Porton Pharma Solutions Ltd.

Stock code: 300363

ENABLING THE PUBLIC'S EARLY
ACCESS TO GOOD MEDICINES

WeChat
Official Account

WeChat
Channel

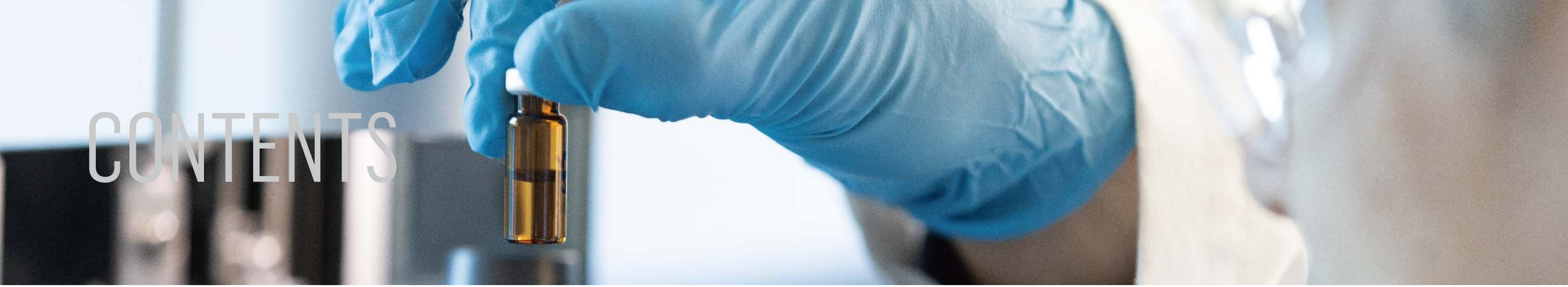
Porton Pharma Solutions Ltd.

Address: 7 Yuntu Road, Beibei District, Chongqing, 400714, China

Tel: 86-23-65936900

E-mail: porton.db@portonpharma.com

2023 Environmental, Social and Governance Report



CONTENTS

About This Report 03

MESSAGE from Our Chairman 04

About Porton 05

Company overview 05

Corporate governance 09

ESG Management 11

Sustainable development management strategy 13

ESG governance structure 14

Stakeholders 15

Material topics 19

ESG concept 20

Responsible Operation 21

Operation compliance 23

Business ethics 23

IP protection 26

Data and information security 28

Excellent Services 31

Customer services 33

Product quality and safety 33

R&D and innovation 36

Supply chain security 40

Digitalization 43

Common Development 45

Employment 47

Diversity, equity and inclusion 49

Human capital development 51

Occupational health and safety production 54

Community communication and development 57

Access to healthcare and well-being 59

Green Development 61

Environmental management 63

Pollutant production and discharge management 65

Climate change 68

Green chemistry 69

Key Performance Indicator 73

Appendix 77

About This Report

The 2023 Environmental, Social and Governance (hereinafter referred to as ESG) Report is the first ESG report released by Porton Pharma Solutions Ltd. and aims to provide a comprehensive overview of the performance of the Company and its controlled subsidiaries in ESG.

Reporting Period

This report covers the period from 1 January 2023 to 31 December 2023. For the sake of consistency and comparability of information, this report may include information beyond the aforesaid reporting period.

Scope of This Report

Unless otherwise specified, data and information provided herein cover Porton Pharma Solutions Ltd. (hereinafter referred to as "Porton", "the Company" or "we") and its wholly-owned and holding subsidiaries. The scope of this report is consistent with that of the Company's Annual Reports. For the detailed scope, please refer to the Appendix of this report.

Reporting Cycle

The report is released annually.

Data Source of This Report

The data used in this report are derived from the Company's public documents, internal documents, and relevant statistics. Unless otherwise specified, the monetary unit in this Report shall be RMB.

Reporting Standards

This report has been prepared by referring to the Global Reporting Initiative Sustainability Reporting Standards 2021 (GRI Standards 2021) and by referring and responding to the relevant disclosure requirements of the United Nations Sustainable Development Goals ("UN SDGs").

Report Assurance

The Board of Directors of the Company as a whole and each member of the Board of Directors undertake that the contents of this report are free of any misrepresentations, misleading statements or material omissions, and shall collectively and individually accept legal responsibility for the truthfulness, accuracy and completeness of such contents.

Report Confirmation and Approval

This Report, upon confirmation by the Board of Directors' Strategy and ESG Committee, was reviewed and approved by the Board of Directors on April 25, 2024.

Report Access and Contact Information

This report is published in electronic form and is available for download at www.portonpharma.com.
Contact: Porton Pharma Solutions Ltd.
Address: No.7, Yuntu Road, Beibei District, Chongqing, China
Post Code: 400714
Tel: +86 23-65936900
E-mail: porton.db@portonpharma.com

MESSAGE from Our Chairman

2023 marked a pivotal year for Porton as we embarked on our journey of ESG governance. We have established a three-tier ESG governance and management framework covering governance, management, and execution, identified material topics and developed work plans for each topic. From planning to execution, we made steady progress in moving ahead with our ESG tasks. We also initiated a Climate Change Program to comprehensively advance and implement our actions to mitigate climate change. Before releasing this report, we have submitted our commitment to the Science Based Targets initiative (SBTi) to develop near-term targets for reducing greenhouse gas emissions over the next 24 months. In 2023, we continued prioritising the demands of our stakeholders, including customers, employees, shareholders, suppliers, partners, communities, etc. Through active responses and interactions, we aspire to create more substantial social and environmental value while simultaneously promoting the Company's sustainable development through robust ESG management.

In 2024, we will systematically tackle the ESG material topics that have been identified and embed ESG more deeply into our strategy and operations. We will gradually complete a closed-loop management process by involving formulating guidelines, setting targets and integrating them into our organisational structure and management, identifying risks and opportunities associated with the material topics, strengthening communication with stakeholders, and continuously monitoring and reviewing our performance. We will also take concrete actions in response to UN SDGs, thereby fulfilling our strategic ESG vision of "Green development, building a healthy society, promoting common progress, and enhancing corporate governance".

I would like to sincerely thank you for your continued attention and support, and I hope to share with you our sustainable development philosophy and ESG practices through this report. Looking ahead, we will continue to stay true to our mission and original aspiration to "enabling the public' s early access to good medicines", practise the concepts of sustainable development, and work together with our global partners to promote and achieve sustainable development.

Chairman and CEO

Nianfeng JU

About Porton

Company overview

Founded in 2005, Porton (SZ.300363) is an internationally recognised pharmaceutical contract development and manufacturing organisation (CDMO) offering one-stop contract development and manufacturing services to global pharmaceutical companies, biotech companies, and research institutes. We provide our customers development and manufacturing services for small molecule drugs, large molecules, and cell and gene therapies, from pre-clinical all through to commercialisation. We are committed to delivering customers excellent global and end-to-end services, enabling the public's early access to good medicines. We have R&D, manufacturing and operating facilities across China (including Chongqing, Shanghai, Sichuan, Jiangsu, Jiangxi, and Hubei), the United States, Slovenia, Belgium, Switzerland and Denmark with nearly 5,000 employees worldwide.

¥ 3.67 billion
Revenue

More than 1,000
Cumulative Number of Global Clients

More than 3,000
Track Record of Projects

Porton's business segments

The Company provides customized development and manufacturing services for small molecule APIs and drug products, cell and gene therapies, TIDES, and biologics. Our services cover the entire drug lifecycle, with offerings ranging from OEB1 to OEB5, from sub-g to metric-ton scale, and from pre-clinical to phase IV/commercial stages. We provide customers with global solutions in small molecules, macromolecules, and new modalities.

1. API CDMO
2. Drug Product CDMO
3. Cell and Gene Therapy CDMO
4. TIDES CDMO
5. Biologics CDMO

Our Vision

To be the most open, innovative and reliable pharmaceutical service platform in the world

Our Mission

Enabling the public's early access to good medicines

Our Core Values

- Customer first
- Pursuit of excellence
- Teamwork
- Efficient execution
- Embrace changes

Honors

Awards and Recognition	Issuer
National Demonstration Factory in Intelligent Manufacturing	Ministry of Industry and Information Technology
2023 Top 100 Private Enterprise in Chongqing	Chongqing Chamber of Industry and Commerce, Chongqing Municipal Bureau of Science and Technology, and Chongqing Municipal Commission of Economy and Informatization
2023 Top 10 Most Influential CDMO Enterprise	China Biomedical Innovation Cooperation Conference
2023 Top 20 Chinese Pharmaceutical CDMO Enterprise	Yaozhi, Organising Committee of the China Pharmaceutical R&D Innovation Summit, and Zhongguo Yaoye (journal)
2023 Top 100 Life Science Service Enterprise Brands in China	E Medical Manager
2023 Distinguished Partner	Zhimeng Biopharma
2023 Best Partner	Xingsheng Xinhui
Outstanding Project Contribution Award	YL-Pharma
Silver Prize of 2023 Chongqing Patent Awards	Chongqing Intellectual Property Office and Chongqing Municipal Bureau of Human Resources and Social Security
2023 World's Most Attractive Employer	LinkedIn
Extraordinary Employer of 2023 in Chongqing	Liepin
Best Employer of 2023 in Chongqing	Zhaopin.com
Environmentally-friendly and Honest Enterprise	Chongqing Municipal Bureau of Ecology and Environment
Guoxin Cup-ESG Golden Bull Award for Top 50 Technology Leaders	China Securities Journal

ESG Ratings

Rating Agency	2022	2023
S&P Global	29	38
CDP	C(climate change)	B-(climate change)
CNI index	AA	AAA

Memberships

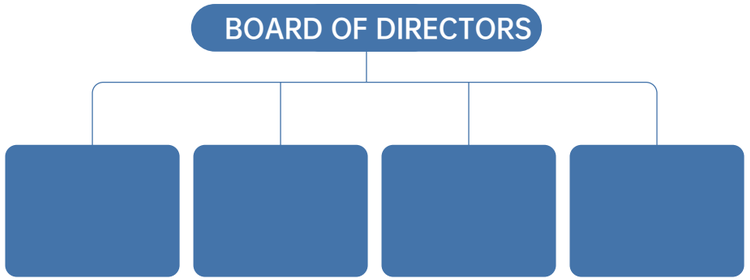
Organization/institution	Memberships	Entity
The United Nations Global Compact (UNGC)	Member	Porton
American Chemical Society Green Chemistry Institute (ACS GCI) Pharmaceutical Round-table	Associate Member	Porton
China Alliance for Rare Diseases	Member	Porton Advanced

Corporate governance

At Porton, we strictly follow the requirements of relevant laws, regulations and regulatory documents, keep improving the corporate governance structure, establish and improve the decision-making mechanism and relevant systems, urge the Board of Directors and senior executives to perform their respective responsibilities, and continuously enhance corporate governance to lay a solid foundation for its sustainable and stable development.

Corporate governance structure

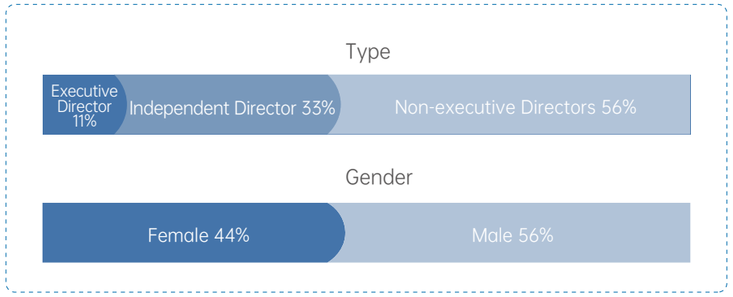
There are four special committees at the level of Board of Directors: Board of Directors' Audit Committee, Board of Directors' Nomination Committee, Board of Directors' Compensation and Appraisal Committee, and Board of Directors' Strategy and ESG Committee. Additionally, we have established a special meeting mechanism for independent directors. Each committee has formulated its own rules of procedure, thereby supervising and guiding the Company in different dimensions and ensuring the Company's stable operations.



During the reporting period, all directors diligently fulfilled their duties, paid attention to the Company's operations management, financial conditions and other material matters, actively participated in decision-making of the Company's major issues, and provided suggestions on corporate governance norms and other aspects based on their professional knowledge and abilities. The Company strictly adheres to relevant regulations in the nomination and election of independent directors. Each independent director follows relevant laws, regulations, and the Company's Working System for Independent Directors to maintain independence. They provide pre-approval opinions and independent opinions on relevant matters, pay attention to potential conflicts of interest, and earnestly perform their duties in decision-making, oversight, checks and balances, and professional consultation. During the review of matters such as related-party transactions, remuneration schemes for directors and senior executives, and share incentive plans, all related directors abstain from voting.

Board diversity

The qualifications of candidates for directors, upon review by the Board of Directors' Nomination Committee, shall be submitted to the Board of Directors for review and then to the General Meeting of Shareholders for approval. The Company is committed to promoting the diversity of the Board of Directors. Directors are elected based on a comprehensive consideration of factors such as gender, age, educational background, and industry experience. The diverse composition of the Board is conducive to generating a wide array of perspectives and opinions. The Board of Directors consists of nine members, including one executive director, five non-executive directors and three independent directors. Of them, four are female. The Company's directors have diverse educational backgrounds and industry experience, covering different professional fields like healthcare industry, finance, law, strategy, management, and investment, four of whom hold doctoral degrees.



Remuneration policy

The Company has formulated the Remuneration and Appraisal Management Policy for Directors, Supervisors and Senior Executives. Directors receive fixed allowances based on the Company's actual status. The allowance scheme for directors is developed by the Board of Directors' Remuneration and Appraisal Committee and then submitted to the Board of Directors for review before being presented to the General Meeting of Shareholders for approval. The remuneration for senior executives consists of base remuneration and annual performance-based bonuses. It shall be subject to a comprehensive assessment based on the Company's annual business plan and objectives, and the assessment result serves as a basis for determining the annual remuneration for senior executives. The remuneration scheme for senior executives is devised by the Board of Director's Remuneration and Appraisal Committee and reviewed and approved by the Board of Directors.

ESG MANAGEMENT

Sustainable development management strategy

ESG governance structure

Stakeholders

Material topics

ESG concept

01

In order to achieve sustainable development, Porton gradually integrates ESG into daily management operations, continuously improves ESG governance and management structure, actively responds to stakeholders' concerns, strengthens key performance management and improvement on material ESG topics, and supports the realization of the United Nations Sustainable Development Goals (UN SDGs) through our actions.

Sustainable development management strategy

	Our goals	Our actions	UN SDGs
Green development	• Set up science-based targets, reduce greenhouse gas emissions, and set near-term goals and get verified by the SBTi by the end of 2025 • Improve environmental management systems, continuously enhance environmental compliance through systematic environmental management, control potential environmental impacts, and continuously reduce the negative impact of operations on the environment	• Carry out greenhouse gas emissions inventory validation and energy management • Conduct environmental culture promotion and enhance employees' environmental protection awareness • Regularly conduct trainings and emergency drills to improve employees' emergency response capabilities • Continuously optimize wastewater treatment methods, improve wastewater treatment efficiency, and reduce the impact of wastewater on the environment	6 Clean Water and Sanitation 11 Sustainable Cities and Communities 12 Responsible Consumption and Production 13 Climate Action
Promote common progress	• Ensure employees' legal rights and dignified work and create harmonious and stable labor relations • Create a diverse, equitable, and inclusive work environment • Encourage innovation, actively promote technology innovation and develop an innovative talent team	• Establish a diversified, multi-form, and multi-level company welfare system to meet the differentiated needs of employees, balance work and life, and enhance sense of well-being • Carry out activities to ignite the power of "her" and focus on the development of women in the workplace • Provide training opportunities for all employees • Continuously invest in R&D and patent applications, and carry out technology innovation and applications in the fields of green chemistry and digital intelligence	5 Gender Equality 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 10 Reduced Inequalities 12 Responsible Consumption and Production
Build a healthy society	• Empower customer. Enabling the public's early access to good medicines • Carry out public welfare activities to enhance society's awareness of the field of diseases	• In 2023, provided services for over 900 projects from around 500 pharmaceutical clients worldwide • Carry out Rare Disease DMD themed activities through the "WeCare" program to draw more attention and understanding of the public to rare disease patients and their families	3 Good Health and Well-Being

ESG governance structure

In 2023, Porton continued to improve its ESG governance. Porton's Board of Directors' Strategy and ESG Committee serves as the highest level of decision-making for ESG work, with the ESG Executive Committee established as the management level for implementing ESG work. ESG Working Teams are set up according to material topics to form a top-down ESG governance and management structure of "governing level - management level - execution level." The company has formulated the " Board of Directors' Strategy and ESG Committee Management Policy" and "ESG Executive Committee Management Policy" to implement responsibilities at all levels and comprehensively enhance the company's ESG management capabilities. In 2023, Porton held 12 Board meetings, with ESG-related work progress discussed at three of them. It held one ESG Executive Committee meeting and one Board of Directors' Strategy and ESG Committee meeting to deliberate on the evaluation and determination of material topics. Additionally, Porton invited professionals to conduct four specialized training sessions on ESG and climate change for the ESG Executive Committee, ESG Working Teams, and other ESG-related teams, covering 97 person-time. Porton also used internal communication channels to educate all staff on ESG knowledge, improve their understanding of ESG, and encourage everyone to participate in building a culture of ESG.

Governing level

- Explore and analyse ESG trends, risks and opportunities.
- Provide guidance and develop ESG goals, strategies, frameworks and management policies.
- Monitor the progress of ESG-related management, performance and goals.
- Review ESG-related reports.

Management level

- Identification and decision-making: Manage material ESG-related issues.
- Guide relevant departments in identifying key issues and develop specific ESG-related work plans and goals based on the Company's ESG-related strategic goals and work plans.
- Organisational and resource support: Provide organisational and resource support for ESG work to ensure its implementation.
- Performance management: Develop and regularly review and assess key ESG performance data.

Execution level

- Implement the goals and plans determined by the ESG Executive Committee.
- Develop management measures and work plans based on issues for which it is responsible to continuously improve performance.
- Support and cooperate in the communication with stakeholders such as customers, investors, suppliers, regulators, and communities on ESG performance.

Stakeholders

The Company pays attention to all internal and external stakeholders, actively understands and responds to their expectations of the Company, and takes their demands as important considerations for optimizing ESG management. Based on industry characteristics and the Company's own operations, we identify shareholders and investors, government and regulatory authorities, customers, suppliers, employees, communities and the public, and the environment as the Company's main stakeholders. We establish communication channels for different stakeholders and engage in continuous communication and interaction to better formulate corresponding response measures.

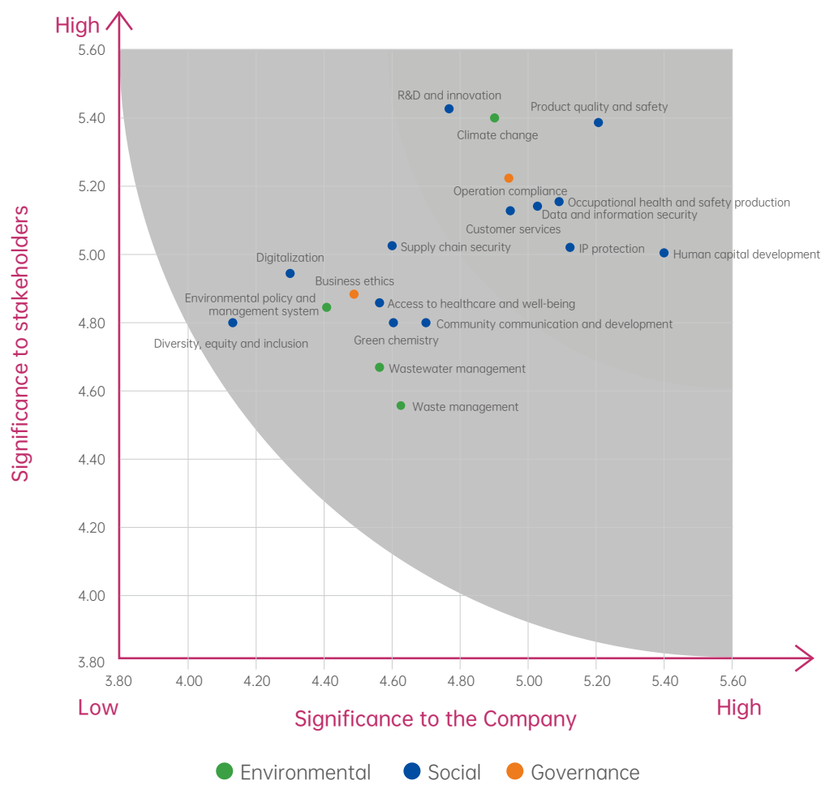
Stakeholders	Communication channels	Main expectations	The Company's response
Shareholders and investors	• Information disclosure • General Meeting of Shareholders • Investor communication activities • Investor hotline • Shenzhen Stock Exchange IRM • Company website and social media platforms	• Protection of shareholders' rights and interests • Good operating conditions • Fairness, just and openness	• Improve corporate governance mechanism • Strengthen compliance management • Enhance risk prevention and control • Disclose operating information and financial reports in a transparent and open manner • Keep communicating with shareholders and investors
Government and regulatory authorities	• Information disclosure • On-site inspections	• Legal and compliant operations • Honest tax payment • Create a good business environment • Guarantee safe production and stable operations • Actively drive employment • Cooperate with the implemenation of policies	• Compliant operations • Tax payment according to laws • Keep communicating • Strengthen production safety management • Actively create job opportunities to develop local talents
Customers	• Customer communication and complaint mechanism • Customer satisfaction survey • Customer audit • Customer questionnaires • Project meeting	• Integrity operation • Provide safe and reliable products • Provide high-quality services • Protect customers' trade secrets • Ensure supply chain security	• Serve customers with honesty and trustworthiness • Provide products and services that meet customers' demands and expectations • Treat customers with good faith and strive to improve customer satisfaction • Protect customers' trade secrets from being leaked • Improve relevant customer management system

Stakeholders	Communication channels	Main expectations	The Company's response
Suppliers	• Project meeting • Supplier assessment • Suppliers training	• Abide by business ethics • Fair play • Fair, just and open procurement • Mutual help and benefit for co-development	• Honest business cooperation • Advocate healthy industrial competition • Conduct responsible sourcing • Improve relevant supplier management system
Employees	• Employee congress • CEO mailbox • HR service platform • Consultancy and complaint mailbox • Democratic meetings	• Protect legitimate rights and interests such as compensation and benefits • Provide occupational health and safety guarantee • Provide career development and promotion channels • Comfortable work environment • Transparent and effective communication channels • Diverse, equitable and inclusive environment	• Pay salaries, social security, and housing provident fund according to the law in full and on time • Provide equal job opportunities • Provide professional and personalized career training and promotion channels • Provide occupational health and safety training • Advocate democratic management and broaden communication channels • Carry out diversified corporate culture activities
Communities and the public	• Information disclosure • Public open day • Community activities • Industry conferences • Company website and social media platforms	• Promote community development • Support public welfare • Support the launch of innovative medicines	• Carry out volunteer activities • Encourage employees to engage in public welfare • Participate in community construction • Empower the expedited launch for customers' medicines • Carry out disease knowledge popularization • Conduct "Corporate Open Day" activity • Actively participate in industry communications
Environment	• Monitoring and assessments	• Implement energy conservation and emission reduction policies and regulations in China and abroad • Realize green management and green operations • Protect the ecological environment	• Carry out energy conservation and emission reduction • Implement green design and green manufacturing • Implement green office • Practice green charity

Material topics

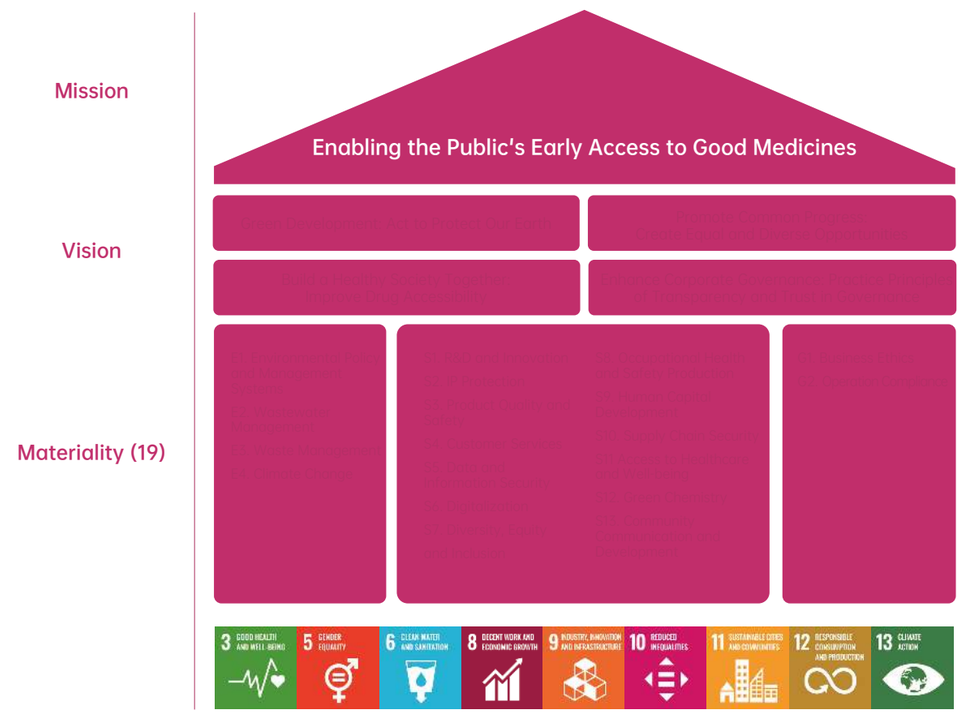
The Company actively identifies and assesses topics that have significant economic, environmental, and social impacts on the Company and stakeholders. Leveraging these material topics, it systematically conducts ESG management performance enhancement efforts and strengthens ESG information disclosure. In 2023, the Company, considering macroeconomic factors, industry policies and focus areas, and its own circumstances, identified 19 material topics. Through internal and external stakeholder surveys and other methods, it assessed the significant impact of each issue on the Company and stakeholders. Company prioritized the importance of each topic according to its impact, forming a matrix of material topics. This matrix was approved by the Board of Directors' Strategy and ESG Committee.

Topic screening and identification	Stakeholders surveys	Topic prioritisation	Management and communication
Policy and industry characteristic research Industry and peer benchmarking	Questionnaire surveys Interviews	Determination of the importance of topics Establishment of a topics matrix	Continuous management Periodic reviews Transparent communication



Materiality with high importance	Materiality with medium importance
• Product quality and safety • Human capital development • Climate change • Occupational health and safety production • R&D and innovation • Data and information security • Operation compliance • IP protection • Customer services	• Supply chain security • Access to healthcare and well-being • Community communication and development • Green chemistry • Business ethics • Environmental policy and management system • Wastewater management • Waste management • Digitalization • Diversity, equity and inclusion

ESG concept



RESPONSIBLE OPERATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Operation compliance

Business ethics

IP protection

Data and information security

02

Operation compliance

Our Goal

We strictly abide by economic, environmental and social laws and regulations, follow the principles of law compliance, honesty and trustworthiness, and conduct responsible business.

Management Approach

The Company integrates law compliance into all aspects of its daily operations and management, sorts through compliance obligations in accordance with laws and regulations, industry standards, practices, etc., makes timely improvements to fill the gaps, and continuously improves its compliance management system as well as policies and procedures. The Company continues to provide various types of compliance training for its employees to improve their ability to identify risks, so that they can adhere to their professional ethics and stay above legal bottom line in their work and proactively avoid compliance risks.

In September 2023, the Company held a special training on compliance and risk control in construction projects, which aimed to strengthen prevention of risks in project contract signing, improve the quality of project contract performance, and empower the engineering team. A total of more than 70 people from the Engineering Department, Procurement Department, Legal Department, Audit and Supervision Department and other relevant departments of the Company participated in the training.

Management System and Policy

The Company strictly complies with the anti-fraud related laws and regulations of each place of operation, and has formulated Employees Code of Business Conduct, Employee Handbook, Whistleblowing and Complaint Management System, Employee Reward and Punishment Management System, Employee Discipline and Punishment Management Measures, Internal Audit Management System and Internal Supervision and Management System to regulate behaviours related to corruption and bribery, unfair competition, insider trading, and conflict of interest, and to stipulate the punishment methods for violating corresponding regulations. In addition, the Company's senior executives have signed the Integrity Agreement to ensure that the Company abides by business ethics from top down.

The Board of Directors' Audit Committee of the Company is responsible for supervising the effectiveness of the anti-fraud management system and related systems, and the Audit and Supervision Department is responsible for the specific implementation and follow-up of the anti-fraud work, and reports the relevant details to the Board of Directors' Audit Committee on a regular basis. In 2023, the Company established the Accountability Committee, which is responsible for the accountability for violations of laws and regulations and fraud, ensures the implementation and execution of the Company's relevant systems, and strengthens the Company's internal monitoring and anti-fraud efforts.

Business ethics

Our Goal

We continuously assess and respond to the risks of ethical business practices, conduct anti-fraud related training for employees every year, and strictly follow accurate ethical business practices in our business activities with customers, suppliers, and other partners.

0

Lawsuits involving corruption, violation of business ethics or unfair competition

Objective	Progress in 2023
Maintain 100% anti-corruption training coverage in each year	Completed ✓
Maintain a 100% rate of signing the integrity agreement by senior executives	Completed ✓

Management Approach

- **Regular audit**

The Company conducts quarterly compliance audits, special audits, process audits, special inspections, special anti-fraud investigations, etc. to identify compliance issues in a timely manner, monitors and investigates suspected major violations of laws and regulations, misappropriation of duties, abuse of power, transfer of benefits, favouritism and fraud, as well as damage to and waste of resources of the Company and its subsidiaries. In accordance with the results of the audits, remediation and treatment plans are formed and continuous efforts are made to build and optimise the anti-fraud and business ethics system, and the progress will be reported to the Board of Directors' Audit Committee in the form of regular quarterly reports and special reports.

- Reward and punishment system

The Company has integrated the code of business ethics into its employee performance management. Any violation of the Company's Employee Code of Business Conduct, including corruption, will have a direct impact on the performance assessment and promotion of the employee concerned. We will reward employees who actively report corruption, and we will impose punishments on employees with violations, such as warnings, demerits, and termination of employment contracts, depending on the significance of the matter.

- Monitoring and reporting mechanism

The Company encourages employees and partners to supervise and report anti-fraud related behaviour, and has a reporting telephone and email. The Company has formulated the Whistleblowing and Complaint Management System, which stipulates the definitions of reporting and complaints, responsible departments, channels, and rewards and also expressly requires that investigators should pay special attention to good confidentiality and strictly prohibit the disclosure of the name, organization, address, and other information of the whistleblower. Clauses are set up to protect the whistleblowers and complainants: The information reported or materials involving the personal information of the whistleblower shall not be shown or disclosed to the reported department or the investigated person and the personnel involved in the investigation of the reported case who has relative or interest relationship with the investigated person shall recuse himself or herself from the case. The Company will also take all necessary confidentiality measures to protect the rights and interests of employees who report or file complaints from being compromised.

- Training and publicity

The Company continues to increase the publicity of anti-fraud concepts through new employee induction compliance training, daily compliance training, internal compliance publicity, etc. to continuously enhance employees' anti-fraud awareness in all aspects and establish an anti-fraud culture.

- Partner management

The contracts the Company signed with customers, suppliers, and other partners include integrity clauses or we will sign a separate integrity agreement. For example, the integrity clause of the procurement contract clearly stipulates that in the procurement process, if there is evidence that the supplier has offered bribes to the procurement staff of the demand side to achieve its business purposes, the demand side will cancel its supply qualification and refuse to pay for the goods. The Company's reporting email and telephone are also available in the integrity clauses. Suppliers can also report to the Company any fraud they find, and the Company actively encourages and rewards suppliers for reporting bribes demanded from suppliers by purchasing personnel on the demand side.

IP protection

0
Events involving infringement of customers' intellectual property rights

Our Goal

CDMO companies may involve customers' intellectual property rights, such as patents, trademarks and trade secrets, in the course of their services. Therefore, our goal is to always respect and protect our customers' intellectual property rights through the establishment of a comprehensive intellectual property management system and to ensure that no intellectual property infringement occurs.

Management System and Policy

The Company attaches great importance to the management and protection of intellectual property rights, continues to strengthen the construction and efforts of intellectual property management system, and carries out management intellectual property protection from physical environment, personnel, information assets, network communications, third parties, handling and inspection of intellectual property security, intellectual property security culture, and other aspects. The Company strictly follows the requirements of Enterprise Intellectual Property Management GB/T 29490-2013 and relevant laws and regulations, and has formulated policy documents such as the Intellectual Property Manual, Patent Management Measures, Trade Secret Protection Management System, and Outsourcing Procurement Intellectual Property Management System, which develop corresponding control procedures for intellectual property acquisition, maintenance, application, information resource management, risk management, dispute handling, internal audit of management system and management review, etc., to regulate the behaviour of all employees and partners.

General Manager of the Company, as the first person responsible for intellectual property management, is mainly responsible for approving the Company's intellectual property policies and guidelines, providing resources to support the establishment and improvement of responsibilities at all levels and authorisation, etc. Under the leadership and supervision of the General Manager, the Company's Intellectual Property Department, as the lead department, in cooperation with legal, audit and supervision, human resources, IT and other departments, ensures that intellectual property management work is adequately implemented to protect the Company, customers and partners from infringement of intellectual property rights.

Management Approach

- Physical environment security management
  - Establish access control so that unauthorised personnel cannot enter
  - Enhance physical environment security through monitoring, locks, fencing, etc.

- Human resources security management
  - Prior to employment: Employees are required to sign confidentiality agreement so that all employees are under the confidentiality obligation
  - After employment: Provide training on protection of intellectual property (including trade secret protection)
  - Upon dismission: Carry out non-compete management, and perform exit audits for key personnel leaving the Company
  - After dismission: Perform intellectual property research and tracking

- Information asset security management
  - Configure VDI to store information on cloud servers
  - Control access to information

- Network communications management
  - Porton's proprietary communication platform has been configured
  - Use secure sharing tools for external communications, and effectively protect customer information through encryption or setting of expiration dates for privileged access

- Third party management
  - The external partners will sign a confidentiality agreement before cooperation, and strictly abide by the relevant provisions of the confidentiality agreement. The Company will bear the same strict duty of confidentiality as the party receiving the confidential information learned from external partners.
  - Intellectual property related provisions are specified in contracts to ensure clear intellectual property rights and responsibilities
  - We will not use patent technologies developed for our customers for patent application without their permission

- Management of handling and inspection of intellectual property security
  - The Company conducts internal intellectual property audits to ensure that the intellectual property management system is functioning well and effectively
  - Internal and external inspection mechanisms for trade secret security have been established to avoid leakage of secrets
  - The Company continues to receive intellectual property audits from its customers, and during the Reporting Period, the Company received and passed one customer intellectual property audit. To date, the Company has passed the intellectual property audits from 8 of the world's top 20 pharmaceutical companies, and no infringement upon the intellectual property rights of customers by the Company has ever occurred

- Training and publicity
  - Regularised training is provided for employees on trade secret protection
  - Provide training on the introduction of intellectual property rights and protection of trade secrets during the induction training for new employees, and set test questions on protection of intellectual property
  - Continuously push publicity on internal communications platforms

Data and information security

ISO27001 Certificates

Our Goal

In the current digital era, data and information have become the core assets of business operations. Companies attach importance to data and information security not only to adapt to the increasingly stringent compliance requirements, but also to protect their own business interests, customers' trade secrets and employees' privacy, to maintain business stability and continuity, and to become more competitive in the market. The Company attaches great importance to data and information security protection and continuously improves its data and information security management system to safeguard the Company against the leakage of significant information, loss of data from important business systems, or interruption of major business due to information security incidents.

Management System and Policy

Based on the requirements of laws and regulations in various regions and international standards such as ISO/IEC 27001 Information Security Management System, the Company has established an information security management system, and has formulated series of policies and regulations, such as Information Security Management Policy, Information Security Incident Management System and Information Management System, which stipulate the information management, information security management policies, information security management procedures, security incident management, security risk management, information security education, code of conduct and punishment for violations, laying a solid foundation for information security work. The Company passed the certification of ISO 27001 Information Security Management System in 2022 and passed the annual audit in 2023.

The Company's senior management team is the highest leading organisation of the Company's data and information security management, which is responsible for the overall management and supervision of information security matters, and has an information security working group. Led by the IT department, the information security working group coordinates all relevant departments, and is specifically responsible for the information security planning and implementation, to comprehensively ensure the effective implementation of the information security management system and procedure as well as legal compliance.

Management Approach

Risk management

We have established comprehensive measures for information security risk assessment and management, and follow risk management measures for risk identification, analysis and assessment, control and disposal. The IT Department and related departments conduct comprehensive risk management of people, premises, systems and daily operations. A combination of management and technology is adopted to reduce risks to acceptable levels through control and improvement measures. Furthermore, based on the PDCA principle, information security incidents are prevented through disposal, follow-up investigation, review and audit.

Audits and drills

The information security team conducts information security related audits of all the Company's sites to ensure that the Company's security risks are controllable. Meanwhile, external professional organisations are invited from time to time to conduct third-party penetration testing, vulnerability scanning and emergency drills. In 2023, the Company passed 22 external information security audits.

0
Significant information leakage events

Network and server security

We design a longitudinal defence system for data centres, networks, servers, and application systems, and have established an efficient security operation centre. Important systems are subject to regular third-party penetration testing to ensure system and network security and to continuously improve security levels. Additionally, in order to accurately identify potential threats and vulnerabilities and take countermeasures in time, we have built a comprehensive monitoring system to monitor network performance and security events in real time.

Terminal security

We ensure the security of terminal use, including but not limited to account passwords and permissions, virus prevention, network access, data transmission, patch updates, etc. For the data outgoing scenario, we use MAM (Mobile Application Management) system to encrypt the Company's mailbox data in individual cell phones to ensure that mail data is only saved to the Company's authorised devices; use MDM system to manage the behaviour of all the Company's mobile terminals to prevent unauthorised access to the data; and use the mobile terminal encryption function to ensure that the Company's APP data installed in individual cell phones will not be downloaded and will be eliminated after use. Meanwhile, we are constantly optimising data leakage prevention technologies, enabling email accounts, VPN two-factor authentication, DLP and VDI to protect the Company's data on employees' office equipment.

Personnel safety management

We require every new employee to take an information security-related course and complete a test in the induction training to strengthen their awareness of information security protection. The information security team regularly provides continuous information security awareness training and publicity for all employees through various forms such as internal subscription pushes, emails, training videos and posters, and organises information security simulation drills in various forms from time to time to ensure that employees are aware of and able to identify the latest and common cyber-attacks and security risks. In addition, we are progressively moving all employees towards completing an annual compliance assessment.

For IT/OT vendors, we continue to request vendors to conduct Vendor Information Security Assessment and sign the information security and confidentiality agreement. We also gradually promote security training for personnel of incoming vendors, requiring that security training must be completed on-site before they are allowed to provide on-site IT services.

Physical security management

A standard management system and business continuity requirements have been set up for data centres to ensure access security to all site areas through visitor management and access control.

Information security incident management and emergency response

The Company has established a feedback channel for reporting information security issues. When identifying an information security incident, all employees and external stakeholders can provide feedback to the information security team through the service desk, phone or email. The information security team will handle the incident according to the level of the incident and in accordance with the procedure to ensure that the security incident is handled and stakeholders are notified in a timely manner.

EXCELLENT SERVICES

3 GOOD HEALTH AND WELL-BEING
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Customer services

Product quality and safety

R&D and innovation

Supply chain security

Digitalization

03

Customer services

Our Goal

With "Customer First" as one of our core values, we are devoted to creating value for our customers through a deep understanding of their needs from their perspective, responding to them in a timely manner, and continuously optimising their experience and satisfaction.

Management Approach

The Company is committed to providing customers with fast and efficient services for a whole-process management of customer development and project management from the initial contact with the customers, visit reception, inquiry and quotation to the implementation and delivery of projects.

- Customer communication and feedback

We always maintain efficient communication channels with our customers and have established a customer issue management process to obtain customer feedback, understand customer expectations, promote efficient resolution of customer issues and improve customer satisfaction. We collect customers' service requests, expectations and problem feedbacks through diversified channels such as emails and project communication meetings. We receive customers' feedbacks and suggestions in a timely manner, and through analysing and evaluating them, we formulate corresponding measures and enhancement plans to improve the relevant processes, prevent the recurrence of problems, and continuously improve the quality of our services.

- Training

The Company provides special trainings for its employees on customer services capabilities and requires each employee to uphold the core value of "Customer First", and to strive to meet customer needs, thus creating an excellent customer experience. In 2023, the Company conducted 4 specialised trainings aimed at improving customer services levels, covering 216 person-time.

Product quality and safety

Our Goal

Quality is the lifeline of drugs and one of the most basic and important management systems for CDMO companies. The Company's quality control is based on the strategic goal of "One Porton, One Quality" to ensure the consistency and unity of the quality control policy followed by each business segment, and to ensure that the quality management system operates reliably, stably and controllably.

Management System and Policy

The Company's quality system is based on ICH and Good Manufacturing Practice, and is continuously improved in accordance with the requirements of US FDA 21 CFR Part 210/211, EU EMEA GMP and NMPA to ensure the production of safe and high quality products. The Company's quality management is implemented throughout the life cycle of product development, technology transfer, commercial production and product termination, providing a full range of products and services from starting materials to drug products. The Company has established a flexible and professional quality management system to meet the business needs of different customers for a wide range of product types.

The Company's management team is the highest level of leadership for product quality and safety and is responsible for overseeing the compliant and effective operation of the quality management system. The Company has an independent Quality Assurance Department, which establishes the quality management system based on GMP activity areas, such as training cases, document management, quality risk management, supplier management, management of materials, intermediate and to-be-packaged products and finished products, production process control, validation and verification management, deviation handling, CAPA management, change control, user complaint handling, product quality review, and internal audits. Each department carries out relevant production and quality control activities in strict accordance with GMP specifications and the Company's Quality Manual, and continuously optimises its processes and improves its management level.

Management Approach

- Quality risk management

The Company's quality risk management is carried out throughout the entire product life cycle, applying to all aspects of research and development, plant equipment and facilities management, materials management, production, experimental control and stability testing, packaging and labelling, supply chain management, and product shipment, through a systematic process of evaluating, controlling, communicating, and auditing the potential risks, in order to ensure the safety, efficacy, and stability of the products.

- Quality review

Quality review includes the management quality review and product quality review to achieve continuous quality improvement by assessing the performance of the quality system as well as the quality of the products. The management quality review is a review of the quality management system covering key elements such as quality objectives, customer complaints, deviations, OOS, internal and external audits, training,

and raw material supply. Through regular meetings and reviews, we analyse the critical quality performance of our quality management system and take the necessary measures to optimise the quality management system. Product quality review is to confirm the consistency of the product process, conduct regular quality review of the product and evaluate the results to make an evaluation of whether remediation or any re-validation is required. It includes a review of key process parameters, key indicator test results, all products that do not meet quality standards, deviations, changes, complaints, recalls and other key requirements, through which the quality performance of the product is analysed and necessary measures are taken to improve product quality.

146
quality audits passed

Quality audit

The Quality Assurance Department of the Company is responsible for carrying out daily internal audits, organising the reception of external audits and inspections by drug regulatory authorities. In addition to being audited by regulators and customers, the Corporate Quality Department conducts an internal audit of each plant at least once a year, and each plant conducts an in-plant internal audit at least once a year. Continuous improvement of deficiencies identified during internal audits and inspections is carried out to improve the level of GMP implementation and to comply with regulatory requirements.

During the Reporting Period, the Company underwent and passed a total of 146 quality audits, including 12 quality audits by regulatory authorities and 134 quality audits by customers and third parties. At present, the Company has passed the audit certification of pharmaceutical administrations such as FDA, PMDA, NMPA, EMA and WHO, ensuring that its quality system has always been in line with the international standards.

Digitalization empowerment

Adhering to the original intention of improving work efficiency, reducing confusion and errors, and reducing contamination and cross-contamination, the Company has established information technology systems such as ERP, EQMS, EDMS/ETMS, SMDS, LIMS, and DCS, reconstructed or optimised the existing business processes, and continuously empowered quality management with digital and intelligent transformation.

Quality training

To ensure stable production of products that meet quality standards and intended use, the Company has established a training management protocol. Based on the training content required for job responsibilities, the Company conducts employee training in an organised and planned manner, providing GMP basic knowledge training and data integrity training to all GMP production-related personnel at a frequency of at least once a year to ensure that they are able to understand and comply with the Company's quality management system. The Company also provides training in process validation, cleaning validation and other GMP knowledge as the main body of training at irregular frequency to continuously improve the level of knowledge of the staff in various GMP specialised areas.

Development of quality culture

The Company continuously shapes, develops and optimises the quality atmosphere, and integrates quality values into the Company's business activities and the code of conduct of its employees to raise their awareness of quality. Through various online and offline training, brainstorming sessions as well as the advancement of methods such as quality pacesetters and teams of quality excellence, knowledge competitions, quality essays and monthly promotional publications of quality, the quality culture is penetrated into all aspects and the whole-staff understanding and awareness of quality knowledge is constantly improved. We have established quality culture measurement targets to assess the effectiveness of quality culture construction and to continuously improve and optimise it by conducting surveys and interviews with internal and external stakeholders, such as customers, suppliers and employees, and collecting data on employee participation in quality activities and the rate of adoption of opinions.

R&D and innovation

Our Strategy and Goal

The Company persists in driving the high-quality development of the enterprise with technology innovation, maintains continuous exploration of cutting-edge technology, strengthens ongoing innovation investment to actively advance the research and development of technologies and the building of innovative talent teams. The Company is committed to providing customers with more valuable services to help customers' product launching.

Process development innovation

Continuous process innovation and application of new technologies to improve efficiency and service quality from the source

Process environmental innovation

Introduction of more environmentally friendly pharmaceutical processes and technologies to reduce waste generation and energy consumption

Process safety innovation

Introduction of safer pharmaceutical processes and technologies to eliminate or reduce process safety risks and protect people and property

During the delivery of a commercialisation project of a large pharmaceutical company, the Company actively developed the second-generation process, using raw materials with lower unit price and more stable supply instead of high-priced customised raw materials, with a material cost reduction of more than 50%, an overall yield increase of 32 percentage points, and a PMI reduction of nearly 50%, optimising the cost while improving the efficiency and reducing the energy consumption and waste generation.

During a clinical phase project service of a large pharmaceutical company, the Company developed a new process for future commercial compaign, further optimised the overall process route, shortened the process route and alternatively used water as the reaction solvent, achieving an 18 percentage point increase in yield, a reduction of nearly 50% in material cost and a reduction of more than 50% in PMI, thus providing the customer with a more economical and environmentally friendly manufacturing service.

Management Approach

- **Internal capacity building**

The Company is deeply committed to its technological capabilities, and each business segment is actively improving its technological platform.

API

Drug product

Cell and gene therapy

Synthetic macromolecule

Biologics

In terms of API CDMO, the Company continues to develop the technology areas of crystallisation process, biocatalysis, continuous reaction, preparative chromatography, metal catalysis, photochemistry and electrochemistry, micronisation, and high potency API.

In terms of drug product CDMO, the Company continues to improve the layout of the technology development platforms for insoluble drugs, high potency formulation, sterile formulation, transdermal formulation and other areas. As for cell and gene therapy CDMO, the Company continues to strengthen the capability of integrated service platforms for plasmid, cell therapy and gene therapy. In terms of synthetic macromolecule CDMO, the Company has built up the capacity of peptides, oligonucleotides, highly potent and non-highly potent coupled drugs, drug delivery polymers and so on. In terms of biologics CDMO, the Company has built the capacity of antibody and ADC. The Company has established a Scientific Advisory Board, the members of which have extensive experience in the pharmaceutical industry and thus can provide the Company with ongoing guidance on technology innovation and layout.

As of the end of the Reporting Period, the Company has been authorized with 89 valid invention patents (including 79 domestic patents and 10 overseas patents), and 14 PCT patents. Besides, there are 104 invention patents of the Company's under review. In 2023, the Company invested RMB452 million in R&D, which is approximately 12% of revenue.

- External collaboration

The Company is committed to making progress and mutual assistance with its global partners. Through industry communication, academic co-operation and co-development, the Company works together with its customers and industry partners to solve technical problems and promote the process of drug development. In addition, the Company actively co-operates with universities to explore the fit point between scientific research and industrial development. Through scientific research co-operation, transformation of scientific research results, enterprise open day, establishment of special scholarships, establishment of internship and employment bases, joint training and other methods, the Company and the universities give full play to their respective strengths, share resources, and work together with the academic community to promote industrial development.

In May 2023, the first joint cultivation graduate students of the Company and the College of Pharmaceutical Sciences of a university in Chongqing passed their graduation defence. The students have formed the research topics of what they have learnt and applied them well in the actual projects of the Company. This joint cultivation method has effectively promoted the transformation of academic achievements into industrial applications and realised the deep integration of industry-university-research cooperation.

Supply chain security

Our Goal

Supply chain security and sustainability plays an important role in the Company's operations and is fundamental to the project delivery. Our goal is to build a harmonious, secure and flexible supply chain, integrate ESG performance into supplier assessment, and work with suppliers to build a sustainable development model.

Management System and Policy

The Company has formulated policies such as the Sustainable Procurement Policy, Supplier Management Regulations, Supplier Relationship Management Measures, and Supplier Code of Conduct, which not only focus on supplier quality management and cost management systems, but also integrate factors such as business ethics, social responsibility and environmental protection into supply chain management.

Management Approach

- Supplier selection and access

The Company has established a supplier access requirement matrix and sorted out the assessment list related to supplier access based on different criteria such as procurement content and amount in order to check whether the supplier's standards are in line with the national standards, the industry standards or the enterprise standards, and whether it has sufficient production capacity and a complete quality assurance system. The Company introduces new suppliers in strict accordance with the supplier access process, adheres to the principles of fairness, impartiality, full competition, integrity and self-discipline, and quality delivery and service. Through questionnaire survey, on-site evaluation and sample verification, the Company evaluates potential suppliers in multiple dimensions, such as technology, quality, supply capability, price, compliance, and EHS, and screens qualified suppliers, and incorporates social and environmental sustainability requirements into signed procurement contracts to ensure that co-operative suppliers comply with laws and regulations and the Company's requirements for supplier control, and carry out their business activities in a responsible manner.

Supplier management

The Company establishes a hierarchical supplier pool and classifies suppliers into strategic, preferred and qualified suppliers based on performance and management strategies, and adopts different management methods for each type of supplier.

Category	Strategic suppliers	Preferred suppliers	Qualified suppliers
Main features	• Bulk purchases • Long period of co-operation • High project importance • Strong sustainability	• Performance rating of B and above • High level of willingness to co-operate • Resilience to risk	• Compliance with supplier access requirements • Performance rating of C and above
Management approach	• Monthly performance • Strategic meetings • Exchange visits among senior management	• Optimising the pool of supplier resources and promoting competition • Expanding co-operation between the two sides in other areas • Establishment of regular communication channels at all levels	• Continuous development of alternative suppliers • Continuous performance appraisal for targeted improvement

0
incidents of complaints from the Company's suppliers

The Company conducts regular performance appraisal of suppliers, and conducts comprehensive evaluation of suppliers in terms of experience capability, technical capability, delivery capability, quality control capability, and service capability. The Company also conducts enhancement management of suppliers in response to the appraisal results, and formulates enhancement and improvement plans and continues to follow up on them. The Company regularly reviews and monitors its supply chain processes to detect abnormal behaviour and potential threats, and make timely corrections and improvements. In 2023, the Company conducted 71 supplier audits to review suppliers' quality systems and production capacity for relevant products, all of which resulted in low or acceptable risk.

100%
ratio of key suppliers who have signed clauses of social and environmental requirements

100%
ratio of procurement staff who have received sustainable procurement training

Training and communication

We provide training for our suppliers, share industry best practices with them, and work together to improve our sustainability management capabilities. From time to time, we conduct satisfaction surveys on procurement-related parties including suppliers and user departments including quality of work, work discipline, and work attitude, and review and rectify the problems collected and verified. We have also established a complaint channel for timely handling and follow-up of supplier complaints as well as supplier quality and service issues by users and other departments in the course of co-operation.

Supplier Excellence Enhancement Meeting

In April 2023, the Company held the Supplier Excellence Enhancement Meeting, inviting more than 10 supplier representatives to discuss how to improve product quality and EHS management, and practice corporate social responsibility, conveying the concept of sustainable management to supplier partners.

We also provide regular training to our procurement-related employees covering quality requirements, EHS requirements, anti-commercial bribery requirements, and supplier business risks to enhance their professional skills and risk prevention awareness, thus ensuring that they are aware of supply chain security risks and take appropriate measures to address them.

Digitalization

The digital and intelligent revolution has brought fresh energy to the pharmaceutical industry. AI pharmaceutical companies are emerging, and a number of AI drugs are being developed into the clinical stage. Pharmaceutical intelligent manufacturing has brought a new direction for the development of the pharmaceutical industry and industrial quality upgrading. In the past three years, the Company has continued to explore and build digital and intelligent capabilities to comprehensively improve R&D and manufacturing efficiency, quality and reliability, and customer experience, and build the Company's long-term core competitiveness.

Management System

The Company has set up the Digital and Intelligent Management Committee as the highest decision-making organization for digital and intelligent transformation matters, which is responsible for digital and intelligent strategy confirmation, project decision-making and project progress management. Under the support of the Committee, the Digital and Intelligent Transformation Project Management Office collaborates with all relevant departments to execute and implement the work related to digital and intelligent transformation.

Management Goal and Approach

Based on 8 business value streams, including marketing to delivery, R&D to production process digitization, integrated supply chain, business-finance integration, business-person integration, comprehensive quality management, and digital operation, the Company designs processes based on business scenarios, and achieves online process, visibility, control, and synergy through a digital system, with the goal of realising business analyses, business decision-making, and improving organisational efficiency through data management.

As at the end of 2023, among the digital and intelligent transformation projects of the Company's Chongqing Changshou plant, 15 projects have entered the operation stage, including advanced planning and scheduling (APS) and the predictive maintenance project for key equipment. There are 10 projects in progress, including QC intelligent inspection and material online management.

COMMON DEVELOPMENT

Employment
Diversity, equity and inclusion
Human capital development
Occupational health and safety production
Community communication and development
Access to healthcare and well-being

04

Employment

Our Goal

Our goal is to safeguard the legitimate rights and interests and decent work of our employees to create harmonious and stable labour relations, respect every employee.

Management System and Policy

The Company adheres to applicable labour laws and regulations across the regions where it operates, constantly refining its Employee Handbook, Employee Code of Business Conduct, and Recruitment Management Procedures. These systems distinctly embed the Company's commitment to compliance and human rights within its internal policies and management practices. This guarantees that employees are safeguarded against discrimination, harassment, bullying, and any other forms of misconduct while at work.

0
reports of incidents of human rights violations such as forced labour

Management Approach

Protection of rights and interests

The Company persistently upholds the protection of employee rights and interests, honouring fundamental human rights, including property and privacy rights, civil and political freedoms, social and cultural entitlements, as well as the rights of indigenous peoples and other ethnic minorities. We also champion freedom of association and the right to collective bargaining. The Company strictly bans illegal employment, explicitly prohibits the use of child labour, and ensures there is no forced recruitment or compulsory labour. We also maintain a zero-tolerance policy towards harassment, discrimination, violence, coercion, and all other forms of misconduct. The Company has established a complaint channel and encourages employees to report any misconduct that violates the Company's rules.

In 2023, the Company received 0 reports of incidents of human rights violations such as forced labour, child labour, discrimination, harassment, and obstruction of freedom of association and collective bargaining rights.

Remuneration and benefits

The Company has established a fair and market-responsive compensation and benefit system to attract, motivate and retain talents, and to promote the co-development of employees and the Company. Compensation management aligns with strategic goals, offering multi-faceted incentives while ensuring fairness and equity. It ties rewards to the Company's strategic vision by integrating short, mid, and long-term incentives into a holistic package, comprising fixed pay, variable compensation, short-term bonuses, and long-term incentives. This approach aims to establish an externally competitive reward scale within the industry and achieves internal parity through performance-based, continuous motivation for employees. The Company transparently communicates its salary policy and details about salary payments and adjustments to employees, while rigorously maintaining confidentiality of individual salary data.

The Company has constructed a diverse, multifaceted, and multilayered welfare system catering to employees' varying needs, aiming to strike a balance between work and life, boost job satisfaction, and foster strong corporate unity.

Benefit categories	Item	
Mandated benefits	• Pension insurance • Medical insurance • Unemployment insurance • Work injury insurance • Maternity insurance	• Housing fund • High temperature subsidy • Statutory vacation • Occupational health checkup
Additional benefits	• Paid annual leave • Overtime pay and time off in lieu • Meal allowance • Employee dormitories	• Commuter • Birthday benefits • Holiday benefits • Employee health checkups
Individual and family support	• Maternity leave • Nursing care leave • Parental leave • Breastfeeding leave	• Nursing rooms • Barrier-free office facilities • Allowance for hardship/serious illness/disaster
Work-life balance	• Irregular working hours • Employee clubs • Team building activities	• Festivals and cultural activities • Fitness facilities

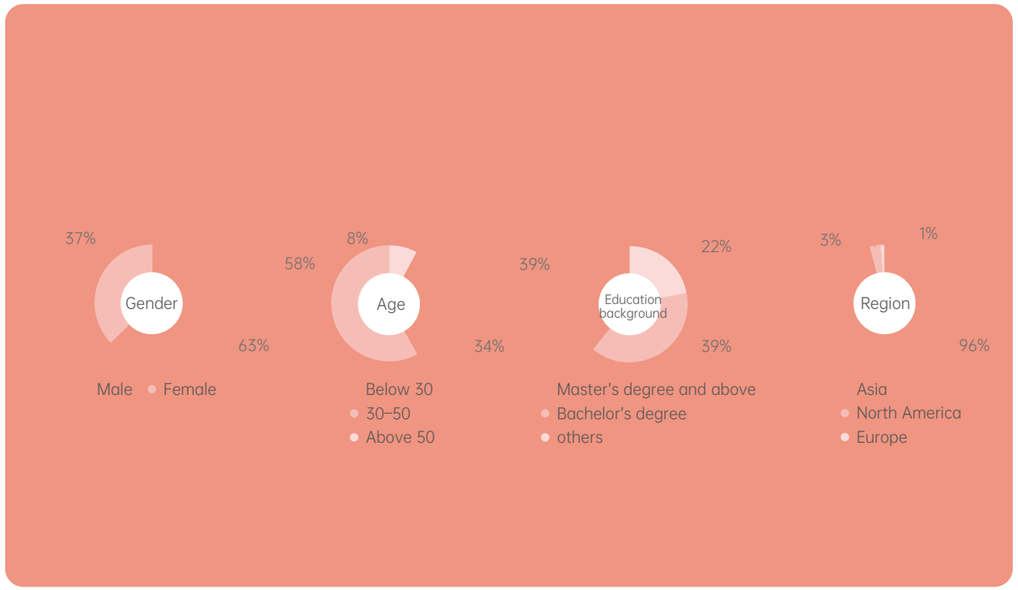
Diversity, equity and inclusion

Our Goal

The Company is dedicated to fostering a diverse, inclusive, and equitable workplace where every employee can fully leverage their unique skills and potential on the Company's platform, driving both the Company and its workforce to greater dynamism and innovation.

Management System and Policy

The Company has formulated a Diversity, Equity, and Inclusion Policy to definitively outline our commitment to fostering inclusive atmospheres and respecting the dignity and variety of all individuals. This policy serves as a guiding principle in implementing impactful measures to better serve our customers, employees, and broader communities. The Board of Directors' Strategy and ESG Committee of the Company shoulders the task of devising, overseeing, and steering the Company's Diversity, Equity, and Inclusion (DEI) strategy. With robust backing from the management, the Human Resources Department, in concert with different departments, has integrated the DEI policy into daily business functions and actively drives the execution of related initiatives and programs.



Management Approach

Equal opportunity

The Company ensures equitable and fair treatment for all employees and recruits and nurtures employees based on their abilities, experience, professional knowledge, skills, job performance, and growth potential. In all matters concerning employment, remuneration, working conditions, training opportunities, promotions, termination, or retirement, the Company strictly prohibits any form of discrimination based on factors such as race, skin colour, gender, age, religious beliefs, nationality, disability status, marital status, veteran status, sexual orientation, gender identity, among others, thereby ensuring equal opportunities for all employees.

Igniting "Her" Power Series Activities

On the 113th International Women's Day in March 2023, the Company hosted a series of events across its facilities, including floral art workshops and spring flower viewings, for female employees, who were also presented with gifts and warm wishes. Concurrently, the Company showcased narratives of its female workforce, inspiring them to challenge stereotypes and redefine their roles. By doing so, the Company underscored its resolute stance in championing and upholding women's rights and interests.

Open communications

The Company advocates open and honest communication. In addition to providing employees with a variety of communication channels, the Company encourages employees to focus on corporate development, proactively raise their difficulties, problems and suggested solutions, and timely responds to the issues raised by the employees. Moreover, the Company respects employees' freedom of association and collective bargaining, and thus has established the Labour Union to give full play to the employees' roles in democratic management and democratic supervision. The union continuously carries out activities with employee democratic participation and democratic management, and takes the initiative to do real things for the employees to create harmonious and stable labour relations. The Company administers employee satisfaction surveys encompassing dimensions like security, growth, enjoyment, recognition, and value alignment. Leveraging data and employee feedback, we assess the work environment, pinpoint issues and support management decisions to drive enhancements. This ongoing process fosters a progressive and inclusive organizational culture.

Human capital development

Our Goal

Adhering to the concept of "Empowering People for Common Development", the Company pays attention on the growth and development of our employees and the improvement of the department and organizational capabilities. With a focus on talent identification, talent training and talent development, the Company has established the effective manpower training system and the dual-channel job position system for employees' career development. The systems fit the employee strengths into the corporate strategic development and provide a platform for employees to realize their self-worth, aiming to facilitate Porton's talent development and organizational effectiveness.

Management System and Policy

Grounded in its Employee Handbook, Training Policy, Qualification Management Measures, Job Rotation Management Measures and other internal guidelines, and tailored to the industry dynamics, company business needs, and employee profiles, the Company has designed a holistic employee training and development framework to facilitate career progression and management effectiveness.

Management Approach

Equal opportunity

The Company has formulated the training program based on business needs and position functions. In addition to general skills training, the Company also provides targeted training courses for employees at different levels and in different positions. The Company has crafted and implemented the "Seven Stars Plan" training system in 2022, which spans across all tiers of talent development, encompassing fresh graduates, specialists/supervisors, project management managers, factory team leaders, managers, directors, and reserve executives. This systematic approach empowers employees and cultivates a top-notch workforce. The Company also encourages employees to share their knowledge and experience through internal course development and internal trainer certification to promote the common growth of the team. Moreover, the Company has upgraded the mobile learning platform in May 2023, facilitating convenient access to a wide range of courses for employees. By the end of 2023, the platform had more than 1,200 courses and the number of active users approximated 4,300 during the operation period in 2023.

Training Types	Training content
General Competency Training	We provide all employees with compliance training, including business ethics, anti-corruption, trade secret protection, information security and occupational health and safety, to ensure that employees' behaviour is in compliance with the norms.We also provide basic workplace training, such as the use of office software, workplace communication, business etiquette and other basic workplace training, to help employees improve their general skills.
Professional Competency Training	To align with diverse job roles and business demands, we conduct specialized competency trainings in areas like marketing, project management, OE methodologies, quality compliance, and digitalization. These trainings equip employees with the necessary professional knowledge and skills, enabling them to excel and deepen their expertise in their respective positions.
Leadership Training	We provide leadership training for managers at the junior, middle and senior levels. According to the competency requirements of managers at different levels, we provide different dimensions of leadership and communication training to cultivate and develop the comprehensive competency of team leaders so as to enhance the organizational capability.

"Future Star" School Enrolment Training

The Company has created the "Future Star" training scheme for fresh graduates, offering courses on corporate culture, foundational workplace skills, and team building. Under the guidance of a mentorship program, the Company facilitates a smooth transition for new hires from student to professional status by accelerating the development of their professional mindset, competencies, and abilities. This ensures they make a solid start in their careers, ultimately nurturing a new generation of culturally aware, business-savvy, and professionally skilled employees for the Company. In 2023, the Company had 118 school enrolments participating in "Future Star" training. Since its inception in 2018, the "Future Star" program has successfully trained more than 1,000 participants, constituting a vital talent sources for the Company's hierarchical personnel structure.

"Starlight Program" Internal Trainer Training

To more effectively consolidate knowledge within the Company and enhance internal capability-building, the Company has initiated the "Starlight Program" for internal trainer development. This program focuses on honing the essential competencies of internal trainers, culminating in a cadre of trainers capable of designing courses and delivering lectures.As of the end of 2023, the Company boasts a pool of 221 certified internal trainers who have collectively delivered over 400 lectures, continually contributing to the professional development of departmental and overall company talent.

Career development

The Company conducts performance setting and regular performance reviews for all the employees, and 360-degree feedback evaluations for some managers. By way of the personal performance management mechanism and different kinds of assessment methods, the Company performs an objective and fair assessment of the employees' performance and contributions to provide effective information for supporting aspects such as employees' incentive, personal training and development, and career development direction, as well as to promote sustainable binding development of high-performance and high potential talents with the Company. For employees who do not meet the performance requirements, their in-charge departments will formulate the plans for performance improvement together with employees and collaborate with the Human Resource Department to provide the employees with continuous counselling.

The Company has established a qualification system in line with the business and created dual channels for the employees' career development in terms of management sequence and professional sequence, providing employees with equal promotion opportunities and multiple channels to choose from for their career development. The Company has put in place an internal recruitment and rotation-transfer system to stimulate talent mobility and diversified career progression. At the same time, the Company actively pushes forward a two-way communication mechanism between managing officers and employees, values employees' feedbacks and appeals as well as assists them in sorting through their career development paths.

To facilitate the Company's overall construction of the talent team, we take regular inventory of the talent status within the organization. This talent review system enables a multi-dimensional check on talent distribution, successors and key positions teams, and a display of talent panoramic information, while the Individual Development Plan (IDP) system allows us to realize the online progress tracking of talent development plans. Furthermore, we continously optimize our position system construction to make it suit our corporate strategy.

Occupational health and safety production

ISO45001 Certificates

Our Goal

Our goal is to provide our employees with a healthy and safe working environment, ensure their occupational health and safety, enhance their motivation to work, and realize their well-being and development.

Management System and Policy

The Company has adopted international best practices to construct a comprehensive EHS management system. We have devised a stringent array of occupational health and safety protocols, encapsulated in documents like the Policy of the EHS Management, Chemical EHS Management System, and Contractor Operation Management Regulations. This covers process safety-related risk assessment, operational safety, chemical control, contractor oversight, occupational health surveillance, and EHS incident response. Moreover, the Company has pledged its Commitment of the EHS Management, committing to consistently enhance EHS performance and allocate ongoing resources to deliver a consistently healthy and secure workplace environment for both employees and stakeholders. In 2023, the Company's main operating sites, including Chongqing Changshou Plant, Jiangxi Yichun Plant, Hubei Xiaogan Plant, and Chongqing Liangjiang New District DP Plant, have all passed ISO45001 Occupational Health and Safety Management System Certification.

The Company has set up the Corporate EHS Committee to guide and supervise the EHS matters conducted by the relevant EHS organizations of each business entity, and EHS Departments have been set up in the main operation sites to be responsible for the concrete implementation of various tasks. The Company has established a production safety responsibility system to implement production safety responsibilities at all levels.

0
Employee occupational fatalities

Management Approach

Risk analysis and assessment

The Company adopts the international process hazard analysis methods of Hazard and Operability Study (HAZOP) and Structured What-if Technique (SWIFT) to perform the systematic analysis of process hazards for all the production processes. At the same time, the Company uses the Risk-based Exposure Assessment (RBEAP) tools to carry out the risk assessments of all chemicals that may be exposed to. In combination of the data from the field tests and analysis, the Company identifies and assesses the risks scientifically, formulates and implements the engineering technological protection measures, management measures and emergency measures to eliminate or reduce various risks that can endanger the employees' safety and health, as well as to minimize the occupational health risks in the workplace. Moreover, the Company has formulated the safety risk classification management and hidden danger screening management mechanism with a regular review to comprehensively identify risks and hidden dangers as well as to prevent risks. Furthermore, the Company has prepared emergency plans and strengthened emergency exercises to improve the emergency response capabilities of all the employees.

Inspection and audit

The Company conducts regular EHS inspections to ensure the safety of the production environment by timely detecting and correcting any unsafe factors and behaviours through daily inspections and regular risk and hazard investigations. To guarantee efficient enforcement of the EHS management system, the Company and its subsidiaries conduct annual EHS internal audits, examining the suitability, sufficiency, and effectiveness of the management system, along with assessing the execution and advancements of EHS policies and objectives. Upon identifying any issues, we develop and execute corrective or preventative measures, and maintain continuous follow-up actions.

Accident response

Upon an EHS accident, the Company swiftly enacts effective emergency response steps to mitigate actual or potential repercussions and promptly reports the incident. An investigative team is assembled to thoroughly examine the accident, identify root causes, and enforce remediation of hazards and preventative measures. Furthermore, the Company adheres to applicable reward and punishment regulations to assess and hold accountable the relevant departments and individuals involved in the accident. Regarding injured employees, the Company offers prompt medical care and arranges suitable psychological counselling services, as well as facilitates the work-related injury claims. During the Reporting Period, there were no work-related fatalities involving the Company's employees.

70,908 hours
Total hours of employee occupational health and safety training

Training and emergency drill

Every year, the Company conducts a range of specialized EHS training for new hires, safety management personnel, and specific operators, including EHS orientation, process safety, process hygiene, safety awareness, first aid, and more. Simulated emergency drills are also organized to reinforce employees' safety consciousness and essential skills. The Company provides professional and technical training, carries out project process risk assessment and workshops, continuously improves and organizes the ability of relevant personnel in process safety analysis, effectively identifies and controls the process safety risks of project processes, and invites experts in the industry to provide training and services on HAZOP analysis methods and practices for professional and technical personnel of production plants.

Additionally, different departments of the Company organize the EHS activity days to enable the employees' better grasp of EHS knowledge and skills in diverse forms, which include but are not limited to lectures, seminars, competitions and practices, aiming to penetrate the Company's safety culture into every aspect.

Each of the Company's sites invites the regional Red Cross to conduct emergency response training every year, with on-site teaching centred on the subjects of cardiopulmonary resuscitation, airway foreign body obstruction, trauma care, and fire extinguisher practice, to continually help employees improve their emergency response and rescue capabilities. As of the end of 2023, the number of licensed Red Cross first-aider training and cardiopulmonary resuscitation (CPR+AED) training of the Company totalled 185.

Community communication and development

Our Goal

Our goal is to facilitate social harmony and use public charitable efforts as one way to give back to society. We proactively engage in social welfare projects, channelling the positive influence of benevolence and sincerity to the wider community.

Management Approach

Community support

The Company continues to pay attention to the needs of the community and establishes an institutionalized and normalized "Open Day" system, which builds a platform for communication between the Company and the public in the community and enhances public understanding and trust. Every year, the Company expresses solicitude for the residents and sanitation workers of the community and has been awarded the Best Responsible Care Organization by the Responsible Care Association of Chongqing Changshou Economic and Technological Development Zone many times.

In June 2023, the Company hosted "Little Seeds of Safety" fire safety education event for students from Yanjia Primary School near the Company's Chongqing Changshou Plant. The initiative involved guided tours of the Company's fire control centre and mini fire stations, where children learned crucial fire prevention basics, fire avoidance tactics, and the inspection and operation of fire extinguishers. This engagement aimed to heighten the children's fire safety awareness and enhance their self-protection abilities.

Education

The Company pays attention to education and the healthy growth of our next generation, and helps education equality.

In August 2023, the Company executed its "Building Dreams with Books" charity event at Shuitang Primary School in Dafang County's Changshi Town, Bijie City, Guizhou Province. Alongside six "WeCare" Ambassadors representing institutions such as Fudan University, East China University of Technology, Nanjing University of Technology, Suzhou University, Sichuan University, and Southwest University, the Company donated books, bookshelves, and other educational resources to the schoolchildren.

In November 2023, our subsidiary Porton Jiangxi donated training and rehabilitation equipment, along with other compassionate supplies, to the Special Education School of Fengxin.

Rural revitalization

The Company actively responded to the strategic goal and requirements of our country to consolidate and expand the achievements of poverty alleviation and implement rural revitalization, and proactively participated in the relevant work in combination with its own situation. In April 2023, Porton Jiangxi carried out rural revitalization assistance activities in the industrial poverty alleviation base of Chuxin Park in Chi'an Town, Fengxin County.

Access to healthcare and well-being

Our Goal

As a company in the pharmaceutical industry, we are committed to enabling the public's early access to good medicines and supporting our customers' medicines launch with fast and good delivery. Additionally, the Company engages in public welfare activities and scientific outreach to disseminate pertinent medicinal and disease information to the public, contributing to disease prevention efforts and actively promoting healthcare accessibility.

Management Approach

The Company is dedicated to assisting customers in creating life-saving treatments through reliable services and deliveries, thereby constantly empowering global partners to expedite the provision of beneficial medicines to the public. Currently, the Company's offerings span across several therapeutic domains, including antiviral, oncology and immunomodulation, anti-infectives, neurology, cardiology, hematology and nephrology, gastroenterology and metabolic disorders, as well as rare diseases.

The Company's public welfare program "WeCare" centres on human health, using associated activities to support patients and elevates social awareness and comprehension of illnesses and healthcare.

DMD Rare Disease Themed Program

In November 2023, "WeCare" initiated the Duchenne Muscular Dystrophy (DMD) Charity Run, urging widespread community engagement and backing for the DMD community, thus advancing the first step which is to make patients visible. Employees were motivated to contribute their accumulated miles or steps to the event, with the Company matching these donations to further assist DMD patient families. Approximately 1,000 employees and their families took part in the event, amassing over 13.4 million online steps and exceeding 500 kilometres offline. Moreover, 12 groups of DMD-affected families from Chongqing joined the charity run during the offline component of the event.

In the lead-up to Rare Disease Day in February 2024, the Company joined hands with DMD-afflicted children once more to stage a two-week Art Exhibition, aiming to showcase their dreams and raise awareness about rare conditions.

GREEN DEVELOPMENT

Environmental management

Pollutant production and discharge management

Climate change

Green chemistry

05

6 CLEAN WATER AND SANITATION

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

Environmental management

Our Goal

Our goal is to improve the effectiveness of our environmental management system and to further adopt ESG practices of "zero loss and sustainable".

0

Administrative penalties for violation of laws and regulations related to environmental protection

Management System and Policy

ISO14001 Certificates

The Company strictly abides by relevant environmental laws and regulations, attaches great importance to the building of environmental management systems, and fully implements the main responsibility of environmental protection. The Company has formulated and released the Policy of the EHS Management and the Commitment of the EHS Management, committing to take effective measures to avoid, prevent, or minimise environmental impacts in all operating activities. The Company has developed a set of effective environmental management systems and policies, which are throughout the environmental and energy management involved in the processes of project building and production operation, covering air management, wastewater management, waste gas management, waste management, noise management, energy management, and environmental management of construction projects. We have defined the responsibilities of each process and environmental management objectives, as well as conducted environmental and energy management throughout the entire product lifecycle, starting with environmental risk identification.

The Company has set up an EHS Committee at the corporate level to guide and supervise EHS matters conducted by the relevant EHS organisations of each business entity, and EHS departments have been set up in the main operation sites to be responsible for the concrete implementation of various tasks in each site.

The Company's main operation sites, including Chongqing Changshou plant, Jiangxi Yichun Plant, Hubei Xiaogan Plant, and Chongqing Liangjiang New District DP Plant, have all passed the ISO14001 environmental management system certification. In 2023, the Company has not been subject to administrative penalties for violation of laws and regulations related to environmental protection.

Management Approach

• Risk prevention and control

The Company regularly conducts EHS risk assessment and hidden danger screening, and promptly conducts risk avoidance and problem remediation. In accordance with the requirements of "clear responsibilities, standardised warning, rapid response, and scientific disposal" of environmental management by crisis, the Company makes substantive efforts in environmental emergency management, aiming at the flammable, explosive, high-temperature, and high-pressure media in the production process with risk prevention and control management. Each major production site of the Company has prepared the Risk Assessment Report of Environmental Emergencies and the Emergency Plan for Environmental Incidents, which have been filed in the local environmental protection authority. The Company's manufacturing sites have emergency pools to meet the needs of emergency treatment. The Company continues to improve the EHS-integrated emergency management system. An enhanced team for safety and environmental emergencies has been built. From the preparation of the management system and the plans to the routine exercises of the team, the practical ability of all employees has been improved.

• Inspection and audit

To ensure that its operations comply with laws and regulations related to EHS, the Company annually develops an assessment plan for compliance and variance with laws and regulations, which is reviewed on a regular basis, and develops and implements corrective action plans for non-compliance items. To ensure the effective implementation of its EHS management system, the Company and its subsidiaries carry out EHS internal audits at least once a year to review and assess the appropriateness, adequacy and effectiveness of the environmental management as well as the implementation and progress of the EHS policies and targets, and formulate corrective or preventive measures for the problems found, and implement and follow up on them continuously.

The Company receives constant EHS audits and visits from customers, and in 2023, We received 12 special EHS audits and visits from customers, all of which were successfully passed.

• Training

We strive to implement an EHS culture throughout the system and provide training to our employees on EHS concepts, environmental management, and waste management to help them understand environmental laws and regulations as well as the Company's environmental management requirements and enhance their environmental awareness.

Pollutant production and discharge management

0
Cases of excess discharge of pollutants

The Company adopts a two-pronged strategy of "source control combined with end treatment". We focus on source control, process improvement, as well as energy conservation and consumption reduction in the production department and guarantee the operation of environmental facilities to meet the standards to actively promote clean production and sustainable development and to minimise the emission of pollutants. The Company has formulated policies related to pollutant treatment and emission management. We have a dedicated waste treatment team, who develops process for waste reduction and emission control, monitors sewage and exhaust gas, and supports sewage treatment technology. We carry out strict assaying and management of emissions from our Chongqing Changshou plant, Jiangxi Yichun Plant, Hubei Xiaogan Plant, Shanghai Fengxian Plant and Chongqing Liangjiang New District DP Plant, where the pollutant discharges are mainly concentrated, to ensure that the emission is up to standard. In 2023, the Company did not exceed pollutant emissions or violate relevant regulations and standards.

Wastewater management

- Management approach

The Company implements hierarchical management of the process wastewater, domestic sewage, and rainwater generated during production activities. We have established corresponding wastewater treatment manuals and equipped wastewater treatment systems and supporting devices with advanced wastewater treatment capacity meet the demand of business development. All wastewater is discharged after treatment in accordance with relevant laws and regulations and local government requirements. For example, in the Company's Chongqing Changshou Plant, the wastewater is treated by the sewage treatment station to meet the accepted standard of the centralised sewage plant before being discharged to the centralised sewage plant of the industrial park, where advanced treatment is carried out on the wastewater to meet the level-1 of the standards of national Integrated Wastewater Discharge Standard GB8978-1996 and then the sewage is discharged into the Yangtze River. The main processes for wastewater treatment include triple effect evaporation, hydrolytic acidification, as well as anaerobic and aerobic treatment.

The Company carries out daily site inspections and regular inspections and assessments to ensure the effective operation of the wastewater treatment system and facilities. The Company has formulated a self-monitoring program for COD, pH, ammonia nitrogen and other indicators in accordance with the requirements of the corresponding standards to ensure compliance of emissions. The Company is also continuing to optimise its wastewater treatment methods and improve the efficiency

Waste management

- Management approach

The Company conducts comprehensive supervision and management of the generation, collection, temporary storage, and treatment of solid wastes to ensure that the whole process is under control. Compliance disposal is carried out in accordance with the requirements of national and local regulations. Solid wastes (liquids) are collected and disposed of separately based on the classification of general wastes and hazardous wastes. General industrial solid wastes are recycled or disposed in other ways by qualified solid waste treatment organizations, domestic wastes are entrusted to the sanitation department for regular cleaning and transfer, and hazardous wastes are entrusted to qualified institutions for disposal and transferred in strict accordance with the requirements of local governments.

The Company conducts regular inspections and assessments of the daily management of solid wastes to ensure that the relevant treatment meets the requirements. The Company follows the management of "reduction, recycling, and harmlessness" for solid wastes. We promote clean production and a circular economy by implementing the principles of reducing the amount and danger of waste production, fully and reasonably utilising waste, and disposing of waste harmlessly.

Reduction
In the R&D and manufacturing phase, processes, raw materials, and packaging that generate less hazardous waste and can be recycled are recommended, and technology innovations and process improvements should be actively pursued to increase product yields and minimise the amount of hazardous waste generated.

Recycling
Recycling utilisation should be considered first for the waste generated, such as recycling paper drums, wooden pallets, and cardboard boxes. If it is really impossible for recycling utilisation, a reduction and harmless treatment can be applied.

Harmlessness
In the R&D phase, priority is given to the use of low-toxic or non-toxic raw materials to reduce the toxicity of hazardous waste, and the hazardous waste generated is entrusted to qualified institutions for centralised and harmless treatment.

Exhaust Gas Management

Management approach

Exhaust gas emissions should comply with the Emission Standards for Air Pollutants in the Pharmaceutical Industry GB37823-2019, Comprehensive Emission Standards for Air Pollutants DB50/418-2016, Emission Standards for Odor Pollutants GB14554-1993 and other standards. The Company manages the organised and unorganised exhaust gas emissions in the plants in accordance with relevant exhaust gas management policies. The Company's exhaust gas mainly comes from production departments, environmental workshops, and sewage treatment workshops and is treated by exhaust gas treatment devices to meet the standards before discharging. Taking the Company's Chongqing Changshou Plant as an example, the high-concentration exhaust gas is first condensed by ethylene glycol and washed with alkali, and then incinerated by the Regenerative Thermal Oxidizer (RTO) device to meet the emission standard before discharging. The low-concentration exhaust gas is first condensed by ethylene glycol, then sprayed with alkali and paraffin oil, and adsorbed by activated carbon to meet the emission standard before discharging.

The Company carries out daily site inspections and regular inspections and assessments to ensure the effective operation of the waste gas treatment system and facilities. The Company has formulated a self-monitoring program for volatile organic compounds, particulate matter, nitrogen oxides and other indicators in accordance with the requirements of the corresponding standards to ensure compliance of emissions.

Noise Management

Management approach

In the initial design phase of the project construction, the Company has already considered selection of low-noise equipment or noise reduction measures. Comprehensive management measures such as foundation vibration reduction, sound insulation for buildings, and distance decay are taken to control the noise from water ring vacuum pumps, centrifuges, freezers, air compressors, air blowers, and various mechanical pumps in the production departments and sewage stations to reduce harm to people and the environment.

Climate change

From global initiatives to regulatory requirements and from customer expectations to our own long-term development, climate change has become an increasingly important issue. Managing carbon footprints and reducing carbon emissions is now a topic that companies must focus on and practise.

Management System

The Company has incorporated climate change issues into its overall ESG governance and management structure. The Board of Directors' Strategy and ESG Committee is responsible for guiding and formulating the targets, strategies, organization, and management policies for climate change, and supervising the progress of the implementation of the targets, while the ESG Executive Committee composed of the management team is responsible for formulating the climate-related work plan and providing resources. The Climate Change Working Team is responsible for coordinating and advancing the implementation of relevant work plans and targets.

The Company has formally submitted the commitment to the SBTi (the Science Based Targets initiative) in February 2024 to develop near-term targets regarding greenhouse gas emission reduction over the next 24 months, ensuring that our emission collection is consistent with the efforts to limit global temperature rise to 1.5 degrees Celsius.

Total GHG emissions (Scope 1 and 2) in 2023

109,692.52

tons of CO_2e

Management Approach

GHG inventory

The Company calculates carbon emissions data in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard jointly issued by the World Resources Institute and the World Business Council for Sustainable Development. It has comprehensively organised and tracked its energy consumption and carbon footprint and almost completed an inventory of its greenhouse gas emissions in Scope 1, 2, and 3, which will serve as a guideline for the next steps in developing emission reduction targets and action measures. Based on the collection and organisation of greenhouse gas data in Scope 1, 2, and 3 from 10 domestic sites over the past 5 years, we have preliminarily identified that greenhouse gas escape, as well as electricity and steam consumption in Scope 1 and 2 will be the focus of emission reduction. At the same time, emission reduction measures for waste and fuel generated during operations, energy-related activities and operations, and employee commuting involved in Scope 3 will be defined and implemented.

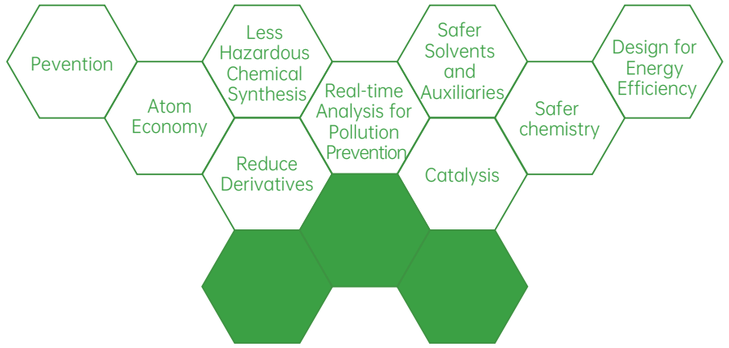
- Energy management

In the production process, the Company reduces energy consumption through process optimisation as well as equipment and facilities optimisation and transformation, such as adopting variable frequency control for high-powered pumps and forced draught fans, choosing energy-saving suspended aeration fans instead of Roots fans, reusing steam condensate to the sewage tank, and regularly cleaning heat exchangers. In the non-production process, the Company advocates green office and green travel. We actively promote the awareness of energy conservation and emission reduction throughout the Company and organize training for employees to help them develop the habit of energy saving during the their work and daily life and raise their awareness of environment protection so that everyone is a practitioner of environment protection.

In 2023, the Company's Chongqing Changshou Plant implemented a project for the waste heat utilisation of waste solvent steam during the treatment of high-concentration and high-salt wastewater, which utilises the solvent steam distilled from high-concentration and high-salt wastewater (approximately 92 degrees Celsius) to heat the high-concentration and high-salt raw water from ambient to approximately 60 degrees Celsius, realising the recycling of the waste heat, saving the use of more than 1,600 tons of steam, which is equivalent to reducing greenhouse gas emissions by 176 tons of CO_2e per year.

Green chemistry

The Company actively incorporates international advanced green chemistry concepts into the R&D process, minimises or replaces the use of environmentally hazardous reagents in accordance with the 12 principles of green chemistry, and seeks alternatives through R&D, including alternative routes and processes to reduce and replace the use of hazardous reagents. It performs EHS assessments on potentially hazardous steps, optimises process parameters and control methods, and proactively develops and employs environmentally friendly green pharmaceutical technologies such as biocatalysis, metal catalysis and continuous chemistry to improve yield, reduce waste generation and emissions, and recover solvents and heavy metals.



The 12 Principles of Green Chemistry (Anastas, P. T.; Warner, J. C. Green Chemistry: Theory and Practice, Oxford University Press: New York, 1998).

- Biocatalysis

Different from that in conventional chemical catalysts, the catalyst enzyme used in biocatalysis requires only room temperature, room pressure, and a neutral environment, with water as the solvent, being an energy-saving, carbon emission-reducing, and environmental-friendly reaction process natively. By replacing specific reactions in chemical pathways with biocatalysis with the corresponding enzymes, steps can be reduced, yield can be improved and atom economy can be enhanced, so that high energy consumption resulting from high-temperature and high-pressure reactions can be lowered and environmental pressure resulting from the extensive use of organic solvents can be eased.

The Company now is capable of fermentation of 1.5L to 300L, meeting customers' demands for enzymes from milligram-level screening to tonnage-scale industrial production. It further extends cooperation to provide customers with end-to end biocatalysis solutions covering enzyme screening, enzyme process development and enzyme manufacturing.

In a project for a multinational pharmaceutical company, the Company replaced the original technology route with biocatalysis technology, resulting in a doubling of total yield, a two-thirds reduction in PMI, a 95% and greater reduction in solid waste generated, and an 80% and greater reduction in organic solvent waste. Significant cost savings were achieved, enabling greener and more cost-effective production.

- Continuous reaction

With constantly developing innovative pharmaceutical technologies, the advantages of continuous manefacturing are becoming more and more highlighted. Continuous reaction can break through the limitations of batch reaction in some aspects, so that some reactions that cannot be scaled up or produce significant scaling effects by conventional batch reactions can be realised, which has advantages that batch production does not have. The equipment of continuous reaction technology has the features of small footprint, mobility, and modularity, and the combination of equipment is flexible and changeable, which can meet the needs of customised development. The process transfer of continuous reaction technology is robust, capable of operating in extreme reaction conditions in a safe and controlled manner, allowing flexible production processes that help improve processes, enhance product quality, and simplify scale up processes, thereby improving product quality, increasing production efficiency, and reducing production costs.

At present, relying on the flexible combination of equipment, the Company has successfully realised the scale up application of continuous reaction technology in the pharmaceutical field for many types of reactions, such as photochemistry, reactions involving organometallic reagents (low-temperature lithiation, DIBAL-H reduction, formatting reaction, etc.), hydrogenation, ozonation, nitration, formatting reagent preparation, and reactions involving hazardous reagents (H_2O_2, hydrazine hydrate, TsN_3, DPPA, etc.). The Company has a continuous production capacity of nearly 30 reaction types and a number of continuous production lines to meet the needs of the project from the early stage to commercialisation, including GMP continuous production lines. Through the continuous application of advanced green pharmaceutical technologies, energy consumption, raw and auxiliary material use and hazardous waste generation in the workshop have been effectively reduced. In addition to continuous reaction technologies, we have actively developed continuous post-processing technologies, such as continuous extraction, continuous washing, continuous desolvation, and continuous recovery of high-value solvents. A large amount of solvent usage is saved due to efficiency improvements. The use of small-volume, automated and continuous equipment also saves significant energy and workforce investment.

In an API production project previously undertaken by the Company for a pharma company, a certain step of the original process required ultra-low temperature reactions, which would result in intense heat release and significant fluctuations in yield from multiple batches of scaled-up production. This posed a high safety risk and made it difficult to manufacture on a large scale at a low cost. Through process optimisation, the Company has adopted continuous reaction technology to replace the original batch process, and furthermore, the steps that need to be completed using a 2-step batch reaction are combined to directly produce a quenched solution for the next step. A large batch of operational data shows that while yields and quality have been improved, the fluctuations in yields are relatively small. Thanks to the innovative technology, several 5,000 L reactors have been replaced, large quantities of refrigerant and heat medium have been saved, hundreds of tons of solvents have been saved in total, and production capacity has been significantly increased and can be flexibly adjusted. The process route using continuous reaction technology is safer, more stable, reliable, and environmentally friendly. Statistically, the new route has resulted in a 10% increase in yield, a 90% reduction in power consumption, an 80% reduction in workforce, and an 80% reduction in equipment usage.

Key Performance Indicator

Indicator Type	Specific Indicator		Unit	2022	2023
Economic and governance performance					
Economy	Revenue		Billion CNY	7.03	3.67
	Total taxes		Million CNY	346.42	256.09
	Employee welfare expenditure		Million CNY	40.50	28.41
Business ethics	Employee anti-corruption training coverage		%	100	100
	Lawsuits involving anti-corruption		Number of case	0	0
Social performance					
Products and Services	R&D investment		Million CNY	519.51	452.23
	Customer complaint handling rate		%	100	100
	Incidents of violations of laws and regulations of products and services		Number of case	0	0
	Incidents of violations of laws and regulations of marketing communication		Number of case	0	0
Employment	Total number of employees		Number of people	5,332	4,915
	By gender	Male	Number of people	3,427	3,088
		Female	Number of people	1,905	1,827
	By age	Below 30	Number of people	2,081	1,686
		30–50	Number of people	2,906	2,850
		Above 50	Number of people	345	379
	By education	Master's degree and above	Number of people	1,063	1,056
		Bachelor's degree	Number of people	2,088	1,933
		Others	Number of people	2,181	1,926
	By region	Asia	Number of people	/	4,713
		North America	Number of people	/	168
		Europe	Number of people	/	34
	By employment type	Full-time	Number of people	/	4,915
		Other forms of employment (such as dispatch workers, interns, etc.)	Number of people	/	123
	New employees		Number of people	/	826
	By gender	Male	Number of people	/	514
		Female	Number of people	/	312
	By age	Below 30	Number of people	/	399
		30–50	Number of people	/	404
		Above 50	Number of people	/	23

Indicator Type	Specific Indicator		Unit	2022	2023
Employment	Annual total compensation ratio[1]		%	/	2,277
	Employee engagement		/	4.20	4.09
	The occurrence frequency of discrimination and harassment incidents		Number of times	0	0
	Number of child labour and forced labour incidents		Number of case	0	0
Diversity and equal opportunity	Proportion of non-Chinese employees		%	/	4.29
	Proportion of non-Han Chinese employees		%	/	4.07
	Proportion of employees with disabilities		%	/	0.33
	Proportion of female among junior management		%	/	31.14
	Proportion of female among middle management		%	/	20.93
	Proportion of female among senior management		%	/	23.08
	Proportion of female on the Board of Directors		%	33.33	44.44
	The gender pay gap - wage average[2]		%	/	87
	The gender pay gap - wage median[2]		%	/	104
	The gender pay gap - bonus average[2]		%	/	82
	The gender pay gap - bonus median[2]		%	/	103
Employee retention	Employee turnover rate		%	13.87	19.31
	By gender	Male	%	/	20.64
		Female	%	/	16.95
	By age	Below 30	%	/	23.19
		30–50	%	/	17.46
		Above 50	%	/	14.45
	By region	Asia	%	/	19.56
		North America	%	/	15.15
		Europe	%	/	0.00

Indicator Type	Specific Indicator		Unit	2022	2023
Employee training and development	Percentage of employees trained		%	/	100
	By gender	Male	%	/	100
		Female	%	/	100
	Average training hours of employees		Hour	90	170
	By gender	Male	Hour	/	172
		Female	Hour	/	167
	By job position	Non management employees	Hour	/	183
		Junior management	Hour	/	101
		Middle management	Hour	/	29
		Senior management	Hour	/	43
	Proportion of employees receiving regular performance appraisals		%	100	100
Occupational health and safety	Participation rate of employees in occupational health examinations		%	100	100
	Number of occupational disease occurrences among employees		Number of Times	0	0
	Employees' work-related fatalities		Person	0	0
	Lost days due to employees' work injury		Day	/	485
	Coverage rate of occupational health and safety training for employees		%	100	100
Supplier management	Total number of suppliers[4]		Number	/	3,263
	Number of suppliers conducting social impact assessments		Number	/	30
	Number of suppliers conducting environmental impact assessments		Number	/	30
	Proportion of local supplier procurement expenditure		%	/	94
	Total hours of training of suppliers		Hour	/	510
Communities	Amount invested in community welfare and charitable donations[5]		Million CNY	0.55	0.79
Environmental performance					
Environmental management	Environmental investment		Million CNY	104.48	116.90
Energy[3]	Purchased electricity		MWh	102,531.40	114,018.27
	Purchased steam		GJ	29,200.62	26,319.28
	Natural gas		Cubic meter	1,438,266.00	2,223,329.00
	Gasoline		Liter	53,730.82	34,664.45

Indicator Type	Specific Indicator	Unit	2022	2023
Energy[3]	Fixed-source diesel	Ton	/	52.04
	Combined energy consumption	MWh	/	146,286.65
	Comprehensive energy consumption intensity	MWh/RMB'0,000	/	0.40
Greenhouse gas emissions[3]	Scope 1	Tons of CO2 equivalent	20,121.61	19,859.89
	Scope 2	Tons of CO2 equivalent	85,495.00	89,832.63
	Total greenhouse gas emissions (Scope 1 and 2)	Tons of CO2 equivalent	105,616.61	109,692.52
	GHG emissions intensity (scope 1 and scope 2)	Tons of CO2 /RMB'0,000	/	0.30
Water resource[3]	Total water consumption	Cubic meter	781,460.60	840,351.36
	Municipal water consumption	Cubic meter	/	840,351.36
Wastewater management[6]	Total wastewater discharge	Cubic meter	692,906.00	625,327.36
	Chemical oxygen demand (COD) emissions	Ton	112.40	68.20
	Ammonia nitrogen (NH_3-N) emissions	Ton	6.94	2.25
Exhaust gas management[6]	Total exhaust gas emissions	Cubic meter	1,765,928,560.00	2,296,151,186.00
	Particulate matter (PM) emissions	Kg	/	6,190.08
	Nitrogen oxide (NOx) emissions	Kg	/	1.94
	Sulphur dioxide (SO_2) emissions	Kg	/	0.9
	VOCs (volatile organic compounds) emissions	Kg	45,410.00	26,205.39
Waste management[6]	Total non-hazardous waste	Ton	307.98	735.44
	Non-hazardous waste generation per unit of revenue	Ton/RMB'0,000	/	0.0020
	Total hazardous waste	Ton	10,655.04	22,680.62
	Hazardous waste generation per unit of revenue	Ton/RMB'0,000	/	0.0618

Notes:

1. Annual total compensation ratio = Annual salary of the highest-paid individual / Median annual salary of all employees, data excluding US and European employees due to privacy regulations.
2. Salary data do not include employees from the US and Europe due to privacy regulations.
3. Energy, greenhouse gas emissions, and water resource-related indicators data do not cover Suzhou, Shanghai Waigaoqiao and overseas operating sites.
4. The total number of suppliers includes all suppliers that have been admitted as of December 31, 2023.
5. Community welfare contributions and charitable donations: Due to adjustments in data criteria, the data for 2022 has been adjusted accordingly.
6. For waste water management, waste gas management, and waste management-related indicators, data for 2022 only cover Chongqing Chongqing plant, Chongqing Shuitu R&D Center, Jiangxi Yichun Plant, Hubei Xiaogan Plant, and Chongqing Liangjiang New District DP Plant, Shanghai Fengxian Plant. Data for 2023 cover all operating sites in China except for Suzhou and Shanghai Waigaoqiao.
7. Indicators marked with "/" are disclosed for the first time in the 2023 report.

Appendix I: Indicator Index

GRI Indicator Index

Instructions for use	Porton reported information referenced in this GRI Content Index according to GRI standards for the period from 1 January to 31 December 2023.
GRI 1	GRI 1: Foundation 2021

GRI Standards	Disclosure Item		Sections
GRI 2: General Disclosure 2021	2-1	Organizational details	The Company profile
	2-2	Entities included in the organization's sustainability reporting	About This Report
	2-3	Reporting period, frequency and contact	About This Report
	2-4	Restatements of information	No
	2-5	External assurance	Appendix V: External Verification Report
	2-6	Activities, value chain and other business relationships	The Company profile Supply chain security
	2-7	Employees	Employment
	2-8	Workers who are not employees	Key Performance Indicator
	2-9	Governance structure and composition	Key Performance Indicator
	2-10	Nomination and selection of the highest governance organization	Corporate governance
	2-12	Role of the highest governance body in overseeing the management of impacts	ESG governance structure
	2-13	Delegation of responsibility for managing impacts	ESG governance structure
	2-14	Role of the highest governance organization in sustainable development report	Material Topics
	2-15	Conflict of interest	Corporate governance
	2-16	Communication of key concerns	ESG governance structure
	2-17	Collective knowledge of the highest governance organization	ESG governance structure
	2-19	Remuneration policy	Corporate governance
	2-20	Process to determine remuneration	Corporate governance
	2-21	Annual total compensation ratio	Key Performance Indicator
	2-22	Statement on sustainable development strategy	ESG concept
	2-23	Policy commitments	Operation compliance Business ethics Employment
	2-24	Embedding policy commitments	Operation compliance Business ethics Employment
	2-25	Processes to remediate negative impacts	Business ethics
	2-26	Mechanisms for seeking advice and raising concerns	Business ethics
	2-27	Comply with laws and regulations	Key Performance Indicator
	2-28	Membership associations	The Company profile
	2-29	Approach to stakeholder engagement	Stakeholders
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Material Topics
	3-2	List of material topics	Material Topics
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	The Company profile Key Performance Indicator
	201-4	Financial assistance received from government	Key Performance Indicator
GRI204: Procurement Practice 2016	204-1	Proportion of spending on local suppliers	Key Performance Indicator
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Business ethics
	205-2	Communication and training about anti-corruption policies and procedures	Business ethics
	205-3	Confirmed incidents of corruption and actions taken	Business ethics Key Performance Indicator
GRI 206: Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	Business ethics
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Key Performance Indicator
	302-3	Energy intensity	Key Performance Indicator
	302-4	Reduction of energy consumption	Climate change
GRI 303: Water Resources and Wastewater 2018	303-3	Water extraction	Key Performance Indicator
	303-4	Water discharge	Key Performance Indicator
	303-5	Water consumption	Key Performance Indicator
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Key Performance Indicator

GRI Standards	Disclosure Item	Sections
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	Key Performance Indicator
	305-3 Other indirect (Scope 3) GHG emissions	Key Performance Indicator
	305-4 GHG emissions intensity	Key Performance Indicator
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions Waste generation and significant	Key Performance Indicator
GRI 306: Waste 2020	306-1 waste-related impacts	Pollutant emission management
	306-2 Actions taken to prevent waste	Pollutant emission management
	306-3 generation	Key Performance Indicator
	306-4 Composition of waste generated	Key Performance Indicator
	306-5 Recovery operations used to divert waste from disposal	Key Performance Indicator
GRI308: Supplier Environment Assessment 2016	308-2 Disposal waste	Supply chain security Key Performance Indicator
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Key Performance Indicator
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment
	401-3 Parental leave	Employment
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational health and safety production
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety production
	403-3 Occupational health services	Occupational health and safety production
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety production
	403-5 Worker training on occupational health and safety	Occupational health and safety production
	403-6 Promotion of worker health	Occupational health and safety production
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety production
	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety production

GRI Standards	Disclosure Item	Sections
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	Occupational health and safety production
	403-10 Work-related ill health	Key Performance Indicator
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Key Performance Indicator
	404-2 Programs for upgrading employee skills and transition assistance programs	Human capital development
	404-3 Percentage of employees receiving regular performance and career development reviews	Key Performance Indicator
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of governance organizations and employees	Corporate governance Diversity, equity and inclusion
	405-2 Ratio of basic salary and remuneration of women to men	Key Performance Indicator
GRI 406: Anti-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Employment
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employment
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Employment Key Performance Indicator
GRI 409: Forced or Compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Employment Key Performance Indicator
GRI413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community communication and development
	413-2 Operations with significant actual and potential negative impacts on local communities	Community communication and development
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Supply chain security Key Performance Indicator
GRI 415: Public Policy 2016	415-1 Political contributions	The Company does not engage in any political contributions
GRI416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product quality and safety
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Key Performance Indicator
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Key Performance Indicator
	417-3 Incidents of non-compliance concerning marketing communications	Key Performance Indicator
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	IP Protection Data and information security

United Nations Sustainable Development Goals

UN SDGs	Chapters corresponding to relevant actions
3 GOOD HEALTH AND WELL-BEING	Excellent Services and Common Development
5 GENDER EQUALITY	Common Development
6 CLEAN WATER AND SANITATION	Green Development
8 DECENT WORK AND ECONOMIC GROWTH	Common Development
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Excellent Services
10 REDUCED INEQUALITIES	Common Development
11 SUSTAINABLE CITIES AND COMMUNITIES	Green Development and Common development
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible Operation, Excellent Services and Green Development
13 CLIMATE ACTION	Green Development

Appendix II: List of Subsidiaries

Name of the Company	Notes
Porton Pharma Solutions Ltd.	The Company, the operating locations are Chongqing Changshou Plant and Chongqing Shuitu R&D Center
Porton Pharma (Jiangxi) Co., Ltd.	A wholly-owned subsidiary of the Company, the operating location is Jiangxi Yichun Plant
Porton (Shanghai) R&D Center	A wholly-owned subsidiary of the Company
Hubei Yuyang Pharmaceutical Co., Ltd.	A wholly-owned subsidiary of the Company, the operating location is Hubei Xiaogan Plant
Porton Pharmatech Co., Ltd.	A wholly-owned subsidiary of the Company, the operating location is Chongqing Liangjiang New District DP Plant
Porton Pharma (Shanghai) Co., Ltd.	A wholly-owned subsidiary of the Company, the operating location is Shanghai Fengxian Plant
Porton Pharma Solutions Ltd. (CHENGDU)	A wholly-owned subsidiary of the Company
Porton IMP&EXP. Ltd.	A wholly-owned subsidiary of the Company
Porton Biologics Research Institute Co., Ltd.	A wholly-owned subsidiary of the Company
Chongqing Porton Innova Biologics Ltd.	A wholly-owned subsidiary of the Company
PharmaOryx Technology Co., Ltd.	Originally a holding subsidiary of the Company, completing the industrial and commercial registration on 3 April 2024 and becoming a wholly-owned subsidiary of the Company, and now renamed as "Chongqing Porton Zhiyun Technology Co., Ltd."
Porton Pharma (Zhangjiagang) Co., Ltd.	A wholly-owned subsidiary of the Company
Porton Pharmatech (Shanghai) Co., Ltd.	A wholly-owned secondary subsidiary of the Company
Chongqing Boxing Pharmaceutical Co., Ltd.	A wholly-owned secondary subsidiary of the Company
Shanghai Porton Nova Biologics, Ltd.	A wholly-owned secondary subsidiary of the Company
Shanghai Porton Nova Biologics (WGQ), Ltd.	A wholly-owned tertiary subsidiary of the Company, starting operations at Shanghai Waigaoqiao in September 2023
Porton Advanced Solutions Ltd.	A holding secondary subsidiary of the Company

Name of the Company	Notes
Porton Biotechnologies Ltd.	A holding tertiary subsidiary of the Company
Porton Hong Kong Limited	A wholly-owned subsidiary of the Company
Porton Europe NV	A wholly-owned subsidiary of the Company in Belgium
Porton Pharmaceutical Chemicals GmbH	A wholly-owned subsidiary of the Company in Switzerland
Porton Americas, Inc.	A wholly-owned subsidiary of the Company in the US
Porton USA, L.L.C.	A wholly-owned subsidiary of the Company in the US
J-STAR Research, Inc.	A wholly-owned secondary subsidiary of the Company in the US
Porton Pharmasolutions Denmark AsP	A wholly-owned secondary subsidiary of the Company in Denmark
Porton PharmaTech, d.o.o.	A wholly-owned subsidiary of the Company in Slovenia
Porton Advanced Solutions LLC	A holding tertiary subsidiary of the Company in the US

Appendix III:Internal Policy Overview

Internal policies
Articles of Association
Rules of Procedure of the Board of Directors
Rules of Procedure of Board's Audit Committee
Rules of Procedure of Board's Comprensation and Appraisal Committee
Rules of Procedure of Board's Nomination Committee
Working System for Independent Directors
Remuneration and Appraisal Management Policy for Directors, Supervisors and Senior Executives
Rules of Procedure of Board's Strategy and ESG Committee
Rules of Procedure of the ESG Executive Committee
Employee Code of Business Conduct
Employee Handbook
Whistleblowing and Complaint Management System
Employee Reward and Punishment Management System
Employee Discipline and Punishment Management Measures
Internal Audit Management System
Internal Supervision and Management System
Intellectual Property Manual
Patent Management Measures
Trade Secret Protection Management System
Outsourcing Procurement Intellectual Property Management System
Information Security Management Policy
Information Security Incident Management System
Information Management System
Quality Manual
Sustainable Procurement Policy
Supplier Management Regulations
Supplier Relationship Management Measures
Supplier Code of Conduct
Recruitment Management Methods
Diversity, Equity, and Inclusion Policy
Training Policy
Qualification Management Measures
Job Rotation Management Measures
Policy of the EHS Management
Commitment of the EHS Management

Appendix IV: Definition Table

Item	Content
CDMO	Contract Development and Manufacturing Organization
mAb	Monoclonal Antibody
OEB	Occupational Exposure Band
VPN	Virtual Private Network
DLP	Data Loss Prevention
PDCA	Plan, Do, Check and Act
MAM	Mobile Application Management
ICH	The International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use
CAPA	Corrective Actions and Preventive Actions
GMP	Good Manufacturing Practice
WHO	World Health Organization
FDA	Food and Drug Administration
PMDA	Pharmaceuticals and Medical Devices Agency
NMPA	National Medical Products Administration
EMA	European Medicines Agency
OOS	Out-of-Specification
ERP	Enterprise Resource Planning
EQMS	Enterprise Quality Management System
EDMS	Electronic Document Management System
ETMS	Electronic Training Management System
SMDS	Smart Manufacture Digital System
LIMS	Laboratory Information Management System
DCS	Distributed Control System
PMI	Process Mass Intensity
SFC	Supercritical Fluid Chromatography
PCT	Patent Cooperation Treaty
EHS	Environment, Health and Safety
AI	Artificial Intelligence
RTO	Regenerative Thermal Oxidizer

Appendix V: External Verification Report

Independent Verification Statement

To the management and stakeholders of Porton Pharma Solutions Ltd.,

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by Porton Pharma Solutions Ltd. (hereinafter referred to as "Porton" or "the Company") to perform an independent third-party verification on its "2023 Environmental, Social and Governance Report" (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with Porton and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by Porton and provided to TÜV SÜD. The scope of verification is limited to the given information. Porton shall be held accountable for authenticity and completeness of the provided data and information.

Scope of Verification

Time frame of this verification:

- The Report contains the data disclosed by Porton during the reporting period from January 1st, 2023 to December 31st, 2023, including economic, environmental and social related information and data, methods for management of substantial issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- The on-site verification sampling took place at below listed location:
  No. 7 Yuntu Road, Beibei District, Chongqing, China.

Scope of data and information for the verification:

- The scope of the verification is limited to the data and information of Porton and the enterprises/projects under its operational control covered by the Report.

The following information and data are beyond the scope of this verification:

- Any information and contents beyond the reporting period of this Report; and
- The data and information of Proton's suppliers, partners and other third parties; and
- The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

Limitations

- The verification process is conducted in the above scope and place. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1st, 2023 are beyond the scope of this verification.

Basis for the Verification

This verification process was conducted by TÜV SÜD's expert team with extensive experience in the economic, environmental, social and other relevant areas and drew the conclusions thereof. The verification conforms to the following standards:

ID: 282713 Revision: 0 - released Effective: 25 Aug 2023

TUV SUD Certification and Testing
(China) Co., Ltd. Shanghai Branch
No.151 Heng Tong Road,
Shanghai 200070

Tel: +86 21-61410123
Fax: +86 21-61408600
Web: www.tuvsud.com

Independent Verification Statement

- *International Standard on Assurance Engagements ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, Limited Assurance*
- *TÜV SÜD Procedure of Verification on Sustainability Report*

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

- Preliminary investigation of the relevant information before the verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- On-site verification of all supporting documents, data and other information provided by Porton; tracing and verification of key performance information;
- Special interview with the representative of Proton's management; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

Verification Conclusions

According to the verification, we believe that the data and information presented in the Report are objective, factual and reliable, without systematic problems, and can be used by stakeholders.

The verification team has drawn the following conclusions on this Report:

Inclusivity	Porton has fully identified the Company's internal and external stakeholders, such as shareholders and investors, governments and regulators, customers, suppliers, employees, communities and the public, the environment, etc., and has established a stakeholder communication mechanism to regularly collect the real demands of stakeholders.
Materiality	Porton has established the prioritization process of material topics determination, identified and assessed the priority of the sustainability topics which are highly related to the industry, the Company disclosed the strategy, management approach as well as sustainability performance in corporate operation, therefore the Report's adherence to materiality principle is guaranteed.
Responsiveness	Focusing on topics of concern to stakeholders, Porton has clearly disclosed its approach and performance in managing major topics in the areas of product quality and safety, human capital development, climate change, occupational health and safety, R&D and innovation, data and information security, operational compliance, intellectual property protection, customer service etc. and has established a communication mechanism to adequately respond to stakeholder requests and expectations.
Impact	Porton has established Board of Directors' the Strategic and ESG Committee to study the Company's ESG trends, risks and opportunities, monitor sustainability performance, continue to promote corporate sustainability work process.

Recommendations on Continuous Improvement

- It is recommended that the Company may respond to the identified substantive topics with performance indicators and disclose more substantive topics of high relevance to the industry in future reports.

Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specializes in testing,

ID: 252713 Revision: 0 - released Effective: 25 Aug 2023

Independent Verification Statement

certification, auditing and advisory services. Since 1866, the company has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. Through expert teams represented by more than 26,000 employees, it adds value to customers and partners by enabling market access and managing risks. By anticipating technological developments and facilitating change, TÜV SÜD inspires trust in a physical and digital world to create a safer and more sustainable future.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.

TÜV SÜD and Porton are two entities independent of each other and both TÜV SÜD and Porton and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral. All the data and information in the Report are provided by Porton. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd.

Zhu Wenjun

TÜV SÜD Sustainability Authorized Signatory Officer

April 23, 2024

Chongqing, China

Note: In case of any inconsistency or discrepancy, the simplified Chinese version "Independent Verification Statement CN" of this verification statement shall prevail, while the English translation is used for reference only.

ID: 252713 Revision: 0 - released Effective: 25 Aug 2023