



# Shengda Bio-Pharm

## 2025 | Environmental, Social and Corporate Governance Report

Zhejiang Shengda Bio-Pharm Co., Ltd.



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# About this Report

This report is the first copy of "Report of Environmental, Social, and Corporate Governance" issued by Zhejiang Shengda Bio-Pharm Co., Ltd. ("Shengda Bio-Pharm", "Shengda", "Company", or "the Company"). Subsequent reports will be published regularly on annual basis. The Report of Environmental, Social, and Corporate Governance in 2025 ("this Report") will elaborate in all respects the corporate policy and concept on sustainability, as well as its performance in environmental, social, and corporate governance ("ESG") for the year 2025.

## Organizational Boundary

This report covers Shengda and its subsidiaries, with certain sections involving the controlling shareholders of the company, specifically including:

- ▶ Zhejiang Shengda Group Co., Ltd ("Shengda Group", the controlling shareholder of the company)
- ▶ Anhui Shengda Bio-Pharm Co., Ltd. ("Anhui Shengda", a subsidiary of the company)
- ▶ Tongliao Shengda Biological Engineering Co., Ltd. ("Tongliao Shengda", a subsidiary of the company)
- ▶ Zhejiang Silver-Elephant Bio-engineering Co., Ltd. ("Silver-Elephant", a subsidiary of the company)
- ▶ Zhejiang Shengda Bio Research Institute Co., Ltd. ("Research Institute", a subsidiary of the company)
- ▶ Zhejiang Yitao Food Technology Co., Ltd. ("Yitao Food", a sub-subsidiary of the company)

## Time Framework

The reporting period primarily covers year 2025 (a period from January 1, 2025, to December 31, 2025). To ensure the continuity of information and data, reference is made to historical data in some sections.

## Compilation Principles

This report is developed mainly based upon the No. 14 Self-Regulatory Guidelines for Listed Companies in Shanghai Stock Exchange- Sustainability Reports (Trial) and No. 4 Self-Regulatory Guidelines for Listed Companies in Shanghai Stock Exchange- Sustainability Report Development, with appropriate reference to international standards such as the IFRS Sustainability Disclosure Standards of the International Sustainability Board's (ISSB), and the GRI-Standards of the Global Sustainability Standards Board's (GSSB). It contains the company's commitment and actions to the United Nations Sustainability Goals (UN SDGs), and shows its efforts made under the ten principles of the United Nations Global Compact.

## Data Source

The key financial data in this report is sourced from the audited Annual Report of Zhejiang Shengda Bio-Pharm in 2025, while other data is sourced from the corporate internal documents and audit statements etc. Unless as noted otherwise, the currencies contained herein are in CNY. Appropriate authority and license have been duly granted for use of the pictures in this report.

## Language

This report is developed and publicized in simplified Chinese, with an English version thereof made available. In the event of any discrepancy between the different versions, the version in Chinese shall take precedence.

## Release Form and Accessibility

The report is publicized in electronic format, which is accessible via the company website (<http://www.sd-pharm.com/>). Please feel free to contact us via the way below if you have any advice on the report:

✉ E-mail: [zqb@sd-pharm.com](mailto:zqb@sd-pharm.com)

# Chairman's Speech

Dear stakeholders:

China is now in an important transitional period for its economic and social development. With the furthering of the outlined "Healthy China 2030" plan and "Dual Carbon" strategic goals, the biopharmaceutical industry comes to a historical intersection for green development and industrial upgrading. This is not only a historical mission bestowed upon us by the era, but also the strategic opportunity we must seize for our development. As a pioneer in the fields of vitamins and bio-preservatives, Shengda Bio-Pharm is committed to the vision of being a "Guardian of Health", aiming to provide safe and high-quality health products for its global consumers as driven via technical innovation and green development. To this end, we are setting up systematically an ESG governance framework and "HEALTH" strategic framework, which are normalized, effective and complying with the cutting-edge industry standard. We have publicized officially the company's first ESG report. It is not only a milestone towards sustainability, but also our serious commitment we made with respect to the thorough review and continuous improvement of the company's non-financial performance.

## Green operation: Technical innovation for High-level Safety

In 2025, Shengda Bio-Pharm tackled the pressing challenges in energy consumption by using new quality productive forces in such fields as water resource recycling in the folic acid (Vitamin B9) workshop, steam energy efficiency improvement in the nisin production line and synergy of photovoltaic and waste heat recovery systems. The company is becoming gradually a green and innovative producer. In the meantime, it has formed a rigorous safety protection network through a dual prevention mechanism for risk control and potential hazard governance to achieve zero major environmental and safety accidents throughout the year. It maintained a lifeline of green development to build a safety barrier for its employees, communities and the society.

## Quality Innovation: Strive for Excellence to Ensure Enduring Success

In 2025, Shengda Bio-Pharm continued to consolidate its technical strength in the industry. Powered by a highly skilled R&D team led by doctoral and master's degree holders, alongside a high-throughput R&D platform, it made sustained breakthroughs in key technological areas such as bio-fermentation, chemical synthesis, and process development, driving Bio-pharm toward greater efficiency and sustainability. In response to the market's growing demand for healthy products, the company has been working continuously to tackle the industry-wide challenge of reconciling "natural health" with "long-term preservation." With a deep sense of responsibility, it refined the product quality and, through a full life-cycle quality management system, established "Shengda Manufacturing" as a hallmark for QA.

## Be People-oriented: Create Platforms for Sharing Achievements

In 2025, Shengda Bio-Pharm took talent as the most powerful engine of development. With the improvement of a dual-channel promotion system and the performance of the employee shareholding plan, the company has enabled every dedicated individual to become a beneficiary of the company's growth. It showed deep concern and cared its employees by organizing various recreational and sports activities and stressing on their physical and mental health management. The company focused not only on the output of its employees but also on the quality and dignity of their life.

## Social Responsibility: Pass on Goodwill to Promote Social Progress

In 2025, Shengda Bio-Pharm continued, as usual, its efforts to integrate corporate development into social progress. With operation of the Group's "An Yang Yuan", we explored a practical way for high-quality elderly care services. Through execution of agreement for joint construction, it injected capital and industrial resources into the rural areas to improve the growth of collective economy. It also set an education incentive fund to plant the "Shengda Hope" and drive further development of education institutions. The company is writing a great Shengda chapter in advancing common prosperity through its moral practice and contribution to the society.

## Compliance Governance: Law-abiding Operation to Secure Steady Development

In 2025, Shengda Bio-Pharm continued to shift its compliance awareness to a core management instinct. By applying a comprehensive due diligence mechanism, it fully identified and assessed compliance exposed risks so as to safeguard the risks at the source. It maintained a "zero-tolerance" policy towards commercial bribery and corruption to foster a clean and transparent business environment through well-established supervision mechanisms and strict accountability systems. The company is positive in promoting the creation of a fair and transparent market competition framework, respecting intellectual property rights and opposing unfair competition. It encouraged its partners to jointly enhance the compliance standards, working together to build a healthy and orderly industrial ecosystem.

Looking back on our journey, we have taken solid and firm steps; looking ahead, we are full of confidence. Standing at a new historical starting point, Shengda Bio-Pharm will deepen its ESG practices with a higher stance, broader vision, and more concrete measures to propel the company's high-quality development. It will integrate deeply the ESG concept into the "15th Five-Year Plan", making sustainability a core pillar of its corporate strategy. The company will systematically advance the comprehensive implementation of the HEALTH (Health, Environment, Innovation, Humanity, Supply Chain, Business Ethics) strategy to ensure ESG takes root and flourish in all of its business operations. Let's join our hands and support one another, more resolutely, pragmatically and innovatively, to collectively write a new chapter in Shengda Bio-Pharm's high-quality development and create jointly a greener, healthier, and brighter future!

# About Shengda Bio-Pharm




## Company Profile

Shengda Bio-Pharm (Stock Code: 603079) is primarily engaged in the R&D, production, and sales of vitamins and food additives. Its product slate covers vitamin products such as D-Biotin (Vitamin B7) and folic acid (Vitamin B9), as well as biological preservative and functional ingredient products including nisin, natamycin, and ε-polylysine hydrochloride. Based on a world-class quality management system, the company has established a standardized and regulated operation system, and continuously provides high-quality products and services to customers around the world.

As one of the earliest companies in China to engage in the production of D-Biotin, the company is a major global supplier for D-Biotin and folic acid, also one of the earliest domestic producers of bio-preservatives, which is recognized as a leading enterprise in the food additive industry in Zhejiang Province, a provincial "Potential Champion" in its industry, a key agricultural research institute in Zhejiang Province and a national-level "Little Giant" enterprise. It enjoys a high fame and reputation in the global food additive industry. Based upon its years of operational experience, continuous technical innovation, process optimization, and application development, the company has established itself as a leader in the product segment sector. It is leading globally in terms of mass production capacity, technical expertise, product market share and brand recognition. The Company has also been honored with titles such as "China Quality Integrity Enterprise", "Mid-sized Enterprise with High Growth Potential in Zhejiang Province", and "Model Enterprise for Industrial Circular Economy in Zhejiang Province" etc.

The company deeply implements its forward and backward integration development strategy to fully integrate the resources of its subsidiaries, enhance synergies and coordination, and steadily to advance the construction of the entire industrial chain. In terms of forward integration, the company has continued to optimize innovative processes, enhance product quality, and actively pursue various authoritative accreditation. It has undergone the AEO Advanced Certification from the customs and obtained the CEP certificate for D-Biotin issued by the European Directorate for the Quality of Medicines & HealthCare (EDQM), becoming the first certified domestic manufacturer of pharmaceutical-grade D-Biotin. Additionally, it has completed the registrations for D-Biotin and folic acid in India, steadily expanding into the API pharmaceutical sector. In terms of backward integration, the company has established production bases in Anhui and Tongliao, creating the synthesis base and the Tongliao fermentation base in Anhui Province. These facilities provide upstream raw material security and production capacity support for products such as vitamin series, environmentally friendly water-based polyurethane series, bio-preservatives, and functional ingredients. Among the above, Tongliao Shengda has, via leveraging economies of scale, process optimization, lean management, and a circular industrial chain layout, established its systematic and structural cost advantages to continuously enhance its core competitiveness and profitability.

The company adheres to its core values of "customer first, people orientation, professionalism and integrity for mutual benefit". It is mainly engaged in the vitamin and natural preservative business, aiming to become an outstanding enterprise in the world by providing safe, sustainable, and innovative solutions on foods, feed additives and natural preservatives for its customers in the global food and animal nutrition sector.

Main Business		
Maintain Global Health and Nutritional Balance	Provide Biological Preservation Solutions for Multiple Scenarios	Lead the Healthy and Sustainable Development of the Food Industry
 <p>D-Biotin (Vitamin B7)    Folic Acid (Vitamin B9)    Riboflavin (Vitamin B2)</p>	 <p>Nisin    Natamycin    ε-polylysine</p>	 <p>Dry Vinger    Fermented Sugar</p>

Main Applications

Vitamins

Bio-preservatives and Functional Gradients



Animal Nutrition



Animal Nutrition



Vitamin Supplement



Vitamin Drink



Sauce and Sauce Products



Milk and Dairy Products



Canned Food



Braised Pork



Vinegar, Coffee, and Tea Beverages



Compound Seasoning



Cheese



Pastry



Fruit and Vegetable Juice



Sauce Braised Pork



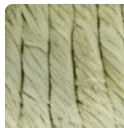
Bacon



Western-style Ham



Cooked Rice



Pasta



Sushi



Meat Products



Barbecued Food



Snack Foods



Seasoning



## Corporate Culture and Values

### Customer First

Respect customers, understand them, and assist them from their perspective; Manage expectations, balance customer needs and strive for maximal mutual benefit.

### Benefit yourself and Others

Act with love and responsibility, respect and understand others, put yourself in other's shoes and keep the big-picture in mind to benefit others via your acts.

### Embrace Change

Face change with a positive mindset, respond to change with effective actions, and foster personal and creative development through changes.

### Professional Expertise & Specialization

Focus and excel. Promote both the corporate and individual expertise simultaneously. Improve continuously the corporate professional standards in practice.

### Work Happily

Be joyful in the work that creates value, Work as much as you enjoy life, and Live your life as seriously as you treat your work.

### Learn and Grow

Continuously engage in open communication, absorb advanced ideas, and constantly renew your skills and knowledge, ensuring your learning outpaces the speed of changes.

# Historical Evolution

1998-1999

## Company incorporation

Acquire Tiantai Pharmaceutical Works via competitive bidding and establish Shengda Pharmaceutical to start operations in the vitamin industry. In 1999, Shengda Bio-Pharm was incorporated.

2009

## Leading market share

Shengda Bio-Pharm has become the world's largest supplier for D-Biotin so far.

2011-2014

## Business expansion

Through strategic expansion, the company acquired Zhejiang Silver-Elephant, a renowned bio-preservatives manufacturer, and Anhui Changming Pharmaceutical. It subsequently established Anhui Shengda to lay out a synthetic industry base.

2017

## Listed on the A-share main board market

The company expanded its global business and was listed on the main board of the Shanghai Stock Exchange in the same year (stock code: 603079)

2018

## Expand into Tongliao

The company acquired Tongliao Huanghelong Bio-Engineering Co., Ltd. and established Tongliao Shengda Bio-Engineering Co., Ltd., to strategically lay out a fermentation industry base and expand the layout of a big health industry.

2025

**Strengthen production and improve quality**

The company successfully completed its first private placement fundraising. Powered by capital empowerment, it has steadily expanded its product portfolio, bringing its industrial scale and operational quality to a new level.

2024

**Jointly build a cornerstone of development**

The company rolled out an employee stock ownership plan to provide incentives for key talent. By increasing market-driven R&D investment and leveraging innovations in synthetic biology processes to achieve breakthroughs in critical technologies, it is advancing its sustainability.

2023

**Focus on differentiated competition**

The company is deeply engaged in the high-specification pharmaceutical-grade vitamin sector, steadily expanded its food preservation business, and achieved remarkable results in the innovation and implementation of circular production processes.

2022

**Deepen business structure**

For the first time, revenue from the food QA and ingredient sector surpassed that of the vitamin industry, becoming the company's pillar business.

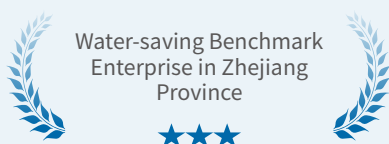
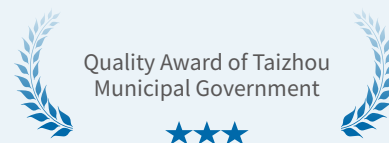
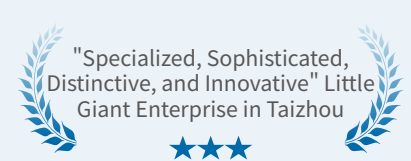
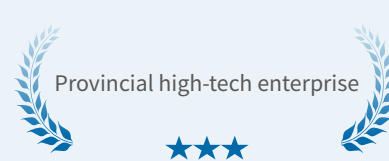
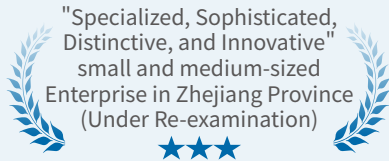
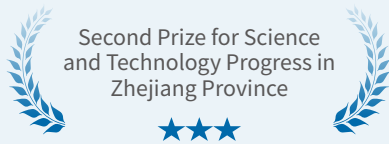
2019

**Issue convertible bonds**

The company issued convertible corporate bonds totaling 299 million yuan to support the development of Tongliao Shengda, and promote the sustained growth of the company's biological preservation and functional ingredient product segments.

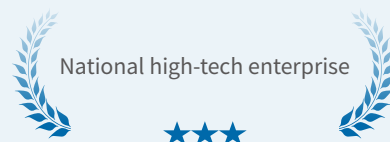
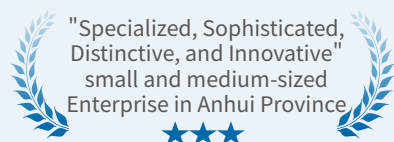
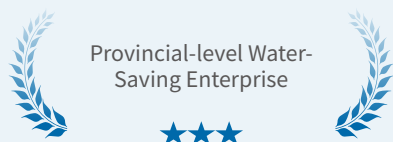
# Honor and Recognition

In recent years, Shengda Bio-Pharm has continuously integrated ESG concept into the entire process of its operations and management to steadily improve its sustainability system. Thanks to its solid practices and outstanding performance in relevant fields, the company is widely recognized and won more than one honorary title:

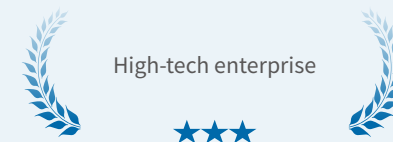
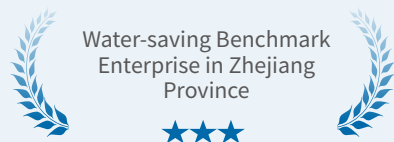


The company subsidiaries also carried out actively the ESG concept and have achieved remarkable results in their sustainability practices as recognized by the authoritative institutions.

Anhui Shengda



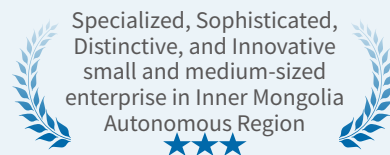
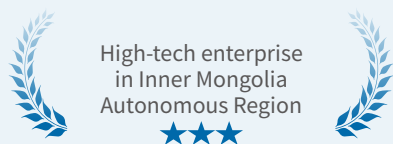
Silver-Elephant



Yitao Food



Tongliao Shengda



# Sustainability Management

The Company has always regarded sustainability as its core strategy and act positively under the ESG governance framework and to promote its green transformation based on industry characteristics. By conducting the double materiality assessment, the company has identified the ESG issues closely related to its operations to evaluate their impact on the company's long-term efforts in value creation, based upon the results of the above assessment, the company has formulated corresponding strategies and action plans. Simultaneously, the company also continued to optimize its communication with stakeholders to ensure their needs and expectations are effectively addressed.

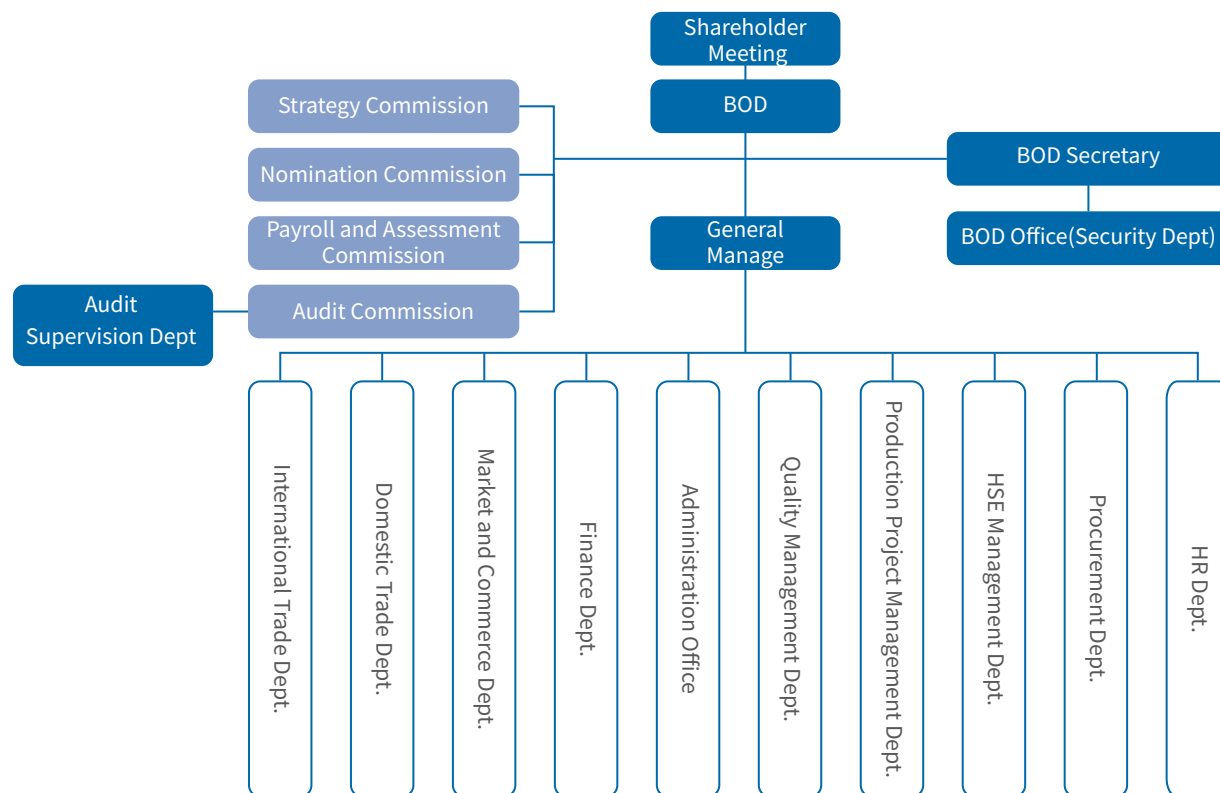
The Company persistently integrates its sustainability strategy with business development, promotes balance and coordination across environmental, social, and economic dimensions in all decision-making, operations, and management practices. It strives to create long-term and stable value for society, the environment, and its shareholders.

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# Corporate Governance

Shengda Bio-Pharm strictly complies with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Governance Guidelines for Listed Companies, relevant regulations of the China Securities Regulatory Commission, and the Listing Rules of Shanghai Stock Exchange Stock to continuously improve its corporate governance mechanism. The company's BOD is responsible for supervising and managing all significant matters of the company, including formulating and approving all policies, overall strategies, risk management and internal control systems, as well as monitoring the performance of the management team.

Corporate Governance Structure of Shengda Bio-Pharm



As of December 31, 2025

the company's BOD comprised a total of

**9** directors

including

**3** independent directors

and

**2** female directors

The current directors and senior executives of the company are all experienced professionals in the fields of food and medicine, risk management, accounting, law, and other related areas.

During the reporting period

the company held a total of

**5** shareholders' meetings

deliberating on

**28** proposals

and

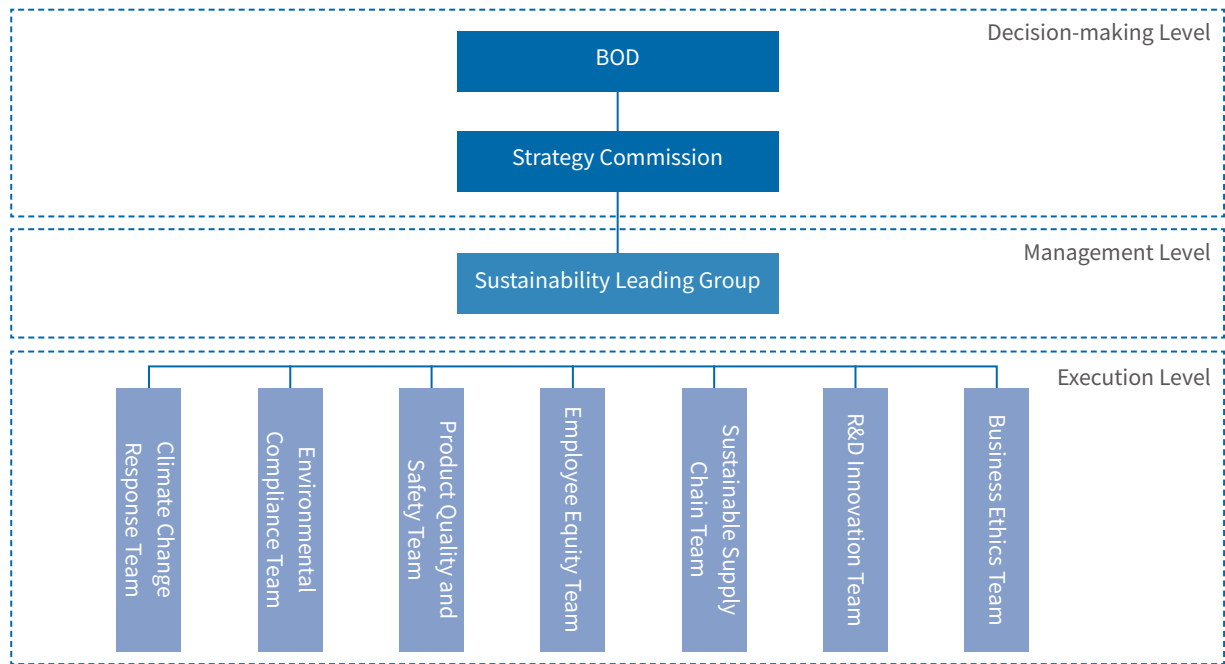
**9** board meetings for deliberating on **44** proposals.

To further comply with relevant laws, regulations, and supervisory provisions, and in consideration of the company's actual situation, Shengda Bio-Pharm has decided to establish no board of supervisors as of November 2025.

# ESG Governance Structure

Shengda Bio-Pharm stresses highly on sustainability and endeavors to gradually improve its ESG governance structure, it has established a robust ESG management system, refining ESG key performance indicators and specific action plans based on the material topics identified, aiming to explore the establishment of ESG objectives, promote systematic ESG practices in corporate management and operations, and comprehensively enhance the company's ESG management capabilities. In 2025, the company explored the establishment of a three-tier ESG governance structure consisting of "decision-making level - management level - execution level" and built an ESG work network to comprehensively coordinate all ESG-related activities.

ESG Governance Structure of Shengda Bio-Pharm



In the above structure, BOD and its subordinate Strategy Commission serve as the "decision-making level" for ESG. The BOD, as the highest decision-making body for ESG at Shengda Bio-Pharm, bears the ultimate responsibility for ESG governance. It is responsible for reviewing and approving the company's ESG development strategy, medium- and long-term plans, and annual work plans, as well as the identification and management of ESG risks and opportunities, the company's annual ESG report, and the achievement of annual key performance indicators and targets. The Strategy Commission, as a professional decision-making body, is primarily responsible for:

- 1) researching and formulating the company's ESG vision, goals, and strategies;
- 2) identifying and assessing ESG-related risks and opportunities, and developing response strategies;
- 3) formulating and reviewing ESG systems, processes, and assessment plans to ensure the implementation of ESG policies;
- 4) reviewing the annual ESG report and submitting it to the BOD for approval.

The Sustainability Leadership Team serves as a permanent body of the Strategy Commission and is also responsible for the overall coordination and daily management of ESG activities. Led by the Board Office (Securities Dept.), it is tasked with implementing the decisions and deployments of the BOD and the Strategy Commission. It organizes and coordinates various departments and subsidiaries of Shengda Bio-Pharm to carry out ESG-related activities to ensure the effective implementation of ESG strategic objectives. Based on the professional fields of ESG work and the actual corporate conditions, seven professional teams have established, including the Climate Change Response Team, Environmental Compliance Team, Product Quality and Safety Team, Employee Equity Team, Sustainable Supply Chain Team, R&D Innovation Team, and Business Ethics Team. The heads of the leading departments serve as the leaders of each team, responsible for achieving various ESG objectives and tasks in their respective fields, regularly collecting, compiling, and submitting ESG data and information in their fields, communicating with stakeholders on ESG issues and participating in the preparation of the company's annual ESG report.





Based on the above, the company will fully leverage the effectiveness of its ESG governance structure, integrate ESG-related topics into the regularly convened meetings of the Strategy Commission, review and discuss materiality matrix, sustainability goals, actual progress of ESG activities, future planning directions, and other key ESG issues, and effectively supervise and thoroughly examine the implementation of the ESG management strategy.




# Stakeholder Communication

In the process of business development and daily operations, the company fully emphasizes and encourages transparent and open communication between responsible departments, individuals, and stakeholders. While effectively conveying the company's strategic development, financial performance, and sustainability achievements, the company also actively listens to opinions and suggestions to identify the feedback and expectations from stakeholders, and promote the long-term healthy development of the company.

The main stakeholders of the company include, but are not limited to, governments and regulatory agencies, shareholders and investors, domestic and foreign customers, suppliers and partners, employees, community members, and industry associations. The company regularly maintains communication and exchanges with stakeholders through various channels, listening to and actively responding to the expectations and requirements of various stakeholder groups. Apart from compliance operations, financial performance, product quality, and safety, special focus is also on stakeholders' concerns regarding environmental protection, labor rights, and the construction of sustainable supply chains to ensure that various management practices fully respond to stakeholders' expectations and requirements.

## Communications with Shengda's Stakeholders

Stakeholders	Communication channels and frequency	Expectations and requirements	Response
Governments and regulatory authorities 	<ul style="list-style-type: none"> <li>Talks and exchanges (irregular)</li> <li>Supervision and inspection (irregular)</li> <li>Organize visits (irregularly)</li> <li>Daily report and communication (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>Compliance operation</li> <li>Respond to the national strategy</li> <li>Drive economic development</li> <li>Maintain market order</li> </ul>	<ul style="list-style-type: none"> <li>Observe laws and regulations</li> <li>Rely on industrial advantages to support the construction of a healthy China</li> <li>Create wide employment opportunities and pay taxes under law</li> <li>Strictly abide by business ethics and safeguard fair competition</li> </ul>
Shareholders and investors 	<ul style="list-style-type: none"> <li>Shareholders' Meeting (annual)</li> <li>Regular Reports and Announcements (quarterly/annual reports, irregular announcements)</li> <li>Investor relations activities (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>Efficient corporate governance</li> <li>Sound economic performance</li> <li>Timely information disclosure</li> <li>Smooth channels for communication</li> </ul>	<ul style="list-style-type: none"> <li>Improve governance capacity and optimize the risk management system</li> <li>Maintain good profitability</li> <li>Regularly release annual reports, announcements and other public information</li> <li>Performance statement at regular intervals</li> </ul>
Domestic and foreign customers 	<ul style="list-style-type: none"> <li>Due Diligence (irregular)</li> <li>Industry exhibition (annual)</li> <li>Customer visits (irregular)</li> <li>Customer satisfaction survey (annual)</li> </ul>	<ul style="list-style-type: none"> <li>High-quality, safe and innovative products</li> <li>Facilitating and effective service</li> <li>Sustainable procurement</li> </ul>	<ul style="list-style-type: none"> <li>Promote innovation of products and services</li> <li>Continuously improve product quality and ensure product safety</li> <li>Strengthen customer relationship maintenance and listen to customer feedback and opinions</li> <li>Comprehensively improve sustainable performance and results</li> </ul>
Suppliers and Partners 	<ul style="list-style-type: none"> <li>Supplier conference (annual)</li> <li>Supplier review and evaluation (annually)</li> <li>Daily work communication (irregular)</li> <li>Industry seminar and cooperation (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation in good faith</li> <li>Communication empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Improve the supplier evaluation and management mechanism</li> <li>Integrate ESG into the entire process of supplier management</li> <li>Carry out supplier communication and training</li> <li>Actively empower the development of the industry</li> </ul>

Stakeholders	Communication channels and frequency	Expectations and requirements	Response
Employees 	<ul style="list-style-type: none"> <li>• Staff Representative Congress (annually)</li> <li>• Staff education and training (irregular)</li> <li>• communication (irregular)</li> <li>• Internal communication platform (real-time)</li> <li>• Employee complaint channel (real-time)</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of the legitimate rights and interests of workers</li> <li>• Equal, diverse and inclusive working environment</li> <li>• Sophisticated salary and welfare system</li> <li>• Clear training plans and career development paths</li> <li>• Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Respect and protect the legitimate rights and interests of workers</li> <li>• Create a diverse and equal working environment</li> <li>• Establish a fair, impartial and transparent salary management system</li> <li>• Provide employees with comprehensive and multi-dimensional training resources</li> <li>• Ensure safety in production and the prevention and control of occupational hazards</li> </ul>
community public 	<ul style="list-style-type: none"> <li>• Community volunteer activities (irregular)</li> <li>• Charitable Donations (irregular)</li> <li>• Organize visits (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>• Community development</li> <li>• Rural revitalization</li> <li>• Public welfare and charity activities</li> </ul>	<ul style="list-style-type: none"> <li>• Practice green production</li> <li>• Carry out public welfare and charitable activities</li> <li>• Devote to rural revitalization and assist in achieving common prosperity</li> </ul>
Industry association 	<ul style="list-style-type: none"> <li>• Member activities</li> </ul>	<ul style="list-style-type: none"> <li>• Active industry participation</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in the formulation of industry standards</li> <li>• Participate in industry exchanges</li> </ul>

## Double Materiality Assessment

Assessment of materiality is the cornerstone of corporate ESG management and information disclosure. In 2025, based on the "No. 1 Overall Requirements and Disclosure Framework" outlined in the series of documents including No 14 Self-Regulatory Guidelines for Listed Companies in Shanghai Stock Exchange- Sustainability Report (Trial)" and No 4 Self-Regulatory Guidelines for Listed Companies in Shanghai Stock Exchange- Preparation of Sustainability Report, as well as disclosure standards such as the European Sustainability Reporting Standards (ESRS) of the European Union, and taking into account its own strategic planning and realistic situations, the company comprehensively analyzed the impact the 21 ESG topics outlined in the above No 14 file on the company's finances, economy, environment, and society through on-site interviews, survey questionnaires, seminars, and other forms. After review and approval by the BOD and the strategy commission, the company disclosed the double materiality assessment process and results, and responded in detail to the topics identified as with "financial" materiality, by using the four-pillar disclosure structure of "governance - strategy - impact, risk, and opportunity management - indicators and targets".

### Step 1: Understand the Enterprise Background Information and the Affected Stakeholders

The company fully analyzed the relationship between internal activities and business, including the actual and potential sustainability-related impacts of upstream and downstream value chains. By combining the analysis of the external objective environment, including domestic and foreign policies, industry hotspots, market trends, company strategies, and development needs, the company has identified potential impacts that may arise on the company. In the meantime, based on the relevance of stakeholders to ESG topics, the company identified two major internal stakeholders: "board members" and "the management", as well as six major external stakeholders: "employees", "government and regulatory agencies", "shareholders and investors", "customers", "suppliers", and "community". Among them, internal stakeholders participate in the financial materiality assessment, while both internal and external stakeholders jointly participate in the impact materiality assessment of topics.

### Step 2: Identify the Current or Potential Impacts, Risks and Opportunities Related to ESG Topics

Regarding the 21 ESG topics outlined in the "No 14 Self-Regulatory Guidelines for Listed Companies in Shanghai Stock Exchange – Sustainability Report (Trial)", the company conducted an assessment of

applicability and relevance based on its industry characteristics and business operations. The results showed that the "Technology Ethics" and "Equal Treatment of Small and Medium Enterprises" are not applicable to the company or its subsidiaries. Hence these two topics are not assessed or addressed in this report.

Based on on-site interviews and desktop benchmarking, the company conducted a thorough analysis on the remaining 19 topics to identify relevant impacts, risks, and opportunities thereunder. Taking topics such as "Addressing Climate Change", "Product and Service Safety & Quality", and "Innovation-Driven Growth" as examples:

#### Response to climatic change

- **Positive Impact** The company promoted the green transformation and upgrading of existing products by phasing out high-energy-consuming equipment, optimizing production processes, and utilizing clean power, while implementing green manufacturing in new projects to reduce greenhouse gas emissions.
- **Negative impact** The company still relies primarily on fossil fuel consumption, and as its business continues to expand, the failure to exercise effective controls may further exacerbate the adverse effects of climate change on the environment and human health.
- **Risks** Climate change is posing both physical and transition risks. More frequent extreme weather events in the future, along with increasingly stringent policy standards, may lead to rising costs and operational disruptions.
- **Opportunity** Advancing climate transition can further enhance climate resilience, reduce operational costs, and be more attractive in the sustainable consumption market.

#### Innovation Driven

- **Positive Impact** Through continuous technological innovation, process optimization, and the development in the application fields, the company owns multiple core patented technologies and has been leading in the product segment market.
- **Negative impact** Absence of innovation or effective protection of intellectual property right may hinder business development or the rights of stakeholders, and could even impede the overall technological progress of the industry.
- **Risks** The process of technological innovation may lag behind that of its peers, resulting in resource wastage and potentially diminishing the company's competitive advantage.
- **Opportunity** Continuously enhancing the company's competitiveness and leadership in the industry, along with technology innovation driven by market demand, helps the company respond more flexibly to consumption market trends and improve market performance.

#### Product and Service Safety and Quality

- **Positive Impact** Through strict quality control, the company has continuously provided safe and reliable products and services, winning wide recognition from major customers both at home and abroad.
- **Negative impact** If product quality management is neglected and major quality and safety problems occur, it will do harm to downstream customers and consumers.
- **Risks** An increase in the product non-conformity rate may, on the one hand, lead to a waste of resources; on the other hand, it may reduce customers' experience of using the product and affect the health and safety of consumers.
- **Opportunity** The company will further improve product quality and safety, expand high value-added products, enhance its own profitability, and provide high-quality products and services for the industry.

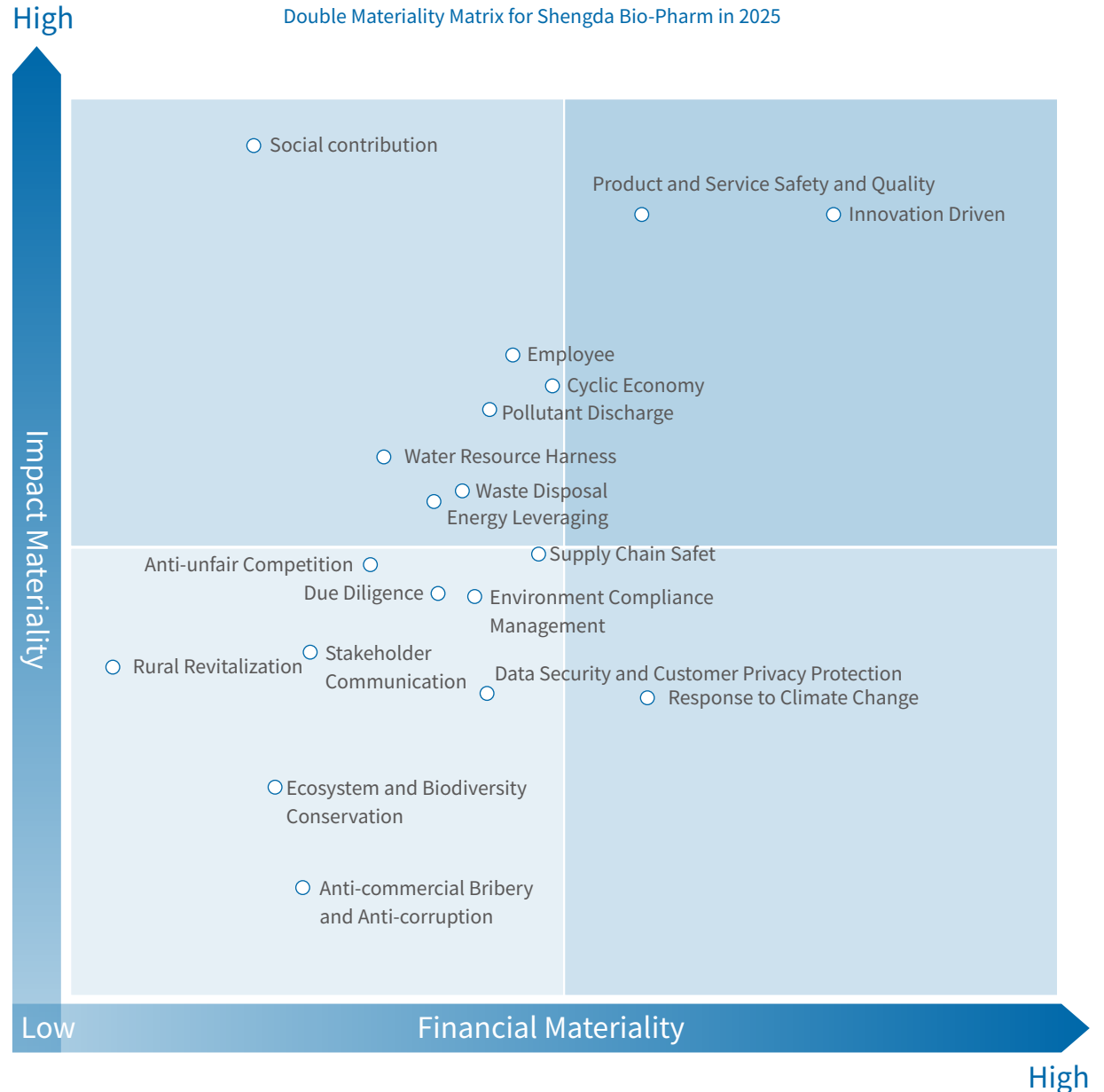
### Step 3: Assess and Establish the Materiality of ESG Topics

To assess materiality of the impact, an online questionnaire was developed for 19 topics along with their (actual/potential) positive and negative impacts. Internal and external stakeholders were invited to rate on each topic based on two dimensions: "severity of impact" (scope, scale, irreversibility) and "likelihood of occurrence." Questionnaires covered five stakeholder groups: board members, management, employees, customers, and suppliers. Based on the feedback and calculation formulas, the impact materiality assessment results for each topic were derived.

For financial materiality assessment, a workshop with internal stakeholders was convened to evaluate the (actual/potential) risks and (actual/potential) opportunities across 19 topics based on two dimensions: "degree of financial impact" and "likelihood of occurrence". The assessment involved board members and key department heads and the financial materiality assessment results for each topic were consolidated finally.

### Step 4: Deliberation and Confirmation of Materiality Assessment Results

Based on the assessment results, the final materiality matrix is shown in the figure below, in which "Innovation-Driven" and "Product and Service Safety and Quality" have double materiality— both financial materiality and impact materiality.



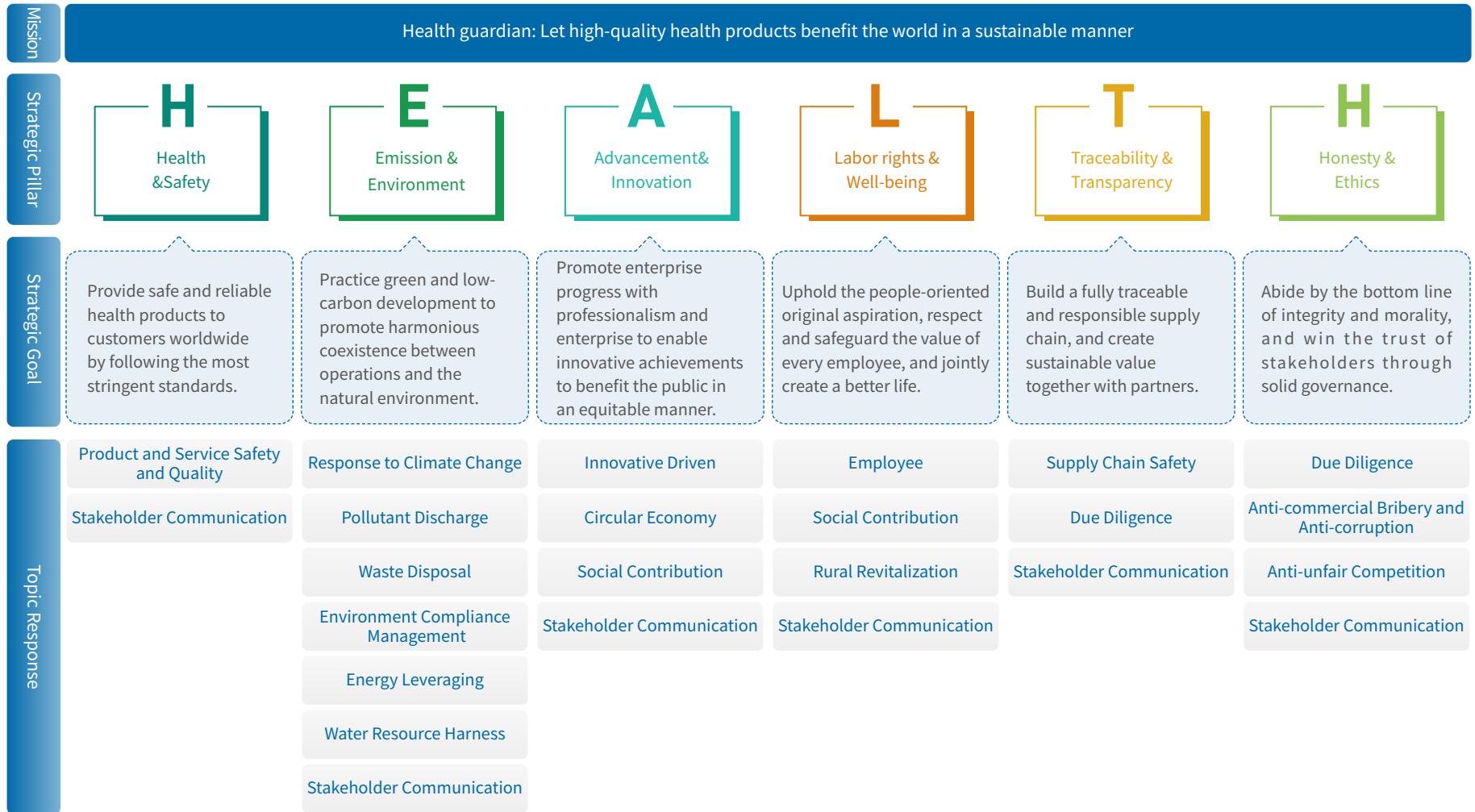
Topic	Pillar	Impact Materiality	Financial Materiality
Response to Climate Change	Environmental		✓
Pollutant Discharge		✓	
Waste Disposal		✓	
Ecosystem and Biodiversity Conservation			
Environment Compliance Management			
Energy Utilization		✓	
Water Resource Harness		✓	
Cyclic Economy		✓	
Rural Revitalization			
Social Contribution	Social	✓	
Innovation Driven		✓	✓
Scientific and Technical Ethics		NA	NA
Supply Chain Safety			
Equal Treatment for Small-Medium Sized Enterprise		NA	NA
Product and Service Safety and Quality		✓	✓
Data Security and Customer Privacy Protection			
Employee		✓	
Due Diligence			
Stakeholder Communication	Sustainability Related Governance		
Anti-commercial Bribery and Anti-corruption			
Anti-unfair Competition			

The company will conduct annual regular reviews for materiality assessments, and update and improve the double materiality assessment methodology and process mechanisms based on the latest regulations and standards, so as to respond more precisely to stakeholder demands and continuously enhance ESG management effectiveness.

## Sustainability Strategy

With the successive introduction of sustainability-related laws, regulations and guidelines both at home and abroad, enterprises have been presented with opportunities while also facing more stringent requirements in terms of ESG and sustainability. In recent years, Shengda Bio-Pharm and its subsidiaries have successively received ESG-related investigations and reviews from overseas customers. It responded proactively through improvement and refining in the areas of its deficiency, and focused on enhancing its performance in sustainability. Against this backdrop and based on its own business characteristics, ESG governance structure, the company established a core value featuring customer in the first place, people-orientation, professionalism and mutual benefits. It has, based upon the concerns of its stakeholders, including regulators, domestic and foreign customers as well as partners, formulated a preliminary "HEALTH" sustainability strategy with production of high-quality health products as a health guardian to benefit the world in a sustainable manner as its mission. The strategy covers six strategic pillars, namely, health and safety, environmental protection, enterprise and Innovation, people-orientation, responsible supply chain and business ethics, as well as 19 topics, to comprehensively guide the company's ESG efforts and practices.

The "HEALTH" Sustainability Strategy of Shengda Bio-Pharm



Currently, the company's ESG activities have completed their stage-wise transformation from "0" to "1" and are now at the critical stage of shift from "1" to "N". Based on the six strategic pillars, the company is systematically configuring specific action plans and a scientific quantitative metrics system to ensure that strategic goals are decomposable and executable. By following the policy of "benchmarking against top-tier standards and pursuing continuous improvement," the company will persistently and deeply integrate the ESG requirements into the entire process of R&D, production, and management. Through dynamic monitoring and targeted measures, it will continuously enhance the ESG governance efficiency and risk management capabilities to pave a good way for its sustainable, high-quality development and enduring business success.

# Green Development

In the new era, Shengda Bio-Pharm has always stayed true to the core concept of sustainability. It is committed to building a long-term development model that harmoniously integrates economic growth, social well-being, and environmental protection. Shengda understands that green transformation is not only the company's responsibility in addressing global climate change, but also the essential path to achieving high-quality development. The company has been positive in promoting the green transformation of energy, continuously optimizing its energy utilization structure and reducing resource consumption and waste emissions, while vigorously advancing the application and innovation of low-carbon technologies. By formulating a scientific environmental management strategy, effective resource recycling, and systematic ecological conservation measures, the company remains dedicated to its commitment to society and nature. It strives to achieve harmonious coexistence between humanity and nature amidst industrial transformation, and endeavors to make greater contributions to the building of national eco-civilization.

● Response to Climatic Change	19
● Pollutant Discharge	23
● Waste Disposal	26
● Environment Compliance Management	27
● Energy Utilization	29
● Water Resource Harness	31
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● Ecological System and Eco-diversity Protectio	32

(SDGs)

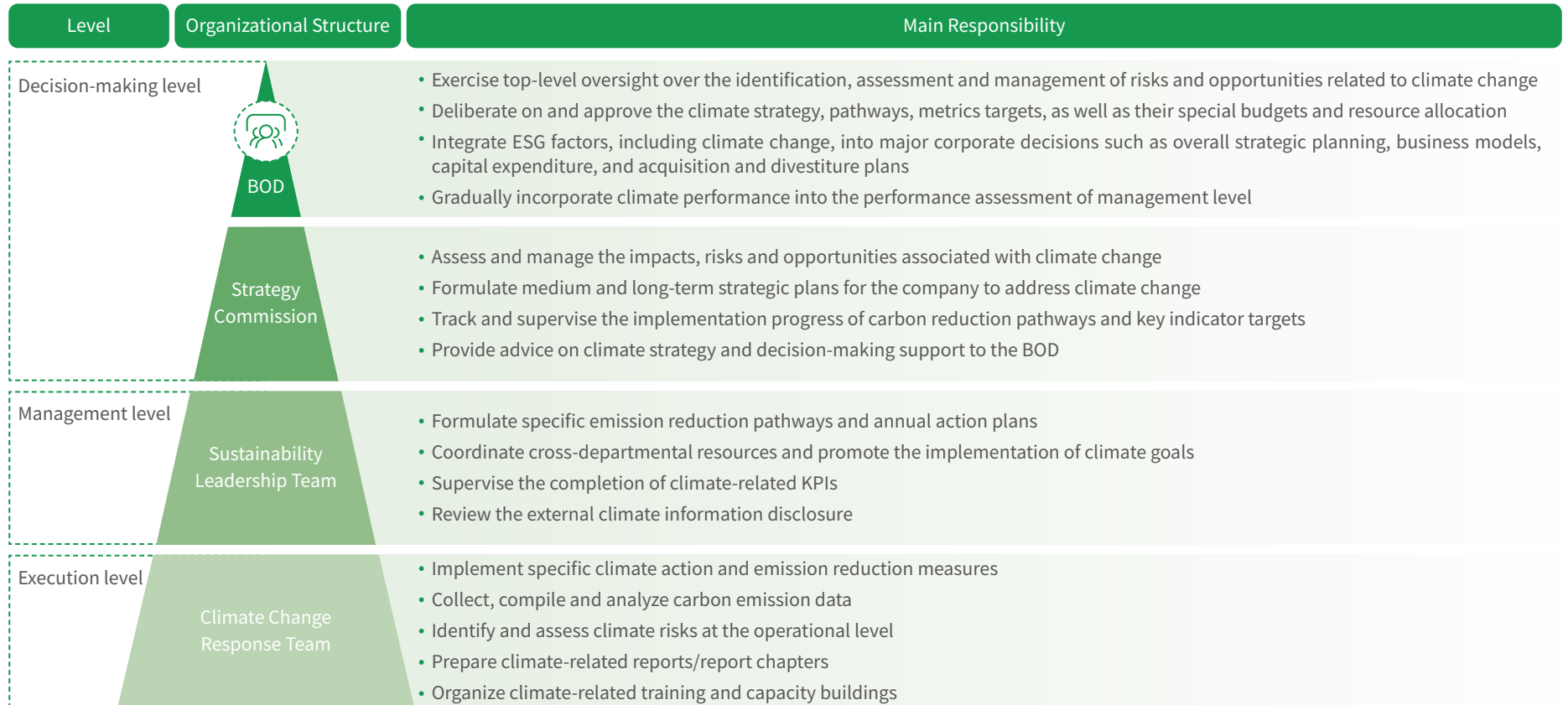


# Response to Climatic Change

Climate change is not only having a profound impact on the human living environment and the development of the global economy and society, but also reshaping the business environment and operational models of enterprises. Based on compliance disclosure recommendations, Shengda Bio-Pharm is exploring a way to address climate change across four key areas: governance, strategy, risk management, and metrics targets. By analyzing and identifying climate change-related risks and opportunities, the company is developing response measures tailored to its own business model, thereby enhancing climate resilience across its operations and value chain.

# Governance

The company has recognized profoundly the significant impact of climate change on its strategic planning and business operations. It has integrated climate change governance functions into its ESG governance structure, clearly defining the responsibilities of the BOD and management to establish a top-down management system. Within this framework, the BOD and the strategy commission are responsible for decision-making oversight and top-level design to steer the overall strategic direction. In the meantime, relevant departments such as those for production management and HSE management are collaboratively working on energy conservation, consumption reduction, and carbon emission control, so as to shift progressively greenhouse gas emission reduction from a "compliance cost" to a "green competitiveness".



## Strategy

In 2025, the company conducted a preliminary identification and assessment of climate-related risks and opportunities by taking into account internal and external factors such as regulatory policies, market conditions, its own industry characteristics, and operational models. It also analyzed their specific impacts to formulate corresponding response measures. The company subsequently established high and low climate emission scenarios as per the disclosure recommendations of Shanghai Stock Exchange, as well as data models and industry research from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). By thoroughly analyzing the risks and opportunities brought about by climate factors under each scenario, the company comprehensively evaluated its climate resilience and has progressively improved its climate response mechanisms.

### Analysis and Response to Major Climate-Related Risks

Risk Type	Detailed Indications	Impact Analysis	Impact Scope	Impact Cycle	Counter-measures
<b>Physical Risks</b>					
Acute Risk	Frequent occurrences of extreme weather events such as typhoons, floods, droughts and high temperatures	<ul style="list-style-type: none"> <li>Supply outage due to disasters in the raw material production areas</li> <li>Production facilities damage and outage.</li> <li>Logistics and transportation delay</li> <li>Damage to inventory products</li> </ul>	Upstream of value chain Corporate operation Downstream of value chain	Short-term	<ul style="list-style-type: none"> <li>Establish a diversified raw material procurement network</li> <li>Formulate contingency plan for typhoon and flood prevention and strengthen drills.</li> <li>Strengthen and upgrade the adaptability of buildings, equipment and facilities to extreme weather.</li> </ul>
Chronic risk	Average temperature rise and precipitation pattern change	<ul style="list-style-type: none"> <li>Increased energy consumption of refrigeration equipment in the production workshop</li> <li>Affected stability of power supply in some regions</li> <li>Risk of increased water pressure in some areas.</li> </ul>	Upstream of value chain Corporate operation Downstream of value chain	Medium-and long term	<ul style="list-style-type: none"> <li>Optimize the energy efficiency of each manufacturing base, and systematically plan and replace energy-saving equipment.</li> <li>Continue to track climate change risks at operation sites and optimize the layout of manufacturing bases and warehouses.</li> </ul>
<b>Transformation Risks</b>					
Policy and regulatory risks	Climate-related regulations and disclosure requirements are becoming increasingly stringent.	<ul style="list-style-type: none"> <li>Investment in energy conservation, talent development, carbon sink prices and other factors lead to increased operational and compliance costs.</li> <li>Improper information disclosure leads to reputational risks.</li> </ul>	Corporate operation	Short-and medium term	<ul style="list-style-type: none"> <li>Establish a carbon management system and promote the process of carbon neutrality.</li> <li>Improve energy efficiency and the proportion of renewable energy used</li> <li>Strengthen the construction of internal capabilities and introduce external expert resources.</li> </ul>

Risk Type	Detailed Indications	Impact Analysis	Impact Scope	Impact Cycle	Counter-measures
Market risks	Green Product Certification, Carbon Footprint Labeling Requirements	<ul style="list-style-type: none"> <li>Increased costs for product research and development as well as certification</li> <li>The competitiveness of high-carbon products has declined.</li> <li>Higher market access thresholds</li> </ul>	<ul style="list-style-type: none"> <li>Upstream of value chain</li> <li>Corporate operation</li> <li>Downstream of value chain</li> </ul>	Short-and medium term	<ul style="list-style-type: none"> <li>Invest in the research and development of energy-saving and low-carbon technologies, and improve the management of product carbon footprints.</li> <li>Increase investment in research and development, and enhance incentives for innovation.</li> </ul>
	Downstream customers require suppliers to reduce emissions.	<ul style="list-style-type: none"> <li>Need to respond to customers' carbon management requirements</li> <li>Failure to meet the standards may result in losing orders.</li> <li>Increased costs in supply chain synergy</li> </ul>	<ul style="list-style-type: none"> <li>Upstream of value chain</li> <li>Corporate operation</li> <li>Downstream of value chain</li> </ul>	Short-and medium term	<ul style="list-style-type: none"> <li>Establish a carbon management system for the supply chain</li> <li>Promote suppliers to reduce emissions</li> <li>Participate in the industry's green supply chain initiative.</li> </ul>
Technical risks	Replacement of low-carbon technologies such as clean production technologies and green manufacturing processes.	<ul style="list-style-type: none"> <li>The existing production line is facing retirement.</li> <li>Considerable demand for investment in technological transformation.</li> <li>Reduced production capacity during the technological transition period</li> </ul>	Corporate operation	Medium-and long term	<ul style="list-style-type: none"> <li>Continue to research and develop green process technologies</li> <li>Gradually revamp the production equipment</li> <li>Cooperate with scientific institutions for innovation</li> <li>Apply for a green technology patent</li> </ul>
Reputational risk	Negative feedback from stakeholders regarding the company's failure to respond to climate change issues in a timely manner	<ul style="list-style-type: none"> <li>Failure to promptly communicate the enterprise's progress in addressing climate change to stakeholders has resulted in negative feedback and damaged goodwill.</li> </ul>	<ul style="list-style-type: none"> <li>Upstream of value chain</li> <li>Corporate operation</li> <li>Downstream of value chain</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>Communicate progress in climate change response through information disclosure and ESG ratings.</li> <li>Keep the communication channels with stakeholders open and conduct regular dialogues.</li> </ul>

Analysis and Responses to Major Climate-Related Opportunities

Opportunity Type	Detailed Indications	Impact Analysis	Impact Scope	Impact Cycle	Counter-measures
Green products	Green products have a premium space and enjoy high market recognition.	<ul style="list-style-type: none"> <li>Explore new markets and enhance brand competitiveness.</li> <li>Satisfy customers' green demands and increase sales revenue</li> </ul>	Corporate operation the downstream of the value chain	Medium and long-term	<ul style="list-style-type: none"> <li>Develop green products such as safe, efficient and naturally fermented foods.</li> <li>Explore the use of biodegradable packaging</li> <li>Obtain green product certification</li> </ul>
Application of renewable energy	Promote the application of rooftop photovoltaic systems, distributed wind power, and other related applications.	<ul style="list-style-type: none"> <li>Reduce long-term electricity costs</li> <li>Enhance energy autonomy</li> <li>Reduce carbon emissions and promote the process of carbon neutrality.</li> </ul>	Corporate operation	Short and medium term	<ul style="list-style-type: none"> <li>Invest in and construct rooftop photovoltaic power stations and energy storage facilities</li> <li>Procure green power certificate</li> <li>Sign a Power Purchase Agreement (PPA)</li> </ul>
Diversified supply chain	Build a climate-resilient and diversified supply chain	<ul style="list-style-type: none"> <li>Reduce the risk of supply chain outage</li> <li>Improve business continuity</li> <li>Enhance competitive advantages</li> </ul>	Upstream of value chain Corporate operation Downstream of value chain	Medium-and long term	<ul style="list-style-type: none"> <li>Establish a supply chain carbon management platform</li> <li>Empower and promote suppliers to reduce emissions</li> <li>Implement responsible procurement standards</li> </ul>

## Impact, Risk and Opportunity Management

The company has gradually integrated low-carbon development into its business management and operational development. At the current stage, various industrial sectors have achieved effective arrangements for energy conservation and carbon reduction in strategic businesses and key projects, and have actively carried out a series of pilot and promotion initiatives, achieving significant results in the green and low-carbon transition. For details, refer to the "Energy Utilization" section.

In the meantime, the company has conducted full lifecycle carbon footprint accounting and certification for its main products (including D-Biotin, folic acid, 2% D-Biotin, etc.). In the future, the company will further clarify and refine various carbon reduction initiatives, adopt more active and effective measures to practice the concept of green development, and contribute to the realization of the nation's dual carbon goals.

## Indicators and Targets

The company is systematically sorting out various emission sources, continuously improving data collection and management mechanisms, and planning to carry out systematic and comprehensive greenhouse gas inventory work to improve the accuracy and traceability of data. On the premise of continuously improving the data foundation, the company will scientifically carry out carbon target setting and carbon reduction path planning, clarify phased implementation plans and key measures, steadily promote energy conservation, emission reduction, and low-carbon transformation, and gradually move towards carbon neutrality goals.

# Pollutant Discharge

As a key pollutant discharger designated by the ecological and environmental authorities, Shengda Bio-Pharm and its subsidiaries strictly comply with the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Soil Pollution Prevention and Control Law of the People's Republic of China, the Environmental Noise Pollution Prevention and Control Law of the People's Republic of China, and other relevant regulations. The company takes compliance pollutant discharge as a fundamental requirement for its production operations and ensures that all permits related to pollutant discharge are promptly updated and remain valid and compliant. Internally, the company has established regulations, such as the Regulation for Wastewater Management, the Regulation for Exhaust Management, the Regulation for Noise Management, the Regulation for Environmental Protection Facilities Management, and the Regulation for Leak Prevention Management etc. Each subsidiary has also developed relevant procedural documents to continuously strengthen their emission monitoring and control. While ensuring the proper treatment and compliance discharge of various pollutants, the company is committed to pollution source reduction and process control.

## Wastewater Management

The wastewater generated by the company and its subsidiaries primarily consists of process wastewater, cleaning wastewater, maintenance wastewater, lab wastewater, cooling wastewater, initial rainwater, and domestic sewage. The company strictly follows a policy of split flow for rainwater and sewage, as well as clean water and sewage. Each production area is provided with the necessary collection pipe networks for production wastewater, domestic sewage, or rainwater, with measures fully in place to prevent potential negative impacts on soil and groundwater from production wastewater leakage. For process wastewater, the wastewater generated during the production processes of the company and its subsidiaries mainly includes folic acid wastewater, D-Biotin wastewater, miconazole nitrate wastewater, and nisin wastewater. The main characteristic pollutants include COD (Chemical Oxygen Demand), ammonia nitrogen, total phosphorus, and total nitrogen. For treatment, the company and its subsidiaries collect various types of high-concentration wastewater at the workshop, where it undergoes pre-treatment before being combined with other low-concentration wastewater in a collection tank. The combined wastewater is then sent via boost pumps and exposed pipelines to the on-site wastewater treatment shop, where it undergoes advanced and effective treatment using physicochemical and/or biochemical treatment processes. After meeting the standards for discharge into the municipal pipe network, the treated wastewater is sent to the municipal

sewage pipe network and further processed by a centralized wastewater treatment shop. As for domestic sewage, it is preliminarily treated by sewage treatment system to meet the standard for centralized management before being discharged into the municipal sewage pipe network and sent to the centralized wastewater treatment shop for unified treatment.

With the exception of certain drain provided with online monitoring devices that transmit emission data in real time to the ecological and environmental authorities and the company's management platform, the company and its subsidiaries regularly engage qualified third parties each year to perform test at process wastewater and rainwater drains. The wastewater discharge proves consistently up to standard, with effluent quality conforming to the limits stipulated in the Integrated Wastewater Discharge Standard (GB8978-1996), the Indirect Discharge Standards for Nitrogen and Phosphorus Pollutants in Industrial Wastewater (DB33/2013), the Discharge Standard of Process Water Pollutants for Pharmaceutical Industry of Chemical Synthesis Products Category(GB21904-2008), and other relevant regulations. In the meantime, the company has completed an anti-seepage renovation project in key areas (tank farm and loading/unloading areas) of the Shengda Bio-Pharm, and has installed monitoring wells to conduct annual self-monitoring of soil and groundwater to effectively safeguard the environmental safety of soil and groundwater.

Based on its stable and compliance wastewater drainage, the company has continuously improved its wastewater treatment efficiency and reduced the concentrations of drainage by optimizing treatment processes and enhancing treatment facilities. Based on the above, the company has put in place the following measures: First, it systematically optimized the wastewater treatment management and control system to improve the efficiency of solid-liquid separation and sedimentation as well as their treatment. Secondly, the company kept on upgrading its wastewater treatment processes to effectively reduce the levels of pollutant and related indicators in the wastewater.

### Wastewater Drainage in 2025

Shengda Bio-Pharm

**215,546** ton

Anhui Shengda

**31,043** ton

Tongliao Shengda

**896,171** ton

Silver-Elephant (Including Yitao Food)

**435,595** ton

Where the compliance drainage of major characteristic pollutants in process wastewater is shown in the following table:

Company Description	Main Characteristic Pollutants	Total Drainage (t)	Certified Total Drainage (t/y)	Drainage beyond limits
Shengda Bio-Pharm	COD Ammonia nitrogen Total phosphorus	COD: 54.22 Ammonia nitrogen: 1.268 Total phosphorus: 0.179	COD: 114 Ammonia nitrogen: 7.98 Total phosphorus: /	None
Anhui Shengda	COD Ammonia nitrogen Total phosphorus	COD: 6.308 Ammonia nitrogen: 0.111 Total phosphorus: 0.004	COD: 131.09 Ammonia nitrogen: 6.93	None
Tongliao Shengda	COD Ammonia nitrogen	COD: 68.664 Ammonia nitrogen: 0.828	COD: 753.97 Ammonia nitrogen: 50.26	None
Silver-Elephant (Including Yitao Food)	COD Ammonia nitrogen	COD: 88.46 Ammonia nitrogen: 1.107	COD: 239.6 Ammonia nitrogen: 22.35	None

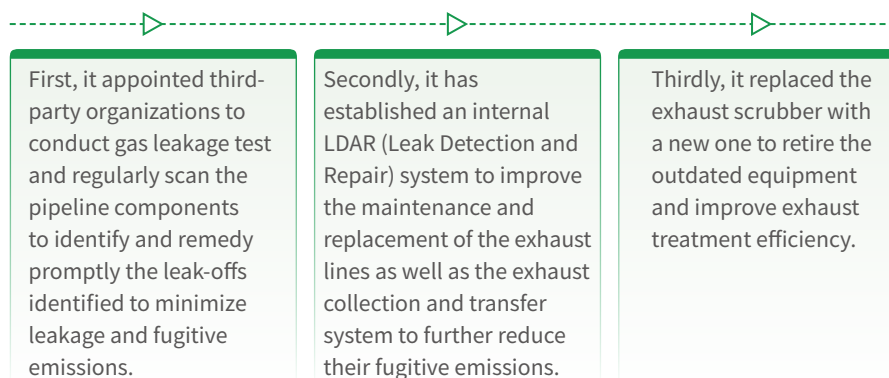
## Exhaust Management

At the project EIA stage, the company comprehensively identified regular and fugitive emission points for exhausts, and selected efficient and feasible technologies and plants for exhaust collection and treatment. The exhaust generated during the production processes of the company and its subsidiaries primarily comes from the volatilization of organic solvents during production and that generated from chemical reactions, including production exhaust from various workshops, breathing tail gas from storage tank areas, and exhaust from wastewater treatment. The main characteristic pollutants are VOCs (Volatile Organic Compounds), NO<sub>x</sub> (Nitrogen Oxides), SO<sub>2</sub> (Sulfur Dioxide), etc. For treatment, the company and its subsidiaries have adopted a targeted approach involving quality-based pretreatment and centralized terminal treatment for exhaust management. The exhaust from each emission source is collected in a sealed manner and sent via pipelines to the exhaust treatment system, where it undergoes effective treatment through combined processes such as filtration, condensation, spray scrubbing, adsorption, and catalytic combustion to varying degrees. Among these, the dust-laden exhaust is effectively disposal using a water-membrane deluge approach.

With the exception of certain emission outlets equipped with online monitoring devices that transmit emission data in real time to the ecological and environmental authorities and the company's management platform, the company and its subsidiaries regularly engage qualified third parties to conduct testing of organized and fugitive exhaust emissions annually. The emission concentrations of various pollutants comply with the

limits stipulated in the Comprehensive Emission Standard of Air Pollutants (GB16297-1996), the Emission Standard of Air Pollutants for Pharmaceutical Industry (GB37823-2019), the Fugitive Emission Control Standard for Volatile Organic Compounds (GB37822-2019), and other relevant regulations.

On realization of stable and compliance exhaust emissions, the company aimed to reduce fugitive emissions and achieve centralized exhaust collection and treatment by taking a multiple measures to further reduce exhaust pollutant emission.



Exhaust Emission in 2025

Shengda Bio-Pharm

**17,732** 10k m<sup>3</sup>

Anhui Shengda

**4,817** 10k m<sup>3</sup>

Tongliao Shengda

**51,210** 10k m<sup>3</sup>

Silver-Elephant (Including Yitao Food)

**83,016** 10k m<sup>3</sup>

Where the compliance emission of major characteristic pollutants in exhaust is shown in the following table:

Company Description	Main Characteristic Pollutants	Total Emissions(t)	Certified Total Drainage (t/y)	Emission beyond limits
Shengda Bio-Pharm	SO <sub>2</sub>	SO <sub>2</sub> : 0.532	SO <sub>2</sub> : 0.61	None
	NOx	NOx: 0.66	NOx: 4.2	
	VOCs	VOCs: 1.0875	VOCs: 11.785	
	Particulates	Particulates: 0	Particulates: 0.855	
Anhui Shengda	SO <sub>2</sub>	SO <sub>2</sub> : 0.0862	SO <sub>2</sub> : 0.35	None
	NOx	NOx: 0.7462	NOx: 3.78	
	VOCs	VOCs: 0.7146	VOCs: 13.392	
	Particulates	Particulates: 0.0260	Particulates: 0.4	
Tongliao Shengda	SO <sub>2</sub>	SO <sub>2</sub> : 54.3442	SO <sub>2</sub> : 240.08	None
	NOx	NOx: 75.133	NOx: 324.83	
	Particulates	Particulates: 4.8313	Particulates: 59.11	
Silver-Elephant (Including Yitao Food)	Particulates	Particulates: 0.543	Particulates: 5.926	None

## Noise Management

While prioritizing the selection of noise-reducing equipment and strengthening equipment maintenance, the company has taken room isolation measures for highly acoustic equipment. It has installed soundproof materials inside the isolated structures, and placed noise barriers at appropriate points within the plant area. These measures are effective in isolation and control of noise sources and have minimized the impact from noise to the greatest extent allowed. During the reporting period, the company and its subsidiaries appointed qualified third parties to conduct noise test, and the noise levels at

the boundaries of each production facility proved to be within the limits specified in the Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008).

In 2025, Shengda Bio-Pharm and its subsidiaries received no complaints from the local residents on its irregular pollutant discharges, and were not subject to any administrative penalties and/or damages for criminal liability on issues relating to up-to-standard emission of pollutant.

## Waste Disposal

Shengda Bio-Pharm strictly complies with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution from Solid Wastes and other relevant laws, regulations, and industry standards. The company has established an internal Regulation for Solid Waste Management and all its subsidiaries also established relevant procedures of like nature. These regulations were developed for reduction, recycling and non-hazardous disposition of pollutants, aiming to normalize the classified collection and storage, outsourced transit, utilization, or disposal of wastes and minimize their negative impact on the environment.

### Non-hazardous Waste

For general industrial solid waste (such as fly ash, gypsum, used diatomite, etc.), the company and its subsidiaries usually appoint qualified third parties to enable their comprehensive utilization and harmless disposition. Solid wastes with recycling value (e.g., spent packaging materials) is collected and periodically sold to waste recycling entities. Domestic waste is uniformly cleared and treated by the local municipal sanitation department. The company will continue to reduce the generation of non-hazardous waste by tightening requirements for fuel consumption, optimizing production processes, and other measures to minimize the generation of non-hazardous wastes.

## Hazardous Wastes

For hazardous waste (such as waste solvents, waste mineral oil, waste packaging material, wastewater sludge etc.), the company and its subsidiaries have established temporary storage warehouses for hazardous waste as per the Pollution Control Standard for Hazardous Waste Storage" (GB 18597-2023). The waste is stored by category, form, and physic-chemical properties, and subject to up-to-standard disposal by qualified third parties appointed for the purpose. Additionally, the company has also formulated documented regulations for recording and transfers its hazardous wastes to be consistent with the Technical Guidelines for the Preparation of Hazardous Waste Management Plans and Records (HJ 1259-2022).

While ensuring the compliance disposal of hazardous waste, the company also endeavored to advance its emission reductions. By addition of new plate and frame filter presses and adopting a dewatering process, the company reduced effectively the moisture content in sludge to minimize its sludge generation. The company also intensified its efforts for routine maintenance management of equipment to reduce their rate of failure and replacement frequency, minimize the consumption of solvents and lube oil and promote control and safety and environmental protection at the source.

#### Waste Discharge in 2025

##### Total Yield of Hazardous Waste

Shengda Bio-Pharm

**699** ton

Anhui Shengda

**149** ton

Tongliao Shengda

**1** ton

Silver-Elephant (Including Yitao Food)

**2** ton

##### Total Yield of Non-hazardous Waste

Shengda Bio-Pharm

**40** ton

Anhui Shengda

**30** ton

Tongliao Shengda

**14,228** ton

Silver-Elephant (Including Yitao Food)

**3,881** ton

# Environment Compliance Management

Shengda Bio-Pharm has consistently integrated the fulfillment of environmental compliance responsibilities into the core principles of its corporate operations and established a comprehensive, multi-tiered environmental compliance management system. The company strictly complies with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Assessment, the Management Procedure of Contingency Plan for Unexpected Incidents, the Management Procedure of Contingency Plan for Unexpected Incidents in Enterprises and Institutions (Trial) and other relevant laws and regulations. In alignment with its actual production and operations, the company has internally developed and implemented management procedures, such as the Responsibility System for Environmental Protection, the Procedure of Potential Hazards Management for Environmental Protection and the Contingency Plan for Environmental Emergency etc. Each subsidiary has also formulated relevant procedures of management to conduct "full-process and refined" environmental management. During the reporting period, Shengda Bio-Pharm and its subsidiaries were certified to comply with the ISO 14001:2015 environmental management system, thus building a systematic and standardized environmental management and emergency response mechanism, which provides solid guarantee for the company's stable operations and sustainability.

## Allocation of Responsibility for Environmental Protection

The company fulfilled in a down-to-earth manner its primary responsibility for environmental governance to ensure that environmental responsibilities are delegated level by level and assigned to specific positions and individuals. The chairman is the first person responsible for the company's environmental protection, taking overall responsibility for the company's environmental affairs. The HSE Dept. acts as the body for daily management of the company's environmental activities and is responsible for the formulation and implementation of environmental management regulations, environmental risk assessments, supervision, inspections, and related work coordination. Additionally, the company has also established an environmental protection leading team headed by the general manager, with members comprising heads of various departments. The team is responsible for coordinating and advancing environmental protection initiatives, addressing key and challenging issues in environmental management, and ensuring the effective implementation of environmental management measures and the satisfactory execution of environmental protection activities.

## Environmental Factor Assessment

The company has developed and implemented the Procedure for Environmental Factor Identification and Assessment, and organizes systematic identification and evaluation of environmental factors in all departments of the company on an annual basis. It has identified the potential environmental impacts arising from production and operations, and confirmed the same the heads of relevant departments to pinpoint key environmental factors. For the identified high-risk environmental factors, the company has provided tiered control and targeted management and established a closed-loop management system of "identification-evaluation-control" to mitigate the environmental risks at the source and continuously improve its environmental performance.



## Remedy of Potential Environmental Hazards

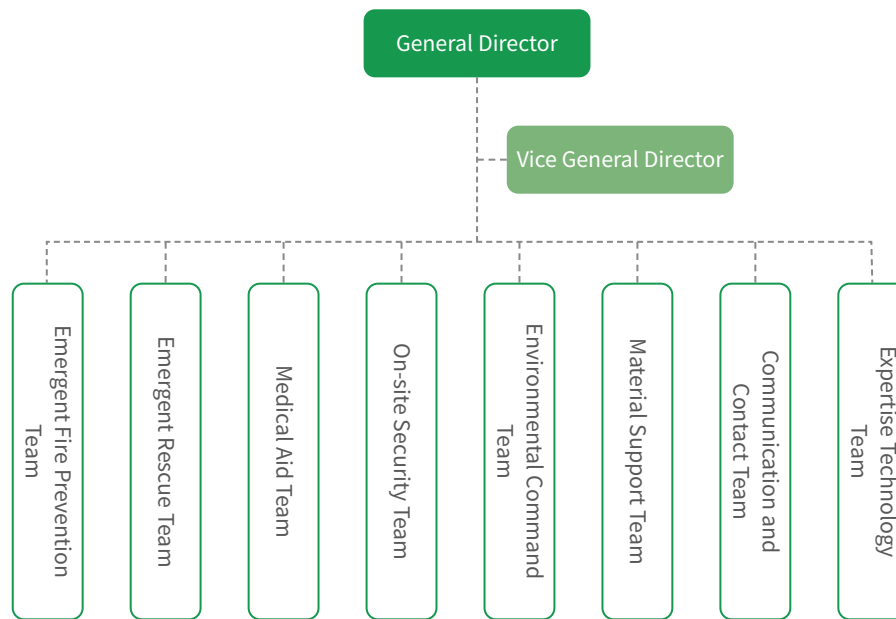
Based upon the Procedure for Environmental Protection Related Hazard Control and Management, the company conducted environmental hazard inspections in key areas and facilities, including production equipment areas, raw material tank farm, hazardous solid waste warehouses, environmental protection treatment facilities, rainwater pipe networks and emergency response systems, various pipelines within the plant, and groundwater and soil monitoring. The company has applied a dual mechanism consisting of "quarterly company-level inspections and monthly departmental-level inspections." Specifically, company leaders and designated responsible leaders organize environmental hazard inspections at least once per quarter, while workshops and departments organize such inspections at least once per month.

For the identified hazards, the company strictly implements a process of "registration and filing, responsibility assignment, and rectification within the specified timeframe" for the same. It requires that hazards be documented as per relevant regulations, establish a hazard investigation and rectification log, and, based on the division of responsibilities, assign responsible personnel, formulate measures for remedy and set deadlines for their rectification. The company requires the department where the hazard originated to organize relevant technical personnel to conduct a root cause analysis, identify the underlying reasons, and implement targeted remedy to ensure the proposed remedy is in place. Additionally, on completion of any hazard remedy, relevant departments are required to apply in activities the lessons learned, conduct further inspections for similar hazards, coordinate the efforts for remedy and finalize relevant documents for closed-loop management to ensure the remedy is complete and the compliance risks are at control.

## Consolidate the Emergent Response Line

The company has continued its efforts to improve its environmental emergent management system, aiming to strengthen its emergent preparation and drills, and effectively build a solid environmental safety and emergent response line. To be consistent with relevant laws, regulations, and policies, the company devises reasonably its procedures for incident reporting, response, and disposition to define the composition of the emergency response team and the allocation of material. It has established a systematic contingency plan (including comprehensive and specific contingency plans). A systematic review and updating of the environmental contingency plan are conducted every three years, and it is submitted to the local environmental protection authorities for filing as required. To ensure any environmental emergency is prevented, responded and disposed of orderly, the company has established an environmental emergent response organization. Each of the team thereunder functions properly and collaboratively based upon their work split

The Emergent Response Organizational Structure in Shengda Bio-Pharm



To enhance its capability in responding to unexpected environmental incidents, the company conducts, on annual basis, a comprehensive emergency drill and two drills specific for environmental protection roles. These drills simulate scenarios such as hazardous waste spill, soil pollution. By following the environmental contingency plan, the participants strictly implements relevant procedures governing incident reporting, on-site warning and isolation, wearing protective equipment, confined space rescue and emergent disposition and medical treatment of the injured. These drills enable the emergency responders to become more familiar with the response procedure and identify promptly any deficiency. For the identified areas of concern, the company will organize targeted training, improve relevant actions to be taken on emergency and revise the contingency plan as necessary before its re-filing.



### Promote Prevention of Accidents through Drills: Emergency Drill for Hazardous Chemicals Leakage and Fire Accidents

To effectively respond to emergency due to hazardous chemical leakage and fire accidents, and ensure the safety of employees' lives, on October 23, 2025, the company organized a unified emergency drill for hazardous chemical leakage and fire accidents. All employees for Grignard in the D-Biotin workshop, EHS office, equipment maintenance workshop and other relevant departments participated in the drill. The drill plan was issued to all positions concerned one week later following its study, devising and endorsement. The participants studied and were trained carefully, and strictly implemented the plan. During the drill, each participating organization organized their activities carefully, responded quickly, and coped with the situation in a standardized manner. The on-site simulation was close to reality and focused on testing the evacuation of personnel, self-protection, use of emergency materials and equipment, and collaborative capabilities. This has improved further the risk identification and emergency response of employees, enhanced the overall coordination ability and emergency response of the company on emergency.



In 2025



There were

**NO** major environmental violations or incidents occurred in Shengda Bio-Pharm and its subsidiaries



**NO** any environmental compliance issues which subjected them to any administrative penalties or criminal liabilities



The total investment in environmental protection was

**5,756.46** 10k CNY



environmental protection related trainings were organized

**25**



with a total of

**1,001** participants

## Energy Utilization

Efficient energy utilization is crucial for enterprises to reduce resource consumption and promote sustainability. Shengda Bio-Pharm strictly complies with the Energy Conservation Law of the People's Republic of China and other relevant laws and regulations, continuously strengthens its normalized consumption of energy as per Energy Conservation and Carbon Reduction Management Policy, and has developed and carried out such internal management regulations as Regulations for Energy Management and the Regulations for Energy Metering Management. During the reporting period, Shengda Bio-Pharm was certified to comply with ISO 50001:2018 energy management system. Its subsidiaries have also simultaneously established and implemented relevant energy management procedures to continuously enhance the standardization and systematization of their energy management.

## Energy Audit and Measurement




The company continues to improve its basis for energy management to achieve full coverage of measuring instruments for key energy-consuming equipment across its subsidiaries and various workshops. Through an energy online monitoring platform, it conducts real-time data collection and monitoring of water, electricity, and steam and supports accurate monthly energy cost accounting and anomaly analysis, hence has improved continuously its refined energy management.

Besides, the company conducts internal audits of the construction and operation of the energy management system annually, requiring relevant responsible departments to rectify non-conformities within a specified timeframe to ensure the adequacy and effectiveness of energy management. In the meantime, its subsidiary, Silver-Elephant, as a key energy-consumer in Zhejiang Province in 2025, strictly obeyed the governmental requirements for energy statistics and review. It submits energy data such as the Enterprise Energy Revenue and Expenditure Balance Sheet, Enterprise Energy Purchase Cost Sheet, and Energy Consumption Sheet for Outputs monthly through the Zhejiang Provincial Comprehensive Energy Utilization Status Management System. The company submits its Unit Energy Consumption of Major Energy-Consuming Products and Comprehensive Energy Consumption and Enterprise Water Consumption Status Sheet annually.

## Energy Efficiency Enhancement

The company and its subsidiaries have continued to promote their energy efficiency, systematically carry out energy-saving renovations in such aspects as equipment renewal, process optimization, recycling etc. to solidify its foundation for green manufacturing.

### Schedule of Energy Conservation Measures

Dimension	Measures in 2025
 <p>Equipment renewal</p>	<ul style="list-style-type: none"> <li>▶ Shengda Bio-Pharm completed its energy efficiency upgrade for its power supply and distribution system by replacing all S9 series transformers with S15 series, Class I energy-efficient products. This achieved a "three-level leap" in energy efficiency ratings, significantly reducing transformer energy consumption.</li> <li>▶ Tongliao Shengda carried out a special rectification campaign for key energy-consuming equipment by retiring and replacing six high-energy-consumption electro-mechanic devices to progressively eliminate equipment energy efficiency bottlenecks.</li> </ul>
 <p>Process optimization</p>	<p>The Silver-Elephant took energy-saving measures across its key product lines to continuously enhance energy utilization efficiency:</p> <ul style="list-style-type: none"> <li>▶ In the nisin product line, the nisin acidification process was optimized, and the steam consumption was further reduced compared to the original process, saving about 4.2 tons of steam per batch per tank.</li> <li>▶ For the polylysine product line, the polylysine production process was improved by omitting the use of steam to further reduce steam consumption.</li> </ul>
 <p>Recycling</p>	<ul style="list-style-type: none"> <li>▶ The Silver-Elephant achieved the thermal energy recycling from condensed water generated during the process. This has realized the waste heat recycling and further enhanced the overall energy utilization.</li> <li>▶ Yitao Food has also taken a number of energy-saving measures by targeting key areas for energy-consumption:             <div data-bbox="1052 1161 1957 1428" style="border: 1px solid green; padding: 10px; margin-top: 10px;"> <p>In the drying production line, all atomizers were provided with waste heat recovery units for exhaust and steam condensate, enabling cascaded utilization of waste heat.</p> <p>For the air conditioning system, rotary dehumidifier waste heat recovery devices were installed to recover and reuse the waste heat generated during the AC system operation to reduce reheating energy consumption.</p> </div> </li> </ul>

## Clean Energy Utilization

The company actively promotes the utilization of clean energy, explores the use of photovoltaic power generation facilities to increase the proportion of clean energy application, and has continuously optimized its energy structure. The company has installed solar streetlights and plans to provide the part of existing rooftop space at its plant to qualified third parties for the installation of photovoltaic power stations. This project is currently under negotiation. In the meantime, the rooftop of the warehouse at its subsidiary, Silver-Elephant, was provided with 215 kW of photovoltaic panels, which has generated 222,100 kWh of electricity in 2025. In terms of green certificate purchase, Silver-Elephant and its subsidiary Yitao Food purchased a total of 30,000 green certificates in 2025.



### Empower through Green Initiatives: Promote Energy Conservation and Emission Reduction and Guide Behavior Changes

The company organizes annual training and promotional activities on the theme of energy conservation and emission reduction, aiming to provide systematic explanations and case studies on energy-saving techniques in daily office and living scenarios and continuously enhance employees' awareness of energy conservation and environmental protection. The training covers specific measures such as rational operation of office equipment, minimizing standby power consumption, and optimizing the use of air conditioning and lighting to encourage the employees to start with minor things and embrace a green and low-carbon approach to work and life. In the meantime, the company also, through means including internal publicity, energy-saving initiatives and behavior guidance etc., fostered a positive atmosphere of full participation to integrate the concept of energy conservation and emission reduction into daily management and employee behaviour and establish in a stepwise manner a long-term, normalized mechanism for green development.

## Water Resource Harness

Shengda Bio-Pharm strictly adheres to relevant laws and regulations such as the Water Law of the People's Republic of China, the Regulations on Water Conservation, and the Regulations on Urban Water Conservation Management to promote sustainably carry-out of its water-saving measures.

The company reuses the process water in its production process to achieve recycling of the same, which can save about 30,000 tons of water annually; In the meantime, the surplus purified water generated by the purified water station is collected in the intermediate water tank for recycling in the CCW system, which has improved the efficiency of water resource harness and is expected to further save water every year.

In the production line, the corporate subsidiary, i.e., Silver-Elephant, recycled and reused the cooling water as equipment cleaning water; In the meantime, the cleaning management was optimized and to reduce reasonably the frequency of equipment cleaning, which may save about 3,600 tons of water per year; Besides, Silver-Elephant has endeavoured to recycle the process water and recycle the water used in other sections to further reduce the amount of fresh water required.

## Circular Economy

Shengda Bio-Pharm actively practices the circular economy concept, and its subsidiary Tongliao Shengda continuously promotes the enhancement of the value of fermented by-products. By utilizing fermented by-products in the development of products such as protein feed and microbial agents, the transformation of by-products from "waste" to "resource utilization" is achieved, and the comprehensive utilization level of resources and added value of products are continuously improved—efforts are made to build a green, low-carbon, efficient and circular industrial development model to provide solid support for sustainability of enterprises and industrial transformation and upgrading.

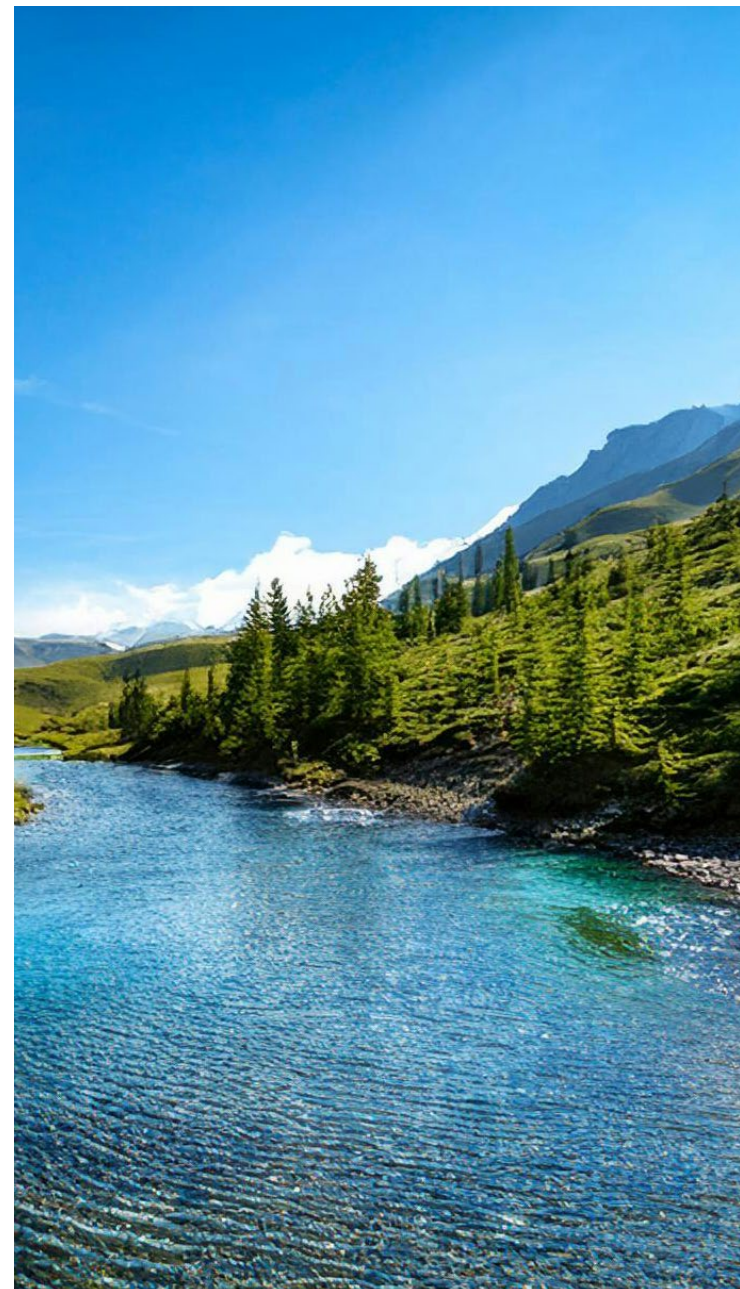
## Ecological System and Eco-diversity Protection

The company follows the principle of source avoidance and intensified process management to effectively protect the ecosystem integrity and biodiversity. It commits to minimize its interference and damage to ecosystems during its production and operational activities. For its project site selection, Shengda Bio-Pharm strictly complies with national and local laws and regulations such as the Environmental Impact Assessment Law of the People's Republic of China and the Regulations on the Environmental Protection Management of Projects to fully meet the requirements for delineated boundaries of ecological conservation red lines and environmental control in the proposed location. The company prioritizes its project location in industrial agglomeration areas to preclude any of its constructing or operation in important areas such as nature reserves, scenic spots, potable water source protection zone and wildlife protection areas. It endeavored to refrain from locating its projects near important ecological function zones or ecologically sensitive and fragile areas to avoid any ecological damage at the source. During the project construction and operation, the company's pollution prevention facilities for exhaust, wastewater, and other pollutants are built and put into operation in-phase with the main works. These facilities are operated stably and pollutants are treated according to legal requirements, and pollutants are discharged strictly by using the means stated in the permit for pollutant discharge to ensure that ecological impacts are mitigated throughout the process.

In the reporting period,

Shengda Bio-Pharm, its subsidiaries, and their production facilities

have **NO** operations within the scope of ecological conservation red lines.



# Social Responsibility

As a firm advocate for sustainability, the company has always stayed true to core value of "people-oriented" and is dedicated to building a safe, healthy, inclusive, and diverse workplace ecosystem, providing comprehensive support for employees' physical and mental well-being and professional development. For industrial chain synergy, the company drives its upstream and downstream partners to fulfill jointly their social responsibility and achieve green and shared prosperity across the value chain by taking quality and safety as a cornerstone, R&D and innovation as a driving force and risk management as a key measure. In the meantime, the company remains mindful of its role as a corporate citizen, embedding social contribution into its operations. By deepening its community engagement and empowering industrial development, it has promoted actively the harmonious coexistence and the flourishing of the society.

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(SDGs)



03

# Employee

Shengda Bio-Pharm strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, and other relevant laws and regulations. The company consistently adheres to a people-oriented development philosophy, regarding employees as the core driver of sustainability. It continuously improves the employee rights protection and labor rights management system, ensures compliance employment at the law, and safeguards earnestly employees' legitimate rights and interests as well as their professional dignity. To this end, the company has established the Labor and Human Rights Management Objectives and Regulations, which includes seven categories of quantitative indicators covering employee health and safety, working conditions and social dialogue etc. to ensure ongoing monitoring, evaluation, and improvement. While providing strong guarantee for employee rights and interests, the company stresses highly on attracting, cultivating, and retaining talents. Through a robust talent acquisition mechanism, a systematic training system, and diversified career development, the company provides employees with extensive growth opportunities and platforms to realize their value. In the meantime, the company actively fosters a fair, equitable, diverse, and inclusive workplace environment, respects individual differences, encourages the collaborative development of talents from diverse backgrounds so as to continuously enhance organizational vitality and cohesion, and promote the joint growth and progress of both the company and its employees.

## Labor Right and Interests

Shengda Bio-Pharm strictly prohibits forced labor, child labor, and other violations of labor rights. The company continuously improves its employment management and overtime control mechanisms, safeguards employees' rights to rest and leave under the law, and protects employees' legitimate rights and interests through democratic management channels such as trade unions.



The company has established a Management Procedure for Prohibiting Forced Labor, Mental and Physical Abuse and Ensuring Freedom. It explicitly states that the company shall not collect any form of deposit or collateral. It prohibits forcing employees to stay on-site after work, and forbids any form of corporal punishment, physical contact, mental coercion, or verbal abuse. All employees have the freedom to elect whether to work overtime, and are provided with two forms of compensation for overtime work—compensatory leave or overtime pay—as stipulated to ensure effective protection of employees' basic legitimate rights and interests.



The company strictly adheres to the State Council's Prohibition of Child Labor Regulations and the Law of the People's Republic of China on the Protection of Minors. It has formulated the Management Procedure for Child Labor and Young Workers to establish comprehensive prohibitive clauses, complaint channels and processing mechanisms for management in the area. Through a systematic seven-step process—including identification and reporting, acceptance and evaluation, investigation and intervention, emergent rescue, case assessment and planning, remedy and long-term follow-up and support—the company has put in place a structured remedy and support process to effectively safeguard the physical and mental well-being of minors and children.



The company has continuously improved its employee leave management mechanism. While providing legal guarantee for rights to annual leave, marriage leave, sick leave, bereavement leave, maternity leave etc., the company focuses on its efforts to optimize arrangements for parental leave, paternity leave, nursing leave, family reunion leave, and family care leave. For example, employees with their kids under three years of age are entitled to a 10-day parental leave per year; employees who are the only child of a parent aged 60 or above are entitled to an additional five days of family care leave per year. These measures prove effective in assisting employees balance childcare responsibilities, family obligations, and career development.



The company continuously improves its democratic management mechanisms and actively promotes the development of trade union organizations. As stipulated in the Trade Union Law of the People’s Republic of China, the Constitution of the Chinese Trade Unions, the Regulations on the Election of Grassroots Level Trade Union Organizations and other relevant regulations, the company formally established a trade union and elected its employee representatives in 2020. It holds regular employee representative conferences annually to gradually refine the communication and consultation mechanisms. Currently, the organizational structure of the Fourth Employee Representative Conference Commission is well-configured and the election of the Trade Union Commission, the Fund Audit Commission, and the Female Workers’ Commission has concluded successfully. Through the signing of collective agreements, the company has made equal consultations on issues governing compensation and benefits, working hours, labor protection, and employee concerns to effectively safeguard employees’ rights to information, participation, and supervision, and promote development of harmonious and stable labor relations.

## Talents Attraction and Retention

In terms of talent attraction and retention, Shengda Bio-Pharm, taking compliance employment as a precedent condition, has improved continuously the organizational attractiveness and employee stability through a robust talent retention mechanism and a competitive compensation and benefit system. The company has established a comprehensive Labor and HR Management System and put in place a standardized assessment and screening mechanism. During the recruitment process, a unified workflow for job application approval, information publication, resume screening, interview evaluation, and employment approval has been established to ensure that the entire recruitment process is standardized, compliant, and traceable. Candidates are promptly informed of the recruitment progress to safeguard their right to know.

Based on national laws and regulations as well as industry characteristics, the company has established a comprehensive Regulation for Salary Assessment Management. It adopts a classified salary management model in establishing a salary structure adaptive to job value, personal ability and performance. The payroll consists of basic salary, performance bonuses, and various allowances and subsidies. The salary establishment, adjustment, and payment are carried out in accordance with institutional norms to ensure fairness and incentive-based compensation.

Apart from a robust social security mechanism (five social insurances and housing fund), the company also provides various welfare and care program for all employees, including employee dormitories, meal allowances for work, team building tours, union benefits, holiday gifts, birthday party activities, etc. Furthermore, for migrant employees, the company has specially formulated a Procedure for Migrant Talent Welfare Management, which creates a good working atmosphere for migrant employees by providing free accommodation, non-local family reunion leave and subsidies to enhance their sense of belonging and the company’s talent attraction and retention stability.

<sup>1</sup>Zhejiang Shengda Group Co., Ltd., the controlling shareholder of the company.



### Walking by the Lakeside to Build Vitality with Every Step — Active Joining in the 2025 Group Walking Event

On November 29, 2025, the company organized the first session of 2025 Group Walking Event launched by Shengda Group at Shifeng Lake Park to attract active participation of its employees. The event is launched to keep employees physically fit and promote their solidarity. It not only enhanced effectively employees’ physical conditions but also promoted cross-departmental communication and the team cohesion through outdoor collective activities. The event showed the employees are mentally upward. By deeply integration of a healthy life style with unity and progress, the event fostered a positive corporate culture ecosystem, reinforced organizational cohesion, and empowered the high-quality development of the company with spiritual drive and cultural vitality.





### Joint Celebration in the Name of Love — Birthday Gatherings Convey Warmth and Cohesion

To ensure that every employee truly feels the warmth brought by the "family culture", enhance their sense of belonging and identity, and encourage them to learn how to give back with gratitude (gratitude to family and parents, colleagues, friends, the company, and the society) and foster a harmonious working and living environment, the company organizes monthly birthday gatherings for the birthday employees. During these events, the company presents handwritten greeting cards and cozy birthday gifts to the birthday employees and their family members. Employees are encouraged to do something small but meaningful for their parents on their birthday, take a photo with a caption, and submit it in the contest organized for the purpose. In the meantime, the company also organizes employees to participate in public welfare volunteer services and extend their wishes through dedicated columns, videos, and rolling displays in public areas so as to create a harmonious and warm working atmosphere.



Splendor of Shengda Bio-Pharm Basketball Team



Shengda Hehe Book Bar



Shengda Greetings on the Spring Festival



Shengda GYM

## Talent Cultivation and Development

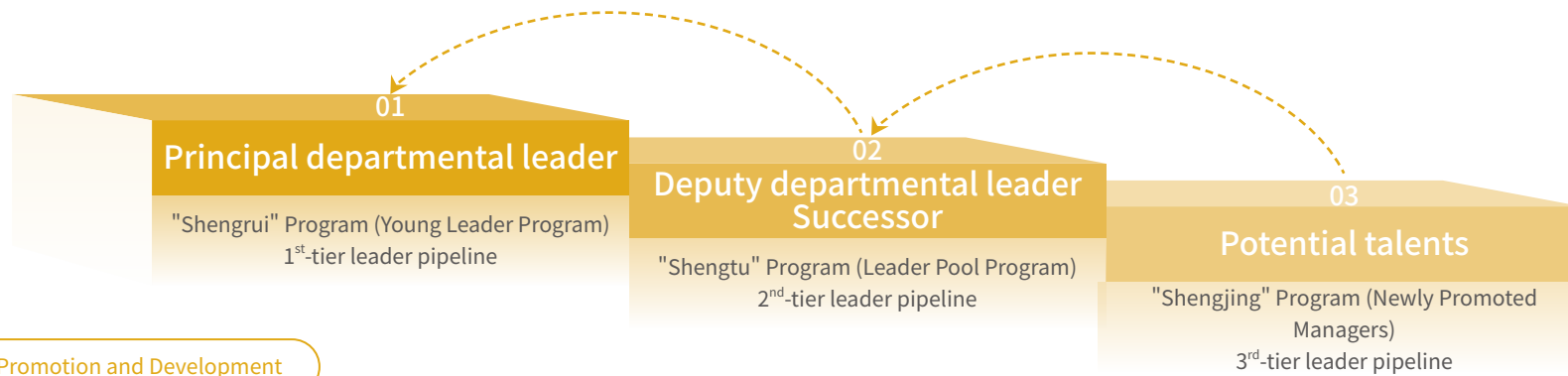
Shengda Bio-Pharm pursues full-chain synergy for its talent recruitment, cultivation, employment and retention. It focuses on improving the talent reserve and succession mechanisms to consolidate its talent base for key jobs. It has established a comprehensive framework that covers full-cycle training and development, multi-channel career advancement, and competitive incentive safeguards. It continues to improve employees' professional competence and provide additional room for their growth so as to build a high-quality, high-performance team of specialized talents.





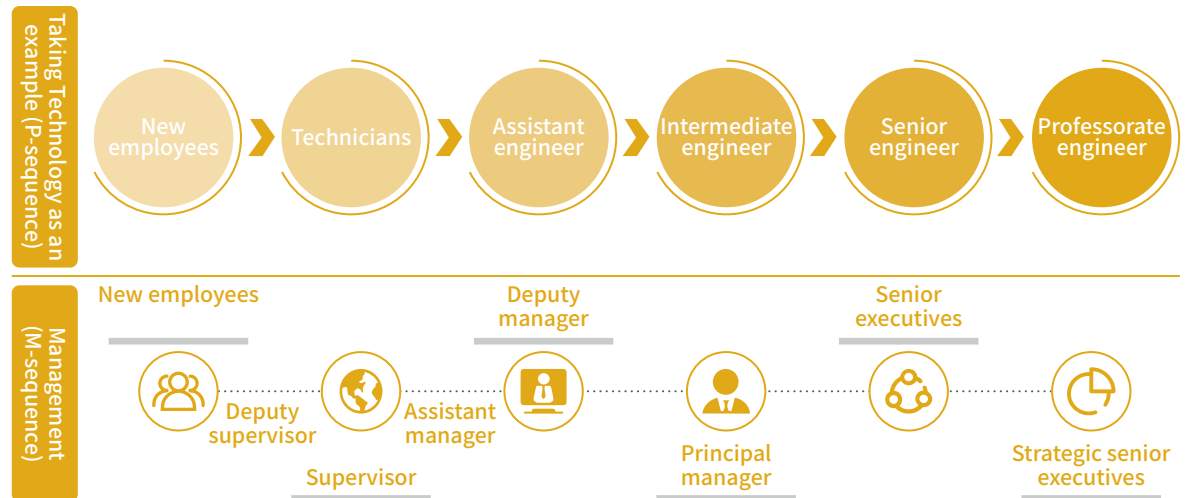
Training empowerment

The company has formulated Regulations for Employee Training Management and established a comprehensive training system covering pre-employment training, on-the-job training, job transfer training, and qualification training. Through the integration of internal training and external off-the-job training, the company selects instructors with proven professional experience and outstanding teaching capabilities to provide employees with a systematic, multi-level learning and development platform. The effectiveness of training is evaluated through written examinations, on-site operational assessments, oral questioning, and other methods as appropriate. Through the above closed-loop training and evaluation system, the company has improved effectively employees' job competence and standardized operational skills, providing a solid talent base for the company's high-quality development. Based on the company-wide training system, the company further refines its tiered and categorized talent development framework. Through three distinctive programs—the "Shengrui" Program (young leader program), the "Shengtu" Program (reserve cadre program), and the "Shengjing" program (newly promoted managers)—the company offers differentiated training and career development pathways tailored to various groups to continuously strengthening the construction of its talent pipelines.



Promotion and Development

The company has established a dual-channel career development system comprising the P-sequence (including technical, production, marketing, and functional roles) and the M-sequence (management roles). Differentiated promotion paths and evaluation methods are set up based on the characteristics of the two job categories, and transparent promotion mechanisms and assessment criteria are developed to provide clear pathways for employee growth and career development. For example, the company has formulated the Management Regulations for Technical Personnel Grade Assessment, which specifies the standards and qualification requirements for technical personnel promotions. Comprehensive assessments are conducted based on dimensions such as technical experience, professional competence, and work performance to provide a systematic framework for the promotion of technical personnel.





### Incentive Guarantee

To further enhance employee cohesion and the company's competitiveness, and promote the company's long-term, sustainable, and healthy development, Shengda Bio-Pharm developed the 2024 Employee Stock Ownership Plan for Shengda Bio-Pharm. Under the plan, directors, supervisors, senior management, and other key employees are granted share incentives totaling no more than 10% of the company's total share capital. A management commission, elected by all shareholders, is responsible for overseeing and managing the entire stock ownership plan. In 2025, the company advanced the implementation of the employee stock ownership plan, completed non-trade transfers of shares, and concurrently revised the management rules of the plan to further refine the incentive mechanism and implementation rules, thereby strengthening the stability of the core team and providing long-term development momentum thereof. Additionally, to encourage the improvement of employees' professional competence and skills, the company has established the Incentives for Enhancing Employee Professional (Vocational) Qualification, Education, and Skills. This program provides learning incentives, whereby cash rewards will be offered to employees who were certified to be qualified for their operations, business or other jobs during their employment.

## Diversity, Equality and Inclusion

Shengda Bio-Pharm is committed to building a fair, respectful, and inclusive workplace ecosystem. Through diversified cultural platforms and innovative activities, it fosters a healthy and uplifting organizational atmosphere to make the company a community with shared value and a spiritual home for employees. The company has established a Fair Management Procedure for Recruitment, Training, Development, and Promotion, which systematically ensures fairness throughout the entire process. Through measures such as open recruitment, accessible training, fair promotion, and reasonable facilitations, the company guarantees equal and fair development opportunities for all employees.

In the meantime, the company has developed an Anti-Discrimination and Anti-Harassment Management Procedure, explicitly encouraging and supporting all employees to preclude any discrimination based on race, religion, region, gender, age, language, physical ability, or other factors. Any violations, once discovered, will result in remedial measures such as personal safety protection, job adjustments, professional psychological counseling, and legal support. The company has established multi-channel complaint and reporting mechanisms, including a public hotline, physical box for complaints, and a cyber-based "CEO Direct Line", encouraging employees to report various violations openly or anonymously, verbally or in writing. All concerns and requests will be promptly investigated, properly addressed with the results thereof fed back in a timely manner to form a closed-loop process of "acceptance-investigation-accountability-feedback" and ensure the effective operation of the oversight mechanism and a zero-tolerance for various violations.

Furthermore, the company keeps on improving its employee care system, focusing on thoughtful measures to support female employees, assist employees in difficulty, and promote employee physical and mental well-beings so as to enhance their sense of fulfilment and organizational cohesion.



### Care for Female Employees

The company stresses on protecting the rights and interests of female employees and follows the principle of equal pay for equal work and equal development opportunities. It has enhanced its special protections for the pregnancy, childbirth, and nursing periods, and regularly organizes care activities for female employees, such as spring outings, free physical check-ups, and holiday visits. In May 2025, for the physical and mental health of its female employees, the company's trade union, in collaboration with the local street-level trade union and the county maternal and child health and family planning service center, organized on-site free physical checkups for all female employees. Besides, it also invited a physician from Tiantai People's Hospital to deliver a lecture on breast cancer prevention.



Support for Employees in Difficulty

The company keeps on caring for the actual needs of employees facing hardship and has established a support and care mechanism for the purpose. Through measures such as visits and financial assistance, it provides timely support to help employees ease their living tension and enhance their confidence in work. In January 2025, the company organized a care tour before the Spring Festival. The company's senior executives visited employees in financial difficulty, as well as their relatives, friends, and neighbors, presenting to them compassionate payments and daily life necessities to show the company's care. A total of more than 30 households in need were visited.



Physical and Mental Health Support

While stressing specially on protecting the rights and interests of specific groups, the company is simultaneously advancing the development of a physical and mental health support system for all employees. Mental health and emotional management are included as key priorities in daily care. Through health promotion, communication and counseling, and resource support, the company helps employees maintain a positive and stable working state. In 2025, by focusing on employees' physical and mental health management needs, the company organized a series of activities including health consultations and health knowledge lectures to further promote employees' health awareness and self-management capabilities, and foster a warm and supportive workplace atmosphere.



Feel "Warmth of Shengda's Love on the Double Ninth Festival": A Heart-warming Event for Retired Employees to Visit the Company

On October 28, 2025, Shengda Bio-Pharm sincerely invited its retired employees to "return home" to participate in the heartwarming event for retired employees, themed "Warmth of Shengda's Love on the Double Ninth Festival — Joyful Gathering in This Season." The event celebrated the golden autumn season by bringing the former retired employees back together. The company invited the veteran retirees to experience on the spot the corporate industrial upgrades and innovative achievements, allowing them to directly witness the new development of the company. Through informal discussions and a park tour, they renewed the profound friendship within the "Great Shengda Family" and reinforced the continuity of the corporate culture. This event not only honored the traditional virtue of respecting and caring for the elderly but also served as a bridge for the spiritual heritage between new and veteran employees. The valuable experience of the retired employees has transformed into a source of inspiration for the company's development to further strengthen the sense of organizational belonging and corporate cohesion.





### Shengda Bio-Pharm Organized a Care Tour and Outing Event for Female Employees on International Women's Day

On March 8, 2025, International Women's Day, to convey the company's care and concern, the company offered shopping benefits for its female employees and organized a one-day tour to Xikou Ancient Town and Fenghua Xuedou Mountain (for voluntary sign-up) at the expense of the company. The event effectively conveyed the company's care and respect for its female employees, enhanced their sense of fulfilment and happiness, and fostered further a warm and harmonious corporate culture.



### Maintain Sound Physical and Mental Health — Shengda Bio-Pharm's Ongoing Health Care Initiatives

In 2025, the company continued to improve its employee care system, focusing on safeguarding employees' physical and mental health by organizing a series of activities such as health consultations and health knowledge lectures. The health consultation services covered routine physical checkup, consultations on common diseases, physiotherapy experiences, mental health support, and health knowledge education etc. A team of professional physicians was specially invited to provide one-on-one services on-site. The activities were conducted on a rotational basis at different work locations as scheduled to ensure broad coverage and easy access for employees. While safeguarding employee health, these initiatives effectively conveyed the company's care and were highly appreciated and positively responded by employees.

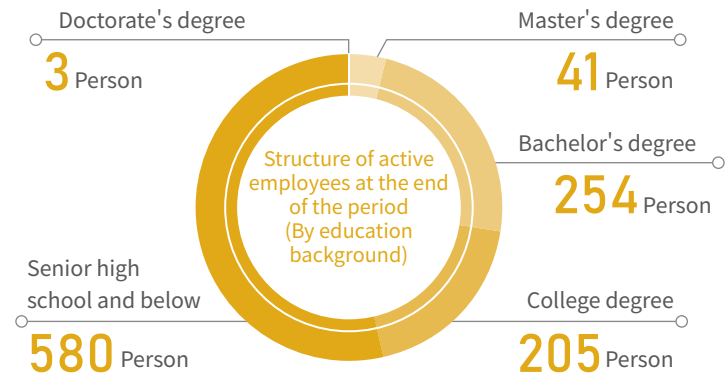
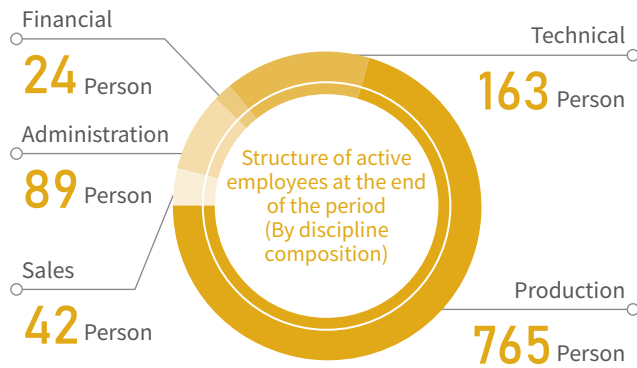
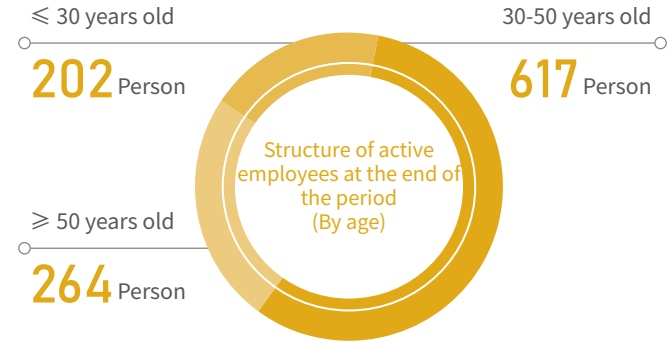


To further strengthen the closed-ring management based upon what has been achieved, the company established the Procedure for Employee Satisfaction Management to extensively gather employee opinions and suggestions. In June 2025, it conducted a satisfaction survey among all employees with a response rate of 97%. The results showed that employees had generally high satisfaction with the work environment, the company's prospects, and the company's training system, while there was a still room for continuous improvement in the compensation incentive mechanism and attendance management system based on actual corporate conditions. In response to the feedback, the company will continue to improve the relevant areas by strengthening daily management, reasonably arranging promotions, and providing support for employees facing difficulties. It will promptly optimize measures to continuously enhance the organizational cohesion.

Employee Information in 2025

Total number of active employees at the end of the period

**1,083** Person



Rate of labor contract conclusion

**100%**

Employee social insurance and housing fund coverage

**100%**

Incidents resulting in labor lawsuits, labor arbitration, and other employee dispute

**0** Occurrence

Total number of employee training sessions

**440** Number

Total hours of employee training

**830** Hour

Employee training coverage

**100%**

Total investment in employee training

**12,650** CNY

## Occupational Health and Safety

Occupational health and production safety are the cornerstones for safeguarding employees' life and health, reducing accident risks, and promoting the stable and sustainability of enterprises. Shengda Bio-Pharm strictly complies with relevant laws and regulations such as the Work Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Administrative Procedure of Contingency Plans for Work Safety Accidents. Internally, it has formulated and implemented a series of management regulations including the Responsibility System for Work Safety, Responsibility System for the Prevention and Control of Occupational Hazards, Management System for Safety Inspection and Hazard Rectification, Management System for Work-Related Accidents, Management System for Labor Protection Supplies, Safety Management System for Hazardous Chemicals, and Safety Management System for Stakeholders. Its subsidiaries have also prepared relevant procedural documents to ensure their workplaces meet the standards for safe production and protect employees from occupational hazards. During the reporting period, Shengda Bio-Pharm and its subsidiaries were certified to comply with ISO 45001:2018 for OHSE management systems, kept improving its OHSEE management to effectively safeguard employees' life safety and their physical and mental health.

### Intensify Safety Accountability

The corporate chairman acts as the primary person responsible for work safety and is generally responsible for the company's work safety. The general manager assists the chairman in practicing the work safety and occupational health management system, leads the coordination of cross-departmental work safety affairs, and regularly supervises the implementation of work safety responsibilities across various business segments. The company has established an HSE department (Safety Section) as a dedicated functional unit for occupational health and work safety. It employs full-time safety management personnel who are responsible for performing daily safety management and guiding on work safety-related activities in various workshops. In the meantime, production workshops and teams are required to perform their respective duties and collaborate efficiently to ensure the health and safety of all relevant personnel inside of the operational premises.

The company promotes the implementation of work safety responsibilities at all levels in accordance with the Work Safety Responsibility System. It requires the signing of work safety responsibility agreements annually at all levels and for all employees, breaking down the safety objectives and responsibilities to every position—from the chairman and general manager to frontline operators—and directly linking them to performance assessments.

## Guard Work Safety

The company has established and keeps on optimizing a dual prevention mechanism for cascaded safety risk control and hazard investigation and management, centered on proactive risk control and early intervention.

For cascaded safety control, the company uses HAZOP (Hazard and Operability Analysis) approach to conduct systematic safety risk identification for production processes, equipment and facilities, and operational activities, focusing on analyzing typical hazardous chemical risks such as fire, explosion, poisoning and suffocation, leakage, and corrosion. Furthermore, the company has quantified the risk levels, dividing them into four grades: major (red), significant (orange), ordinary (yellow), and low (blue). Targeted management measures are implemented for each grade—developing and exercising control across five levels: "engineering technology, maintenance, operational control, emergent response and personal protective equipment"—to ensure that major risks are controlled, general risks are preventable, and low risks are manageable.

For hazard investigation and management, the company has established a comprehensive hazard inspection network that covers daily team-level walk-around inspection, monthly company-wide comprehensive inspections, seasonal and holiday-specific special inspections, and in-depth detection conducted by third-party professional institutions. The Identified hazards are rectified promptly with results thereof to be followed up as required.

► **Special Equipment**

Apart from regular internal and external inspections, the company maintains a full lifecycle record for each piece of special equipment, integrating the entire process from design, manufacturing, installation, inspection, maintenance, and modification to retirement to ensure the whole process traceability of equipment status.

► **Key areas**

The company integrates DCS (Distributed Control Systems), GDS (Gas Detection Systems), and video surveillance systems to establish an online monitoring and early warning network covering key parameters and operational status to enable real-time risk perception and advance warning.

In the plant area, the company implements a "standardized walk-around inspection" system, defining inspection frequency, routes, and key checkpoints. The Inspection personnel use information terminals to upload inspection data in real time to the dual prevention system to enable immediate warning and closed-loop processing of abnormal conditions.

► **Hazardous Chemicals**

As guided in the Work Safety Law of the People's Republic of China for Hazardous Chemicals to be effective in near future, the company has established a record on hazardous chemical consumption, covering the entire process from warehousing, issuance, and consumption to ensure traceability and precedent warning of risks thereof. Hazardous chemical warehouses are run strictly to ensure the materials are segregated, separated and isolated effectively. Safety information such as MSDS (Material Safety Data Sheets) is readily available at hazardous chemical storage sites to ensure workplaces and safety facilities comply with national standards and conspicuous and standardized safety signs for warning are installed and emergency rescue equipment are in place.

## Occupational Health Guarantee

The company is subject to an annual inspection of occupational hazard factors in the workplace by an external third party. It conducts evaluation of the current status of occupational hazards every three years. It has taken corresponding occupational disease prevention measures to improve positively the working environment conditions for employees in the workplace and ensure the workplace meets the requirements in occupational health standards.

The company organizes regular occupational physical check-ups for all employees annually in accordance with the laws. The physical check-up covers major occupational hazard factors such as dust, noise, and chemical toxins, and at three key points, i.e., before, during and after employment. The results of physical check-up are signed and confirmed by the employees themselves for future reference.

The company establishes and continuously updates personal occupational health records for all employees who participate in occupational physical check-ups. The records include occupational hazard exposure history, results of occupational physical check-up, occupational disease diagnosis and treatment, treatment and recuperation status as well as records on emergent response for occupational hazard accidents etc. to achieve dynamic management of employees' health status.

In the meantime, the company also provides personal protective equipment fit for their positional risk exposure as required for their operations, such as noise-proof earplugs, gas/dust masks, acid and alkali-resistant gloves and protective shoes, air breathing apparatus, etc., and has established records of distribution to supervise employees' standard wearing.

## Safety Culture Building

The company adheres to the principle of "safety first, prevention foremost" and is deeply committed to fostering a safety culture. Through a comprehensive education and publicity system that involves all employees and covers all areas, it promotes a profound shift in safety concept from "passive compliance" to "active prevention, aiming to build a strong safety defense line for production and providing guarantee for high-quality development. In 2025, Shengda Bio-Pharm and its subsidiaries conducted a total of 93 occupational health and safety-related trainings attended by 5,230 trainees altogether. The training covered production knowledge, emergent response, first aid knowledge etc. to effectively promote employees' understanding of and adherence to safety red line and behavior standards.

In 2025



Shengda Bio-Pharm and its subsidiaries conducted a total of

**93** occupational health and safety-related trainings



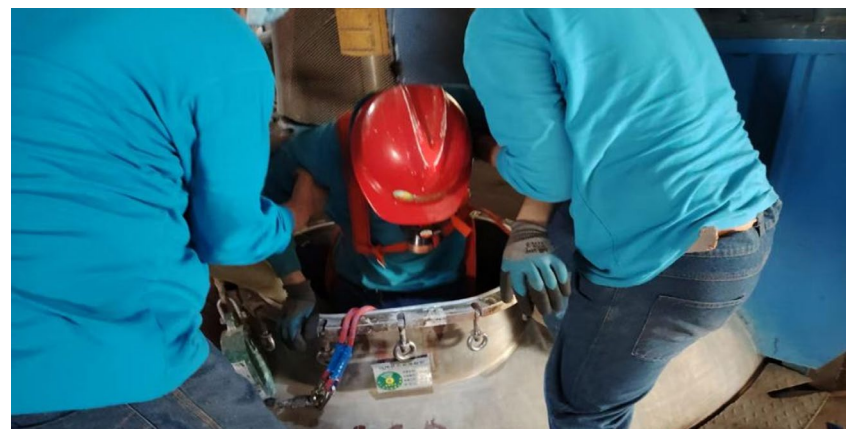
attended by

**5,230** trainees



### Empower Capabilities through Drills: Emergency Drill for Confined Spaces in the Fermentation Workshop

On May 29, 2025, Tongliao Shengda organized an emergency rescue drill for confined spaces in its fermentation workshop. The drill simulated a situation where an employee in the fermentation workshop fell in faint due to an unexpected situation while working inside a tank. After the accident occurred, the on-site emergency response process for confined spaces was quickly initiated. Each emergency response team carried out rescue operations such as ventilation, monitoring, rescue, and personnel transfer in an orderly manner according to the established plan to fully demonstrate the emergency response and rescue process for accidents in confined space.





Record of emergency plan drill for sudden spill fire and explosion accident in 2025 - centralized training for each emergency team before drill

Occupational Health and Safety Status in 2025

In 2025

Total investment in work safety

**589.25** 10k CNY

Employee fatalities from work-related accidents

**0** Person

Work-related fatalities from contractors

**0** Person

Major work safety accidents

**0** Occurrence

Total investment for work-related injury insurance

**24.92** 10k CNY

Work-related injury insurance coverage

**100%**

Total investment for work safety liability insurance

**15.81** 10k CNY

Work safety liability insurance coverage

**100%**

# Supply Chain Management

Shengda Bio-Pharm stresses highly on collaboration with industry partners and keeps on improving its supply chain risk management. It actively practice responsible procurement to advance the carry-out of sustainable supply chain requirements. The company is committed to establishing long-term, stable, and sustainable partnerships with suppliers and other value chain stakeholders. As guided in the Management Procedure for Procurement Operations, Management Procedure for Bid Solicitation and Regulations and Objectives for Sustainable Procurement Management, the company's Procurement Dept. and Quality Dept. etc. have organized various management departments to work collaboratively to ensure the effective implementation of sustainable supplier management across all levels.

## Sustainable Procurement

The company has incorporated the sustainable and responsible concept in the entire supplier management process to establish a full-lifecycle green supply chain management system covering admission, collaboration, evaluation and exit:



### Screening

In the supplier introduction phase, the company applies a rigorous a "360 ° Panoramic Assessment" mechanism. Along with reviewing supplier qualifications and product quality, it uses public channels—such as environmental penalty records and credit survey systems—to evaluate supplier's performance in environmental compliance and creditworthiness. Additionally, the company assesses ESG performance through questionnaires covering occupational health and safety, environmental protection, labor rights, and business ethics. Suppliers that fail the assessment are advised to make improvement and remedy. Those whose remedy was accepted will be included in the name list of qualified supplier; Otherwise, they are disqualified from becoming approved suppliers. Under equal conditions, the company will cooperate among others with suppliers that have established ESG management systems and are actively engaged in ESG management practices.



### Admission

For qualified suppliers, the company divides them into Class A, B, and C based on the significance of the raw and auxiliary materials they are to supply. It thoroughly communicates its requirements and standards in areas such as ethical conduct, confidentiality, environmental protection, hazardous substance control, OHSE, and labor rights. Suppliers are required to sign the POs, Supplier Code of Conduct, and Supplier's Anti-Bribery Commitment, all of which shall contain provisions related to environments, labor, and human rights. All suppliers are expected to strictly adhere to and comply with these standards.



### Evaluation

Annually, relevant departments conduct an online rating for cooperative suppliers, dividing them into four levels based on their rating: "Very Good" , "Good" , "OK" and "Poor" . Additionally, the company performs on-site audits every two years for Class A suppliers of key raw and auxiliary materials, covering aspects such as quality and environmental performance etc.



### Classification

Based on the results of assessment, the company requires and assists suppliers in rectifying and improving non-compliant items, supporting their capability enhancement. Suppliers that were rated as "Poor" in the annual online assessment or failed the on-site audit will be removed from the supplier pool and the cooperation with them will cease.

Based upon development and continuous improvement of a sustainable supply chain, the company actively encourages and supports suppliers in establishing and enhancing their own ESG management systems. In 2025, 100% of the company's raw and auxiliary material suppliers signed procurement contracts containing provisions relating to requirements for environment, labor, and human rights. 70% of the suppliers participated in corporate social responsibility and on-site environmental audits. Besides, 20% of suppliers were certified to comply with ISO 45001 standard and 35% of the supplier were certified to comply with ISO 14001 standard.

## Risk Management for Supply Chain

Supply chain risk management is essential in stable raw material supply, product delivery and quality compliance. Shengda Bio-Pharm has established a systematic supply chain risk management system. Through ongoing monitoring of national policies and industry trends, improved communication with suppliers, review of supply chain data over the past three years, and collection of market reports, the company analysed and evaluated relevant risk points to estimate their potential impact and likelihood of occurrence. It also put efficient and viable countermeasures in place to significantly enhance its supply chain stability.

### Minimize single source supplier dependency

The company has identified risks associated with suppliers concentration for portions of raw and auxiliary materials. To address this, the company expands its pool of alternative suppliers through multi-channel sourcing and comparison, actively supports small and medium-sized enterprises and local suppliers to diversify its supplier identification and gradually reduce supply-side concentration.

The company has improved its core supplier management through long-term strategic cooperation agreements to establish deeper relationships. It strategically plans its own safety inventory alongside supplier reserve inventory to create a flexible supply system and ensure the continuous supply of key raw and auxiliary materials even under extreme conditions.

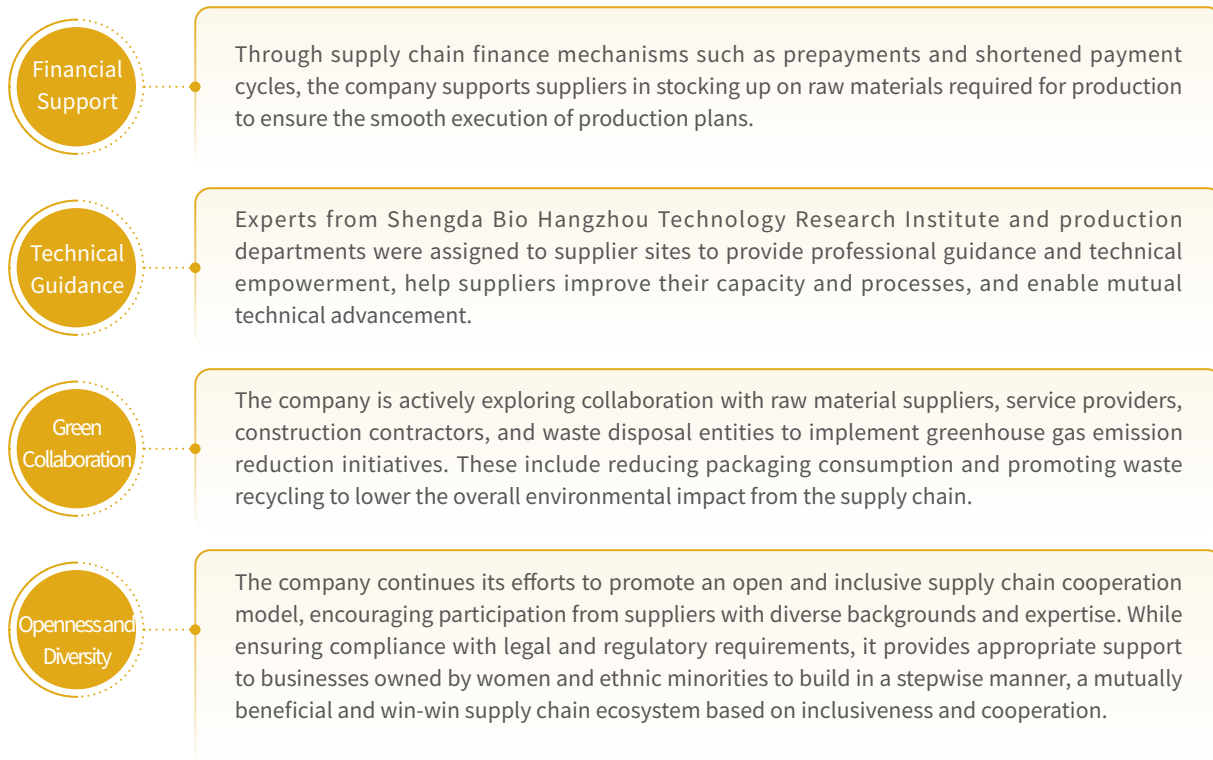
### Ensuring Stable Supply

### Stabilize cost fluctuations

The company closely monitors market trends for key raw materials. Through analysing and forecasting the price movements, it flexibly employs strategies such as bulk purchasing with fixed price and strategic stockpiling to effectively hedge against the risks from market price fluctuation to achieve refined cost control across the entire procurement chain.

## Empower Supplier Cooperation

Active collaboration and mutual empowerment with suppliers are critical to ensure stable operations and long-term sustainability of the supply chain. At the beginning of the year, Shengda Bio-Pharm identified raw materials and related suppliers with deep cooperation ties and conducted annual strategic cooperation negotiations in advance to establish the cooperation goals and resource allocation orientation. For suppliers with financial or technical difficulties during the cooperation, the company provides key support through financial assistance and technical coordination to enhance supplier capabilities and further secure the stable supply of key raw and auxiliary materials.



### **Efficient Empowerment: Collaborate with Relevant Stakeholders to Advance Supply Chain Capacity Building**

The company continuously enhances the professional capabilities of its internal teams and supply chain partners through organized training and experience sharing. In 2025, the company invited industry experts to conduct specialized training for production and technical personnel on the properties of special raw materials and their associated reaction mechanisms. Additionally, it engaged in joint discussions and continuous problem-solving efforts with suppliers to improve the efficiency of raw material utilization, increase the number of reuse cycles for special raw materials, and enable the recovery and reuse of valuable by-products. This approach achieves a synergistic effect of "resource conservation" alongside "cost reduction and efficiency improvement."

## Product and Service Safety and Quality

The company regards the safety and quality of its products and services as the foundation of its operations and management. It keeps on improving its quality management system and enhancing whole-process control to ensure the stability and reliability of its product and service. To protect against the quality risks, the company has improved its mechanism for product recall and problem resolution, established open channels for customer complaints and feedback to continuously optimize its product and service performance through customer satisfaction management. Through systematic governance and continuous improvement, the company has achieved effective management of the risks related to its products and services and improved customer experience while solidifying the foundation for sustainable business development.

## Governance






The company keeps on promoting the development of its quality governance system and has established a multi-level governance framework comprising "strategic decision-making-comprehensive management-coordinated implementation-operational execution." Under the framework, the BOD and the Strategy Commission fulfill the functions of strategic decision-making and oversight, steering the direction of quality. The Quality Management Dept. acts as a hub and is responsible for whole-process coordination and the formulation of standards. The Sales Dept. engages in deep collaboration to precisely align market demands with quality benchmarks. The frontline operators rigorously implement operational procedures to solidify the foundation of quality and safety. Through clearly defined responsibilities at each level and efficient coordination mechanisms, the company not only ensures the product quality consistency and safety, but also transforms its quality strengths into the cornerstone for customer trust, which lays a solid foundation for the sustained enhancement of brand value.

Tier	Organizational Structure	Main Roles
Decision-making tier	 BOD	<ol style="list-style-type: none"> <li>1. Implement the highest-level supervision and accountability for product quality and safety, and review the effectiveness of the quality and safety management system.</li> <li>2. Deliberate on and approve the product quality and safety strategies, policies, indicators and targets, as well as their special budgets and resource allocation.</li> <li>3. Review reports and response plans for major quality and safety incidents.</li> <li>4. Approve major investment decisions related to quality and safety (such as equipment upgrading, system certification, etc.)</li> </ol>
	 Strategy Commission	<ol style="list-style-type: none"> <li>1. Assess and manage the impacts, risks and opportunities related to quality and safety, including those on the company's brand value and market competitiveness.</li> <li>2. Formulate a medium and long-term strategic plan for product quality and safety of the company.</li> <li>3. Oversee the development of the product quality and safety management system;</li> <li>4. Review the disposal plans for product recalls and major quality accidents.</li> <li>5. Provide strategic advice and decision-making support on product quality and safety to the BOD.</li> </ol>
Management tier	 Sustainability Leadership Team (Including head of the Quality Management Dept.)	<ol style="list-style-type: none"> <li>1. Formulate annual quality and safety objectives and action plans, and coordinate the quality and safety work of various departments as a whole.</li> <li>2. Supervise the operation and continuous improvement of the quality management system;</li> <li>3. Review the management polices and standard operating procedures related to quality and safety.</li> <li>4. Internal and external quality audits and management reviews within the organization;</li> </ol>
Execution tier	 Product Quality and Safety Team (Quality Management Dep)	<ol style="list-style-type: none"> <li>1. Carry out the identification, assessment and monitoring of quality risks;</li> <li>2. Implement the full life cycle quality management of products, and carry out daily quality control, inspection and test.</li> <li>3. Carry out supplier quality audits and management;</li> <li>4. Handle customer complaints and conduct customer satisfaction management.</li> <li>5. Organize the investigation of quality accidents and implement corrective and preventive measures.</li> <li>6. Organize and carry out quality training for front-line employees.</li> </ol>

## Strategy

Based on the current competitive landscape of the industry and the dynamics of supply and demand within the industrial chain, the company has conducted a comprehensive strategic review and assessment of the safety and quality of its products and services. Following an in-depth analysis of the macro environment, industry trends, and its own operational status, the company has systematically evaluated the potential risks, core opportunities, and their key impacts. On this basis, it has defined forward-looking and feasible countermeasures to provide a clear guidance in product quality guarantee.

### Analysis of Risks, Opportunities and Countermeasures Related to Main Products and Services

Type	Detained Indications	Impact Analysis	Impact Extent	Impact Cycle	Countermeasures
<b>Risks</b>					
 Policy and regulatory risks	Failure to promptly follow up on regulatory updates, expiration of relevant permits/licenses, etc.	<ul style="list-style-type: none"> <li>Administrative penalties and fines, damage to corporate reputation</li> <li>Restricted market access, products unable to be launched or sold</li> </ul>	Corporate operation	Medium- and long-term	<ul style="list-style-type: none"> <li>mechanism for monitoring and updating regulations</li> <li>Conduct regular internal compliance audits.</li> <li>Strengthen communication with regulatory authorities</li> </ul>
 Supply chain risks	Unqualified raw material suppliers and occurrence of quality problems;	<ul style="list-style-type: none"> <li>Resulting in unstable product quality and failure to deliver on schedule;</li> <li>Damage to customer relationships and harm to brand reputation;</li> </ul>	Upstream of value chain Corporate operation	Medium- and short-term	<ul style="list-style-type: none"> <li>Establish a strict supplier quality audit mechanism and implement batch-by-batch inspection of raw materials.</li> <li>Implement the supply chain transparency and traceability system.</li> <li>Sign quality assurance agreements with suppliers, etc.</li> </ul>
 Production and operation risks	Improper control over production process and non-standard inspection and test;	<ul style="list-style-type: none"> <li>The product quality problems occurred, triggering a product recall.</li> <li>Loss of customer trust and market shares;</li> </ul>	Corporate operation Downstream of value chain	Medium- and long-term	<ul style="list-style-type: none"> <li>Establish a quality management system covering the entire product lifecycle.</li> <li>Improve the product recall procedure and conduct regular drills.</li> <li>Strengthen the qualification training and operational standards for employees.</li> </ul>
<b>Opportunity</b>					
 Enhance market shares through quality upgrading	Increased demand for high-profile products and quality premium	<ul style="list-style-type: none"> <li>Increased product added value, leading to higher profit margins</li> <li>Enhanced market pricing power and expanded brand influence</li> </ul>	Corporate operation Downstream of value chain	Medium- and long-term	<ul style="list-style-type: none"> <li>Establish a quality culture and brand story</li> <li>Invest in advanced production and quality test devices;</li> <li>Develop high-end product lines</li> </ul>
 Opportunities for access to international markets	Procure international quality certification and complete export qualifications.	<ul style="list-style-type: none"> <li>Expand market space and increase revenue from overseas markets.</li> <li>Enhanced risk resistance capacity and internationalization of the brand</li> </ul>	Corporate operation Downstream of value chain	Medium- and long-term	<ul style="list-style-type: none"> <li>Procure internationally recognized certifications with authoritative approval, as well as relevant certifications required by export countries.</li> <li>Establish an overseas quality service network.</li> <li>Participate in international exhibitions and industry exchanges.</li> </ul>

## Impact, Risk and Opportunity Management






Products and services serve as the foundation for an enterprise's survival and development, as well as the core guarantee of product competitiveness. To this end, the company keeps on improving its quality improvement and compliance assurance centered on products and services, promoting the development and maintenance of the quality management system, and steadily enhancing the customer trust. During the reporting period, products of Shengda Bio-Pharm and its subsidiaries have all been certified to be consistent with ISO 9001:2015 Quality Management System. Based on its product characteristics and business needs, the company has procured certifications including the ISO 22000 Food Safety Management System, BRC International Food Safety Standard, FAMI-QS European Feed Safety Management System, Written Confirmation for APIs export to the European Union (WC certificate), Good Manufacturing Practice (GMP/GMP+), and the U.S. Food and Drug Administration (FDA) certification to ensure its product quality control by applying high standards and strict requirements.

### Quality Management and Control

To defend further the product safety and quality line, the company has established a dynamic regulatory monitoring and compliance response mechanism. By maintaining a real-time updated list of regulations and standards, the company accurately identifies and promptly carries out the new regulatory requirements. It has formulated a series of control procedures, including the Quality Risk Management System, Product Quality Archives Management System, as well as internal audit, analysis and evaluation, product release, deviation remedy and product recall to ensure the whole-process coverage for compliance awareness and operational standards.

In the meantime, the company and its subsidiaries conduct monthly quality analysis involving the company's management and heads of relevant functional departments. A systematic analysis is carried out on the quality of raw, auxiliary materials and finished products, including product quality performance and non-conforming products. Besides, statistics and summaries are compiled regarding the inspection of utility systems, stability studies, implementation of CAPA (Corrective and Preventive Actions), completion of annual and monthly plans, acquisition of licenses and certificates, etc. to form a monthly quality report and ensure the orderly operation of the quality system.

To further strengthen its quality risk management, the company and its subsidiaries have regularly organized quality seminars (quarterly/annually) for special discussions on various topics (including but not limited to workshop process control capabilities, production deviations and abnormal events, complaints, product returns, etc.). These moves helped various departments draw lessons from past issues to effectively address quality incidents. During the process, in-depth analysis was conducted on product quality anomaly trends, with comprehensive assessments carried out from the perspectives of personnel, machinery, materials, methods, and environment. This enabled timely adjustments in personnel training, equipment maintenance, supplier management, and other areas, while facilitating the sharing and exchange on root cause analysis and corrective/preventive measures and has effectively improved the quality risk identification and closed-loop management capabilities. Specific quality improvement measures include:

				<div style="border: 1px solid #ccc; padding: 10px; background-color: #f9f9f9;"> <p style="margin: 0;">In 2025</p> <p style="margin: 0;">Shengda Bio-Pharm and its subsidiaries experienced</p> <p style="margin: 0;"><b>NO</b> major safety or quality liability accidents related to products and services.</p> <div style="text-align: right; margin-top: 10px;">  </div> </div>
<p>Initiate proactive change management to extend product re-test periods/ expiry dates and maximize product commercial value while strictly maintaining compliance;</p>	<p>Review and clarify supplier quality agreement requirements and acceptance standards to extend quality control upstream to the source;</p>	<p>Establish customer files to identify differentiated technical requirements of different customers, providing a decision-making basis for product upgrades and production planning;</p>	<p>Exercise cascaded risk control for test items through in-depth regulatory benchmarking and risk assessment to reduce or eliminate unnecessary tests and significantly improve operational efficiency while ensuring product safety.</p>	



### Multidimensional Efforts Made for Whole-staff Governance: Successful Conclusion of the 2025 Quality Month Activity Campaign

During the period of September to October 2025, by taking the "Quality Month" as an opportunity, various subsidiaries devised and implemented a series of themed activities featuring novel formats and rich connotations. A strong quality-focused atmosphere was created through measures such as hanging banners, screening videos, and holding fun garden parties, while the substantive connotation was deepened through quality analysis meetings, advanced team evaluations, specialized training across various systems, and the collection of "Golden Quality ideas." During the campaign, companies gathered numerous rational suggestions from the front line. After professional evaluation and screening, some outstanding "Golden Ideas" have been implemented, not only addressing difficult quality issues but also effectively solidifying the foundation for quality management with whole-staff participation.

## Product Recall

According to relevant documents such as the Procedure for Early Warning and Product Recall Control and the Regulation for Drug Recall Management, the company's product recalls typically commence with problem identification and risk assessment. A systematic analysis of product quality or potential safety hazards is conducted to determine whether a recall procedure needs to be initiated, and the severity of the product safety hazards is graded for differentiated processing. After confirming the necessity of the recall, the recall decision-making mechanism will be implemented promptly, defining clearly the scope of recall and the plan for execution and relevant departments are to be organized to collaborate on the execution and communication of the recall. Upon completion of the recall, the effectiveness of the recall will be evaluated to identify the root cause behind the problems, define the remedy to be taken, ensure sustainable improvement of the quality management system and prevent re-occurrence of similar problems.

After a product was recalled, the quality departments of each company are required to submit an investigation and evaluation report, recall plan, and notice for recall to the local food and drug supervisory administration for filing. During the implementation of the recall, the progress of the same must also be reported to the local food and drug supervisory administration in a timely manner. To effectively ensure the compliance and effectiveness of the product recall system, the company and its subsidiaries have established an annual simulated recall drill mechanism. By setting different triggering scenarios, the emergency response speed, information transmission accuracy, and decision-making process efficiency of the product recall system are comprehensively tested. After the drill, the deviation remedy and CAPA (Corrective and Preventive Action) procedures are immediately initiated to facilitate identification and deficiency remedy by the system, ensure practical capability of the recall system is verified and consolidated continuously and risks are controlled quickly, orderly, and efficiently for true recall incidents.



In 2025

Shengda Bio-Pharm and its subsidiaries had

**NO** cases where sold or shipped products had to be recalled due to safety and health issues.



### From Identification to Recall: Simulated Recall Exercise for Products in Silver-Elephant

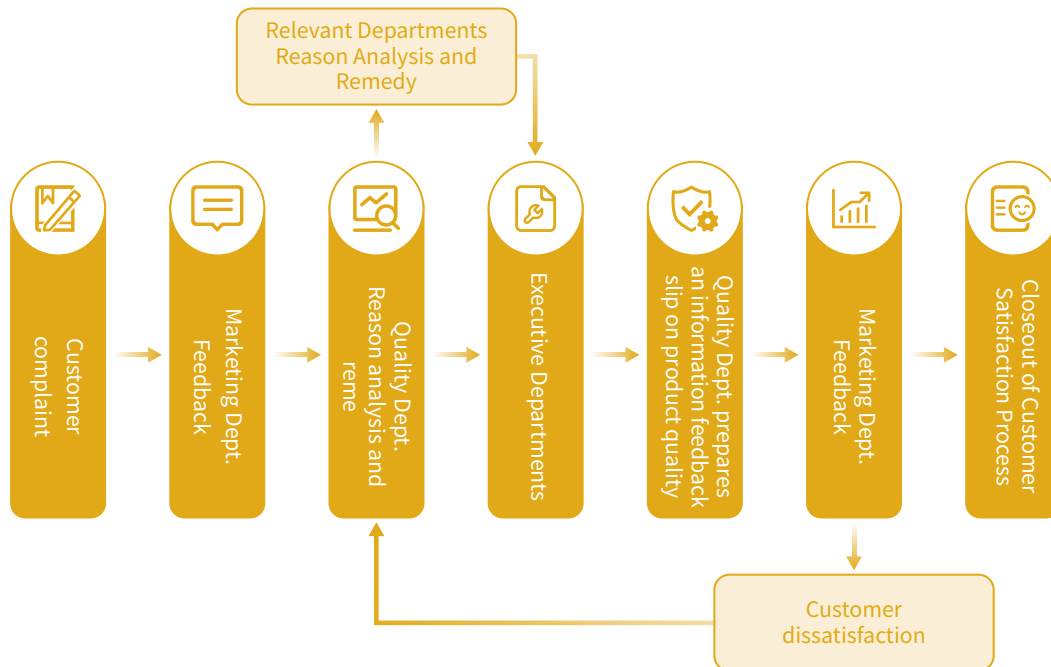
On December 29, 2025, the Silver-Elephant, a subsidiary of the company, conducted a simulated recall test for its product to verify the feasibility and effectiveness of product recall management. The simulated recall was successfully completed, with all departments actively cooperating throughout the process and successfully completing the recall within a relatively short period of time. The entire recall drill proceeded according to the predetermined plan to verify the operability and effectiveness of the "Withdrawal and Recall Control Procedure" in the quality management system. This demonstrates Silver-Elephant's high ability to recall its faulty products and its orderly management of product traceability.

## Processing Customer Complaints

To improve the quality of customer service and optimize the allocation of service resources, the company has formulated the Regulation for Product After-Sales Service and relevant procedural documents. It conducts classified evaluation of customers to achieve precise response to customer needs and daily refined management, so as to ensure customer experience and build an efficient service system.

The company strictly follows a 24-hour response mechanism for customer inquiries across all channels to ensure all calls, letters, and visits receive a response within the specified timeframe. In case of any special cases that prevent timely responses, the company will proactively explain the reasons to customers and seek their understanding. To address customer complaints, the company takes customer feedback as the starting point. The marketing department receives and forwards the feedback to the quality department, which determines whether the complaint is valid and assigns a classification level. It then collaborates with relevant departments to conduct a complaint investigation and impact assessment, identify the processing measures, and establish corrective and preventive actions to drive implementation of improvements. Once completed, a product quality information feedback report is generated and communicated to the customer through the marketing department, followed by follow-up responses until the customer is satisfied and the complaint process is closed. If the customer is dissatisfied with the outcome, the process re-enters the analysis and improvement phase to ensure the issue is fully resolved, thereby achieving closed-loop management and continuous improvement for customer complaints.

Illustration of Customer Complaint Processing



In 2025



Shengda Bio-Pharm and its subsidiaries received a total of

**52** customer complaints

all of which were responded to, handled, and closed on time, achieving a

**100%** customer complaint resolution rate



### Efficient Collaboration for Quality Assurance: Establishment of a Business Communication Mechanism for Key Customers

To ensure effective quality management at the customer side for a key customer's business, the company established a dedicated business communication team to facilitate interaction between the customer and the company and interface with major functional departments such as production, quality, and sales. During collaboration and communication with the customer, issues are identified and resolved promptly. In the meantime, reasonable suggestions from the customer are adopted to leverage strengths and address weaknesses and resolve issues arising from the process from product production to transportation to the customer's destination.

## Customer Satisfaction

The company regards customer satisfaction as an important indicator for measuring product quality and service level, and has formulated a "Customer Visitation and Satisfaction Survey Procedure", stipulating the customer satisfaction surveys are conducted annually and targeted remedy and improvements are made based on customer feedback.

The company's 2025 annual customer satisfaction survey was under way orderly. For the annual customer satisfaction survey in 2024, the company distributed a total of 80 questionnaires and received 64 valid responses, with a response rate of 80%. The data shows that overall customer satisfaction is high: 56 questionnaires received a high score of "very satisfactory" ( $\geq 90$  points), accounting for 87.5% of the total; 8 questionnaires received a score of "satisfactory" ( $\geq 80$  points), accounting for 12.5% of the total with an excellence rate of 100%. Based upon its in-house check and sorting-out and external feedback, the company will consolidate what it has achieved and promote in the following aspects:

For the annual customer satisfaction survey in 2024



the company distributed a total of

**80** questionnaires

received

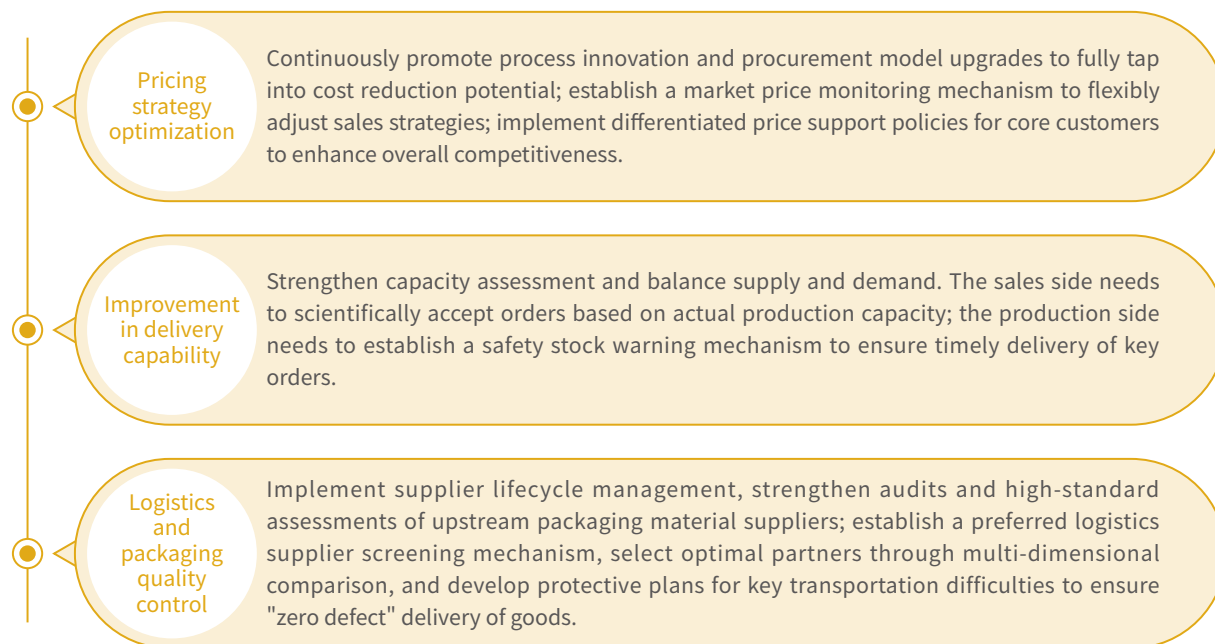
with a response rate of

**64** valid responses

**80%**



To this end, the company has formulated and implemented a series of remedy as follows:



Besides, each subsidiary also conducted their annual customer satisfaction survey in 2025, and the results showed that the overall customer satisfaction rate of each subsidiary reached more than 95%.

## Responsible Marketing

The company's business model is customer oriented and in the process of cooperation, it consistently upholds the principle of "health first" to integrate the concept of responsible marketing into its core management. The company is strictly within the bounds of regulatory compliance and has formulated and implemented internally relevant documents such as the Regulation for Product Marketing Management and the Management Procedures for Export and Domestic Product Labeling to ensure its product labeling is science-based and compliant and marketing promotions are authentic and professional. By building a "compliant, scientific, and transparent" marketing ecosystem, the company is committed to achieving business growth setting a responsibility benchmark within the industry, while safeguarding the public security.

## Indicators and Targets

The company follows thoroughly the principle of "quality first", and takes product quality and customer satisfaction as its ultimate target. It has established a series of quality objectives and linked them to the performance-based compensation of relevant departments and the management tier. In 2025, Shengda Bio-Pharm and its subsidiaries achieved the following quality objectives and will continue to improve its quality management performance.



In 2025



0 major quality complaints



The right-at-the first-time acceptance rate of the product is

100%



The product factory qualification rate shall be

100%



Customer satisfaction is over

90%

# Data Security and Customer Privacy Protection

Effective information security management constitutes the foundation for mutual trust and long-term cooperation between Shengda Bio-Pharm and its partners, customers, and employees. The company's business model targets corporate customers, involving no collection, storage, or processing of any personal consumer privacy data. Therefore, it stresses on managing the security and stability of the IT systems. The company strictly complies with relevant laws and regulations such as the Cyber-security Law of the People's Republic of China and the Data Security Law of the People's Republic of China. It has formulated the Regulations for Enterprise Information Security Management and Procedure for Information Security Risk Assessment to benchmark the requirements for Class III network security protection certification. It has established security mechanisms covering data encryption and access control, improved the protection of key systems and data assets, and provided a solid guarantee for the safe and stable operation of IT systems and business. In 2025, the company completed the upgrade of its security capabilities, updating and configuration of security devices such as firewalls, behavior management systems, and bastion hosts, and has simultaneously optimized its server security policies to further uplift the boundary protection and access control capabilities.

## Data governance



For the data governance system, the company has continuously promoted the construction of a data hub and established an integrated capability for data cleaning, transformation, integration, and modeling. It rendered support to master data management to ensure internal and external data consistency while reserving data desensitization function to meet the requirements for privacy protection compliance.

## Technical protection



The company's servers adopt an architecture where application servers and data servers are deployed separately, ensuring that terminal computers cannot directly access the data servers through network isolation and permission control. In the meantime, all administrator operations are uniformly authenticated and audited through a bastion host to strengthen the control over operation and maintenance behaviors. Besides, the company has closed high-risk ports related to ransom-ware attacks to reduce the risk of intrusion and propagation.

## Hierarchical walk-around inspection



The company conducts regular inspections of infrastructure such as computer rooms and cabinets at least twice a year, and carries out random inspections for key security devices such as firewalls and internet behavior management systems to promptly identify and rectify potential risks. In 2025, the company established an information security team to conduct a comprehensive risk assessment of the corporate information assets. The team identified and mitigated the risks exposed to two assets and generated a Report on Information Security Risk Assessment.

## Drill dissemination and roll-out



In 2025, the company deeply participated in two practical offensive-defensive drills. Relying on its robust defense system, it successfully withstood external attacks and achieved "zero breach." The company organized special information security training session for all employees, established a regular security alert mechanism, and continuously delivered cyber-security warnings and protective knowledge through multiple channels to solidify the ideological defense line among employees.





In the meantime, the company strengthened information security control by signing confidentiality agreements with customers and operating local dedicated terminals to further mitigate the risk of data leakage. In 2025, Shengda Bio-Pharm and its subsidiaries experienced no data security incidents.

# Innovation Driven

The company remains committed to innovation as the core driver of high-quality development, continuously increasing its R&D investment, systematically advancing R&D capability building, and refining its technological innovation system. By focusing on overcoming key technological difficulties and facilitating the transformation of achievements, the company steadily has improved its independent R&D capabilities and promoted the application of innovative results in business operations. At the same time, the company enhanced its innovation incentive mechanisms and intellectual property management framework, unlocking employee creativity and safeguarding innovation outcomes, so as to drive continuous improvement in its core competitiveness and long-term sustainability.

## Governance





The company regards innovation as the core engine of its development and has continuously optimized its R&D innovation governance framework to build a highly coordinated management matrix to ensure highly efficient synergy for "strategic decision-making, strategy execution and operation monitoring". Within this framework, the BOD and the Strategy Commission focuses on top-level design, exercising strategic decision-making and supervisory functions. In the meantime, the Research Institute serves as the hub for R&D strategy and implementation and tackles key technical challenges. By relying on the framework, the company has established a tiered and standardized R&D review mechanism that integrates technology decision-making, resource allocation, and management oversight. This ensures closed-loop management across the entire R&D lifecycle—from initiation to delivery—thereby achieving dual enhancement of both innovation efficiency and quality.






Tier	Organizational Structure	Main Roles
Decision-making tier	 BOD	<ol style="list-style-type: none"> <li>1. Deliberate on and approve the company's innovation strategy and medium and long-term R&amp;D plan, and supervise the implementation of the innovation strategy.</li> <li>2. Deliberate on and approve the commercialization paths and market strategies for innovative businesses.</li> <li>3. Deliberate on and approve the intellectual property strategy and the core technology protection plan.</li> <li>4. Supervise the development of the R&amp;D team and the retention of core talents, and review the incentive plans for R&amp;D personnel.</li> <li>5. Examine and approve major R&amp;D investment projects and merger and acquisition decisions</li> <li>6. Approve the R&amp;D investment budget and the target ratio of R&amp;D investment to revenue.</li> <li>7. Integrate innovation indicators into the company's overall strategic objectives.</li> </ol>
	 Strategy Commission	<ol style="list-style-type: none"> <li>1. Assess and manage the impacts, risks and opportunities associated with R&amp;D and innovation, including those on the company's brand value and market competitiveness.</li> <li>2. Formulate an innovation development strategy and technology roadmap for 3 to 5 years, and plan the layout of innovative businesses and product pipelines.</li> <li>3. Review the approval of major R&amp;D project initiation and resource investment, including talent introduction plans.</li> <li>4. Assess intellectual property risks and technological developments of competitors</li> <li>5. Deliberate on the risks and returns of major technical cooperation and authorization.</li> <li>6. Provide recommendations on innovation strategies and support for major decision-making to the BOD.</li> </ol>
Management tier	 Sustainability Leadership Team (Including directors of the research institute)	<ol style="list-style-type: none"> <li>1. Formulate annual innovation goals and key performance indicators, and coordinate innovation collaboration among various departments.</li> <li>2. Establish and improve the innovation management system and processes, as well as the specifications for R&amp;D project management.</li> <li>3. Establish an innovative performance evaluation and incentive mechanism;</li> <li>4. Supervise the annual R&amp;D plans and project progress, as well as the implementation of R&amp;D budgets and project progress.</li> <li>5. Supervise the application and protection of intellectual property rights.</li> <li>6. Organize external technical cooperation and joint research and development projects.</li> </ol>
Execution tier	 R&D and Innovation Team (Research Institute)	<ol style="list-style-type: none"> <li>1. Carry out experiments and development for specific research and development projects.</li> <li>2. Carry out the identification, assessment and response to technical risks.</li> <li>3. Identify patentable technologies and innovative areas, conduct patent searches and infringement risk analysis.</li> <li>4. Cooperate in research and development with third parties such as external scientific research institutions, universities and suppliers.</li> <li>5. Carry out learning and training on new technologies and new methods;</li> <li>6. Actively explore plans for process improvement and technical optimization.</li> </ol>

## Strategy

The company has established a comprehensive lifecycle risk and opportunity identification and assessment system for R&D innovation. During the project initiation phase, multi-dimensional evaluations are conducted from four perspectives: technical feasibility, regulatory compliance, commercial market viability, and resource availability and timeline. Throughout the R&D process, leveraging key milestone reviews and a major change review mechanism, the company dynamically monitors and updates progress, data, and external environmental changes—enabling precise identification of core risks such as R&D delays, technological uncertainties, and cost overruns. Simultaneously, the company keenly captures differentiated competitive opportunities arising from policy trends (such as green and low-carbon initiatives), shifts in customer needs, and technological breakthroughs. By establishing a risk list tracking and closed-loop management mechanism, the company achieves dynamic resource allocation adjustments and scientifically prioritizes projects to ensure that R&D initiatives consistently maintain both compliance and commercial viability.

### Analysis and Responses to Major Risks and Opportunities Related to R&D and Innovation

Type	Detailed Indications	Impact Analysis	Impact Extent	Impact Cycle	Countermeasures
<b>Risks</b>					
 Policy and regulatory risks	Dynamic changes in industry regulations and standards	<ul style="list-style-type: none"> <li>The ongoing projects and technologies under research cannot meet the dynamic compliance requirements.</li> <li>Adjustment of the research and development direction results in waste of resources.</li> </ul>	Corporate operation	Medium- and short term	<ul style="list-style-type: none"> <li>Establish a mechanism for the monitoring and updating of laws and regulations.</li> <li>Strengthen communication with regulatory authorities</li> </ul>
 Risk of R&D cycle delay	Low efficiency and prolonged research and development cycles due to decision-making process, registration and approval procedures, resource allocation, and other factors.	<ul style="list-style-type: none"> <li>Delayed product launch and missed market window opportunities</li> <li>R&amp;D costs overrun and return on investment decreases</li> </ul>	Corporate operation	Ditto	<ul style="list-style-type: none"> <li>Establish a full life cycle management system for research and development projects and define key milestones.</li> <li>Establish cross-functional R&amp;D teams to mobilize resources efficiently.</li> <li>Introduce professional talents and tools, and establish a rapid decision-making mechanism for projects.</li> </ul>
 Risk of technological route competition	Replacement by emerging technologies and the shift of industrial technological paradigms	<ul style="list-style-type: none"> <li>The existing products are backward in technology, and the R&amp;D investment has depreciated.</li> <li>The market share has declined and the industry position has been shaken.</li> </ul>	Corporate operation	Medium- and long-term	<ul style="list-style-type: none"> <li>Establish a technical intelligence monitoring system to strengthen the tracking and pre-research of cutting-edge technologies.</li> <li>Implement multi-path technical reserves and conduct regular technical portfolio evaluations.</li> <li>Establish an open innovation network and maintain technical flexibility and adaptability.</li> </ul>
 Risk of Deviation in R&D Direction	Insufficient market demand research, changes in market demand, or errors in the selection of technical routes.	<ul style="list-style-type: none"> <li>-Serious waste of resources and high costs of strategic adjustment.</li> <li>The product has low market acceptance, resulting in the loss of genuine market opportunities.</li> </ul>	Corporate operation	Medium- and long-term	<ul style="list-style-type: none"> <li>Establish a linkage mechanism between market insight and research &amp; development</li> <li>Implement a phased review mechanism for research and development projects.</li> <li>Carry out multi-scheme demonstration and technical pre-research</li> </ul>

Type	Detailed Indications	Impact Analysis	Impact Extent	Impact Cycle	Countermeasures
 Risks in the transformation of research and development achievements	The research and development achievements cannot be effectively commercialized.	<ul style="list-style-type: none"> <li>Market promotion is hindered and competitiveness declines.</li> <li>Consider industrial feasibility during the research and development phase, and implement process verification and optimization.</li> </ul>	Corporate operation	Medium- and short-term	<ul style="list-style-type: none"> <li>Consider industrial feasibility during the research and development phase, and implement process verification and optimization.</li> <li>Strengthen collaboration between the R&amp;D and production departments</li> </ul>
 The risk of brain drain in R&D	Insufficient mechanisms for talent attraction and incentives, along with a shortage of high-end talents.	<ul style="list-style-type: none"> <li>Disruption or delay of ongoing projects and discontinuity in technological inheritance</li> <li>Weakened innovation capacity and loss of technological advantages</li> </ul>	Corporate operation	Medium- and long-term	<ul style="list-style-type: none"> <li>Establish an equity/option incentive plan, or a key talent retention plan.</li> <li>Establish a mentoring system and talent pipeline training, and provide continuous learning and growth opportunities.</li> <li>Foster a sound scientific research culture and environment;</li> </ul>
 Intellectual property risks	Imperfect patent layout, or suspected patent infringement	<ul style="list-style-type: none"> <li>Failure to effectively protect research and development achievements results in the loss of competitiveness.</li> <li>Faced with infringement lawsuits and compensation claims, the company's reputation has suffered damage.</li> </ul>	Corporate operation Downstream of value chain	Medium- and long-term	<ul style="list-style-type: none"> <li>Establish a comprehensive intellectual property management system</li> <li>Implement patent early warning and build a patent defense portfolio.</li> <li>Regularly carry out intellectual property training and audits.</li> </ul>
Opportunity					
 Opportunities for technical innovation	The application and breakthrough of new technologies	<ul style="list-style-type: none"> <li>Reduce production costs and resource wastage.</li> <li>Create a brand-new product category and enhance the advantages of sustainability.</li> <li>Build technological barriers and lead industry transformation.</li> </ul>	Corporate operation	Medium- and long-term	<ul style="list-style-type: none"> <li>Explore emerging technology sectors, invest in advanced equipment and nurture interdisciplinary talents.</li> <li>Carry out in-depth industry-university-research cooperation with external third parties.</li> <li>Apply for a core technology patent</li> </ul>
 Green and sustainable opportunities	Increased demand for green and low-carbon development, and policies, laws and issue of regulations for sustainability;	<ul style="list-style-type: none"> <li>Comply with future regulatory requirements and reduce environmental impact</li> <li>Open up green markets and gain long-term competitive advantages.</li> <li>Attract ESG investment</li> </ul>	Enterprise operation Downstream of the value chain	Medium- and long-term	<ul style="list-style-type: none"> <li>Research and invest in green technologies and processes</li> <li>Establish a product life cycle assessment system</li> <li>Develop sustainable raw material substitution solutions.</li> <li>-Build a circular economy business model</li> </ul>

## Impact, Risk and Opportunity Management

Shengda Bio-Pharm places innovation-driven growth at the core of its strategy to achieve high-quality development and strengthen its competitive edge. Focused on its core businesses—vitamins and food additives—and building on decades of technical expertise, it is continuously refining product formulations, manufacturing processes, and quality control systems, while accelerating the shift toward automation and digitalization in production. These efforts are steadily enhancing the company's long-term sustainability.

### Sustainable Innovation Achievements

The company's R&D and innovation strategy is guided by three core principles: lean production, resource efficiency, and health and safety. It has put in place internal governance frameworks, including the Regulations for R&D Project Organization and Management and Regulations for R&D Input Accounting to improve operational efficiency and the health profile of its products, while staying firmly committed to green, low-carbon, and sustainability. By integrating environmental compliance and energy conservation in every stage of technology R&D, the company has not only strengthened its defenses around product safety but has also accelerated its shift toward an eco-friendly growth model, creating shared value for both the business and the environment.



In the field of microbial manufacturing, the company has continuously improved the product output level per unit of raw material and energy consumption through high-throughput strain selection, fermentation process optimization, and medium improvement. While meeting product quality requirements, it has reduced resource consumption, lowered energy consumption per unit of production, decreased discharge of wastewater and exhaust, and alleviated environmental tension.



In the field of chemical synthesis and process development, the company continuously conducts process optimization research by focusing on synthesis routes of key products and intermediates. By improving reaction yields, shortening process flow, and reducing by-product generation, the company aims to minimize raw material loss and energy consumption. Simultaneously, the company actively promotes research on continuous transformation of conditional processes. While ensuring product quality and safety, it aims to enhance the stability of the production process and resource utilization efficiency, thereby reducing the overall energy consumption per unit of product.



In the food compounding and solution business, the company focuses on developing natural and efficient biological preservative and fresh-keeping technologies, reducing the use of traditional chemical preservatives, helping downstream customers enhance the health attributes of their products, and responding to consumers' concerns about food safety and sustainable consumption.

Schedule of Sustainable Innovation Achievements

ESG Features	Innovation Achievements in 2025
<p>Assist to decrease energy consumption and food loss by reducing the intensity of thermal processing and extending shelf life,</p>	<p><b>R&amp;D on antiseptic, texture and antioxidant solutions for leisure meat products</b></p> <ul style="list-style-type: none"> <li>▶ Biological preservation and freshness-keeping solutions are developed for reducing the thermal sterilization intensity for prepared meat products, helping customers lower energy consumption while better retaining nutrition and flavor, all while ensuring food safety.</li> <li>▶ Antioxidant solutions are developed and applied in combination with preservation solutions to reduce oil oxidation during the shelf life, thereby minimizing the adverse effects of oil oxidation on consumer health.</li> </ul>
<p>Reducing the use of chemical additives is in line with the trends of healthy consumption and compliance.</p>	<p><b>Development of natural and highly effective biological preservative solutions</b></p> <ul style="list-style-type: none"> <li>▶ Solutions of natural and highly effective biological preservation are developed to reduce the use of traditional chemical preservatives, and provide customers with healthier and friendly fresh-keeping feels.</li> </ul>
<p>Shorten the research and development cycle and significantly reduce the consumption of energy and materials in the research and development process.</p>	<p><b>High-throughput test platform</b></p> <ul style="list-style-type: none"> <li>▶ Provide rapid, accurate and bulk test and analysis services for all links of R&amp;D, conduct high-throughput determination of indicators such as composition, concentration and purity of fermentation products, feed back timely key data, support R&amp;D personnel to quickly optimize experimental schemes, and ensure controllable quality of R&amp;D achievements.</li> </ul> <p><b>High-throughput fermentation platform</b></p> <ul style="list-style-type: none"> <li>▶ Through the miniaturization and parallelization design of the fermentation system, multiple different strains, formulations or process parameter systems can be fermented and cultured simultaneously, which shortens the cycle of strain screening and process exploration and improves R&amp;D efficiency.</li> </ul>

## R&D Capability Development

The company regards talent as the primary resource for innovation, with a well-established R&D team supporting technical upgrading and innovative development. It has formulated internal management documents such as the Regulations for Outstanding Talent Introduction, Regulations for Technical Personnel Training and Further Education and Regulations for Employee Skills Training. Focusing on its core R&D areas, the company continues to recruit and develop high-level talents. By combining campus recruitment with internal development, it has steadily strengthened its pool of young, highly educated professionals, gradually refining a tiered talent structure comprising experts, core professionals, and emerging young talent. This has enabled the company to continuously enhance its overall R&D capabilities, technological innovation capacity, and specialized technical expertise.

By the end of 2025, the company's R&D team consisted of 160 members, with over 18% holding either a master's or doctoral degree (including 3 doctors and 27 masters). The team was also staffed with multiple senior principal researcher and senior principal engineer as core experts and technical leaders, as well as multiple intermediate engineers serving as technical backbones. By establishing a high-quality, tiered talent team, a solid intellectual barrier was built for the company's continuous technological breakthroughs and product innovations.

By the end of 2025



the company's R&D team consisted of

**160** members

with over

**18%** holding either a master's or doctoral degree (including 3 doctors and 27 masters)

## R&D Innovation Incentives

The company's steady stream of R&D breakthroughs is driven by an innovation culture rooted in shared value creation and mutual benefit. To further empower its R&D teams, the company has rolled out internal policies, including the Procedure for R&D Performance Evaluation and Incentives and the Procedure for Technology Commercialization Rewards, which establish clear reward criteria at every stage of the innovation lifecycle. Based upon the above, the company conducts annual project reviews and achievement assessments, allocates bonuses based on a combination of project impact and performance outcomes, and continuously evolves its incentive mechanisms through practical application.



## Intellectual Property Right Protection

As a cornerstone of technological innovation, the company attaches great significance to intellectual property protection and has achieved a fully controlled process from R&D project initiation to achievement transformation:





During the reporting period

Silver-Elephant, i.e., a subsidiary of the company,

procured accreditation for **GB/T 29490-2023**

the intellectual property management system to fully safeguard the core competitiveness of the company.



## Indicators and Targets

In 2025



Shengda Bio-Pharm invested

**5,367.42** 10k CNY in its research and development



The company and its subsidiaries have a total of

**51** research projects



and

**11** newly applied invention patents



and have obtained

**19** national authorized patents



including

**12** invention patents



**7** utility model patents

While ensuring research and development security and compliance, the company will continuously improve its research and development efficiency, optimize resource allocation, and support green and low-carbon technology so as to provide support for the overall ESG performance and sustainability of the company.

## Social Contribution

Shengda Bio-Pharm actively aligns with national policy directions and social development trends and diligently fulfills its corporate social responsibilities. The company carries out support initiatives in areas such as disability assistance, education promotion, elderly care, and poverty alleviation to convey corporate warmth and social value. Committed to advancing the development of social welfare, Shengda Group established a SACRED LOVE Charity Foundation in December 2009. Over the years, Shengda Bio-Pharm, together with its subsidiaries and the Foundation, has been actively engaged in charitable and public welfare initiatives, contributing to the Chinese tradition of compassion and support for those in need. In 2025, the company's public welfare efforts included:

### Support for the Vulnerable and Disabled

The company made a targeted donation of RMB 50,000 to the Charity Federation of Tiantai County in Zhejiang Province, which serves a fund for assisting the disabled, promoting common prosperity and the care and support of disabled individuals.

### Care for the Elderly and Orphans

The company has always been committed to aligning its corporate development with social progress, actively participating in public welfare initiatives such as elderly care and support, and fulfilling its corporate social responsibility and mission through concrete actions.

### Education and Talent Cultivation

The company established a Teacher Development Incentive Fund of RMB 600,000 at Enmei Kindergarten. In 2025, the senior executives of the company made personal donations totaling RMB 200,000, to continuously invest in early childhood education resources and support the development of the pre-school education sector.

### Aid for those in Need

The company, in collaboration with the SACRED LOVE Charity Foundation, launched a Spring Festival warmth initiative for impoverished families in 2025. A total of 15 families in need received assistance, with donations amounting to RMB 108,000, embodying the principle of "helping one family, warming a community" and ensuring that care was delivered directly to the people.

In 2025

Shengda Bio-Pharm's actively participated in

## Disability Assistance Fund, One-day Donations

and other activities

with a total of

**116** participants

and a volunteer service of

**278** hours in public welfare and charitable initiatives

Through a series of solid public welfare initiatives, the company has continuously expanded the depth and breadth of its social responsibility efforts to ensure the corporate development aligns with advancement of its social value.

## Rural Revitalization

To further advance rural revitalization and strive to deliver a satisfactory outcome for the conclusion of the 14th Five-Year Plan, Shengda Bio-Pharm has fulfilled positively its corporate social responsibility. By relying upon its own strengths, the company provided support and launched public welfare initiatives to contribute to rural development and the improvement of people's livelihoods. In 2025, the company entered into a cooperation agreement with Feifengqiang Village Collective Economic Development Co., Ltd. in Tiantai Country to participate in and support local agricultural development projects. The company participated in and rendered its support to the local agricultural development program by contributed its shares in driving the village collective economy through the synergy of capital and resources. It helped deliver tangible results in agricultural efficiency enhancement, farmers' income increase and rural revitalization.



### Shengda Bio-Pharm cooperates with Feifengqiang Village Company to launch agricultural support projects

On October 31, 2025, the company signed a cooperation agreement with Feifengqiang Village Collective Economic Development Co., Ltd. in Tiantai County in the presence of the director of the village and a representative of Shengda Bio-Pharm. In the agreement, provisions concerning the subscription target, subscription value, equity arrangements, and subsequent performance procedures were defined clearly. Through the above subscription-based cooperation, Shengda Bio-Pharm provides supports to the construction of village collective economic projects and business development and more channels to increase the income of village collectives. The company helps deliver tangible results in the practice of "Revitalize Villages and Enriching Farmers" and common prosperity.



# Corporate Governance

In modern corporate operations, sound corporate governance not only serves as the cornerstone for achieving sustainability but also constitutes a crucial prerequisite for ensuring lawful and compliance business operations. To this end, Shengda Bio-Pharm comprehensively evaluates compliance risks among business partners and across operational processes to ensure decisions are made based upon sufficient and reliable information. Concurrently, the company has established a company-wide compliance governance system to clearly define the core ESG governance requirements such as anti-commercial bribery, anti-corruption, and anti-unfair competition, while closing compliance gaps in emerging business scenarios. Through these efforts, the company has progressively built a transparent, efficient, and robust governance system to provide institutional safeguards for its long-term, stable development.

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(SDGs)



04

# Due Diligence

By focusing on an integrated compliance framework, Shengda Bio is establishing and refining a systematic and standardized due diligence mechanism to effectively identify and manage various risks in its operations and development. This mechanism helps to enhance its long-term resilience and create stable value for its stakeholders. In 2025, the company conducted, by focusing on contract review, demand survey and major project support, systematic risk assessments, which covers Shengda Bio-Pharm and its subsidiaries. During the reporting period, the company achieved 100% of compliance review of contracts and worked simultaneously to investigate and refine the contract standard templates in alignment with new economic business scenarios. It has promoted the proactive risk identification and effective mitigation process across the company. The details are described as follows:

During the reporting period



the company achieved

**100%**

of compliance review of contracts



Review Object and Coverage

The Legal Affairs Department conducts regular reviews to identify compliance risks in business contracts and performance risks of partners, focusing on potential issues related to legal compliance and commercial execution. For major key co-operations and engineering projects, it stresses on pre-signing risk control assessments and establishes a special consultation mechanism for anomalies at the performance stage to enable immediate analysis of issues and closed-loop implementation of remedy.



Risk Identification and Mitigation

For potential risks identified through reviews, compliance determinations are carried out, and business departments are guided to implement timely remedy to enable proactive prevention of compliance risks and reduction of operational losses. On one hand, standard contract templates are revised and improved, and fully incorporated in the business processes to achieve systematic control at the source. Concurrently, targeted compliance training is conducted to clarify implementation requirements for each business line, ensuring that control measures are effectively in place. On the other hand, special compliance reviews are strengthened for key issues, and a management system for risk identification and remedy promotion is enhanced.



Risk Archiving and Review

On completion of risk identification, assessment, and carry-out of response measures, the company manages information relating to the potential contract risks identified and key compliance review points to further consolidate what has been achieved. Risk categories, relevant subjects, response measures, and implementation status will be recorded systematically and retained as per the corporate archive management system to ensure the entire risk management process is traceable and reviewable.

By systematically advancing the compliance execution, risk identification and response, and digital management, the company has gradually established a due diligence management system covering pre-process identification, in-process control, and post-process traceability to effectively enhance the foresight of risk prevention and standardization of corporate governance.

# Anti-Commercial Bribery and Anti-Corruption

Shengda Bio-Pharm has taken anti-commercial bribery and anti-corruption management as a crucial part of its program for improving its governance mechanism, maintaining fair competition order, and preventing compliance risks. Based upon relevant laws and regulations such as the Disciplinary Regulations of the Communist Party of China, the Administrative Sanctions Law for Public Officials of the People's Republic of China, and the Supervision Law of the People's Republic of China, the company kept on refining its internal compliance management policies in 2025 to make it be applicable to all employees, partners, and major business matters (including bidding, equity transfers, etc.). It has translated systematically the external regulatory requirements into its internal governance rules and established and put into place a series of closed-loop management measures covering system development, execution supervision, and risk prevention.

## Risk Assessment

The company focused on conducting compliance risk screenings for key positions with relatively concentrated authority and significant discretionary power (such as contract approval, fund settlement and project bidding etc.). No risks or potential hazards related to corruption were identified in 2025.



## Risk Mitigation

The company has intensified its pre-process prevention by requiring new recruits and transferred employees to sign a statement on clean conduct and incorporating clauses on clean conducts in the cooperation contracts and bidding documents, so as to minimize clean conduct-related risks at the source through front-end constraints.



## Training and Dissemination

The company has incorporated anti-commercial bribery and anti-corruption in its compliance training system to enable tiered and categorized training and dissemination. Specifically, for middle-level managers, the training focused on strengthening risk identification capabilities and awareness of management responsibilities; for frontline employees, the emphasis was on explaining key points of compliance operations in their respective positions. During the reporting period, a total of over 200 middle-level managers and frontline employees were covered.



## Reporting and Supervision

The company keeps on improving the reporting and feedback mechanisms to secure smooth channels for reporting via the online OA system and offline dedicated lines. It promptly investigates and addresses issues raised by employees, responds to compliance inquiries and concerns in a timely manner to promote the effective operation of the supervision mechanism and closed-loop management.



To evaluate the effectiveness of anti-bribery and anti-corruption policies and measures, the company actively conducted internal compliance inspections in 2025. Issues identified during the inspections were promptly investigated and documented in reports. The results showed that in 2025, Shengda Bio-Pharm and its subsidiaries had no incidents related to business bribery or corruption. Additionally, based on the feedback on the inspections, the company has optimized the compliance process in its daily risk management to further reduce its compliance risk exposure.

# Anti-Unfair Competition

Shengda Bio-Pharm strictly prevents and prohibits unfair competition practices such as market monopoly and false advertising. It upholds the principle of lawful compliance and fair competition in market participation and establishes it customer and market trust via legitimate and compliance operations. The company strictly adheres to the requirements of laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China. Being centered on the compliance management policies, the company explicitly prohibits unfair competition, such as false advertising and infringement of trade secrets etc.

Apart from investigation for patent infringement issues and review of compliance clauses in bidding projects, the company developed and issued in 2025 the Interpretation for Competition Compliance Policies in response to the new regulatory developments. The document was promptly distributed it to all key departments such as those for marketing, sales, and project bidding to ensure compliance requirements are understood accurately and implemented by all business lines with no vacancy in the system. Furthermore, the company organized in Nov 2025 a company-wide training on the Anti-Unfair Competition Law of The People's Republic of China and the Patent Law of the People's Republic of China, to further improve employees' awareness of anti-unfair competition and intellectual property protection, and ensure business operations are strictly consistent with the requirements in relevant laws and regulations.



In 2025,

Shengda Bio-Pharm and its subsidiaries had

# NO

litigation or major administrative penalties imposed due to unfair competition practices and maintained stable compliance operations across the company.



## Compliance Safeguards Steady Development: Launch a Special Training Session on Legal and Compliance Management

To further enhance the legal risk awareness and compliance management capabilities of the company's mid-to-high level manager and to solidify the high-quality corporate development, the company launched the 2025 Special Training Session for Legal Affairs and Compliance Management on the afternoon of November 20. Senior executives, including Chairman Hong Ai and Zhou Bin, director of Shengda Bio-Pharm, attended the training. Under the theme "Legal Compliance · Steady Progress," the training brought together the mid-to-senior level managers and employees in key positions. The training session improved effectively the understanding of legal risks and compliance management by the mid-to-senior level managers and employees in critical roles and promoted further the company's overall awareness of lawful and compliance operation and risk prevention capabilities.



# Appendices

## Key ESG Performance

### Wastewater Drainage

Company	2025	Unit
Shengda Bio-pharm	215,546	ton
Anhui Shengda	31,043	ton
Tongliao Shengda	896,171	ton
Silver Elephant (Including Yitao Food)	435,595	ton

### Exhaust Emission

Company	2025	Unit
Shengda Bio-pharm	17,732	10km <sup>3</sup>
Anhui Shengda	4,817	10km <sup>3</sup>
Tongliao Shengda	51,210	10km <sup>3</sup>
Silver Elephant (Including Yitao Food)	83,016	10km <sup>3</sup>

### Waste Discharge

Company	Hazardous Waste	Non-hazardous Waste	Unit
Shengda Bio-pharm	699	40	ton
Anhui Shengda	149	30	ton
Tongliao Shengda	1	14,228	ton
Silver Elephant (Including Yitao Food)	2	3,881	ton

### Environment Compliance Management

Indicators	2025	Unit
Major environmental violation incidents	0	Occurrence
Administrative penalties or criminal liability imposed due to environmental compliance issues	0	Occurrence
Total investment in environmental protection	5,756.46	10k CNY
Number of environmental protection-related training sessions	25	Number
Number of trainees attending environmental protection-related training sessions	1,001	Person-time

## Employee

Indicator	Secondary Indicators	2025	Unit
Total number of active employees at the end of the period	/	1,083	Person
Structure of active employees at the end of the period (By gender)	Male	710	Person
	Female	373	Person
Structure of active employees at the end of the period (By age)	≤ 30 years old	202	Person
	30-50 years old	617	Person
	≥ 50 years old	264	Person
Structure of active employees at the end of the period (By discipline composition)	Production	765	Person
	Sales	42	Person
	Technical	163	Person
	Financial	24	Person
Structure of active employees at the end of the period (By education background)	Administration	89	Person
	Doctorate's degree	3	Person
	Master's degree	41	Person
	Bachelor's degree	254	Person
	College degree	205	Person
	Senior high school and below	580	Person
Rate of labor contract conclusion	/	100	%
Employee social insurance and housing fund coverage	/	100	%
Incidents resulting in labor lawsuits, labor arbitration, and other employee dispute	/	0	Occurrence
Total number of employee training sessions	/	440	Number
Total hours of employee training	/	830	Hour
Employee training coverage	/	100	%
Total investment in employee training	/	12,650	CNY

## Occupational Health and Safety

Indicators	2025	Unit
Number of occupational health and safety-related training sessions	93	Number
Number of trainees attending occupational health and safety-related training	5,230	Person-time
Total investment in work safety	589.25	10k CNY
Employee fatalities from work-related accidents	0	Person
Work-related fatalities from contractors	0	Person
Major work safety accidents	0	Occurrence
Total investment for work-related injury insurance	24.92	10k CNY
Work-related injury insurance coverage	100	%
Total investment for work safety liability insurance	15.81	10k CNY
Work safety liability insurance coverage	100	%

## Supply Chain Management

Indicators	2025	Unit
The proportion of raw and auxiliary material suppliers that have placed orders containing provisions on environment, labor and human rights requirements	100	%
Proportion of suppliers participating in corporate social responsibility and on-site environmental audits	70	%

## Product and Service Safety and Quality

Indicators	2025	Unit
Major safety and quality liability accidents related to products and services	0	Occurrence
Number of incidents where products sold or delivered must be recalled due to safety and health issues	0	Occurrence
Number of customer complaints received relating to products or services	52	Occurrence
Rate of customer complaint addressing	100	%

## Data Security and Customer Privacy Protection

Indicators	2025	Unit
Number of major data security incidents	0	Occurrence

## Innovation Driven

Indicator	2025	Unit
Total investment in R&D	5,367.42	10k CNY
Number of R&D teams	160	Person
-Doctorate's degree	3	Person
-Master's degree	27	Person
-Bachelor's degree and below	130	Person

## Innovation Driven

Indicator	2025	Unit
Proportion of R&D team in total number of employees	14.77	%
Number of authorized patents	19	Number
- Invention patents	12	Number
- Utility model patents	7	Number
Number of newly applied invention patents	11	Number

## Social Contribution

Indicator	2025	Unit
Number of participants involved in public welfare, charity and volunteer activities	116	Person-time
Hours of participation in public welfare, charity and volunteer activities <sup>1</sup>	278	Hour

## Anti-commercial Bribery and Anti-corruption

Indicator	2025	Unit
Number of Commercial bribery and corruption incidents	0	Occurrence

## Anti-unfair Competitions

Indicator	2025	Unit
Incidents involving lawsuits or major administrative penalties arising from the company's unfair competition	0	Occurrence

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Pillar	No.	Topic	Chapter Index
Environmental	1	Response to Climate Change	Response to Climate Change
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	3	Waste Disposal	Waste Disposal
	4	Ecosystem and Eco Diversity Protection	Ecosystem and Eco Diversity Protection
	5	Environment Compliance Management	Environment Compliance Management
	6	Energy Utilization	Energy Utilization
	7	Water Resource Harness	Water Resource Harness
	8	Cyclic Economy	Cyclic Economy
Social	9	Rural Revitalization	Rural Revitalization
	10	Social Contribution	Social Contribution
	11	Innovation Driven	Innovation Driven
	12	Scientific Ethics	NA
	13	Supply Chain Safety	Supply Chain Management
	14	Equal Treatment for Medium- and Small Sized Enterprise	NA
	15	Product and Service Safety and Quality	Product and Service Safety and Quality
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Sustainability Related Governance	18	Due Diligence	Due Diligence
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