation technology, the Company saved over 40% precious metal catalysts in average; and with traditional batch process replaced by continuous flow photoreaction technology for bromination reaction, the Company reduced over 60% of discharge of three wastes containing halogen.



## Appendix

### Key Quantitative Performance Table

#### Governance Performance Table<sup>1</sup>

Indicator	Unit	2023
<b>Business Overview</b>		
Operating Revenue	in RMB 0'000	188,004.68
Net profit attributable to shareholders of listed companies	in RMB 0'000	12,744.91
Basic earnings per share	in RMB	0.85
Social contribution per share <sup>2</sup>	in RMB	6.09
<b>Financial investment</b>		
R&D investment	in RMB 0'000	22,411.55
Employee training investment	in RMB 0'000	102.77
Safety production investment	in RMB 0'000	607.65
Environmental and ecological protection investment	in RMB 0'000	2,070.94
<b>Business ethics and anti-corruption training</b>		
Proportion of board members	%	100
Number of training sessions attended by directors	Time	2
Average training hours per director	Hour	2
Proportion of employees	%	100
Number of training sessions attended by employees	Time	1
Average training hours per employee	Hour	1
Percentage of business locations that have undergone internal audits/risk assessments for ethical issues	%	100
<b>Corruption-related penalties</b>		
Number of corruption lawsuits filed against the Company and employees that have been concluded	Case	0
Fines, penalties, or settlement fees related to corruption	in RMB	0
<b>Compliance training</b>		
Proportion of employees	%	100
Number of training sessions attended by employees	Time	1
Average training hours per employee	Hour	1

Note: (1) The statistics are made under the scope of the consolidated statements; (2) Social contribution per share= (Net profit attributable to ordinary shareholders after deducting non-recurring gains and losses + Taxes paid to the state+ Employee remuneration and benefits + Interest paid to creditors, such as banks + Values created for other stakeholders, such as external donations - Other social costs caused by environmental pollution, etc.) / Total shares of the Company.



## Social Performance Table<sup>1</sup>

Indicator	Unit	2023
<b>Products and services</b>		
Total number of illegal and violation incidents related to the quality and safety of the products and services provided	Case	0
Number of complaints received regarding products and services <sup>2</sup>	Case	9
Customer complaint handling rate	%	100
Total number of illegal and non-compliant incidents in customer privacy	Case	0
Customer satisfaction	%	98.23
<b>Responsible marketing</b>		
Total number of illegal and non-compliant incidents in marketing promotion	Case	0
<b>Technological innovation</b>		
Number of patents granted in the year	Patent	28
Number of utility model patents granted in the year	Patent	9
Number of invention patents granted in the year	Patent	19
Accumulated patents granted	Patent	159
Accumulated utility model patents granted	Patent	70
Accumulated invention patents granted	Patent	85
Provincial, municipal, and industry-level awards received in the year (product technology, social responsibility, technical innovation, R&D patents)	Patent	22
Accumulated provincial, municipal, and industry-level awards received (product technology, social responsibility, technical innovation, R&D patents)	Patent	86
<b>Supplier<sup>3</sup> Overview</b>		
Number of suppliers	Supplier	860
Number of suppliers in mainland China	Supplier	860
Number of suppliers in Hong Kong, Macau, Taiwan, and overseas	Supplier	0
<b>Supplier ESG management</b>		
Percentage of target suppliers audited for corporate social responsibility	%	100
Number of suppliers with cooperation suspended due to non-compliance (not meeting our cooperation requirements)	Supplier	0
Number of potential suppliers rejected due to non-compliance	Supplier	0
Percentage of procurement personnel who have received sustainable procurement training	%	100

Indicator	Unit	2023	
<b>Employee profile</b>			
Total number of employees	Person	3,370	
Proportion of employees that have signed employment contracts	%	100	
Divided by gender	Male	Person	1,756
	Female	Person	1,614
Divided by age	Under 30 years old	Person	1,684
	30-50 years old	Person	1,636
	Over 50 years old	Person	50
Divided by position level	Senior management personnel	Person	124
	Number of female employees in senior management	Person	34
	Middle management	Person	609
	Number of female employees in middle management	Person	225
	Non-management staff	Person	2,637
Divided by education level	Doctor's degree	Person	54
	Master's degree	Person	602
	Bachelor's degree	Person	1,618
Classified by employment form	Full-time employees	Person	3,370
	Other employment forms	Person	0
Classified by work location	Mainland employees	Person	3,284
	Employees from Hong Kong, Macau, Taiwan, and overseas	Person	86
Other divisions	Number of foreign employees	Person	79
	Number of employees from ethnic minorities	Person	61
<b>New employees</b>			
Total number of new employees	Person	892	
Divided by gender	Male	Person	513
	Female	Person	379

Indicator	Unit	2023	
Divided by age	Under 30 years old	Person	518
	30-50 years old	Person	363
	Over 50 years old	Person	11
Others	Number of foreign employees	Person	46
	Number of fresh graduates	Person	173
	Number of employees from ethnic minorities	Person	28
<b>Employee turnover</b>			
Total number of employee turnover	Person	1,249	
Overall employee turnover rate	%	27	
Divided by gender	Male	Person	718
	Female	Person	531
Divided by age	Under 30 years old	Person	825
	30-50 years old	Person	403
	Over 50 years old	Person	21
Classified by work location	Mainland employees	Person	1,239
	Employees from Hong Kong, Macau, Taiwan, and overseas	Person	10
Voluntary employee turnover rate	%	86	
Internal employee transfers	Person	6	
<b>Employee training</b>			
Employee training coverage rate	%	100	
Average training hours per employee	Hour	7.07	
Divided by gender	Male	Hour	7.38
	Female	Hour	6.76
Divided by position level	Senior management personnel	Hour	6.96
	Middle management	Hour	10.56
	Non-management staff	Hour	6.33
<b>Employee rights and benefits</b>			
Average paid leave days per employee	Day	14.5	
Coverage rate of social insurance	%	100	
Coverage rate of employee physical examinations	%	100	

Indicator	Unit	2023	
<b>Employee health and safety</b>			
Number of fatalities due to work-related accidents	Person	0	
Number of workdays lost due to work-related injuries	Day	235	
Percentage of plants certified with ISO 45001 <sup>4</sup>	%	20	
Number of employees in high-risk occupational disease positions	Person	1,125	
Number of employees participating in occupational disease physical examinations	Person	804	
Number of employees with occupational diseases	Person	0	
Health and safety training	Training sessions	Time	47
	Proportion of employees	%	100
	Average training hours per person	Hour	2
<b>Social investment</b>			
Amount of charitable donations	in RMB 0'000	24	
<b>Employee volunteer services</b>			
Participants of employee volunteer services	Participant	220	
Total hours of employee volunteer services	Hour	440	
Average hours of employee volunteer services per person	Hour	2	

Note: (1) Unless otherwise specified, the statistics are made under the scope of the consolidated statements; (2) The number of complaints related to products and services only involves those from Shanghai Haoyuan Chemexpress Co., Ltd. (the parent company). (3) The term "supplier" in this Performance Table only refers to the suppliers of Shanghai Haoyuan Chemexpress Co., Ltd. (the parent company). The Company will expand the coverage of the supplier management system year by year. (4) The scope of ISO 45001 certification for occupational health and safety management system covers the major R&D and production bases of ChemExpress and its subsidiaries. During the Reporting Period, in the Company's 10 major R&D and production bases in total, 2 R&D centers, namely, Shanghai Headquarter R&D Center and Anhui Ma'anshan R&D Center, have obtained ISO 45001 certification, so that the proportion is 20%.



## Environmental Performance Table<sup>1</sup>

Indicator	Unit	2023
<b>Environmental management</b>		
Percentage of plants certified with ISO 14001 <sup>2</sup>	%	20
Percentage of places where environmental risk assessment has been conducted	%	100
Percentage of employees who have received (internal/external) training on environmental issues	%	100
<b>Energy</b>		
Direct energy consumption: gasoline	Liter	13,258.82
Direct energy consumption: diesel	Liter	10,188.31
Direct energy consumption: natural gas	Cubic meter	976,936.22
Indirect energy consumption: purchased steam	Ton	1.76
Indirect energy consumption: purchased electricity	kWh	39,773,389.75
<b>Energy consumption<sup>3</sup></b>		
Total energy consumption	Ton of standard coal	6,136.20
Energy consumption intensity	Kg of standard coal/ RMB '000	3.26
<b>Greenhouse Gas emissions<sup>4</sup></b>		
Scope I Emissions (fossil fuel combustion)	Ton of CO <sub>2</sub> e	2,184.70
Scope II Emissions (purchased electricity and steam)	Ton of CO <sub>2</sub> e	22,146.35
Total (Scope I + Scope II)	Ton of CO <sub>2</sub> e	24,331.05
Total emission intensity	Kg CO <sub>2</sub> e / RMB '000	12.94
<b>Wastewater discharge<sup>5</sup></b>		
Wastewater discharge volume	Ton	158,593.05
Wastewater discharge per unit of revenue	Kg/ RMB '000	84.36
COD emissions	Ton	8.60
NH <sub>3</sub> -N emissions	Ton	0.58
<b>Waste</b>		
Total amount of hazardous waste	Ton	8,829.60
Hazardous waste per unit of revenue	Kg/ RMB '000	4.70

Indicator	Unit	2023
<b>Water resource</b>		
Total water consumption	Ton	350,606.94
Water consumption per unit of revenue	Kg/ RMB '000	186.49
<b>Packaging materials</b>		
Total amount of packaging materials required for finished products	Ton	476.80
Packaging materials required for finished products per unit of revenue	Kg/ RMB '000	0.25
<b>Paper</b>		
Office paper quantity	Ton	47.54
Tissue quantity	Ton	5.51

Note: (1) The statistical scope covers the major R&D and production bases of ChemExpress located in mainland China. Overseas subsidiaries, branches, and online sales platform companies are not included in the statistical scope as they have fewer staffers, and do not involve production and research and development. When calculating the unit revenue indicator, the Company takes its annual revenue as the basis for calculation. (2) The scope of ISO 14001 certification for environmental management system covers the major R&D and production bases of ChemExpress and its subsidiaries. During the Reporting Period, in the Company's 10 major R&D and production bases in total, 2 R&D centers, namely, Shanghai Headquarter R&D Center and Anhui Ma'anshan R&D Center, have obtained ISO 14001 certification, so that the proportion is 20%. (3) The conversion basis for the total comprehensive energy consumption indicator is the General Rules for Calculation of the Comprehensive Energy Consumption (GB2589-2020). (4) The Greenhouse Gas accounting method refers to the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries (Trial) published by the National Development and Reform Commission in 2015. Scope I Greenhouse Gas emissions include carbon emissions from the consumption of natural gas, gasoline, and diesel by the Company; and Scope II Greenhouse Gas emissions include carbon emissions from the consumption of purchased electricity and steam by the Company. The emission factor for electricity is selected as 0.5568 kgCO<sub>2</sub>/kWh, which is the "national average carbon dioxide emission factor for electricity specified in the <Carbon Dioxide Emission Factor for Electricity in 2021>". The steam emission factor is 0.11 kJ/kg according to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions in Other Industries. (5) For the statistical part of emission indicators, due to the lack of measured data, it is not disclosed at the moment. We will gradually improve environmental management and disclosure in the future.

## Report Index Table

### Index of Indicators in Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 -Standardized Operation (revised on December 2023)

Terms and Disclosure Content	Report Chapter
8.1 Overview	Improvement of Corporate Governance Mechanism Creation of High-quality Customer Service
8.2 Business principles	Adherence to Good Business Ethics. Optimized Intellectual Property Protection Steady Progress in Digital Transformation Practice in the Responsible Marketing System
8.3 Social responsibility planning and working mechanism	ESG Philosophy ESG Governance Framework
8.4 Social contribution per share	Key Quantitative Performance Table
8.5 Disclosure of social responsibility report	About this Report
8.6 Disclosure content	Empowering Customers with "ChemExpress Plan" Proposed Fulfilling Responsibility to Demonstrate "ChemExpress Power" Contributing "ChemExpress Value" through Sustainable development
8.7 Employee rights	Cultivation of Industry Leaders Diversity, equality, and inclusiveness
8.8 Environmental compliance	Comprehensive Implementation of Environmental Management Adherence to Green and Low-carbon Operation
8.9 Environmental information	Comprehensive Implementation of Environmental Management Adherence to Green and Low-carbon Operation Key Quantitative Performance Table
8.10 Environmental events	Comprehensive Implementation of Environmental Management
8.11 Environmental inspection	Comprehensive Implementation of Environmental Management
8.12 Key polluting entity information disclosure	Comprehensive Implementation of Environmental Management
8.13 Product quality and safety	Strict Control of Product Quality Occupational Health and Safety
8.14 Employees	Cultivation of Industry Leaders Diversity, equality, and inclusiveness Occupational Health and Safety
8.15 Scientific ethics	Not applicable

## Index of Sustainable Development Reporting Standards (GRI) (2021)

GRI standards	Disclosure item	Report chapter
GRI 2: General Disclosures 2021	2-1 Organizational details	About this Report
	2-2 Entities included in the organization's sustainability reporting	About this Report
	2-3 Reporting period, frequency and contact point	About this Report
	2-4 Restatements of information	Key Quantitative Performance Table
	2-6 Activities, value chain, and other business relationships	Company Overview
	2-7 Employees	Cultivation of Industry Leaders Key Quantitative Performance Table
	2-9 Governance structure and composition	ESG Governance Framework
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Governance Framework Improvement of Corporate Governance Mechanism
	2-13 Delegation of responsibility for managing impacts	ESG Governance Framework Improvement of Corporate Governance Mechanism
	2-14 Role of the highest governance body in sustainability reporting	ESG Governance Framework
	2-16 Communication of critical concerns	Stakeholder Communication Analysis of Material Topics
	2-17 Collective knowledge of the highest governance body	ESG Philosophy ESG Governance Framework
	2-19 Remuneration policies	Cultivation of Industry Leaders
	2-22 Statement on sustainable development strategy	Chairman's Message
	GRI 3: Material Topics 2021	2-27 Compliance with laws and regulations
2-29 Approach to stakeholder engagement		Stakeholder Communication
3-1 Process to determine Material Topics		Analysis of Material Topics
3-2 List of Material Topics		
GRI 201: Economic Performance 2016	3-3 Management of Material Topics	
	201-1 Direct economic value generated and distributed	ESG Highlights Performance in 2023
GRI 203: Indirect Economic Impacts 2016	201-3 Defined benefit plan obligations and other retirement plans	Cultivation of Industry Leaders
	203-2 Significant indirect economic impacts	Implementing a Sustainable Public Welfare Mechanism



GRI standards	Disclosure item	Report chapter
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Key Quantitative Performance Table
GRI 205: Anti-corruption 2016	205-1 Operational sites assessed for risks of corruption	Adherence to Good Business Ethics
	205-2 Communication and training on anti-corruption policies and procedures	Adherence to Good Business Ethics
	205-3 Confirmed incidents of corruption and actions taken	Adherence to Good Business Ethics
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and anti-monopoly practices	Adherence to Good Business Ethics
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Key Quantitative Performance Table
	302-2 Energy consumption outside of the organization	Key Quantitative Performance Table
	302-3 Energy intensity	Key Quantitative Performance Table
	302-4 Reduction of energy consumption	Adherence to Green and Low-carbon Operation
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Adherence to Green and Low-carbon Operation
	303-2 Management of water discharge-related impacts	Comprehensive Implementation of Environmental Management
	303-3 Water withdrawal	Key Quantitative Performance Table
	303-4 Water discharge	Key Quantitative Performance Table
	303-5 Water consumption	Key Quantitative Performance Table
GRI 305: Emissions 2016	305-1 Direct (Scope I) GHG emissions	Key Quantitative Performance Table
	305-2 Energy indirect (Scope II) GHG emissions	Key Quantitative Performance Table
	305-4 GHG emissions intensity	Key Quantitative Performance Table
	305-5 Reduction of GHG emissions	Key Quantitative Performance Table
GRI 306: Effluents and Waste 2020	306-1 Waste generation and significant waste-related impacts	Comprehensive Implementation of Environmental Management
	306-2 Management of significant waste-related impacts	Comprehensive Implementation of Environmental Management
	306-3 Waste generated	Key Quantitative Performance Table
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Key Quantitative Performance Table
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Cultivation of Industry Leaders
	401-3 Parental leave	Cultivation of Industry Leaders

GRI standards	Disclosure item	Report chapter
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injury	Key Quantitative Performance Table
	403-10 Work-related ill health	Occupational Health and Safety
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Key Quantitative Performance Table
	404-2 Programs for upgrading employee skills and transition assistance programs	Cultivation of Industry Leaders
	404-3 Percentage of employees receiving regular performance and career development reviews	Cultivation of Industry Leaders
GRI405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Cultivation of Industry Leaders Diversity, equality, and inclusiveness
GRI416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of products and service categories	Strict Control of Product Quality
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Strict Control of Product Quality
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Practice in the Responsible Marketing System
	417-2 Incidents of non-compliance concerning product and service information and labeling	Practice in the Responsible Marketing System
	417-3 Incidents of non-compliance concerning marketing communications	Practice in the Responsible Marketing System
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Steady Progress in Digital Transformation

## List of Laws and Regulations

Laws and Regulations in China	Report Chapter
Civil Code of the People's Republic of China	Improvement of Corporate Governance Mechanism
Company Law of the People's Republic of China	
Criminal Law of the People's Republic of China	
Securities Law of the People's Republic of China	
Administrative Measures for the Disclosure of Information of Listed Companies	
Provisional Regulations on Prohibition of Commercial Bribery	Adherence to Good Business Ethics.
Anti-unfair Competition Law of the People's Republic of China	Practice in the Responsible Marketing System
Shanghai Anti-unfair Competition Regulations	
Patent Law of the People's Republic of China	Optimized Intellectual Property Protection
Trademark Law of the People's Republic of China	
Copyright Law of the People's Republic of China	
Data Security Law of the People's Republic of China	Steady Progress in Digital Transformation
Cybersecurity Law of the People's Republic of China	
Personal Information Protection Law of the People's Republic of China	
Construction Law of the People's Republic of China	Enhanced Risk Management of the Company
Bidding Law of the People's Republic of China	Establishment of Sustainable Supply Chains
Labor Law of the People's Republic of China	Cultivation of Industry Leaders
Labor Contract Law of the People's Republic of China	
Employment Promotion Law of the People's Republic of China	
Special Provisions on Labor Protection for Female Workers	
Law of the People's Republic of China on the Protection of Minors	Occupational health and safety
Law of the People's Republic of China on Work Safety	
Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	
Law of the People's Republic of China on Public Welfare Donations	Implementation of the Long-term Public Welfare Mechanism
Law of the People's Republic of China on Environmental Protection	Comprehensive Implementation of Environmental Management
Law of the People's Republic of China on the Prevention and Control of Water Pollution	
Law of the People's Republic of China on the Prevention and Control of Air Pollution	
Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes	
Law of the People's Republic of China on the Prevention and Control of Soil Pollution	
Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution	
Shanghai Municipal Regulation on the Management of Household Waste	
Energy Conservation Law of the People's Republic of China	Adherence to Green and Low-carbon Operation

Laws and Regulations in Europe and North America	Report Chapter
Foreign Corrupt Practices Act of the United States	Adherence to Good Business Ethics.
Federal Trade Commission Act of the United States	Practice in the Responsible Marketing System
Data Protection Act of the United States	Steady Progress in Digital Transformation
Energy Policy Act of 2005 of the United States	Adherence to Green and Low-carbon Operation
Clean Water Act of the United States	Comprehensive Implementation of Environmental Management
Clean Air Act of the United States	
Uniformed Services Employment and Reemployment Rights Act of the United States	Cultivation of Industry Leaders
Pay Transparency Non-discrimination Provision of the United States	
General Data Protection Regulation of the European Union	Steady Progress in Digital Transformation
Criminal Law Convention on Corruption of the European Union	Adherence to Good Business Ethics.
Civil Code (Bürgerliches Gesetzbuch) of Germany	Improvement of Corporate Governance Mechanism
Part-Time and Fixed-Term Employment Act (Teilzeit- und Befristungsgesetz) of Germany	Cultivation of Industry Leaders
Transparency in Wage Structures Act (Entgelttransparenzgesetz) of Germany	
Continued Remuneration Act (Entgeltfortzahlungsgesetz) of Germany	



## List of Notes

Terms	Definitions
Small Molecule Drugs	Commonly known as synthetic drugs, Small Molecule Drugs are organic compounds, usually with a molecular weight of less than 1,000, which are special chemicals with clear chemical structures that can prevent, treat, and diagnose diseases or regulate human body functions to improve the quality of life and maintain health. Synthetic drugs use small molecule compounds as their material basis and the potency (biological effect) as the basis of their application. Small Molecule Drugs have the advantages of wide application, mature theory, etc.
Building Blocks	Small molecule compounds used to design and build active pharmaceutical substances for research and development are one of the key materials in pharmaceutical research and development, which generally have a molecular weight of less than 300, featured by novel structures, diverse varieties, etc.
Reference Compounds	Widely used at the early stage of life science and medical research, reference compounds are small molecule compounds with certain biological or pharmacological activities whose synthesis route is at the back end of building blocks. With reference compounds, researchers observe and study physiological and pathological phenomena in the life process at the molecular level, the cellular level, and the animal model level by changing or affecting the structures, functions and mechanisms of proteins, nucleic acids, and other biological macromolecules, to reveal the law of life as well as the occurrence and development of diseases. The composition of reference compounds at the pharmaceutical development phase corresponds to APIs at the pharmaceutical production stage.
API	Active Pharmaceutical Ingredient, Active pharmaceutical ingredients, substances prepared by chemical synthesis, plant extraction or biotechnology, but which cannot be taken directly by patients, are generally made into drugs that can be used directly after adding auxiliary materials and processing, and are the raw materials of drugs.
Intermediates	It is used for some chemical raw materials or chemical products in the process of drug synthesis. This chemical product does not require the production license of drugs, can be produced in ordinary chemical plants, as long as it reaches a certain level, it can be used for the synthesis of drugs.
Innovative Drugs	Drugs that are launched in the world for the first time with independent intellectual property patents.
Generic Drugs	A kind of Generic Drugs identical to Innovative Drugs in terms of dosage, safety and potency, quality, action, and indications. In this report, they specifically mean drugs developed based on the template of drugs that are already on the market yet with expired patents.
Compound Libraries	It is a library composed of a large number of compounds.
ADC and ADC Drugs	Antibody-Drug Conjugate comprises monoclonal antibodies, Small Molecule Drugs, and linkers connecting both. ADC is targeted by monoclonal antibodies and enters tumor cells, releasing effective chemotherapeutic drugs inside the tumor cells to kill them.
PROTAC	As a bifunctional small molecule, Proteolysis Targeting Chimera (PROTAC) is obtained by connecting a target protein ligand and an E3 ubiquitin ligase ligand via a linker, which can treat diseases by identifying, binding, and degrading disease-related target proteins with the ubiquitin-protease system.
CRO	A CRO (Contract Research Organization) is a customized R&D organization that mainly provides new drug R&D contract services, such as preclinical drug discovery, preclinical research, and clinical trials for multinational pharmaceutical companies and biopharmaceutical companies.

Terms	Definitions
CDMO	A CDMO (Contract Development and Manufacturing Organization) is a pharmaceutical contract customized R&D and production company, which is an organization that provides pharmaceutical companies and biotechnology companies with technical R&D and small-batch preparation in the field of pharmaceuticals, especially Innovative Drugs, as well as process optimization, production scale-up, registration and verification of batch production, commercial production, and other services. The CDMO model provides innovative technical services to pharmaceutical companies and undertakes the functions of technical R&D and improvement.
CMC	CMC (Chemical Manufacturing and Control), including production processes, impurity research, quality research, stability research, etc., is an essential part of drug application materials.
GMP	GMP (Good Manufacturing Practice) is the basic guideline for pharmaceutical production and quality management. China currently adopts the GMP standard.
DMF	DMF (Drug Master File) (Confidential information prepared by the holder out of caution, which may include equipment, production processes or items involved in the preparation, processing, packaging, and storage of one or more drugs for human use. Only if the DMF holder or its authorized representative authorizes FDA with a power of attorney, FDA can refer to its contents when reviewing investigational new drug applications, new drug applications, and abbreviated new drug applications.)
FDA	FDA means the Food and Drug Administration.
Oligonucleotides	Drugs that are short-chain nucleic acids composed of a small number of nucleotides, including small interfering RNAs, microRNAs, and antisense nucleic acids, which can cure specific diseases by specifically silencing the expression of disease genes.
New-Modalities	Antibody-Drug Conjugate (ADC), PROTAC, Oligonucleotides, peptide drugs, peptide-drug conjugate (PDC), peptide oligonucleotide conjugate (POC), antibody-oligonucleotide conjugate (AOC), etc.
EHS	EHS means "Environment, Health and Safety."
Material Topics	Material Topics mean economic, environmental, and social issues that have a significant impact on stakeholders' assessment and decision-making.
Double Materiality Assessment (DMA)	Double materiality means financial materiality and impact materiality; Double Materiality Assessment means helping a company to determine the priority of Material Topics from two different aspects, namely, finance and impact.
Scope I Emissions	Stationary source combustion (diesel engines, natural gas, etc.), mobile source combustion (own-vehicles, etc.), unorganized emissions (refrigerants, fire extinguishing equipment, septic tanks, etc.), and other processes
Scope II Emissions	Indirect emissions from purchased electricity, steam, etc.
Green Chemistry	Green Chemistry means environmentally benign chemistry, environmentally friendly chemistry, and clean chemistry, i.e., the design of chemicals and processes that reduce or eliminate the use and generation of hazardous substances. It advocates the use of chemical technologies and methods to reduce or stop the use and generation of raw materials, catalysts, solvents and reagents, products, by-products, etc. that are harmful to human health, community safety, and the ecological environment.
Greenhouse Gas	Greenhouse Gas (GHG) means gas components in the atmosphere that contribute to the greenhouse effect.

# Feedback Form

## Dear readers:

Thank you very much for reading this report. We sincerely look forward to your evaluation and valuable suggestions on this report for us to continuously improve our practices in environmental, social, and governance (ESG) and effectively promote our ability and level to fulfill ESG responsibilities!

Multiple-choice questions: (Please tick “√” in the appropriate box)

1.How would you evaluate ChemExpress’s overall performance in the fulfillment of social responsibility?

Very good       Good       Average       Poor       Very poor

2.What is your overall evaluation of this report?

Very high       High       Average       Low       Very low

3.What do you think of ChemExpress’s communication with stakeholders?

Very reasonable       Reasonable       Average       Poor       Very poor

4.What do you think of ChemExpress’s corporate governance?

Very good       Good       Average       Poor       Very poor

5.What do you think of ChemExpress’s fulfillment of industrial responsibility?

Very good       Good       Average       Poor       Very poor

6.What do you think of ChemExpress’s fulfillment of responsibility towards employees?

Very good       Good       Average       Poor       Very poor

7.What do you think of ChemExpress’s fulfillment of environmental responsibility?

Very good       Good       Average       Poor       Very poor

8.What do you think of ChemExpress’s fulfillment of social responsibility?

Very good       Good       Average       Poor       Very poor

9.Do you think the content arrangement and layout design of this report are convenient for reading?

Yes       No

10.Do you have any comments and suggestions on the ChemExpress’s 2023 ESG Report?



Responsible Operation Embodied “ChemExpress Wisdom”

Empowering Customers with “ChemExpress Plan” Proposed

Fulfilling Responsibility to Demonstrate “ChemExpress Power”

Contributing “ChemExpress Value” through Sustainable Development